

QSL Weekly Update

27 June 2018

Daily Price

Wednesday, 27th Jun 2018

12.45 US c/lb prompt
0.7394 AUD/USD spot
\$368.33 MT OTC
\$355.19 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 **15 June 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 | 2017 SEASON GROSS AUD/T IPS | 2018 SEASON GROSS AUD/T IPS |
|--|--------------------------------|--------------------------------|
| HARVEST POOL | \$416 | \$373 |
| ACTIVELY MANAGED POOL | \$446 | \$361 |
| EARLY-START ACTIVELY MANAGED POOL | N/A | \$364 |
| GUARANTEED FLOOR POOL | \$517 | \$346 |
| 2-SEASON FORWARD POOL | \$506 | \$403 |
| ACTIVELY MANAGED POOL (WILMAR GROWERS) | \$400 | N/A |
| GUARANTEED FLOOR POOL (WILMAR GROWERS) | \$369 | N/A |
| US QUOTA | \$717 | \$731 |

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.

QSL Market overview

By Matt Page, QSL Trading Manager

Current as of 25 June, 2018

SUGAR

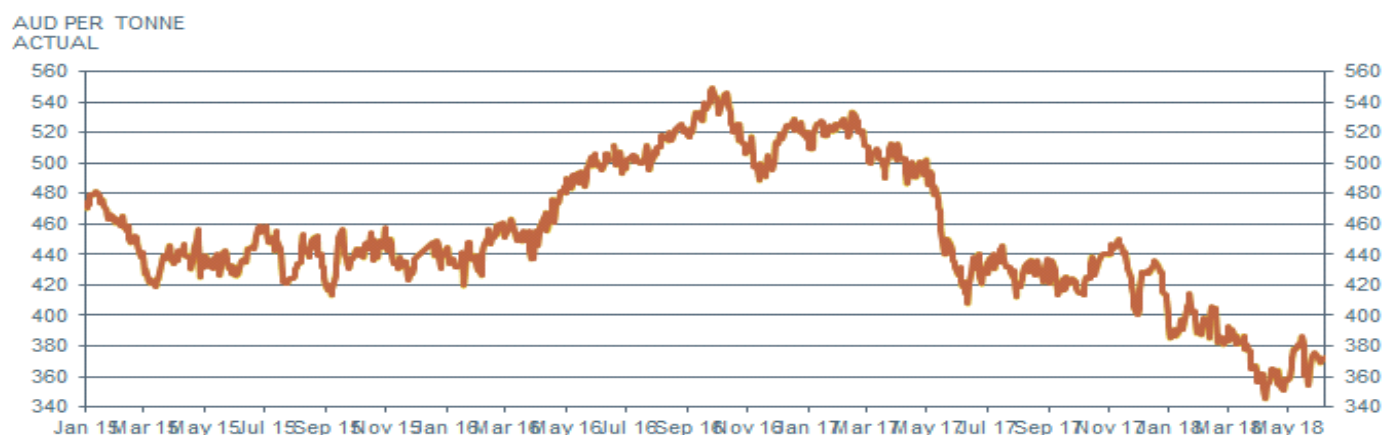
- ICE 11 prices continue to be trapped between 11 and 13 c/lb.
- Heavy producer pricing at the top of the range is capping any rallies while talk of a shrinking Brazil crop provides ample support at the lower end.
- Ethanol parity is still hovering around 13.5 cents, but any change in tact from Petrobras or a slip in crude may put downward pressure on this and the sugar price.
- Question marks remain around India, with the status of export subsidies unclear and the crop size for next season still open to conjecture.
- A reporting period which saw a 51-point fall only attracted 5000 additional spec net-shorts, suggesting specs no longer see prices significantly lower from here to warrant going short in any meaningful size.



CURRENCY

- Continued pot shots between US President Donald Trump and China around trade tariffs continue to weigh on risk sentiment and the Aussie dollar.
- A look below 74 US cents saw us finally breakout of the range, however the AUD has recovered over the weekend and sits back above the figure.

2018-Season Historical Price Chart



Source: Bloomberg. Published at www.qsl.com.au as at 25.06.18

For the latest market information, please refer to QSL's daily Market Snapshot, available by [clicking here](#).

