



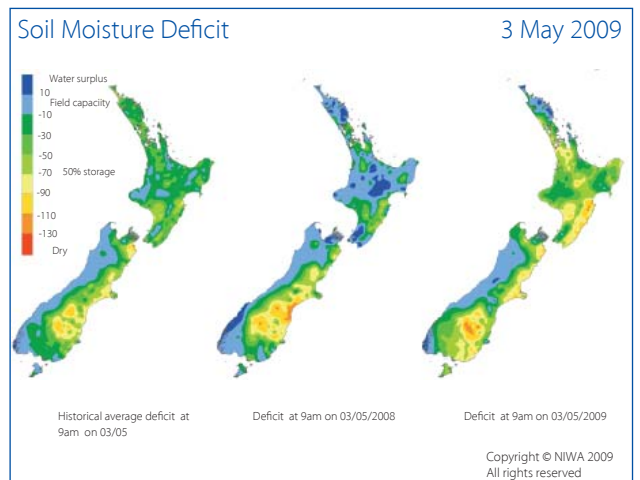
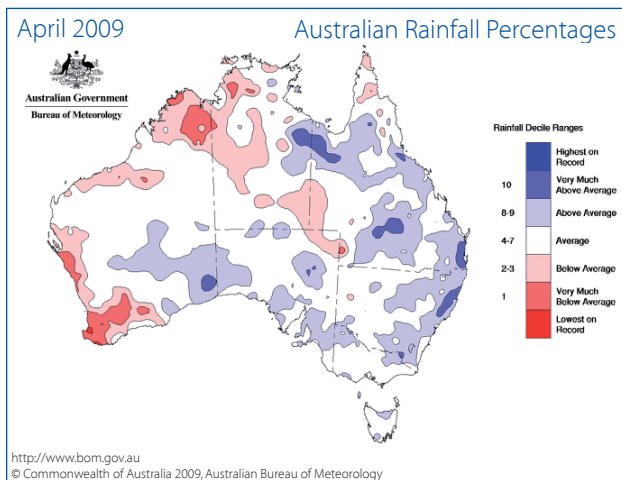
Australia & New Zealand Agribusiness Review

May 2009

Rabobank Group
Food & Agribusiness Research and Advisory (FAR)
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Seasonal Outlook

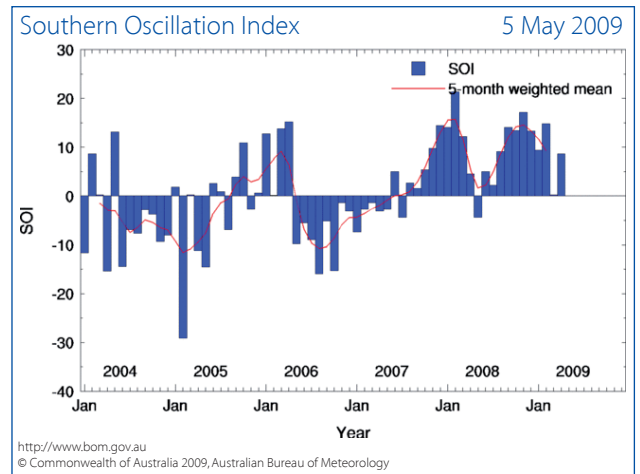


Australia

- Although cold and wet conditions were experienced, especially in the south eastern regions during the last week of April, average conditions were slightly warmer and drier across Australia for the month.
- The Bureau of Meteorology 3-month rainfall outlook suggests most areas of Australia are likely to have a 50 to 65% chance of exceeding median rainfall. The exception to this band is the south east region of Australia that has a 45% chance of exceeding median rainfall.
- The 3-month minimum temperature outlook shows that the northern and western parts of Australia are more likely to see a warmer-than-normal seasonal average minimum. In comparison, the south eastern region of Australia is expected to see a 45 to 55% chance.
- During April, the Southern Oscillation Index (SOI) conditions were, in general, neutral. As a result, an official 30-day SOI reading of +9 was recorded. The majority of forecasting models now suggest conditions will remain in the neutral range over the next few months.

New Zealand

- Despite very high rainfall in Northland and on the West Coast during April, autumn became dry for many other places. Very low rainfall was evident in southern Hawkes Bay and the Taranaki district, with significant soil moisture deficits occurring in these regions. Moisture deficits were also recorded in parts of Canterbury, Otago and Southland.



