MARKET WIRE

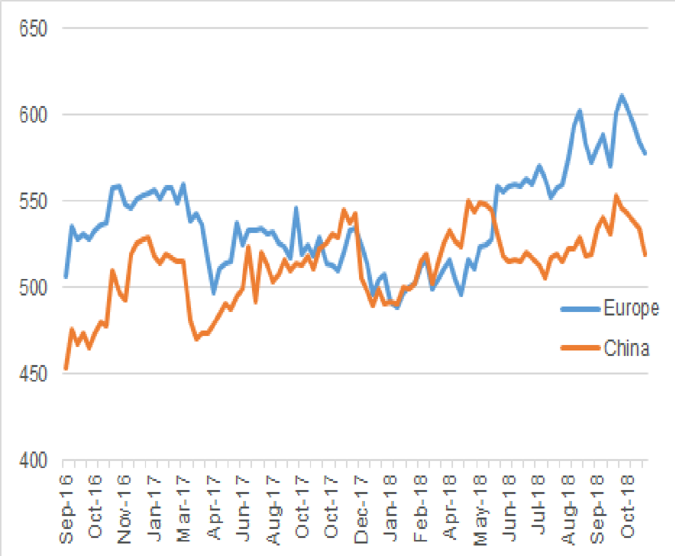
Imports and exports

Roundup Ready CANOLA

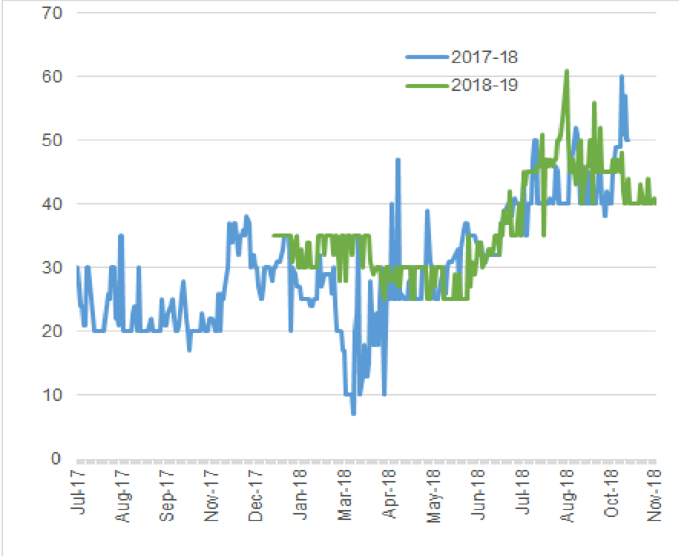
LACHSTOCK CONSULTING

GM CANOLA DATA DASHBOARD

EU-CHINA PRICES (A$ TRACK EQ.)



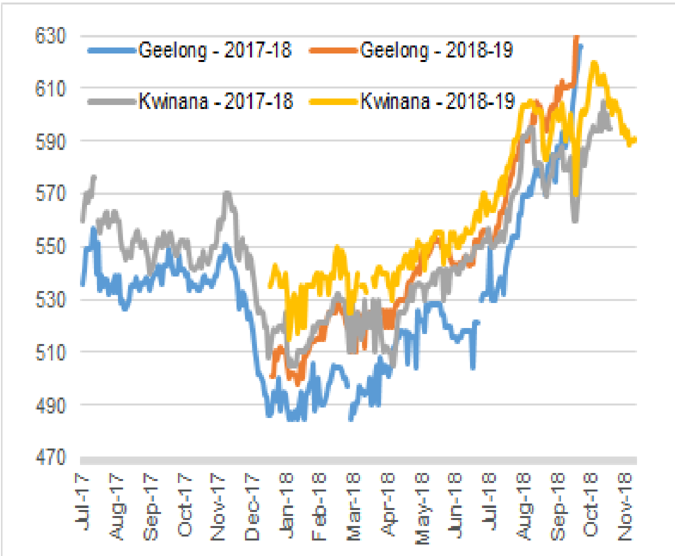
KWINANA GM SPREAD



2018/19 EXPORT MATRIX ('000MT)

	Australia	Canada	Ukraine	Total
Bangladesh	3	100	10	113
China	10	4,200	0	4,210
EU-27	1,265	800	2,100	4,200
Japan	228	2,250	0	2,478
Mexico	0	1,550	0	1,550
Pakistan	0	600	140	800
UAE	0	820	130	950
Other	82	580	20	752
Total	1,588	10,900	2,400	15,053

