

Pool update

1 July 2009



EP Grain 2009/10 pool update July Early Order Premium +PLUS offer

EP Grain today announced strong July premiums for growers through the *Early Order Premium +PLUS* (EOP) program across all 2009/10 pools.

The strength of the July EOP delivers notable value for growers as crop conditions start to look positive across the country. Recent rains have been very positive for the coming season and EP Grain has held its EOP unchanged for July to allow growers who may not have had the confidence in the season during June, to now commit. The guaranteed minimum price (GMP), a feature of the program from March through to June is not available for July.

Wheat

The EOP for July is \$13 per mt. This is on top of the estimated pool return (EPR) of \$310 per mt with a maximum cancellation fee of \$18 per mt. While general global wheat markets are coming under pressure, EP Grain continues to be active in looking for opportunities to capture value for pool participants with this reflected in the EOP.

Over the last month we have seen US futures fall, while the strong AUD has remained firm, which has unfortunately weakened local values. Northern hemisphere wheat crops are looking in reasonable shape and as such markets seem comfortable with the global wheat balance sheet moving into the 2009/10 marketing year. On the physical market, international FOB values have weakened on the back of weak consumer demand as well as new export market supplies from India and Pakistan. Russian and Black Sea wheat remain plentiful. New crop production is close to arriving and has seen Black Sea marketers aggressively price old crop stocks to make room for new crop supplies which are forecast to stretch storage and port infrastructure.

Barley

The EOP for barley in July is \$7 per mt, which is offered on top of the EPR of \$240 per mt. The maximum cancellation fee for July is \$15 per mt. EP Grain barley pool returns have remained unchanged despite weak international prices being witnessed in recent weeks. The Saudi government continues to post low subsidy levels which is impacting on global feed barley prices, in particular the Ukrainian, Russian and European crops which are about to be harvested.

One positive feature however has been new crop malt prices remaining reasonably strong with concerns regarding the available tonnage in Canada, and quality in Europe. With the uncertainty in regard to Canadian malt barley supply, we could see malt barley values remain strong for the next few months at least and hopefully, into our harvest. Early hedging and the abovementioned new crop malt values have contributed to estimated pool returns remaining unchanged.

Canola

The July EPR for canola is \$570 per mt with the EOP offer at \$14 per mt and the maximum cancellation fee of \$25 per mt.

Oilseed markets have had a volatile June after early price support from US weather concerns and positive global economic recovery was thwarted by a global improvement in weather, continued soft demand and investments away from commodity markets. The market continues to be nervous in the lead up to the USDA planting intentions report, which could see a large increase in US soybean acres and help offset some of the concerns over a short South American crop and below trend yields across the eastern US corn belt.

In the lead up to harvest in Europe, there is aggressive selling as traders look to increase sales prior to the Ukrainian (which will be much smaller than last year) and European harvest. The drop in European values has hurt Australian values which have frequently looked to Europe as an export pricing point in recent years. Canola prices were further hampered by a stronger Australian dollar compared to the Canadian dollar, which combined with softer global markets to see new crop cash bids fall by A\$50/t. There is however a general positive feeling towards future oilseed markets and in particular canola.

	Wheat (\$AUD/t)	Barley (\$AUD/t)	Canola (\$AUD/t)
Estimated pool return (EPR)	\$315	\$245	\$570
Early order premium	\$13	\$7	\$14
Maximum cancellation fee	\$18	\$15	\$25

Note: All EP 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. All terms and conditions of EP Grain's pools are published on our website at www.epgrain.com.au

For more information on EP Grain's pool returns call (08) 86824955 or visit www.epgrain.com.au