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AUSTRALIAN WHEAT SITUATION



Annual IAOM Middle East & Africa District Conference
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International Sales and Marketing
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Overview

- 2011/12 Growing season overview
- 2011/12 Wheat Crop by state
- Production and Exports
- Quality expectations
- Logistics
- Conclusions



2011/12 Australian Growing Conditions

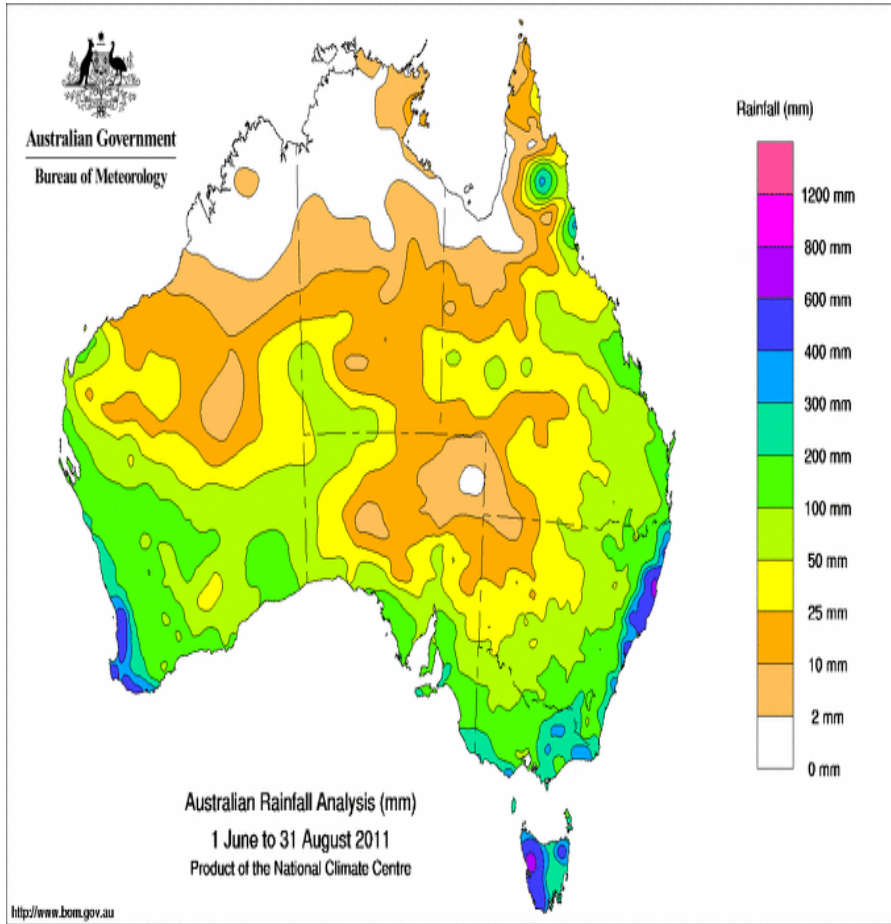
- Crop rainfall varies between production regions
 - Good crop rainfall in Western Australia, South Australia, Victoria & Southern New South Wales.
 - Central NSW, Northern NSW and Queensland all in need of further falls.
 - North Western NSW experienced a very dry period, losing yield potential.
- 3 month outlook calls for increased rainfall N/NSW and QLD.
- Quality of the 2011/12 crop is still taking shape
 - Nitrogen deficiencies likely to reduce average protein content in eastern states. October conditions will determine eventual quality
 - High yields have reduced wheat protein in Western and South Australia below the historical average. Likely to be large percentages of ASW & APW



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2011/12 Growing Season Rainfall and Forecast

