28 September 2021

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	600.74	+0.57%
2022	549.72	+0.28%
2023	480.52	+1.09%
2024	444.31	+1.05%

**These figures are indicative of available ICE 11 prices as at the week ending 27 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.*

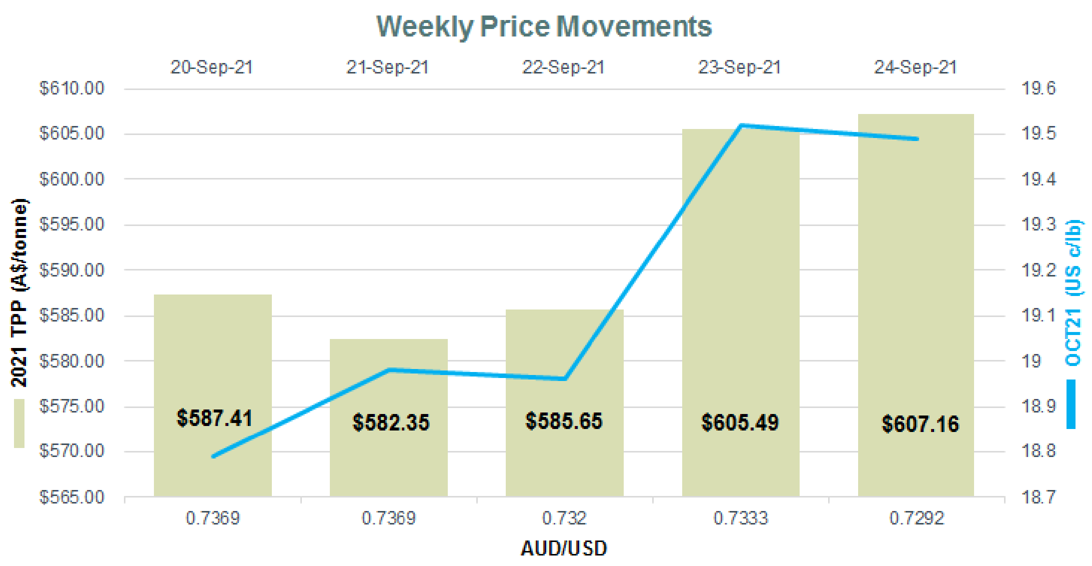
Sugar

- Raw sugar prices traded in a choppy fashion over the familiar 19.50 USc/lb to 20.50 USc/lb range as the market awaits news from the ICE 11 October 2021 (Oct21) contract expiry and the end of the Centre South Brazil harvest. The Oct21 contract traded from its low on Monday of 18.81 USc/lb, up to 19.55 USc/lb early in the session on Friday, before giving back most of the gains and closing the week at 19.10 USc/lb.

- A news report out of India revealed some Indian mills have suspended signing new export contracts for the 2021/22 season due to domestic sugar prices reaching 4-year highs and providing better returns than current export values. The mills may however, simply be waiting for an increase in demand and for the government to announce the standardised cane price. India is estimated to export approximately 5 million metric tonnes of sugar in the 2021/22 marketing year.

- The monsoon in Thailand is reported to be progressing well and is forecast to deliver average to above-average rainfall for the season. Early estimates of the crop size vary from the mid-80s to 100 million metric tonnes of cane for the 2021/22 season.

- The Commitment of Traders report dated 21 September reported speculators had slightly reduced their position by approximately 5,000 lots. They now hold a 204,000 lot net long position.



Currency

- The Australian Dollar was unsurprisingly unsteady last week off the back of speculation of a Lehman Brothers size collapse (see our Jargon Buster) of the economy from the possible default of the China Evergrande Group. The AUD traded from a low of 72.20 US cents on Monday, up to 73.16 US cents on Friday, before closing the week virtually unchanged at 72.55 US cents.

- Risk sentiment soured early in the week over fears that Chinese property giant, Evergrande, would not be able to meet their imminent US$83.5m bond coupon payment on Thursday. It was revealed later in the week that the real estate company who owes approximately $300 billion in global debt made some interest payments however, it is unclear whether the full amount was reimbursed. A 30-day grace period follows before a technical default is in place and the Chinese government may then be forced to either bail out the company or let the economy take the hit.

- The US Federal Open Market Committee (FOMC) met last week for its monthly meeting where the President, Jerome Powell, stated the US economy had made substantial further progress toward its inflation, employment and other economic goals. He went on to acknowledge that the Committee expected a reduction in asset purchase in the short term if progress continued on the same trajectory. Nine out of the 18 FOMC participants now expect the first interest rate increase to occur in 2022 while the remaining don't believe it will be necessary until 2023.

Jargon Buster

What was the Lehman Brothers collapse?

In September 2008, the fourth largest US investment bank (Lehman Brothers) collapsed into bankruptcy while owing $613 billion in liabilities. The crash led to the Global Financial Crisis and cost an estimated $10 trillion in lost economic output.

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