

QSL Weekly Update

25 January 2018

Daily Price

Thursday, 25th Jan 2018

13.16 US c/lb prompt

0.8062 AUD/USD spot

\$A357.46 MT OTC

\$A344.71 MT IPS OTC

[More info >](#)

Your QSL Grower Services Team

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Far North Qld	Daniel Messina	0429 660 238 Daniel.Messina@qsl.com.au
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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 **12 January 2018**. 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	\$432
2017 ACTIVELY MANAGED POOL	\$452
2017 GUARANTEED FLOOR POOL	\$515
2018 2-SEASON FORWARD POOL	\$496
2017 ACTIVELY MANAGED POOL (WILMAR GROWERS)	\$415
2017 GUARANTEED FLOOR POOL (WILMAR GROWERS)	\$369
2017 US QUOTA	\$710

QSL Market View

Current as of 22 January 2018

● 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
Markets as of 22.1.18	\$362.29	\$389.54	
Sugar Fundamentals - Global exc. Brazil	●	●	The ever-growing Indian crop is putting pressure on the domestic sugar price. The government has said it will step in to raise prices by increasing the import duty or subsidising exports if needed. Indonesia has increased its raw sugar import allowance from 1.5 million tonnes last year to 1.8 million tonnes – a small positive for a heavy bear market.
Sugar Fundamentals - Brazil	●	●	Rainfall has been average and is forecast to remain so for the 2018 crop. The ethanol price is high and stocks are down 7.7% on last year, so it's expected ethanol will start the season strongly. There were reports last week that the government was considering cancelling the 20% import duty on ethanol from the US as a trade-off against the US stopping the ban on Brazilian beef. This could drive the ethanol price down if it goes ahead but we've heard it's unlikely to happen.
Macro Issues/ Specs	●	●	Friday's Commitment of Traders report continued to surprise, with system funds remaining aggressive and driving the market. Non-index funds added 73,000 shorts, pushing the net-short position towards record levels once again at 102,000 lots. Index funds also added 50,000 longs, taking them to 240,000 lots.
AUD/USD	●	●	The AUD continued to move forward, pushing past 0.80 cents on strong employment data out of Australia. Focus was on the US Senate after the spending bill was not passed on Friday and the government shut down. This continues to highlight the dysfunction of US politics at the moment. Little data is to be released this week, so we will be guided by the US political arena.
Overall Comments	Sugar continued south as the speculative funds ruled the market. The AUD/USD added pressure to the mix, pushing past the 0.80-cent mark and driving AUD sugar levels below \$360. If the US Senate passes the spending bill it will give some relief to the AUD, but the uncertainty of the government will not assist the AUD too much lower. The surplus continues to hold the market in the lower end of the range and until the low prices drive a cut in production, the surplus looks set to remain.		

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.

QSL Advances rate increase

The Standard QSL Advances rate increased to 80% yesterday, 24 January 2018, and was calculated on QSL pool values as of 29 December 2017.

Please note that while the increase applies from 24 January 2018 and this was the date that QSL made payments to its milling suppliers to pass on to growers, miller and bank processing times vary and may result in later local payment arrangements.

With regard to QSL's direct payments to Wilmar Growers, QSL does not usually receive the required payment information from Wilmar until late on a Wednesday, and so QSL payments to Wilmar Growers are usually made on a Thursday. Again, bank processing times vary but usually result in Wilmar Growers receiving funds from QSL in their nominated accounts on a Thursday or Friday.

The next QSL Advances increase will apply from 21 February 2018, when the Standard QSL Advances rate will rise to 82.5%. This February payment will be based on pool values as of 26 January 2018.

The QSL Accelerated Advances rate remains 90% and is not currently scheduled to increase until May 2018.

TPP 11 deal agreed

The Australian sugar industry is set to receive increased access to Japanese, Canadian and Mexican markets after the revised Trans-Pacific Partnership trade agreement was agreed to in Tokyo this week.

Known as TPP 11, the multi-trillion-dollar deal has 11 participants: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. The USA was originally part of TPP negotiations, but withdrew after Donald Trump came to power last year. China is also a notable absence from the TPP and is promoting a rival deal with seven TPP countries, including Australia, and eight others, known as the Regional Comprehensive Economic Partnership.

QSL Executive Manager Marketing and Risk Mark Hampson, pictured, said the TPP 11 agreement was a positive for Queensland cane farmers and was expected to include:



- reduced levies on Australian high-pol sugar exported to Japan
- the elimination of Canada's tariffs on refined sugar within five years of the TPP's introduction (Australia already has duty-free access for raw sugar into Canada)
- Australia guaranteed 7% of any Mexican tariff rate quota for raw sugar in the years it is offered
- the elimination of Vietnam's in-quota tariffs on TTP members' sugar
- Australia allowed to engage in the wholesale distribution of refined sugar in Malaysia for use in the food and beverage industry

Mr Hampson said that while TPP 11, to be signed off in March, would not result in sweeping change for raw sugar exports, it looked set to bring slightly increased market opportunities for Queensland sugar producers and products.

