

# QSL MARKET UPDATE



1 October 2024

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## Indicative ICE 11 Prices

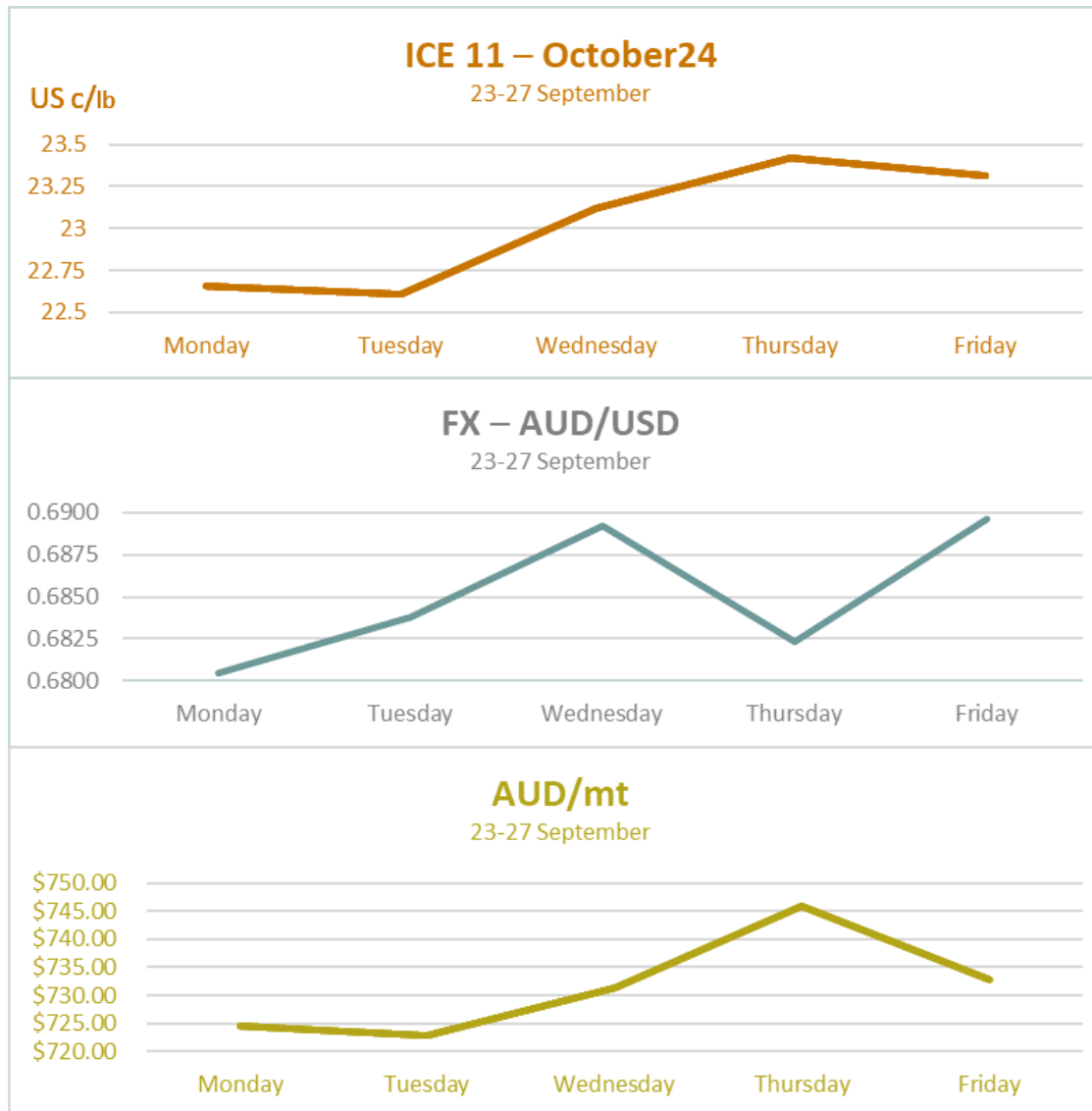
Season	AUD/MT*	Weekly Change
2024	712.41	-1.52%
2025	634.37	+0.26%
2026	574.65	-0.65%
2027	551.60	-1.98%

*\* These figures are indicative of available ICE 11 prices as at 30 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:** After 12 consecutive sessions of new recent highs, the ICE 11 raw sugar market stalled late last week, giving back some of its recent gains. The October 2024 contract traded from a low of 22.28 USc/lb on the Monday to a high of 23.71 USc/lb on the Thursday, before closing the week at 22.66 USc/lb.
- **Brazil:** The latest UNICA (Brazilian Sugarcane Industry and Bioenergy Association) report was released on Friday detailing production figures from Centre South Brazil for the first half of September. During the two-week period, 42.9 million tonnes of cane was harvested and 3.1 million

tonnes of sugar was produced, bringing season-to-date totals to 466 million and 30.3 million tonnes respectively. A key point in the report was that the diversion of cane juice to sugar production dropped to 47.86% for the period, highlighting the poor quality of cane juice being extracted at the tail end of the season.

- **India:** Sugar exports were a hot topic of discussion at last week's Indian Sugar and Bioenergy Conference where the Indian Sugar Mills Association demanded that the government permit exports in the 2024/25 Season, citing a likely surplus in production. In response, the Indian government announced that exports would be considered only after production had been assessed, implying that the export ban would hold until at least February 2025 and consequently remove Indian sugar as a solution to the trade flow deficit forecast for the first quarter of 2025.
  - **Commitment of Traders:** Speculators significantly increased their net long position week-on-week according to the Commitment of Traders report dated 24 September, which recorded a position of 56,440 lots net long, up 53,800 lots from the prior report. Given the market rallied 275 points in the reporting period, the increase was possibly smaller than some had expected, however, is the largest net long position recorded since December 2023.
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## Currency

- Overview:** The Australian dollar (AUD) climbed above 69 US cents last week for the first time since June 2023, following the September RBA meeting and a rally in iron ore prices. The AUD traded from a low of 67.92 US cents on the Monday to a high of 69.37 US cents on the Friday.

- **RBA:** As expected, the RBA left the official cash rate of Australia on hold at 4.35% at their September meeting, with the board reiterating they are "not ruling anything in or out", indicating that an easing in monetary policy is unlikely in the short term. Many analysts have forecast that the RBA will deliver its first rate cut in February 2025.
- **CPI:** The August Consumer Price Index (CPI) dropped to 2.7%, down from 3.5% in July, in line with market expectations and is likely due to government energy rebates helping to drive down electricity prices by over 20% in the past two months. It is unlikely that this alone will influence the RBA's stance on inflation, as they wait for key third-quarter CPI data to be released on 31 October.
- **Chinese economy:** Iron ore prices received welcome support last week after China's central bank announced a large stimulus package to aid the struggling economy. The package included a 30-basis-point rate cut to the one-year lending rate, lower mortgage rates, reduced home payment requirements, and other policies to boost consumption and inject capital into the economy.

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