



17 April 2024

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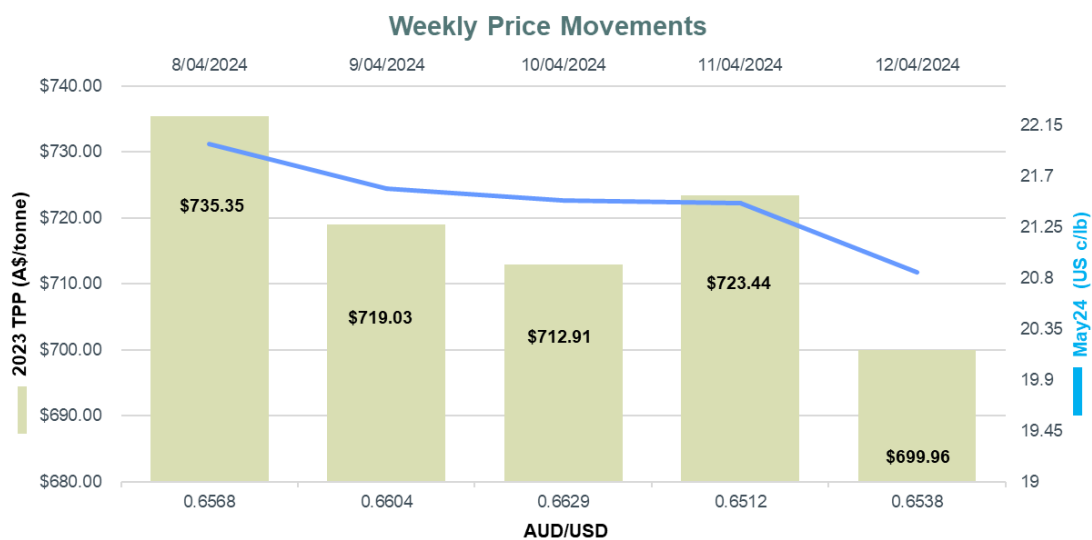
Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2023	696.97	-5.22%
2024	679.85	-4.72%
2025	648.12	-1.80%
2026	616.50	+0.15%

** These figures are indicative of available ICE 11 prices as at 15 April 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:** Raw sugar prices have performed poorly so far for the month of April, with the prompt dropping to its lowest level in over a year on Tuesday night (19.28 USc/lb) as prices struggle under the weight of speculator selling and May expiry volatility.
- Speculators:** Similar to the sell-off in November, technical drivers have prompted a sizeable liquidation of the spec net-long position that had been built up on the approach towards 23 US cents. While the last Commitment of Traders report had speculators at net long 33,000 lots, another ~200 point drop since the reporting cut-off last Tuesday will most likely have them in and around a net flat position on a live basis.

- Fundamentals:** From a supply and demand perspective, news has been relatively benign and the trade flows remain finely balanced in the quarters ahead. Traders and analysts alike are all still waiting to make their early-season assessments of the new Centre South Brazil crop, with current consensus still holding around 610 million tonnes of cane producing 42 million tonnes of sugar. Weather in India and Thailand has been hot and dry, which may see some nervousness should it continue into their respective monsoon seasons. Physical demand remains firm with cash premiums and Brazilian shipment line-ups still strong.
- Looking ahead:** With prices currently below 20 US cents and import margins wide open, end-user buyers like China could potentially see this current pullback as a good opportunity to top-up dwindling stocks. Add to this the narrowing of ethanol price disadvantage in Brazil, which may see some more marginal producers reconsidering their sugar mixes ahead, and it makes sense to conclude current levels may be a short-term bottom and hopefully we see prices turn a corner over the next few sessions.



Currency

- **Overview:** Off the back of the March inflation report released in the US, the Australian Dollar (AUD) nosedived late last week. The AUD traded from a high of 66.29 US cents on Tuesday, down to a low of 64.67 US cents on the Friday. Thankfully this fall has partially offset some of the pain felt in sugar prices over the past week.
- **FOMC minutes:** The annual inflation rate in the US accelerated for a second straight month to 3.5% in March, the highest since September 2023, and up from 3.2% in February. The FOMC responded to the news by indicating that the first rate cut in the current tightening cycle is likely to be delayed from mid-year to later in 2024.
- **Geopolitical:** The Israel-Hamas war ramped up last weekend with Iran directing multiple drone strikes on Israel in response to their embassy in Syria being subject to an Israeli attack on 1 April. The market quickly reacted, with Brent crude oil and gold moving higher and it is expected markets will continue to be volatile as the war continues and spreads into neighbouring countries.

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