

# QSL Weekly Update

9 March 2018

## Daily Price

Friday, 9th Mar 2018

**12.89** US c/lb prompt

**0.7789** AUD/USD spot

**\$A361.93** MT OTC

**\$A349.01** 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 **23 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>\$420</b>
2017 ACTIVELY MANAGED POOL	<b>\$445</b>
2017 GUARANTEED FLOOR POOL	<b>\$517</b>
2018 2-SEASON FORWARD POOL	<b>\$506</b>
2017 ACTIVELY MANAGED POOL (WILMAR GROWERS)	<b>\$401</b>
2017 GUARANTEED FLOOR POOL (WILMAR GROWERS)	<b>\$368</b>
2017 US QUOTA	<b>\$708</b>

## QSL Market View

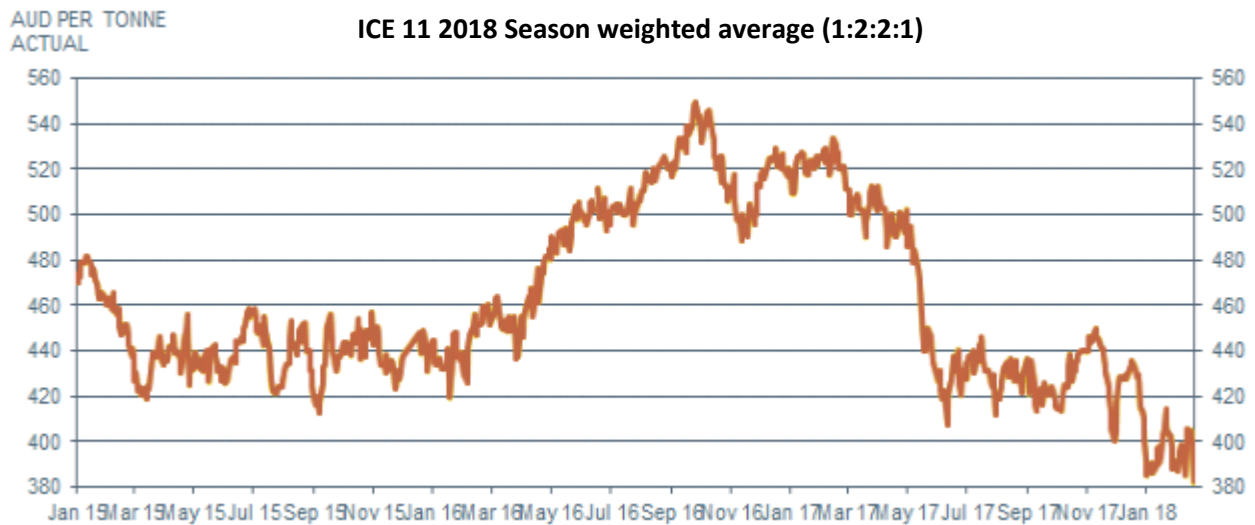
Current as of 5 March 2018

● 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
Market as of 5/3/18	\$375.82	\$395.74	
Sugar Fundamentals - Global exc. Brazil	<span style="color: yellow;">●</span>	<span style="color: red;">●</span>	India's harvest continues in all three major sugar states, which implies the higher estimates for production of circa 29+ million tonnes are probably correct. The large surplus will put pressure on the domestic market, so it appears the only way to stabilise this will be for the government to start exporting sugar.
Sugar Fundamentals - Brazil	<span style="color: yellow;">●</span>	<span style="color: yellow;">●</span>	Very little news out of Brazil. The market is waiting for the start of the harvest in a few weeks. As we approach the harvest rainfall is slowing down and is now expected to be below average for the remainder of the month.
Macro Issues/ Specs	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	This week's Commitment of Traders report (which closed on the Tuesday night's lows) showed a net-short increase of 21,000 lots to 165,000 lots. The steep sell off to 12.82 c/lb encouraged system selling. We would expect the end-of-week rally to inspire a buyback of positions and reduce this number. Crude oil fell about 5% over the week.
AUD/USD	<span style="color: yellow;">●</span>	<span style="color: yellow;">●</span>	AUD continued its slow decline, falling from around 0.7850 to 0.7715 by Thursday before closing the week slightly higher around 0.7760. Contributing factors included the Fed Chair Powell giving a hawkish statement, indicating three, possibly four rate hikes in the quick succession, as well as Trump's announcement of global tariffs – 25% on steel and 10% on aluminium. These may be global tariffs but it is feared how China will respond, potentially leading to a trade war. Positive US data also gave the USD a boost, trading to 6-week highs.
Overall Comments	The March 2018 contract expired on Wednesday night. Brazil and Guatemala delivered 14,618 lots with Wilmar and Alvean the receivers of raw sugar. It was another week of consolidation, with no fundamental news. Macro volatility continues to drive the market. Sugar broke the 13-cent barrier at the start of the week, trading to a low of 12.82 c/lb only to bounce immediately to the high on Friday of 13.80 c/lb before settling 4 points lower on the week. Short-term support remains at 13 cents, while trading above 14 cents remains a hurdle for the market. Focus on the origins of the global surplus is being diverted away from Brazil, with the main production rises expected in India, Pakistan and the EU should they start to export from the whites market, with some coming from Thailand raws.		

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>.



Source: Bloomberg. Published at [www.qsl.com.au](http://www.qsl.com.au) as at 9.3.18

## Indian update drives market below 13 c/lb

By QSL Treasury Manager Ginette Barrett

The ICE 11 slipped below 13 c/lb yesterday, primarily driven by the news that India has increased their production estimates for the 17/18 season and the next.

After months of market talk, the Indian Sugar Mills Association (ISMA) announced India's production estimate would be 29.5 million tonnes, surpassing the expected production of 28.5 million tonnes. India will export 2 million tonnes this season, doubling that next season if the government chooses to intervene with subsidised exports. While QSL believes it's a little early to make a prediction, the market is looking for any news to jump on.

On a macro level, crude oil is down and President Trump's Chief Economic Advisor has resigned. This advisor was the only one who did not agree with the US tariffs on steel and aluminium mooted by Trump, so his departure has made the world a little more nervous in regards to trade wars.

Despite this latest dip, it would seem this may just be short-term weakness, with potential for a move back above 13 c/lb shortly.

## Updating your estimate info

Wilmar Growers are reminded that before completing their 2018-Season QSL pool nominations, they should revisit their 2018-Season tonnage and hectare figures within the Wilmar Grower Web to ensure these accurately reflect their current production estimates.

These estimates, together with the CCS estimate, are used by Wilmar to generate your Grower's Economic Interest in sugar (GEI Sugar) tonnes nomination used for pricing with QSL.

Please be aware that in order to amend your tonnage and/or hectare figures within your CSA, you will need to re-sign this CSA within Wilmar's Grower Web system.

QSL recommends that any adjustments to this information are made as soon as possible to ensure your amended GEI Sugar estimated tonnages are processed and passed on to QSL well before the Pricing Declaration Date of 30 April, when your QSL pool nominations for the 2018 Season must be finalised.

*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.*

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# IN MACKAY

March 2018

Next Gen invites cane farmers, cane professionals and industry stakeholders, young and old, to join us at the Mackay Entertainment and Convention Centre on Monday 26th - Wednesday 28th March 2018 to discuss topics of interest to the next generation of the Australian sugar industry.

## 26-28 MARCH 2018



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