



AUSTRALIAN WHEAT MARKET OUTLOOK

30TH ANNUAL

IAOM

MIDEAST & AFRICA

CONFERENCE & EXPO

Dubai – United Arab Emirates 2019



GrainCorp

100 YEARS OF GROWTH

The GrainCorp Advantage



GrainCorp
100 YEARS OF GROWTH

Integration. Innovation. Partnership.

A leading international agribusiness and agrifoods processor with ownership of unique assets spanning the grain and oilseed supply chain.



Accumulation

Largest regional accumulation network



Storage

Over 20mmt of country storage and handling capacity



Ports

7 bulk grain ports with 15mmt elevation capacity
14 bulk liquid terminals



Marketing

Marketing to local and global markets



Oils

Australia's largest integrated oils business



Malt

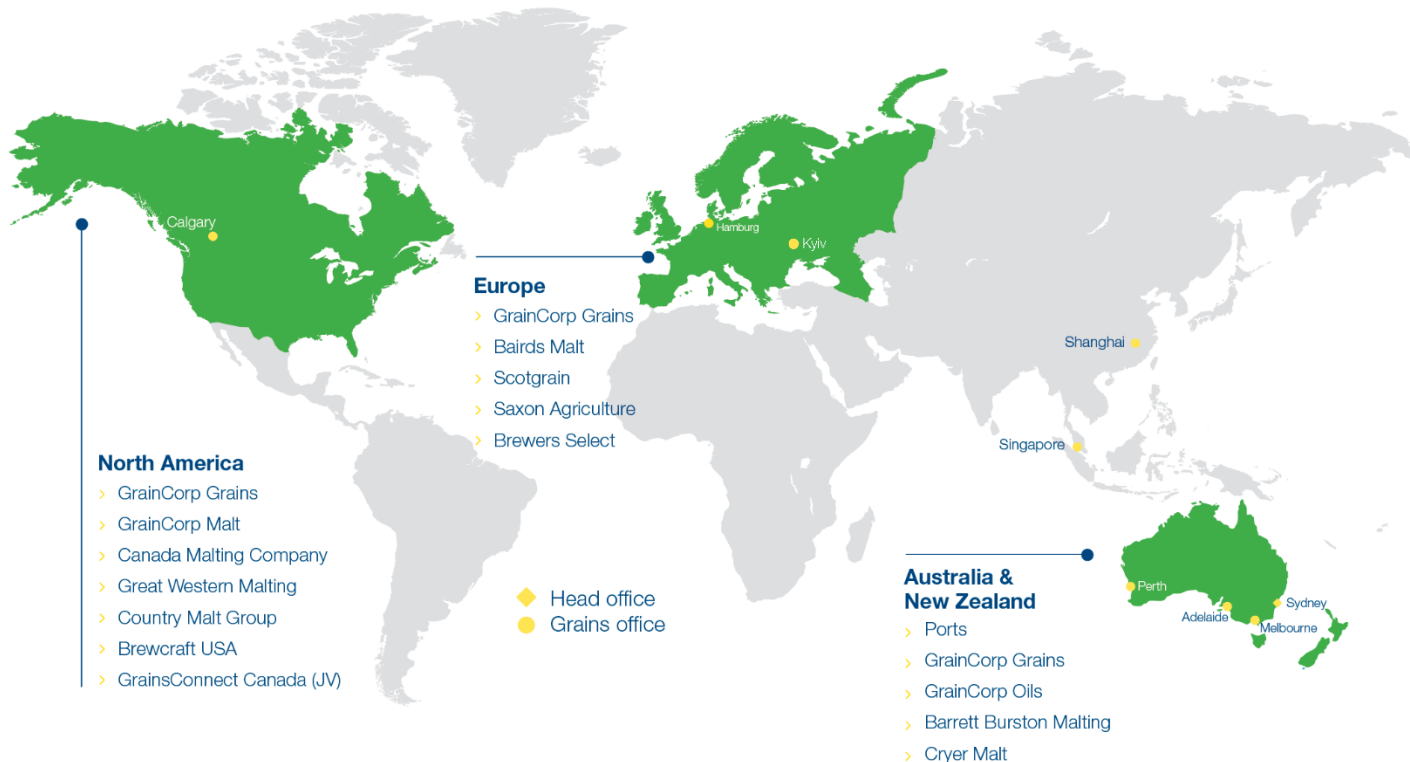
Top 4 global malt producer

**Connecting and creating value
for customers around the globe.**

Our operations at a glance

Australia's largest
listed agribusiness

Our international portfolio of premier grain storage, handling and processing assets are ideally positioned to meet demand from the world's most rapidly growing regions.



The GrainCorp Advantage

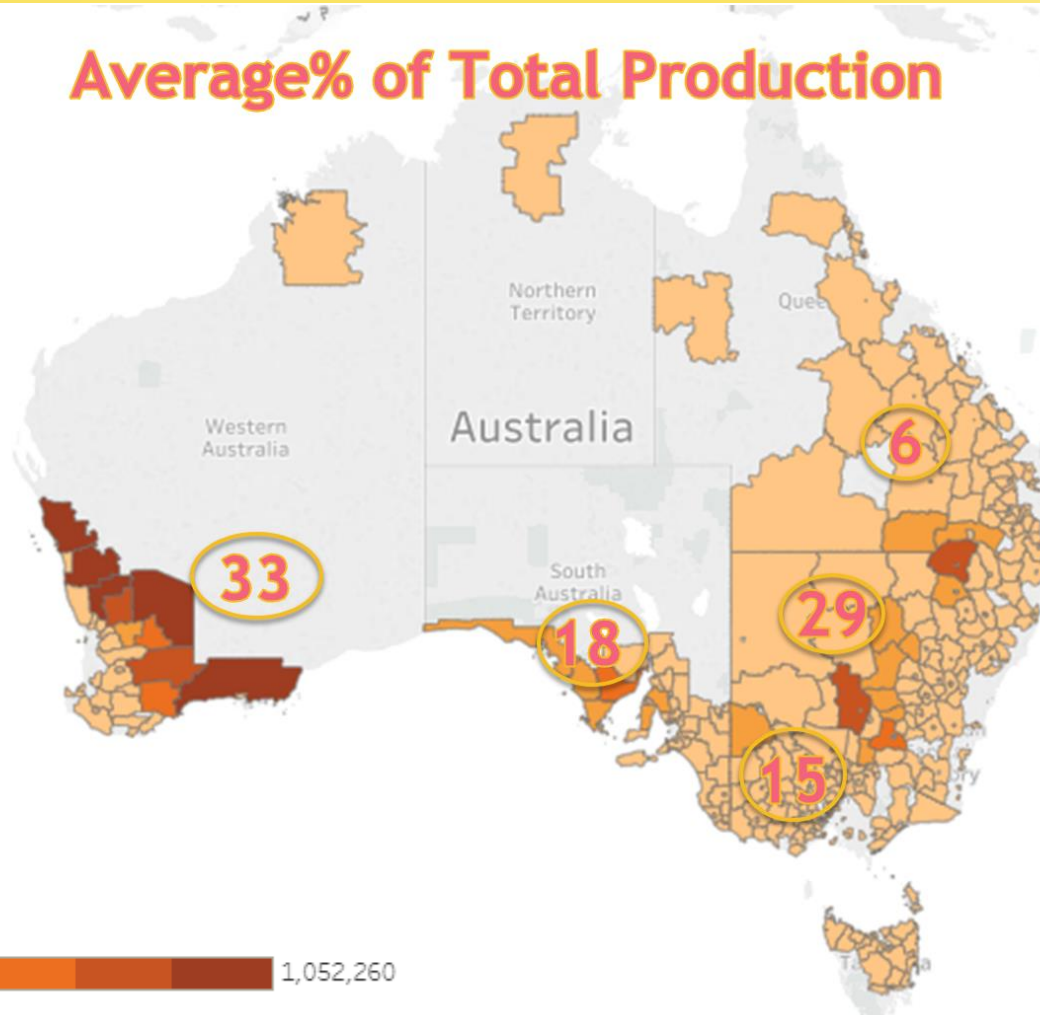
- Management and ownership of an end-to-end supply chain
- Competitive marketplace for grain
- Quality assurance
- Connection with local and global markets
- Agrifood processing expertise



GrainCorp
100 YEARS OF GROWTH

WHERE IS AUSTRALIAN WHEAT COMMONLY GROWN?

Average% of Total Production



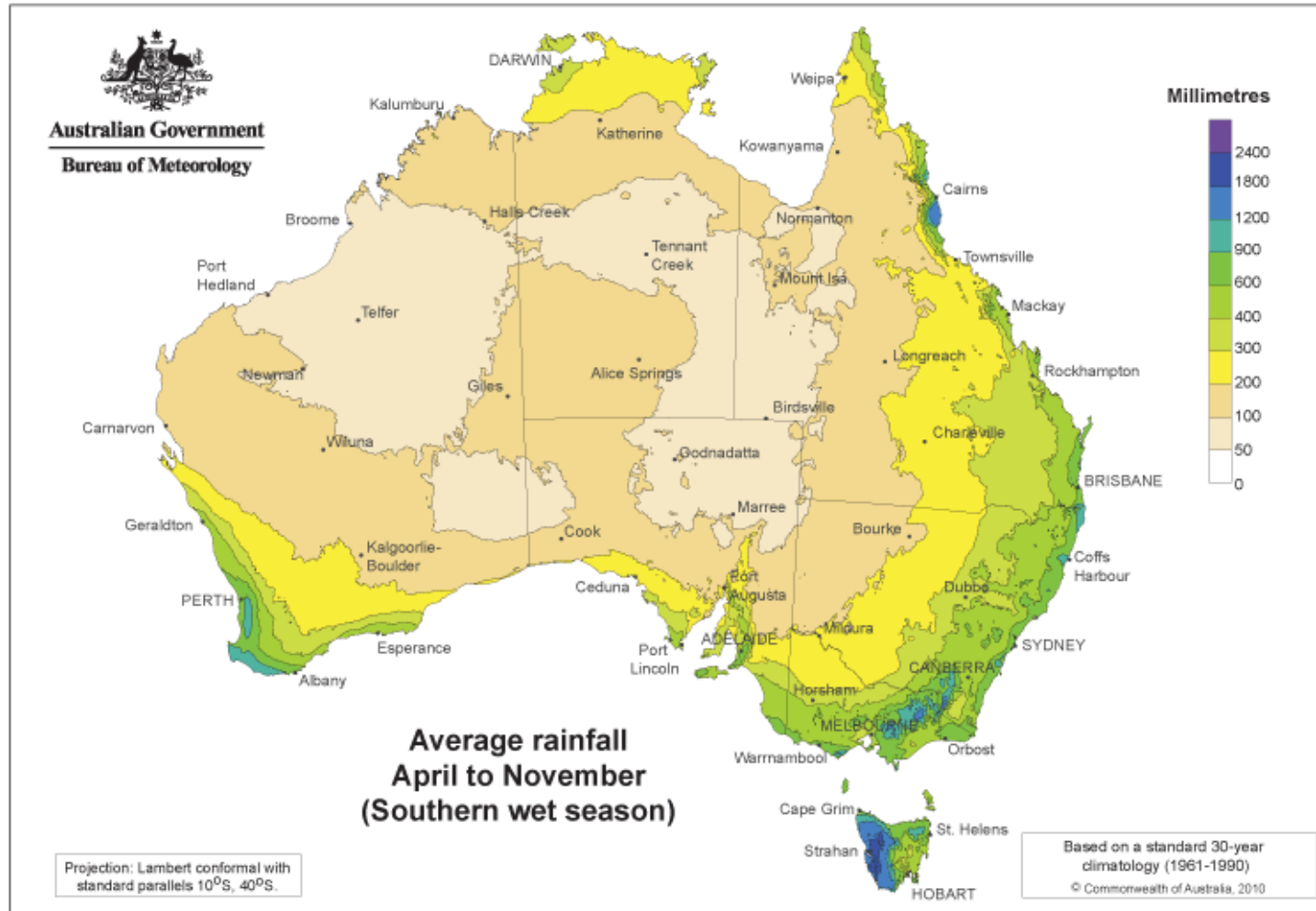
Estimate (2015-16)

