

AWB Harvest Pool

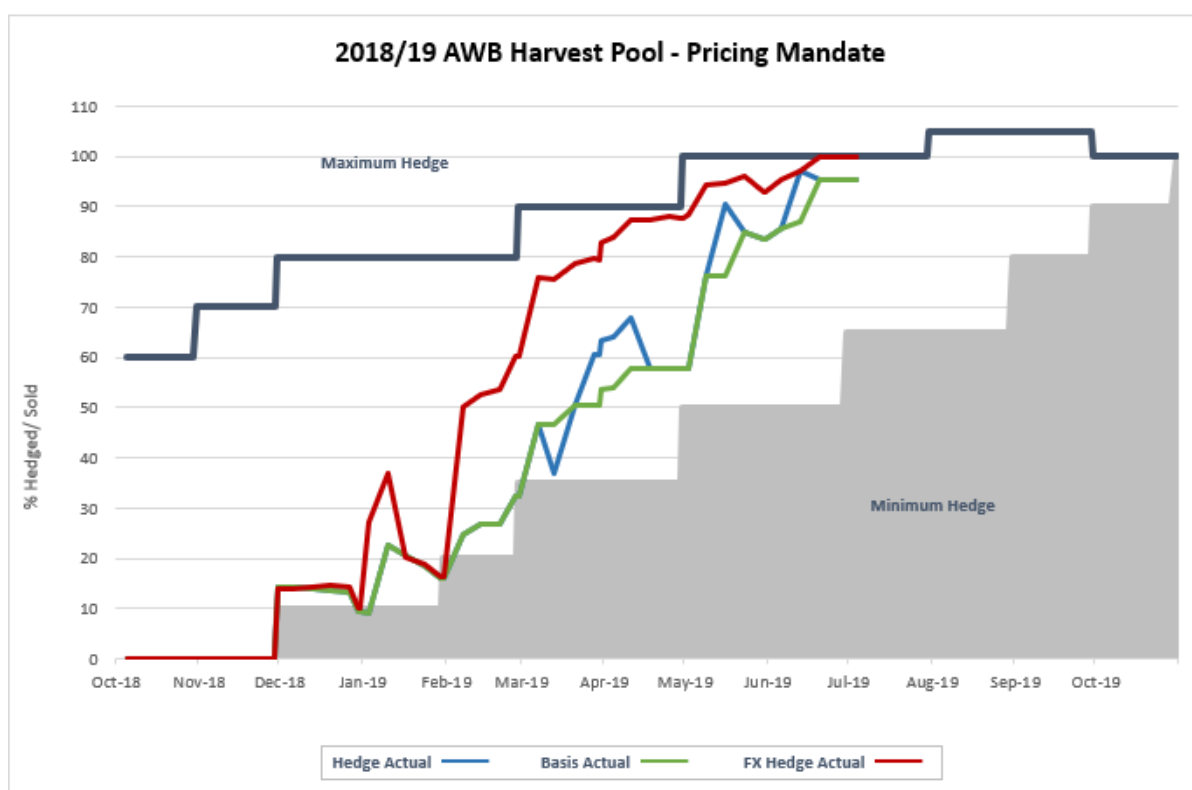
A smart tool for the modern farmer.



2018/19 AWB Harvest Pool Pricing Mandate

PROGRAM SUMMARY: Harvest Pool is an actively managed 12 month program designed for growers who want to begin to market their grain beyond harvest and who would like a program that is finalised prior to the following harvest.

AWB Harvest Pool Pricing Mandate Update - July



Current Pricing Mandate insights

- With three months left in the Harvest Pool marketing window, we are already 95% sold out of our physical stocks. Widespread rain in June and July through WA, SA and Vic has led to a more positive view on new crop production prospects, and excepting a few demand hot spots in NSW and QLD, we believe old crop price upside to be limited.
- The early part of June saw US futures continue their run higher, mainly on the unanswered questions in the corn crop. The result of the late planting of the crop and abandoned acres means instead of the early expectation of an increase in corn stocks, there could in fact be a large decline. However with US wheat being described as expensive and not-competitive with other origins, CBOT futures came under pressure as harvest sped up. As of last week the US Winter Wheat harvest was almost half completed and the 'Good to Excellent' rated crop percentage is very high compared to recent years. The USDA increased their US wheat production estimates in last week's WASDE update, but cut production estimates for most of the large wheat producing countries, leading to projected global ending stocks of wheat being reduced by close to 8million metric tonnes.
- After weakness triggered by lower interest rates which saw the AUDUSD move as low as 68.3c, AUDUSD values have firmed to be around the current level of 70c. The few times AUDUSD has breached 68.5c in the last 10 years, AUDUSD has rebounded in response, so we are happy to be fully hedged at these levels.