



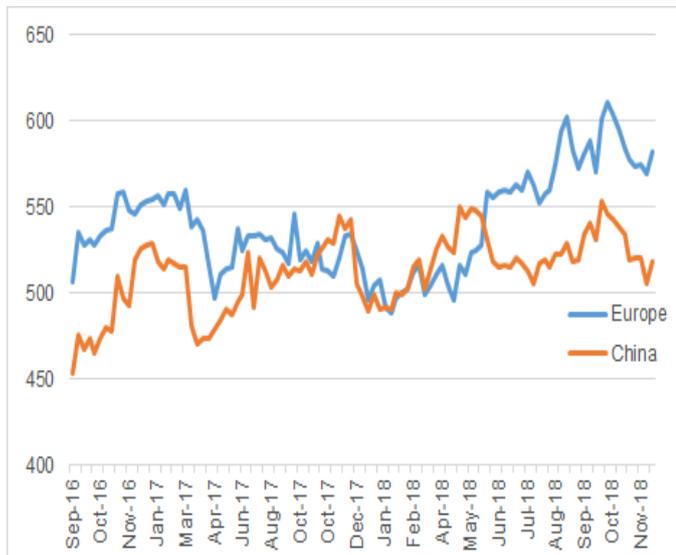
MARKET WIRE

Should I be considering growing GM in 2019/20?

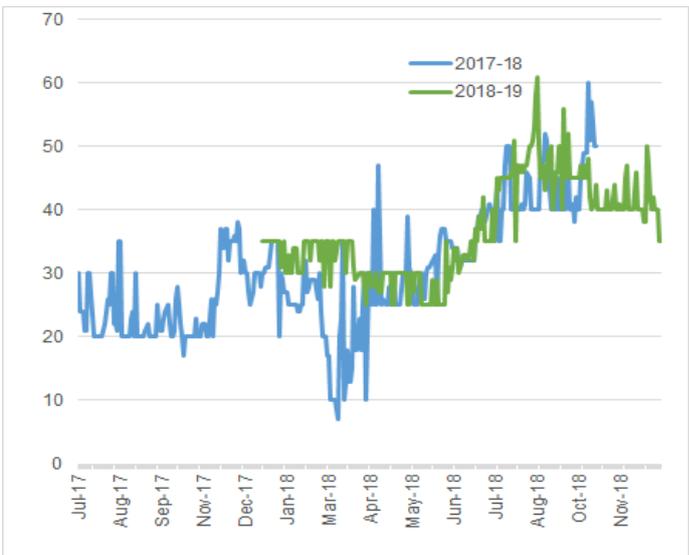


GM CANOLA DATA DASHBOARD

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



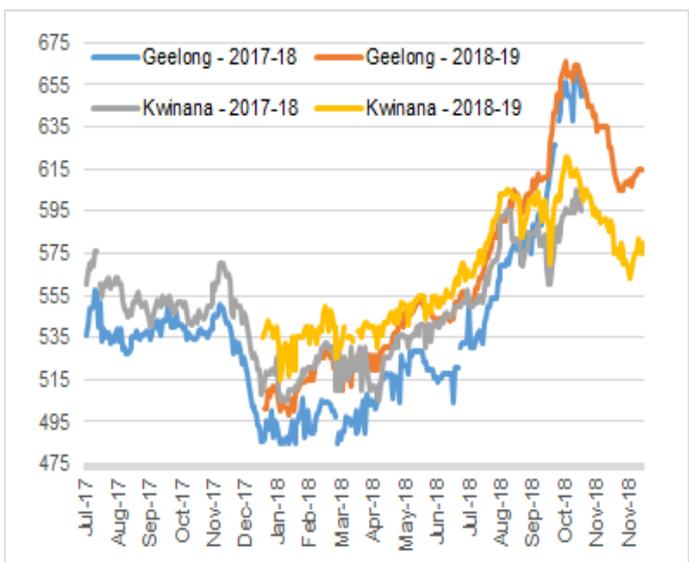
KWINANA GM SPREAD



18/19 EXPORT MATRIX ('000MT)

	Australia	Canada	Ukraine	Total
Bangladesh	3	100	10	113
China	10	4,200	0	4,210
EU-27	1,365	800	2,100	4,300
Japan	230	2,250	0	2,480
Mexico	0	1,550	0	1,550
Pakistan	0	600	140	800
UAE	0	820	130	950
Other	85	580	70	805
Total	1,693	10,900	2,450	15,208

GEELONG/KWINANA PRICE



PRODUCTION MATRIX

Canola (MMT)	2017/18	2018/19	GM %
Australia	3.57	2.28	22%
EU-27	22.14	19.60	0%
Canada	21.33	20.30	97%
Ukraine	2.21	2.70	0%
World	73.93	69.89	29%

TOTAL CANOLA HECTARES

2018/19	WA	SA	VIC	NSW	National
Area (kha)	1,257	244	410	432	2,345
Yields (t/ha)	1.27	0.87	0.82	0.31	0.97
Production (kmt)	1,596	213	335	134	2,280