0 1,052,260

10 Year Average Production contribution by State highlighted

DATA SOURCE: ABS

RAINFALL DISTRIBUTION FOR WINTER CROPS

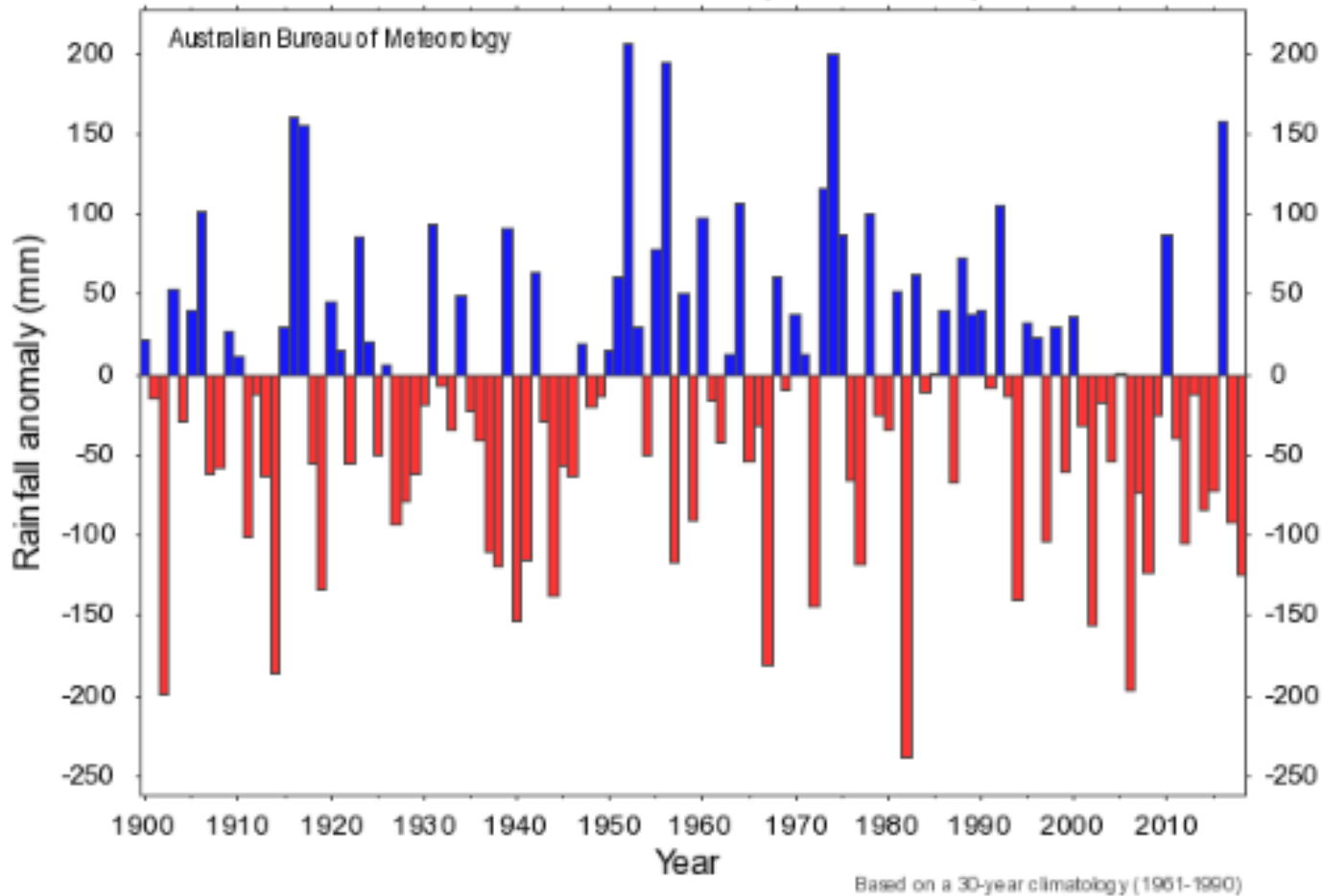


Seasonal water need ranges from 400 to 600 mm



RAINFALL IS VARIABLE AND SEASONAL

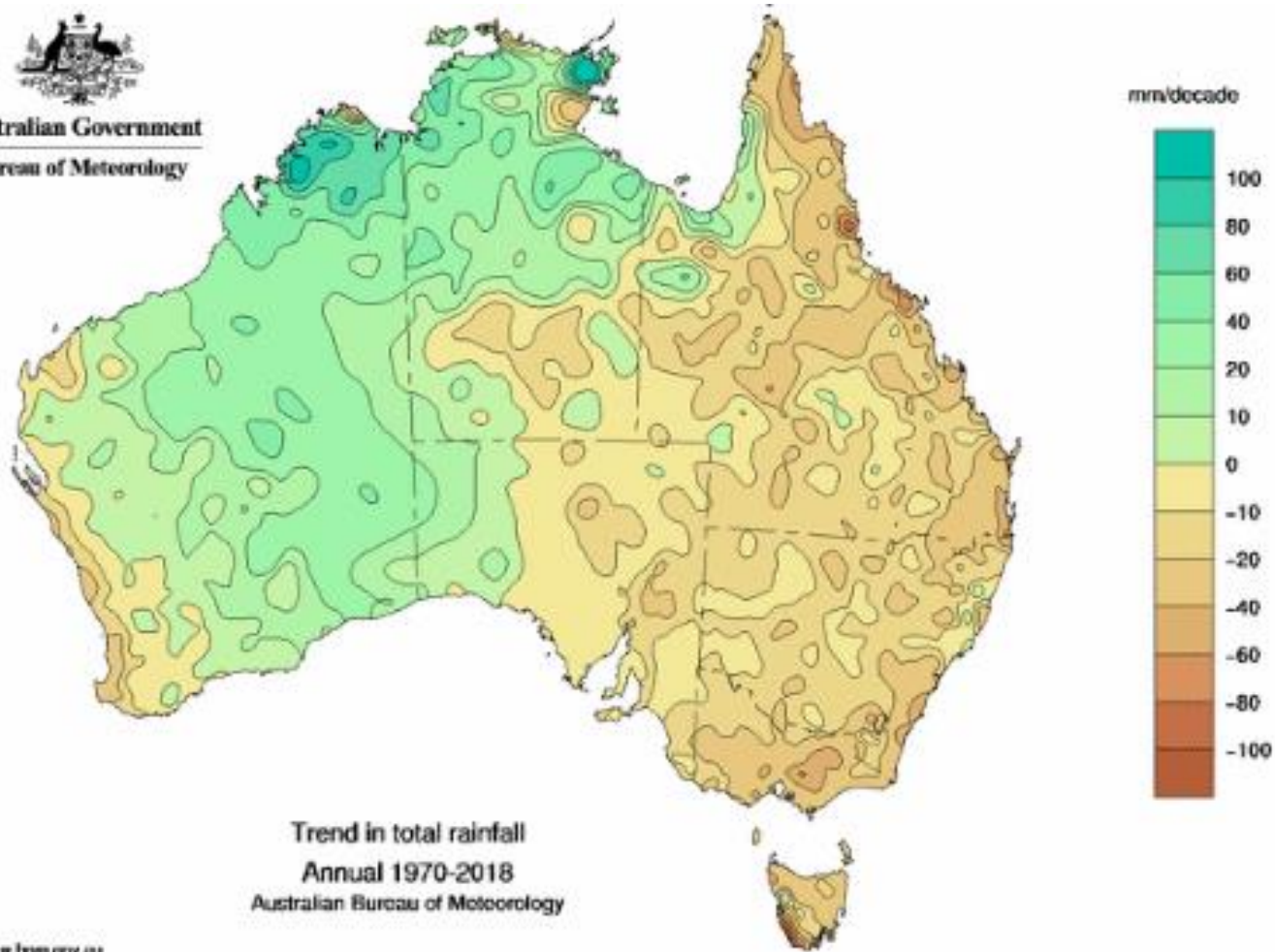
Southern wet season rainfall anomaly
Southeastern Australia (1900 to 2018)



Two major influences on Australian weather ENSO and Indian Ocean Dipole

TREND IN TOTAL ANNUAL RAINFALL 1970 to 2018

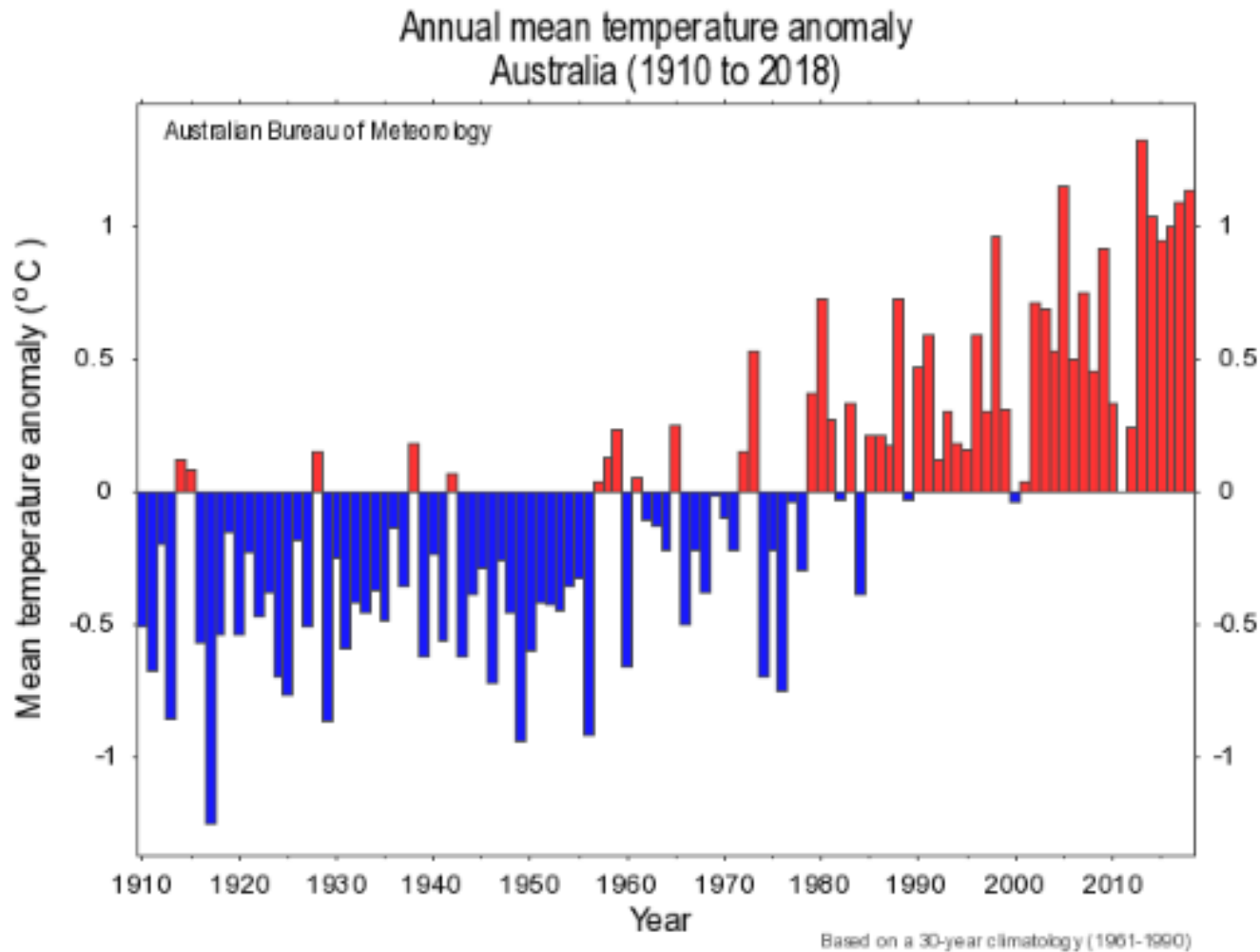

Australian Government
Bureau of Meteorology



Rainfall trending lower over time in majority of growing areas

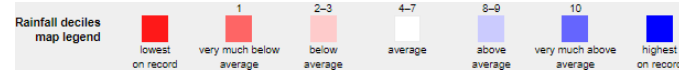
SOURCE: BOM

TREND IN TEMPERATURES 1910 to 2018

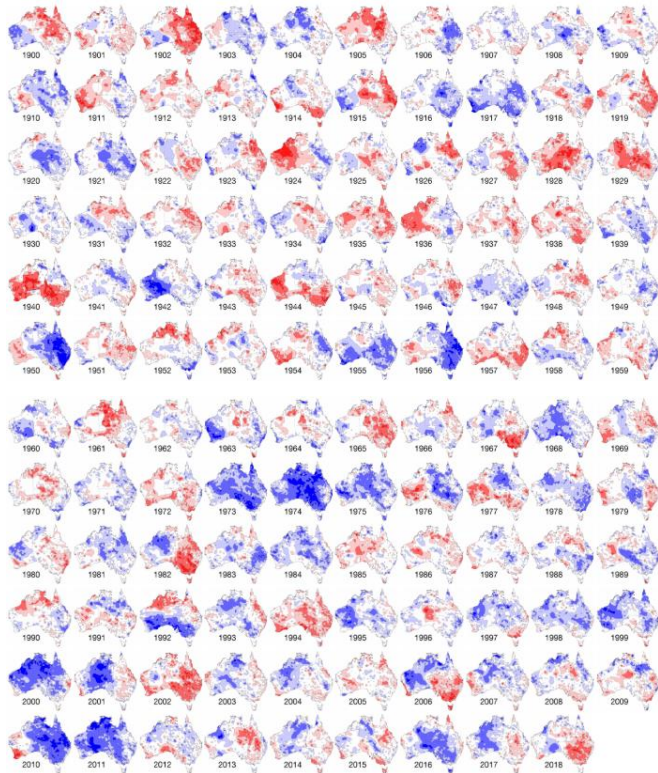


Temperature anomalies trending higher nationally

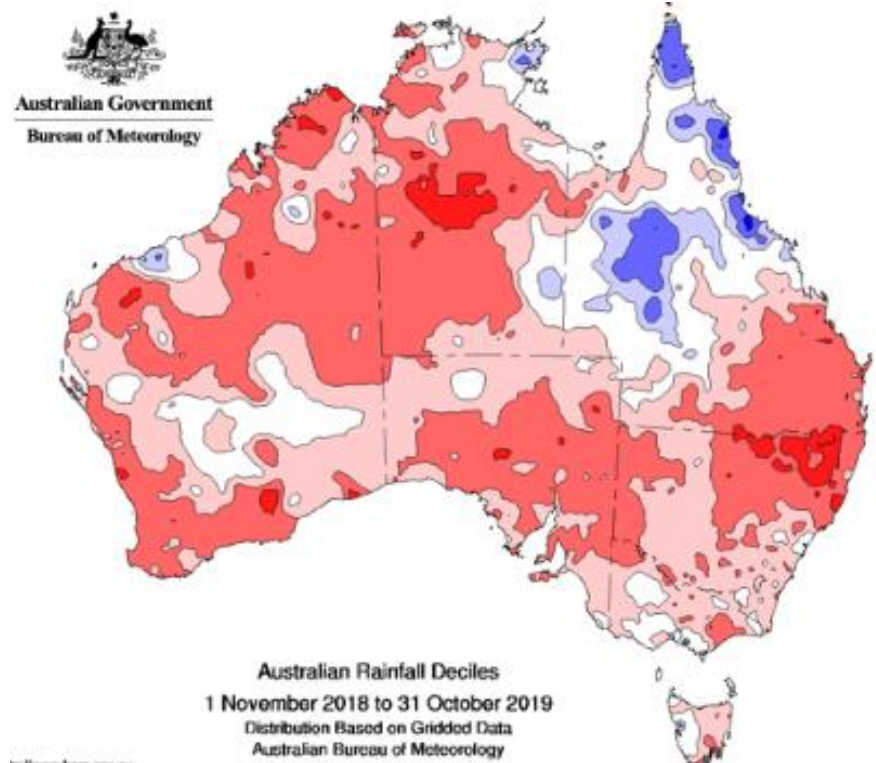
119 YEARS OF AUSTRALIAN RAINFALL HISTORY