GEELONG/KWINANA PRICE



PRODUCTION MATRIX

Canola (MMT)	2017/18	2018/19	GM %
Australia	3.57	1.99	22%
EU-27	22.14	19.60	0%
Canada	21.33	20.75	97%
Ukraine	2.21	2.70	0%
World	75.06	70.97	29%

TOTAL CANOLA HECTARES

2018/19	WA	SA	VIC	NSW	National
Area (kha)	1,202	244	410	432	2,290
Yields (t/ha)	1.11	0.86	0.76	0.31	0.87
Production (kmt)	1,341	210	310	134	1,997

Roundup Ready CANOLA

LACHSTOCK CONSULTING

GM CANOLA MARKET REPORT

GM SITE BID SHEET 2018/19

Site	ADM	ADM	AWB	Bunge	CBH	Riverina	ROBE	Sudima
Albany	535	-	-	545	548	-	-	-
Bunbury	-	-	-	555	-	-	-	-
Central Vic - ex-farm	-	-	-	-	-	602	-	-
Esperance	-	-	-	530	548	-	-	-
Geraldton	-	-	-	530	543	-	-	-
Goulburn Valley - ex-farm	-	-	-	-	-	611	-	-
Grong Grong - cash	-	-	606	-	-	607	-	-
Howlong - delivered	-	-	-	-	-	-	-	535
Kwinana	-	545	548	550	548	-	-	-
Lara - delivered	-	-	-	-	-	577	-	-
Mallee - ex-farm	-	-	-	-	-	601	-	-
Melbourne - buyers call	-	-	-	-	-	633	-	-
Moama - delivered	-	-	-	-	-	561	-	-
Newcastle - buyers call	-	-	-	-	-	643	-	-
Riverina NSW - ex-farm	-	-	-	-	-	589	-	-
Southern NSW - ex-farm	-	-	-	-	-	592	-	-
Sydney - buyers call	-	-	-	-	-	628	-	-
Temora - delivered	-	-	-	-	-	572	-	548
Wagga Market Zone	-	-	-	-	-	-	605	-
Wemeth - delivered	-	-	-	-	-	561	-	-
Wimmera - ex-farm	-	-	-	-	-	600	-	-

PORT EQUIVALENT BID SHEET 2018/19

Port	ADM	ADM	AWB	Bunge	CBH	Riverina	ROBE	Sudima
Albany	535	-	-	545	548	-	-	-
Bunbury	-	-	-	555	-	-	-	-
Central Vic - ex-farm	-	-	-	-	-	602	-	-
Esperance	-	-	-	530	548	-	-	-
Geraldton	-	-	-	530	543	-	-	-
Goulburn Valley - ex-farm	-	-	-	-	-	611	-	-
Grong Grong - cash	-	-	651	-	-	652	-	-
Howlong - delivered	-	-	-	-	-	-	-	535
Kwinana	-	545	548	550	548	-	-	-
Lara - delivered	-	-	-	-	-	577	-	-
Mallee - ex-farm	-	-	-	-	-	601	-	-
Melbourne - buyers call	-	-	-	-	-	633	-	-
Moama - delivered	-	-	-	-	-	561	-	-
Newcastle - buyers call	-	-	-	-	-	643	-	-
Riverina NSW - ex-farm	-	-	-	-	-	589	-	-
Southern NSW - ex-farm	-	-	-	-	-	592	-	-
Sydney - buyers call	-	-	-	-	-	628	-	-
Temora - delivered	-	-	-	-	-	572	-	548
Wagga Market Zone	-	-	-	-	-	-	605	-
Wemeth - delivered	-	-	-	-	-	561	-	-
Wimmera - ex-farm	-	-	-	-	-	600	-	-

*NB Riverina ex-farm pickup "Buyers Call" prices are for delivery between January and June, 2019
Wagga Market Zone prices are for delivery in January, 2019

