



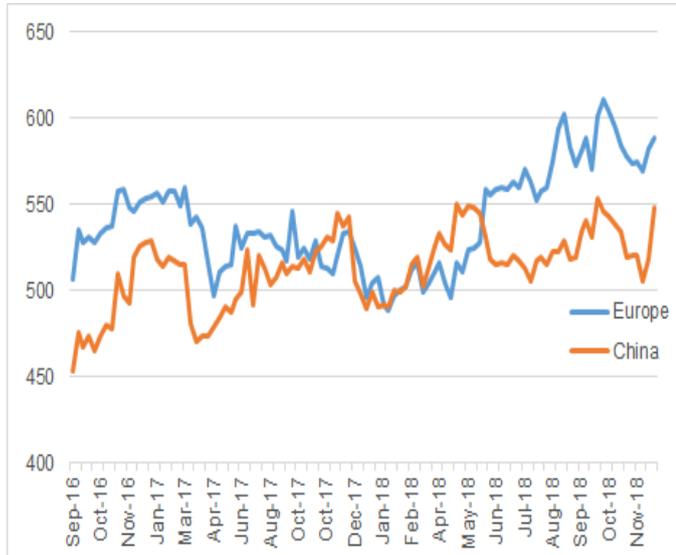
MARKET WIRE

PRICES STILL NOT BEHAVING?

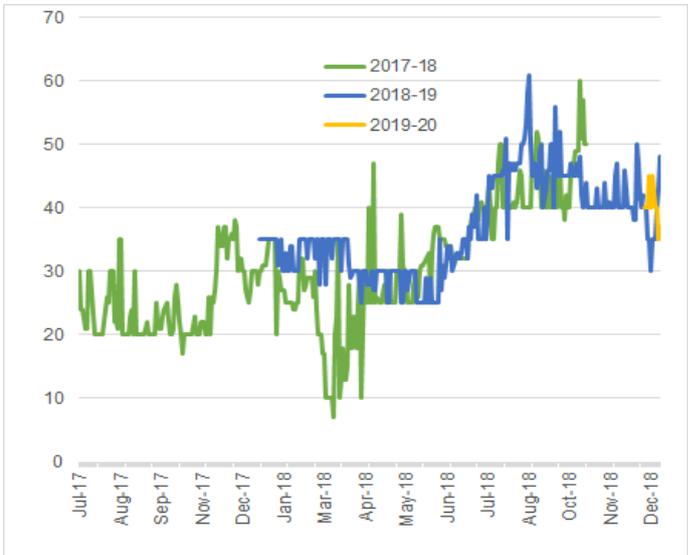


GM CANOLA DATA DASHBOARD

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



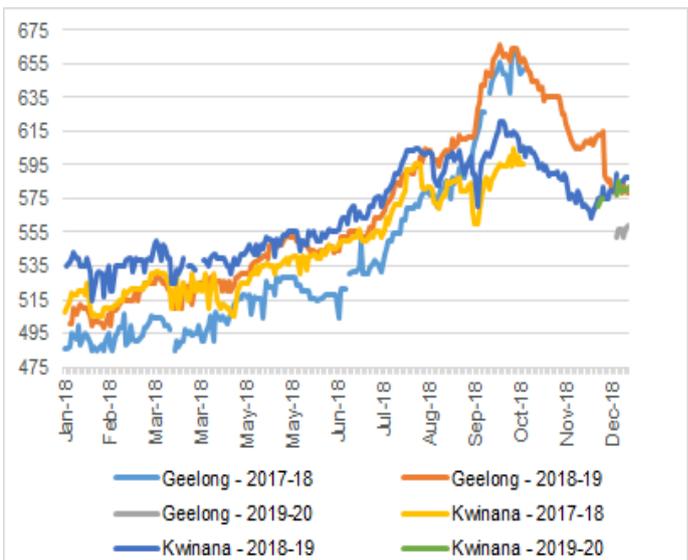
KWINANA GM SPREAD



2018/19 EXPORT MATRIX ('000MT)

	Australia	Canada	Ukraine	Total
Bangladesh	3	100	10	113
China	10	4,200	0	4,210
EU-27	1,361	800	2,100	4,300
Japan	232	2,250	0	2,480
Mexico	0	1,550	0	1,550
Pakistan	0	600	140	800
UAE	0	820	130	950
Other	105	580	70	805
Total	1,711	10,900	2,450	15,208

GEELONG/KWINANA PRICE



PRODUCTION MATRIX

Canola (MMT)	2017/18	2018/19	GM %
Australia	3.57	2.12	22%
EU-27	22.14	19.60	0%
Canada	21.33	20.30	97%
Ukraine	2.21	2.70	0%
World	73.93	69.80	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	Riordans	ROBE	Robinson
Albany	530	-	528	528	-	-	495
Bunbury Port (FIS)	-	-	536	-	-	-	-
Esperance	-	-	523	530	-	-	-
Geraldton	-	-	-	533	-	-	495
Grong Grong	-	549	-	-	-	-	-
Kwinana	540	535	530	538	-	-	503
Lara (Delivered)	-	-	-	-	540	-	-
Wagga Market Zone	-	-	-	-	-	576	-
Werneth (Delivered)	-	-	-	-	540	-	-

