

# QSL MARKET UPDATE



26 September 2024

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## Indicative ICE 11 Prices

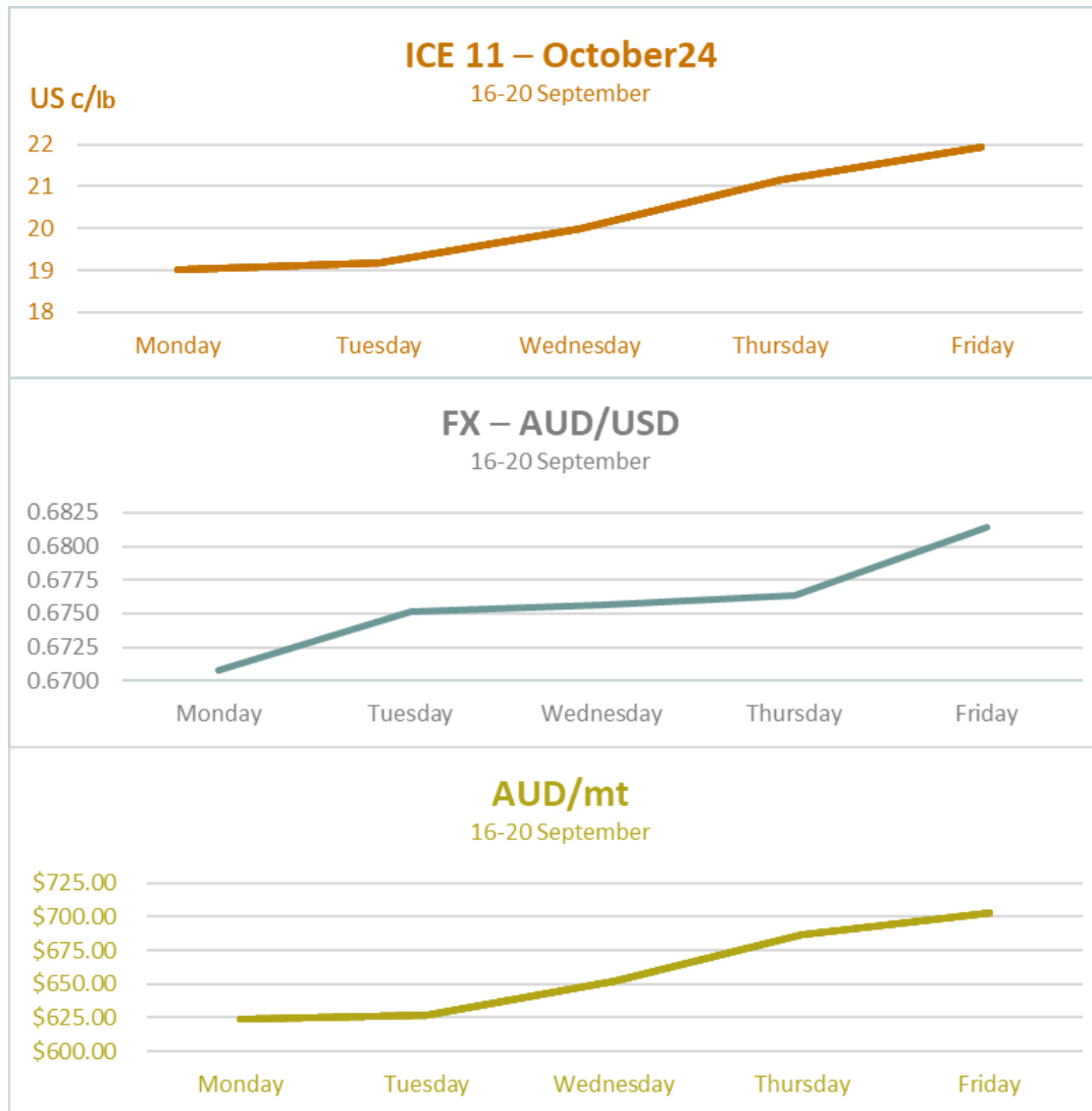
Season	AUD/MT*	Weekly Change
2024	723.43	+16.01%
2025	632.74	+6.62%
2026	578.40	+1.79%
2027	562.77	+0.72%

*\* These figures are indicative of available ICE 11 prices as at 23 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:** Last week was remarkable for the ICE 11 raw sugar market which saw a 19% gain and recorded some of the highest trading volumes ever observed, as many analysts began to downgrade their crop forecasts for Centre South Brazil. The prompt October 2024 contract traded from a low of 18.84 USc/lb on the Monday to a high of 23.13 USc/lb on the Friday, before closing the week at 22.66 USc/lb.
- **Brazil:** Yields in Brazil fell 14% year-on-year in August, from 91.14 tonnes of cane per hectare down to 78.7 tonnes of cane per hectare

according to the Sugarcane Technology Centre (CTC) of Brazil. The CTC report also stated that much of the cane impacted by last month's fires will require further investment in fertiliser, herbicides and in some cases, replanting to salvage next year's crop. Crop forecasts for the current season have now been reduced on average from 42-43 million tonnes of sugar from the start of the season to 39-40 million tonnes, effectively erasing three million tonnes of sugar off an already extremely tight global balance sheet.

- **Commitment of Traders:** The Commitment of Traders report dated 17 September 2024 showed that speculators had flipped their previously held net short position to 2,500 contracts net long. As this position did not include the final three days of last week's rally, the live position is expected to be significantly higher given the large volumes traded throughout the week.
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## Currency

- Overview:** The Australian dollar (AUD) strengthened over the course of last week on the anticipation of the US Federal Reserve (Fed) commencing its monetary policy easing cycle, changing the dynamic of the interest rate differential between the US and Australia. The AUD traded from a low of 66.97 US cents on the Monday, to a high of 68.39 US cents on the Thursday.

- **US Fed Reserve:** In the lead-up to the September Federal Reserve Board meeting, analysts were divided on whether the Fed would introduce a 25 or 50-basis point interest rate cut. Shortly after the meeting, Chairman Powell announced a 50-basis point rate cut, the first rate reduction in four years, and noted that the US economy is strong, and that inflation is moving sustainably towards the 2% target. The Fed's projections were also updated to show a further two 25-basis point rate cuts this year. The official cash rate in the United States is now 4.75 - 5.00%.

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