



6 May 2021

[View this email in your browser](#)

## Weekly Market Overview

**NOTE:** The QSL Market Update issued yesterday has been updated to correct an error in the table below.

### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	475.52	-0.29%
2022	428.79	0.36%
2023	382.22	0.93%
2024	339.15	1.35%

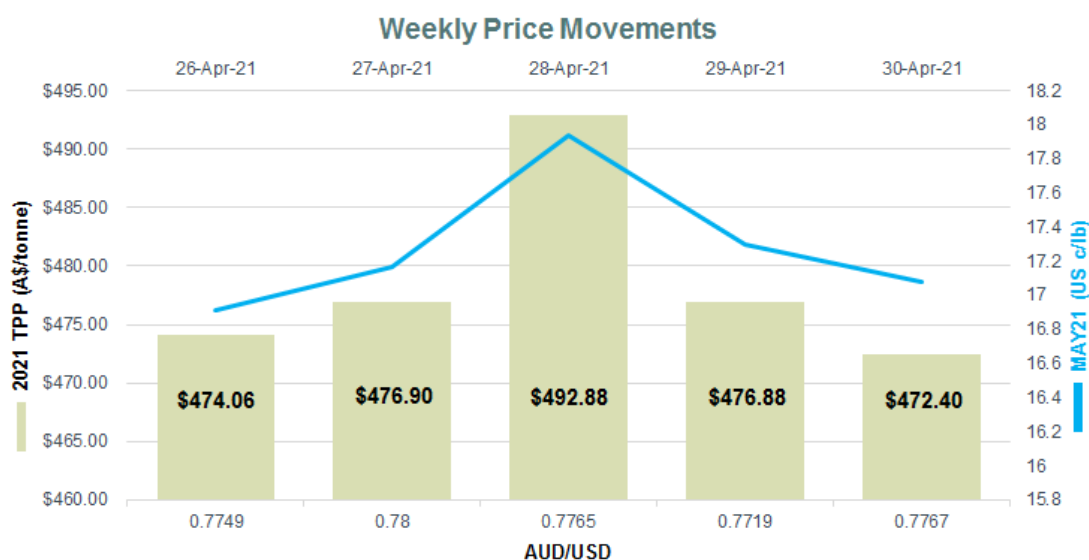
\*These figures are indicative of available ICE 11 prices as at the week ending 3 May 2021 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 Exchange 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 prices rocketed higher last Wednesday after Brazil's leading sugarcane industry trade association – UNICA – published new numbers for the Centre South (CS) Brazil crop. The May21 ICE 11 contract reached a high of 17.98 USc/lb before closing the week and settling at expiry at 17.44 USc/lb.
- The first UNICA bulletin relating to the new CS Brazil crop reported significantly lower production of both sugar and ethanol compared to last season. There are currently only 147 mills in operation compared to 180 at this time last year and 624,000mt of

sugar produced compared to 971,000mt in 2020. While the market already expected a slow start to the season, it is estimated the industry is on average 10 days behind its initially scheduled harvesting pace.

- A relatively low volume of 516,000mt of raw sugar was delivered to the tape (see our Jargon Buster) at the May21 contract expiry, the majority of which appears to be the remainder of the old 2020 CS Brazil crop.
- The latest Commitment of Traders report, dated 27 April, reported speculators had once again pushed their long position significantly higher and are now holding at 250,000 lots net long. This is now a larger position than the peak of the January rally where the specs reached 247,000 lots net long.



## Currency

- The Australian Dollar broke above the 78 US cents level last week, reaching its high of 78.18 US cents on Thursday before dropping to its low on Friday of 76.96 US cents.
- In the United States, Quarter 1 Gross Domestic Product (GDP) was reported at 6.4% which is a significant expansion from 4.3% in Quarter 4 of 2020. However, this was slightly below expectations. The largest component of the GDP expansion was personal consumption, which surged up 10.7%. This statistic shows consumers are feeling more confident to spend money and stimulate the economy, which in turn

supports the rapid economy recovery out of COVID-19.

- Chairman of the Federal Reserve Jerome 'Joe' Powell stated at the Federal Open Market Committee (FOMC) meeting that the US economy was still not close enough to its employment and price stability goals to consider reducing its monthly \$US120 billion quantitative easing (QE) bond-buying program.
- Iron ore prices continue to provide strong support to the Australian Dollar reaching a record high of \$US193.85 on Tuesday, breaking its previous record set in 2011. Strong physical demand from China appears to be the main foundation supporting the commodity.

## Jargon Buster

### What does 'delivered to the tape' mean?

Delivering to the tape refers to those sellers that opt to deliver physical sugar against an open sold futures position, rather than closing out their position with a contracted buyer prior to the ICE 11 contract's expiry.

The ICE 11 exchange will then match the open-position buyers and sellers together at expiry. Sellers have to make sugar available at the port they have nominated for up to 10 weeks, while buyers have this time to nominate a vessel for loading.

The 'tape' is a slang term for ticker tape which illustrates traded markets.

---

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

---