"It's shaping up to deliver both exposure to new markets and increased access to existing customers, which is always a good result," he said.

QSL info sessions and market updates

Want to learn more about your 2018 pricing options with QSL or the current world sugar market outlook? Then come along to one of the February information sessions conducted by the QSL pricing team.

Local event details are:

WILMAR MILLING DISTRICTS		
Herbert River	4pm Monday 5 February 2018 at the Ingham Bowls Club, Ingham	For more info contact Jonathan Pavetto: jonathan.pavetto@qsl.com.au 0428 664 057
Burdekin	5.30pm Tuesday 6 February 2018 at the Ayr Golf Club, Ayr	To RSVP or for more info contact Rebecca Love: rebecca.love@qsl.com.au 0429 054 330
Burdekin	9am Wednesday 7 February 2018 at the Canegrowers Hall, Home Hill	
Proserpine	5pm Wednesday 7 February 2018 at the Metropole Hotel (upstairs), Proserpine	To RSVP or for more info contact Emma Sammon: emma.sammon@qsl.com.au 0418 978 120
Sarina	4pm Thursday 8 February 2018 at the Sarina RSL, Sarina	To RSVP or for more info contact Kathy Zanco: kathy.zanco@qsl.com.au 0437 645 342
MSF SUGAR MILLING DISTRICTS		
Innisfail	3.30pm Monday 5 February Mourilyan Sugar Heritage Centre	To RSVP or for more info contact Daniel Messina: daniel.messina@qsl.com.au 0429 660 238
Babinda	8.30am Tuesday 6 February 2018 Babinda RSL Hall, Babinda	
Gordonvale	10.30am Wednesday 7 February 2018 Parkview Hotel, Gordonvale	
Tablelands	7.30am Thursday 8 February 2018 Jackaroo Motel Conference Room, Mareeba	
TULLY SUGAR MILLING DISTRICTS		
Tully	3.30pm Tuesday 6 February 2018 Tully Senior Citizens Hall, Tully	To RSVP or for more info contact Daniel Messina: daniel.messina@qsl.com.au 0429 660 238
MOSSMAN MILL DISTRICTS		
Tablelands	4.30pm Wednesday 7 February 2018 at the Jackaroo Motel Conference Room, Mareeba	To RSVP or for more info contact Daniel Messina: daniel.messina@qsl.com.au 0429 660 238
Mossman	12.30pm Thursday 8 February 2018 at the Mossman Bowls Club, Mossman	

Farms sales and leasing arrangements

Wilmar Growers making changes to their farm's operating structure (such as a farm sale, new lease or subdivision) are asked to complete QSL's **Farm Sale/Lease Information Form**.

While this form is not a contract, it gathers basic information about the transaction so that QSL can prepare the paperwork necessary to implement the associated pricing transfers. The Farm Sale/Lease Information Form should ideally be submitted before the change to your farming arrangements occurs, and can be found on the Wilmar Growers page within the QSL website, or by [clicking here](#).

Completed forms can be submitted via email to qslirect@qsl.com.au or to your local Grower Services Representative. For further information or to commence the process, please contact the QSL Direct team on 1800 870 756.

QSL Payment Statements explained

Wilmar Growers with questions about their QSL Payment Statements and how these are used when preparing Business Activity Statements (BAS) are encouraged to attend one of our free workshops for home accountants. The workshops, scheduled to be held in the Burdekin, Proserpine and Sarina, will also cover common questions about negative payments and CCS revisions. Please note that places are limited so RSVPs are essential.

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| BURDEKIN | 3pm Tuesday 6 February at the Ayr Golf Club
RSVP to Rebecca Love at rebecca.love@qsl.com.au / 0429 054 330
11.30am Wednesday 7 February at the Canegrowers Hall, Home Hill
RSVP to Rebecca Love at rebecca.love@qsl.com.au / 0429 054 330 |
| PROSERPINE | 3.30pm Wednesday 7 February in the Proserpine Canegrowers office, Proserpine
RSVP to Emma Sammon at emma.sammon@qsl.com.au / 0418 978 120 |
| SARINA | 2pm Thursday 8 February in the QSL Sarina office, 36 Broad Street, Sarina
RSVP to Kathy Zanco at kathy.zanco@qsl.com.au / 0437 645 342 |

Grower Ledger Reports

QSL is currently working to introduce a new Quarterly Income Statement function to the QSL Direct grower portal.

In the interim, Wilmar growers keen to obtain a summary of QSL sugar payments for any specific period can request a **Grower Ledger Report**. This report can be particularly helpful for home accountants preparing their Business Activity Statements.

To request a Grower Ledger Report, please contact your local QSL Grower Services Team representative. You can find their contact details on the front page of this Update.