



PRODUCT SHEET

NEWGEN CANOLA CONTRACT

HOW IT WORKS

The NewGen Canola Contract is designed for customers who want pricing flexibility but also want the certainty that professional grain marketers provide. Customers can choose from three pricing options which are differentiated by the customers' choice of price control.

PRODUCT MANAGER

Canola Commodity Head - Lachie Stevens

OBJECTIVE

To provide grower customers with increased choice into the level of price control through an innovative new product with flexible pricing options.

BENEFITS

- + An innovative contract offered only in Victoria by SQP
- + Flexible pricing options
- + Transparent benchmark
- + Customers choose level of price control
- + Reduced 'washout' cost risk due to averaging of prices and continuous pricing

PRICING STRATEGY

The NewGen Canola Contract gives customers the flexibility to choose the level of price control through the daily swap and foreign exchange components of the canola price. The third component - basis - is managed by SQP.

The 'pricing period' for all three options is from 11 November 2009 to 16 April 2010.

1

AVERAGE FLOOR

Prices the contract each day during the pricing period at the higher of either the daily floor price or the WPG July 2010 futures contract's daily settlement price. The higher of these prices is then averaged. This option has a lower level of customer price control.

PRICING STRATEGY COSTS:
APPROX. \$10 PER MT

2

75/25

75% of the contract is priced at the WPG July 2010 futures contract's daily high trade prices, which are then averaged. The remaining 25% of the contract is priced at the WPG July 2010 futures contract's highest trade price reached during the 'pricing period'. There is no floor in this product. This option has a medium level of customer price control.

PRICING STRATEGY COSTS:
APPROX. \$25 PER MT

3

SWAP

Allows customers to choose to price all or part of their contract on any day. Customers opt to set a price for all or part of their contract at either the daily market price or at a target price. To fix all or part of the contract or to set a target price, customers need to contact their local SQP merchant. If the contract is not finalised by the end of the pricing period, the WPG July 2010 futures contract's closing price on the last day of the pricing period, will be used to price the contract. This option has a higher level of customer price control.

PRICING STRATEGY COSTS:
APPROX. \$3 PER MT

CUSTOMERS

This product is available to wholesale customers only with contracts at a minimum of 200 mt.

TIMING

All tonnage to be committed by 6 November 2009. The pool will be finalised by 31 October 2010.

UPDATES

Indicator prices will be updated on the first working day of each week and will be available on the SQP website.

DELIVERY

Deliveries are accepted into all registered bulk handling companies (BHC) including ABB, AWB Grainflow, CBH, ABA and GrainCorp.

PAYMENT OPTIONS

	Harvest	Mar 2010	Apr 2010	Jul 2010	Aug 2010	Oct 2010
HARVEST LOAN	Harvest payment	Top up				Final payment
FLEXIBLE LOAN	Harvest payment	Top up				Final payment
HARVEST ADVANCE	Harvest payment	Top up			Top up	Final payment
DEFERRED PAYMENTS					Top up	Final payment
DISTRIBUTIONS			Yes	Yes	Yes	Final payment

COMPARISON OF SQP CANOLA PRODUCTS

	NEWGEN CANOLA CONTRACT	CANOLA POOL	CASH CONTRACT	PRICE LATER CONTRACT
OBJECTIVE	Provide customers with increased levels of price control through an innovative new product with flexible pricing options	Maximise customer returns with the pool managed entirely by the pool manager	Maximise customer returns, at customer price discretion	Maximise customers returns, at customer's price discretion, with the added benefit of harvest financing
BENEFITS	<ul style="list-style-type: none"> + Innovative contract offered only in Victoria by SQP + Flexible pricing options + Customers choose level of input into pricing + Reduced 'washout' cost risk due to averaging of prices and continuous pricing + Transparent benchmark 	<ul style="list-style-type: none"> + Access to SQP's experienced pool managers + Early Order Premiums + Participation in market movements from planting onwards. + Flexible entry dates 	<ul style="list-style-type: none"> + Customer has full price discretion + Access to daily price volatility 	<ul style="list-style-type: none"> + Customer has full price discretion + Access to daily price volatility + Access to financing upon delivery
PRICE STRATEGY	Three options with differentiating customer price control	Continuous pricing over the course of the pool life	N/A	N/A
COSTS	2.5% administration and management fee	2.2% administration and management fee	N/A	N/A
PAYMENTS	Standard pool payment options	Standard pool payment options	10 days end of week of delivery	21 days from delivery. Final payment 7 days from pricing

HOW TO COMMIT

Call your local SQP representative for more information about this and other SQP products.

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Contact SQP
(03) 5331 4943

www.sqpgrain.com.au | admin@sqpgrain.com.au

