



Market Outlook 2015

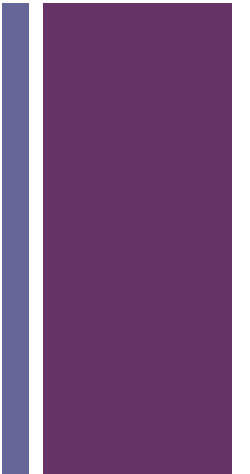


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Last 12 months



Last 12 months



- Large increase in production and stocks amongst the worlds major wheat exporters
 - Major exporter stocks have increased by over 10mmt.
- Significant increase in competition from the Black Sea and Europe.
 - Even with Russian intervention to reduce the interior price of wheat
- Reduced demand due to higher USD.
- Domestic Australian prices have been uncompetitive since harvest.
 - Particularly to the middle east.
- Take or pay on port logistics will see exports continue at significant losses rather than see stocks build significantly.
- Growers have still experienced high prices due to a lower AUD.



Major Exporter Supply & Demand

Major Exporters*

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Area (HA)	100,501	103,532	111,562	108,803	105,021	104,755	102,588	102,747	103,755
Yield (MT/HA)	2.85	2.82	3.31	3.15	3.12	3.25	2.97	3.40	3.45
Beginning Stocks	63,701	43,500	37,032	66,066	76,734	73,089	67,445	47,951	51,558
Production	286,373	291,649	369,364	342,423	327,563	340,100	304,726	349,226	357,657
Imports	9,555	10,541	11,304	8,708	7,457	10,731	9,924	10,236	9,805
Total Supply	359,629	345,690	417,699	417,196	411,755	423,920	382,095	407,414	419,020
Exports	89,398	92,451	122,421	109,833	108,043	124,511	108,894	135,010	129,580
Feed and Residual	82,914	72,585	87,548	85,202	84,122	87,673	83,410	78,098	81,009
FSI Consumption	143,817	143,622	143,893	145,406	146,502	144,251	141,842	142,747	144,026
Total Consumption	316,129	308,658	353,862	340,441	338,668	356,435	334,146	355,855	354,970
Ending Stocks	43,500	37,032	63,838	76,755	73,089	67,485	47,951	51,558	63,960
Stocks/Use (%)	14%	12%	18%	23%	22%	19%	14%	14%	18%



European Union Supply & Demand

EU

(Jul/Jun)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Area (HA)	24,688	24,729	26,486	25,742	25,909	25,918	25,842	25,728	26,682
Yield (MT/HA)	5.10	4.87	5.69	5.40	5.26	5.33	5.18	5.58	5.86
Beginning Stocks	20,454	13,782	12,067	20,671	16,187	12,625	15,220	12,810	11,544
Production	125,929	120,372	150,725	138,880	136,368	138,027	133,775	143,628	156,304
Imports	4,903	6,654	7,520	5,155	4,510	7,212	5,302	4,286	5,570
Total Supply	151,286	140,808	170,312	164,706	157,065	157,864	154,297	160,724	173,418
Exports	11,549	10,079	23,206	20,112	21,041	14,531	20,872	30,157	31,972
Feed and Residual	54,472	48,169	53,858	53,732	48,099	53,476	47,495	45,788	49,724
FSI Consumption	71,483	70,493	72,577	74,654	75,302	74,637	73,122	73,234	73,654
Total Consumption	137,504	128,741	149,641	148,498	144,442	142,644	141,489	149,179	155,350
Ending Stocks	13,782	12,067	20,671	16,208	12,625	15,220	12,810	11,544	17,978
Stocks/Use (%)	10%	9%	14%	11%	9%	11%	9%	8%	12%



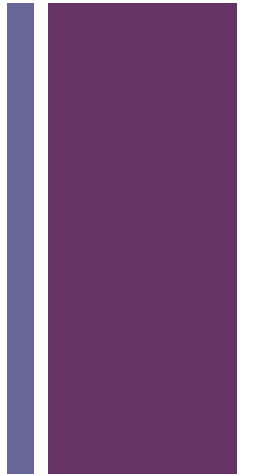
Black Sea Supply & Demand

Russia / Ukraine

(Jul/Jun)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Planted Area (HA)	29,100	30,350	33,700	35,300	33,160	32,390	30,445	31,665	31,377
Yield (MT/HA)	2.02	2.08	2.66	2.34	1.89	2.37	1.70	2.31	2.60
Beginning Stocks	7,722	5,338	5,918	15,760	17,800	16,035	17,255	7,197	7,936
Production	58,865	63,211	89,567	82,495	62,684	76,888	51,865	73,216	81,495
Imports	1,007	775	277	205	202	402	1,202	1,302	202
Total Supply	67,594	69,324	95,762	98,460	80,685	93,325	70,322	81,715	89,633
Exports	14,156	13,456	31,430	27,360	7,600	26,370	17,775	28,528	30,277
Feed and Residual	16,200	18,000	19,100	22,700	26,400	21,500	18,150	17,950	18,600
FSI Consumption	31,900	31,950	31,700	30,600	30,650	28,200	27,200	27,300	27,850
Total Consumption	62,256	63,406	82,230	80,660	64,650	76,070	63,125	73,778	76,727
Ending Stocks	5,338	5,918	13,532	17,800	16,035	17,255	7,197	7,936	12,906
Stocks/Use (%)	8%	7%	18%	26%	25%	20%	11%	10%	17%



Australian Supply & Demand

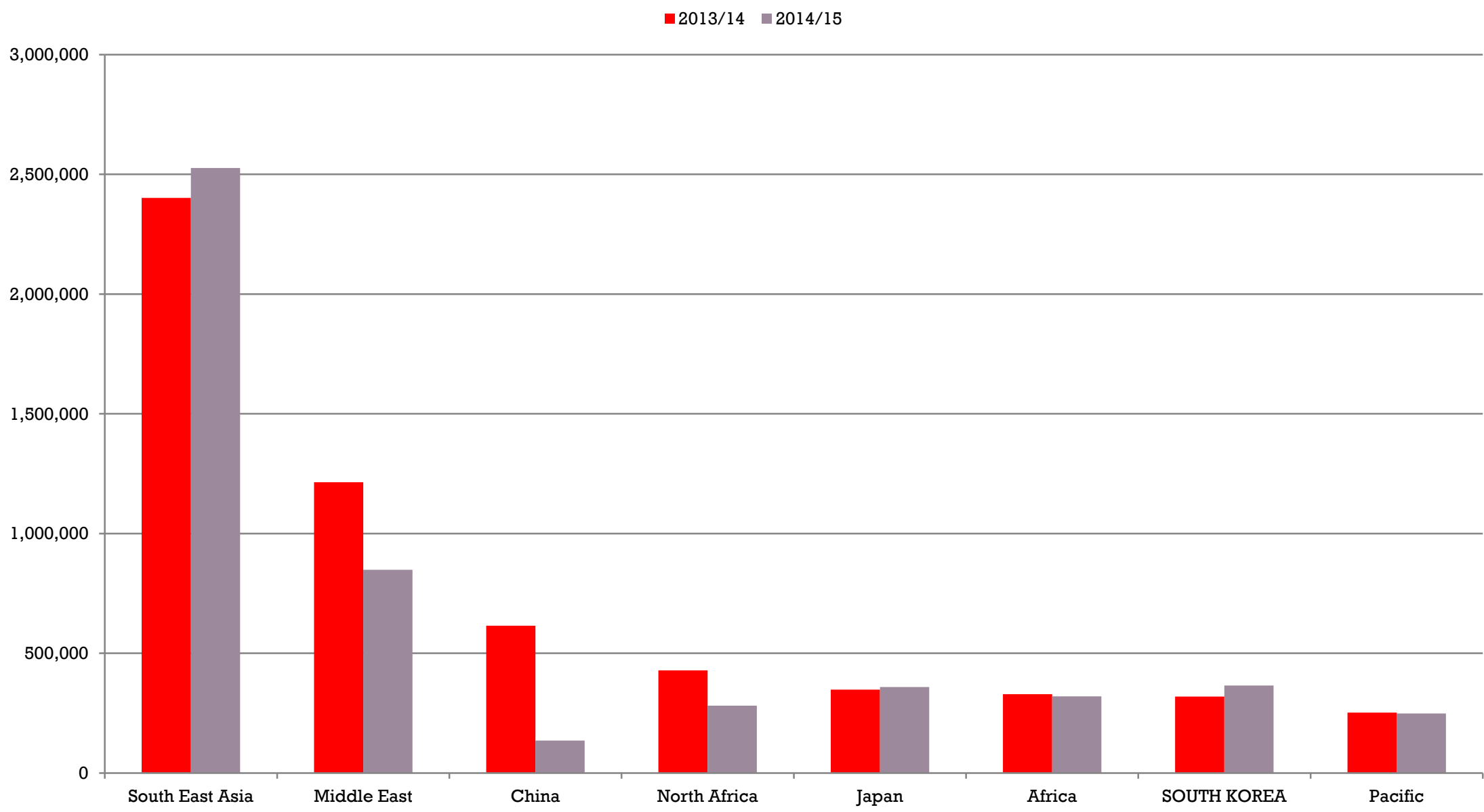
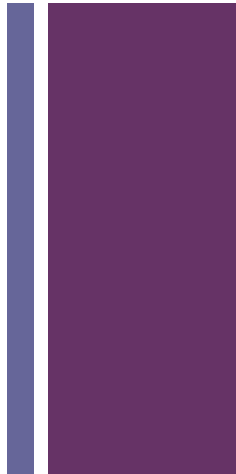


