

# QSL Weekly Update

24 NOVEMBER 2017

## Daily Price

Friday, 24th Nov 2017

**15.28** US c/lb prompt

**0.7625** AUD/USD spot

**\$A 438.00** MT OTC

**\$A 422.37** 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 **10 November 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	\$438
2017 ACTIVELY MANAGED POOL	\$458
2017 GUARANTEED FLOOR POOL	\$515
2018 2-SEASON FORWARD POOL	\$489
2017 ACTIVELY MANAGED POOL FOR WILMAR GROWERS	\$421
2017 GUARANTEED FLOOR POOL FOR WILMAR GROWERS	\$371
2017 US QUOTA	\$722

## QSL Market View

Current as of 20 November 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
Market as of 20.11.17	\$445.17	\$451.02	
Sugar Fundamentals - Global exc. Brazil	<span style="color: yellow;">●</span>	<span style="color: red;">●</span>	Rumours circulating the market this week suggest that the end-of-year excess production in EU could be as much as 1 million tonnes. Also news out of Pakistan that the government may be getting ready to subsidise up to 500k tonnes of exports.
Sugar Fundamentals - Brazil	<span style="color: yellow;">●</span>	<span style="color: yellow;">●</span>	Recent rain in Centre South Brazil has allowed this season's cumulative to catch up with averages. Yields appear to be holding up well which may put doubt around the 'ageing cane' story. Reports claim that only 19% of next season's production has been hedged.
Macro Issues/ Specs	<span style="color: red;">●</span>	<span style="color: yellow;">●</span>	Friday's Commitments of Traders report brought a huge change to the spec position, with the net position down a massive 50,000 contracts to 20,000 net short. Price action for the rest of the week will suggest that the specs are now close to flat so where next from here is the big question. Oil has slipped over the week with US shale producers turning the taps back on in response to recent higher prices.
AUD/USD	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	A big miss on local wage data as well as progress in the US on their tax reform bill saw the Aussie Dollar sell off around 100 points over the week. Recent RBA member rhetoric suggests they will sit on their hands for the foreseeable future, with little pushing them to move while the Fed continues to remain hawkish around potentially three rate rises in 2018.
Overall Comments	Another positive week for AUD/mt prices. A lower Aussie Dollar and a continued grind higher in sugar combined to push 2018 and 2019 over key price levels (\$450 and \$460) on Friday, which allowed growers to access some good pricing levels. A word of warning on moves like this – the recent rally in sugar has been largely driven by specs buying back their short positions, which they have now finished doing. Overall, we are still staring down the barrel of a surplus next year so they could potentially reload their shorts and if that happens we will be heading lower again with not much out there to stop it.		

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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## Marketing Choice for MSF Sugar Growers

Thank you to all those growers who attended one of the QSL information sessions held for MSF Sugar Growers in North Queensland last week. For one-on-one support and information regarding the marketing nomination process, the QSL Growers Services Team will be based in the following locations over the coming week:

**INNISFAIL CANEGROWERS OFFICE: Monday to Wednesday**

**BABINDA CANEGROWERS OFFICE: Thursday**

**MULGRAVE CANEGROWERS OFFICE: Friday**

Farm visits are also available. To book a time, contact QSL Grower Relationship Manager Daniel Messina on **0429 660 238**.

### MARYBOROUGH GROWERS

QSL Industry Relationship Manager Cathy Kelly is also available for grower appointments in the Maryborough milling district. If you're a Maryborough Grower who is keen to learn more about which QSL pricing products may suit the needs of your business, call Cathy on **0409 285 074**.

**THE 2018-SEASON MARKETING NOMINATION DEADLINE FOR MSF SUGAR GROWERS IS 29 DECEMBER 2017**

## CCS levels and your QSL Advances payment

As CCS levels are finalised in some milling districts and progressively adjusted in others, growers may notice some adjustments flowing through to their Advances payments.

For Growers supplying **Bundaberg Sugar, Isis Central Sugar Mill, Mackay Sugar, MSF Sugar and Tully Sugar**, fluctuations in CCS are handled within your local cane pay system and associated QSL Advance payments.

For **Wilmar Growers**, your CCS adjustments are agreed by your Miller and your Collective, and then passed on to QSL to be applied to any GEI Sugar (Grower's Economic Interest in Sugar) you have chosen to market through QSL. Each adjustment is detailed in a separate statement available through your QSL Direct account.