GM CANOLA MARKET REPORT

GM SITE BID SHEET 2018/19

Site	ADM	AWB	Bunge	CBH	Plum Grove	Riordan	ROBE	Robinson
Albany	530	-	525	525	525	-	-	507
Esperance	-	-	520	525	-	-	-	-
Geraldton	-	-	-	525	-	-	-	507
Grong Grong	-	553	-	-	-	-	-	-
Kwinana	540	534	530	535	525	-	-	515
Lara - delivered	-	-	-	-	-	540	-	-
Wagga Market Zone	-	-	-	-	-	-	590	-

PORT EQUIVALENT BID SHEET 2018/19

Port	ADM	AWB	Bunge	CBH	Plum Grove	Riordan	ROBE	Robinson
Albany	530	-	525	525	525	-	-	507
Esperance	-	-	520	525	-	-	-	-
Geraldton	-	-	-	525	-	-	-	507
Grong Grong	-	598	-	-	-	-	-	-
Kwinana	540	534	530	535	525	-	-	515
Lara - delivered	-	-	-	-	-	540	-	-
Wagga Market Zone	-	-	-	-	-	-	590	-

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

GM CANOLA MARKET REPORT

LOCAL MARKETS

Harvest has been progressing well across the country and should be completed by the end of December. Since the last report, WA harvest has increased from 10% complete to approximately 90%. NSW and northern VIC are complete, while southern VIC has around 50% to go after rain late last week stalled harvesting operations. SA is harder to read based on the available data but anecdotally is around 80% complete, with the southeast areas of the state still working through late harvest. The \$10-20 of harvest pressure on price has come to fruition despite the delay in harvest. WA prices have since rebounded, which is somewhat surprising given where export values lie into Europe. On paper it seems that there is still a \$15-20 gap to bridge between WA values and EU bids, while in VIC, market activity has been pretty limited with buyers pre-empting the harvest pressure and pulling bids back dramatically.

WA: WA prices fell to \$565 FIS (down \$20) before rebounding recently to \$580 FIS. Currency continues to have an impact and the dire new season production forecast and challenges in river logistics across Western Europe is playing a part. It's possible that farmer-selling is drying up and we are starting to see buyers search further to get length on the books. The Geraldton zone has been a major outperformer in production, with yields well above pre-harvest expectations. The region has also seen an unprecedented lift in GM market share, with 75% of the receivals in the zone being GM. GM spreads are steady at \$40-45 and will be finding export demand into Europe at these levels. We have seen a cargo of GM ship to Newcastle already.

NSW/VIC Prices continue to remain under pressure with very little activity. Farmers are content with focusing on harvesting and transferring against existing sales and have largely (but not exclusively) refrained from further sales until they get the crop in the bin or see more encouragement from prices. The higher than normal carryover stock in both VIC and NSW seems to be providing domestic crushers with a buffer to 'play the game of chicken' as values sit above export parity. Yields in southern VIC are better than expected, however expectations are for a large expansion in crush, which keeps supply and demand tight.

GLOBAL MARKETS

Global markets have been a little less exciting in recent weeks, with the EU receiving some rain to recharge the river system, which they rely heavily on for transportation. The rain also provided some relief to dry rapeseed growing regions, however much of the damage has been done and with the area looking down compared to last year - nearly 25% of the French canola area; 20% in Germany and more than 10% in the UK. Overall, we have a huge reduction in the EU area for the season ahead. In what is normally a reliable region with swings of 5% generally qualifying as being "large", this season is certainly one that will set the scene for the canola market during 2019, especially the back half. Poor crop development due to the dryness and onset of winter is also placing pressure on yield estimates. As a result, crop forecasts in the EU are around 19 mmt.

Canada continues to show a burdensome situation but StatsCan did provide a lower than expected production update of 20.3 mmt (vs. market at 20.7-21.0 mmt). With China remaining largely out of the market, the demand challenge continues for Canada. While work is in progress to satisfy EU sustainability requirements and bridge the supply shortage in the EU, this may take some time, and with the Eastern Canada seaway closed for the winter, the price needs to do more to encourage supply from Vancouver around to Europe.

The Ukrainian situation remains sound and we expect little change there until we get out the other side of winter.

Overall, with the unchanged situations in Canada and Ukraine but a much tighter outlook for EU over the past month, things are starting to tighten back up for 2019/20 season.

CASE STUDY – GM in 2019/20?

“There has been a lot of variance in yields in my canola, but generally it seems my neighbours who have grown GM this year have seen an out-performance of 0.2-0.5 t/ha compared to my non-GM crops. Should I be considering growing GM in 2019/20?”

This is a question we have been asked a lot in the past few weeks as harvest feedback comes through. Firstly, this is primarily an agronomic question and something that should be discussed with your production team. Clearly there are many management and operational benefits that this technology can provide and as time has gone by, we see more and more varieties come onto the market that are better suited for our local conditions.

Then the next question from a marketing point of view is, “If I am happy with the agronomic benefits, then what about the marketing factors?” We expect to continue to see spreads in the east range either side of \$25, and \$40 in the west. Most/all export markets are now taking GM in some capacity, including Europe.

The pricing spread is driven by the fact that GM oil is labelled and sold differently on the supermarket shelf and byproducts of biodiesel made from GM seed in Europe are also used in a different end-market than non-GM. This is also the case domestically.

Logistically it is catch-22; currently the segregations have been a little more limited, however the more that is grown the better the choice will become.