1900 - 2018



2019



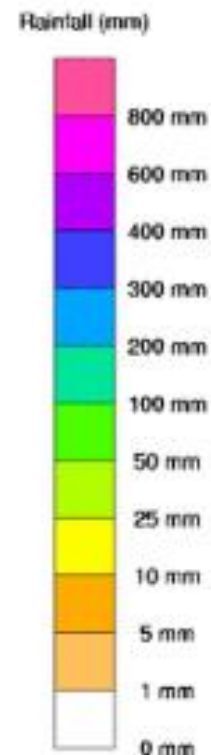
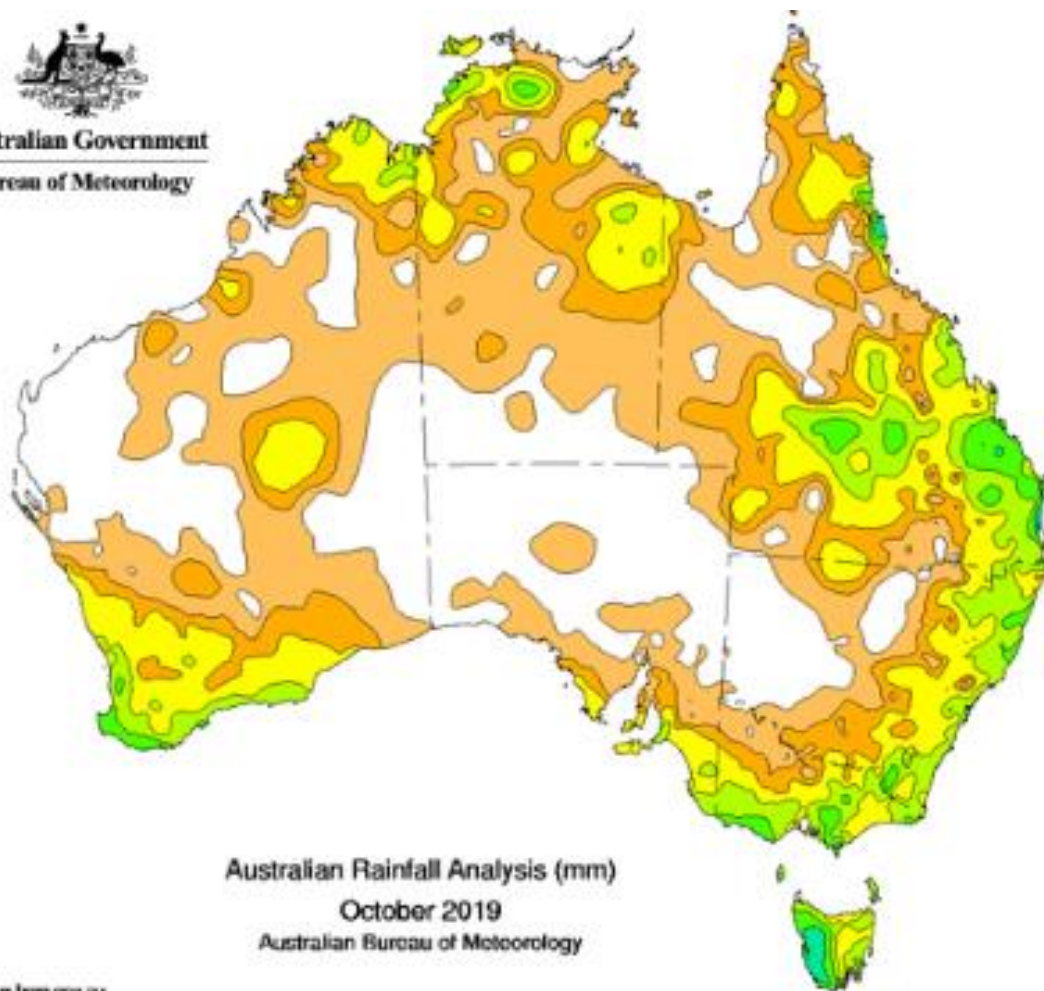
Last 12 months recorded worst drought on record

SOURCE: BOM



RAINFALL – OCTOBER 2019


Australian Government
Bureau of Meteorology



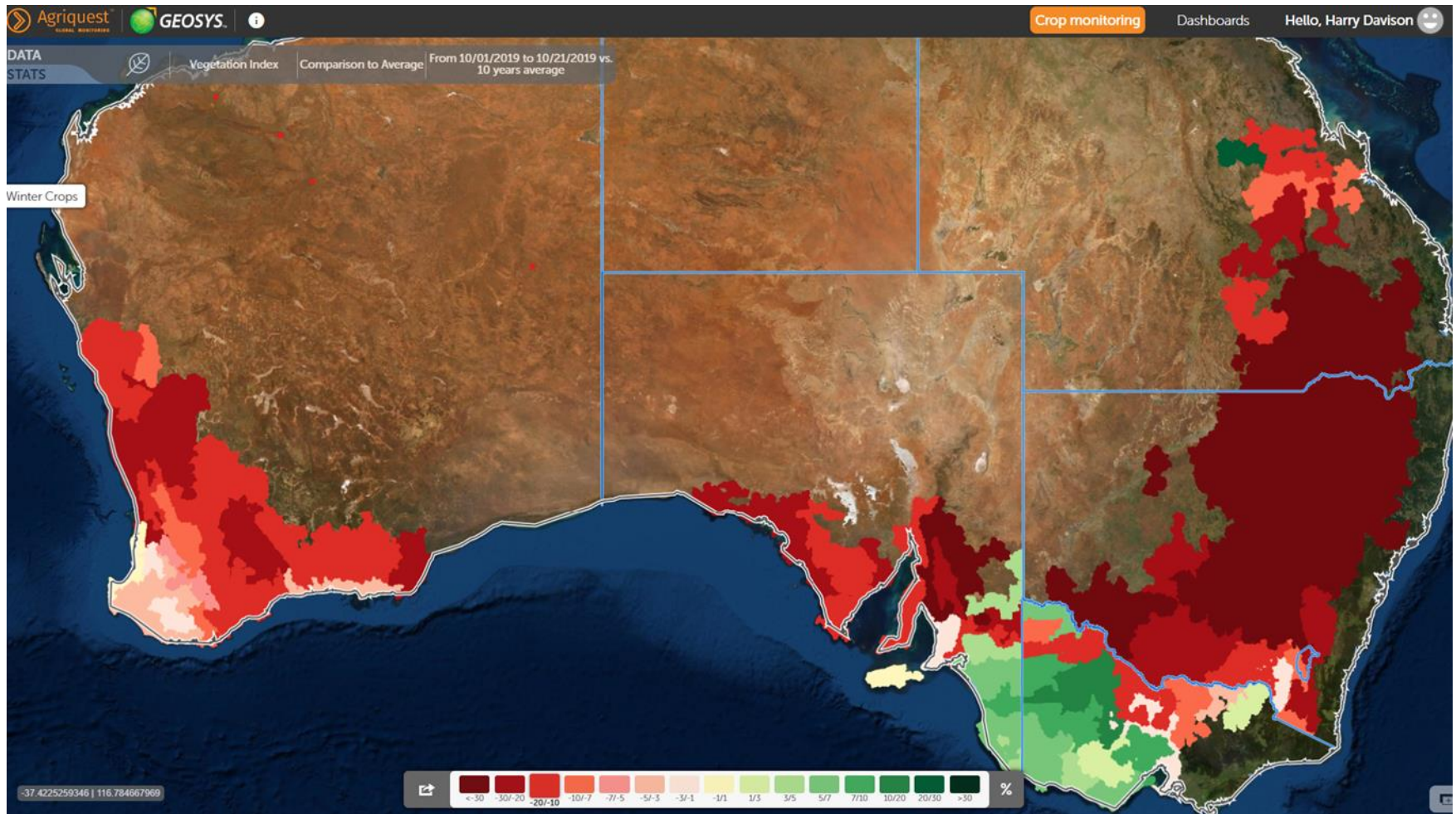
Australian Rainfall Analysis (mm)
October 2019
Australian Bureau of Meteorology

<http://www.bom.gov.au>

Rainfall in southern areas provides a positive finish for crops into harvest

SOURCE: BOM

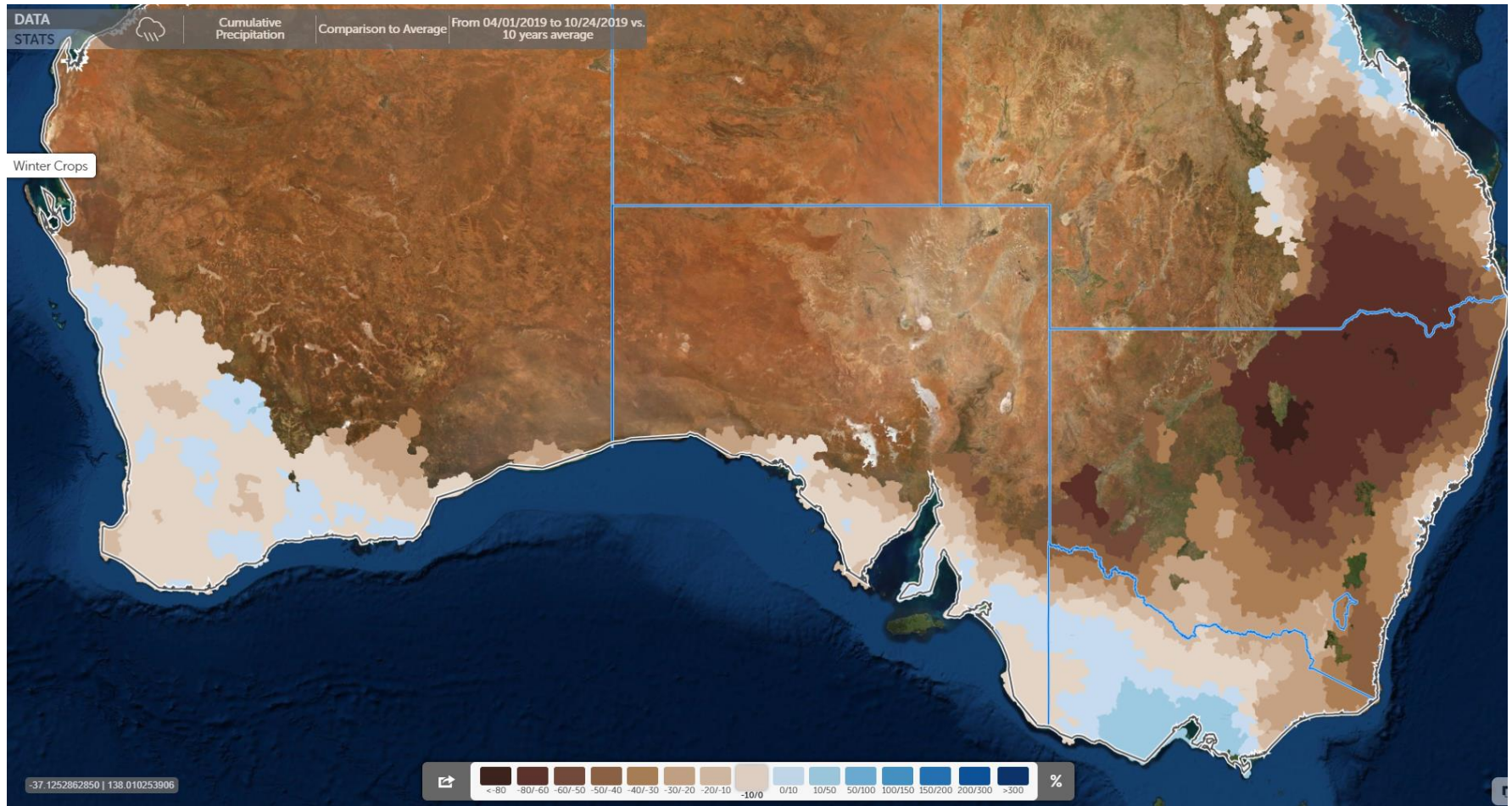
Normalised Deviation Vegetation Index, October 2019 to average