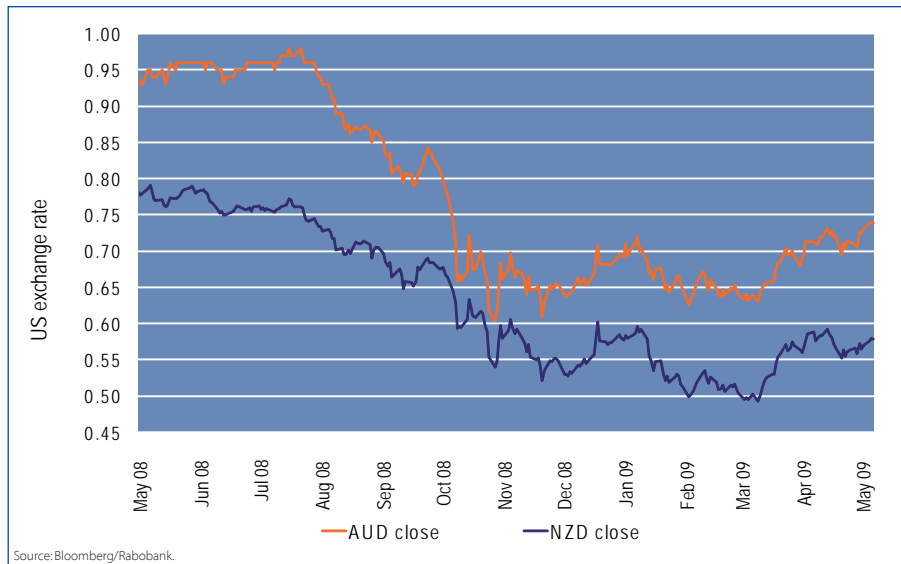
- Autumn 2009 has seen the third successive year of autumn drought for southern areas on the North Island's east coast, which has resulted in further destocking by many sheep and beef farmers.
- NIWA's outlook to June 2009 indicates normal soil moisture levels are likely for most of the country, but with an equal chance of below normal levels for the east coast of both islands.

*Please see last page for important information

Currency/economy

Currency USD = Close (bid)			
	Current (06/05/09)	Last week	Last year
AUD	0.7400	0.7270	0.9500
NZD	0.5784	0.5730	0.7915

Source: Bloomberg/Rabobank.



Global

- There has been an improvement in sentiment on global markets in April. However, markets remain highly sensitive to any negative news as the potential for further financial market disruptions continue to dominate. Most economies around the region are still experiencing a significant drag on activity as the real economy effects continue to play out.
- Both the Reserve Bank of Australia (RBA) and the Reserve Bank of New Zealand (RBNZ) have actively moved to lower rates over the year in order to stimulate economic activity, as many regional economies are in or near recession. Nevertheless, both institutions have conceded that the world economy will be in a slump for some time.
- The RBA has taken the Official Cash Rate (OCR) to 3.00% and the RBNZ to 2.50%, with the expectation that further revisions to monetary policy maybe required at some stage, notwithstanding that levels are already at historical lows.

Australia

- Australia's inflation rate slowed in the first quarter to its lowest level in 18 months as the probability of Australia entering its first recession in 20 years increased. The RBA Governor, Glenn Stevens, stated that inflation is expected to remain low in the next few years and the surge in March jobless numbers, which implies less pressure on wages going forward, would only serve to underpin this view. With lower inflation expectations going forward, the RBA and the Government are likely to continue to concentrate on providing stimulus to Australia's economy.
- The RBA, as expected, left rates on hold at its May meeting in order to ascertain better whether the lower cash rate and economic stimulus packages that are currently in place will have the desired effect on economic activity. Governor

