

QSL Weekly Update

10 April 2018

Daily Price

Tuesday, 10th Apr 2018

12.36 US c/lb prompt

0.7697 AUD/USD spot

\$A350.72 MT OTC

\$A338.21 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 **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 9 April 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 9 April 2018	\$351.86	\$376.80	
Sugar Fundamentals - Global exc. Brazil	●	●	Thailand and India continue to chug along with their crops, while EU plantings are being delayed by cold and wet weather and may affect next season's yields. The UK sugar tax has come into effect which will be sidestepped by sugar consuming manufacturers through reformulations and smaller size products, but will ultimately result in lost sugar consumption.
Sugar Fundamentals - Brazil	●	●	The market awaits the next UNICA update on Wednesday to provide more colour around how the beginning of the Brazil harvest is shaping up. No real evidence to work with yet so the market continues to assume a 41/42% sugar mix and 30/32 million tonne sugar production.
Macro Issues/ Specs	●	●	A week of narrow trading ranges led to an almost-unmoved spec position, as the net short slightly increased to 177k. The even-sided activity across all market sectors suggests a market in a bit of a stalemate. Anxiety around an impending trade war amped up this week with China responding to the US tariffs with their own \$50 billion batch of duties on US products. It's fair to say this game of tit-for-tat has some way to play out yet.
AUD/USD	●	●	The AUD traded an almost identical 100-point range to last week, closing back around the 0.7680 level it started at. It seems 0.7660 has provided reasonable technical resistance while 0.7620 remains the lower limit of a two-year upward-trend channel. The RBA remained on hold as expected while decent local retail sales data was offset by poor building approvals on Wednesday. There's little onshore data this week so look for macro sentiment to guide the AUD until US jobs and retail sales data becomes available at the end of the week.
Overall Comments	AUD/mt prices remain range bound, with 2018 prices bouncing around \$380 and 2019 hovering around \$420. The prospects for any sort of recovery appear to lie in the hands of the currency at the moment, with the sugar market seemingly more bearish by the day. The sugar price will need to stay low for long enough to generate a supply response and so any sort of rally in prices will be jumped on by heavily underpriced producers worldwide. The mantra remains to sell any rallies and sell them in size.		

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.

Time running out to finalise QSL pool choices

QSL's 2018-Season Pricing Declaration Date is almost upon us, with nominations for this season's pools closing on 30 April 2018. While this new, later Pricing Declaration Date applies to most growers, those growers supplying Isis Central Sugar Mill, Bundaberg Sugar and Mossman Mill should note that they must finalise their nominations prior to this date and will be notified of their local deadline by their Miller.

Growers can change their QSL pool nominations at any time up to their Pricing Declaration Date, including moving unfilled 2018-Season Target Price Pool pricing to other QSL-managed pools. Unfilled pricing for 2018-Season Individual Futures Contract Pool can also be moved prior to the Pricing Declaration Date, if no portion of the nominated tonnage has been priced.

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 the following QSL pools and pricing products. Please note that the descriptions below provide a high-level summary only and growers should read the full Pricing Pool Terms ([available by clicking here](#)) and seek their own independent financial advice before committing to any QSL product.

QSL-MANAGED POOLS

2018 QSL Harvest Pool: A QSL-managed pool designed to manage a limited amount of production variation throughout a season. All Growers who nominate QSL as their GEI Sugar Marketer must allocate to this pool 35% of their expected GEI Sugar for which QSL is to be the marketer. Growers are only paid for the final sugar delivered into this pool. If QSL Growers make no other pool allocation their GEI Sugar defaults into this pool.

2018 QSL Actively Managed Pool: A committed-tonnage pool that targets the best return over the Season by pricing more frequently as short-term market opportunities arise.

2018 QSL Guaranteed Floor Pool: A committed-tonnage pool that provides a guaranteed minimum return with the potential for higher returns across the Season. Growers using this option receive an Accelerated Advances program (up to 90% of the value of their completed pricing by the end of crushing).

2019 QSL 2-Season Actively Managed Pool (previously known as the 2-Season Forward Pool): A committed tonnage pool for the 2019 Season, with pricing undertaken across the 2018 and 2019 Seasons. This pool aims to target the best return, with some pre-set price triggers. It has been designed for Growers who seek exposure across multiple seasons.

QSL US Quota Pool: Participation in this pool is automatic, with a mandatory tonnage allocation of up to 5%.

GROWER-MANAGED POOLS

QSL Target Price Pool: Enables Growers to price their Grower's Economic Interest in sugar (GEI Sugar) during the current season and up to three seasons ahead. Features rolling of unfilled orders until 19 April (15 January for MSF Growers) in the year after crushing commences for the relevant season. Growers using this option can choose an Accelerated Advances program (up to 90% of the value of their completed pricing by the end of crushing) or the standard QSL Advances program once they have completed their pricing for the season.