Australia

(Oct/Sep)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Area (HA)	11,874	12,590	13,544	13,924	13,552	14,216	13,464	13,060	13,356
Yield (MT/HA)	0.91	1.08	1.58	1.57	2.06	2.06	1.58	2.02	1.85
Beginning Stocks	9,900	4,594	4,026	3,999	6,081	9,192	8,013	3,041	4,139
Production	10,822	13,569	21,420	21,834	27,891	29,940	21,339	26,295	23,491
Imports	0	0	0	0	0	0	0	0	0
Total Supply	20,722	18,163	25,446	25,833	33,972	39,132	29,352	29,336	27,630
Exports	8,728	7,487	14,747	14,827	18,655	24,621	19,575	18,338	15,611
Feed and Residual	4,500	3,500	4,150	1,900	3,000	3,500	3,350	3,265	3,383
FSI Consumption	2,900	3,150	2,550	3,025	3,125	2,998	3,386	3,594	3,645
Total Consumption	16,128	14,137	21,447	19,752	24,780	31,119	26,311	25,197	22,639
Ending Stocks	4,594	4,026	3,999	6,081	9,192	8,013	3,041	4,139	4,991
Stocks/Use (%)	28%	28%	19%	31%	37%	26%	12%	16%	22%



Australia Export Comparison





Global Wheat Price Matrix (April Shipment)

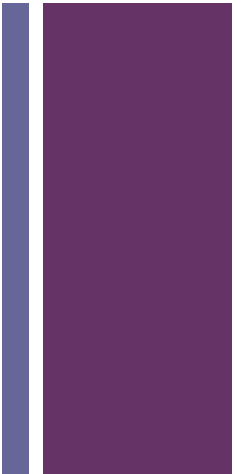


Grade	FOB	Egypt	RSA	UAE	China	SE Asia
HRW Gulf	\$248.75	\$262.75	\$273.50			
HRW PNW	\$250.96			\$273.96	\$265.71	\$266.96
APW	\$257.64	\$272.39	\$307.39	\$271.14	\$267.14	\$266.64
Russian	\$215.91	\$222.91	\$234.91	\$236.66		\$237.41
German	\$218.09	\$225.84	\$234.34	\$240.59		\$241.09
Argentinian	\$226.00	\$243.50	\$250.50	\$253.50	\$256.00	\$251.50
Grade	FOB	Egypt	RSA	UAE	China	SE Asia
HRW Gulf		-\$9.64	-\$33.89			
HRW PNW				\$2.82	-\$1.43	\$0.32
Russian		-\$49.48	-\$72.48	-\$34.48		-\$29.23
German		-\$46.55	-\$73.05	-\$30.55		-\$25.55
Argentinian		-\$28.89	-\$56.89	-\$17.64	-\$11.14	-\$15.14