Green areas in south-eastern Australia show positive finish



Cumulative Precipitation – April to October 2019 compared to Average



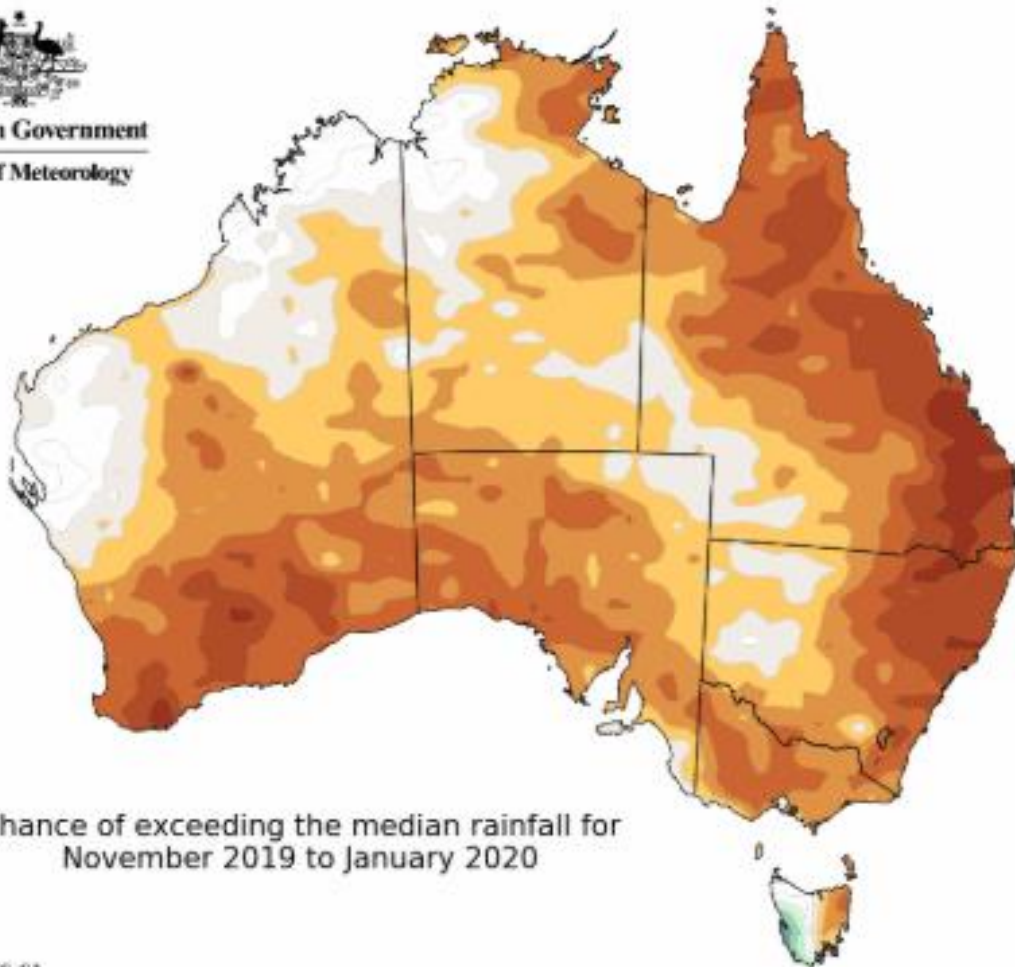
Higher precipitation areas highlighted in blue



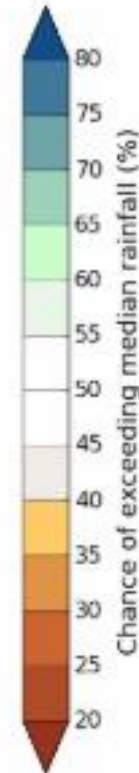
RAINFALL OUTLOOK: NOVEMBER TO JANUARY



Australian Government
Bureau of Meteorology



Chance of exceeding the median rainfall for
November 2019 to January 2020



Model: ACCESS-S1
Base period: 1990-2012

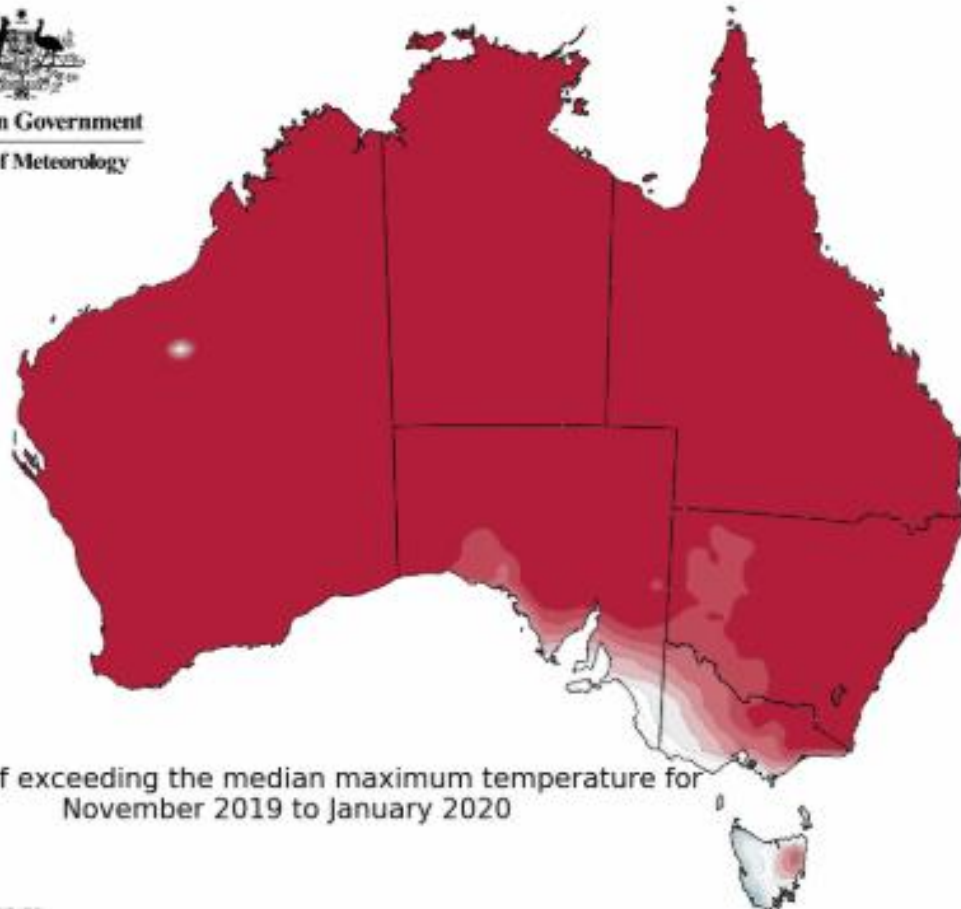
Model run: 28/10/2019
Issued: 31/10/2019

Low probability of exceeding median rainfall by Jan20



TEMPERATURE OUTLOOK: NOVEMBER TO JANUARY


Australian Government
Bureau of Meteorology



Chance of exceeding the median maximum temperature for
November 2019 to January 2020

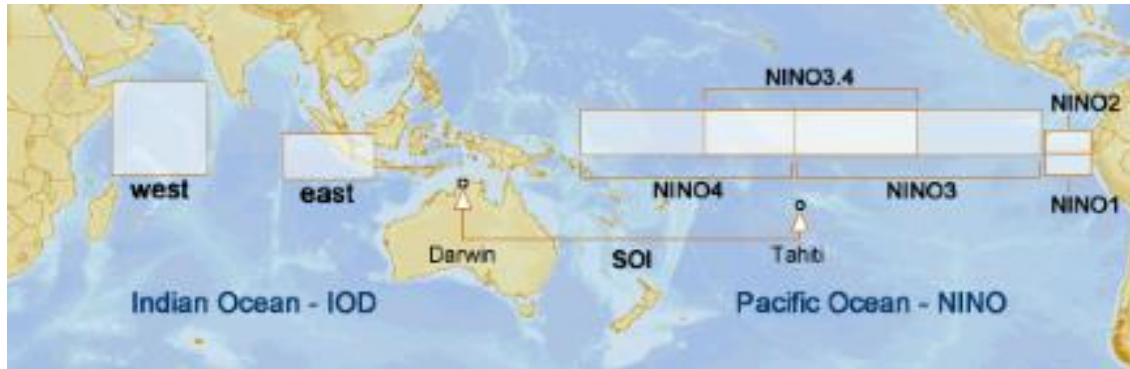
Model: ACCESS-S1
Base period: 1990-2012

Model run: 28/10/2019
Issued: 31/10/2019

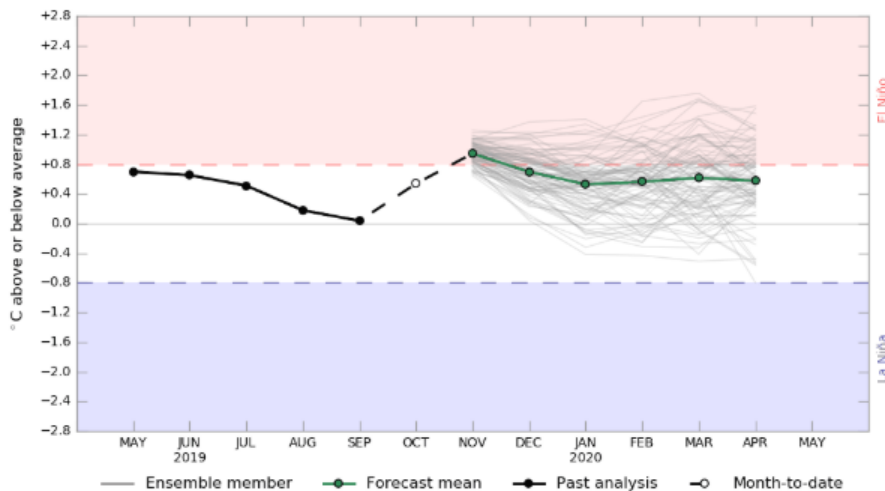
High probability of exceeding median maximum temperatures over next 3 months



CLIMATE MODELS POINTING TOWARD SOFTER WEATHER INTO 2020



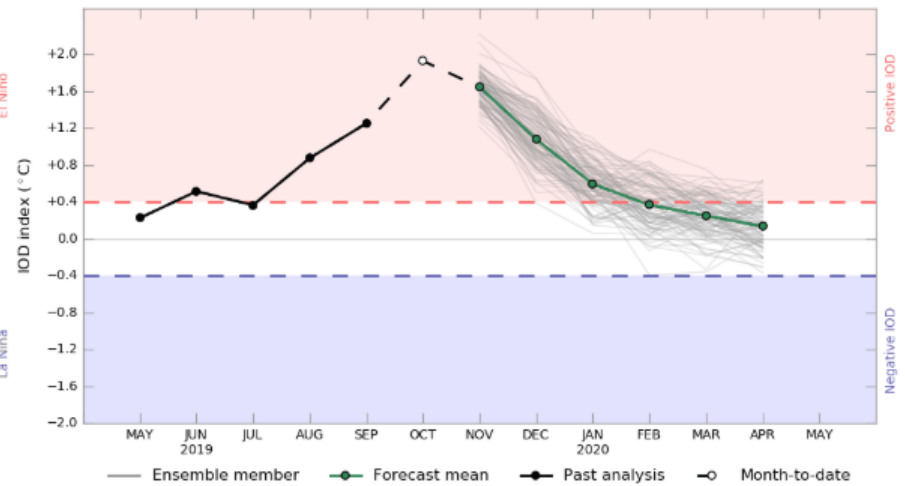
Monthly sea surface temperature anomalies for Niño3.4 region



www.bom.gov.au/climate
Commonwealth of Australia 2019, Australian Bureau of Meteorology

Model: ACCESS-S1
Model run: 26 Oct 2019
Base period 1990-2012

Monthly sea surface temperature anomalies for IOD region



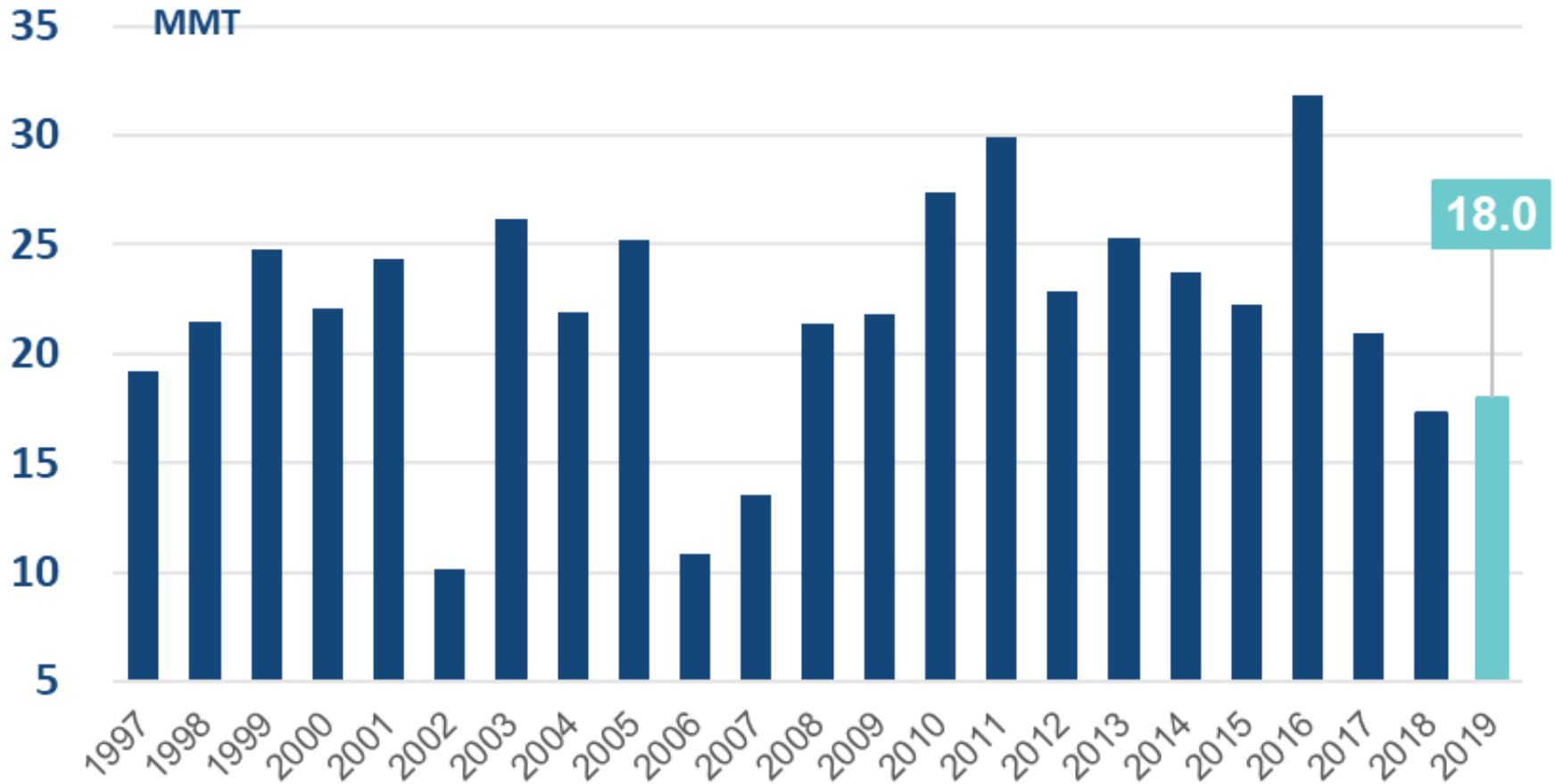
www.bom.gov.au/climate
Commonwealth of Australia 2019, Australian Bureau of Meteorology

