

QSL Weekly Update

1 DECEMBER 2017

Daily Price

Friday, 1st Dec 2017

15.08 US c/lb prompt

0.7566 AUD/USD spot

\$A436.41 MT OTC

\$A420.84 MT IPS OTC

[More info >](#)

Your QSL Grower Services Team

DISTRICT	REPRESENTATIVE	CONTACT INFO
Far North Qld	Daniel Messina	0429 660 238 Daniel.Messina@qsl.com.au
North Qld	Carla Keith	0409 372 305 Carla.Keith@qsl.com.au
Herbert River	Jonathan Pavetto	0428 664 057 Jonathan.Pavetto@qsl.com.au
Burdekin	Rebecca Love	0429 054 330 Rebecca.Love@qsl.com.au
Proserpine & Plane Creek	Emma Sammon Kathy Zanco	0418 978 120 Emma.Sammon@qsl.com.au 0437 645 342 Kathy.Zanco@qsl.com.au
Central & Southern	Cathy Kelly	0409 285 074 Cathy.Kelly@qsl.com.au

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.

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 (WILMAR GROWERS)	\$421
2017 GUARANTEED FLOOR POOL (WILMAR GROWERS)	\$371
2017 US QUOTA	\$722

QSL Market View

Current as of 27 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 27/11/17	\$443.11	\$448.11	
Sugar Fundamentals - Global exc. Brazil	●	●	India's harvest has started and all indications are that the crop will be bigger than forecast, possibly 26 million tonnes. News of a bulk loading terminal being built in Poland not only confirms the EU's intention of being an exporter of sugar going forward but also implies that once the government's beet subsidy finishes in 2020, Polish farmers will still be profitable.
Sugar Fundamentals - Brazil	●	●	Continued rainfall in Centre South Brazil has caught up season averages and forecasts look good for a normal 'rainy season' between Sept17-Mar18. This will set up the 2018-Season crop for good yields. If ethanol parity remains above sugar prices the sugar mix is expected to be around 42%, but this will not be known until the harvest begins.
Macro Issues/ Specs	●	●	Friday's Commitments of Traders report will not be released until Monday, due to the US Thanksgiving holiday. Price action over the week suggests that the speculators are now dipping into longs! Crude oil continued to strengthen and hold its position ahead of the OPEC meeting this week.
AUD/USD	●	●	The USD's recent gains have come under pressure after the FOMC minutes indicated the Fed's future projected rate hikes may not come to fruition, although the December US rate hike of 25pts is still on the cards. New Fed Chair nominee Powell will be asked to express his policy views this week, which could cause some movement for the market.
Overall Comments	AUD/metric tonne raw sugar prices remained high after a rocky start to the week. The AUD has crept slightly higher, while sugar is holding ground at the top of the market with key price levels for the 2018 and 2019 Seasons still allowing growers to access some good pricing levels. With little fundamental news, the market remains bearish and we are held at the mercy of the specs and funds to guide us as we run out of bullish arguments to push the market up. The funds are no longer short and the surplus is still looming, so the question is how long can the ethanol story hold the market up for?		

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>.

Marketing default reminder for MSF Sugar Growers

MSF Sugar Growers are reminded that even if they chose QSL as their GEI Sugar marketer for the 2017 Season, they must still actively elect QSL as their Marketer for the 2018 Season within their GPA if they want to use QSL's pricing services for next season. Any MSF Sugar Grower who fails to submit a marketing nomination for the 2018 Season by the deadline of 29 December 2017 will default to MSF Sugar for marketing and pricing services for the coming season.

Not sure how to nominate QSL or which of our pricing products might be right for you?

The QSL Grower Services Team is here to help and is available for one-on-one appointments at the following locations over coming weeks:

WHERE	WHEN	CONTACT FOR BOOKINGS
Innisfail Canegrowers Office	Tuesday 5 December Wednesday 6 December	Jonathan Pavetto 0428 664 057
Babinda Canegrowers Office	Thursday 7 December	Carla Keith 0409 372 305
Mulgrave Canegrowers Office	Friday 8 December	Carla Keith 0409 372 305
Tablelands	By appointment	Daniel Messina 0429 660 238
Maryborough Canegrowers Office	Tuesday 12 December Wednesday 13 December	Cathy Kelly 0409 285 074
All districts - On-farm appointments	Every day	Daniel Messina 0429 660 238

An information session for Maryborough Growers will also be held at the Maryborough Canegrowers Hall at **6pm Wednesday 20 December**. For more information contact Cathy Kelly on 0409 285 074.

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

The Harvest Pool and your deliveries

All growers supplying raw sugar to QSL's Pools are required to earmark at least 35 per cent of their expected production tonnage to the QSL Harvest Pool. This initial attribution is used to help create a buffer tonnage – that is, a portion of the crop that is not priced or sold until it is received at the bulk sugar terminals.

This buffer is designed to absorb possible fluctuations in production that may occur during the course of a season and is essentially a stockpile of sugar kept on hand until late in the season to assist our industry to meet its sales and pricing commitments.