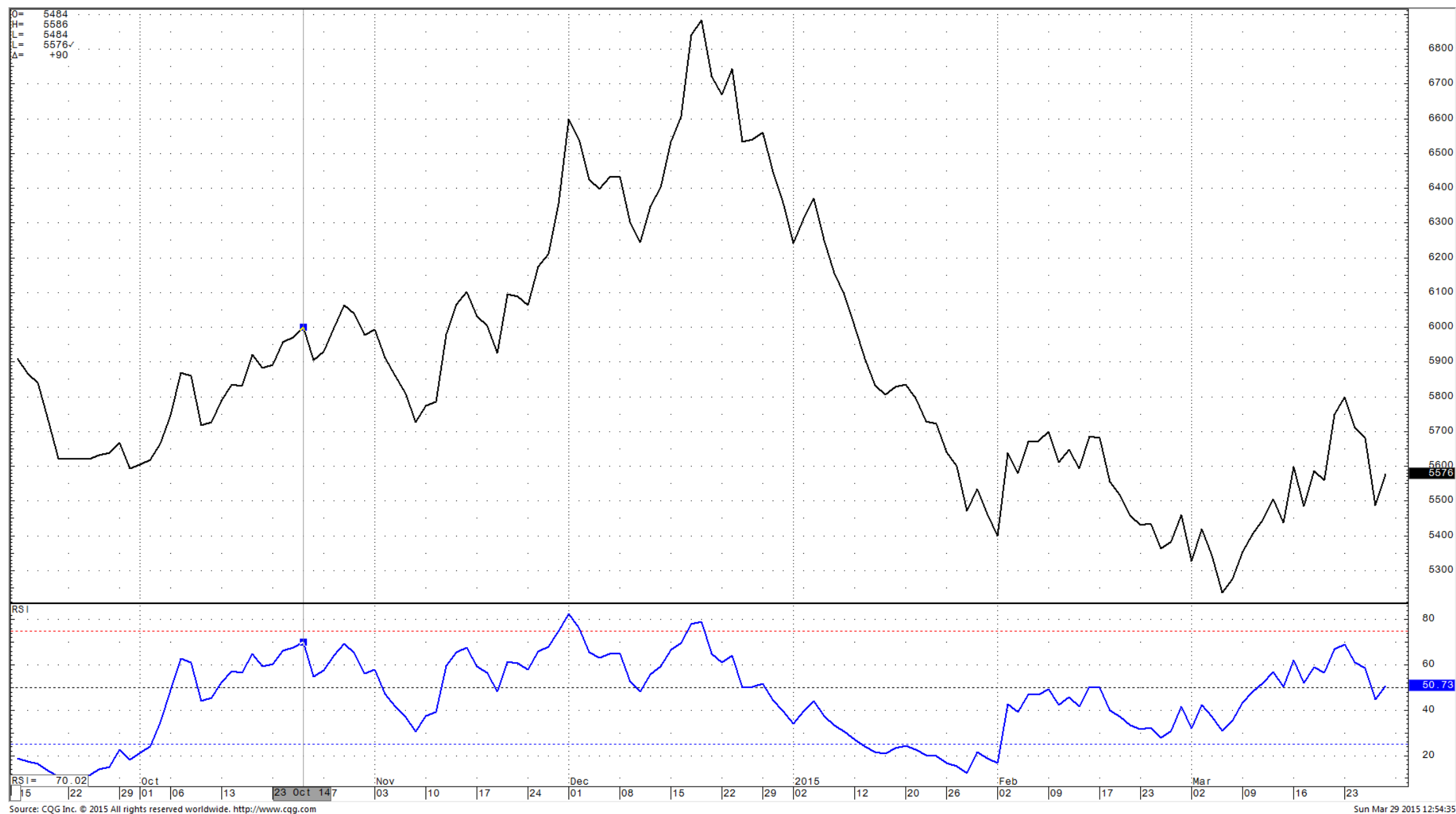


Take or Pay Arrangements

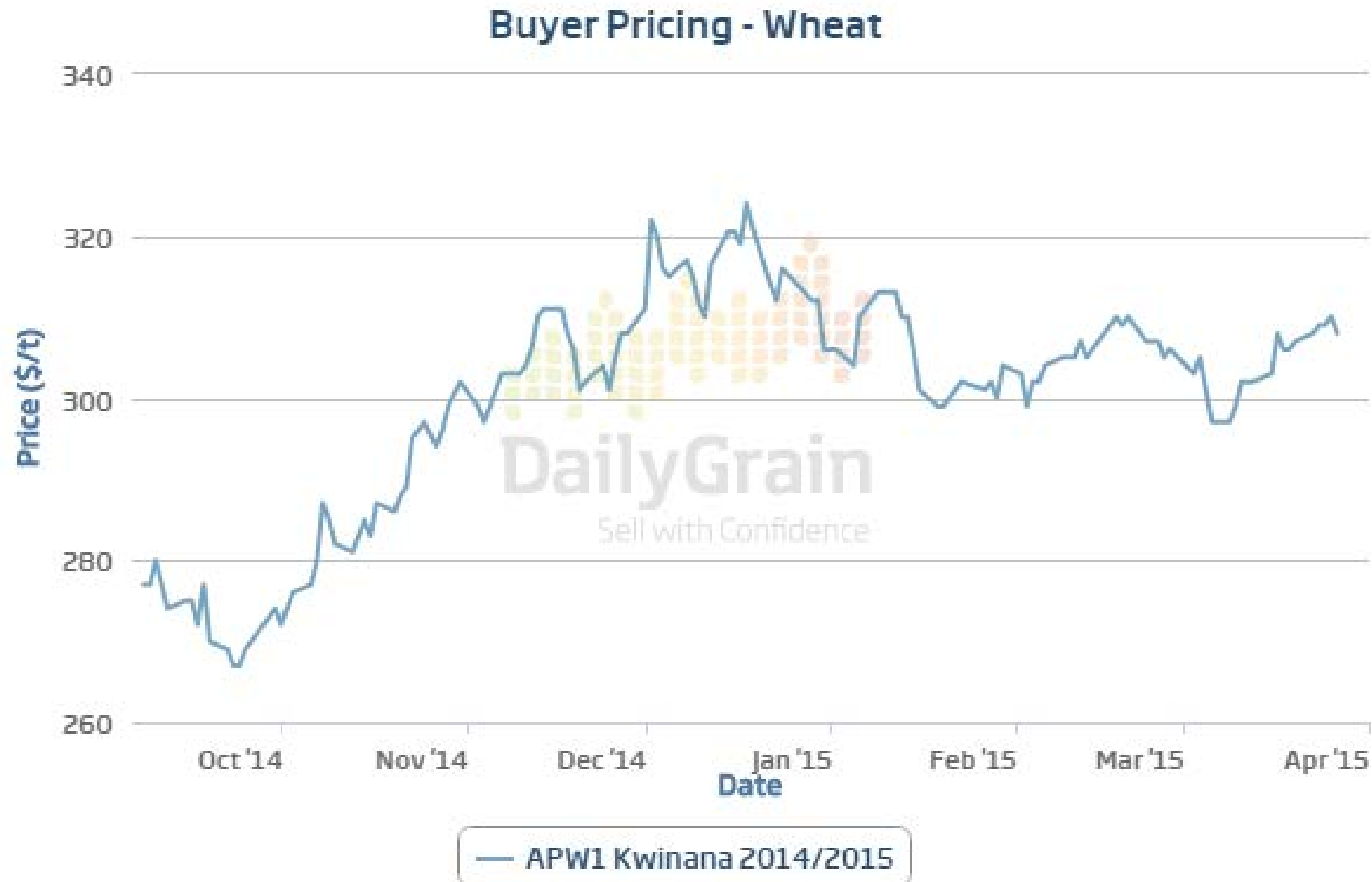
- Export capacity throughout Australia is allocated under a “take or pay” arrangement.
- Allocated under a combination of long term agreements, first in first served and an Auction system.
- Penalties range from \$15/mt to \$50.
 - Western Australia - \$40/mt
 - South Australia - \$10 - \$50/mt.
- Initial problems created by perceived supply problems.
 - WA & SA crop 1.5mmt bigger than original forecasts at the start of harvest.
- Global competition and a lack of demand causing current problems.



+ Kansas Futures Prices



+ APW Kwinana Prices

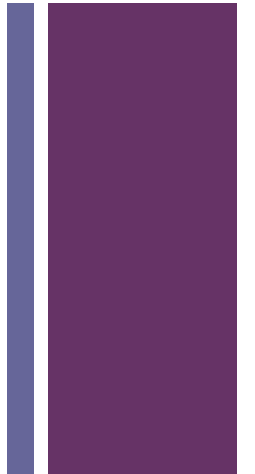




Next 12 months



Next 12 months

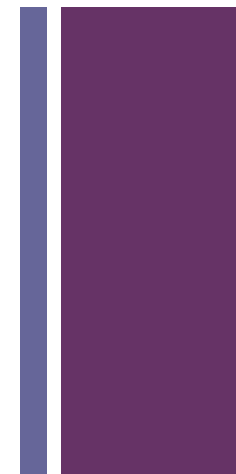


- Average yields this year will reduce production amongst the major exporters back to 13/14 levels.
- Large carry-in from last year however will continue to weigh on the market in 2015.
- All major exporters will have reduced ending stocks apart from the US and Australia.
 - Australian crops are unknown and US crops are deteriorating.
- A significant problem in one or more major exporting countries would see stocks back to 2013 levels.
 - Prices averaged US\$75 higher than today.
 - Australian values are currently uncompetitive however.
- An Australian problem would be catastrophic for Australian consumers because of our inability to build stocks significantly over the last three years.



European Union Supply & Demand

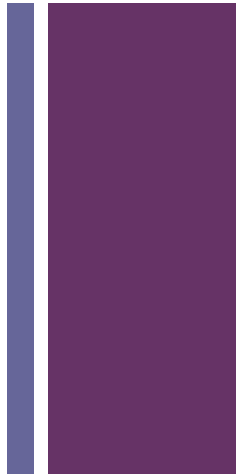
(Jul/Jun)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Area (HA)	24,688	24,729	26,486	25,742	25,909	25,918	25,842	25,728	26,682	26,200
Yield (MT/HA)	5.10	4.87	5.69	5.40	5.26	5.33	5.18	5.58	5.86	5.44
Beginning Stocks	20,454	13,782	12,067	20,671	16,187	12,625	15,220	12,810	11,544	17,978
Production	125,929	120,372	150,725	138,880	136,368	138,027	133,775	143,628	156,304	142,560
Imports	4,903	6,654	7,520	5,155	4,510	7,212	5,302	4,286	5,570	5,201
Total Supply	151,286	140,808	170,312	164,706	157,065	157,864	154,297	160,724	173,418	165,739
Exports	11,549	10,079	23,206	20,112	21,041	14,531	20,872	30,157	31,972	29,888
Feed and Residual	54,472	48,169	53,858	53,732	48,099	53,476	47,495	45,788	49,724	47,730
FSI Consumption	71,483	70,493	72,577	74,654	75,302	74,637	73,122	73,234	73,654	74,452
Total Consumption	137,504	128,741	149,641	148,498	144,442	142,644	141,489	149,179	155,350	152,070
Ending Stocks	13,782	12,067	20,671	16,208	12,625	15,220	12,810	11,544	17,978	13,669
Stocks/Use (%)	10%	9%	14%	11%	9%	11%	9%	8%	12%	9%



