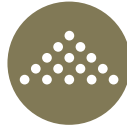


QSL MARKET UPDATE

Current as of 25 August 2021.

Sugar



- Raw sugar prices spent the majority of August rallying higher as the ever-deteriorating Centre South (CS) Brazil crop whipped the market into a bullish frenzy. The October 2021 ICE 11 contract traded from its monthly low of 17.74 USc/lb up to its high of 20.37 USc/lb, breaking the 20 USc/lb level for the first time since February 2017.
- The latest UNICA (Brazilian Sugarcane Industry Association) report for the first half of August showed the CS Brazil harvest tracking mostly as expected, with both cane and sugar down approximately 7% year on year. Market consensus for the size of the CS Brazil crop is approximately 31-33 million tonnes of sugar, which has been downgraded after damage was caused by early drought and three consecutive frosts.
- The Indian Food Ministry recently published a letter encouraging millers to take advantage of the rallying ICE 11 market and to lock in prices for next season's exports, hinting that a subsidy may not be available for the 2021/2022 Season.
- Closely watching:** Brazilian harvest statistics from UNICA, Indian export subsidy news, macroeconomic influences including COVID-19 and speculator activity.

KEY INDICATORS

	25/08/2021	Monthly change
ICE11 Prompt (Oct21)	19.58 USc/lb	+1.41 USc/lb
Brazilian Real/\$US exchange rate	5.25 BRL	+0.05 BRL
Brent Crude Oil	\$US71.05/barrel	-\$US3.05
Ethanol/Raw Sugar Parity	17.6 USc/lb	+0.86 USc/lb
Net Spec Position	257,000 (net long)	+59,000

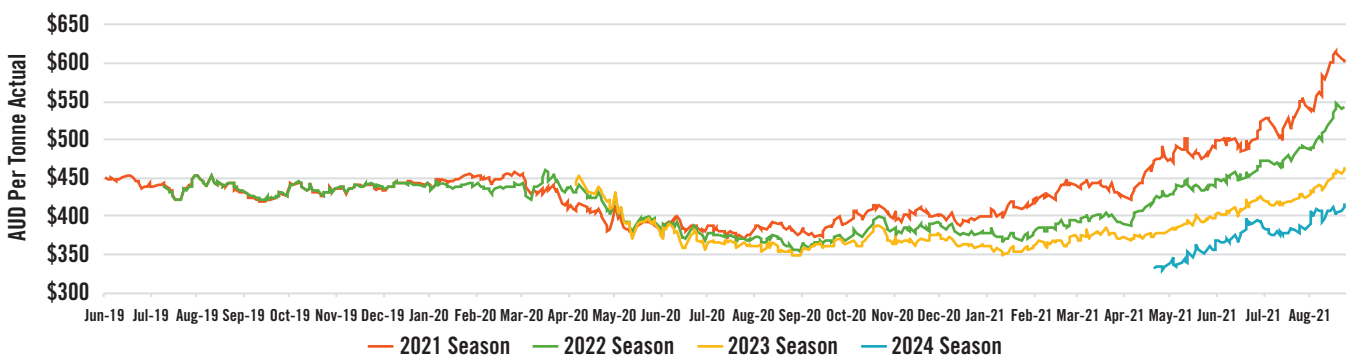
Currency



- After breaking lower from its 75-78 US cent range in July, the Australian dollar stabilised at the 72 cent level trading in a narrow range for the first three weeks of the month, before once again breaking lower as risk sentiment collapsed following outbreaks of the Delta strain of COVID-19. The AUD traded from its high of 74.27 US cents early in the month, down to its low of 71.06 US cents on 20 August.
- China 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.
- The Reserve Bank of Australia (RBA) met in early August and, despite extended lockdowns in Sydney and a sixth lockdown in Victoria, remained optimistic towards Australia's economic recovery. Markets were surprised when the RBA stuck to its plan of tapering its quantitative easing purchases from \$5 billion per week to \$4 billion per week starting in early September.
- Surprisingly for markets, US Consumer Sentiment 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.
- Risks Ahead:** US inflation and interest rates, the Delta variant of COVID-19 and worldwide hospitalisations, RBA commentary.

	25/08/2021	Monthly change
\$AUS/\$US exchange rate	\$US0.7258	-\$US0.0117
\$US Index	92.89	-0.02
Chinese Yen/\$US exchange rate	6.47 CNY	-0.01 CNY
S+P 500 Index	4,486.23	+74.44
RBA Overnight Cash Rate	0.10%	0.00%

RAW SUGAR PRICES



This is a whole-of-season ICE 11 price chart current as of 25.08.21, based on a 1:2:2:1 pricing ratio for the 2021, 2022, 2023 and 2024 Seasons.