GM CANOLA MARKET REPORT

LOCAL MARKETS

Harvest has started off and windrowing is taking place around the country. Even with the limited harvest to date, farmer selling has allowed the market to retrace. We expect that there is still another $10-20 of harvest pressure to be had. Western Australian harvest is only 10% done, with oil quality looking excellent again (46-47%). Harvest will rapidly increase over the coming two weeks. East coast harvest is moving ahead and those crops in NSW that survived the silage cut seem to be yielding as expected. Oil quality in NSW is low as expected, at around 38-40%. VIC harvest will begin in the coming week, however has been slowed with rain falling last week and more forecasted for next week. Generally, southern VIC canola crops have survived the October frost and whilst there will be some damage it won't be game changing for supply and demand. Once we get through harvest we can expect to see the market try and firm to import parity numbers off WA as liquidity dries up. However, tread with caution as the buyers this year are restricted to crushers only; they will be happy for farmers to carry grain for them given the high prices. As a result we can expect to find a tough market that has wide ranging bids and offers that results in many standoffs in the market. We have seen signs of the first WA transhipment vessel being loaded in Kwinana, destined for Newcastle. This is confirmation of the expected trade flows and further reduces the short-term supply shortage that crushers have in the eastern states. It is only a 25kmt vessel, we expect a program of around 150kmt to be achieved by the end of the marketing year, with most of the movement to occur into the March-August period next year.

WA: WA prices have seen a steady decline on harvest pressure and lack of export demand, down $15 to $585 FIS with GM spreads steady at $40. Export demand from Europe currently sits another $10-15 below the market.

NSW/VIC: As a result of rain events, supply from WA and harvest the east cost market has also fallen around $15-20, which is weighting on prices. We expect more of the same in the coming weeks. GM spreads are steady in the $25 range.

GLOBAL MARKETS

There has been a little bit more action globally, with the European market showing strength as it contends with a low local supply and also logistical challenges due to low river levels. The river system in the EU is very important as a large proportion of the seed sent to the plant is carried on barges. This means it is hard, and more expensive, to get seed to the crush plants, and also hard for the crushers to get oil back out to the biodiesel plants. As a result, canola oil and canola methyl ester are also commanding a strong premium. Europe is also grappling with ongoing dry weather that is impacting the new season canola that has been planted. Many reports of a sharp drop in area sown will impact supply for the year ahead.

Canada continues to work through a late harvest and with more seed coming to market now, the reality of the larger supply and lack of demand is starting to take hold. Canola in Canada needs to be more competitive to encourage domestic demand through improved crush margins, and most importantly, to find avenues to market in China. We continue to see China disappoint with shipment pace and, as a result, we see Canada stocks building to very comfortable levels until price corrects and stimulates demand once more.

The Ukraine has started the season well and what looked to be a lower plant, seems to be another strong plant. Ukrainian yields have trended strongly over the last 10 years, so we expect to see a record size crop from the Ukraine in 2019/20.

Overall this suggests that the Canola situation in 2019/20 will become more balanced, or in surplus, in comparison to recent years.

CASE STUDY – Imports and Exports

"All this talk of imports and exports can be a bit confusing, how do I make it relevant to my own decision making process?"

This year is one of those uncommon years where the east coast is in deficit and the west still has a requirement to find export demand off-shore. Starting at the normal export end, we need to set the baseline at levels where WA can price into Europe (our main importer again this year). Whilst there have been some cargos sold in the last two weeks, the depth of demand is limited at the moment. The tight EU logistical situation will help the cause, although it won't be a binding issue for the whole season along with the high oil content being produced in WA again this year. We can expect to see Australian exporters take advantage of the temporary squeeze in European logistics by providing crushers at EU ports with a valid alternative to the tight domestic suppliers. The kicker will come when farmers selling in WA (likely to be strong given the high $500s prices) fills those short-term bottlenecks and then has to search farther afield to cover off on the back end of the program. To do this, either European prices need to rally, or Australian prices need to correct a little more.

From that baseline in WA, call it $15 below today's values, we can then start to set a baseline in the eastern states. If we work on $100 transhipment costs to delivered to plant in the east (could be as low as $85, but let's be conservative), then import replacement in the east is around $665-670 delivered to the plant. WA has zero storage costs so let's shave that import replacement number back a bit to $655-660. This probably sets the upper end of the east coast ranges based on current import/export parities. We can expect harvest pressure in the east and also the willingness of crushers to let farmers carry seed and play the standoff game. This will see us trade below import parity for a while, call it by $30, setting the low end of the range at $620-630 delivered to plant. Bare in mind that the cost of carrying canola in the east this year is $4.50/mt/month, so it's not a great thing to hold.