

# QSL Weekly Update

15 NOVEMBER 2017

## Daily Price

Wednesday, 15th Nov 2017

**15.10** US c/lb prompt

**0.7631** AUD/USD spot

**\$A 433.17** MT OTC

**\$A 417.72** 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 **27 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
<b>2017 HARVEST POOL</b>	\$434
<b>2017 ACTIVELY MANAGED POOL</b>	\$458
<b>2017 GUARANTEED FLOOR POOL</b>	\$515
<b>2018 2-SEASON FORWARD POOL</b>	\$488
<b>2017 ACTIVELY MANAGED POOL FOR WILMAR GROWERS</b>	\$419
<b>2017 GUARANTEED FLOOR POOL FOR WILMAR GROWERS</b>	\$371
<b>2017 US QUOTA</b>	\$724

*This report contains information of a general or summary nature. While all care is taken in the preparation of this report, the reliability, accuracy or completeness of the information provided in the document is not guaranteed. Information about past performance is not an indication of future performance and nothing contained in this report should be relied upon as a representation as to future matters. The update on marketing and pricing activity does not constitute financial product or investment advice. You should seek independent advice before making any pricing decisions. QSL does not accept any responsibility to any person for the decisions and actions taken by that person with respect to any of the information contained in this report.*

## QSL Monthly Sugar Market Report

**Current as of 13 November 2017**

During the past month the sugar market traded on the higher end of the recent 13-15 c/lb range and we finally saw the AUD/USD move back down to around 0.76. Consequently, AUD/metric tonne (mt) returns for 2018, 2019 and 2020 Seasons have all recovered to levels back above the long-term average, reaching highs of A\$440/mt, A\$450/mt and A\$460/mt during the month respectively.

Sugar was supported for two key reasons – Brazil’s switch to ethanol from sugar, and speculators buying back around 3 million mt of their sold positions. With the

recent run up in oil prices to around \$60 per barrel, Brazil’s latest UNICA report showed that millers are making the switch to ethanol, with the sugar mix now at below 44%. Brazil’s Sugar Week was held last week in Sao Paulo, with some observers saying that it could have been more correctly called ‘Ethanol Week’. Most analysts are marking down their Brazilian sugar production estimates accordingly.

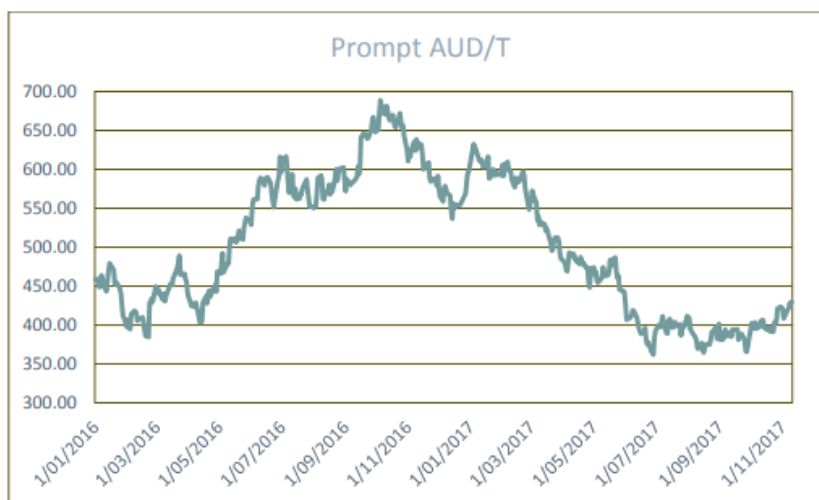
The speculators have been very active this last month, buying back around 60,000 lots (3 million mt). This large-scale volume with minimal upward price movement was a surprise, and indicated the buying support has been met by producers selling from key regions such as the European Union (EU), Brazil and Thailand. These producers still remain largely unpriced and are expected to cap any moves above 15 c/lb.

Ongoing informal trade imports of refined sugar into China have continued to keep the white sugar market and physical supply in Asia well supported. Elsewhere, 2017/18 northern hemisphere crops are now underway, with some good recoveries on 2016/17 results expected. Thailand appears to be up around 2 million mt of sugar while the EU is expected to be up 6 million mt of sugar. India has also had some good rains and their crop looks set to be up around 5 million mt of sugar.

