

QSL Weekly Update

Week ending 18 November 2016

Daily Price

Friday, 18th Nov 2016

20.24 US c/lb prompt

0.7410 AUD/USD spot

\$A599.85 MT OTC

\$A578.45 MT IPS OTC

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Indicative Pool Prices

The table below provides an overview of the QSL Pool Prices Matrices available at www.qsl.com.au.

All prices quoted are **indicative only** and do not include an allocation from the QSL Shared Pool. Growers should always consult their mill for information about their individual cane payments.

2016 as at Friday 11th November

Harvest **\$537** IPS GROSS

Actively Managed **\$572** IPS GROSS

Guaranteed Floor **\$469** IPS GROSS

US Quota **\$764** IPS GROSS

Multi-season Pools

2-Season Forward 2016 **\$479** IPS GROSS

3-Season Forward 2016 **\$501** IPS GROSS

2-Season Forward 2017 **\$500** IPS GROSS

Marketing Choice Update – QSL responds to Wilmar

Earlier today Wilmar released a communication to growers which made a number of claims regarding the current status of On-Supply Agreement (OSA) negotiations with QSL. Read our response to this [here](#).

QSL Market Snapshot

Read the latest monthly Market Update [here](#).

QSL updates the daily indicative prices for each of the four futures contracts for 2016, 2017, 2018 and 2019 seasons daily. The graph below tracks ICE #11 movement for the 2016 Season and is sourced from Bloomberg.

Indicative Prices as at 18 November, 2016

Season	Futures Contract	US c/lb	AUD/USD	AUD per tonne By Month	AUD per tonne By Season
2016	Mar-2017	19.99	0.7384	599.29	596.83
	May-2017			584.68	
2017	Jul-2017	18.38	0.7346	565.29	551.60
	Oct-2017			554.73	
	Mar-2018			551.21	
	May-2018			532.70	
2018	Jul-2018	16.81	0.7301	516.77	507.59
	Oct-2018			511.43	
	Mar-2019			505.88	
	May-2019			494.85	
2019	Jul-2019	15.90	0.7261	488.89	482.76
	Oct-2019			484.46	
	Mar-2020			482.65	
	May-2020			472.73	

Please note : The figures quoted are weighted in a 1:2:2:1 ratio over the four relevant futures contracts and have been adjusted to include Over-the-Counter (OTC) margin fees charged by banking institutions and may differ from the actual prices quoted on the ICE #11 exchange. Values also do not account for any adjustments resulting from local grower-miller pricing arrangements.

2016 Season



To see the 2017 Season ICE 11 graph, [click here](#).

QSL Shared Pool Update

With the crushing season in most areas now on the home straight, increased attention is turning to the results of QSL's 2016-Season pools. A key component of this return is the QSL Shared Pool element.

QSL's Shared Pool is a mechanism by which all QSL pool participants share in the marketing premiums and costs of running the QSL pooling system. While revenue in the Shared Pool will continue to fluctuate until all of the sugar produced in the current season is sold and shipped to customers, it is currently estimated that the 2016 Shared Pool allocation for QSL's ICE 11 pools and individual forward pricing will be 14 cents per tonne IPS (\$0.14 per mt)

Growers monitoring the 2016 QSL Shared Pool results may have noticed an increase in some elements of the pool. To understand these changes, it is important to note that the QSL Shared Pool contains two types of costs:

1. **Direct marketing costs:** These are the costs directly associated with selling sugar and getting that sugar to the customer, such as freight. These costs move as the markets for freight and sugar move throughout the year. They also move with changes in the crop estimate.
2. **Raw Sugar Supply Agreement (RSSA) costs:** These are the costs incurred with running the pooling system, such as the cost of storage and handling at the bulk sugar terminals and interest costs associated with funding the Advances program. The major influence on some of these costs is the volume of sugar that will be marketed by QSL.

THE RESULTS SO FAR

The 2016 Season has seen finance costs rise since the start of the year, due primarily to delays in the expected shipping program to customers and the increased cost of futures margins associated with the higher sugar prices that have prevailed since the beginning of the year.

Some of the RSSA costs are fixed in nature (such as the cost of leasing the Bulk Sugar terminals from STL), so with a slightly lower crop now forecast compared to the beginning of year, these have increased slightly on a dollar per metric ton basis, but the overall level of expenditure has not changed.

Going forward, the amount that QSL charges for marketing services will change as we implement Marketing Choice and offer an increased range of services. There will be also be some one-off costs incurred this season, as some current QSL Members leave the pooling systems at the conclusion of 2016 Season. Most of these will be restructuring costs associated with preparation for the 2017 Season and beyond.

You can find more information about how the QSL Shared Pool works [here](#).

QSL Grower Directors – election results 2016

The election to appoint three Grower Directors to the QSL Board has now been finalised, with the successful candidates (in no particular order), being:

- Paul Schembri
- Steve Kirby
- David Lando

A total of 14 nominees were received for the three available Grower Director positions, with QSL's 23 Grower Representative Members voting to elect the successful candidates via a confidential ballot process. An independent scrutineer has verified the results.

Upon completion of the necessary paperwork, it is intended the new Grower Directors will officially join the Board for its next scheduled meeting on Friday 25 November 2016.

QSL's new Miller Director appointments have also been finalised. These three new Board positions were appointed by their respective mills and are:

- Peter Gill (Mackay Sugar)
- Guy Basile (Bundaberg Sugar)
- Peter Hawe (Isis Central Sugar Mill)

The new Grower and Miller Directors, who have been appointed for a three-year term, will join existing QSL Independent Directors Guy Cowan (Chairman), Sarah Scales, Craig Doyle and Managing Director Greg Beashel, taking total QSL Board membership from four to 10.

Your QSL Representatives

QSL is proud to announce a new addition to our Grower Services team.

Burdekin local, Rebecca Love, will be joining QSL as the Burdekin-based Grower Relationship Officer at the end of the month.



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