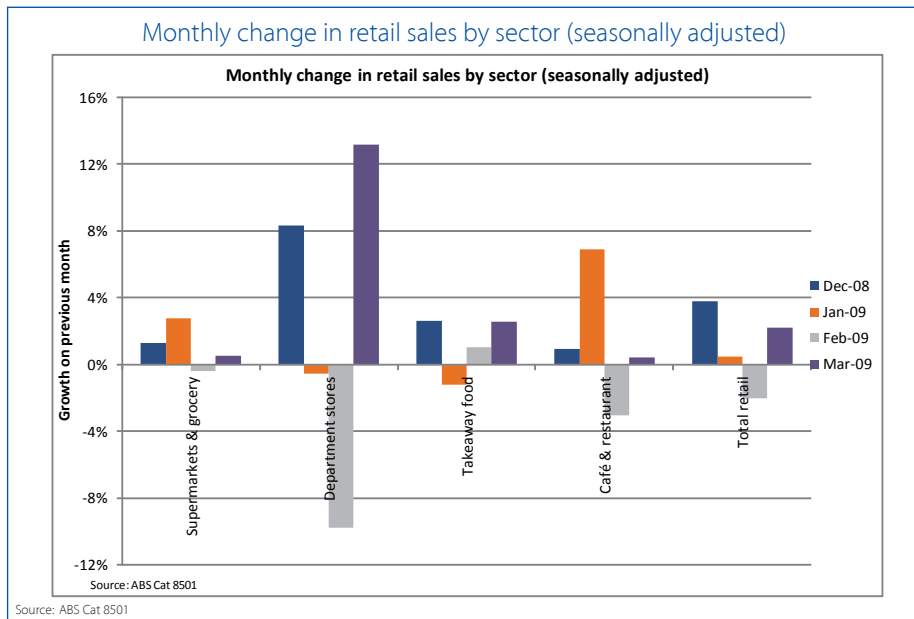
Steven's has already stated that he believes stimulus measures, a strong banking system and a pickup in China will drive the rebound in 2010.

- Important partial economic data released over the month has been a mixed bag relative to market expectations. Employment for March was down 34,700 against an expected fall of 25,000, with the unemployment rate lifting to 5.70% (against an expected 5.40%). The producer price index fell 0.4% (expectations of 0.6%), for a first quarter year-on-year (YoY) result of 4.00%. The Consumer Price Index rose 0.1% in the first quarter to be 2.50% through the year. Motor vehicle sales fell by a whopping 22.6%, ANZ job ads fell 7.50% and the housing market weakened with the house price index falling 6.70%.

New Zealand

- The RBNZ cut its official cash rate again in April from 3.00% to 2.50% with the message that borrowing costs will stay low until at least late 2010 as a measure to help support the economy back towards growth. Governor Allan Bollard's comments included the intention to keep rates at or below this historical level, which means rates may fall further. The OCR rate has fallen by 5.75% since July 2008.
- Keeping interest rates low, as well as other benefits such as April tax cut announcements, are expected to help New Zealand recover from its worst recession in 30 years.
- Economic data released over the month included consumer prices for Q1 2009 with a YoY result of 3.00%, the March trade balance came in higher than expected at +324 million, retail sales up a surprising 0.2%, which although still weak represents a positive when market expectations were -0.5%. The National Bank of New Zealand (NBNZ) business confidence indicator for April was again down at -14.50, but improved on March's -39.30 result. Indicator for April was again down at -14.50, but improved on March's -39.30 result.

Food retail



Australia

- Australian retail sales recovered in March from the weak levels seen in February. Total retail sales rose 2.2% from the previous month in seasonally adjusted terms.
- All main food channels saw sales growth. Once again takeaway food sales outperformed that of cafés and restaurants, as consumers remained focused on cheaper dining options, while supermarkets and grocery sales rose marginally.
- Woolworths continued to outperform in the supermarkets and grocery sector in the opening three months of the year. Comparable store sales in food and liquor rose 8.8%, rising to 10.8% once seven new stores were accounted for. Woolworths attributed this strong performance to the rollout of new store formats, their Everyday rewards program and continued price reinvestment.
- In Australia, Coles was not far behind its rival, achieving same stores growth of 6.6% in food and liquor sales for the same period (rising 8.3% including new stores). Growth was underpinned by rising customer numbers, sales volume growth and improved value of sales. The private label range saw double digit growth, while on-shelf availability of all products continued to improve.
- In a tougher macroeconomic environment across the Tasman, Woolworth's supermarket business saw same stores growth of just 3.2% in the opening three months of the year.