Black Sea Supply & Demand

Russia / Ukraine

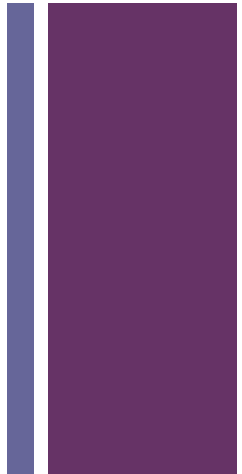
(Jul/Jun)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Planted Area (HA)	29,100	30,350	33,700	35,300	33,160	32,390	30,445	31,665	31,377	31,926
Yield (MT/HA)	2.02	2.08	2.66	2.34	1.89	2.37	1.70	2.31	2.60	2.27
Beginning Stocks	7,722	5,338	5,918	15,760	17,800	16,035	17,255	7,197	7,936	12,906
Production	58,865	63,211	89,567	82,495	62,684	76,888	51,865	73,216	81,495	72,608
Imports	1,007	775	277	205	202	402	1,202	1,302	202	502
Total Supply	67,594	69,324	95,762	98,460	80,685	93,325	70,322	81,715	89,633	86,016
Exports	14,156	13,456	31,430	27,360	7,600	26,370	17,775	28,528	30,277	30,520
Feed and Residual	16,200	18,000	19,100	22,700	26,400	21,500	18,150	17,950	18,600	18,000
FSI Consumption	31,900	31,950	31,700	30,600	30,650	28,200	27,200	27,300	27,850	27,400
Total Consumption	62,256	63,406	82,230	80,660	64,650	76,070	63,125	73,778	76,727	75,920
Ending Stocks	5,338	5,918	13,532	17,800	16,035	17,255	7,197	7,936	12,906	10,096
Stocks/Use (%)	8%	7%	18%	26%	25%	20%	11%	10%	17%	13%



US Supply & Demand

USA

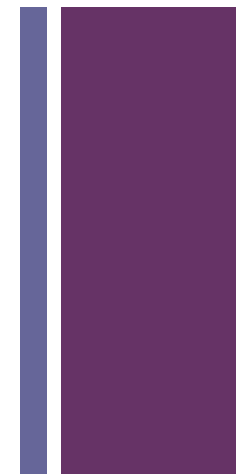
(Jun/May)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Area (HA)	18,947	20,647	22,550	20,200	19,286	18,508	19,740	18,353	18,778	19,068
Yield (MT/HA)	2.60	2.70	3.02	2.99	3.12	2.94	3.11	3.17	2.94	3.03
Beginning Stocks	15,565	12,349	8,257	17,800	26,451	23,497	20,211	19,538	16,065	18,752
Production	49,217	55,821	68,016	60,366	60,103	54,451	61,298	58,105	55,129	57,801
Imports	3,317	3,065	3,456	3,228	2,664	3,034	3,341	4,588	3,973	4,273
Total Supply	68,099	71,235	79,729	81,393	89,218	80,982	84,849	82,231	75,168	80,826
Exports	24,810	34,363	27,637	23,977	35,076	28,563	27,544	32,012	23,920	24,991
Feed and Residual	3,186	434	6,946	4,077	3,565	4,436	10,066	6,142	4,000	4,000
FSI Consumption	27,754	28,181	27,346	26,888	27,079	27,733	27,702	28,011	28,141	28,168
Total Consumption	55,750	62,978	61,929	54,942	65,721	60,732	65,312	66,166	56,416	57,241
Ending Stocks	12,349	8,257	17,800	26,451	23,497	20,250	19,538	16,065	18,752	23,585
Stocks/Use (%)	22%	13%	29%	48%	36%	33%	30%	24%	33%	41%



Australian Supply & Demand

Australia

(Oct/Sep)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Area (HA)	11,874	12,590	13,544	13,924	13,552	14,216	13,464	13,060	13,356	13,100
Yield (MT/HA)	0.91	1.08	1.58	1.57	2.06	2.06	1.58	2.02	1.85	1.88
Beginning Stocks	9,900	4,594	4,026	3,999	6,081	9,192	8,013	3,041	4,139	4,991
Production	10,822	13,569	21,420	21,834	27,891	29,940	21,339	26,295	23,491	24,563
Imports	0	0	0	0	0	0	0	0	0	0
Total Supply	20,722	18,163	25,446	25,833	33,972	39,132	29,352	29,336	27,630	29,553
Exports	8,728	7,487	14,747	14,827	18,655	24,621	19,575	18,338	15,611	17,720
Feed and Residual	4,500	3,500	4,150	1,900	3,000	3,500	3,350	3,265	3,383	3,200
FSI Consumption	2,900	3,150	2,550	3,025	3,125	2,998	3,386	3,594	3,645	3,500
Total Consumption	16,128	14,137	21,447	19,752	24,780	31,119	26,311	25,197	22,639	24,420
Ending Stocks	4,594	4,026	3,999	6,081	9,192	8,013	3,041	4,139	4,991	5,133
Stocks/Use (%)	28%	28%	19%	31%	37%	26%	12%	16%	22%	21%



Major Exporter Supply & Demand

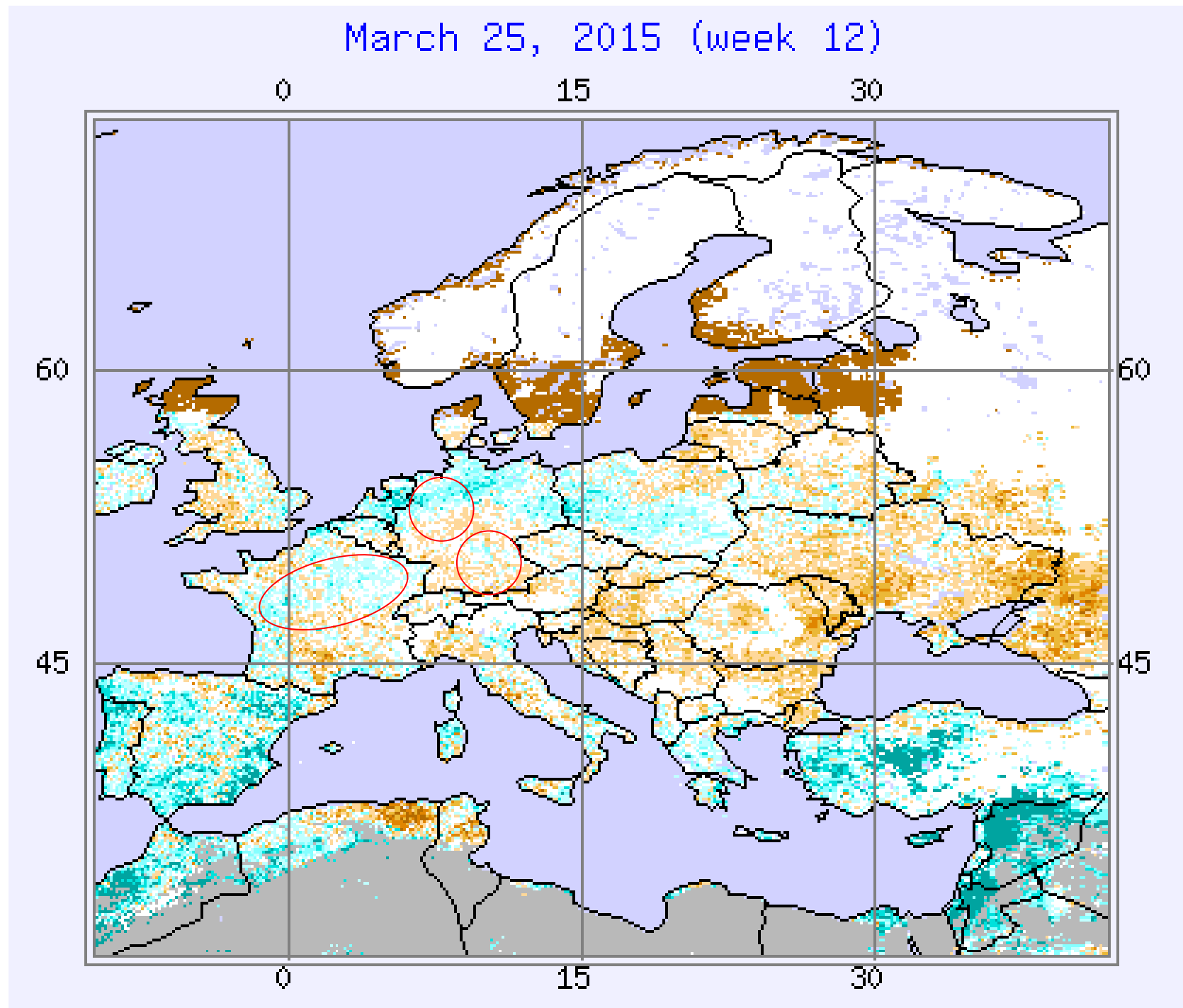
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	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Area (HA)	100,501	103,532	111,562	108,803	105,021	104,755	102,588	102,747	103,755	103,394
Yield (MT/HA)	2.85	2.82	3.31	3.15	3.12	3.25	2.97	3.40	3.45	3.26
Beginning Stocks	63,701	43,500	37,032	66,066	76,734	73,089	67,445	47,951	51,558	63,960
Production	286,373	291,649	369,364	342,423	327,563	340,100	304,726	349,226	357,657	337,463
Imports	9,555	10,541	11,304	8,708	7,457	10,731	9,924	10,236	9,805	10,036
Total Supply	359,629	345,690	417,699	417,196	411,755	423,920	382,095	407,414	419,020	411,459
Exports	89,398	92,451	122,421	109,833	108,043	124,511	108,894	135,010	129,580	129,869
Feed and Residual	82,914	72,585	87,548	85,202	84,122	87,673	83,410	78,098	81,009	77,271
FSI Consumption	143,817	143,622	143,893	145,406	146,502	144,251	141,842	142,747	144,026	144,334
Total Consumption	316,129	308,658	353,862	340,441	338,668	356,435	334,146	355,855	354,970	351,556
Ending Stocks	43,500	37,032	63,838	76,755	73,089	67,485	47,951	51,558	63,960	59,903
Stocks/Use (%)	14%	12%	18%	23%	22%	19%	14%	14%	18%	17%

