



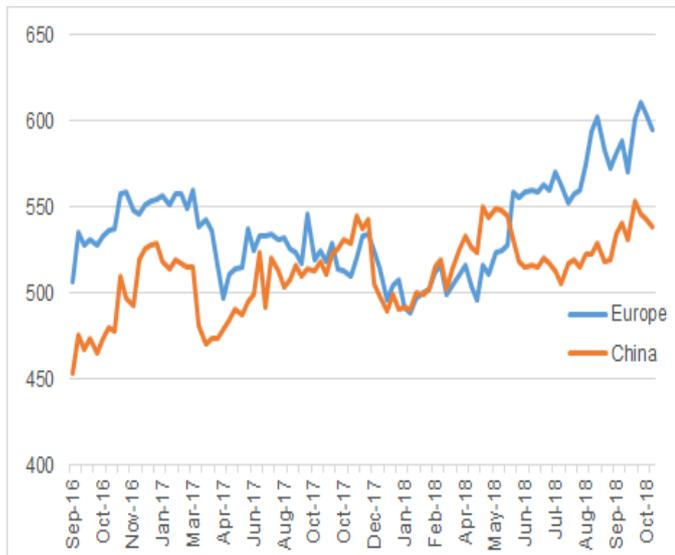
MARKET WIRE

Looking ahead

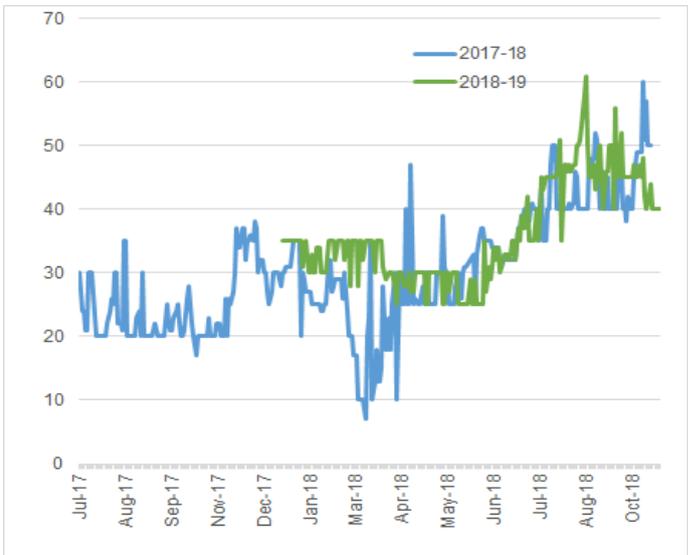


GM CANOLA DATA DASHBOARD

EU-CHINA PRICES (A\$ TRACK EQ.)



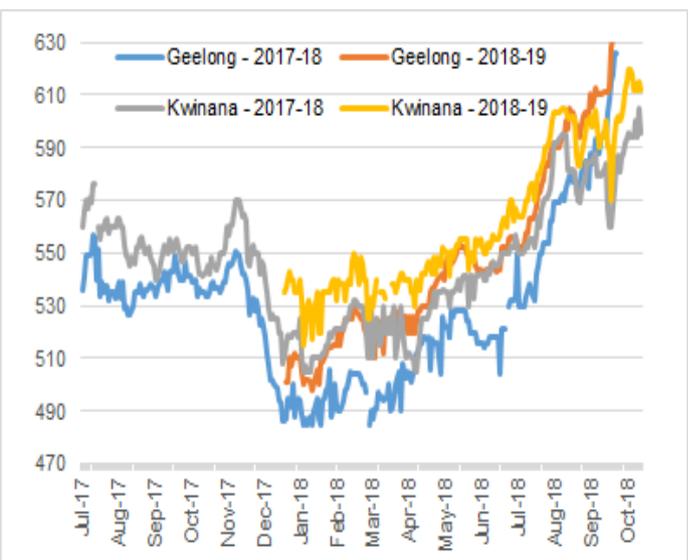
KWINANA GM SPREAD



18/19 EXPORT MATRIX ('000MT)

| | Australia | Canada | Ukraine | Total |
|--------------|--------------|---------------|--------------|---------------|
| Bangladesh | 2 | 100 | 20 | 122 |
| China | 3 | 4,200 | 0 | 4,203 |
| EU-27 | 1,210 | 700 | 2,150 | 4,200 |
| Japan | 144 | 2,250 | 0 | 2,394 |
| Mexico | 0 | 1,550 | 0 | 1,550 |
| Pakistan | 0 | 600 | 100 | 800 |
| UAE | 0 | 820 | 30 | 850 |
| Other | 59 | 980 | 50 | 1,139 |
| Total | 1,418 | 11,200 | 2,350 | 15,258 |