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Office opening hours

Due to staff leave arrangements, there will be changes to opening hours in some of our North Queensland offices in coming weeks. Altered arrangements for next week are:

- **SARINA:** Office unattended on Thursday 5 July
- **PROSERPINE:** Office unattended on Wednesday 4 July & Friday 6 July
- **BURDEKIN:** Office currently unattended until Tuesday 3 July
- **INGHAM:** Office currently unattended until Wednesday 4 July

QSL apologises for any inconvenience these changed arrangements may cause. For assistance during the periods outlined above, please contact the QSL Direct Helpline on **1800 870 756** or via email qslirect@qsl.com.au.

Target Price Pool rolling now underway

QSL has now finalised the roll cost for any unfilled 2018-Season orders or open nominations for the QSL Target Price Pool which were not filled at market on the night of 20 June 2018. **This cost is \$1.49/tonne.**

Growers who have orders that have rolled will have this roll cost added to their existing orders, while Wilmar Growers can see this roll cost noted as 'Roll Amount' on any applicable open orders within their QSL Direct account. This roll cost has also been incorporated into the new 'Adjusted Target Price' for these orders, as highlighted in red below:

Open Orders - Pricing

| Order Number ↑ | Pool | Futures Month | Order Date | Tonnage | Order Status | Target Price (AUD/MT) | Roll Amount | Adjusted Target Price |
|----------------------|------|---------------|---------------------|-----------|------------------|-----------------------|-------------|-----------------------|
| 9060 | TPP | | 19/04/2018 21:07 | 40.000000 | Open - Action | \$440.00 | \$1.49 | \$441.49 |

As illustrated in the example above, the initial Target Price of \$440 has been adjusted to incorporate the roll cost of \$1.49, resulting in a new Adjusted Target Price of \$441.49. **In order for the Grower to achieve their initial Target of \$440 and cover the roll cost, the market will now need to meet or surpass the new Adjusted Target Price.**

Should a Grower decide to change their target for any rolled orders, their new Target Price will continue to be automatically adjusted to reflect the applicable roll cost.

It is important to note that the next roll for the QSL Target Price Pool is scheduled for 20 September 2018. Any unfilled 2018-Season orders remaining in this product beyond this date will potentially incur an additional roll cost on top of the \$1.49/t currently applied.

For more information please read the Pricing Pool Terms for this product (available by [clicking here](#)) or contact your local QSL representative.

2018 Target Price reflects new ratio

The target price sought using the QSL Target Price Pool is an average across the four ICE 11 contracts available each season, these being July, October, March and May. Prior to the first roll deadline, this average is calculated by allocating one portion of each order against the July contract, two against the October contract, two against the March contract and one against the May contract to reflect the general production and shipping arrangements (i.e. more sugar is available for sale in October than in July). This ratio is known as the 1:2:2:1 ratio.

By rolling unfilled orders and open nominations, QSL is changing the ratio used to calculate the Target Price Pool by increasing the portion of pricing against the October contract and effectively changing the ratio used to calculate the weighted average season price to 3:2:1 – that is, three portions against October, two against March and one against May.

As a result of this ratio change, the 2018-Season QSL Target Price quoted each day in QSL's Market Snapshot (available by [clicking here](#)) and our daily price email now reflects the new 3:2:1 pricing ratio applicable to those QSL Target Price Pool growers who are yet to complete their 2018 pricing. The Target Price Pool figures quoted for the 2019 and 2020 Seasons still reflect the 1:2:2:1 ratio. Following the September roll, the 2018-Season Target Price average will be calculated using a 5:1 ratio against the remaining March and May contracts.

For more information about the rolling process, including key pricing deadlines, please refer to the QSL Target Price Pool's Pricing Pool Terms, available from your local QSL representative or by [clicking here](#).

Third-party remittance statements

Wilmar Growers with third-party payments can now find the remittance advices for these under the 'Payments' tab within their QSL Direct account. In addition to this, these statements will also be distributed via your chosen QSL statement receipt method (e.g. if you have your QSL Statements emailed to you, your third-party remittance statements will also be emailed to you).

Farm changes and payments

Wilmar Growers undertaking a farm sale, leasing change or business restructure during the current harvest period are advised that any associated QSL payments may need to be temporarily suspended in order to implement the requested changes. For further information regarding the process and timeline associated with farm changes and the transferring of pricing, please contact the QSL Direct team on 1800 870 756 or email them at qsldirect@qsl.com.au.