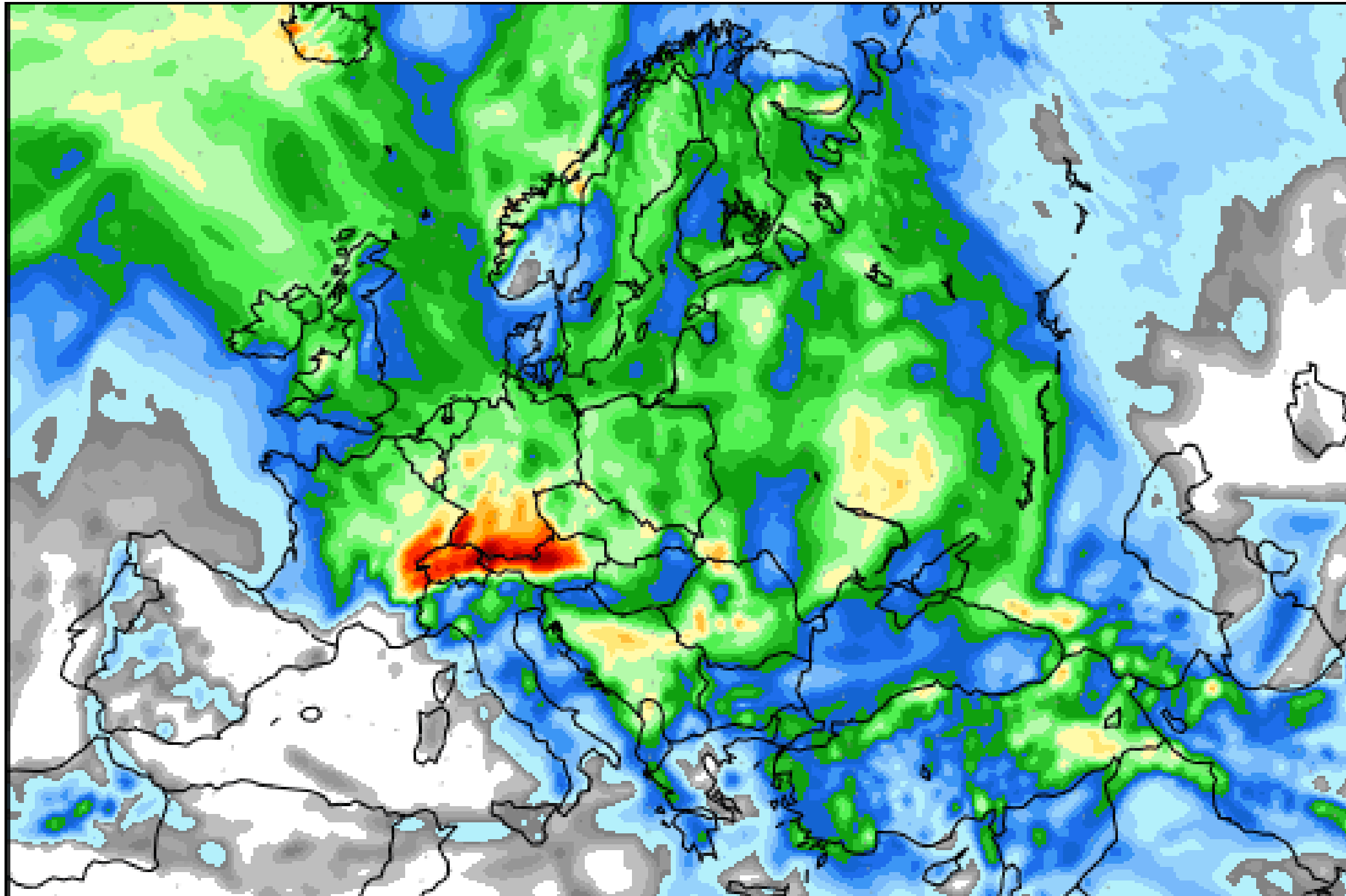


+ So how do things actually
look?

