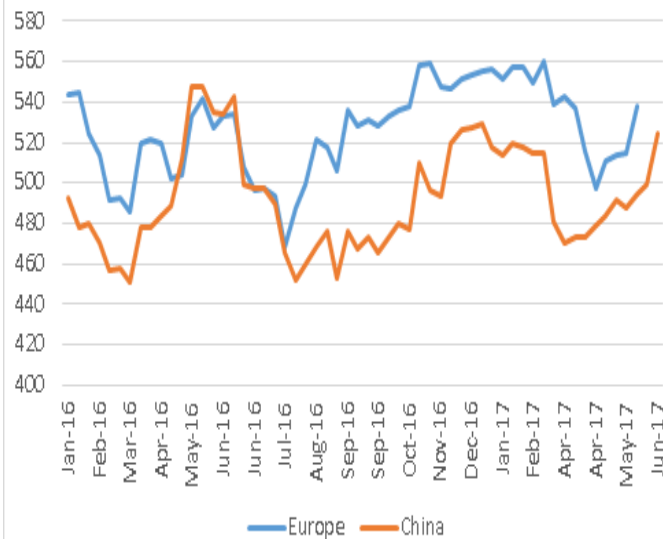




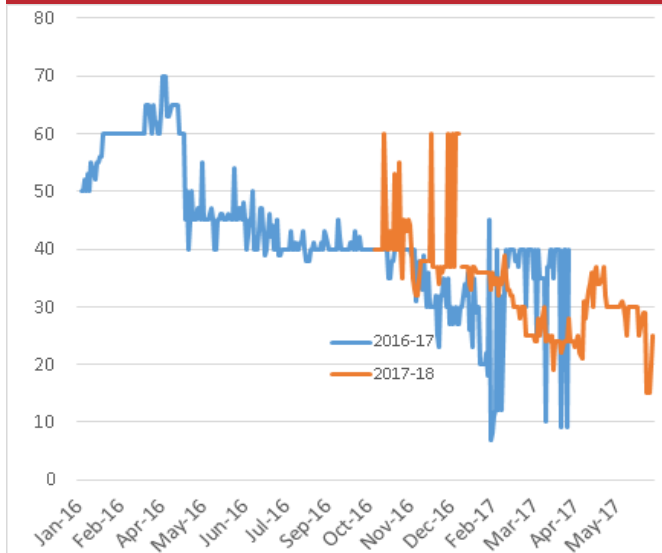
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**GM CANOLA DATA DASHBOARD**

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



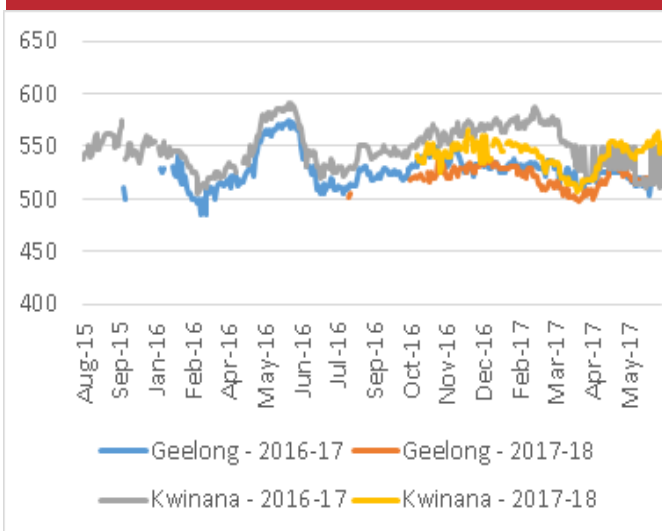
**Kwinana GM Spread**



**17/18 Export Matrix**

	Australia	Canada	Ukraine	Total
<b>Bangladesh</b>	20	150	0	150
<b>China</b>	110	4,100	0	4,210
<b>EU-27</b>	2,299	450	700	3,449
<b>Japan</b>	100	2,250	0	2,350
<b>Mexico</b>	0	1,500	0	1,500
<b>Pakistan</b>	0	550	500	1,050
<b>UAE</b>	0	400	400	800
<b>Other</b>	16	300	150	466
<b>Total</b>	<b>2,545</b>	<b>9,700</b>	<b>1,750</b>	<b>13,975</b>

**Geelong/Kwinana Price**



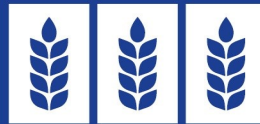
**Production Matrix**

Canola (MMT)	2016/17	2017/18	GM %
<b>Australia</b>	3.965	3.351	22%
<b>EU-27</b>	19.5	21.4	0%
<b>Canada</b>	19	19.5	97%
<b>Ukraine</b>	1.19	2.05	0%
<b>World</b>	68.321	70.976	28%

