

QSL MARKET UPDATE



22 February 2024

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Weekly Market Overview

Indicative ICE 11 Prices

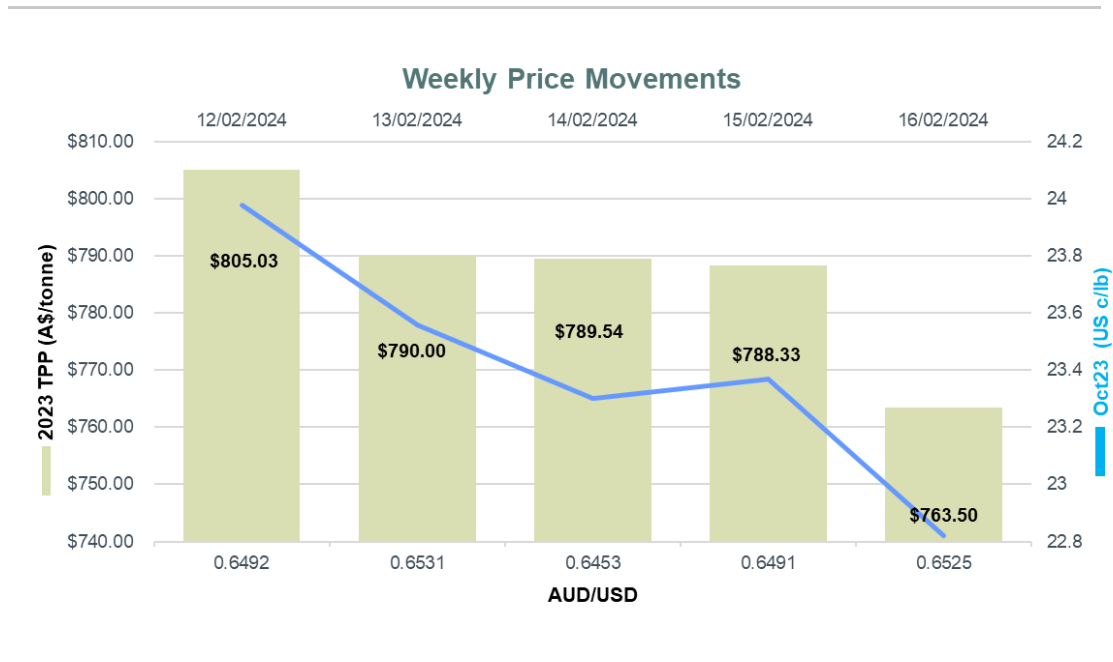
| Season | AUD/MT* | Weekly Change |
|--------|---------|---------------|
| 2023 | 774.57 | -3.78% |
| 2024 | 744.00 | -2.68% |
| 2025 | 688.77 | -0.23% |
| 2026 | 636.77 | +1.90% |

* These figures are indicative of available ICE 11 prices as at 19 February 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 raw sugar futures market saw some bearish sentiment last week as rain fell in Brazil and India. The prompt March 2024 ICE 11 contract traded from a high of 23.99 USc/lb on the Monday, down to a low of 22.71 USc/lb on the Friday, before closing the week at 23.08 USc/lb.
- **India:** India's most recent harvest report for the first half of February was impressive, with production reaching 3.645 million tonnes of sugar, reflecting a 4% increase on the same period last year. The total sugar production for the 2023/24 season now stands at 22.4 million

tonnes. Although this is a 2% decrease on the 22.9 million tonnes of sugar recorded at the same time last year, the sugar output has benefited from improved recovery levels (CCS), attributed to a reduced utilisation of sucrose for ethanol production.

- Brazil:** Although widespread rain has fallen across the Centre South Brazil region, cumulative totals still remain below average. In Sao Paulo, the primary state for sugar cane production, the recorded rainfall for the period amounted to 64mm, notably lower than the 123mm observed this time last year and falls short of the average of 84mm. If minimal rainfall persists, crop forecasts for the 2024/25 season may be lowered.
- Commitment of Traders:** The ICE 11 Commitment of Traders report as of 13 February reported another modest increase of 6,000 contracts. Speculators were reported to have held a 33,530 net long position.



Currency

- **Overview:** The AUD settled within the mid 60-cent range as the Reserve Bank of Australia (RBA) waited for more inflation data to become available before deciding on interest rate cuts. The AUD traded from a low of 64.43 US cents on the Wednesday, up to a high of 65.45 US cents on the Friday.
- **RBA:** The RBA has maintained its tightening bias, as indicated in the minutes of the February meeting. The minutes highlight that while inflation has softened, it remains elevated. The RBA acknowledged the possibility of additional interest rate hikes, despite opting to keep the cash rate unchanged after contemplating an increase during the meeting.
- **Australian jobs:** In January, the unemployment rate increased to 4.1 percent, up from 3.9 percent in December, marking the first time in two years that the unemployment rate has surpassed the 4 percent threshold. Analysts suggest that the labour market is showing signs of cooling, attributed to the swift interest rate hikes implemented by the RBA. Forecasts anticipate a rise in unemployment throughout the year.

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