Model: ACCESS-S1
Model run: 26 Oct 2019
Base period 1990-2012

ENSO and IOD models predicted to return to neutral



WHEAT PRODUCTION SEASON 2019/20

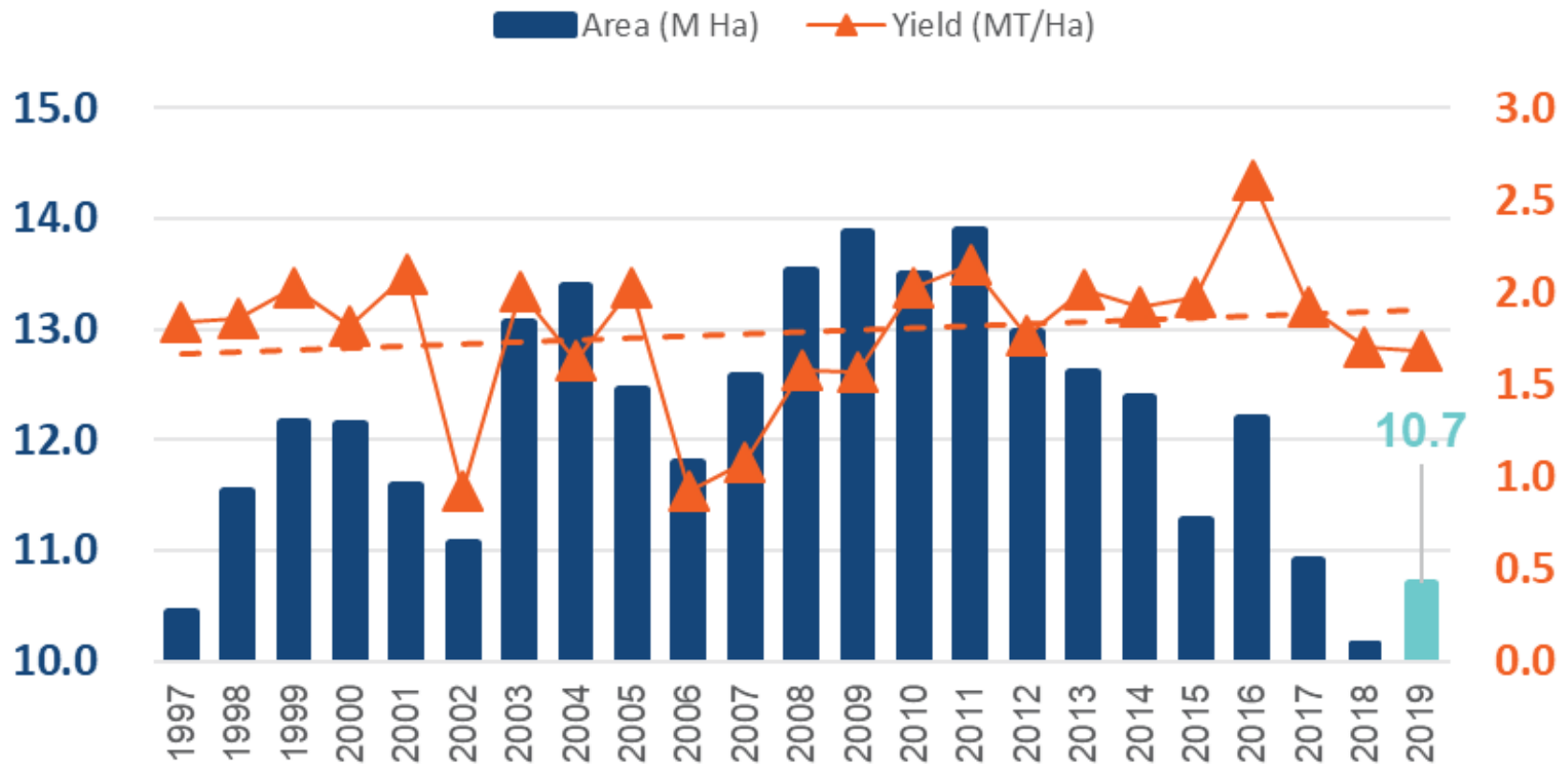


Private Estimates range between 15 to 16 MMT for 2019/20

DATA SOURCE: USDA



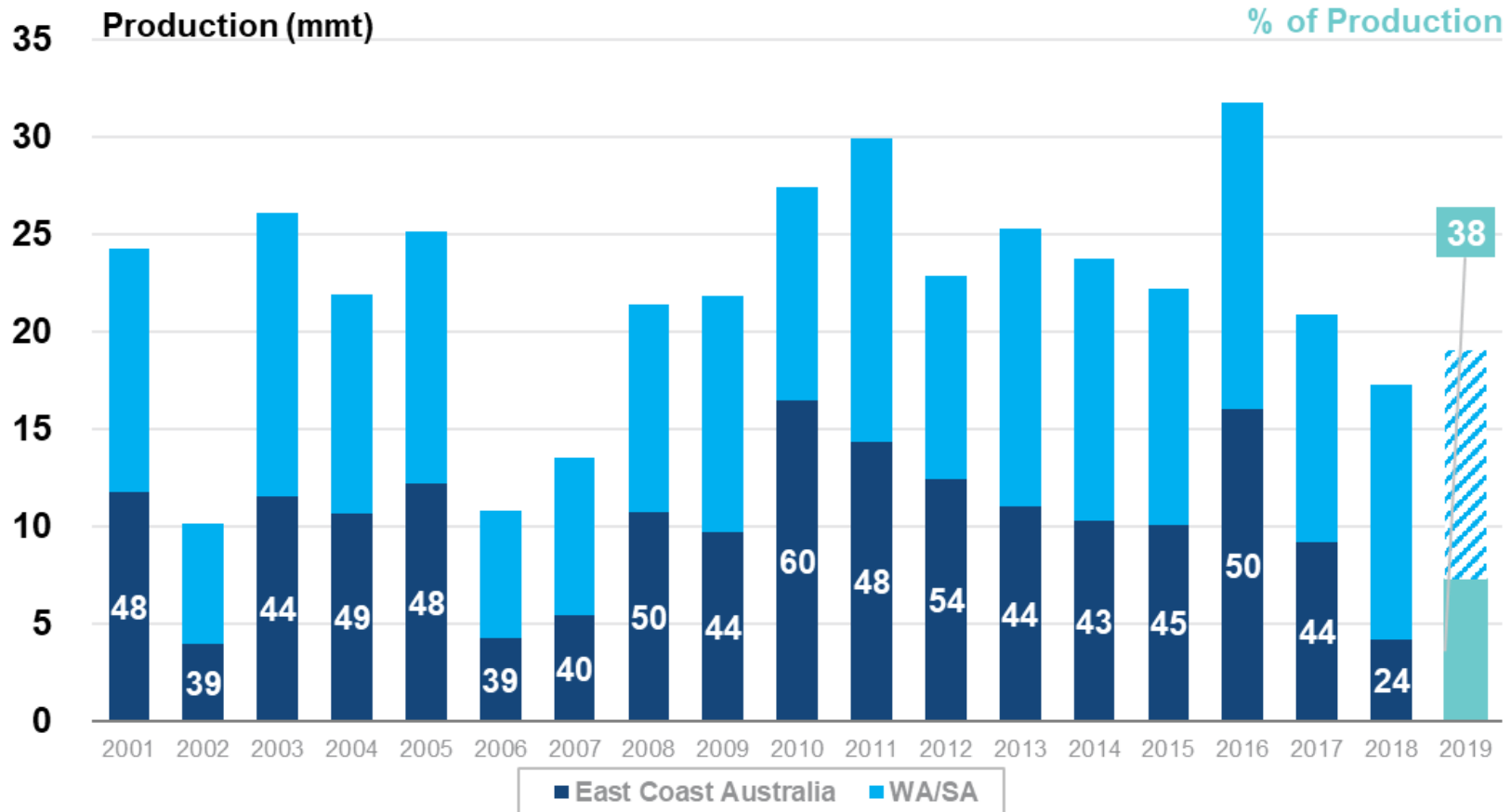
HARVESTED AREA AND YIELD 2019/20



Harvested area remains impacted by drought conditions



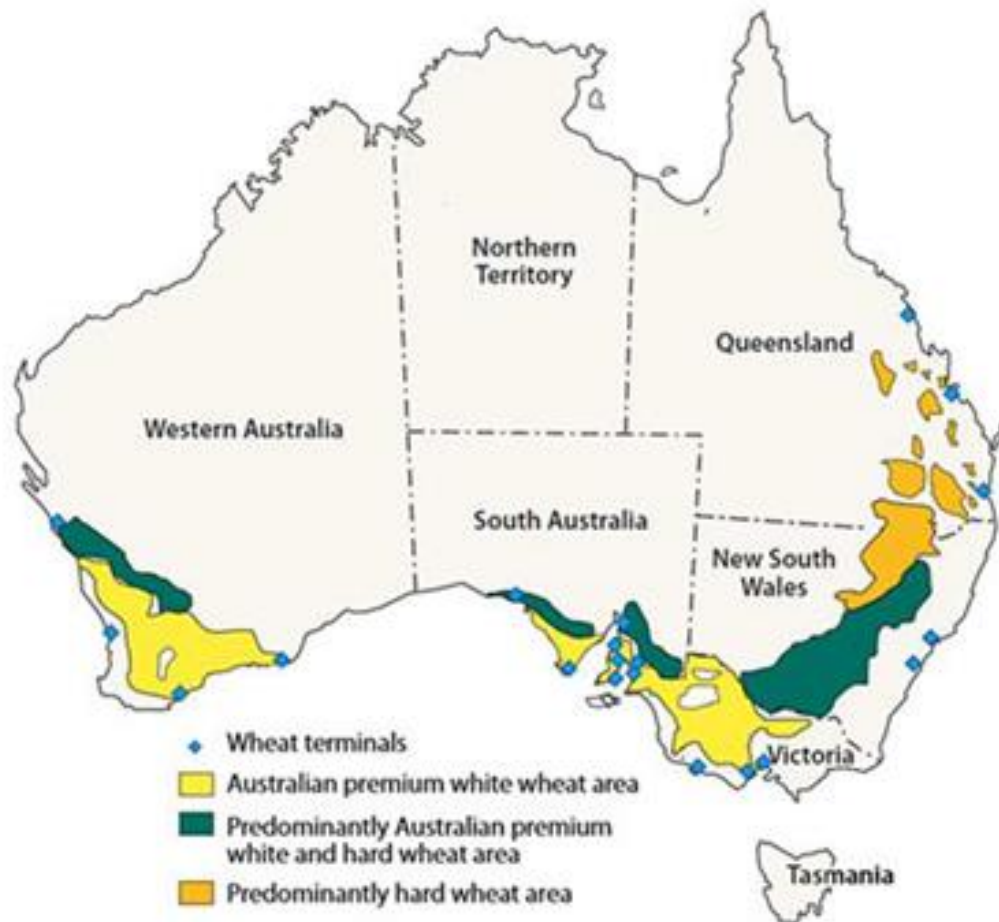
DROUGHT IMPACT TO PRODUCTION LOCATION?



