



14 September 2021

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	571.92	-5.99%
2022	544.58	-1.08%
2023	472.72	+1.59%
2024	434.59	+5.21%

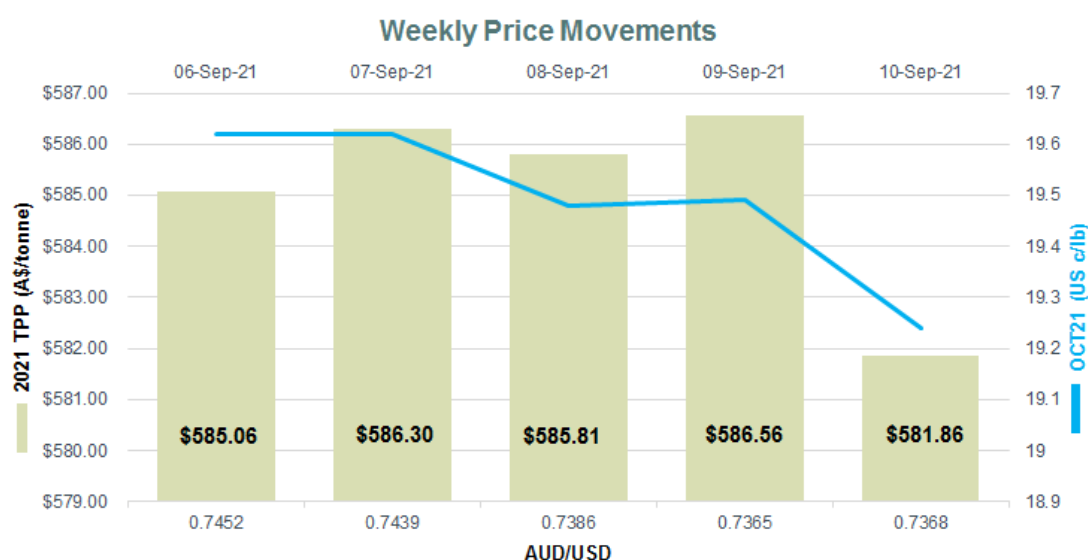
**These figures are indicative of available ICE 11 prices as at the week ending 13 September 2021 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 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

- Weak demand for prompt sugar delivery caused raw sugar prices to plunge lower for 5 straight days last week, with the October 2021 ICE11 contract losing 4.23% for the week, closing at 18.79 USc/lb. With less than three weeks to expiry, the prompt contract traded from its weekly high of 19.72 USc/lb on Tuesday down to a low on Friday of 18.73 USc/lb.
- The Brazilian Sugarcane Industry Association, UNICA, released a harvest report for the second half of August last Friday, with most figures printing in line with expectations. Cane crushed and sugar produced for

the fortnight was up approximately 2% compared to the same period in the 2020/21 season, coming in at 43.1 million tonnes and 2.9 million tonnes respectively. Cane crushed is now up to 392.6 million tonnes to date and sugar produced to 24.3 million tonnes, lagging behind the 2020/21 season by approximately 6%.

- It was reported that one Brazilian mill has now finished crushing for the season and the remaining are forecast to finish harvesting relatively early in October. It is estimated that 71% of the total cane area had been harvested by the end of August.
- The net-long position held by speculators began to slip last week, moving down by 7,000 lots to 232,000 lots as of the Commitment of Traders report dated 7 September. This figure is estimated to be substantially smaller on a live basis, given the falling ICE 11 price. A similar pattern is starting to be observed in grains as funds move into other commodity options such as the energy basket.



Currency

- After a slow start to the week given the US Labor Day public holiday, the Australian Dollar (AUD) traded in a reasonably narrow range last week,

down from its high on Tuesday of 74.68 US cents to a low of 73.45 US cents on Thursday.

- The Reserve Bank of Australia (RBA) met on the Tuesday for their September meeting where the schedule of asset purchase tapering was confirmed to be \$4 billion a week from early September through to at least February 2022. This slightly surprised the market and resulted in the AUD falling 25 basis points lower (see this week's Jargon Buster) on the announcement. It was also noted by the RBA that "the Delta COVID-19 outbreak is expected to delay, but not derail, the recovery."
- Oil prices shifted approximately 1.8% lower later in the week off the back of news that China was releasing crude oil from its strategic reserve. The unprecedented move was reported by the Chinese National Food and Strategic Resources Administration to be an attempt "to ease the pressure of rising raw material prices."

Jargon Buster

What are basis points (BPS)?

Basis points are the standard measure for interest rates and other percentages in finance. One basis point is equivalent to 1/100th of a percent, or 0.01%. For example, 25 basis points is equivalent to 0.25%.