8 February 2022

View this email in your browser

Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	563.07	-1.59%
2022	545.56	-2.94%
2023	510.05	-1.66%
2024	486.19	-0.32%

**These figures are indicative of available ICE 11 prices as at the week ending 7 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

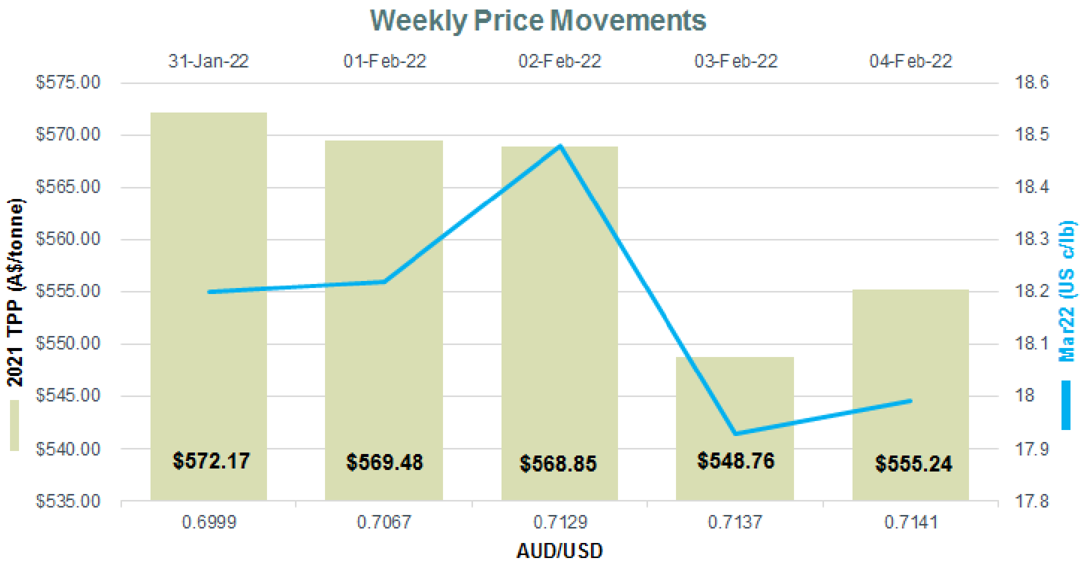
- **Overview**: A lack of convincing fundamental factors in the raw sugar market appeared to cause the ICE 11 market to trade in a choppy fashion across the week as speculators, rather than commercials, influenced the market. The prompt March 2022 contract traded to a high of 18.56 USc/lb then falling to below 18.00 USc/lb making a low of 17.86 USc/lb, before recovering and closing the week at 18.23

USc/lb.

- **Brazil:** Economic growth has all but ceased in Brazil as the Central Bank attempts to control the pandemic-driven inflation with some of the most aggressive rate tightening cycles in the world. The Central Bank of Brazil raised interest rates by 150 points as anticipated last Wednesday, dragging the rate from 9.25% up to 10.75%. The Brazilian real was trading at $5.33 USD/BRL at the time of writing this market report (*8 Feb 2022*).

- **Thailand:** The Chinese New Year holiday interrupted daily throughput numbers last week, which were tracking at well above the 2020/21 season rate. By 1 February, 49.6 million metric tonnes (mt) of cane had been processed and sugar production had reached 5.19 million mt, approximately 19% higher than last season's 4.37 million mt. Final production estimates remain unchanged at 89 million mt of cane and 10 million mt of sugar.

- **Commitment of Traders (speculator activity):** Speculators reduced their position by 21,000 lots as of last Tuesday 1 February and held a position of 62,000 lots net long, which coincidentally is the same position as a fortnight ago.



Currency

- **Overview**: The Australian dollar strengthened back to above 70 US cents throughout the week as oil prices charged higher and positive risk sentiment returned to global markets. The AUD traded from a low on Monday of 69.85 US cents up to a high of 71.68 US cents on Thursday.

- **Reserve Bank of Australia (RBA):** The RBA left rates on hold, as excepted, at its February meeting last Tuesday, however it announced that the quantitative easing program would cease on 10 February. Governor of the RBA Philip Lowe stated the RBA was 'prepared to be patient' as it awaits further wages growth and inflation trajectory data before it can be convinced inflation was sustainably in the target range and believe rate hikes were required. The AUD pulled back slightly on the speech, which was deemed slightly more dovish than the market anticipated, however recovered soon after and traded virtually unchanged.

- **United States**: The unemployment rate in the US rose by 0.1%, printing at 4.0% only slightly above the expected 3.9%. Of significance, wage growth spiked at 5.7% year-on-year while the three month annualised rate rose to a massive 7.7%. The Federal Open Market Committee (FOMC) is likely to view this kind of acceleration as unstainable and add further evidence to the need to raise interest rates.

- **Russia/Ukraine:** Tensions continue to rise in Eastern Europe after the United States sent an additional 3000 troops to the Russia/Ukraine border as a sign of support to NATO allies. Russia is still denying any plans of invasion and some reports believe an attack is unlikely to occur over the two weeks of the winter Olympics program.

- **Oil**: Brent Crude oil closed the week up 3.6% higher at $US93.27 while West Texas Intermediate (WTI) oil ended 6.3% higher at $US92.31 after geo-political concerns and supply constraints providing strong tailwinds for the commodity. Winter storms throughout Texas sparked further supply fears as consistently cold conditions looked set to shut down production temporarily.

Jargon Buster

What is the difference between Brent Crude & 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.

QSL is Australia's largest and most experienced raw sugar marketer

To learn more about us, click here

This report contains information of a general or summary nature. While all care is taken in the preparation of this report, the reliability, accuracy or completeness of the information provided in the document is not guaranteed. The update on marketing and pricing activity does not constitute financial, investment advice. You should seek your own financial advice. Nothing contained in this report should be relied upon as a representation as to future matters. Information about past performance is not an indication of future performance. QSL does not accept any responsibility to any person for the decisions and actions taken by that person with respect to any of the information contained in this report. You have received this email as you are subscribed to receive newsletters and other marketing material from QSL. We take your privacy very seriously. View our Privacy Statement on QSL's website. When you make enquiries of QSL or sign up for QSL news or information, you thereby consent to QSL collecting and using the personal information that you provide to QSL in the operation of QSL's business, which may include direct marketing. You may opt out of this service at any time if you no longer wish to receive any communications from us by using the unsubscribe function at the bottom of this email.

Our mailing address is:
QSL (Queensland Sugar Limited)
Level 12/348 Edward St
Brisbane, Queensland 4000
Australia