GEELONG/KWINANA PRICE



PRODUCTION MATRIX

| Canola (MMT) | 2017/18 | 2018/19 | GM % |
|--------------|---------|---------|------|
| Australia | 3.57 | 1.90 | 22% |
| EU-27 | 21.80 | 19.95 | 0% |
| Canada | 21.50 | 20.75 | 97% |
| Ukraine | 2.45 | 2.60 | 0% |
| World | 74.48 | 71.06 | 29% |

TOTAL CANOLA HECTARES

| 2018/19 | WA | SA | VIC | NSW | National |
|------------------|------|------|------|------|----------|
| Area (kha) | 1268 | 253 | 411 | 591 | 2525 |
| Yields (t/ha) | 1.32 | 1.39 | 1.53 | 1.26 | 1.35 |
| Production (kmt) | 1300 | 200 | 275 | 125 | 1900 |

GM CANOLA MARKET REPORT

GM SITE BID SHEET 18/19

| Site | ADM | AWB | Bunge | CBH | Riordan | Riverina | ROBE | Robinson | Sudima |
|---------------------------|-----|-----|-------|-----|---------|----------|------|----------|--------|
| Albany | 540 | - | 555 | 547 | - | - | - | 538 | - |
| Bunbury | - | - | 565 | - | - | - | - | - | - |
| Central Vic - ex-farm | - | - | - | - | - | 595 | - | - | - |
| Esperance | - | - | 540 | 541 | - | - | - | - | - |
| Geelong | - | - | - | - | - | - | - | 595 | - |
| Geraldton | - | - | 535 | 543 | - | - | - | 538 | - |
| Goulburn Valley - ex-farm | - | - | - | - | - | 604 | - | - | - |
| Grong Grog | - | 581 | - | - | - | - | - | - | - |
| Howlong - delivered | - | - | - | - | - | - | - | - | 560 |
| Kwinana | 550 | 550 | 558 | 551 | - | - | - | 545 | - |
| Lara - Delivered | - | - | - | - | 592 | - | - | - | - |
| Mallee - ex-farm | - | - | - | - | - | 596 | - | - | - |
| Melbourne | - | - | - | - | - | - | - | 595 | - |
| Melbourne - buyers call | - | - | - | - | - | 628 | - | - | - |
| Newcastle - buyers call | - | - | - | - | - | 650 | - | - | - |
| Riverina NSW - ex-farm | - | - | - | - | - | 593 | - | - | - |
| Southern NSW - ex-farm | - | - | - | - | - | 587 | - | - | - |
| Temora - delivered | - | - | - | - | - | - | - | - | 558 |
| Wagga Market Zone | - | - | - | - | - | - | 630 | - | - |
| Wimmera - ex-farm | - | - | - | - | - | 595 | - | - | - |

PORT EQUIVALENT BID SHEET 18/19

| Port | ADM | AWB | Bunge | CBH | Riordan | Riverina | ROBE | Robinson | Sudima |
|---------------------------|-----|-----|-------|-----|---------|----------|------|----------|--------|
| Albany | 540 | - | 555 | 547 | - | - | - | 538 | - |
| Bunbury | - | - | 565 | - | - | - | - | - | - |
| Central Vic - ex-farm | - | - | - | - | - | 595 | - | - | - |
| Esperance | - | - | 540 | 541 | - | - | - | - | - |
| Geelong | - | - | - | - | - | - | - | 595 | - |
| Geraldton | - | - | 535 | 543 | - | - | - | 538 | - |
| Goulburn Valley - ex-farm | - | - | - | - | - | 604 | - | - | - |
| Grong Grog | - | 626 | - | - | - | - | - | - | - |
| Howlong - delivered | - | - | - | - | - | - | - | - | 560 |
| Kwinana | 550 | 550 | 558 | 551 | - | - | - | 545 | - |
| Lara - Delivered | - | - | - | - | 592 | - | - | - | - |
| Mallee - ex-farm | - | - | - | - | - | 596 | - | - | - |
| Melbourne | - | - | - | - | - | - | - | 595 | - |
| Melbourne - buyers call | - | - | - | - | - | 625 | - | - | - |
| Newcastle - buyers call | - | - | - | - | - | 650 | - | - | - |
| Riverina NSW - ex-farm | - | - | - | - | - | 593 | - | - | - |
| Southern NSW - ex-farm | - | - | - | - | - | 587 | - | - | - |
| Temora - delivered | - | - | - | - | - | - | - | - | 558 |
| Wagga Market Zone | - | - | - | - | - | - | 630 | - | - |
| Wimmera - ex-farm | - | - | - | - | - | 595 | - | - | - |