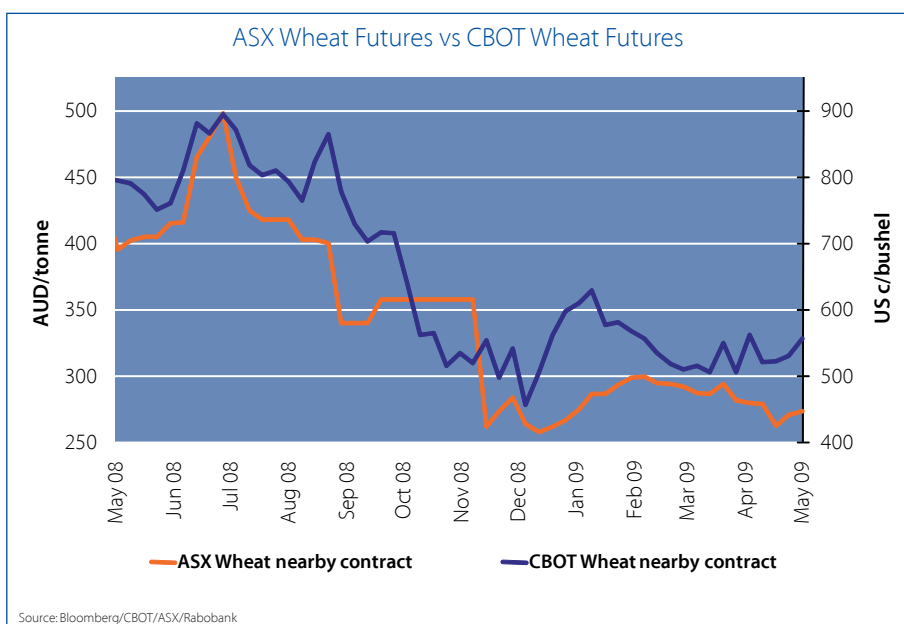
New Zealand

- While New Zealand total retail sales have remained virtually flat, supermarket and grocery sales are continuing a steady upward trend, increasing by 1% in February, from January 2009 on a seasonally adjusted basis. As the Food Price Index only lifted 0.2% over the same period, greater number of consumers heading to food retail outlets rather than eating out appears to be holding and contributing to volume sales growth.
- While takeaway food sales fell 0.3% during February, McDonalds has announced same-store sales growth and plans to expand the number of New Zealand stores by 30 over the next three years.
- Although increasing at a slower pace, New Zealand food prices have continued to rise in the first quarter of 2009. March prices lifted 0.5% from February with fruit and vegetables up 1.6%, led by lettuce prices. The meat/poultry/fish category increased 1.4%, led by fresh chicken. The annual increase to March 2009 was 8.6%.

Grains and oilseeds

Chicago Board of Trade Wheat Futures (nearby contract)			ASX Wheat (nearby contract)	
	USc/bushel		AUD/tonne	
Current (01/05/09)	Last month (03/04/09)	Last Year (02/05/08)	Current (01/05/09)	Last month (03/04/09)
557.25	563.50	796.00	273.50	279.80

Source: Bloomberg/CBOT/ASX/Rabobank.



Source: Bloomberg/CBOT/ASX/Rabobank.

Global

- International grain prices seemed to garner some upward momentum in late April, underpinned by some encouraging economic news flow and weather related supply concerns. A strong price rally at the start of the month gave away to concerns that a swine flu pandemic could derail the tentative stages of a global economic recovery, and negatively impact on grain demand. Nevertheless, markets shrugged off these concerns quickly to refocus on fundamentals. Soybean prices lead the rest of the sector, up by 15% for the month.
- Weather re-emerged as a key concern in April in the grains market - wet weather in the US Midwest threatened to delay corn plantings, flooding in the northern US Plains spring wheat regions have delayed seeding, while drought in Argentina has adversely affected the soybean crop. Although the recent US Department of Agriculture crop progress report showed a significant advancement in US plantings, the forecast for wetter-than-normal conditions in May could still lead to field work delays, particularly for corn. Continued delays could potentially see a further switch in US acreage away from corn and into soybeans.
- In other news, the Buenos Aires Grains Exchange revised Argentina's 2008/09 soybean harvest to 34 million tonnes from a previous estimate of 36.2 million tonnes on the back of poor yields. This is well below the previous year's harvest of 46.2 million tonnes. The exchange also released its first forecast for 2009/10 wheat area, saying farmers would plant a historic low of 3.7 million hectares (down from 4.55 million hectares last season) with many (growing) areas dry and farmers facing difficult financial situations.