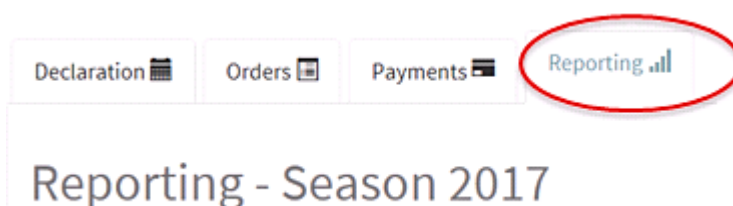
QSL began receiving the 2017 Season's buffer tonnage in early November, and so is now only pricing sugar after it has been received at the terminals. As a result, any fluctuations in sugar production at this late stage are not expected to have a significant impact on our sales or pricing programs.

At an individual level, a grower's production is used to fill their Committed Sugar allocations first (i.e. grower-managed pricing and QSL's Committed Pools), with any production variations applied to their Harvest Pool allocation.

Each grower's allocation to the Harvest Pool is considered to be Uncommitted Sugar and so, outside a Production Buffer failure, the final amount a grower delivers to the QSL Harvest Pool can vary without cost implications for that grower – they are just paid for the final amount delivered.

CHECKING YOUR DELIVERED TONNES

Growers who have concerns regarding whether they will meet their committed tonnage allocations should contact their local mill representative for assistance. Wilmar Growers pricing with QSL can easily check their delivery position by using the 'Reporting' tab in their online QSL Direct account, as illustrated below:



By hovering your mouse over the 'Committed Value' and 'Total Value' bars within the **Delivered and Remaining Tonnes** bar chart in this section, Growers can see what deliveries they have made and what is yet to be delivered against their initial 2017 Season estimate, as illustrated below:



Wilmar Growers who have any questions or concerns regarding their ability to meet their Committed Sugar allocations should contact their local QSL Grower Services Team representative or call the QSL Direct Helpline on **1800 870 756**.

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.

Advances adjustments mark end of crush

During December and January (depending on local milling arrangements), Growers supplying Bundaberg Sugar, Isis Central Sugar Mill, Mackay Sugar, MSF Sugar and Tully Sugar move from receiving QSL Advances based on their current mill district weighted average price to a payment that reflects their actual pricing position.

This change brings with it a positive or negative payment adjustment to reflect the difference between each Grower's individual pricing position and the payments they have received to date based on the mill average result.

Growers who have surpassed the mill average will receive an increase in their Advances payment (excluding any other applicable deductibles/costs), while those below the average may receive a reduced payment or no payment at all for a period to bring them back into alignment with their actual pricing position.

In addition to this, Growers may have their coming QSL Advance payments adjusted to reflect the final results of their relative CCS payment scheme.

It is important to note that while Wilmar Growers' Advances from QSL already reflect their individual pricing position, once all mills have finished crushing there may be an adjustment to their sugar tonnages for the season based on the final IPS conversion factor and CCS results.

REVIEW AND APPROVAL PROCESS

The QSL Board is focused on minimising the negative impact of these December/January adjustments on Growers, and this is among a range of factors that it considers when it regularly reviews QSL's indicative Advances program.

Other considerations also weighed by the Board before implementing any scheduled Advances rate change include movements in our marketing and shipping plans, sugar price and currency activity, the timing of cash flows and our Suppliers' positions in relation to any pricing elections.

At November's Board meeting QSL's December 2017 Standard Advances rate was confirmed at 75%, while the Accelerated Advances rate will move to 90% this month. All scheduled increases beyond this remain indicative only. The current proposed QSL Advances schedule for the rest of the 2017 Season is:

DATE PAYMENT IS APPLICABLE FROM	STANDARD QSL ADVANCES RATE	ACCELERATED QSL ADVANCES RATE
Current rate (as of 18 October 2017)	72.5%	72.5%
13 December 2017	75%	90%
24 January 2018	80%	90%
21 February 2018	82.5%	90%
21 March 2018	87.5%	90%
18 April 2018	90%	90%
16 May 2018	92.5%	92.5%
20 June 2018	95%	95%
July 2018 <i>Date to be confirmed</i>	100%	100%

It is important to note that QSL's current Advances program is indicative only in its entirety and should not be taken as a commitment by QSL with regard to either the Advance rate or date of increase.

The dates quoted in the table on the previous page are the dates the Advance payment is currently scheduled to be made to Suppliers for disbursement to eligible Growers, so please refer to your local payment arrangements for your actual Advances payment date. QSL usually makes payments to contracted Wilmar Growers on a Thursday.

ACCELERATED ADVANCES

Those Growers who have elected to receive Accelerated Advances will have eligible tonnages in QSL's Guaranteed Floor, Fixed Priced Forward Contract and/or Target Price Contract pools paid at an Advances rate of 90% from December, eventually moving to 92.5% once QSL's Standard Advances program reaches this same rate (currently scheduled for May 2018).

Negative payment statements and what they mean

Wilmar Growers are reminded that whenever Wilmar and your Collective agree to a CCS adjustment, this change is passed on to QSL to be applied to the Grower's Economic Interest in sugar (GEI Sugar) you're marketing through QSL.

When the CCS level 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. In the vast majority of these cases, future Advance payments are sufficient to cover the negative adjustment amounts incurred.

Wilmar Growers should note that even in districts where 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.