ECA Production share of output improves to 38%



WHEAT QUALITY PROFILE – 2019/20

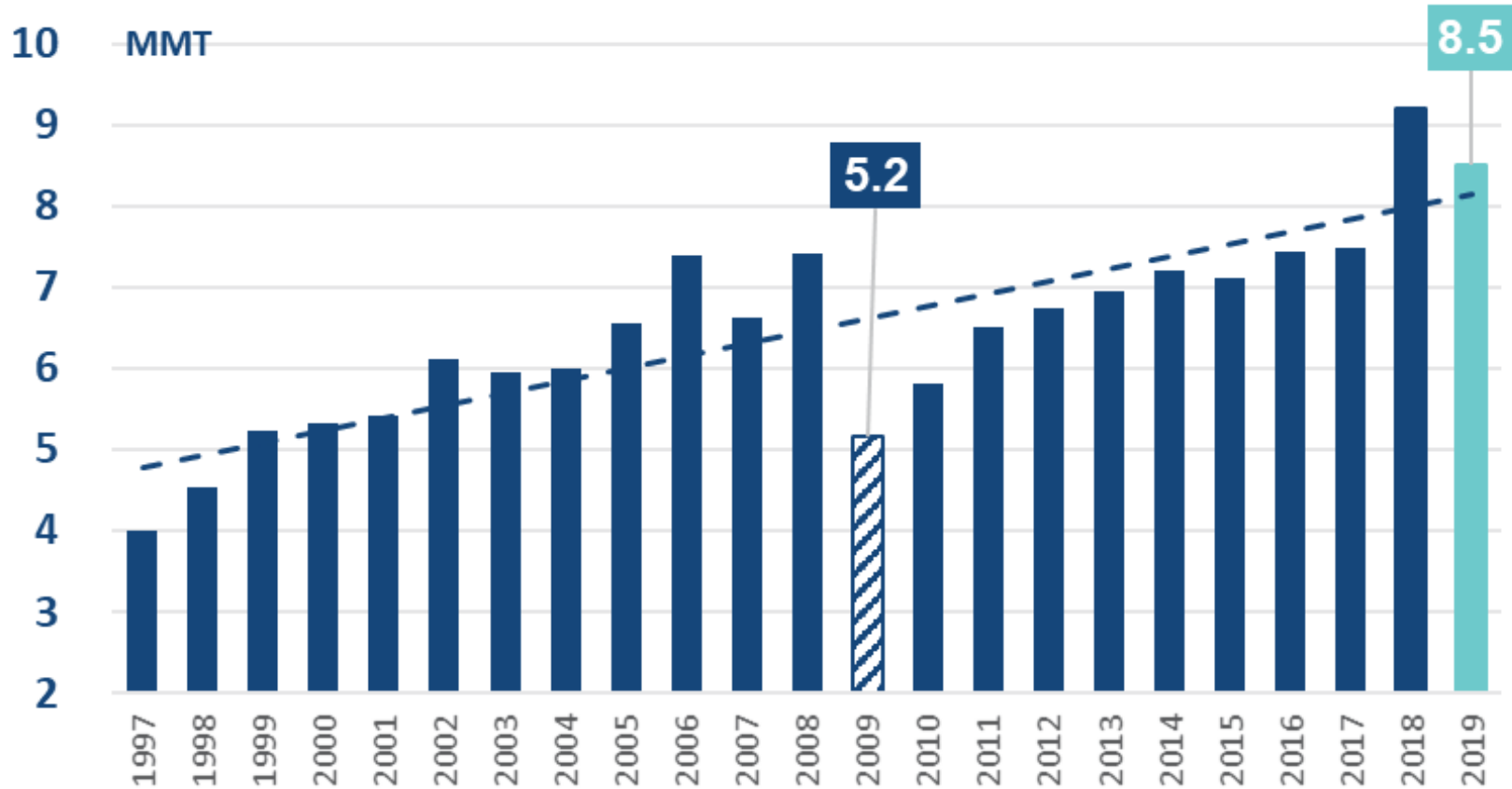


Source: ABARES

For 2019/20 expect higher protein due to conditions

DATA SOURCE:

DOMESTIC CONSUMPTION FORECAST ABOVE TRENDLINE

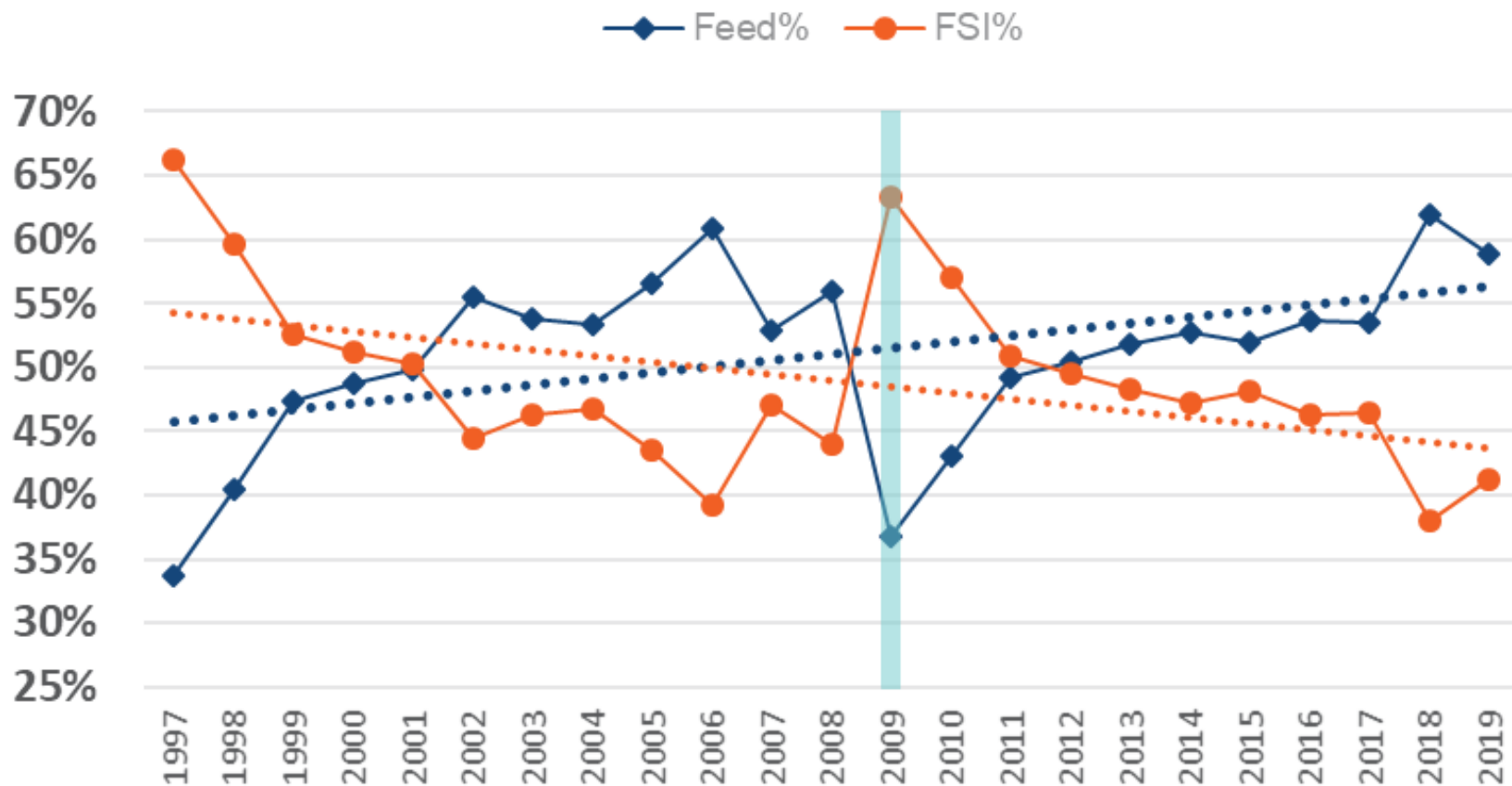


Feedlot & Drought feeding delivered record demand in 2018/19

SOURCE: USDA



FEED OUTPACING FSI DEMAND

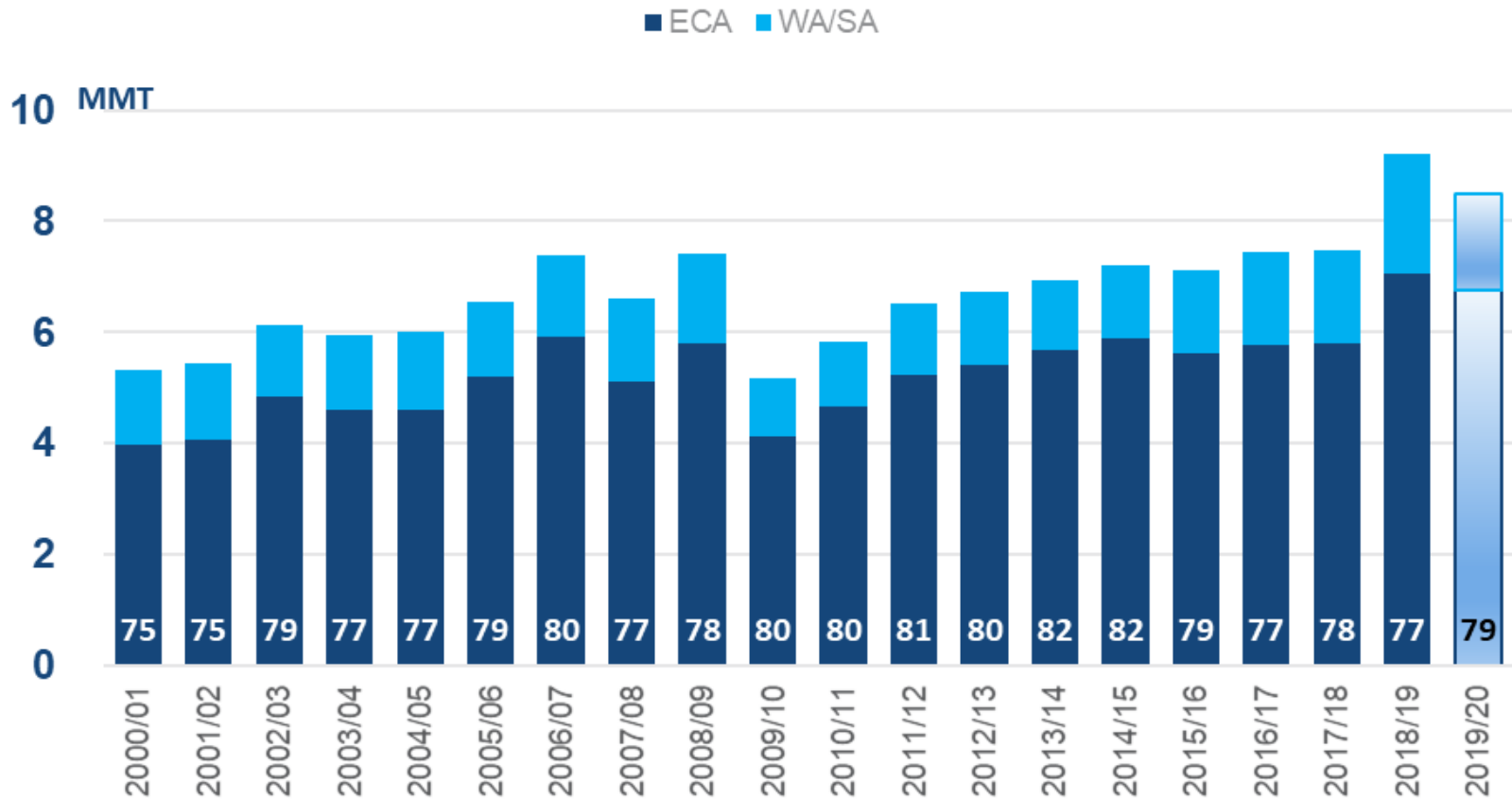


Consumer demand for animal protein driving feed grain demand

DATA SOURCE: USDA



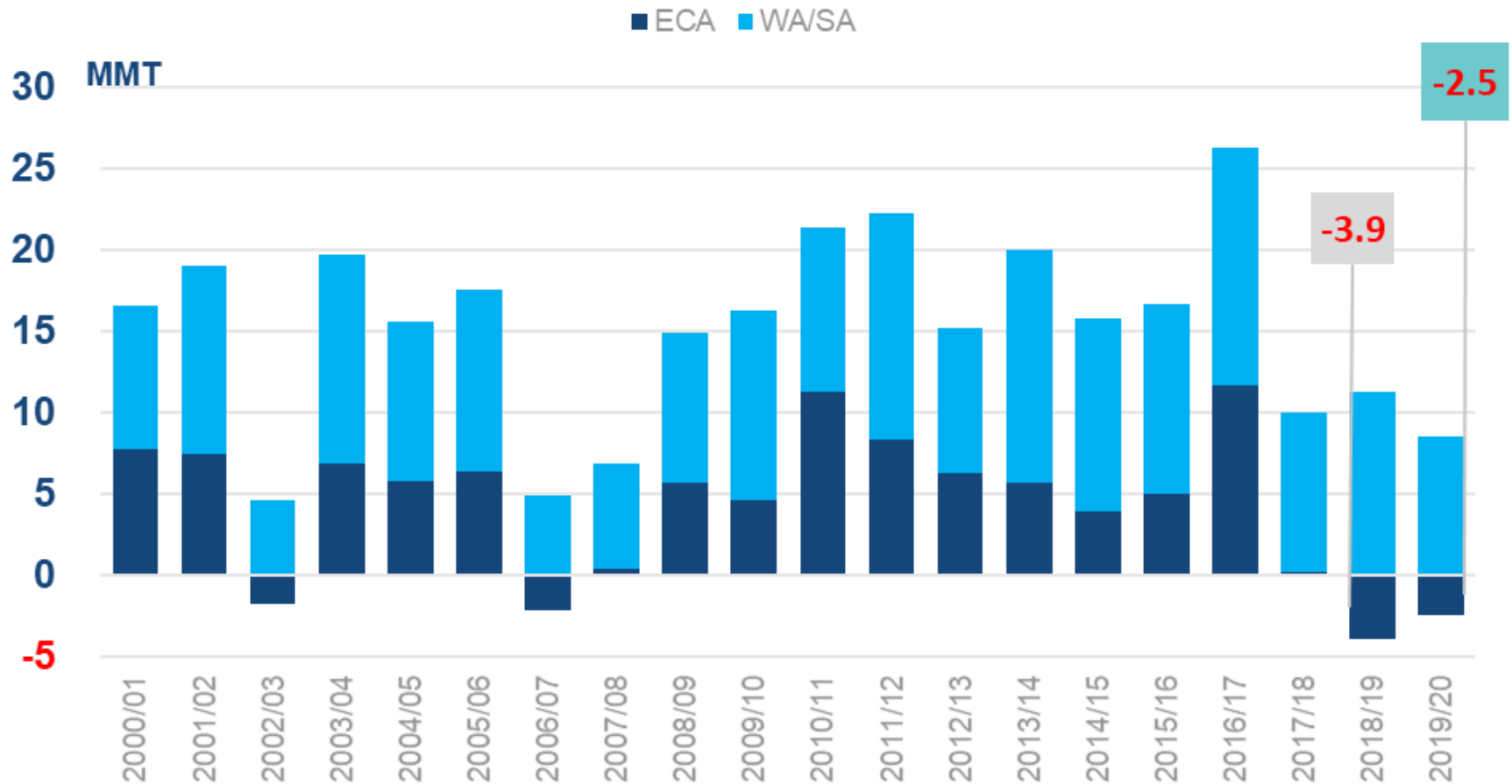
WHERE IS DOMESTIC DEMAND LOCATED?