Australia

- The Australian Bureau of Meteorology reported that the south eastern region of Australia received widespread rainfall in the last week of April. In general, falls in South Australia and the Victorian grain belt were hailed as the best start to the season in more than half a decade.
- While in some regions, the rain has improved farmer sentiment and started winter crop plantings, there is still a long way to go – in recent years the lack of follow up rains in August and September has led to drastic yield impacts and hence, lower production.
- 2009/10 preliminary planting estimates suggest Australia's wheat area planted will be slightly lower than the previous year's record, which is broadly in line with international forecasts but still within the top four yearly wheat areas for Australia. The reduced wheat area is mainly due to growers this year potentially utilising the early start by increasing the plantings of rotation crops as part of their normal cropping programme.
- While in the more drought impacted areas farmers are taking a low risk approach with working capital and input use, on the whole, this will not be a constraining factor to the area planted to grains this year. Most importantly, weather conditions during May will be crucial as planting programmes get into full swing and farmers once again begin to look to the sky for soaking rains.

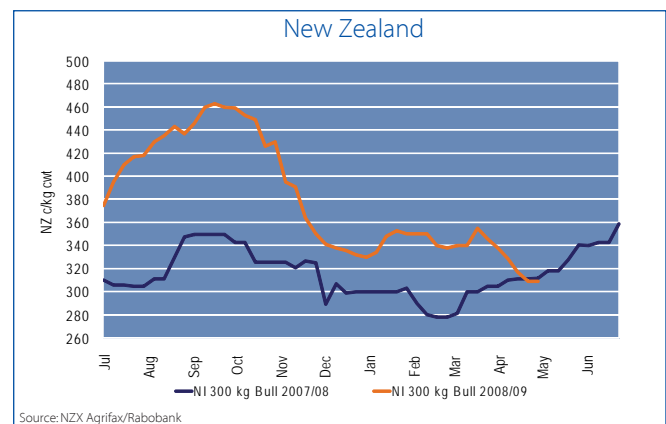
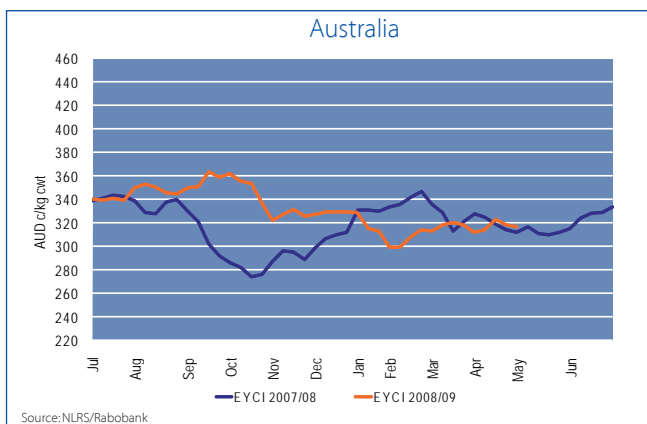
Beef

AUD prices (c/kg cwt)			
	Current (01/05/09)	Last week	Last year
Eastern Young Cattle Indicator (EYCI)	317	318	317

Source: NLR5/Rabobank

NZD prices (c/kg cwt)			
	Current (04/05/09)	Last week	Last year
North Island Bull 300kg	309	309	318
South Island Bull 300kg	296	296	304

Source: NZX Agrifax/Rabobank



Global

- US lean manufacturing beef prices eased slightly during April and then firmed again later in the month as currency fluctuations impacted and indications of tighter supply became apparent. Imported lean manufacturing beef finished US 1-2 cents/lb higher than the previous month with the gap between domestic and imported manufacturing beef widening to more than US 25 cents/lb. This gap should assist ongoing demand for imported beef as the US dairy cow kill has eased (at least temporarily) and cold storage beef inventories continue to trend lower than the previous year.
- The Brazilian government has announced that it will provide nearly USD 5 billion credit to the Brazilian agriculture industry. The majority of the funding is expected to go to the meat processing sector. Meat processors have faced significant pressures in the wake of the global financial crisis, due to a combination of declining meat demand, relatively tight cattle supplies and high debt levels. Since the beginning of 2009 a number of Brazilian meat processors have filed for bankruptcy protection.

Australia

- Finished cattle prices remain pressured by slow demand in export markets and subdued offfal prices, with grassfed Japan Ox (Queensland) 4% below the same time last year at AUD 2.94/kg cwt. Young cattle prices, which have seen some support from rainfall in southern Australia, remain similar to 2008 levels with the Eastern Young Cattle Indicator at AUD 3.16/kg cwt as at the beginning of May.
- The outbreak of the so-called "swine-flu" virus, has impacted on demand for pork products around the world, through

a combination of government bans on pork imports (i.e. Russia and China) from countries with confirmed cases and consumer concerns. However, beef has not completely escaped the impact of the virus. In addition to pork, Russia has also banned imports of beef from countries with confirmed cases. In Korea, Australia's third largest beef export market, retailers have reported a temporary fall in sales for imported beef, as well as local and imported pork.

