

# QSL Weekly Update

31 May 2018

## Daily Price

Thursday, 31st May 2018

**12.60** US c/lb prompt

**0.7574** AUD/USD spot

**\$A363.46** MT OTC

**\$A350.49** MT IPS OTC

## 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 **11 May 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	2017 SEASON GROSS AUD/T IPS	2018 SEASON GROSS AUD/T IPS
HARVEST POOL	<b>\$416</b>	<b>\$365</b>
ACTIVELY MANAGED POOL	<b>\$446</b>	<b>\$344</b>
EARLY-START ACTIVELY MANAGED POOL	<b>N/A</b>	<b>\$349</b>
GUARANTEED FLOOR POOL	<b>\$517</b>	<b>\$344</b>
2-SEASON FORWARD POOL	<b>\$506</b>	<b>\$396</b>
ACTIVELY MANAGED POOL (WILMAR GROWERS)	<b>\$400</b>	<b>\$344</b>
GUARANTEED FLOOR POOL (WILMAR GROWERS)	<b>\$369</b>	<b>\$344</b>
US QUOTA	<b>\$717</b>	<b>\$717</b>

## QSL Market View

Current as of 29 May 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 (Jul18) A\$/mt	2018 SEASON A\$/mt	COMMENTS
<b>Sugar Fundamentals - Global exc. Brazil</b>	<span style="color: yellow;">●</span>	<span style="color: red;">●</span>	India remains a fundamental driver of the sugar price over the coming months. Cabinet meetings to decide on what measures will be taken to manage the bumper crop are still pending. If large exports materialise then the impact of the issues in Brazil (discussed below) will be muted. However, questions always remain around India's ability to export so watch this space.
<b>Sugar Fundamentals - Brazil</b>	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	The Brazilian truckers' strike has gathered considerable support over the past week. Service stations have closed, hospitals and airports have been affected as the country slowly grinds to a halt. From a sugar perspective, stocks have run out at terminals and rail freight has stopped. A number of mills have stopped and older mills can take up to 2 weeks to restart, so there are significant disruptions to the supply chain that will continue to support sugar prices until the crisis is resolved.
<b>Macro Issues/ Specs</b>	<span style="color: yellow;">●</span>	<span style="color: red;">●</span>	The recent rally in crude oil hit the brakes as Saudi Arabia and Russia entered discussions to ease their production constraints. On the back of a strong rally in sugar prices week-on-week, the non-index funds continued to decrease their position, a significant reduction of 45,000 lots leaving a total net short of 98,800 lots. The crisis in Brazil will continue to provide the specs with opportunity to reduce their sold position over the next week or so.
<b>AUD/USD</b>	<span style="color: yellow;">●</span>	<span style="color: green;">●</span>	AUD remains trapped in a broad 0.7450-0.7600 range, closing the week around 0.7550. While the dollar index continues to climb, markets remain cautious as a series of negative Euro headlines begin to surface. Political stalemate in Italy has driven bonds and equities lower as fears around Euro stability ala post GFC re-emerge. Local building approvals and retail sales data may provide some more colour for the inflation picture and overall economy later this week.
<b>Overall Comments</b>	Sugar prices enjoyed a strong week of upward momentum on the back of the Brazilian truckers' strike. News that the strike was set to be resolved through various government concessions appears to be premature. As it stands no agreement has been reached, oil refineries are now also on strike and the country is choking to a standstill. AUD/mt sugar prices have pushed back over \$380 and \$400 for 2018 and 2019 -Seasons respectively. Just how long the crisis will last remains to be seen, but once it is resolved and sugar starts to move out of Brazil again the market will likely move lower accordingly.		

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>.

## 2018 Grower-managed pricing deadline looms

Growers managing their own pricing for the 2018 Season should note key pricing deadlines are just a few weeks away.

QSL TARGET PRICE POOL	QSL INDIVIDUAL FUTURES CONTRACT POOL
<b>20 JUNE 2018</b>	<b>15 JUNE 2018</b>
Any unfilled orders beyond this date will be rolled to the October 2018 Contract and costs may apply.	Pricing Completion Date for the <u>July 2018 Contract</u> .

Growers with unfilled pricing orders in the **QSL Target Price Pool** must decide by **5pm Wednesday 20 June** to amend their orders or defer their pricing decision to later in the year – also known as a ‘roll’.

Any tonnes not priced by 20 June, will ‘roll’ into the next ICE11 Futures Contract – the October 2018 contract (OCT18).

Remember, the final pricing completion date for unpriced tonnes in the QSL Target Price Pool is **19 April, 2019**.

For those Growers participating in the **QSL Individual Futures Contract Pool**, final pricing decisions for the tonnes nominated against the **July 2018 (JUL18) Contract** only must be finalised by **Friday 15 June, 2018**.

Growers supplying Wilmar mills can amend their pricing orders anytime via their QSL Direct Portal.

Growers supplying all other mills **must contact their Miller directly** if they want to amend their pricing order.

Please call your local QSL Grower Representative if you wish to make an appointment to discuss your pricing options.

## Initial Advances Program Payments

The QSL Board has set the 2018 Season initial Advances rate at 60%. Growers wanting information about their 2018 *Delivery Price* should contact their Mill directly – **except for Growers supplying Wilmar mills**.

Growers supplying Wilmar mills can see the net prices for the QSL-managed pools against which the initial Advances Program payments for the 2018 Season will be made on the table shown here.

QSL POOL	NET PRICE AUD/T IPS 2018 SEASON
HARVEST POOL	<b>\$360.31</b>
ACTIVELY MANAGED POOL	<b>\$343.02</b>
GUARANTEED FLOOR POOL	<b>\$336.12</b>
US QUOTA POOL	<b>\$546.91</b>
2-SEASON FORWARD POOL	<b>\$370.63</b>
EARLY START ACTIVELY MANAGED POOL	<b>\$345.02</b>

## QSL Board venture North

QSL’s Board members met with more than 80 Growers at ‘meet and greet’ events held in Ayr and Proserpine this week.

These visits are part of the QSL Board’s regular series of regional visits and provide Growers the opportunity to share ideas, concerns and feedback directly with the full Board and senior executives of QSL. Last month the Board met Growers in the Herbert River district.

*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.*

## First cane fire of the 2018 season

QSL is a proud sponsor of the Burdekin's *Sweet Days, Hot Nights Festival* which included last night's first cane fire of the season and the Australian Hand Cane Cutting Championships held this Saturday 2 June.