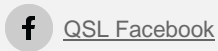


18 October 2019

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Welcome to your weekly overview of key QSL news and information.

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## Comparing marketers' results

By Bryce Wenham, QSL Executive Manager Supplier Relations and System

As we come into the home straight for 2020-Season marketing nomination process ahead of the 31 October deadline, there's no shortage of material from Queensland's various sugar marketers regarding their results and the benefits of their particular offering.

Here's some handy tips to help you weigh up the claims and counter-claims that may come your way:

### 1. Beware the cherry-pickers!

**While all businesses like to showcase their best results, sometimes it's the information that they've chosen not to highlight that's necessary to get the full story.**

For example:

- **MARKETING COSTS:** QSL's Shared Pool is made up of a number of elements, including costs and revenues. Sometimes we may incur a marketing cost which ultimately delivers an increased premium or a shipping discount. Focusing on the cost alone does not capture the wider benefit achieved elsewhere on our balance sheet.
- **OTHER OFFERINGS:** Often QSL's best performing pools are not included in our competitors' comparisons because they don't have an equivalent. For instance, last season our best-performing ICE 11 pool was the 2-Season Forward Pool at **\$400.90/tonne** IPS gross, while our Guaranteed Floor Pool was our best performer in the 2017 Season at **\$517/tonne** IPS gross.

## 2. Context is vital

**Sometimes what looks like a simple comparison isn't quite so simple or appropriate once you take into account other important factors.**

For example:

- **US QUOTA:** QSL's US Quota pool value is sometimes lower than those of our competitors because it includes the cost of QSL buying additional export certificates (CQEs) so we can sell more sugar in the highly lucrative US market. While this outlay lowers the pool price, our growers usually receive an increased proportion of US sales resulting in a higher USQ return overall.

### 3. Don't count your chickens...

The 2019 Season is barely halfway through and so most pool returns quoted at this early stage are estimates that still have a lot of room to change before they are finalised in July 2020.

For example:

- **2019-SEASON POOL VALUES:** As of 27 September 2019 just 34% of QSL's 2019 Harvest had actually been priced, with the other 66% of the pool just valued at the current market rate. Known as a marked-to-market value, this gives us an estimated value we can base Advances payments on, but with two-thirds of the pool yet to be actually priced, there's obviously a lot of room for that indicative pool price to change before final results are known in July 2020.
- **SHARED POOL RESULTS:** QSL captures all costs and returns associated with our pricing and marketing services in the Shared Pool allocation applied to every tonne marketed through our system. While we publish a breakdown of the Shared Pool each month, it's important to note that QSL takes a conservative approach to this estimate, which can lead to a considerable difference between early estimates and those finally achieved in July after the crush. For example:

<b>QSL Shared Pool – Wilmar milling districts</b>			
	<b>2018 Season</b>	<b>2017 Season</b>	<b>2016 Season</b>
<b>Initial estimate</b>	-\$9.97	-\$1.40	+\$1.48
<b>Final result*</b>	<b>-\$3.30*</b>	<b>+\$1.69*</b>	<b>+\$3.89</b>

\* Includes QSL Loyalty Bonus payment as over 90% of growers received this Shared Pool element.

## 4. Comparing apples with apples

**Pool estimates and returns – even of very similar products – can only be accurately compared if they are the same kind of pool that’s been priced over the same period and valued on the same date.**

For example:

- **2017-SEASON POOLS:** At the start of the 2017 Season growers in Wilmar milling districts had no Marketing Choice and so could not access QSL’s standard Actively Managed Pool. When they were eventually able to choose QSL later that season, QSL ran a specific Actively Managed Pool for these growers which followed the same pricing principles but started at a later point in the season. The delayed start proved costly for these growers, with QSL’s standard Actively Managed Pool outperforming our version for Wilmar growers by \$45/tonne gross because it had a different pricing window (i.e. it had started pricing earlier, before the market fell). So while the two pools may have been managed using similar principles, their pricing windows were different – having a significant impact on the results.

**The points above illustrate why it’s so important to get the whole story before choosing your marketer. Before you lock in your marketer for 2020, make sure you chat with your QSL rep – they’re happy to answer any questions you may have regarding our performance, products and services so you can make an informed decision.**

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**QSL Annual General Meeting**

QSL will hold its 2019 Annual General Meeting (AGM) at **10am this Tuesday 22 October 2019** at the Christie Conference Centre, 320 Adelaide Street, Brisbane.