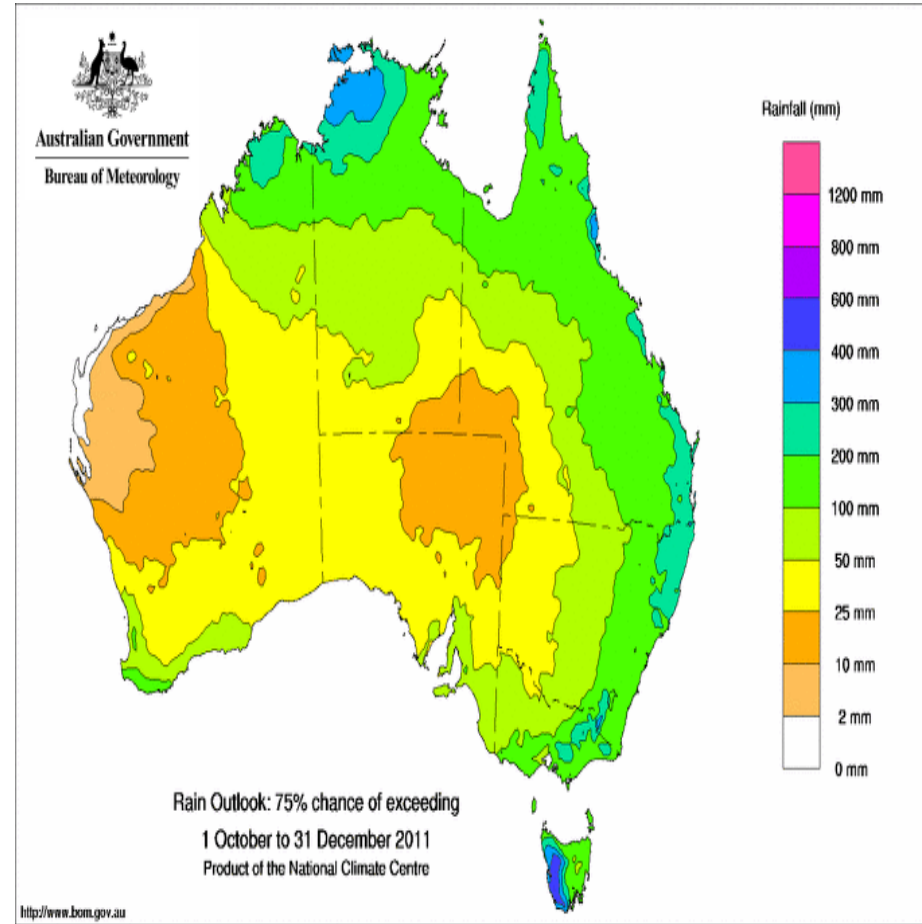
Jun – Aug 2011



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Issued: 01/09/2011

Oct – Dec 2011 Forecast

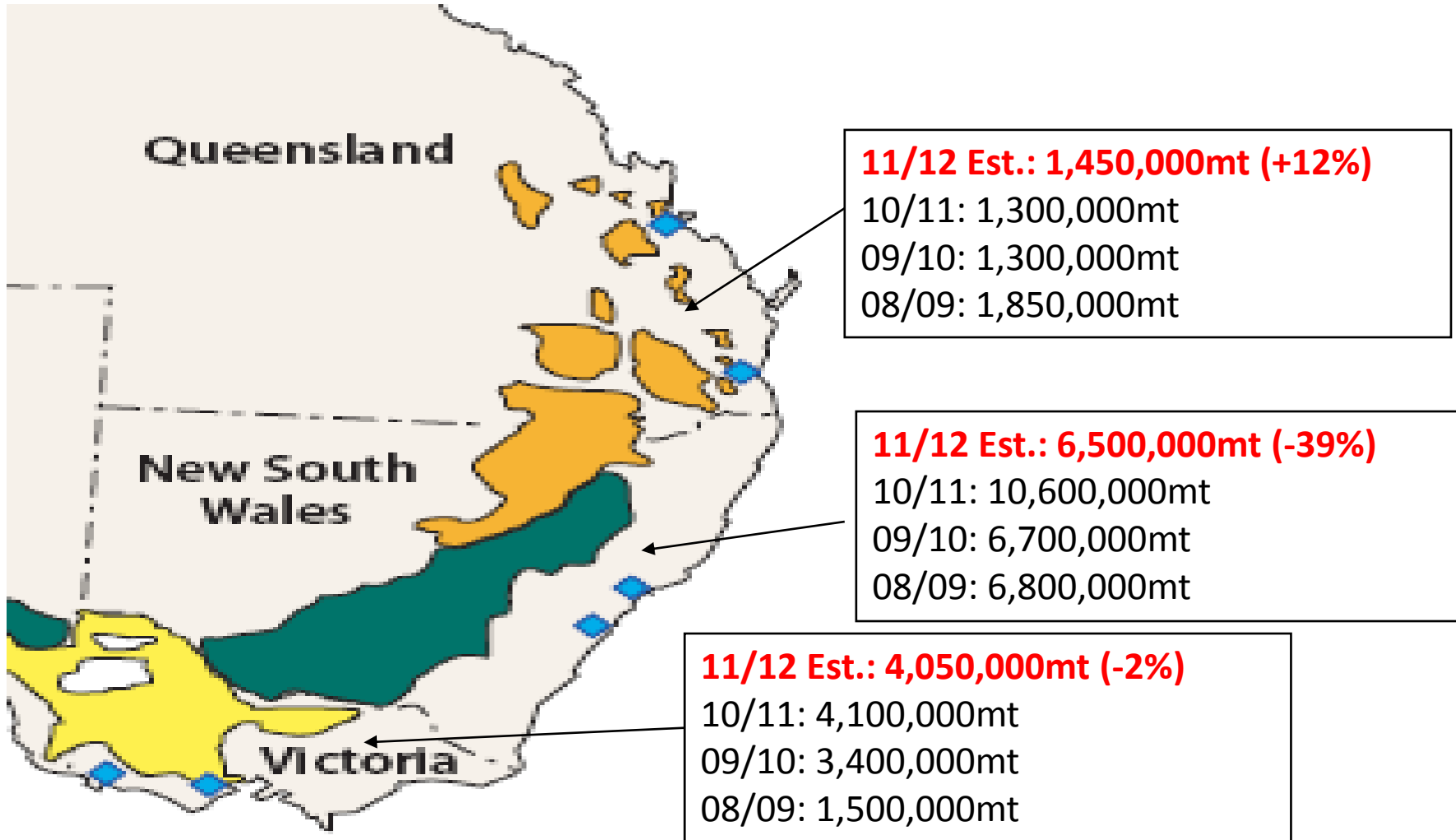


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Issued: 16/09/2011



