



## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	366.42	-3.54%
2020	405.43	-3.26%
2021	423.71	-1.84%
2022	426.42	-1.85%

\*These figures are indicative of available ICE 11 prices as at **17 September 2019** 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

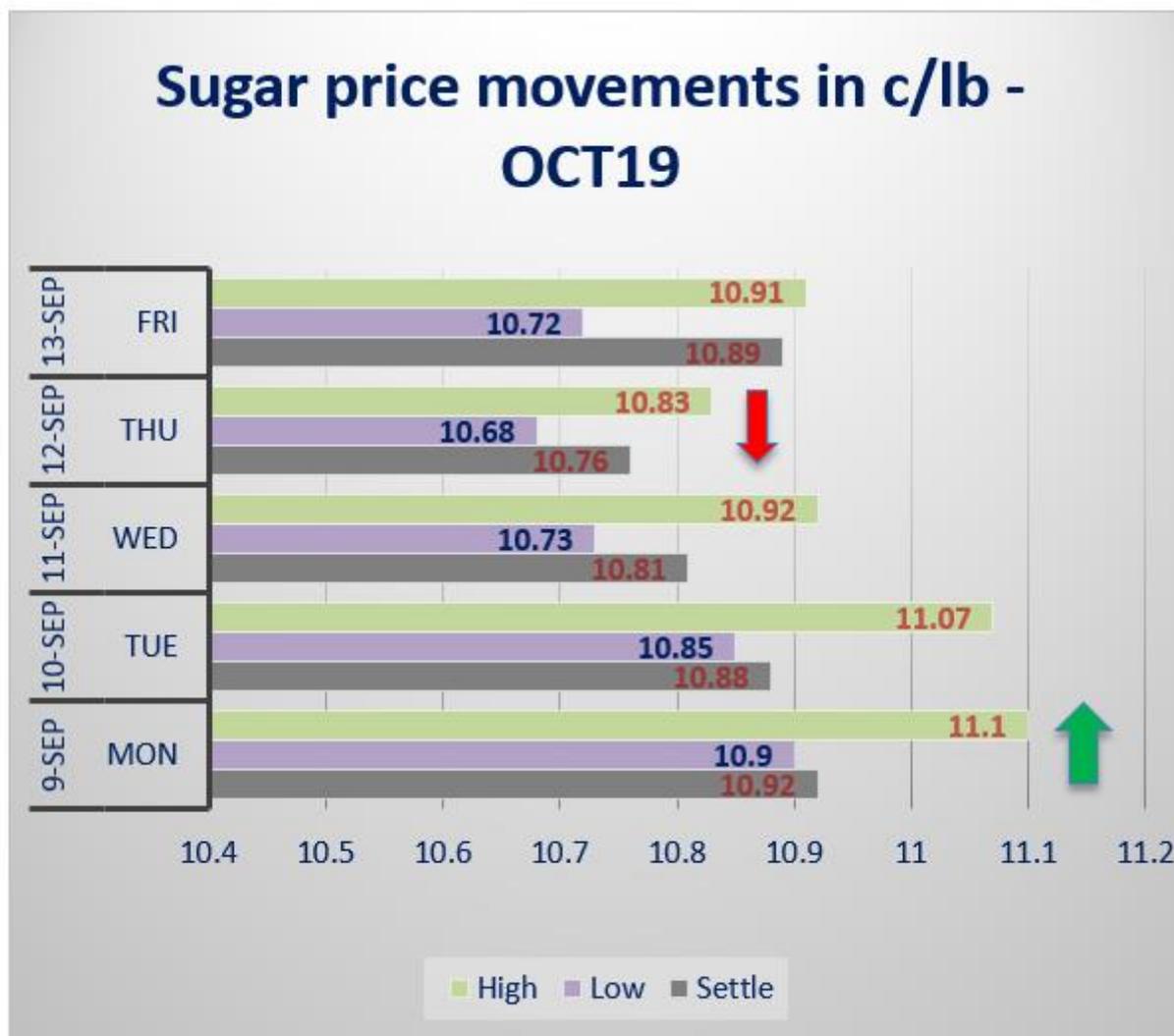
By QSL Trading Analyst Barb Roberts

### SUGAR

The Oct 19 contract fought throughout the week to keep prices above 11 c/lb,

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but lacking fundamental support, it failed to succeed each night.