*NB Riverina ex-farm pickup "Buyers Call" prices are for delivery between January and June, 2019
Wagga Market Zone prices are for delivery in May, 2019

GM CANOLA MARKET REPORT

LOCAL MARKETS

There has been more of a subdued market over the last fortnight with consumers standing off, given the high prices. The supply shock has now been priced in and farmers are focusing on getting their crops in the bin before offering more to the market. A large frost in southern Victoria last week has caused some crops to be cut for hay. This was more of an issue for wheat, which saw 50% of many crops to be cut. Canola was less affected and we estimate the impact to be more like 10-15%. October rainfall ranked in the decile 2-3 range, this coupled with a near record low for rainfall in September has done more damage to yields. As a result, supply in the east continues to edge lower. This is offset by early reports of better than expected yields in WA, however feedback leads us to believe that this outperformance is more common in grain crops than canola. As a result we don't see any significant recovery for the national production figures and have reduced them to below 2mmt.

WA: WA prices have seen limited trade activity over the last two weeks and have been trading at \$5 either side of \$600 FIS for non-GM. GM spreads have narrowed up a fraction to \$40, which we expect to continue. Non-GM prices are nominally just above export parity to Europe, so to a farmer selling, we would suggest allowing basis to weaken and further attract more east cost consumer demand. Looking further ahead we have 19/20 prices starting to come online with bids around \$600 FIS for non-GM.

NSW/VIC The east cost market has stagnated despite the ongoing supply concerns. Given most of the damage has been done already, what's another 10-15%? With the expectation that consumers are looking for alternatives such as Canadian seed, there is a bit of a lid on the market, resulting in the east coast market pricing not far from WA seed. With the crop going one way farmers have no incentive to start pricing up. For the 19/20 bids, the east coast is sitting at around \$580 for non-GM, however this is not widely published. Given the low carry over stock, this is a little perplexing, but continues to highlight the influence of fewer buyers in the domestic east cost market.

GLOBAL MARKETS

Despite a late harvest and potential quality impacts, the Canadian market has continued to grind lower. The sentiment is that the crop is bigger and closer to 21mmt (remembering that the last StatsCan number in early September was 19.2mmt). We are not seeing a huge increase in demand to offset the larger Canadian supply due to poor crush margins, along with the fact that China prefers to import soybeans and canola meal. As a result we can expect the Canadian market to continue to erode on a relative value basis until demand is stimulated. This includes into; Europe, China and domestically in Canada. Canadian seed needs to work harder to encourage market share and displace soybeans that are being crushed at the ports in order to push into Europe, or price into interior European crush plants.

European planting for the year ahead continues and, as discussed earlier, we will see a lower plant this year. This may lineup with a more balanced market place in terms of crushing beans or canola for next year and add some pressure on demand. Last year, soy had a larger market share on the back of the Argentine SME entering the country, however the anti-subsidy restrictions enforced by the EU on Argentina have put a halt to that trade. This year it has been a different type of politics, with the China-US trade matter creating a stronger opportunity for destination markets to crush soybeans and take advantage of the higher meal market that this trade impasse has created. Next year will that continue, or will we revert to seeing canola on a more level playing field? If it does, with lower supply base in the EU to draw from, it will likely continue the tight situation in the EU.

CASE STUDY – Looking Ahead

I am dependent on this season, should I start looking further ahead for what 2019 might bring?

Certainly we still have a long way to go in the 18/19 season, and there are many more decisions yet to be made. However, it is always worth keeping an eye on the future and to start planning for the 19/20 season.

We are starting to see some more definition in the market place for pricing out that far, and from a historical point of view things are looking good. Whilst the prices may not be as attractive as what is on offer for wheat, with wheat at \$340/t and canola at \$580-600/t we are well shy of the old yard stick measure of 2:1. Still, it is a high decile price and one that many producers would take year in year out.

As we are seeing in many other parts of the world, the price spread to wheat and low subsoil moisture will likely see acres drop back next year. Depending on how the break goes in April we could see as much as 15-20% of canola area reduced for the 19/20 season, especially in the eastern states. We can pencil in a tight situation for 19/20, as well, when we combine this deficit, along with what should be a record crush demand, on the back of capacity expansion. We will still need to find exports and respect export parity, but the risk is higher for east coast exports to be reduced.

At \$580-600 for non-GM, it is always a smart place to start your marketing, so it makes sense to put the toe in the water. However, there is less reason for haste given the Australian 19/20 seasonal outlook for Canola supply and demand.

In summary, keep your eyes peeled for pricing in the deferred months and look to take advantage of the prices being paid for 19/20, keep some of your powder dry for the future by limiting the % of production you commit this early.