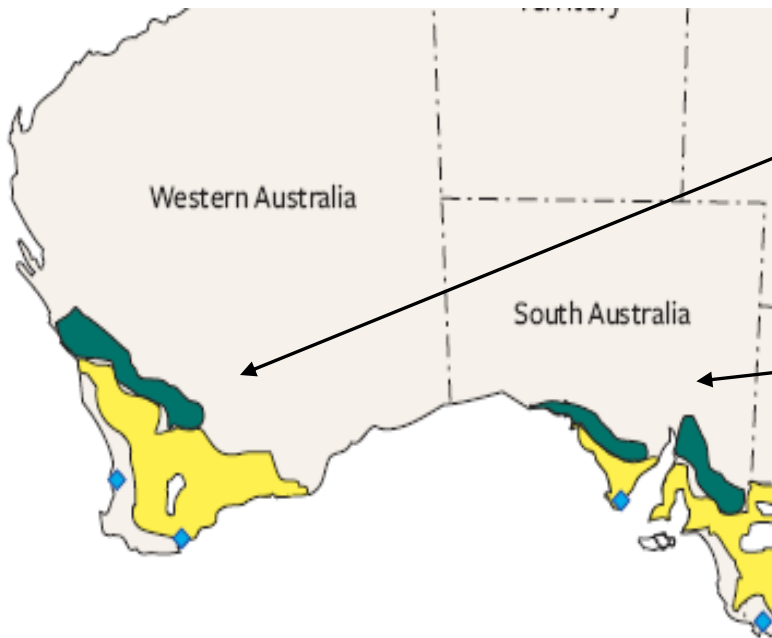
East Coast Australia Wheat Crop





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Western & South Australia



11/12 Est.: 8,500,000mt (+81%)
10/11: 4,700,000mt
09/10: 8,200,000mt
08/09: 8,900,000mt

