

Emerald Canola Pool Update(WA): Emerald revises pools as global canola dives

Fremantle 5 December, 2008: Emerald Group has adjusted their WA canola pool values as global economic woes, falling crude oil price plus Canadian and Australia harvest pressures sent the global canola market down. The significant increase in production estimates of the Canadian canola crop from 10.5mmt to nearly 13mmt has also drastically impacted on values – particularly over the last few days.

Despite a \$70 per tonne reduction in the global and local canola markets Emerald's number one 2008/09 canola pool values have slipped marginally by \$20/t to \$620/t FOB largely protecting pool participants from these falls. The number two pool, which opened last week, has been revised to \$550/t FOB.

Rob Proud, Emerald State Manager WA, said the worldwide canola markets fell by 50 Canadian dollars per tonne in the past week, on the back of continued global market pressure resulting from an overflow from falling crude oil and equity markets.

"Increased levels of farmer selling in Australia and Canada have added to this pressure, along with improved weather across Argentina as they finalise soybean plantings," he said. "The significantly larger Canadian canola crop will continue to pressure this market, and there is no doubt that prices will remain under siege for the near term as this crop gets put to the market by growers".

"Local prices have been impacted by a number of other factors. The thanksgiving holiday in the States meant many traders were away and markets closed, reducing global liquidity and the aggressive selling by WA growers at this time have hit local prices.

"Pressure from lower freight rates and increased competition from Canadian canola imports, has reduced local basis by \$20/t on top of the broader global market fall, pushing local cash prices down \$70/t.

"Emerald customers have been partly cushioned from this dramatic fall in the canola market due to our forward selling and risk management strategies with only a \$20 per tonne fall in the number one pool and a reduction in the number two pool of just over ten percent."

Mr Proud believes moving forward that the short-term lead on canola prices will be taken from outside markets, mainly crude oil and equities, along with local Australian harvest progress.

For more information on Emerald's pool returns call 1300 880 432 or visit www.emerald-group.com.au

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Emerald 2008/09 No.1 WA Canola Pool Estimated Pool Return (EPR) Base Rate (\$AUD/t) by grade

Can1	\$620*
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Emerald 2008/09 No.2 WA Canola Pool Estimated Pool Return (EPR) Base Rate (\$AUD/t) by grade

Can1	\$550
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*Closed pools

Note: 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. All prices are Free On Board (FOB) and deductions associated with payment option choice and location need to be taken into account. All prices are in Australian dollars (AUD) unless otherwise indicated 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 Emerald pools are published on our website at www.emerald-group.com.au

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