

# QSL MARKET UPDATE



31 January 2024

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## Weekly Market Overview

### Indicative ICE 11 Prices

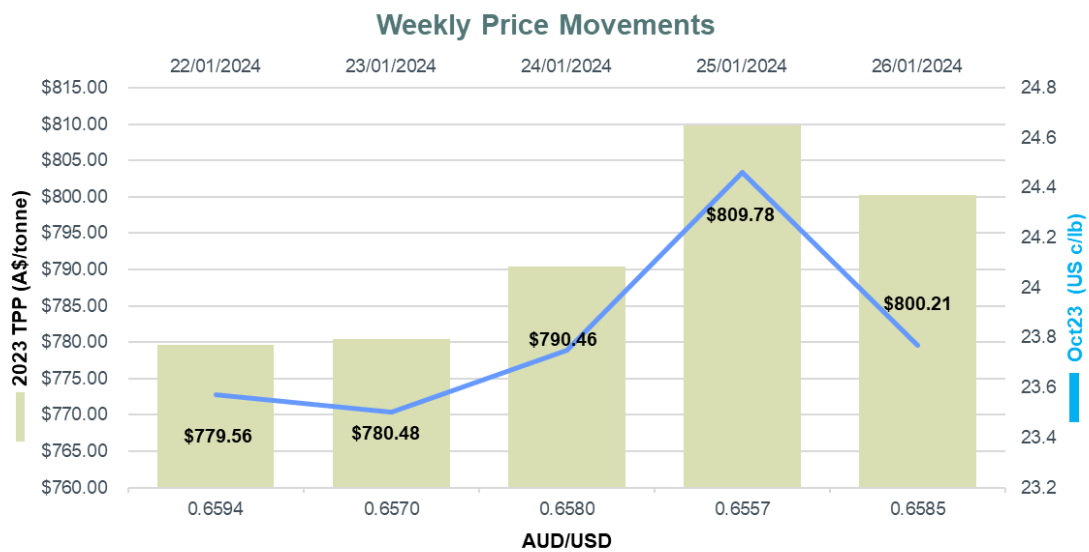
Season	AUD/MT*	Weekly Change
2023	794.38	+1.91%
2024	747.95	+3.50%
2025	685.20	+4.48%
2026	639.84	+4.41%

\* These figures are indicative of available ICE 11 prices as at 29 January 2024 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.

- **Overview:** The ICE 11 raw sugar market continued its bullish run last week, largely due to the potential of the Brazilian crop being negatively impacted by dry weather conditions. The prompt March 2024 ICE11 contract traded from a low of 23.25 USc/lb on the Tuesday to a high of 24.62 USc/lb on the Thursday, before closing the week up 0.8% at 23.77 USc/lb.
- **Brazil:** The Williams Brazil Sugar Lineup reported a volume of 2.91 million tonnes in the week ending 24 January, reflecting a notable uptick of 445,000 tonnes or an 18% increase from the

previous week. This signifies a remarkable year-on-year surge of 335%. The substantial sugar volume awaiting loading at this stage of the season is unprecedented and led to increased waiting times for vessel berthing at most terminals this week. According to port sources, an estimated 600,000 tonnes were shipped during the same week. Weather predictions for the next 15 days indicate a shift towards drier conditions in the cane-growing regions of Centre South Brazil. Anticipated rainfall is notably scarce for the states of Sao Paulo, Paraná and Mato Grosso do Sul. This development is expected to amplify concerns regarding the potential impact on cane volume for the upcoming 24/25 season. Moreover, extended forecasts suggest below-average rainfall in February and March, which could reduce crop forecasts further for the 2024/25 season.

- **Thailand:** While cane tonnes harvested so far for the 2023/24 Thai season has been strong and on par with last season, sugar production has been underwhelming and lags last year by almost 12%. As of 28 January 2024, 45.2 million tonnes of cane had been crushed and 4.4 million tonnes of sugar produced.
  - **India:** Isolated showers slowed harvesting in one of the best-performing states, Utter Pradesh. Little to no rain is expected for other key cane growing regions, which should be positive for cane harvesting.
  - **Commitment of Traders:** The ICE 11 Commitment of Traders report as of 23 January showed an increase of 10,000 contracts, with speculators reported to have held a 23,150-net long position.
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## Currency

- Overview:** It was an extremely quiet week for the Australian dollar (AUD), with trading in a narrow range last week given little important economic data was released. The AUD traded from a low of 65.52 US cents on the Tuesday, up to a high of 66.21 US cents on the Wednesday.
- Geopolitical:** Tensions escalated in the Middle East after a drone strike by Iran-backed militants on a US military base killed three US soldiers. The US is facing growing pressure to respond and may retaliate aggressively. Brent crude oil continues to trend higher as suppliers face higher risks shipping through the Red Sea and the Suez Canal.
- New Zealand:** New Zealand is moving in a positive direction as Consumer Price Index (CPI) inflation slowed, down from 5.6% to 4.7% year-on-year in the fourth quarter, aligning with forecasts. This is the lowest it has been since 2021 but it still has a way to go before reaching its target rate of 2%.

- **Coming Up:** The Australian 4th Quarter CPI data release is scheduled for today (Wednesday), with the US FOMC meeting on Thursday morning.

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