

# QSL Weekly Update

3 NOVEMBER 2017

## Daily Price

Friday, 3rd Nov 2017

**14.23** US c/lb prompt

**0.7713** AUD/USD spot

**\$A403.39** MT OTC

**\$A388.99** MT IPS OTC

[More info >](#)

## Your QSL Grower Services Team

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## Indicative Pool Prices

The table below provides an overview of QSL's indicative gross pool prices as of **13 October 2017**. Please note that these prices are **indicative only** and do not include an allocation from the QSL Shared Pool. Growers can access milling-district specific indicative pool prices and applicable Shared Pool results at [www.qsl.com.au](http://www.qsl.com.au).

QSL POOL	GROSS AUD/TONNE IPS
2017 HARVEST POOL	\$425
2017 ACTIVELY MANAGED POOL	\$450
2017 GUARANTEED FLOOR POOL	\$515
2018 2-SEASON FORWARD POOL	\$487
2017 ACTIVELY MANAGED POOL FOR WILMAR GROWERS	\$411
2017 GUARANTEED FLOOR POOL FOR WILMAR GROWERS	\$369
2017 US QUOTA	\$711

## QSL Market View

Current as of 30 October 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 (Mar 18) A\$/mt	2018 SEASON A\$/mt	COMMENTS
<b>Current Market As of 30/10/17</b>	<b>\$418.02</b>	<b>\$431.65</b>	
<b>Sugar Fundamentals - Global exc. Brazil</b>	<span style="color: yellow;">●</span>	<span style="color: red;">●</span>	With Brazil headlines dominating the market, there is little moving the needle outside at present. That said, EU ending stocks look to be double what was expected, with many citing falling consumption in the West.
<b>Sugar Fundamentals - Brazil</b>	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	A fairly strong sell-off in the Brazilian Real over the early part of the week was almost entirely reversed on Friday. That, coupled with a 10% rally in crude oil, will be making the switch to ethanol ever more attractive for Brazilian mills. UNICA figures suggest this is beginning to happen but the full effect won't be until 2018 Season, with this crush almost done.
<b>Macro Issues/ Specs</b>	<span style="color: yellow;">●</span>	<span style="color: green;">●</span>	Friday's COT report showed a small decrease in the net-short position, down to 110k. This is likely to have shifted significantly on Friday's rally so this week's report will be closely watched. Equities and the USD continue to rally strongly, with the dollar index now back up to levels last seen in mid-July.
<b>AUD/USD</b>	<span style="color: yellow;">●</span>	<span style="color: yellow;">●</span>	The overbought AUD finally crumbled under the weight of USD strength this week, falling from 0.7850 down to a low of 0.7625. The move stabilised on Friday night, and with underlying support provided by solid economic data both locally and in key trading partners, the AUD is likely near the lower end of its range for now.
<b>Overall Comments</b>	A good week for the Aussie canegrower, with a sell off in AUD and a rally in sugar combining to create solid gains in AUD/mt prices which settled at what should be considered reasonable hedging levels, particularly in the 2019 and 2020 Seasons. The rally was primarily a MAR18-led event, with specs increasingly keen to cover their net-short position as the move gathered pace and broke through technical resistance levels. The AUD sell-off looks to have abated for now, but US data and the FOMC meeting on Thursday could see another round of USD strengthening down towards 76 cents.		

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>.

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## 2018 Season: Important Deadlines

**2018-Season Marketing Nominations have now closed for Wilmar and Tully Sugar Growers.**

However, Growers in these milling districts can still nominate QSL as their marketer and undertake pricing in the 2019 and 2020 Seasons. Please contact your local QSL Grower Services Team Member for more information.

**MSF Sugar Growers** have until **31 December 2017** to finalise their marketing nomination for the 2018 Season and will also be eligible to receive the QSL Loyalty Bonus this Season if they have nominated QSL as their marketer for the 2017, 2018 and 2019 Seasons by **31 December 2017**.

**Bundaberg Sugar, Isis Central Sugar Mill and Mackay Sugar Growers** do not have to make a marketing nomination for the coming Season, as their miller has a Raw Sugar Supply Agreement (RSSA) in place with QSL through until 30 June 2020.

**All Growers using QSL have until next year to finalise their 2018-Season pricing nominations.**

Further details regarding each milling district's Pricing Declaration Date deadline will be released shortly.

## Audit to spark energy savings

QSL hopes to secure significant energy savings throughout the entire bulk sugar terminal network, following its recent selection to participate in a State Government energy initiative.

Bundaberg Bulk Sugar Terminal will be the site of a free and extensive energy audit under the Large Customer Adjustment Program, which aims to help large electricity customers in regional Queensland reduce their electricity bills and more efficiently use energy.

