



QSL Update week ending 6.6.14

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QSL Grower Representative Member elections underway

We're pleased to report that we've received an overwhelming response to our call for QSL Grower Representative Member nominations. As a result, we're currently conducting elections in the Burdekin, South Johnstone, Proserpine and Mossman growing regions. In other regions we received the same number of nominations as the number of positions available and so elections weren't necessary.

QSL Grower Members are the voice of cane farmers from across the state and a vital communication link between QSL and its growers. We strongly encourage eligible growers to vote for a nominee who is well connected to local growers, understands their concerns, and has the enthusiasm and drive to share their feedback with QSL while also keeping abreast of our activities.

To vote for a grower representative member for your mill area, you must be a sugar cane grower who supplies sugar cane under contract to a mill in your mill area. Voting forms are available on our website at <http://www.qsl.com.au/qsl-grower-representative-member-election-process>. Voting closes at 5pm Friday 20 June 2014 and the successful candidates will be announced shortly after, with all Grower Representative Members appointed by the end of August for a three-year term.

Further information on QSL's Grower Representative Members and the current election process are available on our website, or contact us (Carla Keith (0409 372 305/carla.keith@qsl.com.au or 0409 285 074/cathy.kelly@qsl.com.au) for further information.

Farewell Bob Rossi, QSL Grower Representative Member

QSL extends its deepest sympathies to the family and friends of Queensland sugar industry stalwart and QSL Grower Representative Member Bob Rossi, following his death on the weekend. Bob, who farmed at Aloomba, south of Cairns, was a larger-than-life character who made an enormous contribution to our industry as well as his local community. His feedback as the QSL Grower Representative Member for Mulgrave was highly regarded and his good humour always enlivened any meeting of this group. He will be sorely missed.



QSL secures \$500m contract with Korean customers

QSL has secured a \$500 million contract to supply 1.164 million tonnes of sugar to three of Korea's largest refiners - CJ Cheiljedang Corporation, Samyang Corporation and TS Corporation. The deal marks a 40-year partnership between Korea and QSL, and signifies the exchange of more than 22 million tonnes of sugar. Please see the attached media release for further details.

2013 Season Pool Performance

Last month it was agreed between millers and QSL to bring forward the date of the June Advance payment by one week to 18 June 2014. Mills will pay growers shortly after this date in accordance with local agreements. The table below shows the current forecast net price of the QSL-managed pools that will be the basis for payments to growers, and the likely increase since the May 2014 payment. The rates shown below may be adjusted by your milling company to include US quota and other local fees. The Advance increases for each pool were calculated to bring year-to-date payments up to 95% of the forecast final price. Growers who have forward pricing show should check with their milling company on the likely amount of their advance payments.

	Forecast Final 2013 Pool Net Prices	Advance paid to date	Increase for June
Forward Season Pool	\$ 430.07	\$408.57	\$21.94
Actively Managed Pool	\$407.07	\$386.72	\$20.78
Discretionary Pool	\$395.74	\$375.95	\$20.21
Guaranteed Floor Pool	\$390.85	\$371.31	\$19.97
Harvest Pool	\$389.43	\$369.96	\$20.48

N.B. The above forecast final prices are indicative only and may alter after the date of the June advance payment.

2014 QSL Pool Prices

Please note that all prices quoted below are indicative only and don't include a firm value from the QSL Shared Pool. Growers should always consult their mill for information about their individual cane payments.



2014 QSL Pools Current as of 16 May 2014	2014 Gross	% Priced
QSL Harvest Pool	\$429	25%
QSL Discretionary Pool	\$437	35%
QSL Actively Managed Pool	\$437	32%
QSL Growth Pool	\$437	36%
QSL Guaranteed Floor Pool	\$432	100%
QSL US Quota Pool	\$496 NET	54%
QSL 2014 Season Forward Pool	\$424	76%
QSL 2-Season Forward Pool 2015 (sugar delivered in 2015 season and priced over 2014 and 2015 seasons)	\$448	6%
QSL 3-Season Forward Pool 2015 (sugar delivered in 2015 season and priced over 2013, 2014 and 2015 seasons)	\$454	57%
QSL 3-Season Forward Pool 2016 (sugar delivered in 2016 and priced over 2014, 2015 and 2016)	\$455	11%

Market Update

By QSL Treasurer Stephen Stone
Current as of 2 June 2014

Sugar

Sugar prices were generally range bound over the past few weeks, with little changing by way of fundamental developments. The JUL14 contract traded between 17-18 c/lb, again finding support at the increasingly important technical support level of 17c/lb. Prices along the curve tracked a similar path. Sugar traders now concede the 2c/lb on offer between JUL14 and the back months may cover the cost of finance, yet does little to further encourage the carrying of sugar.

Prices look set to remain in this sideways pattern, at least in the short-term. The main influencing factors driving market sentiment are well documented. Weak physical premiums, with negligible increase in carrying incentive, look set to cap price strength. Physical premiums will continue to shoulder more of the burden we feel. Speculators appear to be tiring of the weather trade, significantly reducing their positions last week. This position movement does not suggest, however, the increasingly probable El Nino weather event that is now priced in at these levels. We believe the slow start to Brazil's crush is just part of a story unfolding, which may derail sugar production if the El Nino hampers global production further. Given analysts were already calling for tighter sugar balances into 2015, any weather surprise will surely cause a sharp move in sugar prices?

We continue to see both ethanol and a weather premium providing price support between 16-17 c/lb.

Currency

Conditions in the currency markets can best be described as lacklustre in recent weeks. Despite an unpopular Federal Government budget and continued weakness in commodity prices, support at the US 92 cent level remains in play. What has surprised many analysts is the pick-up in appetite for Australian dollar denominated bonds, largely driven by little investor yield on offer elsewhere.

This week brought a raft of economic data, including an RBA interest rate meeting. The meeting was not expected to deliver any rate moves, yet was closely watched for official comment around currency strength. Elsewhere, the market eagerly awaits US employment data on Friday 6 June. If this number confirms a more robust US economy, we may see the green shoots of a stronger US\$ trend re-emerge.

Key levels to watch in the currency market remain US 92-95 cents, with an eventual breach of support and renewed weakness the more likely scenario to evolve.

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