



For week 2nd - 8th Mar 2020

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## Weekly Market Overview

### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2019	423.64	-11.00%
2020	434.46	-8.70%
2021	429.11	-5.31%
2022	422.57	-3.97%

*\*These figures are indicative of available ICE 11 prices as at 9 March 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.*

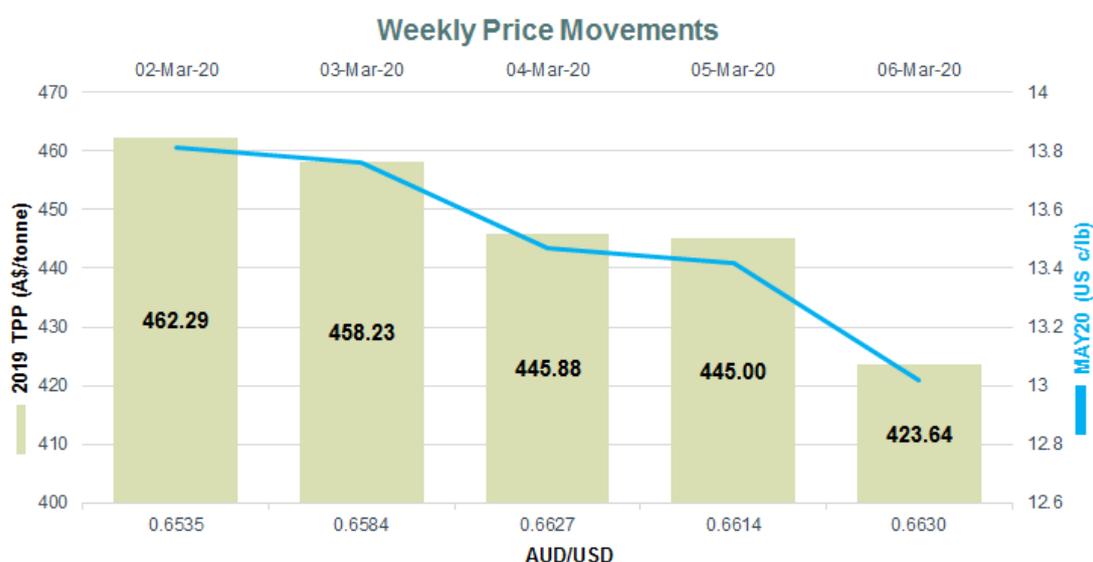
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## Sugar

- Bearish sentiment dominated the week as the MAY20 ICE#11 contract traded most of the week back under 14 USc/lb making its high on Monday at 14.40 USc/lb, its low on Friday at 12.95 USc/lb and settling for the week at 13.02 USc/lb. This downward pressure is expected to continue in the short term.
  - Crude oil plunged by 10% on Friday as Saudi Arabia announced plans to increase oil output to over 10 million barrels a day next month after an
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agreement with Russia turned sour. This will likely bring down the price of gasoline at the pump in Brazil discouraging the use of ethanol to fill cars, which will lower the demand for ethanol. Consequently, lower ethanol prices will potentially encourage the Brazilian mills to start their crush with maximum sugar mix.

- The Commitment of Traders report on the 3 March shows speculators don't want to be holding onto their long positions in these current volatile conditions. They began reversing their position by reducing from 165,000 lots to 109,000 lots net long.



## Currency

- The Australian Dollar made its high at 0.6658 AUD/USD and low at 0.6585 AUD/USD as coronavirus news and government intervention surprise the market.
- Coronavirus infections continue to increase dragging down financial markets around the world. New infections are accelerating with little sign of slowing down as health authorities announce containment is 'an

unlikely outcome'. The World Health Organisation (WTO) has confirmed 109,577 cases and 3,809 deaths globally.

- The Aussie Dollar briefly responded positively when the RBA cut the cash rate by 25 basis points to a record low of 0.50% on Tuesday. Forecasts predict another rate cut in April.
- The US Federal Reserve surprised the market by issuing an emergency 50 point rate cut to help their economy in response to the coronavirus. This shock announcement rapidly weakened the USD and lifted the AUD/USD rate by 1.04% to 0.6625 AUD/USD.
- These high levels of volatility are expected to continue as the coronavirus epidemic evolves and governments attempt to stabilise the economy.

## Jargon Buster

### What is a Lot?

1 Lot is equal to approximately 50.8025 metric tonnes of raw sugar.

Sugar is traded on the ICE #11 in Lots.

QSL is Australia's largest and most experienced raw sugar marketer.