PORT EQUIVALENT BID SHEET 2018/19

Port	ADM	AWB	Bunge	CBH	Riordans	ROBE	Robinson
Albany	530	-	528	528	-	-	495
Bunbury Port (FIS)	-	-	536	-	-	-	-
Esperance	-	-	523	530	-	-	-
Geraldton	-	-	-	533	-	-	495
Grong Grong	-	594	-	-	-	-	-
Kwinana	540	535	530	538	-	-	503
Lara (Delivered)	-	-	-	-	550	-	-
Wagga Market Zone	-	-	-	-	-	576	-
Werneth (Delivered)	-	-	-	-	540	-	-

*NB Wagga Market Zone prices are for delivery in January, 2019
Riordan's prices delivered harvest.

GM CANOLA MARKET REPORT

LOCAL MARKETS

Harvest has finished up and the new year is upon us. WA and SA finished up in line with expectations, whilst southern VIC yields seemed to be 10-20% better than what was expected pre-harvest. The crushers appear to be well covered in the short-term due to carry over from last season and reasonable farmer selling early on. However, the supply and demand balance remains tight and we have seen two vessels containing 25,000 mt each of GM canola shipped from Geraldton to Newcastle. There will also be trains of canola heading from SA into central NSW, and from the Wimmera into Newcastle, so there is plenty of juggling going on. Over time, taking into account the implications of the increase in crush capacity at Graincorp's Numurkah plant, we will see more interest again for canola as the supply starts to tighten and farmer selling remains absent.

WA: WA prices rallied into Christmas and we saw plenty of opportunities to tidy up the balance of the stock at \$580-590 FIS for non-GM. Prices today sit around \$580 FIS for non-GM and \$40-50 discounts for GM. We expect much of the WA crop has been sold by the farmer and is in the hands of exporters shipping the high oil content canola to Europe or Newcastle.

NSW/VIC: Not a lot of change in the east coast market with a very lightly traded market that remains on the defensive. We may start to see that turn around now that prices in southern VIC are approaching WA export levels and GM may find some limited export interest. The lower oil content in the east this year will set it back compared to the shipments from WA to Europe, but there are a few floors in place now. Patience may be required as we work through short-term supplies. Soon the focus will start to shift to the 2019/20 season and whilst it is too early to call, people tend to get nervous after long stretches of heat, damaging sub-soil moisture and negative long-term outlooks on the forecast. We expect to see more of the same activity, or lack thereof, during January before we start put a little more life back into the market in February. We anticipate more transparency as we approach the silly season of March with northern hemisphere crops coming out of dormancy and more clarity on planting moisture in Australia.

GLOBAL MARKETS

Globally the focus has largely been around political matters. The USDA didn't publish a WASDE report last week because of the Government shut-down. We continue to see China play hardball with the US, and Europe has been revisiting their anti-dumping case against Argentina. The former, we have heard enough about and whilst the Chinese have started to buy soybeans, it is not enough to break the shackles on what is a very burdensome US soybean situation. Whilst across the Atlantic in Europe, the EC has suggested it may be willing to allow some concessions on the anti-dumping restrictions and tariffs placed on Argentina SME (biodiesel). They have put forward a deadline of Friday for the suppliers to present their cases, which will largely set around a minimum price they can sell SME for into the EU. What quantity is allowed is unknown, and we expect the EU will continue to prioritise the support of its farmers. We would expect any concessions that are provided are likely to be at the fringes and not impact the rapeseed demand significantly - watch this space.

Export pace from Canada continues to languish and the burdensome situation in Canada continues to reveal itself whilst crush rates have been higher, picking-up some of the slack. The opposite is the case in Europe where the logistical restrictions of 2018 saw crush rates well down with multi-year lows. We expect to see a bit of catch-up now that the rivers are running and pipelines need to be refilled.

In the weeks ahead, the focus will squarely shift to the Brazilian crop conditions, which remain dry and have seen estimates reduced by 5 mmt to 125 mmt.

CASE STUDY – Prices still not behaving?

“We still haven't seen the Canola market in the east stand up. Wheat continues to provide drought value pricing but canola just went down, will it ever lift?”

The canola market in the eastern states, in particular in Victoria, has been benign and many longs are wondering if it will ever get off the deck. Farmers had many opportunities pre-harvest to lock in the strong prices, but obviously the production risk was much greater than in a normal year. In the south, yields were actually better than expected and the cautious pre-harvest approach was not justified. With the mid-season sales on the books and reasonable carry over stocks from last season, plus the market being above export parity, the buyers were able to steadily pull prices back.

We expect coverage is quite strong through the early parts of 2019 with canola moving all around the country, but it will be interesting to see how the domestic fight plays out as we push towards Q2 this year.

Despite the above, there is certainly a limited supply of canola seed and as carries continue to build in Canada, we start to potentially become much more competitive in the export market space into the middle of the year ahead of the next Ukrainian crop to come off. This recent change whereby Australia is getting closer to export parity vs. Canada is a significant shift to watch and something that the local crushers cannot afford to happen in any meaningful volume.

With this in mind there is certainly a case to suggest patience will be the best virtue in this environment.