QSL Chairman Guy Cowan and QSL Managing Director and CEO Greg Beashel will both address the meeting.

The minutes from the 2018 QSL AGM are available by [clicking here](#).

QSL's 2018/2019 Annual Report is available by [clicking here](#).

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## **Pools, Pricing & Market workshops - Burdekin**

Do you want to learn about the QSL pools and pricing products, how they work and how you can use them? Or perhaps you'd like to get a better understanding of market jargon and key terms? Then don't miss the QSL Pools, Pricing & Market workshops to be held in our Ayr office next week. Each small-group session runs for 90 minutes and will be held at the following times:

### **Wednesday 23 October**

- 9.30am - QSL Self-Managed Harvest Pool
- 2pm - Unlocking Market Report Jargon
- 6.30pm - 2020-Season Pricing and Products

### **Saturday 26 October**

- 9.30am - 2020-Season Pricing and Products
- 12pm - QSL Self-Managed Harvest Pool
- 2.30pm - Unlocking Market Report Jargon

To book your place, please contact Kristen on **0438 470 235**.

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## Advances increase

The QSL Advances rate increased by 5% to **70%** this week. While the actual increase received by each QSL grower will reflect their individual pricing choices and local Cane Supply Agreement provisions, the default payment (i.e. the payment reflecting QSL's Harvest Pool & US Quota Pool values) is now \$270/tonne IPS net, an increase of \$16/tonne.

[Click here for full details and our 2019-Season Indicative Advances Schedule.](#)

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## New marketing deadline for MSF Sugar milling districts

Growers in MSF Sugar milling districts are reminded they now only have until the end of this month to nominate their marketer for the 2020 Season, after the deadline was brought forward to **31 October 2019**. Contact Dan Messina on **0429 660 238** for details or assistance.



Take the sugar market  
into your own hands

Introducing the new QSL app

[CLICK HERE](#) to find out more about the app

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## DID YOU KNOW?

**QSL pays more Queensland cane growers than any other marketer.**

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### Closing soon

- **2020 QSL Early-Start Actively Managed Pool:** Nominations for this pool close on **31 October 2019**. This QSL-managed pricing option targets the best return for participants by pricing in an active manner designed to exploit short-term market opportunities. As its name suggests, it starts pricing earlier than the standard QSL Actively Managed Pool, giving QSL's pool managers an additional six months in which to price this pool's tonnage.
- **2020 QSL Self-Managed Harvest:** Nominations for this pool close on **31 October 2019**. This grower-managed pricing option is designed to give growers the opportunity to manage their own production risk. To participate, growers must have a minimum of 300 tonnes and 35% of their GEI Sugar with QSL allocated to the QSL Harvest Pool. They are then responsible for pricing the entirety of their QSL Harvest Pool allocation against each of the four futures contracts available each season (July, October, March and May). Pricing restrictions remain in place for 20% of each participating grower's nominated tonnage in the Self-Managed Harvest in order to maintain their production buffer.

For more information regarding the pricing products outlined above, please read the full Pricing Pool Terms available at [www.qsl.com.au](http://www.qsl.com.au) or contact your local QSL Grower Services Team rep.

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## Current indicative pool prices

To access our latest indicative pool prices and the Shared Pool applicable to your milling district, please click on the relevant link below:

[Bundaberg Sugar milling districts](#)

[Far Northern Milling milling districts](#)

[Isis Central Sugar Mill milling districts](#)

[Mackay Sugar milling districts](#)

[MSF Sugar milling districts](#)

[Tully Sugar milling districts](#)

[Wilmar milling districts](#)

## QSL Market Update

Groundhog day was the order of business for sugar prices last week, with the market stuck in a very narrow range and settling at 12.41 c/lb for the last three days of the reporting period. The Aussie Dollar picked up some steam on the back of US dollar weakness, gaining 50 basis points over the week to close the reporting period at 0.6783. Global risk sentiment was buoyed due to positive movement in the US and China trade talks and the potential Brexit deal.

[Click here to read our full Market Update](#)

## Today's sugar prices

[Click here to read our latest Daily Market Snapshot](#)

**NEED HELP OR INFORMATION?**



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