



QSL MARKET UPDATE



21 September 2021

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	587.41	+2.71%
2022	548.20	+0.66%
2023	475.33	+0.55%
2024	439.71	+1.18%

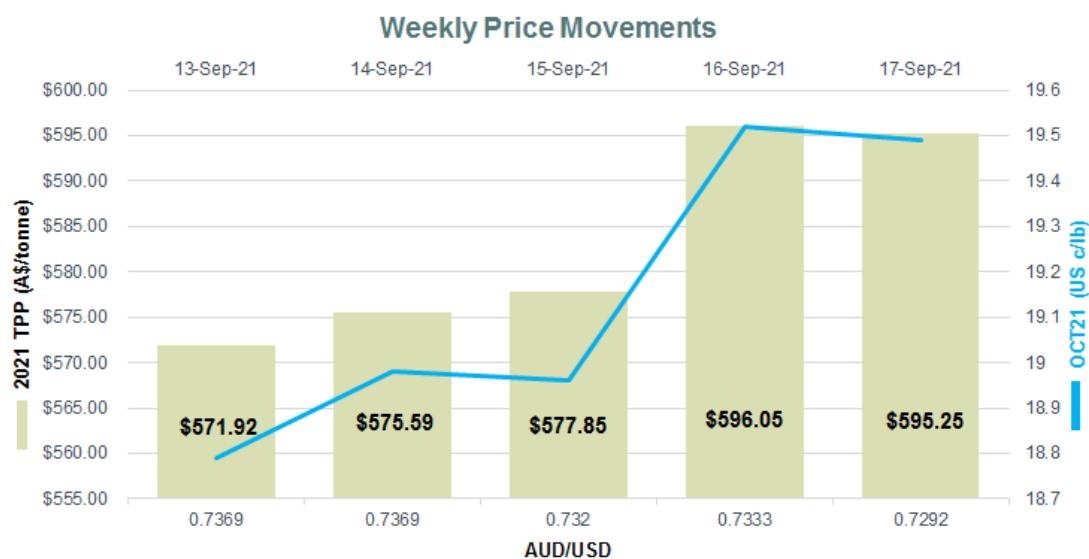
**These figures are indicative of available ICE 11 prices as at the week ending 20 September 2021 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 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

- Last week was a volatile one for raw sugar prices, with the ICE 11 October 2021 contract rising on positive global risk sentiment mid-week before sharply reversing and giving back most of the gains in the latter half of the week as risk sentiment soured. The Oct21 contract traded from its Monday low of 18.57 USc/lb to a weekly high of 19.65 USc/lb on the Wednesday before closing the week at 19.18 USc/lb, up 39 points for the week.
- Energy markets led the rally on Wednesday as funds bought into the news that Hurricane Nicholas had landed in the US Gulf of Mexico

states, potentially disrupting oil supplies already down 50% in the Gulf following Hurricane Ida. Oil prices led the charge, dragging most of the commodity board higher.

- 8300 fires were registered in Centre South Brazil in the first half of September as dry weather persists, increasing the risk of damage to cane areas. Disruption to harvesting schedules for the current season is very likely, but the physical damage to 2022-Season cane remains yet to be seen.
- Speculators are reported to have decreased their net long position further as of 14 September. The most recent Commitment of Traders report shows a reduction of 23,000 lots to 209,000 lots net long.
- Ethanol parity remains reasonably stable, floating at approximately 18.41 USc/lb, coinciding with the 50-day moving average (see our Jargon Buster) and providing the market with its most recent floor.



Currency

- The Australian Dollar (AUD) came under heavy pressure last week as its closely paired commodity partner, iron ore, collapsed more than 20%.

The AUD traded from its high of 73.76 US cents on the Tuesday down to its low of 72.62 US cents on Friday, losing 1.4% for the week.

- Iron ore prices dropped off the back of Chinese steel production slowing as well as the China Evergrande Group (one of China's largest property developers) closing in on defaulting on hundreds of billions of dollars of debt. Iron ore futures traded below \$US100/tonne on Friday for the first time since July last year and are now down almost 60% since record highs in May.
- Official labour force data revealed the Australian unemployment rate fell 0.1% in August, down to 4.5%. However, this figure is misleading as over 146,000 workers have left the workforce altogether. In NSW alone, approximately 210,000 people were likely forced out of work over the month due to the COVID-19 lockdowns.
- Australian consumer sentiment rose 2.0% in the month of September in a Westpac Consumer Sentiment survey, indicating confidence is improving as the vaccine rollout appears to improve and consumers look to sustained improvement after the current lockdown.

Jargon Buster

What is a 50-Day Moving Average?

A 50-Day Moving Average is the average price over the most recent 50 days. The figure is said to be "moving" because with every new data point added each day, the oldest data point drops out of the calculation.

Analysts use 50-Day Moving Averages in their market strategy decision making as they often indicate support or resistance levels the market might pause or reverse a trend from.

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

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