

QSL MARKET UPDATE



14 March 2024

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Weekly Market Overview

Indicative ICE 11 Prices

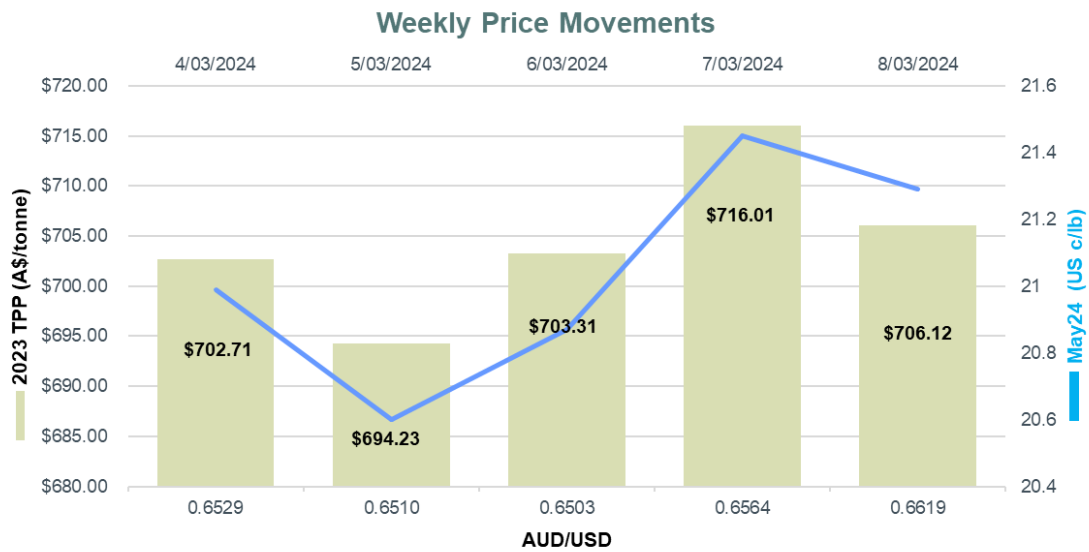
Season	AUD/MT*	Weekly Change
2023	702.07	-0.09%
2024	693.01	-0.54%
2025	658.42	-1.11%
2026	622.41	-1.86%

** These figures are indicative of available ICE 11 prices as at 11 March 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 futures market experienced heightened levels of volatility in the lead-up to the March 2024 contract expiry which saw a larger-than-expected volume of raw sugar delivered. The now prompt May 2024 contract traded from a high of 21.68 USc/lb on the Wednesday, down to a low of 20.53 USc/lb on the Friday, before closing the week at 21.15 USc/lb.
- **India:** The Indian harvest has begun to slow, with 71 mills of the 533 ceasing operations in the second half of February. During this period 29 million tonnes of cane was harvested, producing 3.1 million tonnes

of sugar, bringing the season totals to 256 million tonnes of cane and 25.5 million tonnes of sugar. India is expected to produce around 31 million tonnes of sugar for the season which would be a 4% reduction on last season's totals.

- **Thailand:** The tail end of the Thai crop continues to impress with 80.28 million tonnes of cane harvested and 8.55 million tonnes of sugar produced. With 39 of the 57 mills now closed and the daily crushing rate dropping to 200,000 tonnes per day, the harvesting season only has days remaining.
 - **Dubai Sugar Conference:** Many global sugar industry participants gathered in Dubai last week to discuss sustainability, markets and trade flows. Both bullish and bearish perspectives were discussed with the consensus view being cautiously bullish in the medium to long term given the significant risk of Brazil supplying an increasingly large portion of global raw sugar exports. Many are hesitant to heavily trade this view however after being burnt trading the bullish view in the December 2023 market crash.
 - **Commitment of Traders:** The ICE 11 Commitment of Traders (COT) report as of 5 March reported a minimal position of 88 lots net long held by the speculators, a large reduction of 30,550 contracts week-on-week. The virtually net zero position emphasises the speculator's decision not to participate in the ICE 11 for the past two months.
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Currency

- Overview:** The Australian dollar (AUD) found some strength at the back end of last week due to positive labour data out of the US as well as media commentary from FOMC Chair Joe Powell, suggesting US rate cut expectations in 2024 are firm. The AUD traded from a low of 64.78 US cents on the Tuesday, up to a high of 66.68 US cents on the Friday.
- Australian GDP:** The Australian GDP report held few surprises with a positive adjustment in Q4 2023, resulting in an annual growth rate of 1.5% year-on-year, signalling a sustained deceleration in economic expansion throughout the latter half of 2023. The sluggish growth is viewed favourably, providing the Reserve Bank of Australia (RBA) with the option of considering rate cuts later in the year. However, the RBA remains cautious and awaits further convincing evidence from future inflation data points before making any definitive decisions.
- US labour market:** The US unemployment rate experienced a slight increase of 0.2 percentage points, reaching 3.9% (compared to the expected 3.7%). Although headline wage growth stands at 4.3% year-

on-year, it remains inconsistent with the 2% inflation target. The uptick in the unemployment rate to 3.9% may be viewed positively by the Federal Reserve, however, given the stability of the participation rate at 62.5%, the Federal Reserve is likely to seek additional data to ensure confidence in the recovery of the labour supply.

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