



Market Update

By Ginette Barrett, QSL Liquidity Manager
Current as of 13 October 2014

Market Commentary

Sugar

The Raw Sugar market has see-sawed over the past fortnight, rallying strongly since the end of September. The March 15 contract rose over 100 points to a high of 17.20c/lb before pulling back over the past week to close the fortnight at 16.55c/lb.

The October contract expired with no fanfare. The expected large delivery was a fizzle that was no bigger than the historic average, with just over half a million tonnes delivered.

The main driver for the rally has been the Brazilian election, with President Dilma on the back foot as the liberals gain support, which in turn has supported the Real.

The other event of note was the release of the UNICA figures for the second half of September which confirmed Brazilian cane is running out, yields are lower and more cane is getting converted to ethanol over sugar.

While the futures prices have been stronger, market sentiment remains negative as we battle over large supply and weak demand.

Currency

The Australian dollar continued to slide lower against the stronger US dollar, trading a volatile range of 88.99 to 86.43 US cents over the fortnight.

US data remains strong, giving the market plenty of encouragement towards their economic recovery. The Federal Open Market Committee minutes dampened the US dollar's rally for a few sessions, voicing their concerns over slowing global growth and stating US rate hikes may take longer than expected.

Downside risk remains for the Australian dollar with only small gains expected around local data. In the short term we expect to see some consolidation around these levels with the US dollar the main driver for market direction.

This report contains information of a general or summary nature. While all care is taken in the preparation of this report, the reliability, accuracy or completeness of the information provided in the document is not guaranteed. The update on marketing and pricing activity does not constitute financial product or investment advice. QSL does not accept any responsibility to any person for the decisions and actions taken by that person with respect to any of the information contained in this report.