

# QSL MARKET UPDATE



22 June 2023

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## Weekly Market Overview

### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2023	817.17	+1.73%
2024	707.91	-0.46%
2025	623.27	-0.50%
2026	573.78	+0.21%

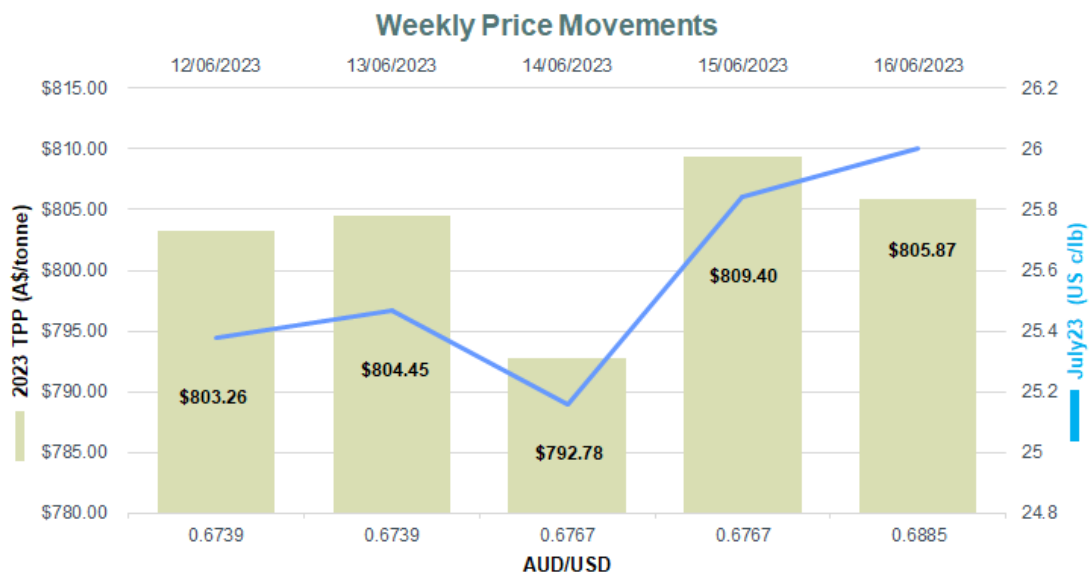
*\* These figures are indicative of available ICE 11 prices as at 12 June 2023 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 Exchange and/or other Marketers of Growers' Economic Interest in Sugar. Values also do not account for any adjustments resulting from local Grower-Miller pricing arrangements.*

### Sugar

- **Overview:** The ICE 11 raw sugar futures market rallied strongly in the latter half of last week with rumours of Chinese buying, wet weather in Brazil and Thai crop revisions all providing support. The expiring July 2023 contract traded from a weekly low of 25.03 USc/lb up to a high of 26.49 USc/lb, closing the week up 4.1% at 26.43 USc/lb.
- **Brazil Harvest:** UNICA, the Brazilian sugar industry body, released its harvesting update for the second half of May last week, reporting a

record harvesting pace. Cane harvested for the two weeks totalled 46.2 million tonnes with 2.9 million tonnes of sugar produced, bringing the season-to-date totals to 125.4 million tonnes of cane and almost 7 million tonnes of sugar. The sugar mix is tracking at maximum sugar, with UNICA reporting 48.78% sugar vs 51.24% ethanol for the period.

- **Weather:** There were reports of almost 90mm of rain in some regions near Sao Paulo in Brazil which will likely have caused some small harvesting delays. In India, the monsoon arrived last week, delivering some rain to south-west Maharashtra which is has received about 84% below the average rainfall for this time of year due to the delay of the monsoon.
  - **Thailand:** One major tradehouse has downgraded Thailand's crop forecast for next season to only 66 million tonnes of cane (for reference this year's crop was approximately 94 million tonnes of cane). Thailand has been experiencing an extreme heatwave and have had a lack of rainfall which is very likely to be inhibiting young cane growth.
  - **Speculators:** The commitment of traders report dated 13 June revealed speculators increased their net long position by 14,750 contracts to 193,400 lots net long
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## Currency

- Overview:** The Australian dollar was stronger across the week as risk on sentiment entered the market following the US Federal Open Market Committee (FOMC) cash rate decision as well as expectations of a Chinese stimulus package. The AUD traded from a low 67.27 US cents on the Monday up to a high of 69.00 US cents on the Friday.
- China:** After the post zero-Covid policy economic rebound failed to maintain momentum in China, it was predicted that a State Council in China would announce a fiscal stimulus package to help the struggling real estate sector. Commodities and currencies, including the AUD, strengthened off the back of the predictions.
- US FOMC:** The AUD moved higher on the announcement that the Federal Reserve (the Fed) would be leaving the cash rate in the United States unchanged at 5-5.25% after 10 successive rate hikes. The majority of Fed members are now expecting only two more 25 basis point increases will be required in the coming months.

## Jargon Buster

### What is the FOMC/Fed?

The US Federal Open Market Committee (FOMC) 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.

The committee consists of 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.

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QSL (Queensland Sugar Limited)

Level 12/348 Edward St

Brisbane, Queensland 4000

Australia

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