FSI + FEED Demand expected to decline marginally



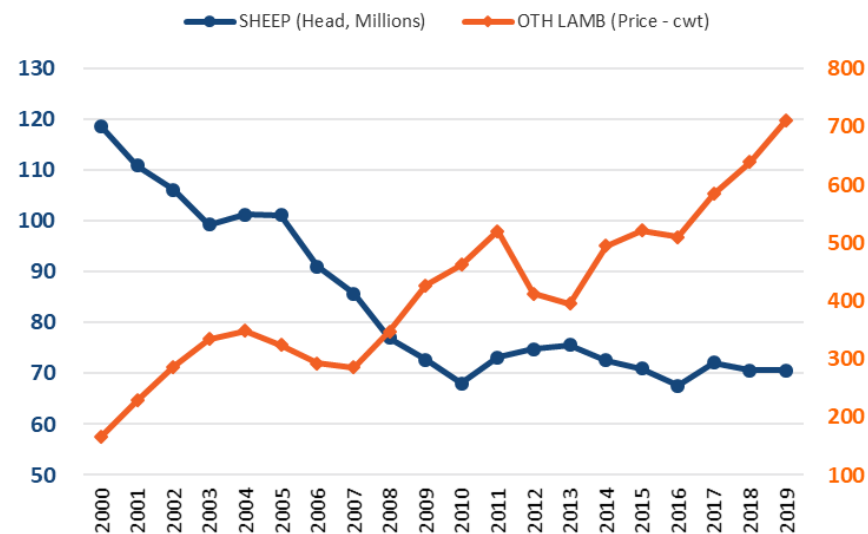
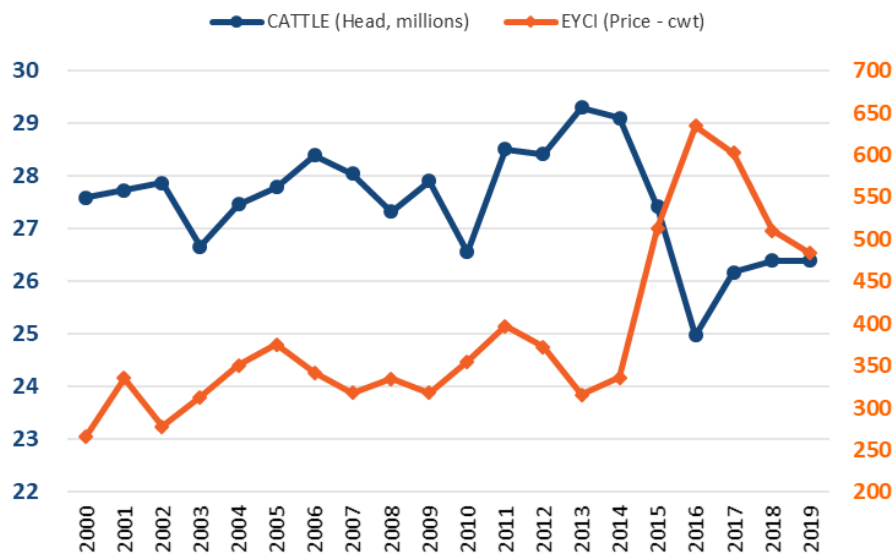
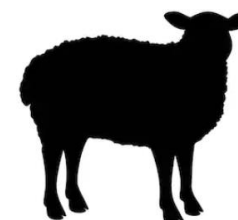
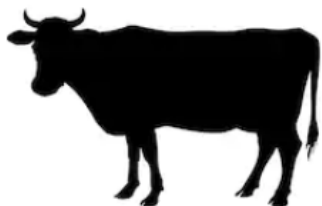
PRODUCTION LESS DEMAND BY REGION