QSL Individual Futures Contract Pool: Enables growers to price their GEI Sugar incrementally during the current season and up to three seasons ahead, with separate pricing decisions for each individual futures position. Pricing is to be completed by 16 April in the year after crushing commences.

QSL info meetings for Mackay Sugar growers

Growers supplying the Mackay and Mossman mills are reminded that a series of briefings are currently being held in their local milling districts to discuss their future QSL marketing arrangements. Each session will be hosted by QSL Chief Executive Officer and Managing Director Greg Beashel, who will answer grower questions and update them on the steps required for Mackay Sugar growers to continue accessing QSL beyond the 2019 Season.

All Mackay Sugar growers are welcome to attend any of the following sessions and are asked to RSVP (for catering purposes) by emailing info@qsl.com.au with their name and the session they'd like to attend. For more information contact Cathy Kelly on 0409 285 074 (Mackay sessions) or Daniel Messina on 0429 660 238 (FNQ sessions).

DAY	TIME	WHERE
Wednesday 11 April 2018	9am	St Helens Bowls Club
	12 noon	Kuttabul Rural Fire Shed
Thursday 12 April 2018	5.30pm	Jackaroo Motel, Mareeba
Friday 13 April 2018	11am	Mossman Bowls Club

QSL Board to meet with Herbert River growers

Herbert River cane growers are invited to meet with the QSL Chairman and Board at a barbecue and grower information session at **6pm Thursday 26 April, at the Noorla Bowls Club, Ingham.**

QSL CEO and Managing Director Greg Beashel said the Board's visit to the region was part of a wider program of regular regional briefings focused on seeking feedback directly from Queensland growers. "QSL is an industry-owned company, so it's essential that we constantly touch base with our growers to understand how we can best deliver for them," Mr Beashel said. He said recent feedback from growers had helped shape QSL's 2018-Season offering, including the new delayed Pricing Declaration Date designed to give growers the opportunity to make decisions about their crop closer to the time of harvest and outside the traditional flood and cyclone season. Other changes to QSL's 2018 offering include new pool options, increased flexibility for grower pricing and new payment options.

More information about QSL's 2018-Season products and services will also be available at the QSL Board's Herbert River grower barbecue and information session. Contact QSL Grower Relations Officer Jonathan Pavetto on 0428 664 057 for further details.

Harry Bonanno remembered

QSL extends its sincere condolences to the family and friends of Queensland sugar industry stalwart Harry Bonanno, who passed away recently. Mr Bonanno was a life-long cane grower from the Isis district and held a number of senior industry positions, including Chairman of CANEGROWERS and CANEGROWERS Isis, as well as positions on the boards of the Bureau of Sugar Experiment Stations, Sugar Terminals Limited and the Queensland Sugar Board – a forerunner to QSL. He was also a Vice-President of the National Farmers' Federation and a Vice-President of the World Association of Beet and Cane Growers. QSL CEO Greg Beashel said Mr Bonanno had not only made a significant contribution to the Queensland sugar industry, but was a highly respected gentleman who would be greatly missed.

Indicative Guaranteed Floor Pool pricing

As in the past, the floor and strike prices for the coming season's QSL Guaranteed Floor Pool will not be finalised until after pool nominations close on 30 April 2018. However, growers considering nominating tonnage to this pool can track indicative pricing levels via the QSL website by [clicking here](#). Indicative prices as of **10 April 2018** were:

FLOOR PRICE

The absolute minimum gross price at current indicative levels would be:

368.50 AUD/tonne ACTUAL

355.69 AUD/tonne IPS

STRIKE PRICE*

The strike price of the pool at current indicative levels would be:

378.50 AUD/tonne ACTUAL

365.35 AUD/tonne IPS

**A participation rate of 50% applies when the market exceeds the strike price.*

Please note that the indicative prices quoted above and featured on the QSL website are in no way the final floor and strike prices secured for the pool, and will continue to fluctuate until QSL announces the final prices early next month (May 2018). Should QSL be not able to obtain a final floor price for the 2018 QSL Guaranteed Floor Pool that is within \$10 of the latest published indicative price as of 30 April 2018, then the pool will be cancelled and participating growers will be contacted to move their nominated tonnage to another pool.

Before participating in the 2018 QSL Guaranteed Floor Pool, growers should read this pool's full Pricing Pool Terms, available by [clicking here](#). As noted in the below disclaimer, nothing in this update constitutes financial product or investment advice, nor does it constitute a recommendation to invest in any of the pools offered by QSL, and growers should seek their own independent advice before making any such decisions.

Pricing deadline reminder

Wilmar growers using the **2017-Season In-Season Fixed Price Contract** or **2017-Season In-Season Target Price Contract** are reminded that they must complete their May17 contract pricing by **3pm 16 April 2018**.