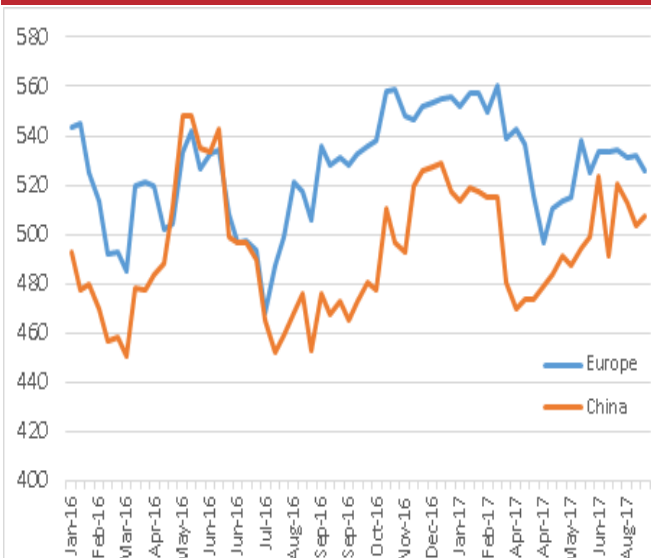




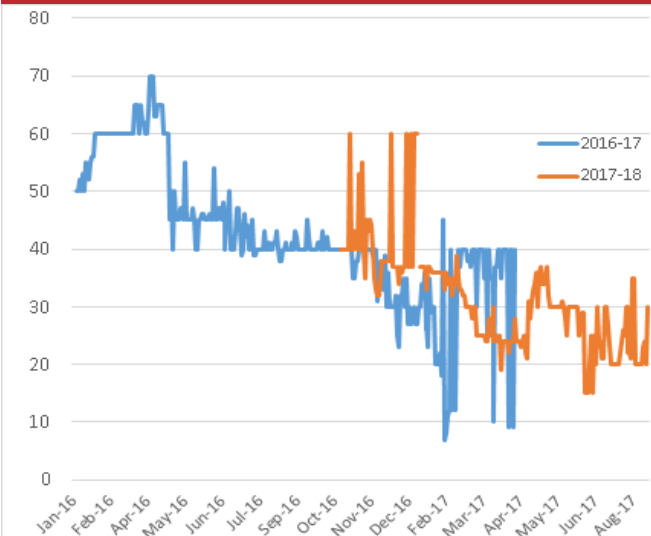
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**GM CANOLA DATA DASHBOARD**

**EU-CHINA Prices (A\$ track eq.)**



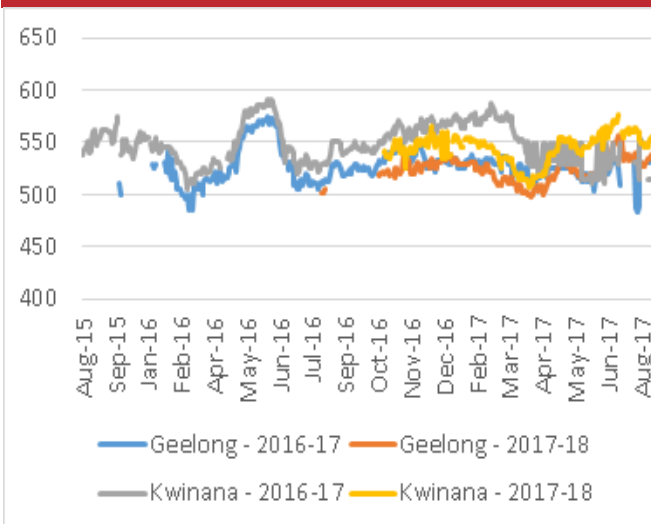
**Kwinana GM Spread**



**17/18 Export Matrix**

|              | Australia    | Canada       | Ukraine      | Total         |
|--------------|--------------|--------------|--------------|---------------|
| Bangladesh   | 0            | 150          | 0            | 150           |
| China        | 0            | 4,000        | 0            | 4,020         |
| EU-27        | 2,120        | 450          | 700          | 3,500         |
| Japan        | 50           | 2,250        | 0            | 2,300         |
| Mexico       | 0            | 1,400        | 0            | 1,400         |
| Pakistan     | 0            | 500          | 500          | 1,000         |
| UAE          | 0            | 400          | 400          | 800           |
| Other        | 39           | 450          | 200          | 839           |
| <b>Total</b> | <b>2,209</b> | <b>9,600</b> | <b>1,800</b> | <b>14,009</b> |