New Zealand

- Farm gate beef prices eased 3-9% during April before showing signs of improvement in early May. Beef prices are currently around 3% below that of the same period in 2008 and for the first time in 12 months, prices have fallen below the previous year. US returns were the main influence with additional pressure from the New Zealand exchange rate surging during late March and early April.
- Cow slaughter continues to drive beef production ahead of last season, however the early timing of large numbers processed has increased the likelihood that availability will significantly tighten later in the season.
- New Zealand beef export volumes increased 7% (2,800 tonnes) for the month of March 2009, compared to the previous year. This increase reflects the earlier cow kill with the additional product destined mainly for Canada (2,300 tonnes) and the US (1,700 tonnes).
- However, export value climbed dramatically by 44% (NZD 76 million) as the more favourable exchange rate has offset falls in international product.

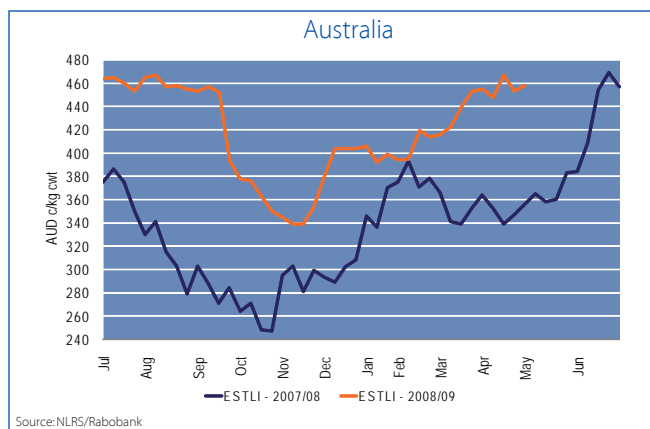
Lamb

AUD prices (c/kg cwt)			
	Current (01/05/09)	Last week	Last year
Eastern States Trade Lamb Indicator	458	453	365

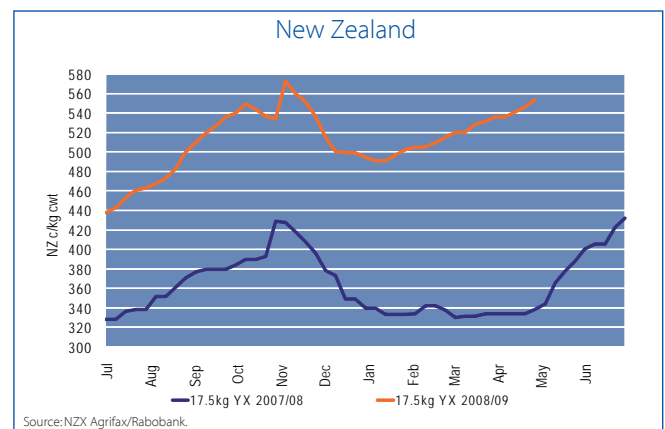
Source:NLRS/Rabobank

NZD prices (c/kg cwt)			
	Current (04/05/09)	Last week	Last year
NI 17.5kg YX	553	553	363
SI 17.5kg YX	554	546	344

Source:NZX Agrifax/Rabobank



Source:NLRS/Rabobank



Source:NZX Agrifax/Rabobank

Australia

- Lamb and mutton prices remain significantly above 2008 levels due to the restrictions on supply. The Eastern States Trade Lamb Indicator began May at AUD 4.58/kg cwt, a massive 93 cents/kg cwt above the same time last year. Despite subdued demand for premium meat products in export markets, the lower Australian dollar and tight supply has seen heavy lamb prices hold at similarly high prices, while mutton hit AUD 2.48/kg cwt. This is a record level for Australian mutton prices.
- Export values for lamb to the US, Australia's largest export market, have risen to AUD 73.9 million in the first quarter of 2009, a rise of 58% on the same period in 2008. While part of the rise has been due to a rise in volumes (23% increase), the unit value of lamb has also risen, from AUD 7.52/kg in 2008 to AUD 9.64/kg in 2009.
- Despite the improvement in lamb and sheep prices, sheep slaughter in some states, such as Western Australia, remains at high levels (MLA). Producers are reportedly still shifting away from sheep production, towards more cropping, in part due to continued low wool prices.

