

# QSL Weekly Update

2 March 2018

## Daily Price

Friday, 2nd Mar 2018

**13.71** US c/lb prompt

**0.7756** AUD/USD spot

**\$A386.64** MT OTC

**\$A372.84** 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 **9 February 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>\$425</b>
2017 ACTIVELY MANAGED POOL	<b>\$448</b>
2017 GUARANTEED FLOOR POOL	<b>\$515</b>
2018 2-SEASON FORWARD POOL	<b>\$503</b>
2017 ACTIVELY MANAGED POOL (WILMAR GROWERS)	<b>\$408</b>
2017 GUARANTEED FLOOR POOL (WILMAR GROWERS)	<b>\$368</b>
2017 US QUOTA	<b>\$713</b>

## QSL Market View

Current as of 26 February 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 (May 18) A\$/mt	2018 SEASON A\$/mt	COMMENTS
Current Market	\$375.82	\$395.74	
Sugar Fundamentals - Global exc. Brazil	<span style="color: yellow;">●</span>	<span style="color: red;">●</span>	India's crop continues to go from strength to strength, with most estimates now around 29 million tonnes for this season and expectations for an even bigger crop next year. The long and short of that is India will become an exporter in the not too distant future, adding to an already overcrowded market.
Sugar Fundamentals - Brazil	<span style="color: yellow;">●</span>	<span style="color: yellow;">●</span>	Brazil's had ongoing average rainfall and other than that there's not much to report. The large January drawdown on ethanol stocks has led to a change in the mandatory ruling for end-of-year stocks, with mills now only required to hold 4% as opposed to 8%. It certainly points to a buzzing ethanol market and potential for mills to go to maximum ethanol production once crushing restarts in April.
Macro Issues/ Specs	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	A recovery in equities is certainly helping risk assets return to favour, with the emerging markets, the AUD and commodities all beneficiaries. This week's Commitment of Traders report showed little change, with net-short down 1500 lots to 144,500 – effectively confirming the majority of spec shorts have been rolled to May and held rather than closed out.
AUD/USD	<span style="color: yellow;">●</span>	<span style="color: yellow;">●</span>	The AUD spent the first half of the week on the back foot, falling from around 0.7925 to 0.7800 before consolidating to finish the week in the middle of that range. Positive macro influences and risk appetite continue to support the Aussie despite the ongoing interest rate divergence between Australia and the US which would normally result in a weakening AUD. We're pretty light on local data this week so the market will continue to take its lead from equities and any developments in core US economic themes.
Overall Comments	After a week of consolidating slightly higher, sugar remains trapped in a well-worn 13-14 cent range while the AUD has continued its recent correction leaving AUD/mt values 1% better than last week. The MAR18 expiry is in three days and while we still have 3 million tonnes in that position it's likely that will recede and the recent trend of 1-1.5 million tonnes delivered to the tape will continue. It's also worth mentioning that Coca Cola has announced its low-sugar/no-sugar product line trend is set to continue, noting they are rolling this out worldwide and not just in developed countries. This is an interesting subtext in the long-term consumption story which often does not get the attention it deserves.		

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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## QSL/Wilmar legal case update

The two-week hearing of Wilmar's legal proceedings against QSL relating to certain costs associated with the 2010 sugar production season concluded in the Queensland Supreme Court on Monday. Final submissions are to be delivered next week.

QSL's position is that Wilmar's claims are without foundation. While we appreciate that Grower interest in the outcome of this case is very high, given the Court has reserved a decision, it is not appropriate for QSL to comment further at this stage. QSL will make further comment when the decision is handed down, which QSL expects will be during 2018.

## Nominations now open for QSL pools

QSL is now accepting nominations for our **2018-Season Harvest, Actively Managed and Guaranteed Floor pools**, as well as the **2019-Season 2-Season Actively Managed Pool**. Nominations for the QSL Target Price Pool and Individual Futures Contract Pool for grower-managed pricing out to and including the 2020 Season are also being accepted (see following story for details).

