

Pool update

1 July 2010



Southern Ag Grain 2010/11 July pools

SAG today announced an increase to its canola pool estimated pool returns (EPR) while wheat and barley pool EPRs were maintained.

Wheat

SAG's wheat EPRs remain unchanged for July. Fundamentally very little has changed in the global wheat markets over the past few months as burdensome old crop stocks remain in the face of new crop supplies arriving in the coming months.

A lack of new export demand has led to CBOT prices slumping to their lowest level in recent months as US wheat remains uncompetitive into most major destinations.

While global flat price markets remain constrained the recent falls in the AUD have led to an increased value for Australian wheat on an AUD basis and as such our pool estimates have been changed in line with the currency based rally in Australian wheat values.

Southern Ag Grain 2010/11 wheat pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB			
Grade	EPR	Grade	EPR
APW1	\$257	AUH2	\$247
APH2 (APH1)	\$277	AGP1	\$242
H1	\$272	HPS1	\$237
H2	\$267	AUW1	\$232
ASW1	\$247	FEED	\$217

Barley

Domestic markets have been relatively quiet of late with the grower merchandising stocks when required and consumers currently comfortable with their positions. In the coming few months increased domestic feed demand may support old crop barley.

Globally attention has turned to weather in the EU, US, Canada and China. A few scare stories however fundamentally crops are still rated better than last year and carry out stocks are substantial. The AUD will play the main role in pricing domestic grain. Presently Australian barley remains uncompetitive against EU and Ukraine/Russia values. However, the AUD/USD is still below the average (0.8960) for this year to date.

Domestic new crop values have steadily climbed since harvest with consumer interest appearing to commence coverage, particularly on malt barley.

Southern Ag Grain 2010/11 barley pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB	
Grade	Number 1 pool
Malt 1 - Gairdner	\$245
Malt 1 - Baudin	\$245
Malt 1 - Schooner	\$240
Malt 1 – Buloke	\$235
Malt 1 – Flagship	\$235
Malt 1 - Sloop	\$215
F1	\$205
F2	\$195
F3	\$185
F4	N/A

Canola

The 10/11 Emerald canola pool has been revised up \$25/mt to \$505/mt. The early order premium for July is \$13/mt.

Local canola values have rallied strongly over the past month as reports of wet conditions in Canada and the severity of subsequent acreage losses and potential yield implications surface in the marketplace. Estimates of Canadian canola acreage not planted are within the range of 2-5 million acres, meaning that 14-15 million acres have been planted, down from an initial estimate of planted acres at 16.9 million. The next 2 months will be critical in determining the level of production in Canada and markets will be susceptible to any story during this period. Locally, most canola regions are looking good in particular the east coast canola crop.

Southern Ag Grain 2010/11 canola pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB	
Grade	EPR
CS01-a	\$505

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.

For further media information:

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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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