New Zealand

- Farm gate lamb prices held up in the North Island over the past month and continued to creep steadily higher in the South Island, with prices now at similar levels. Prices have strengthened since January hitting record levels at more than 50% above the previous year.
- Lower lamb supply availability is clearly evident with slaughter tracking 15% below last year (NZX Agrifax). Mutton processing numbers are also falling dramatically, currently sitting more than 20% below last season. Total volumes are expected to be around one third less for the full season.
- New Zealand monthly export volumes have fallen behind the previous year since November 2008, and this gap widened during March 2009. March exports were 6.1% (2,900 tonnes) below March 2008. However, total export value surged by 26% (NZD 67 mln).
- Reduced export supply has also increased unit values through proportionally higher average value of product shipped. Boneless product accounted for 21% of product exported during the first quarter of 2009, compared to 19% over the same period in 2008 (although total volume of boneless product was similar).
- European sheep meat production fell 6% during 2008 as breeding flocks continue to contract and profitability remains under pressure. This trend is expected to continue through 2009 and is likely to be accompanied by a modest fall in overall consumption volume.

Dairy

World dairy prices									
	USD/tonne			AUD/tonne			NZD/tonne		
	30/04/09	last month	last year	30/04/09	last month	last year	30/04/09	last month	last year
Butter	1,925	1,800	3,950	2,650	2,559	4,169	3,401	3,169	4,975
SMP	2,000	1,910	3,500	2,753	2,716	3,694	3,534	3,363	4,408
WMP	2,200	2,050	4,550	3,028	2,915	4,803	3,887	3,609	5,731
Cheddar	2,550	2,400	5,050	3,510	3,412	5,330	4,505	4,225	6,361

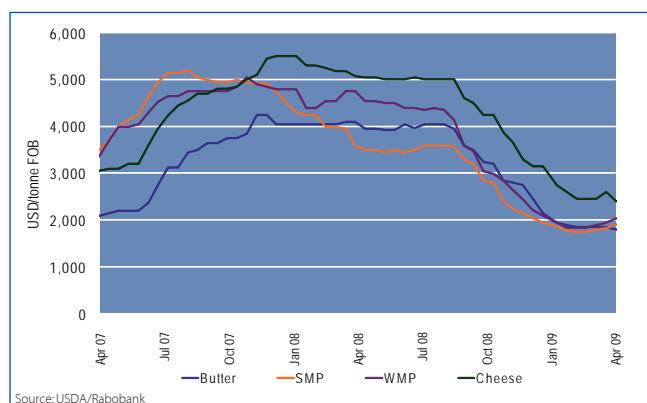
Source: USDA/Rabobank

Global

- With many global commentators keenly heralding the arrival of the first 'green shoots' of recovery in the world economy through April, the international dairy market also saw signs of life.
- Not only did USD commodity prices edge up 5%-7% through the month, but they did so despite a stable US dollar – thus ensuring a second consecutive month of meaningful prices.
- One of the drivers would appear to have been a faster-than-expected contraction in milk production in the Northern Hemisphere. Milk collection had fallen below previous year levels in both the US and EU by late in the first quarter, bringing the expectation of a weak peak in supply through the Northern Hemisphere spring.
- Combined with ongoing purchasing under intervention schemes, this appears to have brought a significant reduction in dairy exports from the Northern Hemisphere in recent months – and increases the prospect that government stocks will peak at lower than expected levels.
- Evidence of improving end demand for dairy is harder to come by. Most economies still appear sick by any measure, and import data for key regions continues to underwhelm (with the important exception of China). Nonetheless, market talk and strong export trade from Oceania through February and March suggests that buyers have moved to a more normal inventory position (ending the destocking evident in prior months). This appears to have in turn contributed to a reduction in supply-side stocks in many regions.
- The market is likely to continue to feel its way in the short term, sifting through available signals for firmer evidence of an improvement in fundamentals.

