

QSL Weekly Update

21 March 2018

Daily Price

Wednesday, 21st Mar 2018

12.56 US c/lb prompt

0.7683 AUD/USD spot

\$A357.46 MT OTC

\$A344.71 MT IPS OTC

[More info >](#)

Your QSL Grower Services Team

DISTRICT	REPRESENTATIVE	CONTACT INFO
Far North Qld	Daniel Messina	0429 660 238 Daniel.Messina@qsl.com.au
North Qld	Carla Keith	0409 372 305 Carla.Keith@qsl.com.au
Herbert River	Jonathan Pavetto	0428 664 057 Jonathan.Pavetto@qsl.com.au
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 **16 March 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	\$418
2017 ACTIVELY MANAGED POOL	\$445
2017 GUARANTEED FLOOR POOL	\$517
2018 2-SEASON FORWARD POOL	\$506
2017 ACTIVELY MANAGED POOL (WILMAR GROWERS)	\$400
2017 GUARANTEED FLOOR POOL (WILMAR GROWERS)	\$369
2017 US QUOTA	\$710

QSL Market View

Current as of 19 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 19.3.18	\$358.11	\$383.00	
Sugar Fundamentals - Global exc. Brazil	●	●	The Indian government is watching the domestic market before making any decisions on exports out of India. Thailand are talking up their crop at closer to 13 million tonnes of sugar production.
Sugar Fundamentals - Brazil	●	●	As we move closer to the start of the harvest, talk has turned to the effect of aging cane on the Brazilian crop and possible low sugar mix. Last year's ATR was better than the previous, but this year most of the cane will be 4 years old. So the big question is will the age of the cane finally make a difference to the crop and ATR levels? Production estimates remain around 31 million tonnes or greater for the moment.
Macro Issues/ Specs	●	●	Net shorts rose once again by 32,000 lots on the Tuesday-to-Tuesday basis Commitment of Traders report. Prices tumbled once again, losing 83 points over the week and leading the specs to short their market once again. Risk appetite remains cautious while the market mood is choppy.
AUD/USD	●	●	The AUD traded back towards 0.7700 over the week. The Fed is expected to raise rates by 25 basis points this week, which is mostly factored into the market. What the market is looking for is any indications in the minutes of a fourth rate hike this year for the US. Trades are nervous waiting on Trump's next move as his personnel continues to change and he indicates further tariffs to come for China and other countries.
Overall Comments	The ICE 11 traded below 13 c/lb for the entire week, struggling to get close to 13c/lb. Sugar traded once again to a contract lifetime low of 12.53 c/lb at the end of the week. As more countries such as Pakistan come forward with larger crops, the surplus continues to grow, adding to the pressure of the sugar market and giving speculators further reasons to go short. Unlike other crops that can be swapped or rotated quickly, sugar generally takes a long time to move from surplus to deficit and back again. Patience is the key, as is picking the right time to lock in value.		

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.

Free breakfast and market update in Innisfail

If you're planning to attend this year's Innisfail Agricultural Field Day, or if you just want to get an insight into the sugar market and your QSL pricing options, make sure you don't miss the **QSL Breakfast Information Session** on Thursday 19 April. This free breakfast event will feature QSL's Marketing Team and will be held in the Russ Hinze Building at the Innisfail Showgrounds from 7am. Numbers are limited, so bookings are essential and can be made by contacting QSL FNQ Grower Relationship Manager Daniel Messina on 0429 660 238 or via email at daniel.messina@qsl.com.au.

QSL Advances rate increase

The next QSL Advances payment will occur today, 21 March, with QSL's Standard Advances Rate moving from 85% to **87.5%**. QSL's Accelerated Advances Rate remains at 90%.

Please note that while QSL will make Advances payments to its milling suppliers to pass on to growers today, miller and bank processing times may result in later local payment arrangements. QSL usually receives Wilmar payment information late on a Wednesday, and so QSL payments to Wilmar Growers are usually made on Thursdays. Again, bank processing times vary but usually result in Wilmar Growers receiving funds from QSL in their nominated accounts on a Thursday or Friday.

You can find the full QSL indicative Advances schedule by [clicking here](#).

Are you ready to Step UP! with QSL?

Headed to Next Gen's **Step UP! 2018** conference in Mackay next week? Make sure you don't miss your opportunity to catch up with our QSL representatives.

Mackay Regional Council CEO and QSL Director **Craig Doyle** will officially open the event at 8.15am Tuesday 27 March before QSL Treasury Manager Ginette Barrett delivers her address the following day on the new era of sugar pricing and marketing opportunities for Queensland cane growers.

The QSL Grower Services Team's Kathy Zanco and Emma Sammon will also be on hand, manning the QSL trade stall for the duration of the event, and will be available to answer your questions and take you through our products and services.

[For more information about the conference, click here.](#)



QSL's Target Price Pool's rolling feature explained

Following grower feedback, QSL has introduced a new 'rolling' feature for our popular Target Price Pool grower-managed pricing product from the 2018 Season. As in the past, growers using QSL's Target Price Pool nominate a season-average target price for their pricing orders. However, while Target Price growers previously had to achieve their targets by the Pricing Completion Date in mid-June each year or have them priced at the next market opportunity by QSL, these unfilled orders will now be automatically carried forward to the next contract through a process known as 'rolling'.

So what is rolling? The following provides a high-level overview of this concept and how QSL's Target Price Pool works. Growers are reminded that they should always read the full QSL Pricing Pool Terms before participating in any QSL pool and can find these by [clicking here](#). It is also important to note that this update and the Pricing Pool Terms do not constitute financial, investment or product advice, a risk management strategy, or a recommendation to allocate raw sugar to any Pricing Pool described in the Terms. You should therefore seek your own financial advice before making any decisions in relation to the Pricing Pools.

