

QSL MARKET UPDATE



18 September 2024

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Indicative ICE 11 Prices

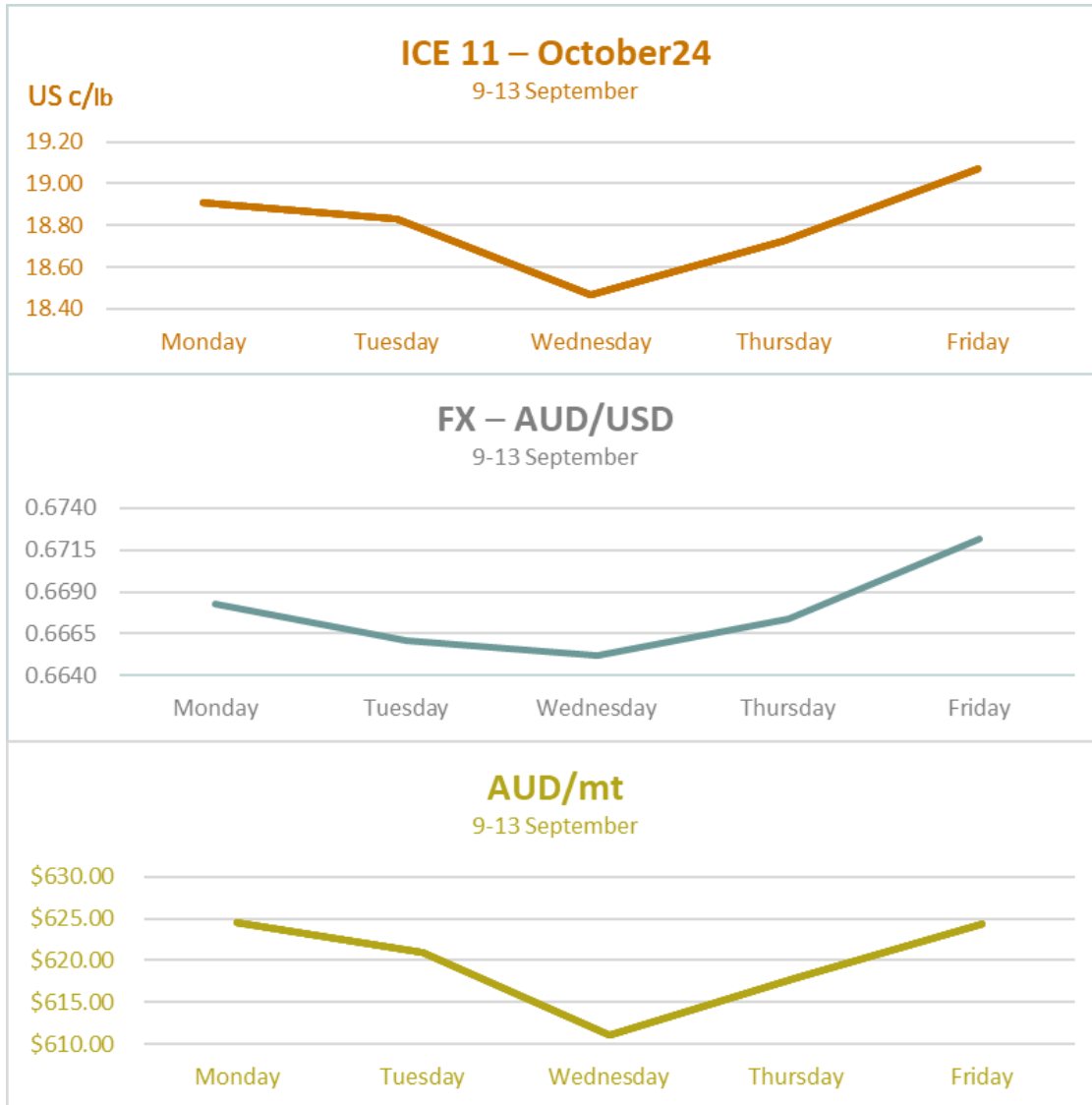
Season	AUD/MT*	Weekly Change
2024	623.57	-0.16%
2025	593.43	+0.12%
2026	568.23	+0.00%
2027	558.72	-0.46%

** These figures are indicative of available ICE 11 prices as at 16 September 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 in the first half of last week before finding solid strength off the back of the latest UNICA (Brazilian Sugarcane Industry and Bioenergy Association) report as well as a positive shift to broader macro risk sentiment. The expiring October 2024 contract weakened to a low of 18.43 USc/lb on the Tuesday before rallying almost 100 points to a high of 19.42 USc/lb on the Friday, before closing the week up 0.5% at 19.01 USc/lb.
- **Brazil:** The latest UNICA report for the second half of August revealed a further drop in the sugar mix to 48.85% for the fortnight. The

organisation noted that 45 million tonnes of cane was harvested, and 3.25 million tonnes of sugar was produced in the period, down 3% and 6% respectively on the same time last year. Season-to-date, 423 tonnes of cane has been crushed and 27.2 million tonnes of sugar has been produced at an average sugar mix of 49.15%. It's worth noting that this report encompassed the recent outbreaks of fires in Centre South Brazil with the impact also likely to be reflected in the next UNICA report.

- **White sugar market:** On Friday 13 September, the October 2024 white sugar futures contract expired with 545,000 tonnes delivered to the tape – the second largest white sugar market delivery on record. The official settlement price for the October ICE 5 white sugar futures market was \$127.30/tonne above the October ICE 11 raw sugar futures market.
 - **Commitment of Traders:** As of Tuesday 10 September, speculators were reported to be holding a net short position of 19,740 lots. The increase of 11,000 lots week-on-week was largely expected given that the recorded data was one of the lowest points observed in the market for the past two weeks.
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Currency

- Overview:** In the early stages of the week, the Australian dollar (AUD) held steady at around 66.5 US cents before rallying in response to the release of US inflation data and as markets began forecasting an increased possibility of a rate cut in the US. The AUD fell to lows of 66.22 US cents on Wednesday before rallying to weekly highs of 67.33 US cents.

- **US inflation:** The recent US Consumer Price Index (CPI) data release for August was closely observed by analysts for any indications of the Federal Reserve's (Fed) next move. The heading CPI inflation printed at 2.5%, down from 2.9% in July, and was largely driven by a reduction in fuel and energy prices. The data point confirms that inflation is meaningfully trending down towards the Fed's target of 2.0%.
- **Coming up:** All eyes will be on the Federal Reserve's September monetary policy announcement due at 4am on Thursday morning (Australian Eastern Standard Time). Analysts appear to be torn between forecasts of a 25-basis point and a 50-basis point reduction to the US cash rate.

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QSL (Queensland Sugar Limited)

Level 12/348 Edward St

Brisbane, Queensland 4000

Australia

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