



24 February 2021

[View this email in your browser](#)

---

## Weekly Market Overview

---

### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2020	492.53	7.02%
2021	441.43	4.29%
2022	388.57	0.92%
2023	359.79	-1.99%

*\*These figures are indicative of available ICE 11 prices as at the week ending 22 February 2021 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.*

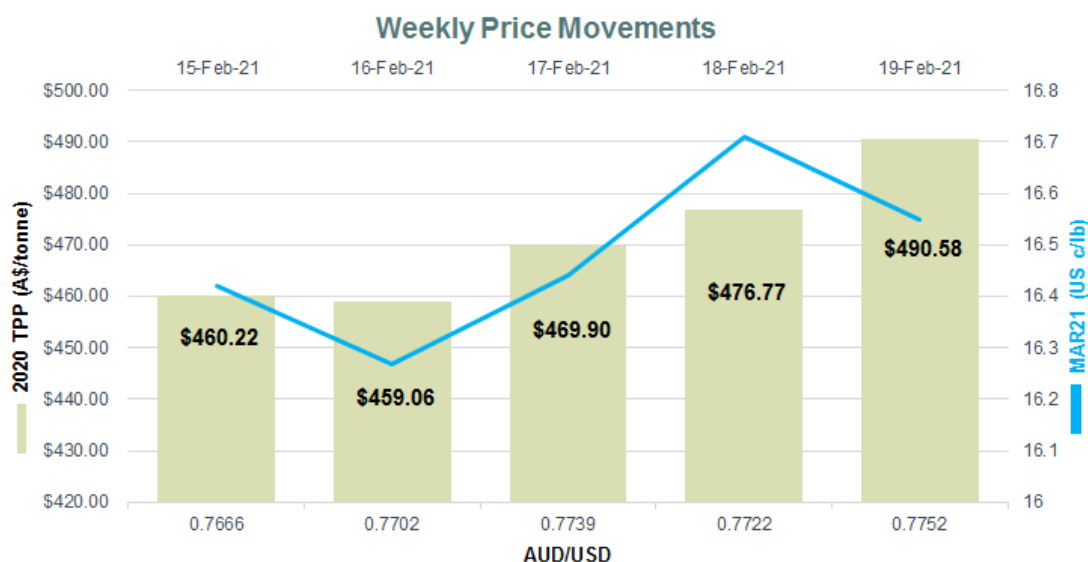
---

### Sugar

- Raw sugar futures are currently at the mercy of an aggressive short squeeze on the March 21 expiry. Significant strengthening in the March/May spread has seen the market inversion steepen, and the flat price lifted across the board as trade houses scramble for ownership of the estimated 2 million tonnes of Brazilian sugars likely to be delivered on Friday.
- Overnight price action went some way to relieving some of the overbought status that had built up in the preceding four sessions as the

prompt March contract lifted from 16.80 USc/lb to 18.89 USc/lb and the March/May spread from +0.86 to +1.47.

- Fundamentals and macros (macro-economics) remain supportive and as such pull-backs will likely be viewed as buying opportunities and relatively short-lived. The spec net long position was 212k lots at last count, but will almost certainly be larger now with specs back in buying mode following recent price action.
- Outlook: Expect the overall bullish trend to remain intact, but the market should be less volatile once the expiry fireworks recede.



## Currency

- The AUD is currently trading at fresh 3-year highs, peaking at 0.7945 this morning. Overnight commentary from Federal Reserve Chair Jerome Powell reaffirms the US Federal Reserve's commitment to accommodative policy settings for the foreseeable future seeing the USD sell-off across the board.
- The RBA will be getting uncomfortable with the Aussie approaching 80 cents and the negative impact this will have on the domestic economic

recovery, however their policy response will be limited with the cash rate near zero and QE (Quantitative Easing) already deployed. Next week's meeting may see some classic central bank 'jawboning' in an attempt to douse the flames.

- Outlook: With iron ore prices finding their feet after wobbling earlier this month and US equities still buoyant it is hard to see the bullish trend changing and a look above 80 cents will likely happen sooner rather than later.

## Jargon Buster

### What does 'jawboning' mean?

To jawbone means to speak forcefully and/or persuasively to others (used specifically in economics and politics) to persuade or force them into, for example, accepting a deal or point of view.

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

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, investment advice. You should seek your own financial advice. Nothing contained in this report should be relied upon as a representation as to future matters. Information about past performance is not an indication of future performance. 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. You have received this email as you are subscribed to receive newsletters and other marketing material from QSL. We take your privacy very seriously. View our Privacy Statement on QSL's website. When you make enquiries of QSL or sign up for QSL news or information, you thereby consent to QSL collecting and using the personal information that you provide to QSL in the operation of QSL's business, which may include direct marketing. You may opt out of this service at any time if you no longer wish to receive any communications from us by using the unsubscribe function at the bottom of this email.



