



27 January 2021

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2020	447.48	-3.70%
2021	409.41	-2.21%
2022	368.58	-2.40%
2023	354.20	-1.45%

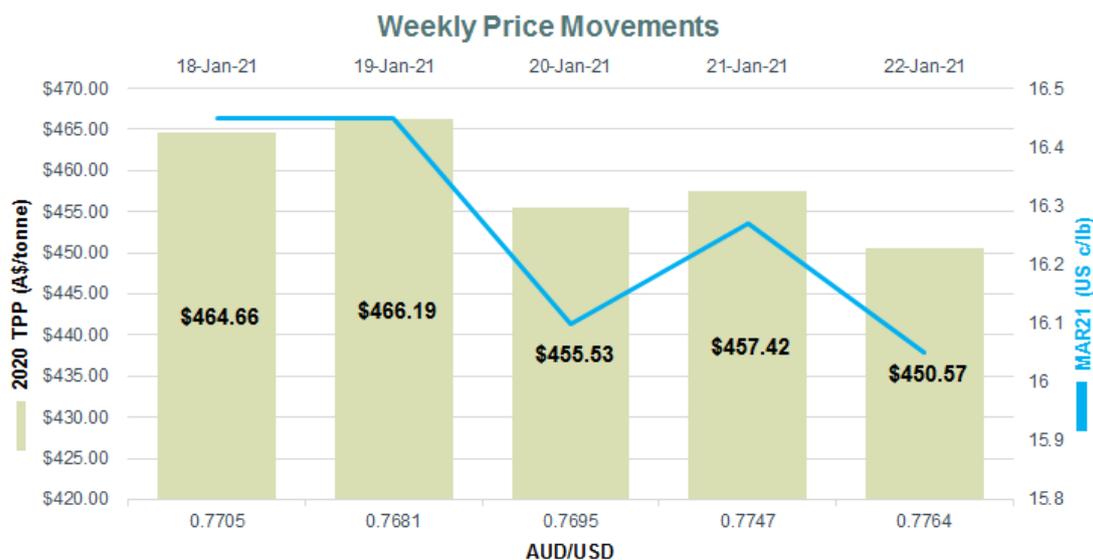
**These figures are indicative of available ICE 11 prices as at the week ending 25 January 2021 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 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 March 2021 ICE 11 price retreated back towards 15 USc/lb during the past week, removing most of the market's 'overbought' status racked up during the surge towards 17 USc/lb earlier this month. Despite this drop, the market looks likely to maintain its current positive technical outlook unless a deeper correction occurs, with most fund investors shaping to keep their current positions and roll them (and their potential
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profits) forward when the March contract closes next month.

- There's been no significant news on the sugar production front, with the market in 'wait and see' mode regarding just how much export sugar will come out of India and the size of the Thai sugar crop. The big question is the size of the coming Brazilian crop, but it will still be a month or two until there's a reliable indication of their production.
- The Brazilian dollar looks susceptible to further weakness as the country continues to grapple with COVID-19 and its impact on their economy. Brazilian producers are already heavily priced for the coming season, and the prospect of their sugar exports becoming an even more attractive prospect as a result of their deteriorating currency will weigh heavily on sugar market sentiment.



Currency

- The past week saw the Aussie Dollar (AUD) stuck in a sideways trading pattern, bouncing either side of 77 US cents and closing last night's session at 77.45 USc. The market appears to be waiting on some kind of key trigger or trend to set the AUD's direction, but in the meantime its current level is being supported by strong iron ore

prices and the Australian economy's rebound from its recent COVID-led recession.

- The Federal Open Market Committee (FOMC) will meet in the US tonight and while they are expected to maintain their accommodative settings for the US cash rate going forward, the market will be looking for any language which may indicate they are warming to the concept of tapering current quantitative easing measures.
- Looking forward, COVID-19 remains the primary driver of current economic sentiment, but the market seem optimistic that with vaccines now being rolled out, we've now seen the worst of the virus and its economic impact.

Jargon Buster

What's the FOMC?

FOMC stands for Federal Open Market Committee. This committee consists of the seven members of the Board of Governors of the US Federal Reserve System; the president of the Federal Reserve Bank of New York; and four of the remaining 11 US Reserve Bank presidents. It meets eight times a year to review economic and financial conditions, determine US monetary policy, and assess the risks to price stability and sustainable economic growth.

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