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**GM CANOLA MARKET REPORT**

**GM SITE BID SHEET**

Site	ADM	CBH	Glencore	Wilmar Gavilon
Albany	-	540	530	-
Esperance	-	540	530	-
Geelong	519	521	-	-
Geraldton	-	540	530	-
Kwinana	-	540	530	-
Melbourne	472	521	-	499
Port Kembla	489	521	-	499
Portland	502	520	-	-

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

**PORT EQUIVALENT BID SHEET**

Port	ADM	CBH	Glencore	Wilmar Gavilon
Albany	-	540	530	-
Esperance	-	540	530	-
Geelong	519	521	-	-
Geraldton	-	540	530	-
Kwinana	-	540	530	-
Melbourne	472	521	-	499
Port Kembla	489	521	-	499
Portland	502	520	-	-

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## GM CANOLA MARKET REPORT

### LOCAL MARKETS

Big focus on moisture across the country at the moment. Over the last few weeks we haven't seen a lot of respite and condition "index" has had a general shift lower across the country. This has led to basis firming as buyers keep bids strong to gauge the interest of farmer selling and begin covering their supply chain and crush.

**WA:** Southern regions of the state seem to be fairing well. Some good rain across the upper great southern last week has helped stabilize and push conditions along, whilst Esperance and Lower Great Southern remain in good condition. The problem zones remain in the all important central wheat belt and Geraldton regions. Again some coastal rain last week has helped those further west, but in the main conditions are well below average. Crops have germinated but not really had a chance to grow and some canola crops have been re-sown or the extra paddock intended to go into canola switched to cereals. We are currently forecasting 1.6mmt WA crop, down from 2.1mmt last year. Bias remains to the downside unless we can get 25mm of stabilizing rain in the coming weeks. Prices remain firm above \$550 FIS port for non-GM and GM spreads are steady between \$25-30..

**NSW/VIC:** Conditions have slipped in parts of Southern NSW, whilst VIC remains in above average condition. Prices hovering around \$530 port and above. We are one 15-20mm rain event away from getting farmers to come to the table for small portion of their grains and oilseeds production.

### GLOBAL MARKETS

It's a busy time around the globe for crop production. We saw some heat through France last week do damage to cereal crops that were flowering, whilst Canola seems to have missed the damage being that bit further advanced. There may be some but at this point nothing material has been reported. With frosts around earlier in the season, we watch to see how the harvest reports go in France in the coming weeks. A little rain forecast will delay the start of harvest. No change to our EU crop forecast at this point.

Canada has had a rollercoaster season so far and like Australia has some good and bad spots. A lot has been publicized about the Northern US and Southern Canadian drought that has had a huge impact on the Hard Spring Wheat crop. The same conditions have impacted the southern areas of the canola belt. However, in other areas crops look really good. Weather looks to be turning dry at the moment and we continue to maintain a 10-yr trend yield estimate with 9% increase in area for a 19mmt production number. We are aware of numbers 20-21mmt as well.

Ukraine remains stable, poor conditions seemed to spare canola somewhat with the Sunseed crops further south being more susceptible to the damage.

We know watch to see where the Soybean weather market will take us, conditions in general pretty similar to last at this stage, but it will be a week to week circus from for the next 4-6 weeks.

### CASE STUDY— Big Brother

**Why do we keep hearing about Soybeans in the US, I grow Canola in regional Australia, how is it relevant?**

At this time of year, Australian farmers might get bombed with seemingly irrelevant information about the US soybean crop. Lets take a look at why? Canola is part of the global oilseeds "complex", which groups major oilseed crops of soybeans, palm, canola, sunflower, cottonseed, coconut, Oliver, Peanut and many others. These oilseeds are crushed to produce varying amounts of vegetable oil and meal. Vegetable oils all compete into the food and Bio-Diesel Sectors, whilst the meals generally push into the stock feed industry. Like all efficient markets, substitution happens all the time in vegetable oil depending on the customer and their elasticity to price changes in one oil compared to the other. The world produces 320-350mmt of Soybeans a year, and 70mmt of canola. Of that the US produces 120mmt & South America 180mmt. Soybeans are very susceptible to heat during flowering and pod set which occurs in July & August across the US. Whilst a 5% decrease in yield is a big move in the US, it is equivalent to the normal amount of carry over stock in the US, so they don't have a large buffer against South American reliance.

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