12 October 2021 View this email in your browser

Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	608.60	+0.72%
2022	560.85	+1.41%
2023	480.33	-0.77%
2024	447.12	-1.53%

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

- The March 2022 ICE 11 contract remained range bound for another week on very light trading volumes as the market awaited fresh fundamental news around the tail end of the Centre South (CS) Brazil harvest. The prompt contract traded to a low last Tuesday of 19.62 USc/lb before strengthening to a high of 20.33 USc/lb in the final hours of Friday night's session to close last week higher at 20.29

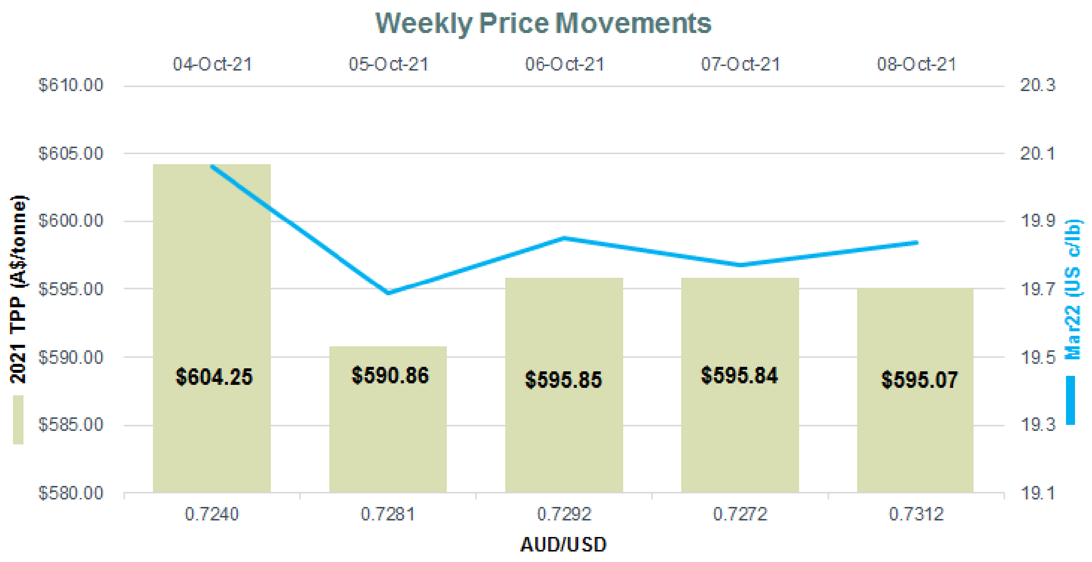
USc/lb.

- Rising freight costs as well as the smaller Brazilian crop has resulted in third quarter (Q3) Brazilian exports reported to be smaller than usual at 6.84 million tonnes compared to 8.5 million tonnes in Q3 of 2020. The expensive cost of freight has likely caused importers, in particular swing countries such as Bangladesh, Saudi Arabia and Egypt, to trade sugar in a hand-to-mouth manner.

- Heavy rain was reported across parts of CS Brazil, bringing relief to drought-stricken producers who are looking down the barrel of back-to-back seasons of below-average rainfall. Despite another wet week predicted, the longer three-month forecast indicates a high likelihood of below-average rainfall through to the end of the year, which could lead to further setbacks for the 2022-Season crop.

- Speculators held a steady position for yet another week, only increasing by 2000 lots to 209,000 lots net long. The Commitment of Traders report as of 5 October showed the specs have now held a stable position for almost a month, possibly indicative of a risk of a fund-led sell-off if no fresh news becomes available and better opportunities arise in other markets.

- **Coming up:** UNICA (the Brazilian Sugarcane Industry Association) is expected to released its second-half September report this week.



Currency

- The Australian Dollar (AUD) found strength in the latter half of last week as positive global risk sentiment returned to financial markets. The AUD traded from a low of 72.26 US cents on the Wednesday up to a high of 73.38 US cents on Friday.

- Concerns over the US debt ceiling were relieved as the US Senate approved a bill to raise the borrowing capacity of the Treasury to $US480 billion, which should allow the government to operate through to the end of the year.

- The anticipated US September labour market data provided a mixed bag of results. The unemployment rate fell from 5.2% down to 4.85 % (vs expectation of 5.1%), while the Non-Farm payrolls increased by only 194k compared to expectations of 500k.

- Oil markets continued their strong run, with WTI oil breaking through $US80 last week for the first time since 2014 after the OPEC+ group *(See our Jargon Buster)* agreed to maintain the existing arrangement of increasing production by 400,000 barrels per day starting in November.

Jargon Buster

What is OPEC+?

OPEC+ is the term used to describe those countries which export crude oil but are not within OPEC (the Organisation of the Petroleum Exporting Countries.) OPEC+ countries include Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, Russia, South Sudan and Sudan.