**Geelong/Kwinana Price**



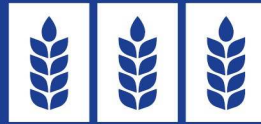
**Production Matrix**

| Canola (MMT) | 2016/17 | 2017/18 | GM % |
|--------------|---------|---------|------|
| Australia    | 4.197   | 2.982   | 22%  |
| EU-27        | 19.5    | 22      | 0%   |
| Canada       | 19      | 19      | 97%  |
| Ukraine      | 1.19    | 2.1     | 0%   |
| World        | 68.701  | 70.98   | 27%  |

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**GM CANOLA MARKET REPORT**

**GM SITE BID SHEET**

| Site            | ADM | AWB | Bunge | CBH | Riordan | Riverina | Robinson Grain | Wilmar Gavilon |
|-----------------|-----|-----|-------|-----|---------|----------|----------------|----------------|
| Albany          | -   | -   | 520   | 516 | -       | -        | -              | -              |
| Burrumbuttock   | -   | -   | -     | -   | 448     | -        | -              | -              |
| Esperance       | -   | -   | 524   | 516 | -       | -        | -              | -              |
| Forbes          | -   | -   | -     | -   | -       | -        | 490            | -              |
| Geelong         | 505 | -   | -     | -   | -       | -        | -              | -              |
| Geraldton       | -   | -   | 531   | 516 | -       | -        | -              | -              |
| Kwinana         | -   | -   | 531   | 516 | -       | -        | 520            | -              |
| Lakaput         | -   | -   | -     | -   | 471     | -        | -              | -              |
| Lara            | -   | -   | -     | -   | 493     | -        | -              | -              |
| Melbourne       | 507 | -   | -     | -   | -       | -        | -              | 507            |
| Melbourne - Del | -   | -   | -     | -   | -       | 528      | 520            | -              |
| Newcastle - Del | -   | -   | -     | -   | -       | 545      | 540            | -              |
| Oaklands        | 471 | 466 | -     | -   | -       | -        | -              | -              |
| Port Kembla     | 509 | -   | -     | -   | -       | -        | -              | 509            |
| Riverina        | -   | -   | -     | -   | -       | 504      | -              | -              |
| Robe - Del      | -   | -   | -     | -   | -       | -        | -              | 479            |
| Telford         | -   | -   | -     | -   | 453     | -        | -              | -              |

\*NB Limited site prices currently being posted for new season, most port based at this stage.

**PORT EQUIVALENT BID SHEET**

| Port            | ADM | AWB | Bunge | CBH | Riordan | Riverina | Robinson Grain | Wilmar Gavilon |
|-----------------|-----|-----|-------|-----|---------|----------|----------------|----------------|
| Albany          | -   | -   | 520   | 516 | -       | -        | -              | -              |
| Burrumbuttock   | -   | -   | -     | -   | 482     | -        | -              | -              |
| Esperance       | -   | -   | 524   | 516 | -       | -        | -              | -              |
| Forbes          | -   | -   | -     | -   | -       | -        | 532            | -              |
| Geelong         | 505 | -   | -     | -   | -       | -        | -              | -              |
| Geraldton       | -   | -   | 531   | 516 | -       | -        | -              | -              |
| Kwinana         | -   | -   | 531   | 516 | -       | -        | 520            | -              |
| Lakaput         | -   | -   | -     | -   | 485     | -        | -              | -              |
| Lara            | -   | -   | -     | -   | 503     | -        | -              | -              |
| Melbourne       | 507 | -   | -     | -   | -       | -        | -              | 507            |
| Melbourne - Del | -   | -   | -     | -   | -       | 528      | 520            | -              |
| Newcastle - Del | -   | -   | -     | -   | -       | 545      | 540            | -              |
| Oaklands        | 505 | 500 | -     | -   | -       | -        | -              | -              |
| Port Kembla     | 509 | -   | -     | -   | -       | -        | -              | 509            |
| Riverina        | -   | -   | -     | -   | -       | 516      | -              | -              |
| Robe - Del      | -   | -   | -     | -   | -       | -        | -              | 479            |
| Telford         | -   | -   | -     | -   | 487     | -        | -              | -              |

