10 September 2024

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Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2024	624.58	-1.13%
2025	592.71	+0.21%
2026	568.24	+1.17%
2027	561.33	+1.76%

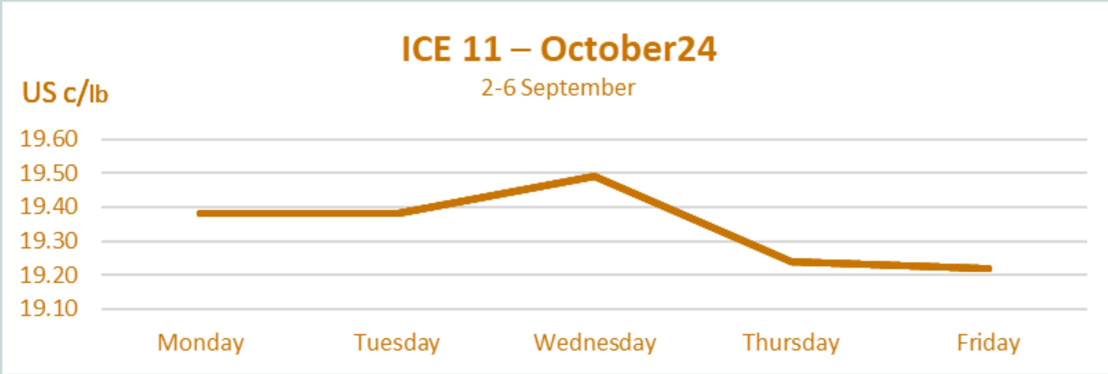
** These figures are indicative of available ICE 11 prices as at 7 September and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 Exchange and/or other Marketers of Growers' Economic Interest in Sugar. Values also do not account for any adjustments resulting from local Grower-Miller pricing arrangements.*

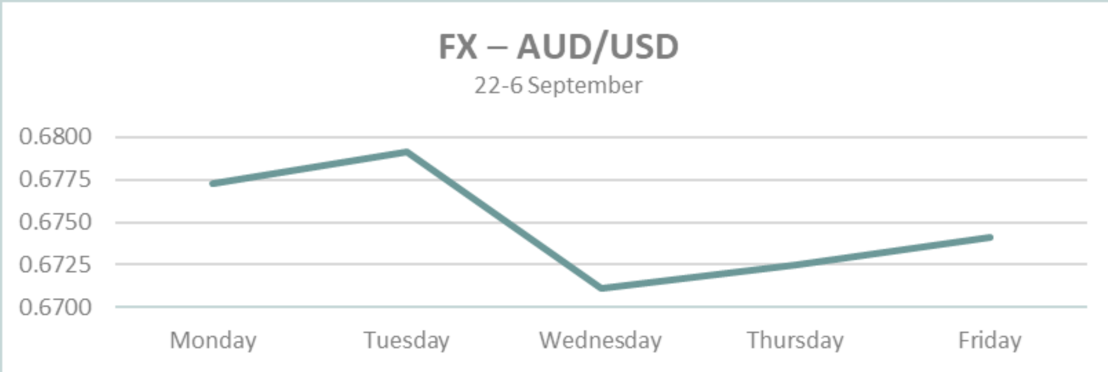
- **Overview:** The ICE 11 raw sugar futures market traded sideways for the majority of last week before significantly retreating on Friday night after a large macroeconomic sell-off was initiated by weak US labour data. Now in its expiry month, the prompt October 2024 ICE 11 contract traded from a weekly high of 19.77 USc/lb on the Tuesday down to a weekly low of 18.84 USc/lb on the Friday, before closing the week down 2.4% at 18.91 USc/lb.

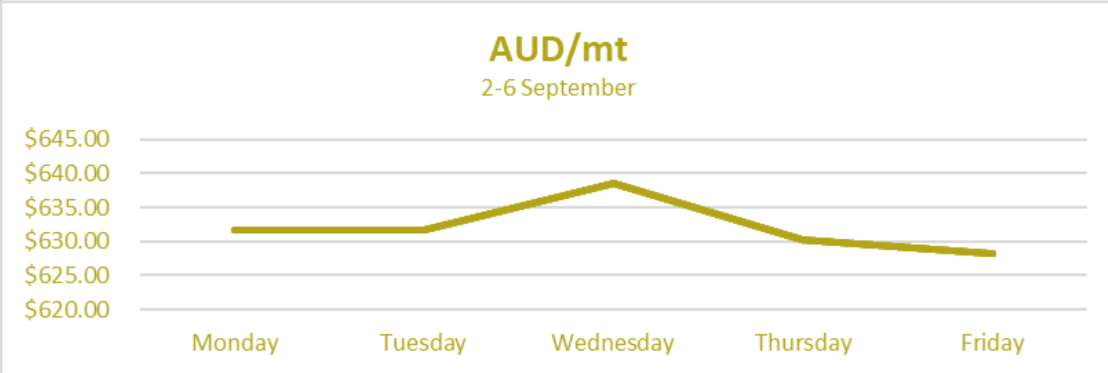
- **Brazil:** Many trade houses and analysts have now lowered their forecasts for the current Centre South Brazil crop to under 40 million tonnes of sugar following the fires experienced in Sao Paulo two weeks ago. Should Brazilian production fall away further, trade-flow deficits in Q1 2025 could be significant given this period has historically been filled by either early-season Indian exports or a strong end-of-season from Centre South Brazil; neither of which look likely at this stage.

- **Oil:** Oil prices have dropped to their lowest levels since June 2023 with West Texas Intermediary (WTI) crude oil failing 8% week-on-week to sub-US$70/barrel. Markets have become concerned about the outlook for economic headwinds in the US and China which may potentially drag down demand for oil into 2025. The softer oil markets were likely responsible for a portion of the retreat in the ICE 11 market last week given the link to ethanol parity which is currently calculated to be 14.50 USc/lb equivalent.

- **Commitment of Traders:** According to the latest Commitment of Traders report as of 3 September, speculators had bought back 22,000 contracts of their position to hold 8700 lots net short.







Currency

- **Overview**: After rallying to 68 US cents in August, the Australian dollar (AUD) failed to maintain its strength in the first week of September due to key economic data from both Australia and the US sending risk-off signals throughout financial markets. The AUD traded from a high of 67.95 US cents on the Tuesday, to a low of 66.60 US cents on the Friday.

- **Australian GDP:** Markets were nervous in the lead-up to the Q2 Australian gross domestic product (GDP) print with expectations that the economic health measure would slow from 1.1% to 0.9%. While the actual print came in above expectations at 1.0% and alleviated some concerns, it was still noted by many that the Australian economy is slowing down while inflation remains high; a nightmare situation for the RBA known as stagflation.

- **US labour market:** The US labour market update released on Friday fell short of expectations, with only 118,000 jobs added in August compared to the 140,000 expected. The unemployment rate came in at 4.2%, higher than the Federal Open Market Committee's year-end forecast of 4.0%. The weaker-than-expected data sent a wave of concern through markets, with analysts worried that the slowing labour market is a sign of a slowing US economy and that the Federal Reserve is not moving quickly enough to support it.

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