

# QSL Market Update

Current as of 5 November 2018

## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	410.34	-3.69%
2019	423.30	-3.24%
2020	429.03	-2.41%

*\*These figures are indicative of available ICE 11 prices as at 5 November 2018 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE #11 Exchange and/or other Marketers of Growers' Economic Interest in Sugar. Values also do not account for any adjustments resulting from local Grower-Miller pricing arrangements.*

## Weekly Market Overview

By QSL Trading Manager Matt Page

### SUGAR

- Sugar prices retraced almost a third of their 300-point October rally last week before a recovery on Friday saw the MAR19 prompt contract finish in the middle of its 14.05c/lb-13.08c/lb weekly range at 13.44c/lb.
- Trading volumes have been pretty light, unsurprising with a near flat spec position (net long 27k lots on Tuesday 30 Oct) and a producer sector under no pressure to sell with four months until the next expiry.
- The Brazilian Real had a much quieter week following confirmation of Bolsonaro's presidential election. It is likely to remain so until the new government is bedded in and clear policy direction becomes apparent. Meanwhile ethanol parity will be under pressure with oil sagging \$13 per barrel since its early October peak.
- Despite the backdrop of improved fundamentals driven by shrinking Brazilian production as their harvest comes to a rapid close and lower European Union production estimates for next year, the market is also wary of improved Brazilian production next year and the impending onset of Indian sugars, with their crush due to commence this month. As such, we will likely see the market trade between ethanol parity (14.50c/lb) and Indian export thresholds (12.50c/lb), taking direction from macro and technical influences.

## CURRENCY

- The Aussie Dollar traded a fairly narrow range for the first half of last week, testing either side of 71 cents, before a mammoth local trade balance print triggered a 100-point rally on Thursday.
- Subsequent news wires suggesting US President Donald Trump was positive a trade deal between the US and China could be reached improved risk sentiment further, with the AUD hitting its weekly high of 0.7259 on Friday before slipping back to 72 cents on the back of strong US wage data overnight.
- Market attention will be firmly squared on US mid-term elections this week, and so both the Reserve Bank of Australia (Tuesday) and US Federal Reserve (Thursday) meetings look set to take a backseat. Scepticism around the US-China deal will likely surface, with it difficult to see terms thrashed out in time for the Xi-Trump meeting at G20 on 30 November. This could see the Chinese Yuan under strain to hold the key 7.00 level and with it, some renewed AUD weakness.

## 2018-Season Historical ICE 11 Price Chart



*This is a whole-of-season ICE 11 price chart for the 2018 Season, based on the current 5:1 pricing ratio applicable to QSL Target Price Pool growers. Source: Bloomberg. Published at [www.qsl.com.au](http://www.qsl.com.au) as at 5.11.18*

[For more sugar market information, please read the latest QSL Market Snapshot, available by clicking here.](#)