Disclaimer: This report contains information of a general or summary nature and is based on information available to QSL from many sources. While all care is taken in the preparation of this report, the reliability, accuracy or completeness of the information provided in the document is not guaranteed. The update on marketing and pricing activity does not constitute financial or investment advice. You should seek your own financial advice and read the QSL Pricing Pool Terms, which are contained on QSL's website. Nothing contained in this report should be relied upon as a representation as to future matters or that a particular outcome will be achieved. Information about past performance is not an indication of future performance. The information in the report is current as at the time of publication and is subject to change, as the information is based on many assumptions and is subject to uncertainties inherent in any market. QSL does not accept any responsibility to any person for the decisions and actions taken by that person with respect to any of the information contained in this report.

QSL GROWER PRICING UPDATE



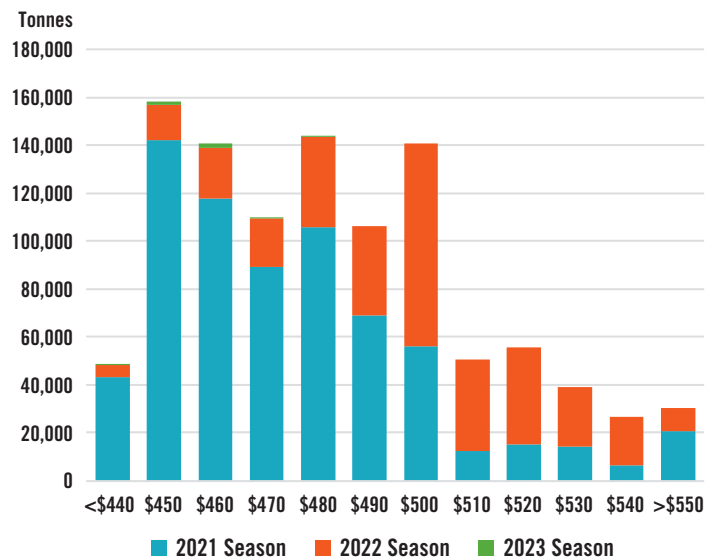
Grower Pricing



- > The highest 2021 Season Target Price Contract order achieved has been \$610/tonne* actual (gross).
- > As the forward sugar curve begins to normalise, 2022 Season prices have started to rally with the highest 2022 Target Price Contract order achieved being \$545/tonne* actual (gross).
- > Growers using the 2021-Season Individual Futures Contract and Self-Managed Harvest Contract are reminded they have until **15 September 2021** to price or roll any nominated tonnage in the October 2021 contract (costs may apply). Contact your local QSL team for more details or to activate your roll option.
- > Growers in the 2021-Season Target Price Contract are reminded that they have until **21 September 2021** to price their nominated tonnage before their pricing window is automatically extended and roll adjustments apply.
- > The current bullish sentiment has seen increasing numbers of growers scaling their pricing orders between \$500 and \$600 for the remainder of this season and for 2022. By placing multiple small-volume orders at escalating levels, these growers seek to improve their average season return by participating in the market as it rises, rather than taking on the price risk associated with placing a single large order beyond current market levels.

* at time of writing.

QSL GROWER-MANAGED PRICING FILLS – 2021, 2022 & 2023 SEASONS



This chart captures all pricing achieved as of 25.08.21 using QSL's Target Price Contract, Individual Futures Contract and Self-Managed Harvest products. Prices quoted at AUD/tonnes actual gross.

The AUD/mt equation

For Australian sugarcane growers to achieve a high Australian dollar per metric tonne result, two key ingredients are required - high raw sugar prices and a low Australian dollar. Together these two factors play a significant role in the pricing that growers achieve through grower-managed pricing options like QSL's Target Price Contract or Individual Futures Contract.



High Sugar Price

The current rallying raw sugar prices in the 2021 and 2022 Seasons have largely been attributed to the reduction in estimate from the current Brazilian crop.

This has caused the October 2021 ICE contract to climb as high as 20.37 USc/lb in August.

Low Currency

With high inflation, central banks are considering increasing interest rates. The COVID-19 Delta strain is also being held responsible for causing delays in economic recoveries globally.

This has caused the Aussie dollar to hit a new recent low of 71 US cents.

High Australian dollar per metric tonne

As a result of the current high raw sugar prices and lower Aussie dollar, growers are achieving favourable returns for both the 2021 and 2022 Seasons.

Since 1 July 2021, the following AUD/mt prices have been seen:

- | | |
|---------------------|---------------------|
| 2021 Season: | 2022 Season: |
| > High: \$614.93 | > High: \$546.85 |
| > Low: \$500.15 | > Low: \$463.94 |