+ Last 12 months

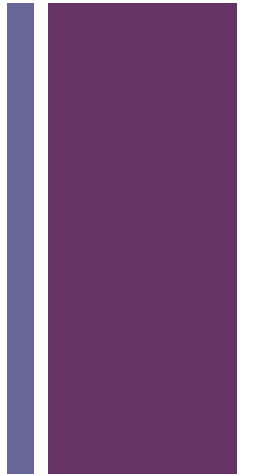


+ European 7 Day Forecast

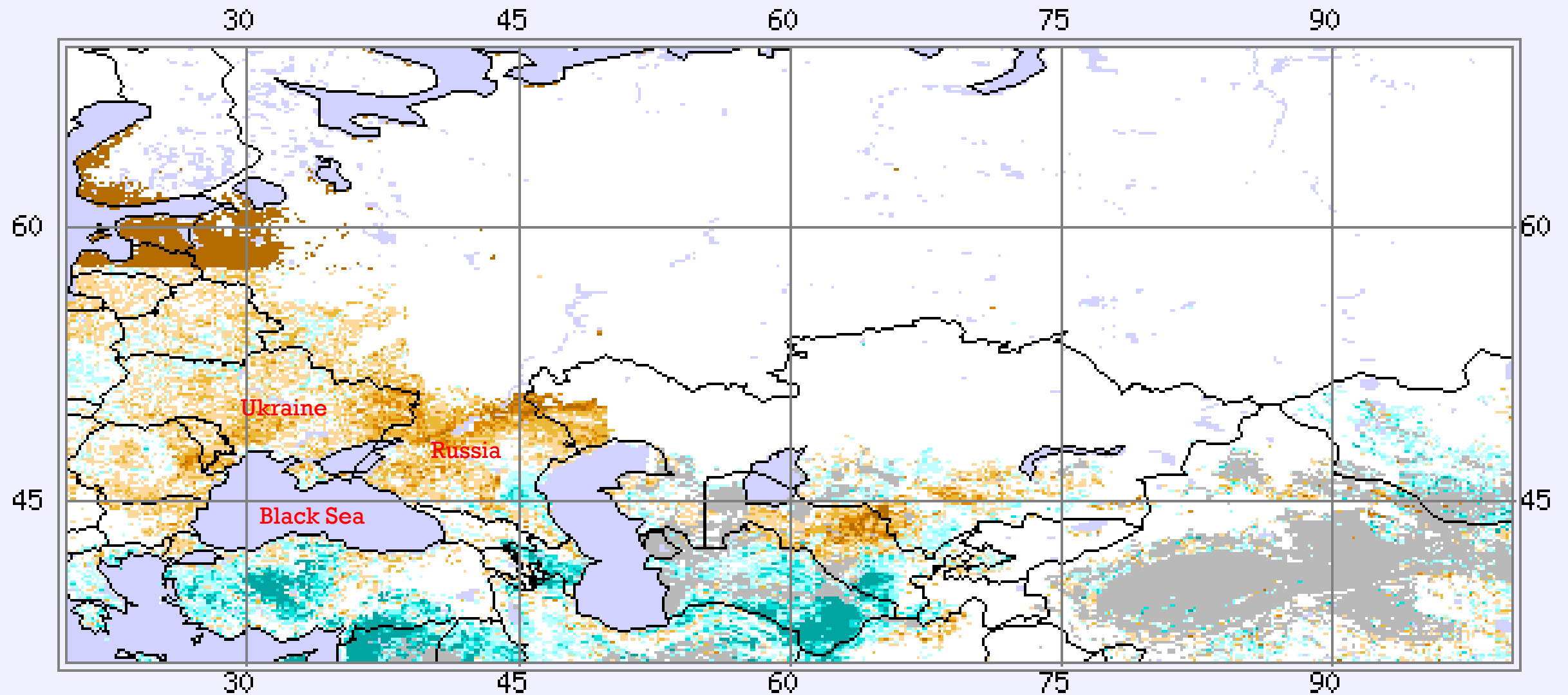




Former Soviet Union

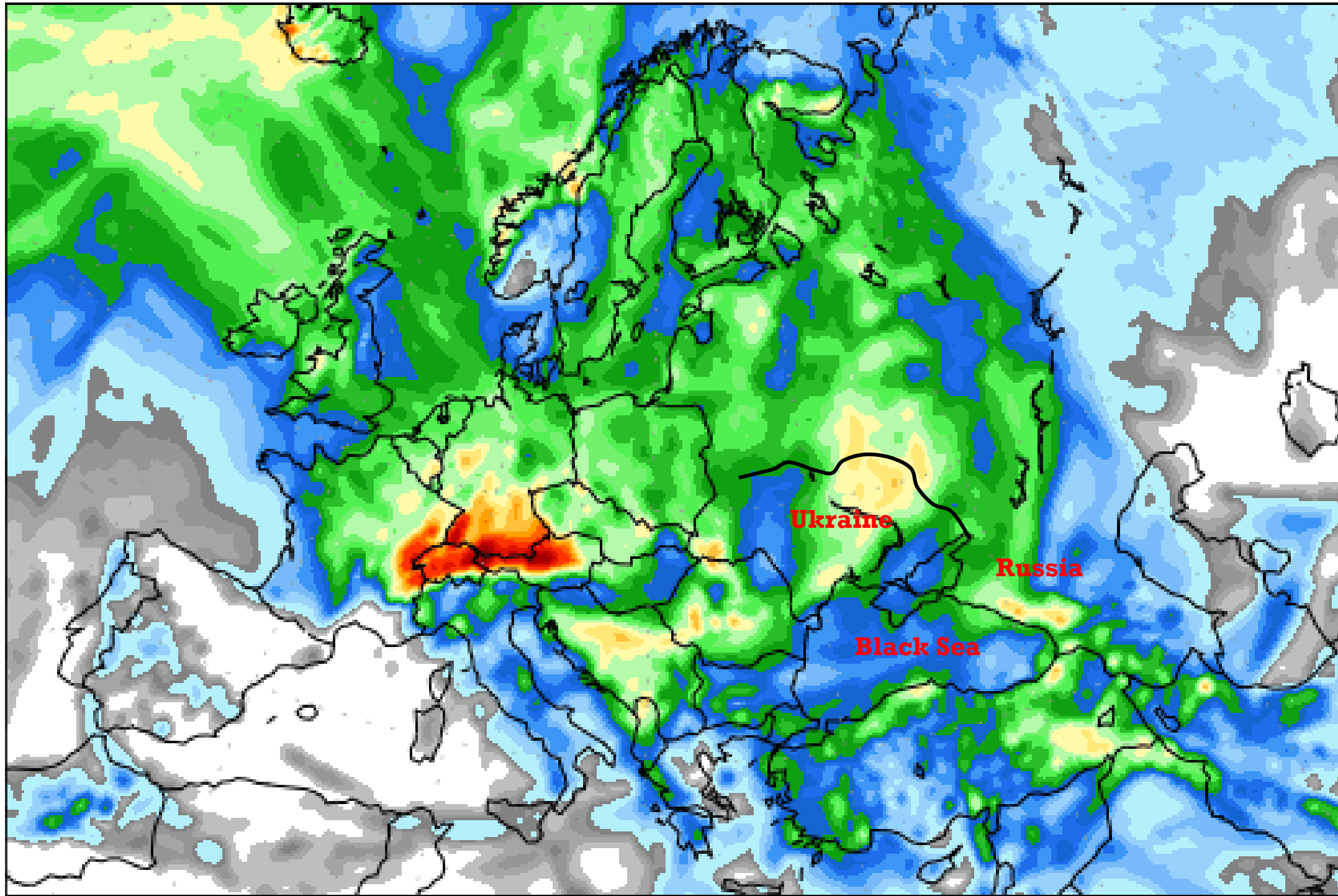


March 18, 2015 (week 11)



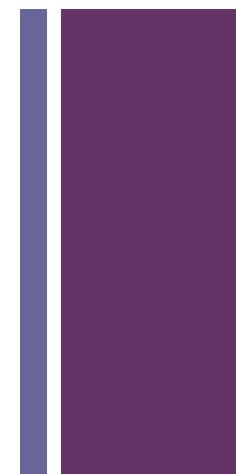
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Black Sea 7 Day Forecast

