

# Pool update



17 June 2009

## Emerald 2008/09 pool update - June

Emerald Group Australia (Emerald) today announced updates to its 2008/09 season estimated pool returns. Barley and canola pools are to remain unchanged however wheat estimated pool returns have been reduced following a continued appreciation of the Australian dollar.

### Wheat

Following a weaker US dollar and a continued strengthening Australian dollar, all Emerald wheat pools have been lowered by \$4 per metric tonne (mt).

While demand for Australian wheat remains steady, the rising Australian dollar has meant Australia's price competitiveness has been eroded, while the weaker US dollar has assisted US wheat competitiveness, particularly against Australian wheat in higher quality wheat markets.

The moves in foreign exchange rates have also been coupled with a sharply weaker US futures market in recent weeks, resulting in a general decline in international wheat values.

While some dry weather may impact on parts of Europe, it's not viewed as sufficient to cause major production declines across the northern hemisphere where the expectation of a good harvest remains. Other negative supply news includes India's planned entry into the wheat export market and Russia's continuing release of large volumes of milling wheat stocks on to the market.

Emerald 2008/09 WA wheat pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered			
FOB			
Grade	EPR	Grade	EPR
APW2	\$317	ANW1	\$311
H1	\$337	ANW2	\$299
H2	\$329	AGP1	\$295
AUH2	\$317	AUW1	\$277
ASW1	\$303	FEED	\$217

## Barley

Despite the rising value of the Australian dollar, Emerald has again maintained all feed and malt barley pool returns.

Old crop feed barley values have been relatively stable in recent weeks, with limited supplies off-setting the strong upward moves in the Australian dollar. While a sharply higher Australian dollar impacts negatively on export values, EP Grain's strong early season marketing program has ensured that the impact of currency on the EP Grain 2008/09 pool has been negligible.

Malt barley values remain under pressure, with the main international buyer, China, continuing to remain an observer. Relatively cheap malt barley from Europe is contributing to the lack of a buying from the Chinese, with this expected to continue over the next couple of months.

A key positive as far as malt barley is concerned at the moment is the strong premiums for new crop malt barley over feed. This should assist with old crop pricing, as potential old crop sellers may look to carry product into the new crop market, rather than sell into a flat old crop situation.

<b>Emerald 2008/09 WA barley pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB</b>		
	<b>Number 1 pool</b>	<b>Number 2 pool</b>
<b>Malt 1 – Baudin</b>	\$305	\$275
<b>Malt 1 - Gairdner</b>	\$305	\$265
<b>Malt 1 - Hamelin</b>	\$300	\$255
<b>Malt 1 - Buloke</b>	\$290	\$250
<b>Malt 1 - Stirling</b>	\$290	\$250
<b>Malt 2 – Baudin</b>	\$230	\$215
<b>Malt 2 –Gairdner</b>	\$230	\$215
<b>F1</b>	\$230	\$215
<b>F4</b>	\$140	N/A
<b>F5</b>	\$90*	N/A

## Canola

Canola estimated pool returns remain steady for June. The past month has seen domestic canola prices stabilise after a strong rally in late April. The strength of futures has been largely linked to broader market influences as global investors take the view that the worst economic conditions are behind us, with investors becoming less risk averse and more optimistic. This has seen a flight away from the US dollar and into the higher yielding commodity currencies, like the Australian dollar, which are deemed to benefit from an improving economy and higher commodity demand.

The oilseed market has been strengthened by ongoing weather problems in South America as well as weather delays in the United States. Weather concerns have also mounted in Europe and the Ukraine where frost was evident in April but more recently, dryness. Australia managed to receive widespread rainfall, with only minor acreage losses likely in WA. The focus for the coming month will sit firmly on how many bean acres are planted in the US and therefore the USDA planting intentions report to be released on at the end of June. From a demand side, how China manages its stock reserves and import pace will also be crucial.

<b>Emerald 2008/09 WA canola estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB</b>		
<b>Grade</b>	<b>Number 1 pool</b>	<b>Number 2 pool</b>
<b>Canola</b>	\$610	\$550

*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 Group Australia Pty Ltd is a leading independent grain marketing company offering a range of products to assist agribusiness maximise returns and manage grain market risks.

Emerald has significantly changed the pool marketing landscape in Australia. Emerald broke new ground with the establishment of the pool based contract premiums as well as forced the industry to maintain payments for quality by enhancing the quality payments matrix applicable in the 2008/09 season. Emerald also offers a range of fixed price alternatives and other products.

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

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