



27 July 2021

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	544.06	+3.11%
2022	489.78	+2.11%
2023	424.35	+0.97%
2024	378.86	+0.20%

**These figures are indicative of available ICE 11 prices as at the week ending 26 July 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

- Raw sugar prices were extremely volatile last week, with the October 2021 ICE 11 contract falling to 17.05 USc/lb early in the week after global markets experienced a massive 'risk-off' day fuelled by rapidly rising infections of the COVID-19 Delta strain. The sugar price then hiked back up to finish the week near 18.28 USc/lb off the back of potential frost damage in Brazil and an Asian-based trade house reducing their estimate for the Brazil cane crop to 510 million tonnes.
 - Recent destructive flooding throughout Germany, Belgium and the Netherlands has the potential to severely damage local sugar beet crops. The full extent of the damage is yet to be seen and depends on
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how quickly the floodwater retreats.

- The World Trade Organisation (WTO) is rumoured to be releasing an announcement at the end of the month regarding the current WTO dispute concerning India's sugar export subsidies. However, the Indian Government looks almost certain to appeal any decision against it and thereby delay action on this matter even further.
- As of 20 July, sugar market speculators held a position of 198,000 lots net long, up 4000 lots week on week. Given the large rally on both Friday and Monday, speculators are likely to be holding a much larger position above 200,000 lots on a live basis.



Currency

- Surging COVID-19 cases around the world saw risk sentiment collapse and the Australian Dollar (AUD) fall last week from a high of 74.21 US cents on the Monday to a low of 72.90 US cents by the Wednesday. Markets are concerned that a large percentage of the new cases of the Delta variant are in developed nations with already high vaccination levels.

- Oil prices led the charge lower last Monday, likely contributing to dragging most commodity currencies lower (See our Jargon Buster). Brent crude oil was down 6.7% to \$US68.68/barrel after OPEC+ arrived at a deal to gradually increase oil supplies and the surge in COVID-19 Delta cases sparked concerns for growth in emerging markets such as Asia.
- Australian retail sales fell sharply by 1.8% month on month, rather than the expected 0.07% drop. This highlighted the impact of increasing lockdowns and will likely have a negative influence on economic growth.

Jargon Buster

What is a Commodity Currency?

Commodity currencies are currencies which are very sensitive to movements in commodity prices, usually due to being highly reliant on commodity exports. Some examples of commodity currencies are the Australian Dollar (AUD), New Zealand Dollar (NZD), Canadian Dollar (CAD) and Brazilian Real (BRL).

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

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