

QSL Weekly Update

21 DECEMBER 2017

Daily Price

Thursday, 21st Dec 2017

14.57 US c/lb prompt

0.7667 AUD/USD spot

\$A 414.98 MT OTC

\$A 400.17 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 **15 December 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	\$429
2017 ACTIVELY MANAGED POOL	\$458
2017 GUARANTEED FLOOR POOL	\$515
2018 2-SEASON FORWARD POOL	\$489
2017 ACTIVELY MANAGED POOL (WILMAR GROWERS)	\$419
2017 GUARANTEED FLOOR POOL (WILMAR GROWERS)	\$368
2017 US QUOTA	\$725

QSL Market View

Current as of 18 December 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 at 18.12.17	\$389.98	\$400.71	
Sugar Fundamentals – Global exc. Brazil	●	●	News out of China around an increase in import licences caused a bit of a stir last week. A decrease in domestic crop estimates has necessitated the need for more raw imports. This should be bullish for the MAR18, soaking up some central American supply in that contract, and we saw the MAR/MAY spread invert slightly further on the headline.
Sugar Fundamentals – Brazil	●	●	Forecasts continue to point to an average or slightly above-average rainy season. A survey of analysts produced an estimate of 33 million tonnes for the 2018 Season but of course that depends on the sugar/ethanol mix which depends on the ICE11 and ethanol prices when the next crop starts crushing.
Macro Issues/ Specs	●	●	A huge surprise in Friday's Commitments of Traders report with the speculators selling a massive 104,000 lots to end the Tuesday-to-Tuesday reporting period net short 88,500. Given the market continued to sag through the remainder of last week, it's very likely that the net position is now back above the 100k mark after buying a similar size position back only just over a month ago!
AUD/USD	●	●	Despite the Fed raising rates as anticipated on Wednesday night and maintaining their three rate rise horizon for 2018, the AUD roared back to life as weaker inflation data in the US and a strong employment print locally combined to lift the AUD back above the 76 cent mark. GDP and jobs data in the US will lead the market later in the week and the AUD still remains under pressure in the short term.
Overall Comments	A stronger AUD and a continuation of last week's spec-led sugar sell off continue to weigh heavily on AUD/mt prices. 2018 is now back at \$400 – a long way from the \$450 seen just over a couple of weeks ago! With such a rapid move in ICE11 values we expect to see the market calm down somewhat over the next week as traders wind down for the Christmas period. The sugar fundamentals remain bearish and it appears that the speculators have landed in that camp rather than the technical/Brazil-ethanol-switch bullish story some market participants are still clinging to. Where to for prices in 2018 remains anyone's guess, but selling the rallies remains the mantra for now.		

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>.

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.

DEADLINE REMINDER: MSF SUGAR GROWERS

The 2018-Season marketing nomination deadline for growers supplying MSF Sugar mills is **next Friday, 29 December 2017**.

To use QSL pricing products for the coming season, these growers must elect QSL as a marketer of their Grower's Economic Interest in Sugar (GEI Sugar) on their **Pool Manager Nomination Form** and return it to their miller before this date, or they will default to MSF Sugar for marketing services for the 2018 Season.