THE 1:2:2:1 PRICING RATIO

QSL's Target Price Pool allows growers to set pricing targets based on a season-average price. This average is calculated using the four ICE 11 contracts available each season – July, October, March and May. The ICE 11 contracts used for pricing must align with the periods in which the sugar will be shipped. As a result, the October and March contracts have traditionally been used more heavily for pricing and sales than the July and May contracts, as this is when the bulk of Queensland's sugar production is available and our sales are made. So the season-average calculation approximates this likely shipping pattern by using a 1:2:2:1 ratio, with the season-average price calculated by using one portion against July, two portions against October, two portions against March and one portion against May. When you're nominating tonnes to the QSL Target Price Pool, QSL is actually allocating this tonnage to be priced against each of the ICE 11 contracts in the 1:2:2:1 ratio described above. So in practice, an order for 60 tonnes at \$500 will be filled by simultaneously pricing 10 tonnes against the July contract, 20 tonnes against the October contract, 20 tonnes against the March contract and the balance of 10 tonnes against the May contract when the average price of these contracts in the prescribed ratio of 1:2:2:1 is at \$500.

ROLLING PRICING

This is well and good while all four contracts are trading, but what happens as each contract expires? During the season, if your Target Price orders are not filled by 20 June the portion of the order that would have been priced against July will now be rolled to the next ICE 11 contract, which will be the October contract. This involves the QSL team closing out the portion of existing orders allocated to the July contract and establishing the equivalent portion in the next contract. This is done by simultaneously selling futures against the July contract and buying futures contracts against the October contract. This action is described as a 'roll' or 'rolling'.

There is usually a difference in price between the contracts bought and sold, and so while QSL does not charge a fee for rolling these orders, any difference in cost in establishing the rolled tonnage on the new contract is passed on to the grower concerned. As well as potentially incurring a cost for the grower, rolling the unpriced tonnage effectively changes the pricing ratio used to calculate the current season-average price, so that it is subsequently calculated using a 3:2:1 ratio across the remaining three contracts rather than the initial 1:2:2:1 ratio across all four contracts. Further details regarding the process of rolling are included in the Pricing Pool Terms for this product, which can be found at www.qsl.com.au.

ROLLING AND ITS IMPACTS

Once we pass the June 20 deadline to achieve your Target Pricing orders for each season, QSL will automatically begin to roll any unfilled orders to the next contract and will continue to do so right through until the Pricing Completion Date of 19 April following the harvest in question (Note: MSF Growers' Pricing Completion Date for this pool is in 15 January, so they cannot roll beyond the March contract). It is important to note that while this rolling process gives growers more time to achieve their pricing, it usually comes at a cost, as the costs associated with closing out one contract for the next continue to mount from one roll to the next if the orders remain unfilled. For this reason, it is important that growers using the rolling feature have a market view that prices will improve at some stage during the

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.

remainder of the season. If this is indeed the case, the ability to secure higher prices later in the season may make the cost of rolling worthwhile. However, if this is not the case and the market falls as the season progresses, the grower will find they not only achieve a lower price but also wear the added cost of rolling.

DON'T SET AND FORGET

The QSL Target Price Pool offers growers the ability to lock-in attractive pricing and achieve price certainty up to three seasons in advance. However, as with any grower-managed pricing product, it is important that growers using this pricing product keep an eye on their orders. Unfilled orders in the QSL Target Price Pool will automatically start rolling on 20 June of the relevant season, so if you do not want your orders to roll, you need to ensure they are filled before this date.

As noted above, this update and these Pricing Pool Terms do not constitute financial, investment or product advice, a risk management strategy, or a recommendation to allocate raw sugar to any Pricing Pool described in the Terms. You should therefore seek your own financial advice before making any decisions in relation to the Pricing Pools.

[Please click here to read the QSL Target Price Pool's Pricing Pool Terms.](#)

Investing in the Next Generation of Women in Agriculture

A fireside chat with Dr Karen Joyce

28th March 2018 | 12:30pm to 2:30pm
Mackay Entertainment & Convention Centre (MECC)



Women are predicted to be the hardest hit group in regional Australia due to the onset in farming communities of technology and automation.

The jobs that traditionally women perform are fast disappearing and a concerted effort is required to encourage girls, and women young and old to be encouraged into professions not only are they highly suited for but where they can continue to make the valuable contribution they make to regional economies and social networks.

Dr. Karen Joyce joins us as guest speaker for the lunch. Karen is co-founder of She Flies, an initiative designed to encourage more women and girls to engage in science, technology, engineering and maths (STEM) through the world of drones. Karen will share with the room, the story of She Flies so far. In 9 short months, Karen and the She Flies team have taught over 2000 young women to fly drones in 30 schools across 5 states and territories.

[Click here to purchase tickets](#)
\$49 per ticket

Hosted by



Part of the



Guest speakers

Dr. Karen Joyce, Co-Founder of She Flies

Karen has a background in group fitness, military, teaching and is a lecturer/researcher in Remote Sensing and GIS at JCU. Join us to hear Karen share her story and her passion and enthusiasm for gender equality across the STEM workforce by 2030.



Fallon Drewett, The Founder of The Just Saying Project

The Just Saying Project founder Fallon Drewett is a self-love warrior, a storyteller, a believer in women, and an encourager of empowerment. She believes that women working together are a fierce force. All women have the right to be the leading lady of their life and speak their truth.

