



19 October 2021

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## Weekly Market Overview

### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	584.79	-3.91%
2022	552.12	-1.56%
2023	481.81	+0.31%
2024	450.15	+0.68%

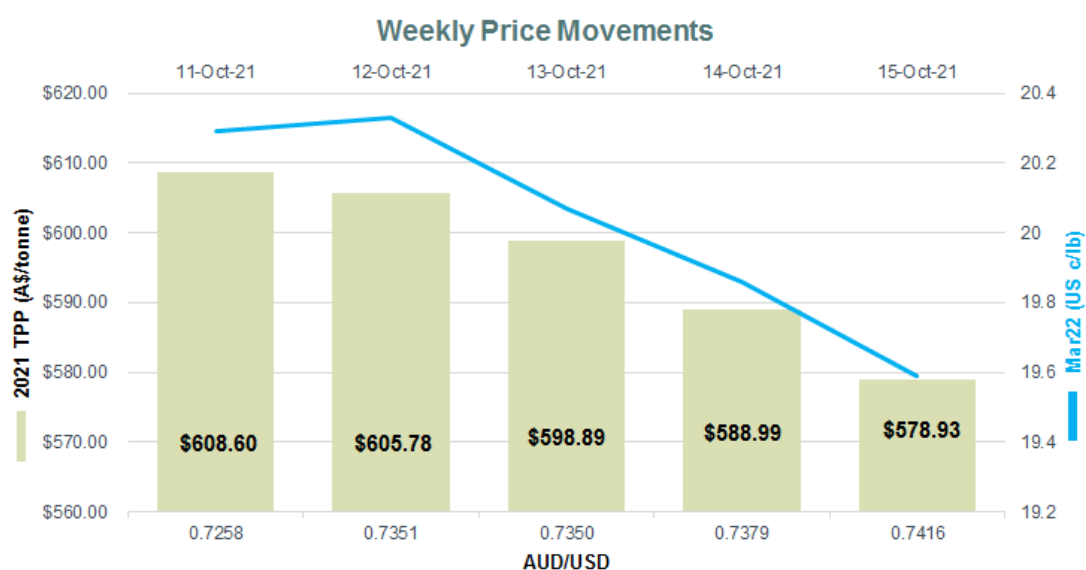
*\*These figures are indicative of available ICE 11 prices as at the week ending 18 October 2021 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 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 raw sugar market's well-defined range was reinforced for yet another week as even fresh UNICA (the Brazilian Sugarcane Industry Association) data failed to push ICE 11 prices convincingly in either direction. The prompt March 2022 ICE 11 contract traded to a high of 20.61 USc/lb on Monday then down to a low on Thursday of 19.48 USc/lb, before closing the week at 19.80 USc/lb.
- The much anticipated UNICA report for the second half of September came in slightly above market expectations for the fortnight however accumulated season figures are still well behind last year. 35.3 million

tonnes of cane was harvested and 2.2 million tonnes of sugar produced in the two week period, down 12.57% and 21.52% respectively compared to the same period last year. Almost 467 million tonnes of cane has been harvested and over 29 million tonnes of sugar has been produced so far this season. The sugar mix continues to fall away, down to 43.46%, as a larger portion of the remaining cane is used for ethanol production.

- It was reported that 36 Brazilian mills had finished crushing by 1 October and another 52 expected to close by mid October. The market will be closely watching this number in the coming weeks in an attempt to gauge the final sugar production figure for the season.
- Speculators held their position virtually unchanged week on week, likely contributing to the sideways, range bound trading that sugar prices are experiencing. The Commitment of Traders report as of 12 October shows a combined 209,000 lots net long position held by the specs.
- The Brazilian real strengthened slightly across the week to 5.46 against the US Dollar and spot ethanol parity has fallen fractionally to 18.41 USc/lb equivalent.



## Currency

- It was a solid week of gains for the Australian Dollar (AUD) which strengthened over 1.5% after being supported by rising commodity prices. The AUD traded from its weekly low on Monday of 72.92 US cents up to a high on Friday of 74.40 US cents.
- In the United States, the consumer price index (CPI) statistic (see *our Jargon Buster*) printed slightly above expectations with a 0.4% month on month and 5.4% year on year change which could be interpreted as further evidence of growing transitory inflation.
- Further fears of inflation have crept back into markets off the back of rapidly rising energy prices as global restrictions ease and demand increases. Brent crude oil prices traded as high as \$US84.90 a barrel, the first time it has hit above \$US80 a barrel since 2014.
- The AUD was further boosted by reports China started unloading Australian coal from long-term storage as the energy shortage becomes tight and coal supply depletes. This news comes after China banned imports of Australian coal last year after trade tensions soured.

## Jargon Buster

### Consumer Price Index (CPI)

The Consumer Price Index is a statistical measure of the change in price over time of a fixed basket of goods and services. The CPI is generally measured month to month or year to year and is used by economists and governments to monitor inflation in the economy.

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