



QSL: Record Shared Pool caps season

Description

Queensland Sugar Limited (QSL) has finalised its 2020-Season pricing results, with the industry-owned sugar marketer notching up a record weighted average Shared Pool result of +\$31 per tonne.

The Shared Pool captures QSL's operating costs, premiums, other revenue, and the Loyalty Bonus where applicable, and is applied to every tonne marketed through QSL.

QSL General Manager Marketing Mark Hampson said the 2020 Shared Pool return for tonnage priced on the global ICE 11 raw sugar market was a new high for the marketer, which has been marketing sugar on behalf of Queensland cane growers and sugar millers for nearly a century.

Mr Hampson said the strong result reflected the high physical sales premiums available for Australian raw sugar last year, following a significant drop in production out of Thailand, one of our nation's largest sugar competitors.

"The failure of the Thai crop due to drought in early 2020 and its subsequent slow recovery saw very strong demand for sugar last year in Asia, our primary market," Mr Hampson said.

QSL 2020-Season Pools	AUD/t IPS net*
Harvest	\$437
Early-Actively Managed	\$442
Actively Managed	\$436
2-Season Actively Managed	\$467
Feb 2020 Guaranteed Floor	\$493
US Quota	\$702

**Results have been rounded to the nearest whole dollar and include a weighted average Shared Pool incorporating the 2020 QSL Loyalty Bonus of \$2.38/t.*

“As we’re a not-for-profit, pass-through organization, those higher net marketing returns were passed back to growers through the Shared Pool. That, and a long-awaited improvement in the ICE 11 sugar price saw QSL pools and grower-pricing results increase year-on-year.”

The February 2020 Guaranteed Floor Pool emerged as QSL’s best-performing ICE 11 pool for the season, returning \$493/t IPS net, while the US Quota Pool, priced on the ICE 16 and automatically allocated to all QSL growers, returned \$702/t IPS net (See the table at right for our full 2020 pool results).

The highest grower-managed pricing achieved for the 2020 Season was \$497/t gross actual in the Target Price Contract, with \$456/t gross actual the weighted average price achieved for the season in this popular pricing option.

Mr Hampson said that while physical sales premiums had tempered for the 2021 Season, strong ICE 11 prices were still translating into attractive returns for Queensland sugar producers.

“QSL has seen record levels of grower-managed pricing in the past six months as our growers sought to lock in 2021-Season prices above the key \$500/t level,” he said.

“The 2021-Season Target Price Contract passing \$550/t this week, while QSL-managed pools are also off to strong start, with the 2021 Harvest Pool currently returning a weighted average of \$516/t IPS net and the Actively Managed Pool not far behind it on \$513/t IPS net.”

While Thailand is continuing to rebuild its crop, all eyes are now on the world’s largest sugar producer, Brazil, which has had a dry start to their season, prompting crop revisions and hopes of a continuing deficit market and associated strong sugar prices.

“With a decent Queensland crop in the paddock and attractive sugar prices, it’s shaping up to be a good season after a couple of tough years,” Mr Hampson said.

This chart captures all QSL grower-managed pricing achieved for the 2020-2022 Seasons as of 26 July 2021. Prices are quoted at AUD/tonnes actual gross.

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