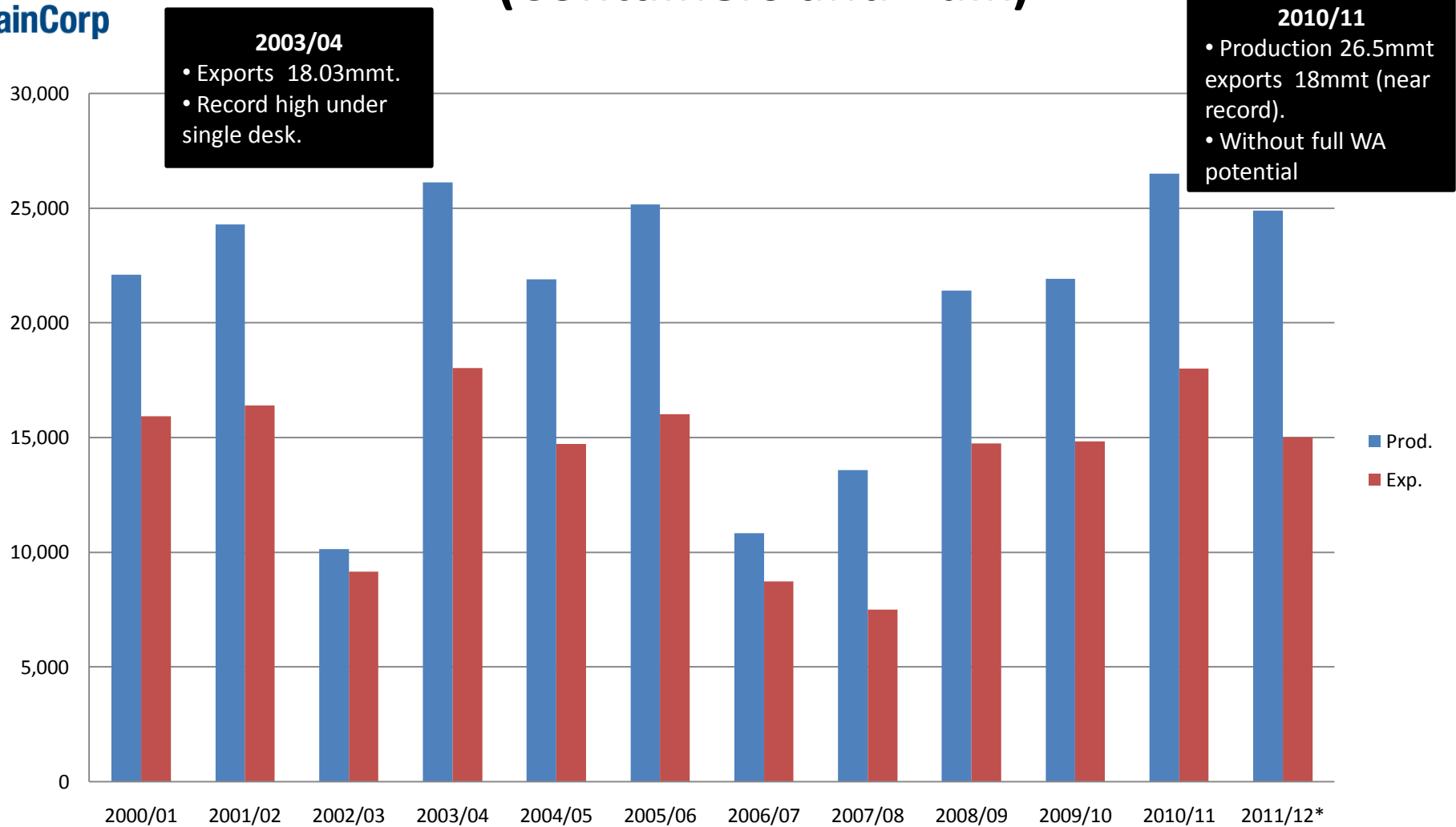
11/12 Est.: 4,400,000mt (-21%)
10/11: 5,600,000mt
09/10: 4,000,000mt
08/09: 2,300,000mt

Total Australian Crop
11/12 Est. 24,900,000mt
ABARE: 26,129,000mt
ACF: 23,213,311mt
USDA: 25,000,000mt



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Australian Wheat Production and Exports (Containers and Bulk)



Source: USDA and GrainCorp



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Australian Protein & Demand Distribution

High Protein Wheat

> 13% (11% moisture basis)

>14.6% (DMB)

2011/12 ECA Season 10-20% (approx 1,500,000-2,500,000mt)

SA & WA 2-4% (approx 250,000mt-500,000mt)

Domestic Demand 200,000-250,000mt

Mid Protein Wheat

11.5% to 12.9% (11% moisture basis)

12.9% to 14.5% (DMB)

2011/12 ECA Season 30 - 40% (approx 5,000,000mt)

SA & WA 5-10% (500,000mt-1,000,000mt)

Domestic Demand 2,000,000-2,500,000mt

Low Protein Wheat

< 11.5% (11% moisture basis)

<12.9% (DMB)

2011/12 ECA Season 50%-60% (approx 6,000,000mt)

SA 60-70%; WA 60-80% (7,500,000mt-9,000,000mt)

Domestic Demand 4,000,000-4,500,000mt



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Eastern and South Australian Logistics

Challenges

- Limited elevation capacity – competition from barley and oilseeds for elevation space
- Shipping stem is fully booked for January to June in most ports
- Transport to port critical for exporters. Rail will be in deficit this year, truck supply will be tight
- Need for efficient planning
- Buyers should consider supply requirements 60-90 days out from execution
- Spot demand may be difficult to accommodate this year



Conclusion

- 2011/12 wheat crop will be large 24.5-25.5 million mt. Up to 15 million mt of exports.
- Capacity to Export is an issue in East and South Australia.
- There will be lower amounts of higher protein wheat available in Western and South Australia.



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Thank you

