



15 February 2022

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	561.71	-0.24%
2022	550.00	+0.81%
2023	515.29	+1.03%
2024	486.95	+0.16%

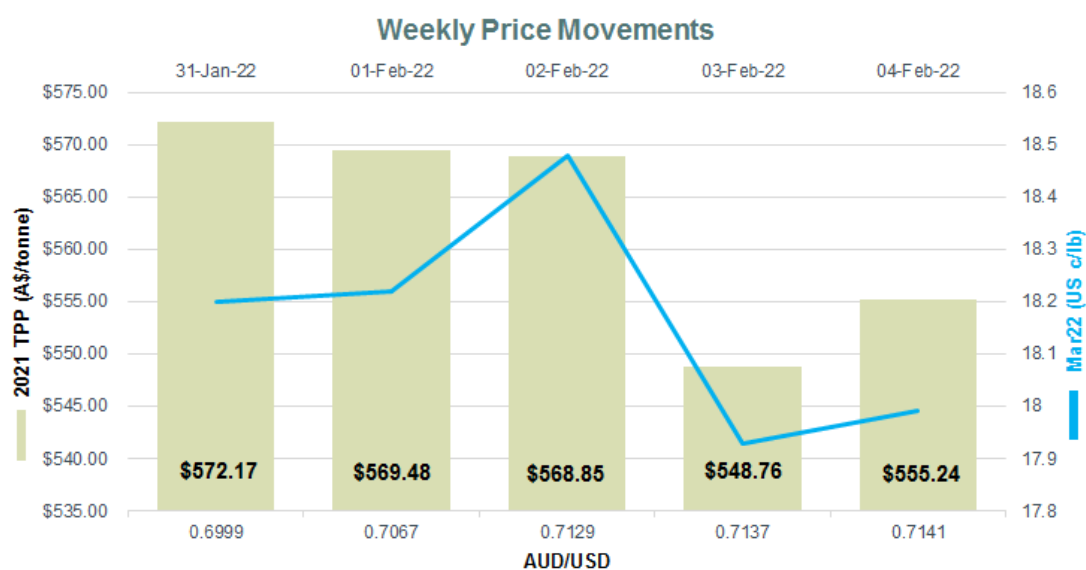
**These figures are indicative of available ICE 11 prices as at the week ending 14 February 2022 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 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

- **Overview:** The ICE 11 sugar market was trapped in range-bound trading after little change to the fundamental outlook of sugar for another week. The March 2022 contract closed the week up 3 points at 18.26 USc/lb after trading from a low of 17.84 USc/lb on Tuesday, and then on to a high of 18.68 USc/lb on Wednesday.
 - **India:** The 2021/22 Indian crop continues to progress well as good weather conditions allow for relatively uninterrupted harvesting conditions. As of the end of January, 18.6 million mt (metric tonnes) of sugar had been produced by the 507 operational mills, a production record for both the Maharashtra and Karnataka regions. The Indian Sugar Mills Association has now increased its forecast for the season by
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0.95 million mt up to 31.45 million mt.

- **Ethanol:** Hydrous ethanol parity may have found a bottom after slightly recovering to 16.42 USc/lb equivalent last week. The parity level has the potential to be well supported if Petrobras is forced to raise gasoline prices in Brazil, consequently driving up demand of hydrous ethanol. Brazilian gas prices are currently 10% below global import prices.
- **Commitment of Traders (speculator activity):** As of 8 February, speculators held a 45,000 lot net long position after liquidating 17,000 lots week-on-week. The specs are likely to continue their volatile entry and exit of commodity markets as macroeconomic inputs take the majority control of markets.



Currency

- **Overview:** The Australian dollar strengthened steadily across the week, still slowing rebuilding post the hawkish Federal Open Market Committee (FOMC) meeting a fortnight ago. The AUD traded from a low on Monday of 70.65 US cents to a high of 72.49 US cents on Thursday.
 - **United States:** The US CPI data release (*see our Jargon Buster*) was the highlight of the week, coming in at the highest level since 1982.
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Year-on-year inflation printed at 7.5%, higher than the expected 7.3%, and month-on-month was 0.6%, again above the expected 0.4%. The above-consensus figures are likely to add further pressure on the US Federal Reserve to raise interest rates by 50 basis points in March.

- **Russia/Ukraine:** Risk sentiment soured on Friday after the US issued another warning stating there was a 'distinct possibility there would be major military action very soon'. A concerning sign from both sides was observed when the US and Russia governments advised all their embassy staff to leave Ukraine urgently.
- **Iron Ore:** After bottoming out at \$US83/tonne in November, iron ore prices strengthened and broke through the \$US150/tonne mark last week after China announced a delay to its peak-emissions deadline for its steel industry. The target was pushed back five years from 2025 to 2030 as President Xi Jinping attempts to control the economic impact from China's climate change policies.

Jargon Buster

What is the 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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