For the 2018 Season, growers using QSL's marketing services can choose either the QSL Harvest Pool or the QSL Harvest Pool in combination with one or more of these alternative QSL pools and pricing products:

- **2018 QSL Actively Managed Pool** (a QSL-managed pool)
- **2018 QSL Guaranteed Floor Pool** (a QSL-managed pool)
- **2019 QSL 2-Season Actively Managed Pool** (a QSL-managed pool)
- **QSL Target Price Pool** (a grower-managed pool)
- **QSL Individual Futures Contract Pool** (a grower-managed pool)

Please note that nominations for QSL's new 2018 Early-Start Actively Managed Pool closed on 28 February 2018.

Participation in the QSL Harvest Pool is mandatory for production risk purposes, with 35% of your QSL tonnage automatically designated to this pool, as per previous QSL pool arrangements. Growers using QSL also receive an automatic and mandatory tonnage allocation to our US Quota Pool of up to 5%. As in past years, the QSL Harvest Pool is QSL's default pool, meaning that if you do not make a pricing nomination or do not price your full QSL pricing tonnage allocation, any unallocated tonnages will end up in this pool. To learn more about your QSL pricing options, [click here](#), or contact your local QSL Grower Services representative (listed on the front of this Update).

### NOMINATION DEADLINE

This year QSL has moved this year's Pricing Declaration Date from the traditional February deadline to **30 April 2018**, giving growers an extra two months to assess their production before finalising their QSL pool nominations. Growers also have until 30 April 2018 to transfer any unfilled orders from the QSL Target Price Pool and/or QSL Individual Futures Contract Pool to other QSL pools for the 2018 Season. (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.) While this new, later Pricing Declaration Date applies to Wilmar, Tully Sugar and MSF Sugar growers, growers supplying **Isis Central Sugar Mill, Bundaberg Sugar and Mackay Sugar** will be advised by their miller of their local QSL Pool Pricing Declaration Date for 2018.

## 2020-Season pricing

Growers keen to price into the 2020 Season with QSL are reminded they can do so if they have QSL marketing arrangements in place for that season. **Unfortunately Mackay Sugar Growers cannot access 2020-Season pricing through QSL until their miller has an On-Supply Agreement in place with QSL** (To receive more information about QSL's pricing options for Mackay Sugar growers, please complete our Registration of Interest form, available by [clicking here](#)).

Wilmar Growers can nominate QSL as their marketer for 2020 Season as part of the Cane Supply Agreement (CSA) process within the Wilmar Grower Web, while Tully Sugar and MSF Sugar Growers must complete the necessary nomination paperwork with their Miller. All growers should be aware that by making a marketer nomination or pricing into the 2020 Season, they are in effect signing a CSA for that season, and so should check with their local collective regarding the implications of signing a 2020-Season CSA now.

### PRICING INFORMATION

Growers keen to manage their own pricing with QSL can find indicative ICE 11 prices – including these for the 2020 Season – on the QSL Daily Market Snapshot page of the QSL website (available by [clicking here](#)). You can also have these prices (pictured at right) emailed to your inbox each day via our Daily QSL Price Update. To subscribe to this free service, just [click here](#). Growers using QSL marketing services can also access our free daily SMS price update. Just contact your local QSL representative or [click here](#) to sign up.

### Indicative Prices

ICE 11 US c/lb 13.71 ↑  
 USD/AUD 0.7756 ↓  
 AUD/mt 02-Mar-18

Season	2017	2018	2019	2020
<b>Target Price Pool</b>		<b>405.69</b>	<b>424.13</b>	<b>439.51</b>
<b>Individual Futures Contract Pool</b>				
Jul		389.85	416.17	431.15
Oct		397.24	418.05	439.31
Mar		417.00	430.68	443.18
May	386.64	416.16	431.07	441.30

Please note : The figures quoted are for whole of season, weighted in a 1:2:2:1 ratio over the four relevant futures contracts. They have been adjusted to include Over-the-Counter (OTC) margin fees charged by banking institutions.

## SMS price update interruption

The third-party service provider for QSL's free SMS price update has this week experienced a major outage. We have been informed the issue should be rectified soon and apologise for any inconvenience this may have caused.

Growers seeking the price information usually contained within the SMS can find this on the top right of the QSL homepage at [www.qsl.com.au](http://www.qsl.com.au), as well as in the Daily Price Update email and [Daily Market Snapshot](#), also available on our website.