

# Pool update



1 April 2010

## Emerald 2009/10 April pool update

Emerald Group Australia (Emerald) today announced unchanged Estimated Pool Returns (EPR) for the barley and canola pools, and some changes for the wheat pool.

### Wheat

Emerald has reduced returns in the 2009/10 wheat pools by \$4 per mt in the benchmark APW1 grade.

The reduction is due to sluggish export demand in the face of increased wheat competition from Black Sea, EU and Canadian marketers, who have been aggressive sellers of 2008/09 carry in stocks, as they anticipate ample new season wheat supplies in the absence of any real weather events during the 2009/10 crop production cycle.

While the top five wheat exporters' supplies have increased dramatically from the proceeding seasons, demand has been subdued from importing nations due to their domestic production rebounding from drought in previous years.

We have seen an absence in demand from Iran this year, as their local production bounces back. At present, Iraqi demand is being met by Canadian and Black Sea suppliers, as US, and to a lesser extent Australian wheat, remain uncompetitive.

We are also seeing Black sea wheat increase sales into Asia, as they push to market extensive wheat supplies. So much so, that the Black Sea area has now eclipsed the USA as the largest global wheat exporter. This represents a fundamental shift in global wheat trade.

We have a committed FOB marketing plan that will see our pools export wheat throughout the remainder of the 2010 calendar year, as shipping capacity has been secured in WA and SA. Eastern ports remain open to access due to a smaller crop and premiums in domestic track markets that have diminished eastern states' competitiveness to the FOB point.

Emerald 2009/10 central west NSW wheat pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB			
Grade	EPR	Grade	EPR
APW1	\$254	AUH2	\$244
APH2	\$276	AGP1	\$239
H1	\$271	HPS1	\$232
H2	\$262	AUW1	\$224
ASW1	\$244	FEED	\$199

## Barley

Barley prices continue to ease on the back of a very strong Australian dollar, excellent new crop weather prospects in most grain production areas of the globe and continuing weakness in wheat, corn, canola and sorghum.

The recent USDA report, which focused on carryover stocks, production potential for wheat and planting intentions for corn and soybeans, indicated that even with lower prices growers are still intending to plant near record acreages.

We have been able to successfully market a substantial component of the 2009/10 barley pool and have commenced hedging activities in relation to the 2010/11 pools. In the current environment, any sales program to date has provided significant benefits to the pool and with cash prices continuing to move lower, any hedge activity creates an improved equity environment in comparison to underlying cash prices.

Emerald is confident that both the 2009/10 and the 2010/11 pools are well placed in what is a very difficult and volatile environment.

<b>Emerald 2009/10 NSW &amp; Qld barley pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB</b>	
<b>Grade</b>	<b>EPR</b>
<b>Malt 1 - Gairdner</b>	\$280
<b>Malt 1 - Baudin</b>	\$280
<b>Malt 1 – Schooner</b>	\$280
<b>Malt 1 – Flagship</b>	\$265
<b>Malt 1 – Buloke</b>	\$255
<b>Malt 1 - Sloop</b>	\$250
<b>Feed 1</b>	\$245
<b>Feed 2</b>	\$230
<b>Feed 3</b>	\$220
<b>Feed 4</b>	N/A

## Canola

The 2009/10 Emerald canola pool EPR remains unchanged this month at \$470 FOB.

Oilseed markets continue to look to South America for price direction. Record soybean crops in both Brazil at 65-67 MMT and Argentina at 53-55 MMT weigh heavy on the market, despite nearby values being buoyed by ship delays and Argentinean strike action at South American ports. A tightening old crop supply and increased demand in the US, as well as continued Chinese export demand, is helping support nearby soybean values. The recent USDA prospective planting report and subsequent US weather loom as important new crop risk factors. If a significantly larger than expected soybean planting

is reported, or US weather delays the corn plant allowing late season soybean plantings, then bearish sentiment is likely to enter the oilseed space.

Canola remains range-bound as Chinese demand improves, despite black-leg import restrictions remaining in place. Dry weather in south west China and Canada remain stories to be followed closely, whilst concerns over the French rapeseed crop and winterkill in Ukraine have seen European rapeseed values increase over the past week.

<b>Emerald northern NSW 2009/10 canola pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered FOB</b>	
<b>Grade</b>	<b>EPR</b>
<b>CSO1-a</b>	<b>\$470</b>
<b>CSO1</b>	<b>\$470</b>

*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)

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