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Asian demand strongest for early shipping

EP Grain on behalf of Eyre Peninsula grain growers has contributed to the strong export program of new season grain by the Emerald Group, which has so far shown heavy orientation towards meeting Asian customer demand, with around 67 per cent of shipments up to early February destined for Asian countries such as Japan, Indonesia, China, South Korea and Vietnam.

EP Grain General Manager, Tim Burrow, said Asian markets were the closest geographically for Australian ports so this predominance was to be expected, however a further 21 per cent of Emerald's shipping had gone to the Middle East, seven per cent to Africa, and the rest to countries around the Pacific Rim and Europe.

"Nationally, barley and wheat have been the major exports, with canola and sorghum also featuring," Mr Burrow said.

"Emerald's link with Sumitomo is generating additional insight and customer contacts, so the customers are spread in many countries.

"Australia is one of those of course, with almost 30% of grain bought by the group across Australia actually going to domestic customers, mainly in the region from Victoria through to Queensland.

"Shipping patterns change as the year progresses. Barley is harvested first and with strong international demand has dominated early, with wheat due to take top spot a little later. Exports to the Middle East and Africa will increase accordingly in the months ahead and we expect to see overall exports to Asia and the Middle East even out."

EP Grain has updated its estimated pool returns (EPRs) for all grains, with small changes in some and others holding steady.

"The wheat market has shown some surges up and down but little overall change, as buyers are well aware of the record world stock position. They also know Australia has produced a record crop and combined with a fall in bulk sea freight rates, buyers are in a position to seek competitive bids for grain from many origins, particularly for grades equivalent to APW, ASW and GP.

"Barley is in a slightly better position as demand is increasing in Asia, particularly China, and the lower sea freights are making Australian barley more competitive into the Middle East.

"Canola faces a challenge with the large Australian crop, particularly in the eastern states, and needs to find additional demand beyond traditional export markets. The international market is currently indicating prices some US\$20 a tonne lower later in the year when the next northern hemisphere crop comes in," Mr Burrow said.

EP Grain has reduced 2011/12 season EPRs by \$3 a tonne for APW, ASW, AUH2 and GP wheat, with all 2010/11 EPRs steady.

EPRs for barley in both the 2011/12 and 2010/11 season pools are steady.

EPRs for 2011/12 season canola have been reduced by \$5 a tonne.

For further information on EP Grain's pool returns or distributions call 08 8682 4955 or visit www.epgrain.com.au

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Background information

EP Grain is a joint venture between Eyre Peninsula grower based and unlisted public company FREE Eyre Ltd and leading Australian grains manager Emerald Group Australia Pty Ltd.

EP Grain services the very specific needs of Eyre Peninsula grain farmers. Proudly local and farmer focused, this unique organisation provides a transparent, competitive suite of marketing products to grain producers in the Eyre Peninsula region of South Australia.

Headquartered in Port Lincoln, EP Grain joint venture partners maintain regional and joint venture offices in Adelaide, Melbourne, Ballarat, Horsham, Swan Hill, Wagga Wagga, Tamworth, Toowoomba, Perth, Albany, Esperance, Geraldton and Merredin.