



5 March 2024

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Weekly Market Overview

Indicative ICE 11 Prices

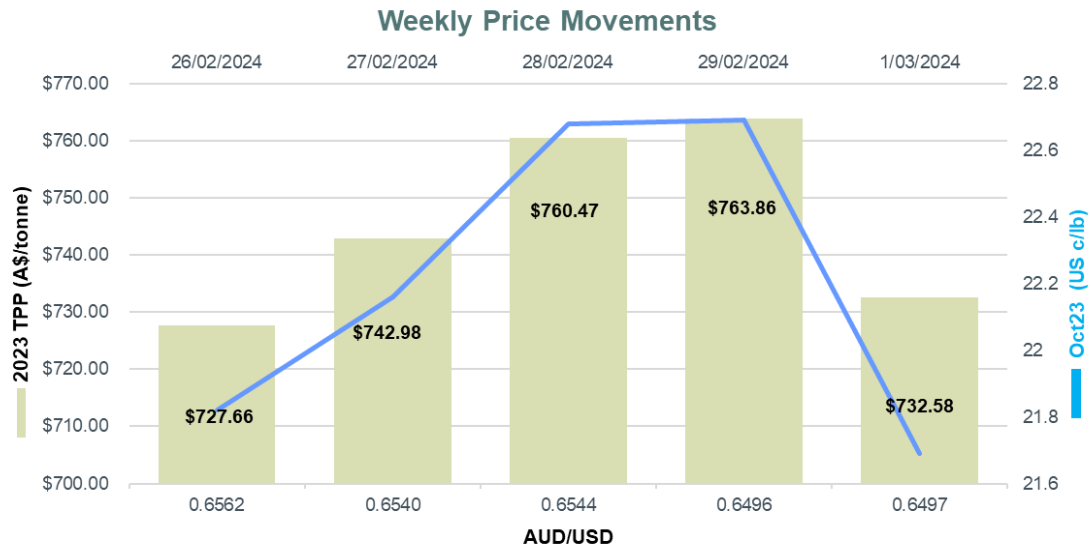
Season	AUD/MT*	Weekly Change
2023	702.71	-3.43%
2024	696.77	-3.08%
2025	665.83	-1.08%
2026	634.18	+1.43%

* These figures are indicative of available ICE 11 prices as at 4 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 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 22.95 USc/lb on the Tuesday, down to a low of 20.96 USc/lb on the Friday, retreating 3.3% week-on-week.
 - **March 2024 expiry:** The March 2024 futures contract expired last Thursday at 22.58 USc/lb, with over 1.3 million tonnes of sugar delivered to the tape. The event marked the second-largest delivery for a March
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contract and was twice the size of last year's delivery. Uniquely, the entire volume delivered was from Brazil which again highlights the significant size of the 2023/24 Brazilian crop. The market interpreted this as bearish and sold off heavily in the subsequent session on Friday.

- **Thailand:** The harvest in Thailand is finally beginning to slow with 4 out of 57 mills now closed for the season, with daily cane throughput dropping to 0.77 million tonnes per day. As of 26 February, 74 million tonnes of cane had been crushed and 7.7 million tonnes of sugar produced for the season. Many analysts have had to revise their forecasts upwards from 7-7.5 to 8-8.5 million tonnes of sugar due to the tail end of the crop performing better than originally anticipated.
 - **Brazil:** There has been a scarcity of rainfall in key agricultural regions of Brazil, particularly in Sao Paulo, which has experienced six consecutive fortnights of below-average precipitation. Since 1 December, Sao Paulo had received only 350mm of rainfall, considerably less than the 800mm received in the same period last year and the long-term average of 609mm. While the upcoming cane crop is projected to be up to 50 million tonnes smaller than last season, enhancements to sugar crystallisation capacity at the mills, as well as strong ATR (CCS) levels, are expected to largely offset this decrease. The crushing season in the Centre South Brazil region is anticipated to commence in April.
 - **Commitment of Traders:** The ICE 11 Commitment of Traders (COT) report as of 27 February reported a position of 30,642 lots net long held by the speculators. The increased week-on-week position is now largely out of date following the steep sell-off experienced in the latter half of last week. The next COT report is due on 8 March.
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Currency

- Overview:** The Australian dollar (AUD) came under heavy pressure mid-last week following the January CPI data release. The AUD traded from a high of 65.74 US cents on the Monday, down to a low of 64.87 US cents on the Friday.
- Inflation:** The Australian Consumer Price Index (CPI) report printed lower than the market expected at 3.4% in the 12 months to January 2024. Considering the Reserve Bank of Australia's conservative messaging around cutting rates too early, it is unlikely that this latest CPI data will significantly impact its existing perspective on inflation. The AUD tumbled below the 65-US cent mark off the back of the news.
- RBNZ:** Across the ditch, the Reserve Bank of New Zealand (RBNZ) have indicated a dovish shift in their sentiment towards the cash rate, despite keeping their official cash rate unchanged at 5.50% at their meeting on 28 February. Although it was widely expected, many analysts are convinced the New Zealand cash rate has reached its peak for now, as the messaging around the "likely" possibility of a further rate

hike has been dropped by the RBNZ. Interest rates aren't expected to be cut until mid-2025 due to inflation remaining higher than the target rate.

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