



QSL MARKET UPDATE



18 August 2021

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	600.86	+7.01%
2022	523.67	+3.97%
2023	447.16	+1.65%
2024	407.90	+0.12%

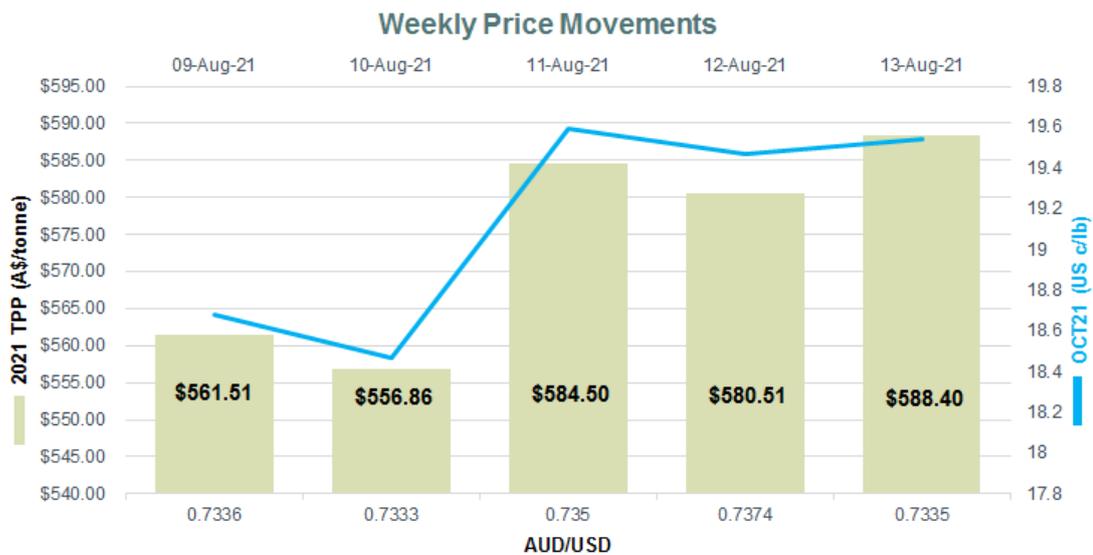
**These figures are indicative of available ICE 11 prices as at the week ending 16 August 2021 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 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

- The rally in raw sugar prices found another gear last week as speculative buying off the back of the published UNICA (Brazilian Sugarcane Industry Association) report was met with little selling resistance. The October 2021 ICE 11 contract climbed from 18.36 USc/lb to a high on Friday of 20.10 USc/lb before closing the week up

127 points at 19.95 USc/lb.

- The UNICA report released on Tuesday for the second half of July confirmed the cumulative damaging effects of the three frosts in Centre South (CS) Brazil. Traders took the news as bullish and pushed the OCT21 contract up an enormous 121-point range for the day. Compared to the previous reporting fortnight, cane crushed was down 8.12% and sugar down 11.79% in CS Brazil. Season to date, 304.2 million tonnes of cane has been crushed and 18.29 million tonnes of sugar produced, both of which are down approximately 7.5% from the same point last season.
 - The Brazilian currency remains weak trading at 5.26 vs the US Dollar. Firming ethanol prices in Brazil pushed spot ethanol parity to strengthen slightly at 17.78 USc/lb equivalent.
 - The white refined sugar market has recovered slightly but is still at historically low values. Weakness in white sugar prices is a likely indicator that either consumption has dropped or buyers are delaying their purchases due to exorbitant freight costs.
 - As of Tuesday 10 August, speculators have increased the net-long position of 213,000 lots to 259,000 lots. While this is considered a large position to hold, they still have plenty of room to extend further as their record is 348,000 lots net long.
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Currency

- The Australian Dollar (AUD) stabilised in a narrow range for yet another week as the volatility in risk sentiment continued to slow. The AUD traded from its low of 73.16 US cents on the Monday to its high on Thursday of 73.89 US cents.
- Surprisingly for markets, US Consumer Sentiment (see our Jargon Buster) fell 13.5% in August to pre-pandemic levels. COVID-19 Delta variant concerns are quoted to be the main driver for the seventh largest monthly drop in the history of the survey.
- China has reportedly shut down the world's third-busiest container ship port after a positive case of COVID-19 was discovered. The terminal, which accounts for around a quarter of China's container cargo business, was forced to close as China enforces its zero-tolerance policy to COVID-19 cases following increasing case numbers across the country. The disruption to the port will likely have

a knock-on effect of bottlenecking supply chains for some time.

Jargon Buster

What is Consumer Sentiment?

Consumer Sentiment is an economic measure of the optimism of consumers towards the state of the economy in the short term and the prospects for longer-term growth. It is considered an important indicator as consumer spending makes up a large proportion of economic output as measured by Gross Domestic Product (GDP).

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