



QSL Weekly Update

Week ending 26 May 2017

Daily Price

Friday, 26th May 2017

15.66 US c/lb prompt

0.7456 AUD/USD spot

\$A460.77 MT OTC

\$A444.33 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 consult their mill for information about their individual cane payments.




2016 as at Friday 12th May 2017






Harvest	\$513 IPS GROSS	Multi-season Pools	
Actively Managed	\$560 IPS GROSS	2-Season Forward 2016	\$480 IPS GROSS
Guaranteed Floor	\$465 IPS GROSS	3-Season Forward 2016	\$497 IPS GROSS
US Quota	\$779 IPS GROSS	2-Season Forward 2017	\$489 IPS GROSS

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QSL Market View

Current as of 22 May 2017

 Trend is more favourable to positive \$A/mt returns.
  Trend is neutral to \$A/mt returns.
  Trend is less favourable to \$A/mt returns.

MARKET COST DRIVERS	PROMPT (Jul17) A\$/mt	2017 SEASON A\$/mt	COMMENTS
Current Market	\$484.39	\$495.32	
Sugar Fundamentals - Global exc. Brazil			Market analysts continue to increase surplus estimates for 2017, with estimations now at 7million tonnes. Despite an early monsoon, India is now reporting they have had insufficient rain for the first half of May.
Sugar Fundamentals - Brazil			It's been a week of mixed messages out of Brazil. Political turmoil brought sugar prices and the Real down, while above-average rainfall in CS Brazil will impact the harvest. Double the expected average rainfall for May and massive port congestion all support the sugar market and BRL.
Macro Issues/ Specs			Oil prices were higher as the market becomes more confident the OPEC members will roll over the production-cut agreements at the meeting on Thursday. The latest Commitment of Traders report closing net short at 27,500, an increase of 1300 contracts over the week.
AUD/USD			USD/AUD traded in a 100-point range over the week. US political uncertainty rocked President Trump and is the main market driver, with a possible impeachment of the President creating volatility once again. FOMC minutes released this week will give the AUD some direction.
Overall Comments	Sugar steadily improved over the week, with only one glitch on Thursday due to the Brazilian political turmoil. Sugar trading was above the mid-bands, with news that Brazilian rainfall should hold for the remainder of May and shipment difficulties out of Brazil giving stability to the sugar price. But we are still looking for a dramatic change to the fundamentals for a solid rally. The Trump budget is expected Tuesday, FOMC minutes on Wednesday & OPEC on Thursday, providing the direction for the AUD.		

Please refer to QSL's website for the latest market information via the daily Market Snapshot:

<http://www.qsl.com.au/sugar-prices/daily-indicative-prices>. For QSL's 2016-Season indicative pool prices, visit:

<http://www.qsl.com.au/pricing/pricing-products/2016-season/qsl-pool-price-matrices-2016-season>.

New China sugar tariff

China's Commerce Ministry this week announced that the government would introduce a new 95% tariff on sugar imports above the country's quotas.

China launched a "safeguard investigation" under World Trade Organisation regulations eight months ago to protect its domestic beet and cane growing industry and has limited its quota for sugar imports to approximately 1.94 million tonnes.

QSL's General Manager Trading and Risk Dougall Lodge said that while the new Chinese tariff was disappointing, QSL would continue to maintain its focus on its key markets of Korea, Japan and Indonesia.

"The impact of this announcement seems to have largely been factored in to the ICE 11 raw sugar price already," he said.

"The overall global supply and demand outlook is likely to remain largely unchanged, with China's trade flow expected to shift towards more white sugar versus raw sugar."

QSL secures OSA with Wilmar

On Monday QSL and Wilmar signed the long-awaited On-Supply Agreement (OSA) which delivers QSL Marketing Choice to Wilmar Growers.

Wilmar Growers who have a Cane Supply Agreement (CSA) in place with their mill now have a limited time in which they can transfer (novate) their pricing to QSL. Wilmar has advised that these Growers must submit a Marketing Nomination Transfer Request form, which is now available on the Wilmar GrowerWeb, by 5pm 5 June 2017.

Growers who have signed temporary forward pricing agreements should check with their collective for confirmation of the deadline applicable to their pricing arrangements.

All Wilmar Growers, including those who are yet to sign a CSA, are urged to complete QSL's Grower Pricing Agreement (GPA) as soon as possible in order to access QSL's pricing and marketing services for the 2017 Season or beyond. To receive a GPA, please complete the Pre-Registration Form available in the Wilmar Growers section of the QSL website (www.qsl.com.au) or from your local QSL office.