ECA Demand deficit, however expect exports by Q3 2020



AUSTRALIAN LIVESTOCK INVENTORY

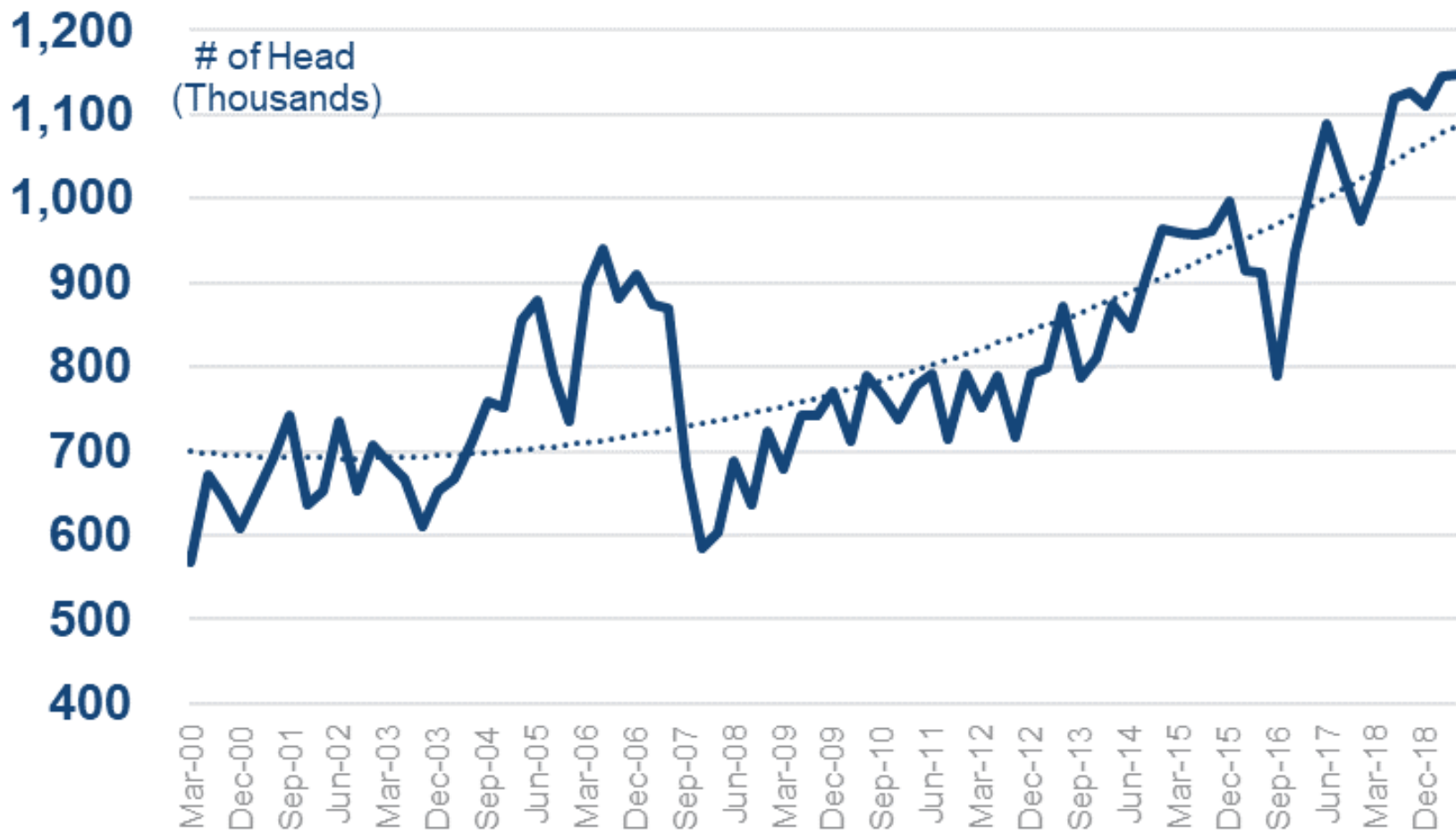


Growth in herd numbers limited by drought conditions

DATA SOURCE: MLA

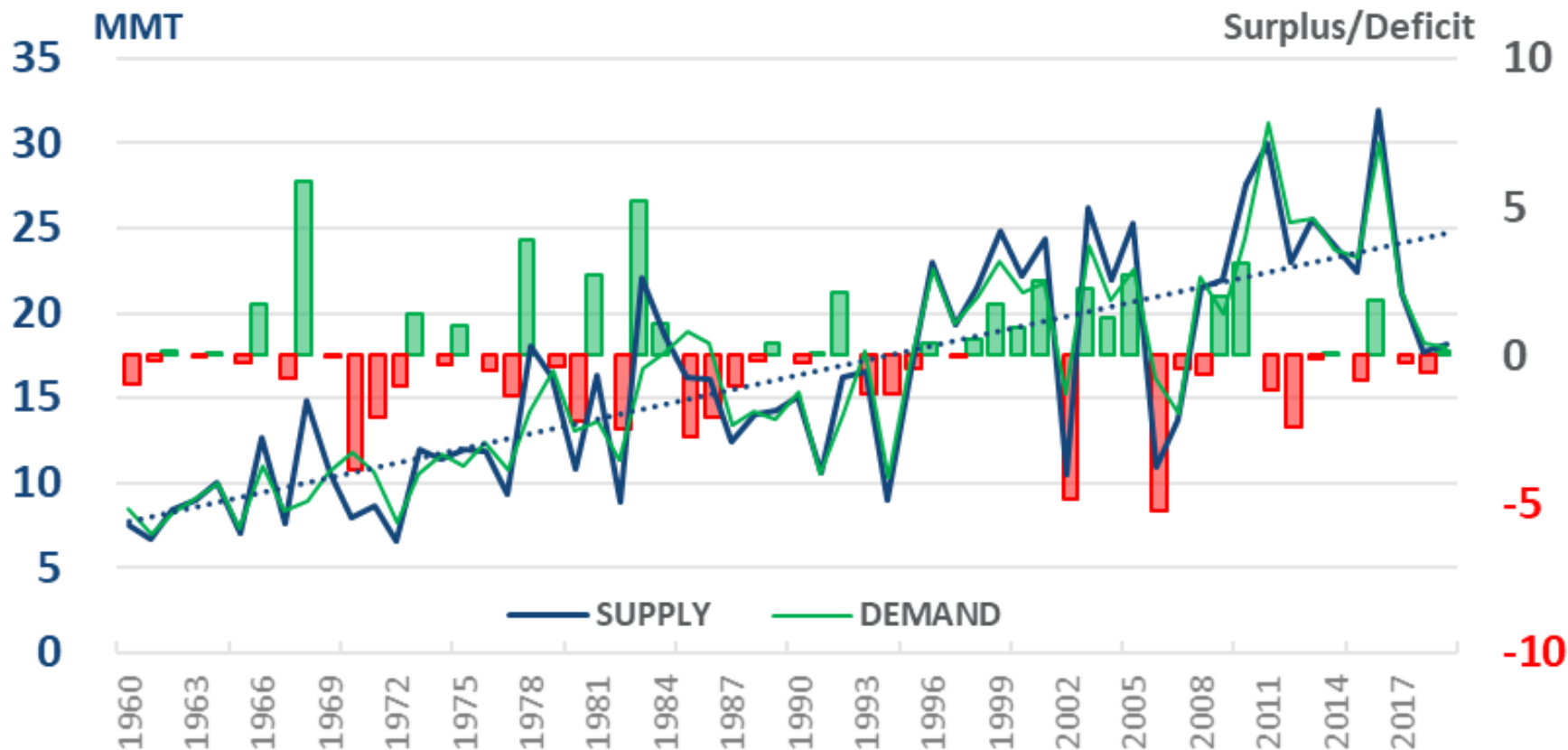


CATTLE ON FEED – AUSTRALIA



Feedlot Cattle numbers remain at record highs

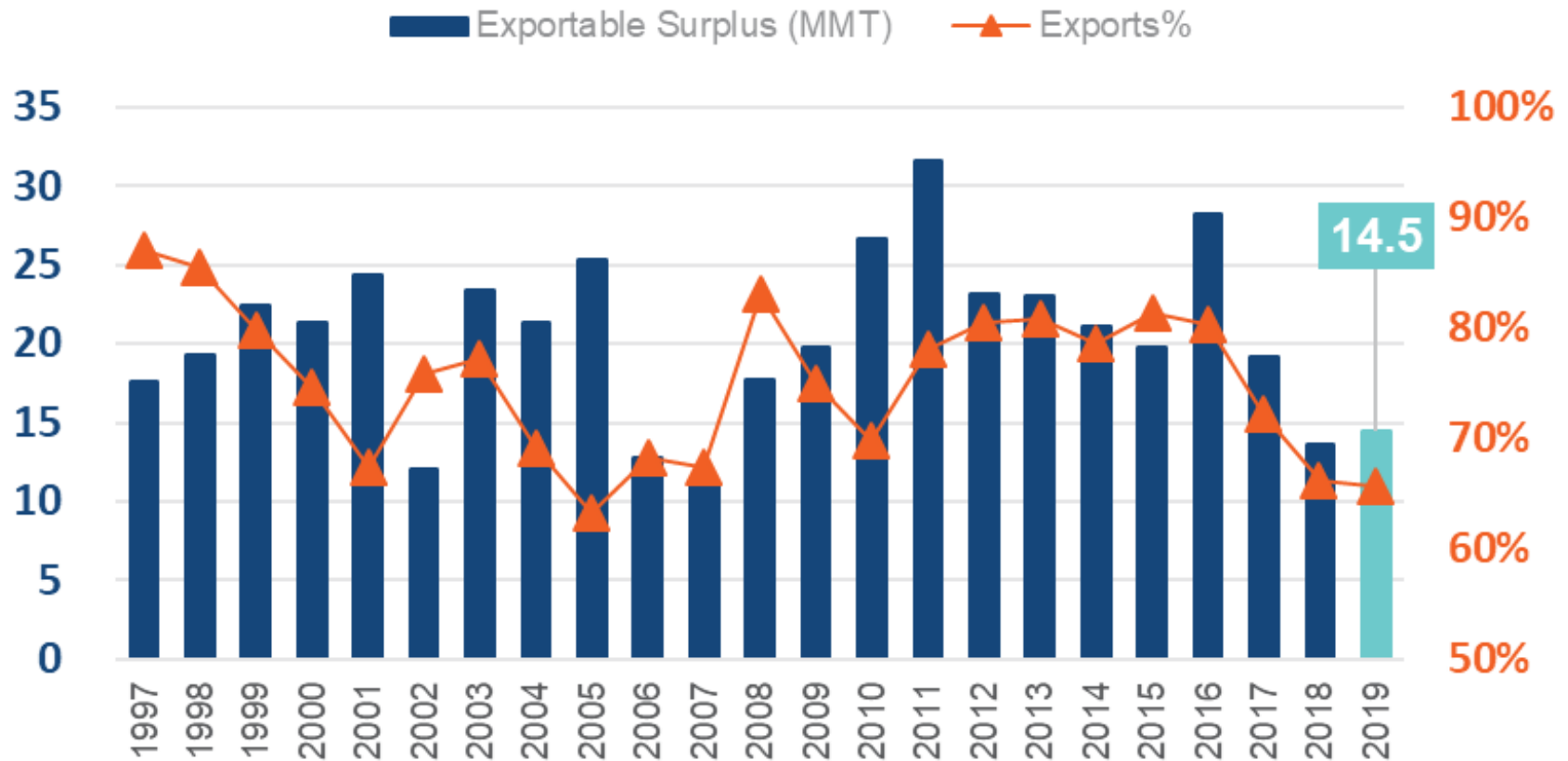
DEMAND ADJUSTS TO SUPPLY CONSTRAINTS



Production Surpluses drive the export agenda



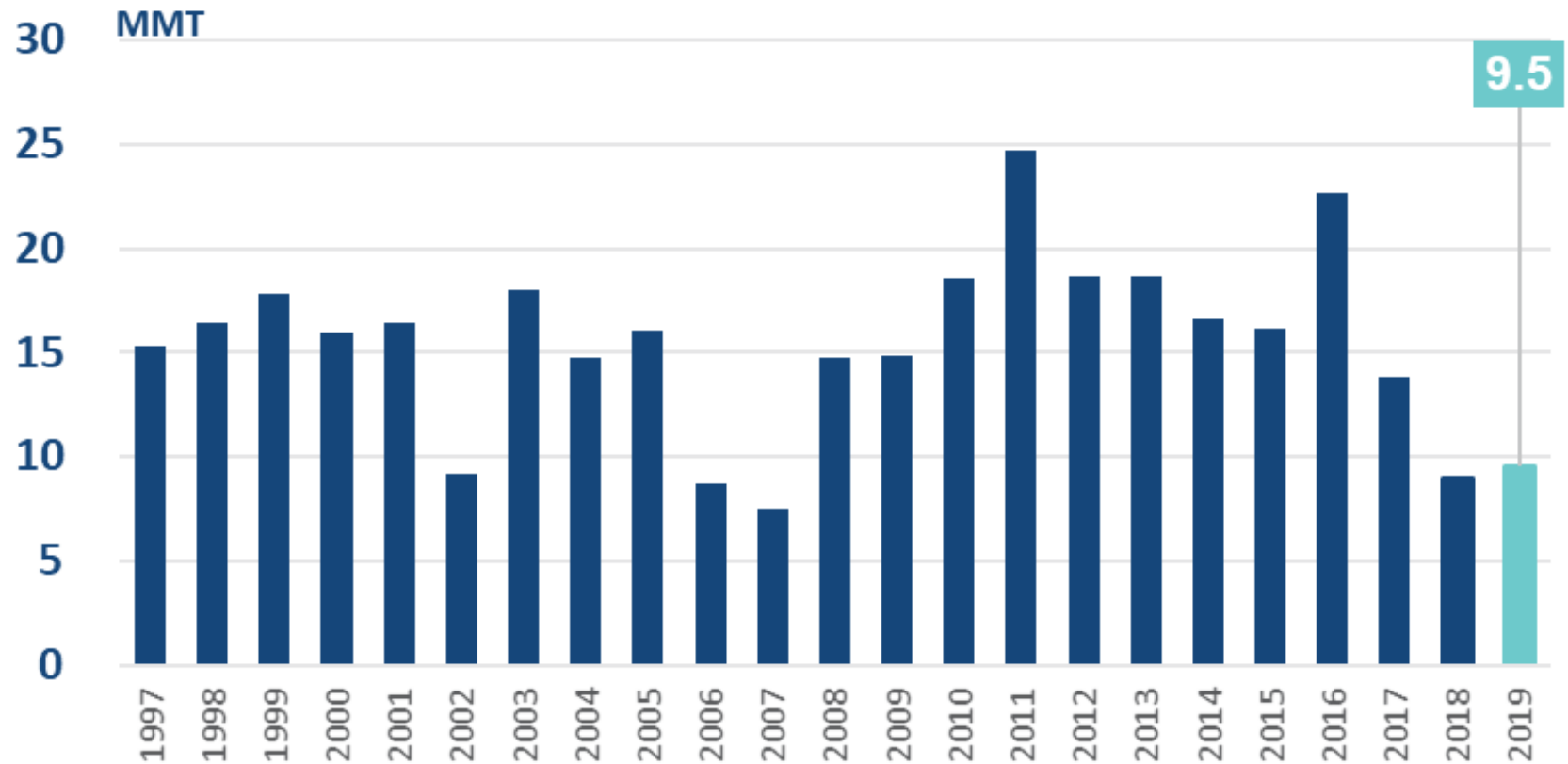
WHAT IS THE EXPORTABLE SURPLUS FOR 2019/20?



Supply less Domestic Demand = Exportable Surplus



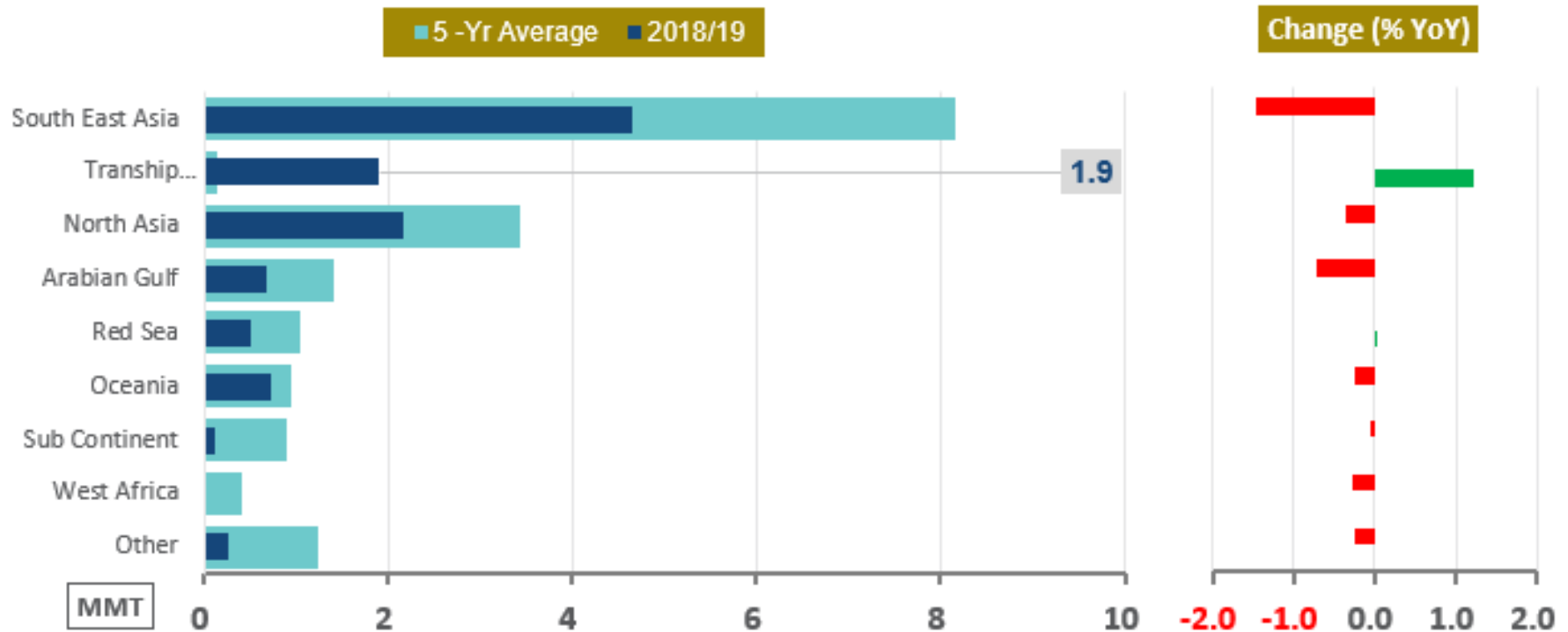
WHAT IS LIKELY EXPORT TASK FOR 2019/20?



EXPORTS are a function of domestic supply security



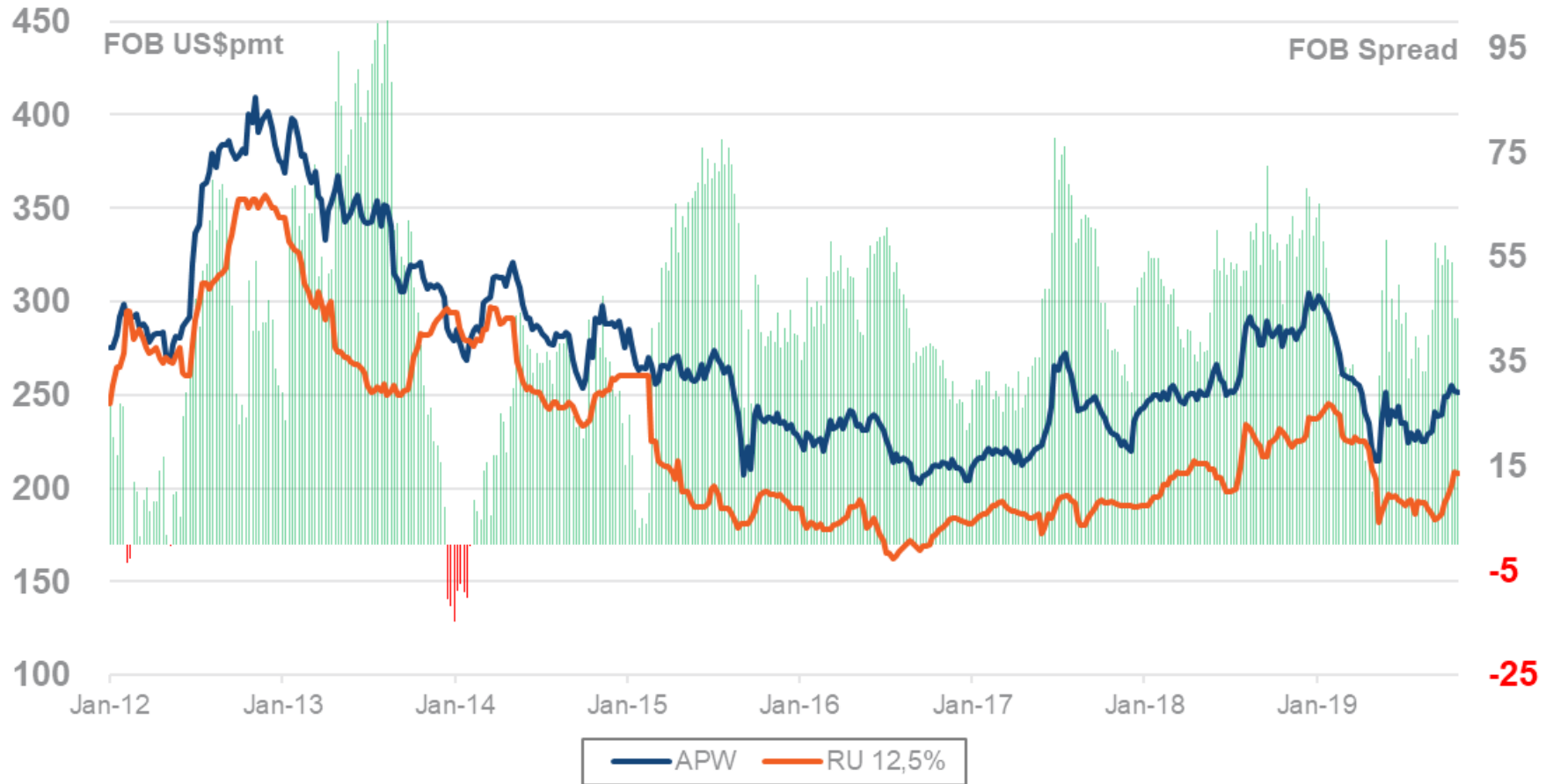
TRANSHIPMENTS FEATURE IN AUSTRALIA'S WHEAT EXPORTS DURING 2018/19



Bulk transhipments from West to East totalling 1.9 MMT



GLOBAL WHEAT VALUES ARE CLIMBING AGAIN



FOB Values rallying again from lows in Q3



Thank you for your time.



GrainCorp

100 YEARS OF GROWTH