

SQP HARVEST BARLEY POOL 2010/11

Strategy
Update

AUGUST 2011

Market and Strategy

Market

- Over the last month prospects for US corn production has continued to be down-graded, impacting the overall world coarse grain supply outlook. The late plantings and unusual heat experienced mid growing season has affected the development of the important US corn crop, being the main driver for the recent changes to the supply outlook. The market in Australia has responded with feed barley prices stabilising over the last month.
- Demand expectations for Australian feed barley have also improved with the renewed participation of Saudi buyers. Saudi importers have signaled a desire to rebuild stocks through a gradual increase in shipments after a lean year of purchases through 2010/11.
- Australian feed barley values continue to be priced on export parity. This is currently being strongly influenced by competitive black sea origin feed barley being offered into our traditional Middle East markets. The black sea barley values and supply has made it difficult for Australian values to improve.

Strategy

- Over the past month malt barley prices have dropped \$5/mt whilst feed barley prices have rallied \$5/mt domestically. The pool has been able to maintain current EPR's through a volatile macro-economic environment.
- With the export market showing signs of recovery and real demand now presenting its self to markets, the pool will work heavily on logistics to bring surplus volumes into export pathways. Logistics still provide the market with significant challenges in the east. Both cost and capacity an issue as we move to meet the export demand and capture values, while also try to minimise costs to the pool. Domestic markets remain the focus; however available stocks see demand quickly covered.

POOL HIGHLIGHTS

KEY INFORMATION

Estimated Pool Return F1 Base Grade	EPR Flat	Including EOP*
Current Pool Return	\$235	\$251
March 2010 Pool Opening Return	\$205	\$221
December 2010 Return	\$282	-

FULL GRADE INFORMATION

Grade	Current EPR	Including EOP*
Gairdner	\$276	\$292
Baudin	\$279	\$295
Schooner	\$272	\$288
Buloke	\$276	\$292
Flagship	\$276	\$292
Sloop	\$252	\$272
Hindmarsh	\$250	\$266
GMIN	\$241	\$257
Feed 1	\$235	\$251
Feed 2	\$210	\$226
Feed 3	\$183	\$199

***Based on March 2010 Early Order Premium.**

This strategy update is of a general nature only and does not take into account the particular needs or individual circumstances of customers. Southern Quality Produce Pty Ltd. ABN 88 682 427 442, does not give any warranty, whether express or implied, as to the accuracy, reliability or otherwise of the information in this update.

* The payment and amount set out in the pool highlights information is indicative only, and no guarantee is given that payment will be made for the amount or in the month stated.

Contact SQP

03 5070 1000 Sea Lake | 121 Best Street
03 5381 0512 Horsham | Grains Innovation Park 110 Natimuk Road
03 5331 4943 Ballarat | 72B Mair Street East
www.sqpgrain.com.au | admin@sqpgrain.com.au