Forecast Payment Schedule tool – QSL Direct

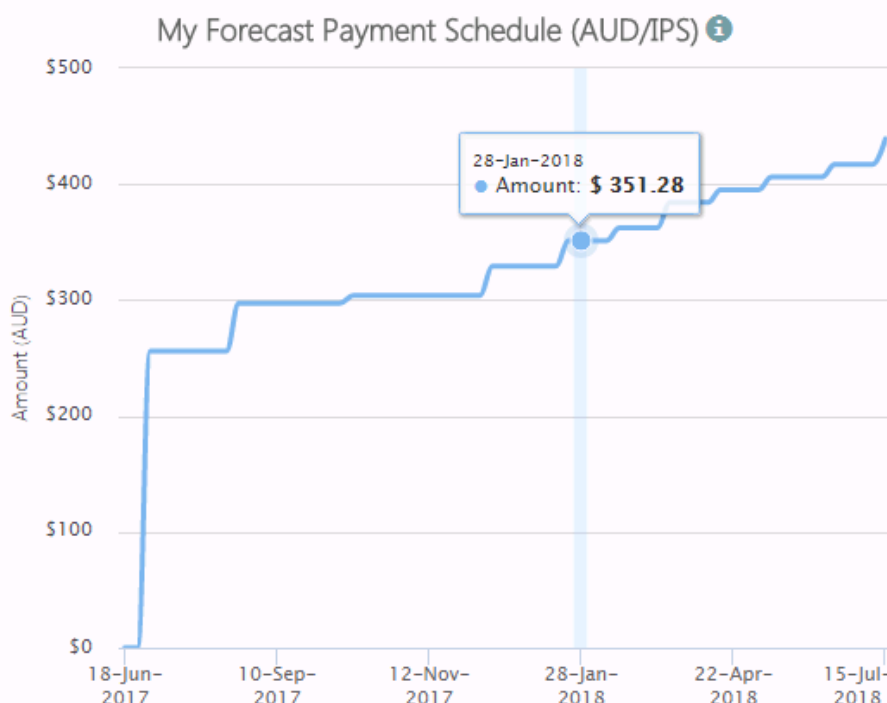
QSL's new cash flow forecaster is in the final stages of testing and will be available for our Wilmar Growers within the QSL Direct online grower portal in the new year.

In the interim, Wilmar Growers keen to gain a sense of their future QSL sugar payments can access a new feature in the **Reporting** tab within their QSL Direct account.

The **My Forecast Payment Schedule graph**, illustrated at right, details scheduled Advance payments for the current Season based on your current indicative individual pricing results.

Just hover your mouse over the line graph to access details of your indicative Advances in dollar terms.

To get a very rough idea of how much you will receive in your next QSL sugar payment, use the following calculation:



Total GEI Sugar tonnes delivered to date
(listed on your last QSL Payment Statement)

X

Your next Advances dollar amount
(from your My Forecast Payment Schedule graph)

–

Your Total QSL Advance Payment Value to date

(listed as 'Less previously paid' in the 'Sugar Pool Payments' section of your last QSL Payment Statement)

Please be aware that the My Forecast Payment Schedule tool and coming Cash Flow Forecaster provide a very rough guide to your next QSL sugar payment and do not include any allowances, deductions or adjustments passed on by

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Wilmar. They also do not account for any changes to your current indicative pricing results, which are not finalised until 30 June 2018. The information about future QSL Sugar payments derived from the Forecast Payment Schedule is based on many assumptions and is subject to significant uncertainties, many of which are outside the control of QSL. As such, QSL does not make any representations as to the accuracy of the information derived from the Forecast Payment Schedule nor does QSL make any guarantees that this outcome will be achieved.

Adjustments for Wilmar Growers

Wilmar has passed on an adjustment for some Herbert River and Burdekin Growers which affects their Grower's Economic Interest in Sugar (GEI Sugar) tonnage for the current season. This adjustment will be detailed in QSL Payment Statements issued this week.

In almost all cases this adjustment has resulted in a downward revision in the quantity of GEI Sugar supplied to QSL and led to a negative amount 'payable'. **This negative amount detailed on the QSL Payment Statement is not an invoice.** If you have received a negative amount payable, this amount will be carried forward and offset against your next QSL Advances payment.

Wilmar Growers are also reminded that their Advances from QSL are based on their individual pricing position right throughout the Season. **This means that the previous adjustment made in December or January each year to move Wilmar Growers from the mill average to their individual pricing position – often referred to as the washout payment – is no longer required.**



Wishing you and your family a safe and happy Holiday Season and a prosperous 2018.

All QSL offices will be closed for the Christmas break from 5pm Thursday 21 December 2017 until 9am Monday 8 January 2018.

The QSL Direct Helpline (1800 870 756) will remain open from 9am to 5pm for all working days during the festive season.

The QSL Update will return in mid-January 2018.

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