



19 March 2024

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Weekly Market Overview

Indicative ICE 11 Prices

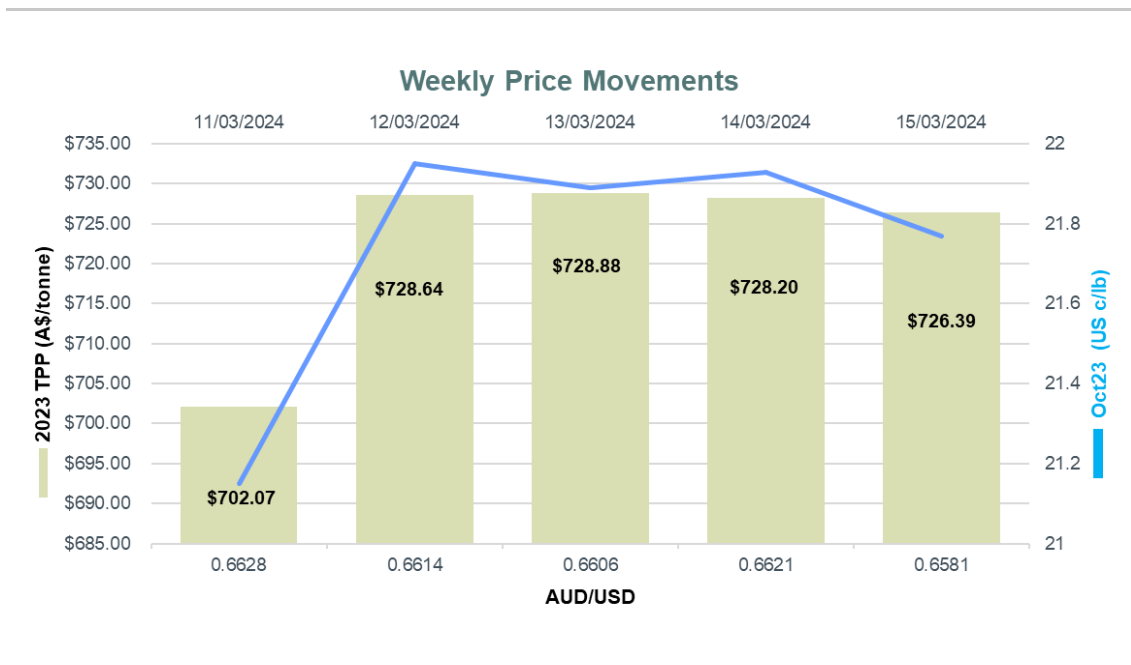
Season	AUD/MT*	Weekly Change
2023	741.41	+5.51%
2024	719.44	+3.25%
2025	667.86	+0.30%
2026	623.86	-1.63%

* These figures are indicative of available ICE 11 prices as at 18 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.

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- **Overview:** The ICE 11 raw sugar futures market traded in a relatively narrow range last week given the lack of fundamental surprises. The prompt May 2024 contract traded from a low of 21.13 USc/lb on the Monday, to a high of 22.23 USc/lb on the Thursday, before closing the week up 4.6% at 22.12 USc/lb.
 - **India:** The Indian Sugar Mills Association this week announced an upward revision to its 2023/24 season production estimate. The forecast was increased by 950,000 tonnes of sugar to 34 million tonnes, of which approximately 1.7 million tonnes will be diverted to ethanol
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production. There was little price reaction to the news from the market as sugar exports out of India are still unlikely for this year and next.

- Brazil lineup:** The Williams Brazil Sugar Line Up Report as of 13 March showed that there is a large volume of sugar still yet to be exported from the 2023/24 harvest. In the reporting period, the vessel count decreased by 1 ship to 46, with 1.7 million tonnes of sugar waiting to be loaded. With the 2024/25 harvest due to commence soon, there are fears that logistic bottlenecks could pose challenges for exporting what looks like another large Brazilian crop.
- Commitment of Traders:** The ICE 11 Commitment of Traders (COT) report as of 12 March reported a position of 18,335 lots net long held by the speculators, a large increase of 18,250 contracts week-on-week. The increase is reflective of the recent upside movement in the raw sugar market and could be interpreted as a sign of speculators finally showing some interest in the ICE 11 market again.



Currency

- **Overview:** A stable Australian dollar (AUD) came under heavy sell-off pressure last Thursday night following a stronger-than-expected CPI data print from the United States. The AUD traded from a high on Tuesday of 66.39 US cents, down to a low of 65.52 US cents on the Friday.
 - **US inflation:** The February CPI report suggested that once again, inflation remained resilient in the US economy which reinforces the Federal Reserve's decision to defer interest rate cuts until at least mid-2024. According to the US Bureau of Labor Statistics, CPI rose by 0.4% in February and 3.2% compared to the same period last year. Although the monthly increase aligned with predictions, the annual rate slightly exceeded the forecast of 3.1%. The AUD lost almost 70 points off the back of the news, sinking below 66 US cents.
 - **Geo-political:** Tensions in the Red Sea continue to simmer as the Houthi rebels persist with strikes on ships in the region. Global supply chains remain vulnerable with food security and price risk at the front of mind for global markets. After two years of war, Ukraine also continues its defence against Russia using drone attacks on oil refineries and military factories, with Russia threatening the use of nuclear weapons if provoked.
 - **RBA:** At their meeting on Tuesday 19 March, the Reserve Bank of Australia (RBA) voted to hold the cash rate at 4.35%, stating, "the path of interest rates that will best ensure that inflation returns to target in a reasonable timeframe remains uncertain and the board is not ruling anything in or out."
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