### GOING FORWARD

The relatively strong market during the intercrop period that we are experiencing in Q4 2017 is unlikely to continue for too long into 2018 once the surplus starts to kick in. It would seem likely that any further upside will potentially be limited by producer selling above 15 c/lb, and there is a good possibility that we may potentially see a test of the 13 c/lb level again at some point in the coming months once the surplus is felt.

Some analysts are now predicting a global surplus as high as 9 million mt. To balance this view, there is certainly some possibility that the ethanol switch and ongoing oil price strength can give some support, but the avalanche of sugar production already on its way will take a major weather event, a massive switch from sugar in Brazil or an unexpected recovery in demand growth of sugar to help bring some balance. Domestic prices in some of the key markets are already moving down in response to the anticipated volume to come and this is before the sheds are full in a couple of months and pricing for exports are completed in the EU, Brazil and Thailand.



Source: Bloomberg. Current as of 13.11.17.

## WHAT COULD CHANGE?

The more evenly balanced position of the speculators could potentially back up even further to support the oil price story and help support for a sugar price recovery.

[To read our full Monthly Market Report, please click here.](#)

For the latest market information, read our daily Market Snapshot, available here: <http://www.qsl.com.au/sugar-prices/daily-indicative-prices>.

## Peru Free Trade Agreement

Australia and Peru concluded the Peru-Australia Free Trade Agreement (PAFTA) earlier this week, opening a new market for Australian sugar. Both countries will now follow their own domestic treaty making processes before the PAFTA can enter into force. For Australia, this will include a Joint Standing Committee on Treaties (JSCOT) inquiry.

Under the PAFTA, Peru has agreed to market access for Australian sugar on terms that it had never previously granted to other countries. Whilst volumes are modest – starting at 30,000 metric tonnes (mt) per annum before rising to 60,000 mt in year five and 90,000 mt in year 18 – this represents up to a third of Peru’s sugar imports.

This access to the Peruvian market is expected to further lift demand for Australian sugar, providing increased optionality for Australian exporters and an opportunity to build commercial relationships in Latin America's fastest growing market.

## FNQ Grower Information Sessions

MSF Sugar Growers in Far North Queensland are reminded that information sessions regarding their QSL Marketing Choice options for the 2018 Season are being held in their districts today and tomorrow. Session details are:

DISTRICT	WHEN	WHERE
INNISFAIL	7pm Wed 15 Nov 2017	Sugar Heritage Centre, Mourilyan
BABINDA	7.30am Thurs 16 Nov 2017	RSL Hall, Babinda
MULGRAVE	12pm Thurs 16 Nov 2017	Parkview Tavern, Gordonvale

Light refreshments will be served at each event, so please RSVP to Daniel Messina on 0429 660 238 / [daniel.messina@qsl.com.au](mailto:daniel.messina@qsl.com.au).

## CCS adjustment for Wilmar Growers

Some Wilmar Growers in the Burdekin and Herbert River districts may receive an additional payment statement from QSL this week to reflect a CCS adjustment passed on from Wilmar (as agreed by their collectives). In almost all cases this adjustment has resulted in a downward revision in the quantity of GEI Sugar supplied to QSL and therefore a negative amount ‘payable’.

Where this adjustment results in a negative amount due, this amount will be offset against this week’s regular QSL sugar payment, or carried forward and applied against your future sugar payments due from QSL. For those growers with a positive payment due after the CCS adjustment is applied, a single deposit reflecting the combined total of both your adjustment and regular payment will be made into the relevant accounts as per usual tomorrow night.

For further information regarding this payment as it applies to you, please call the QSL Direct team on **1800 870 756**.

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## New Proserpine office opening hours

Growers in the Proserpine Milling district are advised that your local QSL office in the Proserpine Canegrowers building is now open **Tuesdays, Wednesdays and Thursdays** each week.

Growers needing help or information outside these hours should contact their local QSL Grower Team representatives **Emma Sammon** (0418 978 120) or **Kathy Zanco** (0437 645 342).

The **QSL Direct Helpline** is also available to answer your questions. To access this service please call **1800 870 756** or email [qslirect@qsl.com.au](mailto:qslirect@qsl.com.au).



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