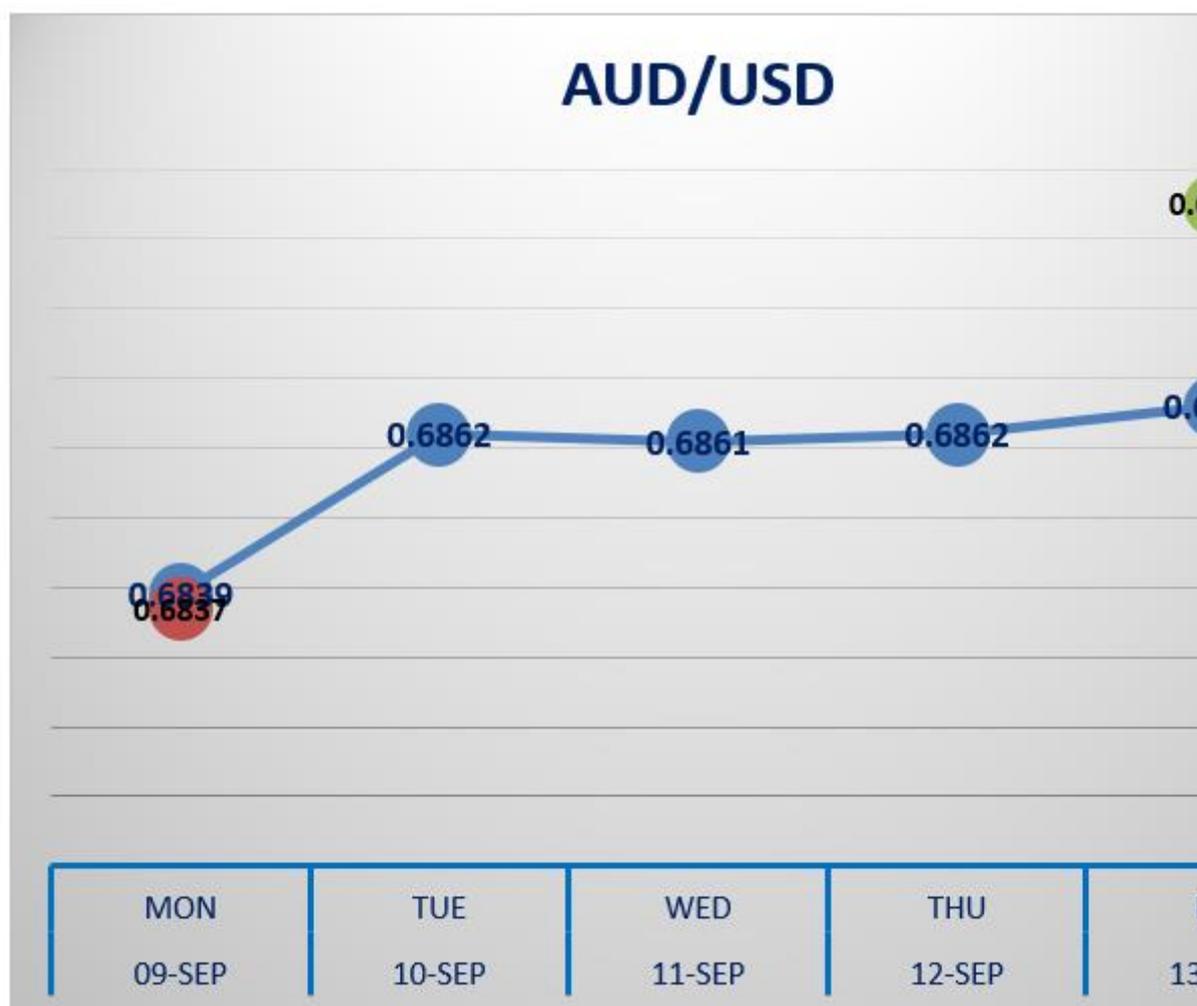
- **The Crude Oil Twist:** Crude markets struggled to move higher over the week around \$60 a barrel. The International Energy Agency stated a possible surplus in 2020, with OPEC foreseeing an excess of 1.4m barrels a day. Over the weekend, Saudi Arabian Refineries was attacked by drones destroying approximately 5% of the Kingdom's annual production, and approximately 5% of the world's production. The extent of the damage is yet unknown, causing crude oil and Brent prices to spike almost 20% last night.

On the back of the oil turmoil, we saw sugar prices spike yesterday, trading at **11.34 c/lb**. It's uncertain how long the rally will hold for and what strength it'll have and if on the back of this, specs will start to cover their position. Finally we have some fundamental news that will make for an interesting week ahead.

- **Commitments of Traders:** The net short position reaching new record levels of 219,000 lots since the Tuesday to Tuesday reporting period suggests the net short position is still the same and mostly priced against Mar20, and therefore there will not be a lot of movement in sugar prices.

## CURRENCY

Markets were generally optimistic, although the Aussie Dollar traded in a very narrow range weighted by strong USD and domestic yields.



- **US and China:** It appears the US and China have reached conceptual agreement indicating they both understand the importance of on-going negotiation, although markets are not expecting a near-term deal.
- The European Central Bank (ECB) made news when they cut rates to -.5% or 10 basis points and reintroduced a massive quantitative easing program, starting from November. This will involve the ECB buying 20

billion euros worth of bonds every month for “as long as necessary”. The ECB lowered growth forecasts for 2020 and inflation for both 2020 and 2021. When the details of the quantitative easing program were revealed, European equities closed in positive and EUR/USD freshly increased.

- **Upcoming events:** RBA minutes are on today. There are expectations that the wording will consolidate easing and the next rate cut is expected for November. The Federal Open Market Committee (FOMC) meeting on Wednesday night is expected to cut rates by 25bps.

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

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