



Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	420.42	-1.09%
2020	436.42	-0.71%
2021	442.04	0.21%
2022	441.67	0.55%

*These figures are indicative of available ICE 11 prices as at **07 January 2020** 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 Business Graduate - Elliott Apel

SUGAR

As expected during the holiday period, the ICE 11 provided subdued trading levels for the shortened week. The MAR20 contract made its high on Monday at 13.58c/lb and hit a one-month low on Thursday at 13.1c/lb, before closing out the week at 13.31c/lb.



Commitments of Traders:

- The most recent commitment of traders report showed a minimal reduction of 2,000 lots to the net long position leaving it at 30,500 as at 31 December 2019. The recent run upwards in prices over the last couple of sessions will likely have added to that net long position with estimates of around 45,000 lots on a live basis.

Fundamentals:

- Not much to report with only minor updates forthcoming over the festive period. Indian crop estimates have crept up slightly with consensus moving up half a million tonnes to 27 to 27.5 million. Despite the late start, we are hearing that the Thai crop is holding up reasonably well so this may start to see a firming of those estimates over the coming weeks.

Macro:

US/IRAN

- Tensions between the US and Iran have escalated after a US drone strike killed an Iran military general and a key Iraq militia leader last Friday. The Iranian officials responded with the promise of “massive retaliation efforts”, and by stating the attack was “America’s greatest strategic mistake in the region”.
- Increased political risk has driven the price of gold up dramatically to a four-month high of \$1,552 an ounce as investors rush to safe haven assets.
- On Friday, Brent crude oil rallied 4.5% to over \$69 a barrel and followed this up with a nine-month high of close to \$71 a barrel on Monday, this in particular will provide support for sugar prices over the coming sessions.

CURRENCY



- Naturally the Aussie dollar was not immune from the global risk of sentiment spilling out of the Iranian crisis. While trading firm into the back of last week up around 0.7030, the news on Friday has taken the wind out of its sails and pushed the AUD 100 points lower to where it is currently trading at 0.6930.
- Locally, focus remains on the current bushfire crisis playing out in the southern states. Current estimates place the economic cost at around \$2 billion and the resulting reduced economic activity which will likely payout in coming data prints will only serve to strengthen the case for another RBA cut in February.

If you are confused about any of the terminology in our market updates, or you would like clarification on any of the above please contact your local QSL Grower Services Representative.

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