



12 May 2021

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## Weekly Market Overview

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### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	486.89	2.39%
2022	438.29	2.22%
2023	386.71	1.17%
2024	339.84	0.20%

*\*These figures are indicative of available ICE 11 prices as at the week ending 10 May 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.*

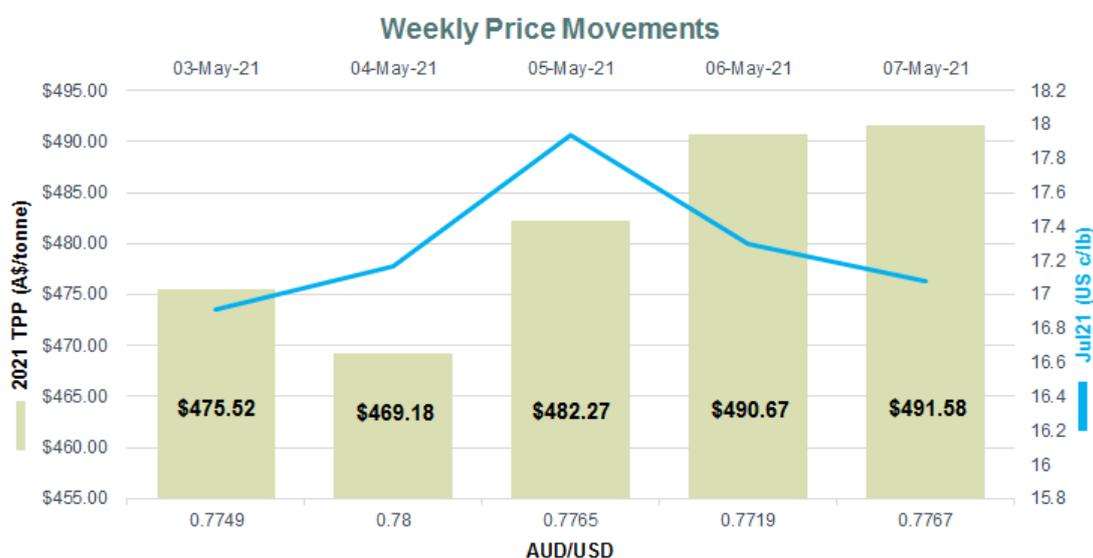
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### Sugar

- The ICE 11 raw sugar market enjoyed another week of strong prices with all eyes remaining on the Brazilian crop. The July 21 contract reached a new high of 17.89 USc/lb on Thursday before closing the week up 51 points at 17.49 USc/lb.
  - Despite Petrobras cutting gasoline prices in Brazil by 2% ethanol prices rallied higher across the week. The slow start to the season has kept
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ethanol stocks tight resulting in the spot ethanol parity now pushing up into the region of 17 USc/lb, providing a very supportive floor for raw sugar prices.

- Weather patterns in Brazil show no sign of improving with dry weather continuing to plague the 2021 crop and possibly reducing yields even further. Consensus of production forecasts remains at 35 million tonnes with a tight global trade balance.
- Week-on-week speculators slightly reduced their net long position by 8,000 lots. A net position of 242,000 lots long was printed in the Commitment of Traders report dated 4 May. The speculators will be keeping a close eye on UNICA numbers published this Wednesday, 12 May, to track how the Brazilian harvest is advancing.



## Currency

- The Australian Dollar traded sideways for the majority of the week before moving sharply higher to 78.62 US cents on Friday due to disappointing

US payroll data leading to US Dollar weakness.

- US payroll statistics reported employment growth only increased by 266,000 jobs in April, well below the expected 1 million. The unemployment rate also increased from 6% to 6.1%, against expectations, causing the USD to have its biggest one day fall since early December.
- The Aussie dollar briefly fell 56 points on Thursday after China announced they would be indefinitely suspending all activities under the China-Australia Strategic Economic Dialogue. While the breakdown does not appear to imply any imminent impact on Australian trade, it does highlight the strained relationship with China.
- Interest rates and quantitative easing (QE) programs were unsurprisingly kept on hold at the Reserve Bank of Australia (RBA) meeting last week. The RBA statement amended its forecasts for core inflation to reach 2-3% by mid-2023 and unemployment down to 4.5% by the end of 2022 (previous forecast 5.5%). The cash rate is very likely to remain unchanged until inflation is well within the specified 2-3% range.

## Jargon Buster

### What is Ethanol Parity?

Ethanol parity is the price at which sugar and ethanol both give the same return to a mill. The ethanol parity impacts the percentage of cane that a mill puts toward production of sugar and ethanol.

Ethanol parity is directly affected by crude oil prices as well as gasoline

prices as both these factors will influence the demand and price of ethanol.

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

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