



26 October 2021

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	559.79	-4.28%
2022	532.48	-3.56%
2023	474.50	-1.52%
2024	444.30	-1.30%

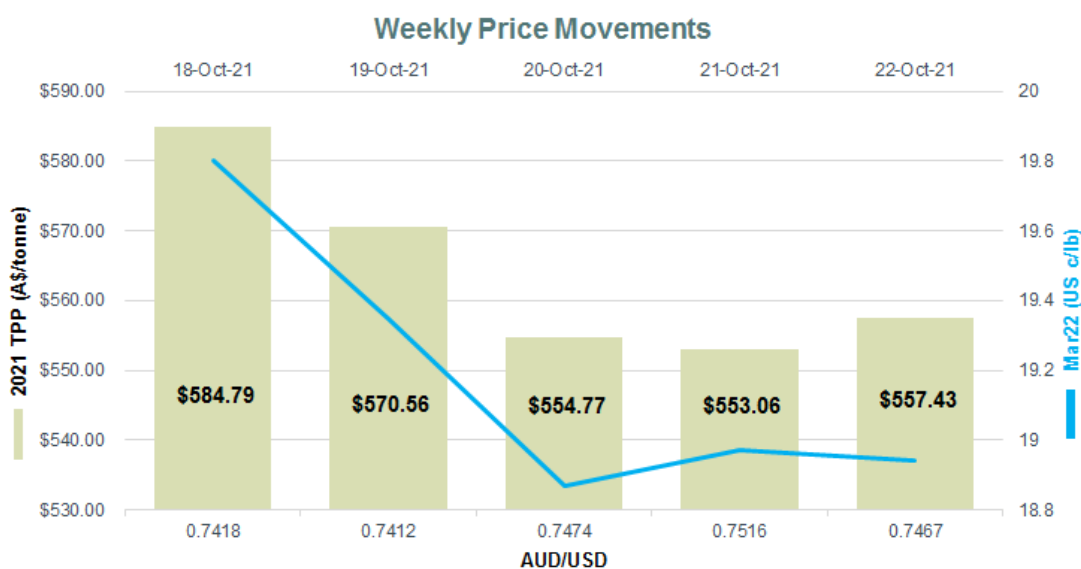
**These figures are indicative of available ICE 11 prices as at the week ending 25 October 2021 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 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

- After almost two months of range-bound trading, speculators finally lost patience and liquidated a portion of their position, breaking ICE 11 raw sugar futures through the bottom of the range. The prompt Mar22 contract traded as low as 18.82 USc/lb before bouncing back to close the week down 3.6% at 19.08 USc/lb. The break lower appeared to be temporary however, as sugar futures have strengthened back into the range early this week.
 - Contributing to this sell-off was likely the rising economic issues in Brazil as its President Jair Bolsonaro loses his battle against rising fuel prices. Gasoline giant Petrobras issued a statement outlining it may not be able
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to supply its gasoline requirements unless prices were increased further. The Brazilian real lost 4.5% to 5.65 per USD.

- Following five weeks of virtually no change to their position, speculators shed more than a quarter of their net long position. The specs reduced their net long position from 209,000 lots down to 158,000 lots week-on-week.
- There have been reports that the Indian government is prepared to dramatically increase the price of ethanol in an attempt to convince more mills to divert cane to ethanol production.
- Crop forecasts out of Thailand have increased slightly from 9.5 million mt to 10 million mt of sugar following improved rainfall, however these figures are still very loose estimates. Due to COVID-19 related travel restrictions many surveyors have struggled to analyse the Thai crop to the same extent as previous years.



Currency

- The Australian dollar experienced another strong week of trading as it moved up to highs of 75.46 US cents, supported by rising commodity

prices and inflation predictions. The AUD traded from its weekly low on Monday of 73.79 US cents closing the week higher at 74.68 US cents.

- The Reserve Bank of Australia (RBA) October minutes confirmed the RBA is confident it will not see conditions for a rate hike until 2024, as they believe actual inflation will not be in the 2-3% goal sustainability until this time. Despite this announcement, the market has priced in a 70-80 point hike in 2022 as investors believe the Australian economy will strengthen rapidly as vaccination rates increase and lockdowns end. The Q3 inflation data release this week will be closely monitored by markets.
- For the seventh week in a row, Brent crude oil closed the week in the green as US inventories remain at its lowest levels since 2018 and concerns over coal and natural gas shortages in Europe, China and India spook markets. WTI oil closed the week up 1.7% at \$US83.52/barrel and Brent crude oil closed up 1.0% at \$US85.53/barrel.
- News out of China reported that property giant Evergrande managed to bail out some water from what seems like an inevitably sinking ship by making an \$83.5 billion dollar interest payment. This comes after the developer attempted, and failed, to sell a majority stake in its property management arm which would have raised a desperately needed \$2.6 billion.

Jargon Buster

What is the difference between Brent Crude Oil and West Texas Intermediate (WTI)?

They are both light and sweet, ideal for refining into gasoline. The biggest difference is their origin. WTI originates from oil fields located in the US,

primarily from Texas, Louisiana and North Dakota, while Brent crude originates from oil fields in the North Sea and is widely accepted as the proxy contract for all international oil produced outside of the US.

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