QSL General Manager Operations Damian Ziebarth, pictured right, said that while the independent audit would focus on the Bundaberg terminal, the QSL Operations team and terminal owner Sugar Terminals Limited (STL) were keen to replicate key learnings throughout the entire Queensland bulk sugar terminal network.

"The audit will provide comprehensive advice on energy management strategies and the standard electricity tariff best suited to the terminal's needs and circumstances," he said.

"We're particularly keen to assess the potential benefits associated with new-generation standby equipment."

Mr Ziebarth said that there was also the potential to tap into a 50% co-contribution from the State Government (up to \$250,000) to implement the audit recommendations.

"This really is a fantastic opportunity to get more 'bang for our buck' in the energy space."

STL Chief Executive Officer John Warda praised the efficiency initiative.

"We'll work closely with QSL to evaluate long-term strategies to curb rising energy costs and make our operations more efficient," he said.

"With our energy bill well over \$2.5 million per annum across our network, it is important that we find solutions to reduce these costs for the benefit of our customers and growers," Mr Warda added.



## Pricing options for the 2018, 2019 and 2020 Seasons

As the ICE 11 price starts to improve, there's increasing interest in forward pricing. If you're keen to price into the 2018, 2019 or 2020 Seasons, the following table outlines your QSL grower-managed pricing options:

MILLING DISTRICT	QSL PRICING PRODUCTS
<b>Bundaberg Sugar</b>	While your grower-managed pricing is conducted by QSL, your Miller administers the pricing process at the grower level. Please see your local mill representative for details of the pricing options available to you through your Mill.
<b>Isis Central Sugar Mill</b>	While your grower-managed pricing is conducted by QSL, your Miller administers the pricing process at the grower level. Please see your local mill representative for details of the pricing options available to you through your Mill.
<b>Mackay Sugar</b>	While your grower-managed pricing for the export GEI Sugar is conducted by QSL, QCS administers the pricing process. Please contact your local QCS representative for details of your grower-managed pricing options for the 2018, 2019 and 2020 Seasons.
<b>Wilmar</b>	Growers who have chosen QSL as their GEI Sugar Marketer for the 2018, 2019 and/or 2020 Seasons can now access our new <a href="#">Target Price Pool</a> and <a href="#">Individual Futures Contract Pool</a> to price into these Seasons. Please note that those growers who have existing unfilled orders in the <b>Target Price Contract Pool</b> and <b>Fixed Price Forward Contract Pool</b> for the 2018, 2019 or 2020 Seasons will have these orders transferred to our new <b>Target Price Pool</b> , which provides the added option of rolling unfilled orders (see the next story for details).
<b>MSF Sugar</b>	QSL is still negotiating with MSF Sugar regarding the QSL products which they will administer for their Growers. Until agreement on this is reached, MSF Sugar Growers who have chosen QSL as their GEI Sugar Marketer for the 2018/2019/2020 Seasons can use the <b>Target Price Contract Pool</b> and <b>Fixed Price Forward Contract Pool</b> to undertake grower-managed pricing.
<b>Tully Sugar</b>	Growers who have chosen QSL as their GEI Sugar Marketer for the 2018, 2019 and/or 2020 Seasons can now access our new <a href="#">Target Price Pool</a> and <a href="#">Individual Futures Contract Pool</a> to price into these Seasons. Please note that those growers who have existing unfilled orders in the <b>Target Price Contract Pool</b> and <b>Fixed Price Forward Contract Pool</b> for the 2018, 2019 or 2020 Seasons will have these orders transferred to our new <b>Target Price Pool</b> , which provides the added option of rolling unfilled orders (see the next story for details).

## Unfilled pricing moving to new product

Wilmar and Tully Sugar Growers who have unfilled pricing in QSL's Target Price Contract and/or Fixed Price Forward Contract pools for the 2018, 2019 or 2020 Seasons will have this pricing transferred across to our new Target Price Pool on 6 November.

**This transfer will be automatic – Growers who have unfilled orders do not need to do anything and can continue to price these orders in the same way as they did before.**

QSL's new Target Price Pool will give these Growers the added option of rolling unfilled orders. This rolling will be done automatically by QSL if an order is not filled by the expiry of the relevant futures contract, with the cost or gain passed on to the Grower when incurred.

Any unfilled Fixed Price Forward Contract orders will be rounded down to the nearest multiple of 10 tonnes (i.e. 6-lot orders will be rounded down from 304.815 tonnes to 300 tonnes) to enable the transfer.

For more information about QSL's Target Price Pool, please [click here](#) or call the QSL Direct Helpline on **1800 870 756**.

## Changing farm arrangements?

Are you a Wilmar Grower who has changed or will be changing your farm ownership or leasing arrangements?

If so, please contact your local QSL Grower Services Team representative or call **1800 870 756** to ensure we capture any changes to your account and payment arrangements.