



10 February 2010

## SQP 2009/10 February pool update

SQP Pty Ltd (SQP) today announced there would be no change to the Estimated Pool Returns (EPRs) across all commodities.

### Wheat

Wheat EPRs have been maintained.

International Wheat markets have continued to be weaker in recent weeks, as an absence of fund demand in futures markets and less export demand combine to take futures and FOB markets to new lows.

In recent weeks, the benchmark futures contract, CBOT, has lost in excess of 75c/bu or 12.5%. Previously, CBOT had been trading independently of physical market fundamentals and rose in spite of a bearish market. Most major exporters had ample stocks to offer, while importing nations felt more comfortable due to better local production. In effect, there was more demand for futures than physical wheat as US funds bought CBOT as part of their commodity bundle.

With a lack of fund buying in recent weeks, the demand for CBOT has dropped and as such there have not been the bids to support the market. Consequently, we have seen most of the premium in CBOT taken out as US still remains uncompetitive in the world market.

In the physical wheat market little has changed with ample export stocks making for aggressive pricing in export markets. While US wheat remains overpriced, Canadian, French and German wheat is making majority of the sales. In recent weeks, Middle Eastern tenders to Saudi and Iraq have been dominated by these origins. The recent fall in CBOT will make US wheat more competitive but not in the volumes needed to meet USDA forecasts.

Recent moves and volatility in the AUD has left the Australian wheat market weaker, as our wheat remains expensive compared to EU and Canadian wheat. Australian wheat is still competitive in South East Asian markets; however there is pressure on prices as exporting nations compete for the thin demand.

### SQP 2009/10 Wheat pool estimated pool return (EPR) base rate (\$AUD/t) by grade delivered port

Grade	EPR	Grade	EPR
APW1	\$210	AGP1	\$190
H1	\$230	HPS13	\$190
H2	\$220	HPS1	\$185
ASW1	\$200	HPS3	\$175
AUH2	\$205	FEED	\$170



## Barley

Barley EPRs have been maintained.

Although the market continues to be extremely volatile for both feed and malt barley, lower commodity prices have been offset by the falling Australian dollar.

A range of hedge programs and related foreign exchange cover has assisted us in maintaining current equity values.

<b>SQP 2009/10 Barley pool estimated pool return (EPR) base rate (\$AUD/t) by grade <u>delivered port</u></b>			
<b>SQP No.1 Barley Pool</b>		<b>SQP Harvest Barley Pool</b>	
<b>Grade</b>	<b>EPR</b>	<b>Grade</b>	<b>EPR</b>
<b>Malt 1 – No Sloop</b>	\$210	<b>Malt 1 – No Sloop</b>	\$205
<b>Malt 1 – Sloop</b>	\$165	<b>Malt 1 – Sloop</b>	\$160
<b>Hindmarsh Malt Spec</b>	\$160	<b>Hindmarsh Malt Spec</b>	\$155
<b>GALT / GAPR</b>	\$150	<b>GALT / GAPR</b>	\$145
<b>F1</b>	\$145	<b>F1</b>	\$140
<b>F2</b>	\$130	<b>F2</b>	\$125
<b>F3</b>	\$115	<b>F3</b>	\$110

## Canola

Canola EPRs have been maintained.

Oilseed markets continue to be dominated by South American weather observations and crop forecasts.

<b>SQP 2009/10 canola pool estimated pool return (EPR) base rate (\$AUD/t) by grade <u>delivered port</u></b>			
<b>SQP No.1 Canola Pool</b>		<b>SQP Harvest Canola Pool</b>	
<b>Grade</b>	<b>EPR</b>	<b>Grade</b>	<b>EPR</b>
<b>Canola</b>	\$440	<b>Canola</b>	\$405

**Note:** Estimated Pool Return (EPR) is as at date of release and at a defined quality level for each pool pay grade. Prices are net of management fees. Early Order Premiums (if applicable) need to be ADDED to the quoted returns. Wheat base grade is APW1 with all prices delivered port; deductions associated with payment option choice and location need to be taken into account. All prices are in Australian dollars (AUD) and are estimates only – they are subject to change over the life of the pool as a result in changing market conditions and management performance. All terms and conditions of SQP pools are published on our website at [www.sqpgrain.com.au](http://www.sqpgrain.com.au).

For more information on SQP's pool returns call 03 5331 4943 or visit [www.sqpgrain.com.au](http://www.sqpgrain.com.au).