

# Pool update

4 June 2010



## Southern Ag Grain 2009/10 June pools

Southern Ag Grain today announced stable estimated pool returns (EPR) across its wheat, barley and canola pools.

### Wheat

Wheat EPRs have been maintained.

The local market has been a little quiet of late due to the turbulent Australian dollar; however at SAG we are pleased to say that a significant amount of grain has been sold to East Coast consumers in the last week or so. SAG will aim to continue pushing these sales to diversify the sales program of the 09 / 10 pool. This reduces our dependence on export markets and increases liquidity when export markets are priced uncompetitively.

While on the subject of export markets, we have made new sales into key customers within the Asian market recently thanks to our strong relationship with Sumitomo. These sales for ASW, APW and H2 will sail from Australia before August.

Southern Ag Grain 2009/10 wheat pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB				
Grade	EPR	Grade	EPR	EPR
APW1	\$254	AUH2		\$244
APH2 (APH1)	\$276	AGP1		\$239
H1	\$271	HPS1		\$232
H2	\$262	AUW1		\$224
ASW1	\$244	FEED		\$199

### Barley

Barley EPRs have been maintained.

The AUD softening presented an opportunity for grower selling recently, particularly in SA and Victoria where growers have retained a long old crop barley position. Old crop barley markets have been lightly traded, however there are opportunities into domestic consumers and these shorts will continue to present opportunities going forward. China has been an active participant as a buyer of corn which lends support to feed grain prices, however the fact remains that the US crop is progressing in ideal conditions and carry out stocks remain heavy world-wide. Aside from China, Japan and Taiwan have established demand for Australian barley. New crop grower selling has been limited, however strong premiums are being offered for malt – in

excess of \$70/mt over feed in WA. Whilst Australian crop conditions look favourable at the moment, we still have a long way to go which will retain new crop premiums in the market for the foreseeable future.

<b>Southern Ag Grain 2009/10 barley pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB</b>	
<b>Grade</b>	<b>Number 1 pool</b>
<b>Malt 1 - Gairdner</b>	\$270
<b>Malt 1 - Baudin</b>	\$270
<b>Malt 1 - Schooner</b>	\$270
<b>Malt 1 – Buloke</b>	\$260
<b>Malt 1 – Flagship</b>	\$265
<b>Malt 1 - Sloop</b>	\$250
<b>F1</b>	\$240
<b>F2</b>	N/A
<b>F3</b>	N/A
<b>F4</b>	N/A

#### **Canola**

Canola EPRs remain stable at \$470 per mt.

Local canola markets have seen a spike in prices over recent weeks which have been driven largely by currency moves resulting from financial market concerns in the European zone. Credit concerns in the Euro zone have led to a bout of de-risking, meaning that money has flowed out of “risky” investments (of which the AUD is considered one) and back into the USD. Therefore we have seen recent weakness and bouts of volatility in the Australian dollar. The new season US soybean crop is in good shape with planting progress at 74% complete. The situation with the Canadian canola crop is slightly different with very wet conditions in Saskatchewan and Manitoba delaying planting progress and adding yield risk to what was considered to be a large upcoming crop. Local conditions remain favourable with most areas receiving welcomed rain recently. Whilst some areas still require planting rains, these areas are now in the minority.

<b>Southern Ag Grain 2009/10 canola pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB</b>	
<b>Grade</b>	<b>EPR</b>
<b>Canola</b>	\$470

*Note: All Southern Ag Grain pools are managed and executed by Emerald Group Australia. Estimated Pool Return (EPR) is as at date of release and at a defined level of protein, screenings and moisture for each pool pay grade. Prices are net of management fees. Wheat base grade is APW and all prices are Free On Board (FOB) and deductions associated with payment option choice and location to be taken into account. All prices are in Australian dollars (AUD) and are estimates only and subject to change over the life of the pool as a result in changing market conditions and management performance.*

For more information on Southern Ag Grain's pool returns call 1300 880 432 or visit our website at [www.southernaggrain.com.au](http://www.southernaggrain.com.au).

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### **Background information**

Southern Ag Grain is a newly formed joint venture between southern NSW grower group Southern Agventure Ltd and leading Australian grains manager Emerald Group Australia Pty Ltd.

Southern Ag Grain services the specific needs of southern NSW grain farmers. Proudly local and farmer focused, this unique organisation provides a transparent, competitive suite of marketing products to grain producers in the southern region of New South Wales.

Based in Wagga Wagga, Southern Ag Grain joint venture partners maintain regional and joint venture offices throughout NSW, Victoria, South Australia and Western Australia.

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