



2 June 2021

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	492.01	3.61%
2022	440.41	1.67%
2023	397.46	1.08%
2024	356.86	0.59%

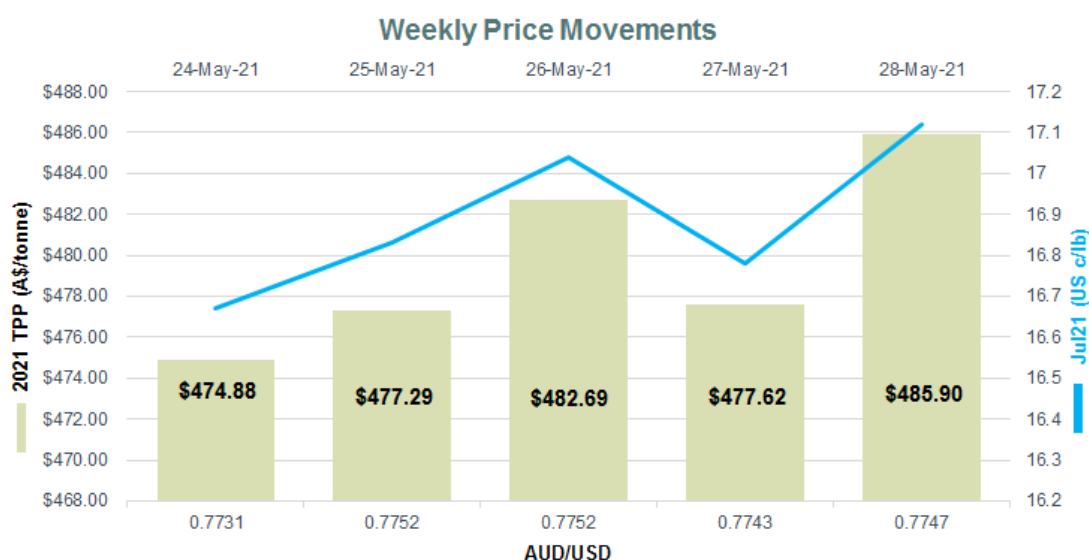
*These figures are indicative of available ICE 11 prices as at the week ending 31 May 2021 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 Exchange 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

- It was a slow start to the week for the ICE 11 market before raw sugar prices improved on Friday off the back of the Brazilian government announcing a water emergency alert for five Brazilian states. The prompt July contract pushed as high as 17.69 USc/lb before closing the week at 17.36 USc/lb.
- After a slow first month of the Brazilian crop, UNICA data from the first half of May shows production has accelerated as we move into the body of the crop. The third report of the 2021 Season surprised the market to the upside, with all categories reporting higher-than-expected results. As of 16 May, cane harvested was 86,309

million tonnes and sugar 4,529 million tonnes.

- Ethanol parity continues to provide strong support for sugar prices, with spot parity sitting around 16.60 USc/lb and expected to remain in an approximate 15-16 US cents range in the next three months.
- A 217,000 lot net-long position was printed in the Commitment of Traders report dated 25 May. This is slightly lower by 16,000 lots week-on-week, indicating speculators are still closing out their position. On a live basis, the specs are likely to be in a higher net-long position after the rally on Friday night and a strong start to the current week. This position will be closely watched as we move towards expiry of the July contract.



Currency

- Another stable week for currency saw the Australian Dollar trade in a similar 77-78 US cent range for yet another week, only briefly dipping out of this territory on Friday to a low of 76.77 US cents.
 - The AUD was lifted on Wednesday by New Zealand Dollar strength when the Reserve Bank of New Zealand meeting was surprisingly hawkish (see our Jargon Buster) as they announced a series of forecasted rate hikes. The official cash rate in NZ remains the same as Australia, steady at 0.25%, however is now predicted to be raised in Q3
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2022.

- Brent crude oil prices gained a respectable 3.1% week-on-week, up to \$US68.48/barrel after Goldman Sachs estimated short-term demand would be strong and reported a price target of \$US80 billion for the commodity.

Jargon Buster

What does Hawkish mean?

Hawkish is a term used to describe the attitude of policy makers (i.e. central banks) towards inflation and interest rates. If a central bank uses hawkish language it is said they believe interest rates should be raised to combat rising inflation.

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