

# Pool update



3 December 2009

## Emerald 2009/10 December pool update

Emerald Group Australia (Emerald) today announced increased estimated pool returns (EPR) for its 2990/10 Northern Quality WheatPool (NQWP).

Wheat EPRs have been increased by \$3 per mt for all grades. In recent weeks international wheat markets have experienced upside in both futures and global FOB markets. Funds have continued to increase their long positions, largely ignoring weak fundamentals such as export sales and US wheat stocks. As a result, US futures markets have rallied to such levels that hedging activities are currently sitting above physical market values.

At the same time as rallying US futures markets, the volatile Australian dollar has broken through \$US0.90 barrier. Earlier in the year Australian prices were battered by a falling futures market and a rallying dollar which created a double attack on Australian cash price levels. We have seen a reverse in this trend over the last couple of weeks however, with a weakening Australian dollar and strengthening US futures leading to increasing cash values.

Fundamentally, global wheat demand is relatively low with global stocks still plentiful however there are signs of demand returning for Australian wheat in the FOB markets as end user stocks dwindle. US FOB wheat remains uncompetitive with recent Egyptian tenders awarded to Russia, and US wheat export sales also remain lackluster. As a result, markets feel that futures prices need correcting. Given the state of international FOB markets, we have been cautious in our pool revision as despite international FOB markets firming, they have not kept pace with futures markets. The increase in our EPRs is therefore reflective of physical markets rather than futures' spikes.

Emerald NQWP 2009/10 wheat pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB			
Grade	EPR	Grade	EPR
APW1	\$258	AUH2	\$248
APH2	\$280	AGP1	\$243
H1	\$275	HPS1	\$236
H2	\$266	AUW1	\$228
ASW1	\$248	FEED	\$203

*Note: Estimated Pool Return (EPR) is as at date of release and at a defined quality level for each pool pay grade. Prices are net of management fees. Early Order Premiums (if applicable) need to be ADDED to the quoted returns. 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 of changing market conditions and management performance. All terms and conditions of Emerald pools are published on our website at [www.emerald-group.com.au](http://www.emerald-group.com.au) and more detailed information in relation to returns and deductions can be found on each pools 'fact sheet' which can be downloaded from the web site.*

For more information on Emerald's pool returns call 1300 880 432 or visit [www.emerald-group.com.au](http://www.emerald-group.com.au)

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**Background information**

Emerald is one of Australia's leading grain marketing companies. Working directly with producers and producer organisations, Emerald provides a range of marketing and risk management products that seek to maximise returns and minimise risk for grain producers.

Emerald has developed and maintains a number of alliances and joint ventures with producer organisations nationally and has offices in Melbourne, Ballarat, Horsham, Port Lincoln, Perth, Esperance, Narrogin and Geraldton. Emerald holds an Australian Financial Services License, is authorised for the export of bulk wheat by WEA and for the export of bulk barley from South Australia by ESCOSA.

For more information visit [www.emerald-group.com.au](http://www.emerald-group.com.au).