



QSL MARKET UPDATE



11 July 2024

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Indicative ICE 11 Prices

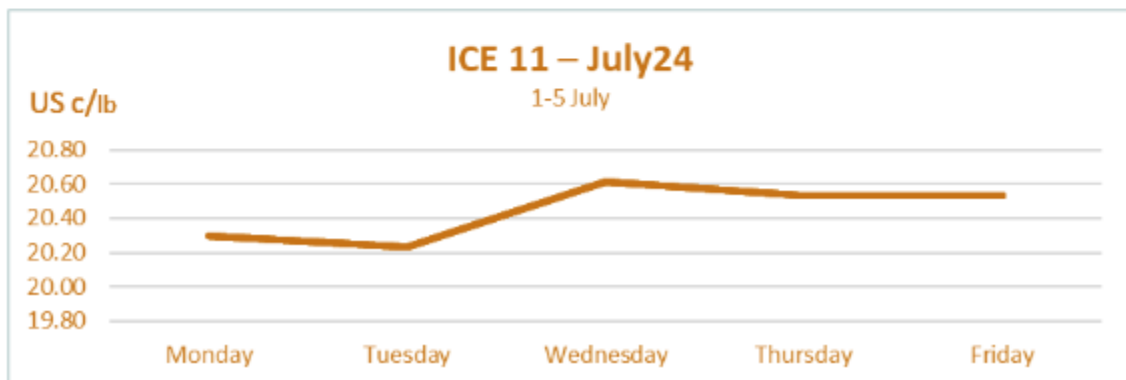
Season	AUD/MT*	Weekly Change
2024	655.12	-1.43%
2025	607.29	-0.26%
2026	574.20	-0.96%
2027	555.79	-1.16%

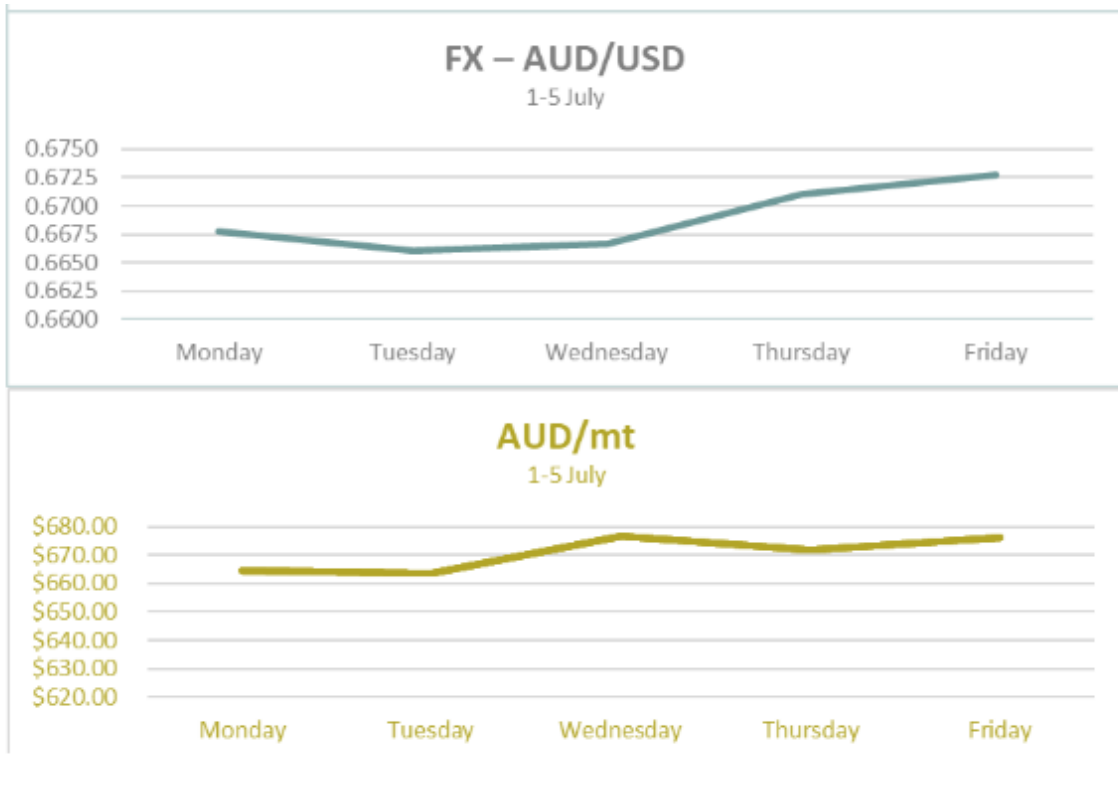
** These figures are indicative of available ICE 11 prices as at 8 July 2024 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 Exchange and/or other 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 rallied strongly last week as speculators reversed their net-short position following the continued deterioration of the current Centre South Brazil crop. The prompt July 2024 contract traded from a low of 19.93 USc/lb on the Tuesday before reaching its high of 20.78 USc/lb that same day, going on to close the week at 20.14 USc/lb.
- **Brazil:** Many traders believe that the current Centre South Brazil crop is not as large as originally anticipated, but still require further evidence in the form of harvesting updates to satisfy their convictions. Pre-season projections estimated approximately 620 million tonnes of cane would be crushed to produce 43-44 million tonnes of sugar. These estimates have

now been reduced to 605 million tonnes of cane and 41 million tonnes of sugar due to poor cane quality producing weaker sugar yields.

- **India:** The monsoon season in India has improved over the past week with heavy rainfall moving north over the key cane state of Uttar Pradesh, relieving dry conditions experienced early in the monsoon season. The Indian government remains tight-lipped on announcements regarding exports for the upcoming season despite the Indian Sugar Millers Association lobbying for 1.5-2 million tonnes of sugar to be exported.
- **Commitment of Traders:** The latest Commitment of Traders report revealed that speculators have closed out their net-short position and have reverted to a small net-long. As of 2 July, speculators held a position of 8905 contracts net-long, buying a total of 38,605 contracts which likely fuelled the rally seen early last week.





Currency

- **Overview:** The Aussie dollar stomped higher last week, breaking through 67 US cents off the back of a weakening US labour market. The AUD traded from a low of 66.34 US cents on the Tuesday before peaking at 67.53 US cents on the Friday.
- **US labour market:** The unemployment rate in the United States unexpectedly increased from 4.0% to 4.1% in June, with 206,000 jobs added compared to 272,000 jobs in May. Rising unemployment is likely a result of higher interest rates taking effect in the US economy and is being closely monitored by the Federal Open Market Committee (FOMC).

- **FOMC:** Federal Reserve Chair Jerome Powell recently commented that while economic data had improved through the second quarter of the year, he is keeping a close eye on not just the progress of inflation, but also the impact of higher interest rates on the labour market. Analysts are currently predicting an 80% chance of the Federal Reserve delivering its first interest rate cut at the September meeting.

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