\*NB Riverina prices are for Jan-April 2018 bids.

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## GM CANOLA MARKET REPORT

### LOCAL MARKETS

The divergence continued in the past couple of weeks, with NSW continuing to see crop declines and SA and WA both improve after their early season challenges. The stretch of dry weather across northern and western regions of NSW has continued and we then saw a significant frost event take place in that same region on the 27/28th of August with temperatures below  $-3\text{C}$  and even  $-5\text{C}$  in some areas for prolonged periods. Seemingly this is more of an issue with Barley and Wheat than Canola, with some Canola crops able to re-flower, however it continues to the trend of decline in NSW.

**WA:** Stable week or two, forecast is pretty light on but temperatures remain low. We are not in a position to increase yields yet, however this is likely our next step if we are able to progress further into spring without any heat and if we get another 20mm of rain. Prices have pushed back above \$550-555 FIS. The GM spread sits at \$30 in WA.

**NSW/VIC:** As mentioned we are seeing some divergence in crop conditions across NSW and VIC. Prices have started to do the same, with VIC port prices around \$538 and Port Kembla \$536 at the moment. With the tightening supply in NSW we rapidly reduce the exportable surplus in the state and thereby will put more pressure on crushers ensuring that they do not allow exports to increase to the point that they lose supply to their plants.

### GLOBAL MARKETS

StatsCan (Canada) surprised the market a little with an increase in their 16/17 canola crop estimate (+1.2mmt to 19.6) but did pull back their 17/18 estimate to 18.2mmt... The market range for 17/18 was 18.5-19mmt. However these surveys were done in early August and since then some analysts feel conditions have improved across Canada and we have seen better than expected early harvest results. We suggest a 19mmt number is closer to the mark.

On the demand front, we haven't seen a lot of China buying in the canola market yet, margins remain poor but we need to see that change if we are to realise the tight SND that we have forecast. Soybean demand remains pretty strong largely due to delays coming out of the US with the hurricane season.

Beans rallied 14c for the week on strong demand and logistic pressure in the US. A long weekend for many countries; Singapore, Europe and US has taken a little bit of the sting out of the market but we expect that to pick up as we approach the next round of reports.

Canola futures fell \$3 and traded a very tight range between \$500 & \$510, despite the noise around the StatsCan report. Holding above \$500 is an important technical signal and will provide a little bit of market confidence into the coming reports.

USDA WASDE report is out Tuesday next week. The focus will be on updates for US production and also to see where they want to peg Aussie and Canadian crops.

### CASE STUDY— The Backyard

**We touched on drawing arcs in the last edition, but as the conditions across the eastern states continue to diverge we need to take a closer look, in particular with how it may impact the GM canola spreads.**

As supply reduces in NSW, our largest domestic consuming state, we are narrowing the amount of exportable surplus we have. This means the crushers need to be very careful about not letting any seed 1) be exported from NSW ports, 2) letting too much Murray seed cross into VIC. For many crushers this will also mean that it is more economical to crush GM seed in their backyard than drag non-GM seed from far and wide. Most crushers have this flexibility so if conditions continue to tighten, then we should see GM spreads narrow further. The flow on effect is that tightening GM spreads in the east, will also mean that there is more GM export demand for the west and compounded by the tighter Geraldton supply this year (traditionally a large GM exporter) then nationally we could see significantly less GM seed supply this year and possibly enough to cause the spread to narrow in towards \$20/mt from here. As spring sets up this will start to play out a lot more as farmers, exporters and crushers all engage more in the markets.

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