

Pool update

10 June 2010



Southern Ag Grain 2010/11 June pools

Southern Ag Grain today increased pool returns across the canola and barley and canola 2010/11 pools. Wheat slightly increased.

Wheat

The 2010/11 wheat EPRs have increased for the H1 and H2 grades over the past month.

SAG have recently adjusted the 2010/11 upwards in line with Australian wheat market rallies seen over the last few weeks.

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

Barley EPRs have increased over the last month.

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.

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

Canola EPRs have increased slightly to \$475 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.

Southern Ag Grain 2010/11 canola pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB	
Grade	EPR
Canola	\$475

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.

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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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