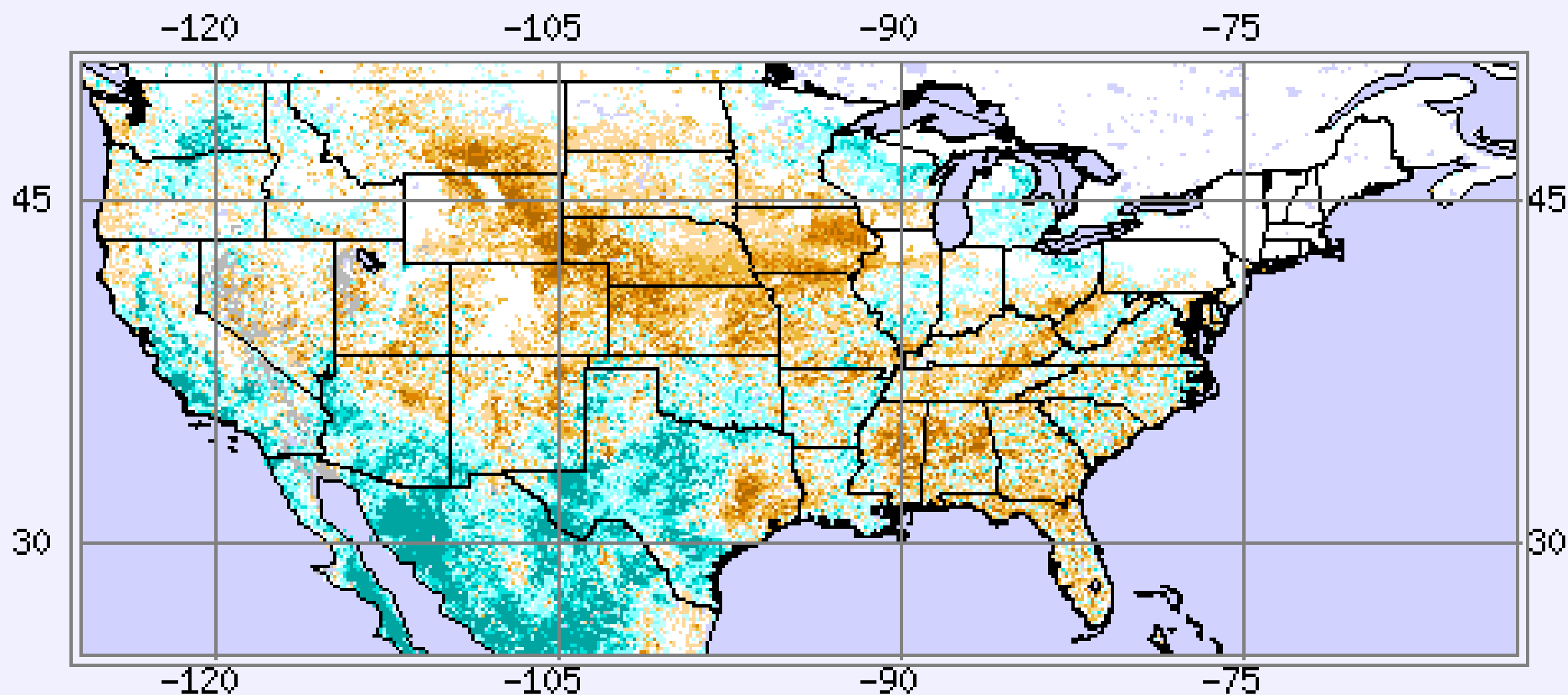




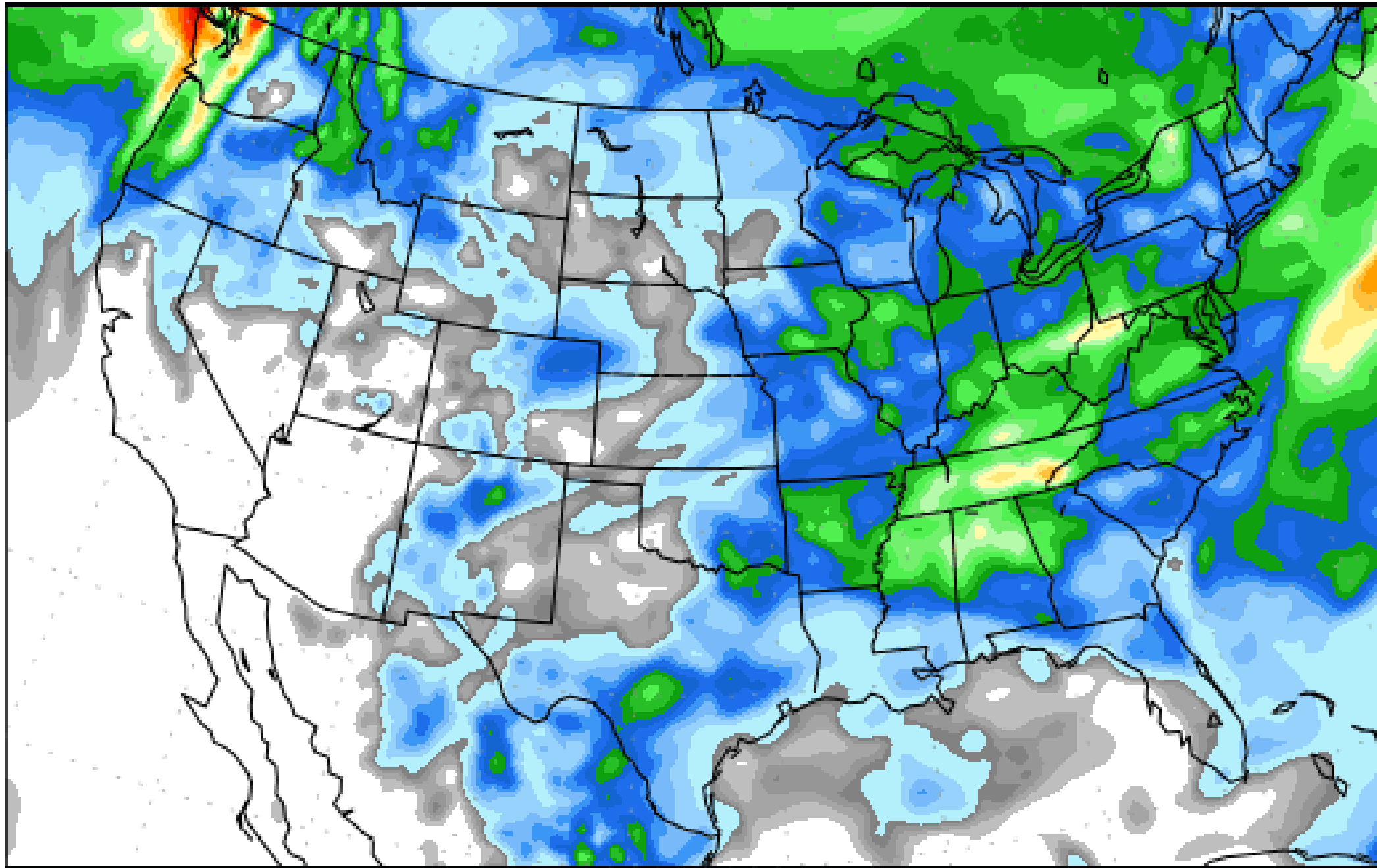
United States



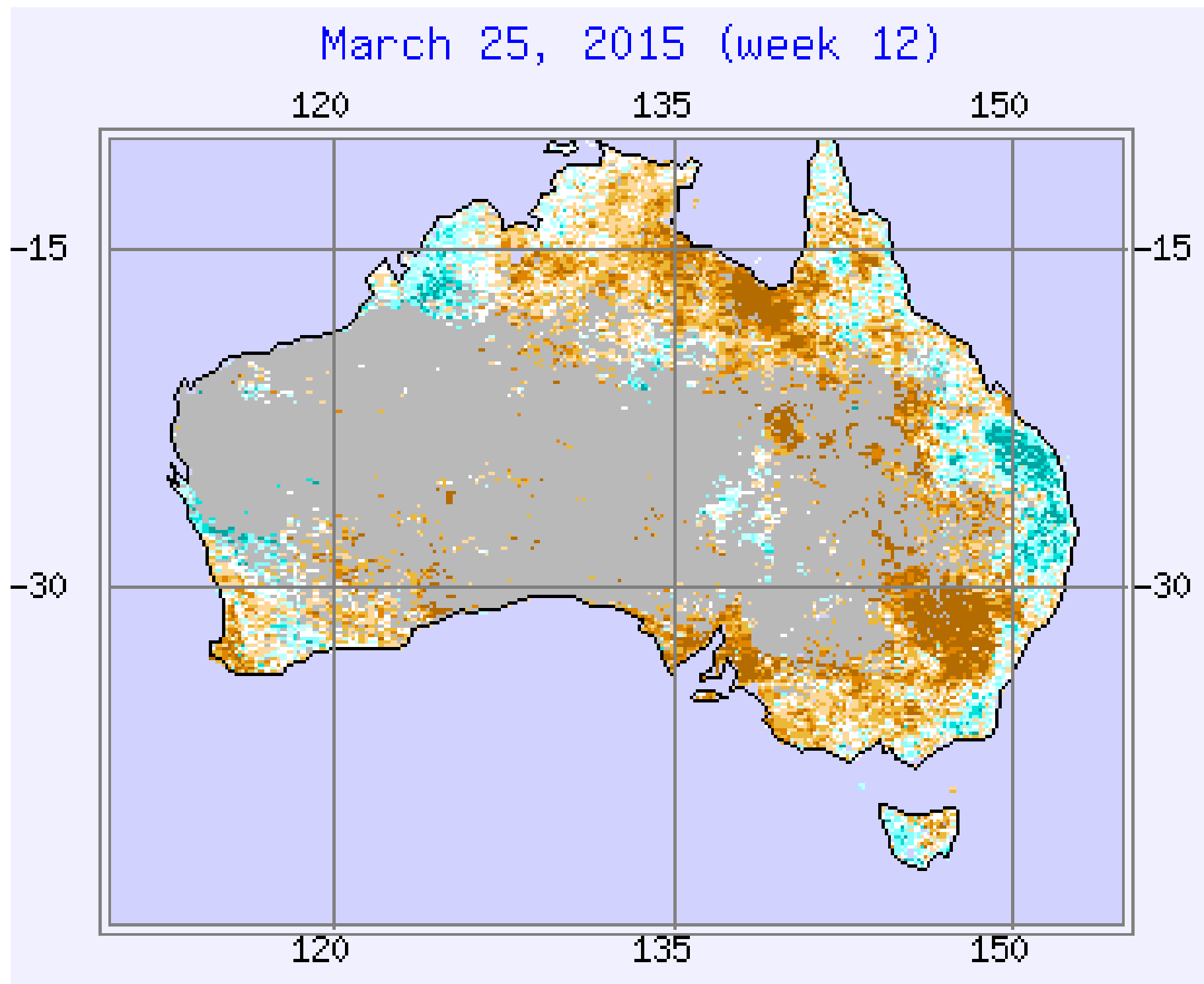
March 25, 2015 (week 12)



