

# QSL Weekly Update

2 February 2018

## Daily Price

Friday, 2nd Feb 2018

**13.37** US c/lb prompt

**0.8040** AUD/USD spot

**\$A364.00** MT OTC

**\$A351.01** MT IPS OTC

[More info >](#)

## Your QSL Grower Services Team

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

QSL POOL	GROSS AUD/TONNE IPS
2017 HARVEST POOL	<b>\$432</b>
2017 ACTIVELY MANAGED POOL	<b>\$452</b>
2017 GUARANTEED FLOOR POOL	<b>\$515</b>
2018 2-SEASON FORWARD POOL	<b>\$496</b>
2017 ACTIVELY MANAGED POOL (WILMAR GROWERS)	<b>\$415</b>
2017 GUARANTEED FLOOR POOL (WILMAR GROWERS)	<b>\$369</b>
2017 US QUOTA	<b>\$710</b>

## QSL Market View

Current as of 29 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
Market as of 29.1.18	\$360.11	\$390.18	
Sugar Fundamentals - Global exc. Brazil	<span style="color: yellow;">●</span>	<span style="color: red;">●</span>	Reports on the Indian crop continue to filter into the market, with a general consensus that production has risen by a million tonnes to 27-27.5 million tonnes. Much market analysis now centres around how the market will deal with this surplus and this will largely come down to stocks and whether the likes of India and China decide to rebuild them.
Sugar Fundamentals - Brazil	<span style="color: yellow;">●</span>	<span style="color: yellow;">●</span>	Nothing really to report. UNICA data shows the 2017 season as officially over and rainfall continues to be average. Tuesday also brought news that Petrobras are to cut gas prices by 0.8%, which is largely immaterial while we are in intercrop but will become increasingly watched as the 2018 season nears and if crude oil continues rising.
Macro Issues/ Specs	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	Friday's Commitment of Traders report provided confirmation of everyone's estimates, showing a new record net-short position of 167,000 lots. This will provide plenty of bullish ammunition to the market, but who will blink first – the speculators who need to buy back or the producers who need to price? Records are made to be broken, so who says the specs can't go even shorter if the producers panic?
AUD/USD	<span style="color: red;">●</span>	<span style="color: yellow;">●</span>	The AUD made new highs last week, pushing through levels last seen in Q3 2017 and Q2 2015. Despite Trump's feigned efforts to back-pedal on Mnuchin's comments around the US government being comfortable with a weaker dollar, the crumbling of the USD is across the board and indiscriminate (dollar index now at a 3-year low of 88.44). The AUD opened the week above 81 cents with some big event risk from local CPI data on Wednesday and the FOMC meeting Thursday.
Overall Comments	Despite sugar finally finding its feet, the AUD/mt price continues to hover around 12-month lows at \$360, with the USD unable to do the same. The specs are going to need to either roll or buy back their MAR18 positions over the next month or so, so this should provide some support for the prompt and an opportunity for producers to hedge. After that, the medium-term direction becomes less clear, with spreads likely to have to widen to pay for the cost of storage and push some of the surplus down the board. Needless to say there is plenty of sugar still to find homes.		

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 info sessions and market updates

QSL will hold a series of information sessions next week covering your 2018-Season QSL pricing options, as well as an overview of current indicative pool prices and a market update.

Local event details are:

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

## The annual IPS adjustment

ICE 11 sugar prices are quoted on a basis of 96 degrees of polarisation, which means that the price assumes the sugar's purity (polarisation) will be 96 degrees. The International Polarisation Scale (IPS) is used to adjust the ICE 11 sugar price for sugar that has a polarisation above or below 96 degrees.

Under the Cane Supply Agreement (CSA), the cane payment formula initially assumes all sugar will be produced at a standard polarisation of 98.95 degrees. But in reality, the actual polarisation during the season is usually different. So at the end of the season, once all sugar deliveries are completed, the actual polarisation can be determined and the real IPS factor applied. An adjustment is subsequently made at the end of February each year and applied to each grower's Harvest Pool tonnage. In recent years this adjustment has seen a change of less than 0.5% per tonne of sugar.

As was the case in the past, later this month most growers will likely see a small adjustment to their GEI sugar tonnes on their QSL and Wilmar statements, reflecting the final polarisation results for the season. At this stage it appears likely that the average polarisation of sugar produced in the 2017 Season will be lower than 98.95, but current indications suggest that any adjustment will again be less than 0.5% of growers' GEI Sugar tonnage.

**Want to know more about the IPS conversion process? Read next week's QSL Update for details.**

## Important pricing deadlines

Key QSL dates in coming months include:

WHEN	WHAT
<b>15 February 2018</b>	Last day to complete pricing for the MAR18 contract in QSL's <b>2017 In-Season Fixed Price Contract</b> and <b>2017 In-Season Target Price Contract</b> .
<b>28 February 2018</b>	Last day for nominations to the <b>2018 QSL Early-Start Actively Managed Pool</b>
<b>1 March 2018</b>	Nominations open for the <b>2018 QSL Harvest, Actively Managed and Guaranteed Floor Pools</b> , as well as the <b>2019 2-Season Actively Managed Pool</b> .
<b>30 April 2018</b>	Last day to nominate tonnes for: <ul style="list-style-type: none"> <li>• <b>2018 QSL Actively Managed Pool</b></li> <li>• <b>2018 QSL Guaranteed Floor Pool</b></li> <li>• <b>2019 2-Season Actively Managed Pool</b></li> </ul> <p>NOTE: Isis Central Sugar Mill, Bundaberg Sugar and Mackay Sugar growers will be advised by their miller of their local QSL Pool Nomination deadline for 2018.</p>
<b>30 April 2018</b>	Last day to transfer any unfilled 2018-Season orders from the <b>QSL Target Price Pool</b> and/or <b>QSL Individual Futures Contract Pool</b> . <p>NOTE: Growers can only transfer unfilled orders from the QSL Individual Futures Contract Pool if they have not priced any portion of their nominated tonnage.</p>

## 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. These small-group 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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| <b>BURDEKIN</b>   | <b>3.30pm Tuesday 6 February at the Ayr Golf Club</b><br>RSVP to Rebecca Love at <a href="mailto:rebecca.love@qsl.com.au">rebecca.love@qsl.com.au</a> / 0429 054 330<br><b>11.30am Wednesday 7 February at the Canegrowers Hall, Home Hill</b><br>RSVP to Rebecca Love at <a href="mailto:rebecca.love@qsl.com.au">rebecca.love@qsl.com.au</a> / 0429 054 330 |
| <b>PROSERPINE</b> | <b>3.30pm Wednesday 7 February in the Proserpine Canegrowers office, Proserpine</b><br>RSVP to Emma Sammon at <a href="mailto:emma.sammon@qsl.com.au">emma.sammon@qsl.com.au</a> / 0418 978 120   |
| <b>SARINA</b>     | <b>2pm Thursday 8 February in the QSL Sarina office, 36 Broad Street, Sarina</b><br>RSVP to Kathy Zanco at <a href="mailto:kathy.zanco@qsl.com.au">kathy.zanco@qsl.com.au</a> / 0437 645 342  |