

QSL MARKET UPDATE



20 August 2024

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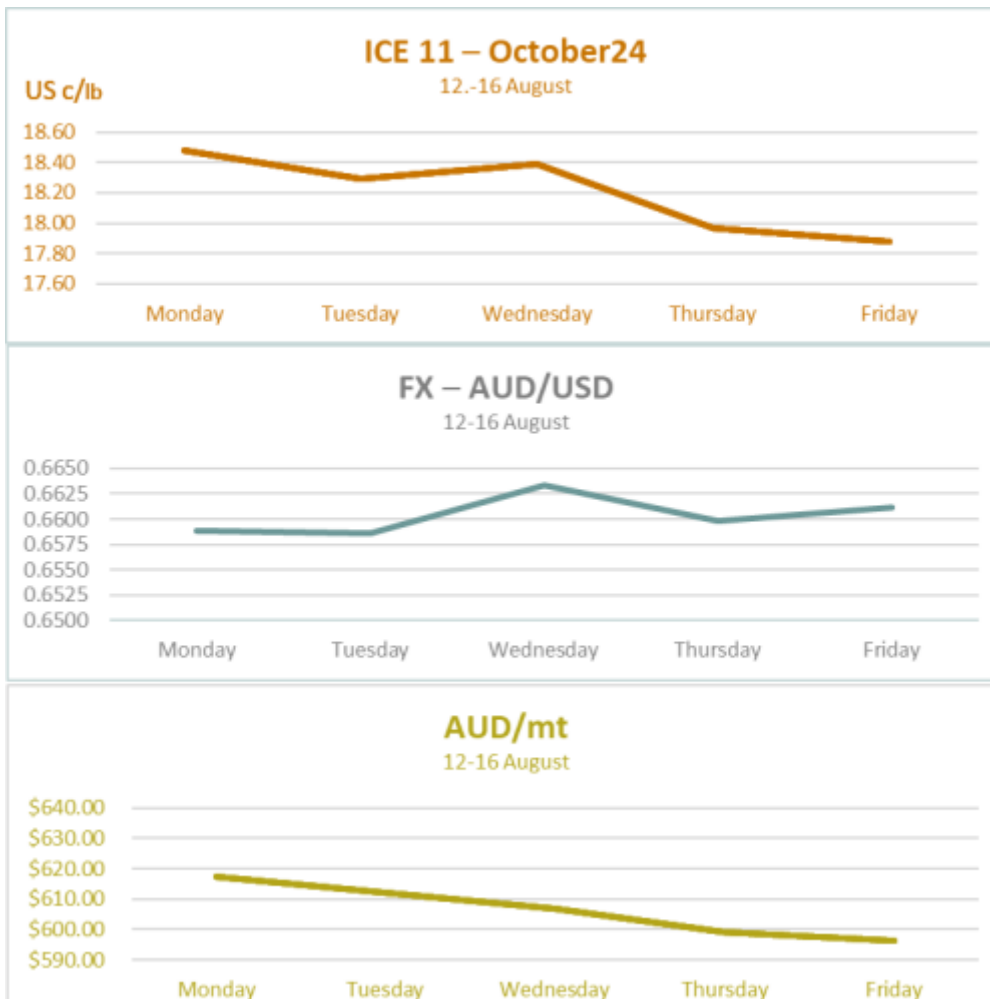
Indicative ICE 11 Prices

| Season | AUD/MT* | Weekly Change |
|--------|---------|---------------|
| 2024 | 594.66 | -3.68% |
| 2025 | 573.17 | -2.57% |
| 2026 | 567.37 | -1.75% |
| 2027 | 567.03 | -1.34% |

** These figures are indicative of available ICE 11 prices as at 19 August 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 softened last week, trading on extremely low volumes. This may have been a result of European traders taking holidays at this time of year, as well as the uncertainty surrounding how the tail end of the Centre South Brazil harvest will perform. The prompt October 2024 contract traded from a high of 18.73 USc/lb on the Monday to a low of 17.81 USc/lb on the Thursday, before closing the week at 18.03 USc/lb.

- **Brazil:** The latest UNICA (Brazilian Sugarcane Industry and Bioenergy Association) report for the 2024/25 Season revealed further strength in crushing numbers due to favourable weather. For the second half of July, the Centre South crushed 51.3 million tonnes of cane and produced 3.61 million tonnes of sugar. Season-to-date totals of 332 million tonnes of cane and 20.7 million tonnes of sugar were recorded, pushing the largest sugar-producing nation past the halfway point for the season. The overall sugar mix remained below expectations at 49.16%, and the TRS (Total Recoverable Sugar) was in line with last year at 133.1kg per tonne of cane. It's worth noting that cane yields are beginning to show signs of weakness, with 86.2 tonnes/hectare reported for July, down 4% from June, and is expected to fall significantly over the coming months.
- **Brazil lineup:** Thanks to continued dry weather, the Williams Brazil Sugar Line Up report for the week ending 14 August showed a decrease in the number of vessels waiting to be loaded by three to 81 ships. However, the total volume of sugar in the lineup is 25% greater than this time last year.
- **Weather:** Monsoon rain continues to track above average in the key Indian cane-growing states of Maharashtra and Karnataka. In Thailand, 50-100mm of rain was recorded in early August, which pushed central Thailand's cumulative totals to above-average levels.
- **Commitment of Traders:** The latest Commitment of Traders report revealed a decrease of 16,990 contracts, bringing the net short position to 45,775 contracts as of 13 August. The larger-than-expected decrease was likely driven by positive risk sentiment returning to global markets following the macroeconomic meltdown over US recession fears experienced two weeks ago.



Currency

- Overview:** The Australian dollar (AUD) traded sideways last week before rallying after strong inflation data out of the United States. The AUD traded from a low of 65.71 US cents on the Wednesday, to a high of 66.71 US cents on the Friday.
- United States:** The most recent US Consumer Price Index (CPI) data for July 2024 showed inflation increased by 0.2% for the month, bringing the annual inflation rate down slightly to 2.9% – the first time

it has dropped below 3.0% since 2021. This data is supportive of a Federal Reserve interest rate cut at their September board meeting and is likely to continue to give strength to the Australian dollar.

- **RBA:** The Reserve Bank of Australia's (RBA) August meeting minutes revealed that while the RBA remained hawkish, they do not see a need to increase interest rates in Australia at this stage. This may suggest that the Australian cash rate will be kept on hold at 4.35% for the remainder of 2024 and that it is too soon to consider cutting interest rates.

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