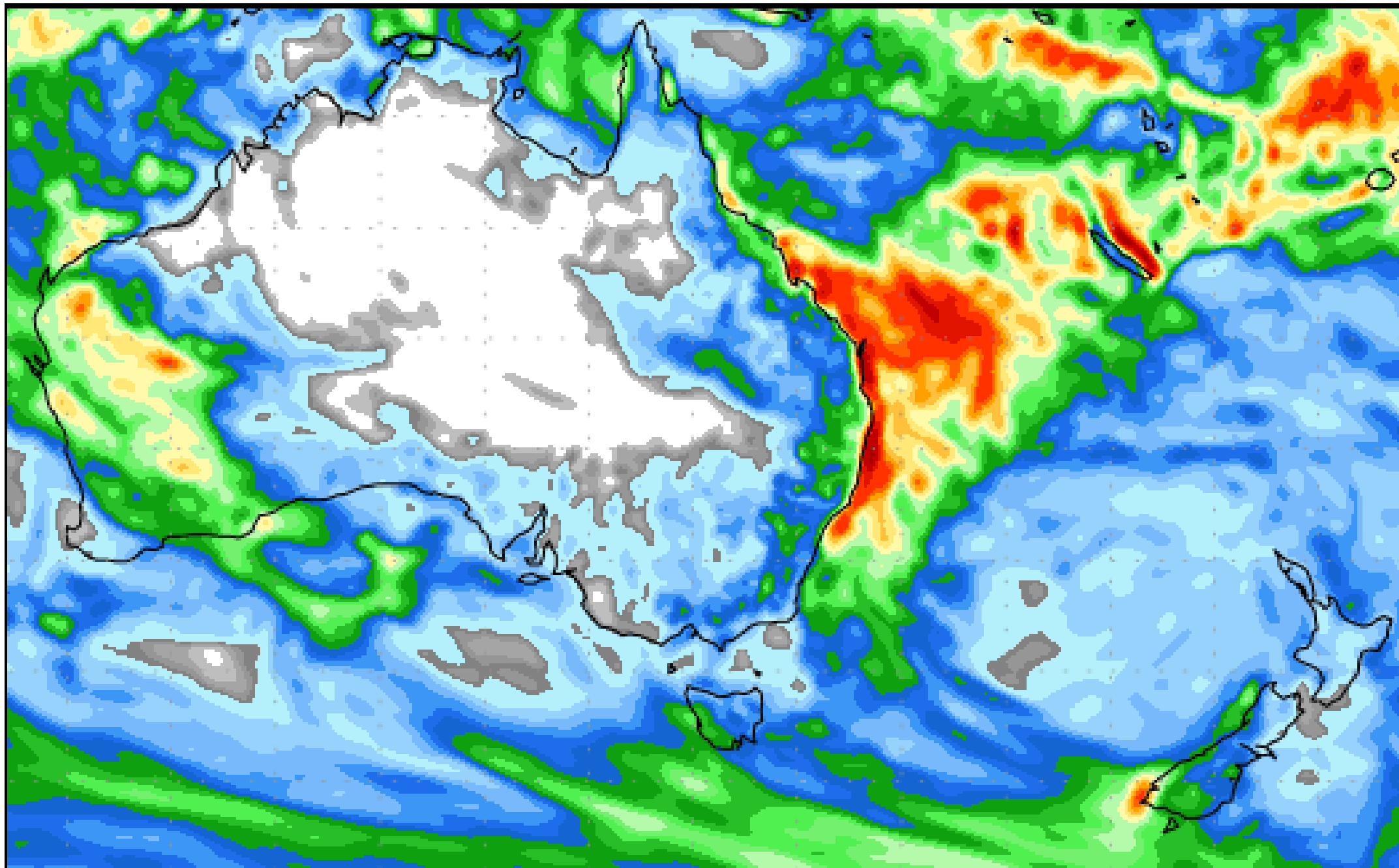
+ United States 7 Day Forecast



+ Australia



+ Australia 7 Day Forecast



+ Corn

- US Corn supplies were burdensome in 2014 due to above average yields.
- Higher than expected exports and ethanol usage has meant US corn carryout, although high, was lower than expected.
- Huge South American crops will see world corn stocks at their highest level since the late 1990's.
- US acres will be lower in 2015 (we will find out tonight!!!)
 - Shift to beans
- Good yields will still be required to keep stocks at adequate levels.



Global Wheat Price Matrix (Jan 16 Shipment)

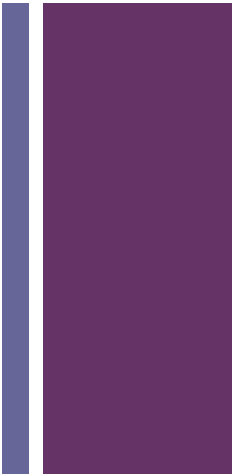


Grade	FOB	Egypt	RSA	UAE	China	SE Asia
HRW Gulf	\$250.78	\$264.78	\$275.53			
HRW PNW	\$244.53			\$267.53	\$259.28	\$260.53
APW	\$249.37	\$264.12	\$299.12	\$262.87	\$258.87	\$258.37
Russian	\$212.14	\$219.14	\$231.14	\$232.89		\$233.64
German	\$223.47	\$231.22	\$239.72	\$245.97		\$246.47
Argentinian						
Grade	FOB	Egypt	RSA	UAE	China	SE Asia
HRW Gulf		\$0.66	-\$23.59			
HRW PNW				\$4.66	\$0.41	\$2.16
Russian		-\$44.98	-\$67.98	-\$29.98		-\$24.73
German		-\$32.90	-\$59.40	-\$16.90		-\$11.90
Argentinian						



Port Capacity

- All port operators aim to have long term agreements in place for the 2015/16 harvest.
- CBH already have approvals in place.
- Glencore still working with exporters and the ACCC.
- Penalties for not shipping will range from \$5 - \$9/mt.





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Summary





Summary

- World wheat supplies are currently more than adequate.
 - This is negative prices when combined with the lack of demand that is currently being experienced.
- Normal yields will result in ending stocks declining in 2015/2016 but still higher than 13/14.
- Australian prices should trend lower (~ \$30/mt) if no production problems materialise.
 - We are currently uncompetitive with world prices.
- Crop conditions in both Australia and overseas are deteriorating.
- We don't expect significant downside in the short term until rain starts to appear in the forecast for Kansas and the East Coast of Australia.
- If a real problem materialises in one of the major exporting countries, particularly Australia, then prices of at least \$350/mt could be seen.

