



9 June 2021

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## Weekly Market Overview

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### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2021	501.05	1.84%
2022	447.42	1.59%
2023	402.58	1.29%
2024	366.11	2.59%

*\*These figures are indicative of available ICE 11 prices as at the week ending 7 June 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.*

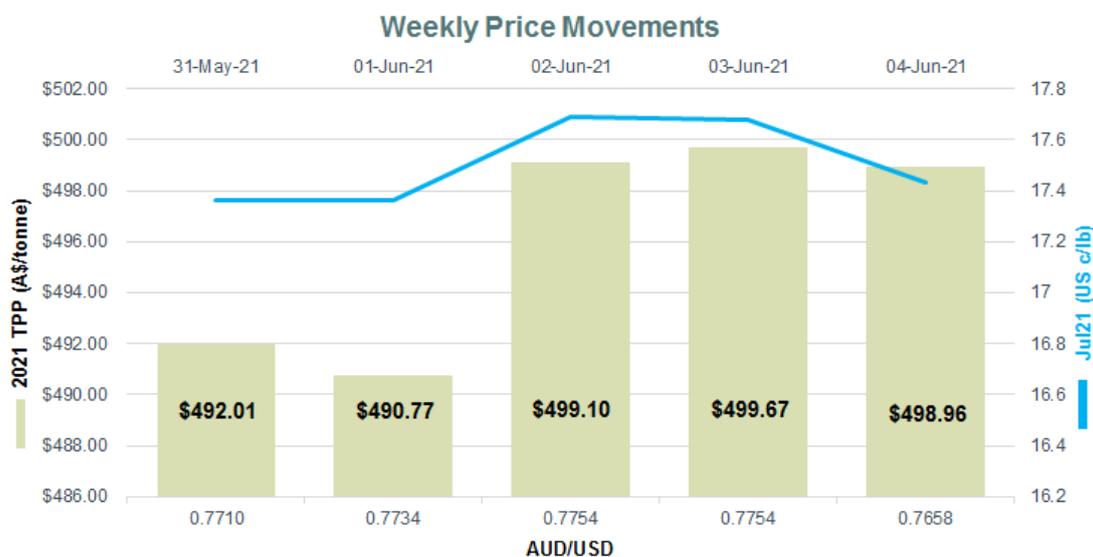
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### Sugar

- Following the ICE 11 raw sugar market closure on Monday last week for the US Memorial Day public holiday, sugar prices traded towards the higher end of the 17 USc/lb range, with the July 2021 contract reaching a high last Wednesday of 17.93 USc/lb before closing the week at 17.71 USc/lb.
- West Texas Intermediary (WTI) crude oil gained a respectable 5.0% week on week, and together with a stronger Brazilian Real pushed spot ethanol parity up to 17.82 USc/lb by the end of last week. At the time,

this was above the level of the prompt July 2021 ICE 11 contract. With this in mind, the market will be paying particular attention to the raw sugar/ethanol split in the upcoming UNICA (Brazilian Sugarcane Industry Association) harvest reports to check if Brazilian mills are changing their production to producing ethanol over sugar.

- The Indian government announced a major policy target change whereby gasoline blended with 20% ethanol (E20) will now be sold from 2023. This accelerated target should incentivise Indian millers to consider investing in ethanol distilling capacity and has the potential to absorb a portion of the Indian cane crop.
- The latest Commitment of Traders report dated 1 June revealed speculators had back-flipped and added an additional 27,000 lots to their position. They now hold 244,000 lots net long.
- **Outlook:** Short-term consensus remains that the prompt ICE 11 price should spend most of its time within the 17-18 US cents range, as 17 US c/lb is below approximate Brazilian ethanol parity and 18 USc/lb is the current level were India can begin exporting additional volume without the need of their export subsidy.



## Currency

- The Australian Dollar (AUD) traded in a very narrow range for the majority of last week, only taking a brief dip below 77 US cents to its low of 76.46 US cents on Thursday after independent American research institute ADP published strong employment numbers for May. The following day, official US non-farm payroll data was released and disappointed the market by printing a figure of 559,000 jobs, well below the consensus of 675,000. The Australian Dollar subsequently recovered all of its losses and closed the week at 77.44 US cents.
- On the domestic front, Australian Gross Domestic Product (GDP – See our Jargon Buster) data surprised to the upside, reporting a 1.8% change quarter on quarter compared to 1.5% expected by the market, and 1.1% change year on year vs 0.6% expected. Despite this data confirming GDP is now back above pre-pandemic levels, the AUD paid little attention to the domestic information and remains focused internationally.
- The Australian trade position strengthened in April as total exports increased and imports decreased, leading to a trade surplus position of \$8 billion, up from \$5.8 billion in March. This position indicates there is continued high demand for Australian commodities (as can be seen in the strong price of iron ore) which should lead to economic growth and may help to strengthen the AUD.

## Jargon Buster

### What is Gross Domestic Product (GDP)?

Gross Domestic Product (GDP) is one of the most common statistics used by economists to monitor the health or the 'size' of a country's economy. It can be defined as the total monetary value of all

finished goods and services produced in a country in a specific time period (usually one year).

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

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