Those Wilmar Growers who have their CCS increased in an adjustment will receive an additional payment, which will be detailed in their QSL adjustment statement and incorporated into their next scheduled QSL payment.

Where the CCS level for a Wilmar Grower supplying QSL is **lowered** by an adjustment, this also reduces the quantity of GEI Sugar that Grower has produced and passed on to QSL for marketing purposes. As a result, that Grower has received payment for more sugar than they have actually delivered to date, and so their QSL CCS adjustment statement will show a negative amount.

**It is important for these Wilmar Growers to note that the negative amount detailed on their CCS adjustment statement is not an invoice.** QSL will simply offset this negative amount against their future QSL Advance payments to bring each Grower's QSL sugar payments back into alignment with their latest CCS figure.

We appreciate that CCS levels have been disappointing in some regions and revised down during recent weeks. In the vast majority of these cases, future Advance payments are sufficient to cover the negative adjustment amounts incurred by Growers.

Even for those Growers in districts where cane crushing is already complete, the amount of GEI Sugar attributed to their cane is subject to further change, as their final actual IPS conversion factor cannot be determined until cane crushing and the associated sugar deliveries are complete for all districts.

Wilmar Growers can monitor their GEI sugar deliveries to date and any impacts on their QSL pricing allocations via their QSL Direct account. But should you have any concerns regarding your ability to meet your QSL pricing commitments, please don't hesitate to contact your local QSL Grower Services representative (detailed on the front page of this Update) or call the QSL Direct Helpline on **1800 870 756**.

## QSL's new Grower-Managed pricing products

QSL's new Grower-Managed pricing products have sparked a lot of interest among Growers. For those considering their pricing options for the 2018, 2019 and 2020 Seasons, here's an overview of how these new products work:

### QSL'S TARGET PRICE POOL

- This pool enables participating Growers to price their GEI Sugar in the current Season and up to three Seasons ahead by targeting a whole-of-season average price (calculated by QSL using a 1:2:2:1 ratio against the four ICE 11 contracts).
- Orders must be in a minimum of 10-metric-tonne lots, with targets in \$5 increments (e.g. \$405, \$410, \$415).
- Unlike the Target Price Contract it replaces where pricing was to be completed by 15 June of the relevant season, Growers using the new QSL Target Price Pool have the option of deferring any unfilled orders to future ICE 11 contracts.
- This 'rolling' of unfilled orders will be done automatically by QSL if any unpriced tonnage remains beyond the initial June pricing completion date, with the cost or gain passed on to the Grower when incurred.
- The automatic rolling will continue if an order within this pool remains unfilled by the expiry of subsequent futures contracts, up until 20 April in the year after crushing commences for the relevant Season.
- Beyond this date, QSL will close out any remaining orders at the next market opportunity.

### QSL'S INDIVIDUAL FUTURES CONTRACT

- Like the In-Season Fixed Price Contract that has operated this Season, this pool enables growers to price GEI Sugar incrementally against the four ICE 11 futures contracts during the current Season, but now also enables pricing via this method up to three Seasons in advance.
- This pool requires pricing allocations in minimums and multiples of 60 metric tonnes, with individual pricing orders in a minimum of 10 metric tonnes and \$5 pricing increments.
- Participating Growers must make separate pricing decisions for each individual futures position.
- Pricing cannot be rolled to subsequent contracts, with any unfilled orders priced by QSL at the first market opportunity after the pricing completion date for each relevant futures contract.
- All pricing is to be completed by 20 April in the year after crushing commences.



## WHO CAN ACCESS THESE PRODUCTS?

**Wilmar and Tully Sugar Growers:** If you have chosen QSL for the 2018, 2019 and 2020 Seasons you can now access these new pricing products. Any unfilled orders for these Seasons have also been transferred to the Target Price Pool.

**MSF Sugar Growers:** QSL is currently working with MSF to finalise your access to these products. In the interim, you can continue to price into the 2018, 2019 and 2020 Seasons with QSL using our Target Price Contract and Fixed Price Forward Contract pools.

**Bundaberg Sugar, Isis Central Sugar Mill and Mackay Sugar Growers:** As your miller administers your grower-managed pricing arrangements, please see your local mill representative for details of the QSL grower-managed pricing products currently available to you.