



## **QSL Market Report**

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### **Market Commentary**

#### *Sugar*

The Raw Sugar market has continued to struggle against the bearish sentiment over the past fortnight, making life of contract lows four nights in a row across the board. March 15 fell over 100 points to 15.02c/lb before a brief rally on Friday closing the fortnight at 15.14c/lb. With minimal fundamental news guiding the market over the fortnight, sugar took the line of least resistance. The main indirect drivers for the decline have been the strength in the US dollar and the fall in the major commodities such as oil and gold.

The Brazilian Real weakened slightly but has generally shown more resilience than expected against the strong US dollar. Real traded from 2.50 to 2.60 before closing the fortnight at 2.58.

Market sentiment will remain negative in the short term as general commodity weakness and the surplus, compounded by the start of the Thai and Indian harvest continues to weigh on the market.

#### *Currency*

The Australian dollar continued to underperform against the stronger US dollar and the abundance of positive data out of the US to finally break the \$US0.83 cent barrier.

The Australian dollar gave up over 400 points during the fortnight trading a volatile range of \$0.8701 to \$0.8290 US cents over the fortnight.

The RBA kept rates on hold at 2.5 per cent and there is talk of dropping rates in early 2015 to support the Australian economy. Reports have indicated the RBA will drop rates in February and March to drive the Aussie dollar below \$US0.80 cents, which is a more accommodative for Australian economic growth.

Downside risk remains for the Australian dollar in the short term with the US dollar the main driver for market direction.

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