

Current as of 3 December 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	380.92	0.30%
2019	397.87	0.75%
2020	407.63	1.08%

**These figures are indicative of available ICE 11 prices as at 3 December 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

- The past week in raw sugar could be viewed as a game of two halves. The first half of the week saw slow, low-volume trading sub 12.50c/lb on the prompt down to 7-week lows. However, the tide turned about halfway through Wednesday's session, with prices taking a sharp turn higher. Spec short covering (buying) met with little commercial selling resistance and allowed the MAR19 contract to pop above the 13-cent level before retreating slightly at the end of the week.
- Despite the retracement being largely driven by technical buying on light volumes, sentiment was almost certainly buoyed by improved macro fundamentals, with crude oil finally steadying itself and the Real halting its recent slide.
- Friday's Commitment of Traders report showed a 15k increase in the spec net-short position to 37,500. Given the 50-point rally since the close of the reporting period it will likely now be substantially smaller.
- Devoid of any momentum in either direction, the market will likely continue to spin its wheels as we approach the quieter Christmas trading period as we await fresh fundamental inputs to point the way for the next move.

CURRENCY

- Big news yesterday, with Trump and Xi agreeing to suspend proposed tariff implementation in what was a significant relief in escalating trade tensions between the US and China. The AUD was extremely receptive to the news and was 60 points higher on open this morning to sit at 0.7370.
- Given the significance of the weekend move, much of what occurred last week is largely irrelevant, though it is worth noting that AUD has now firmly broken out of its 2018 downtrend channel and prospects look much better for it as we head into the new calendar year.
- Faltering US data coupled with a more dovish Fed outlook has put the brakes on a USD which is already feeling the weight of its huge spec-long position. The RBA remains in watch-and-wait mode but local data continues to provide the green shoots that may provide them impetus to change stance at some point in 2019.
- The market will now await more details around the positive G20 outcome before deciding whether to follow through or pull back on this morning's move.

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 as at 03.12.18*

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