Australia

- With the AUD largely stable against the Greenback during April, exporters saw a welcome improvement in export pricing in local currency terms through the month. However, the rise was modest, and coming from a low base, leaves pricing only marginally above the pre-boom average on a weighted average basis.
- Market conditions thus continue to point to low opening milk prices compared to recent years in Southern Australia (due to be announced in June).
- With the low milk price environment putting a premium on better seasonal conditions, farmers across Southern Australia welcomed good rainfall in the closing week of April, which offset the dry start to the year in many rain-fed regions.



Production growth in key exporting regions

	Latest month	Last 3 months
EU 27	-1.7% (Feb)	-1.3%
US	-0.3% (Mar)	-0.7%
Argentina	6.2% (Feb)	5.5%
Australia	0.5% (Mar)	1.7%
NZ	5.5% for 11 months to April 09 (Rabo est.)	

*All Feb 2009 growth rates based on 2008 data adjusted for leap year.

New Zealand

- Firming commodity prices and relatively little change in currency resulted in New Zealand dollar denominated commodity prices increasing 5-7% over the past month, regaining some of the ground lost during March due to currency movements. The largest increase was seen in whole milk powder (WMP), which is important given that around one third of New Zealand dairy exports are WMP.
- March 2009 dairy export volumes surged 35% (54,000 tonnes) compared to March the previous year as inventories carried from Q4 2008 were reduced. The increase in export volume was primarily in butter and powder products.
- The comparative stability in commodity prices resulted in Fonterra increasing its 2008/09 payout expectations by NZD 10 cents/kgMS in late April, lifting the total forecast payout to NZD 5.20/kgMS.
- Fonterra has had a busy month internationally including exiting its joint venture in India (Britannia), selling its Australian ice-cream business and entering a new partnership with Arab Dairy Products in Egypt.

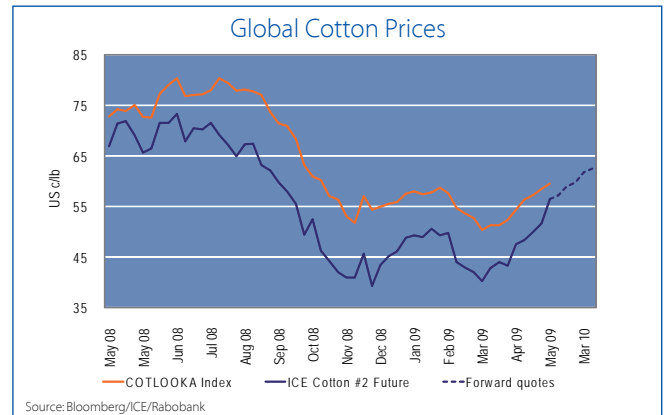
Cotton

Monthly average cotton prices (US c/lb)			
	Current (01/05/09)	Last week	Last year
Cotlook A Index	59.60	58.50	72.90
NY Futures (Dec 08)	56.52	51.70	67.05

Source: Bloomberg/ICE/Rabobank

Australia

- The New York Board of Trade nearby cotton futures contract continued to lift during April to reach 7-month highs.
- Wider support from the oilseed sector, equity markets and world oil prices, along with underlying concerns about reduced total world cotton production, helped fuel the rally in April prices.
- However, it is expected that the wider support from rising soybean prices will soften after planting finishes in the northern hemisphere mid-year.
- One advantage noted in April was the general lift in crude oil prices, the major cost component for competing synthetic fibres, with Brent crude oil rising from the average mid USD40/barrel in the first quarter of 2009 to average slightly above USD50/barrel during April.



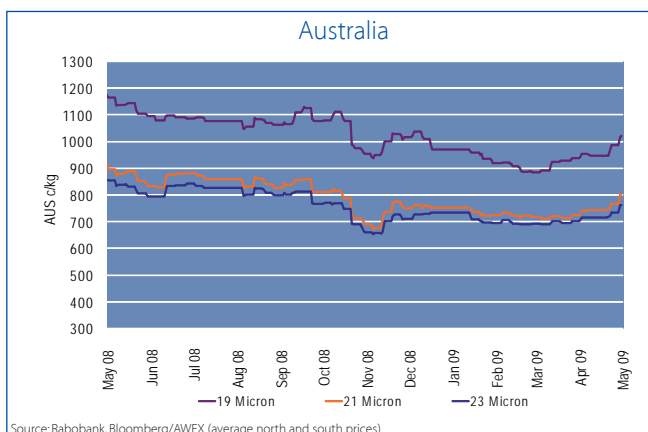
Source: Bloomberg/ICE/Rabobank

Wool

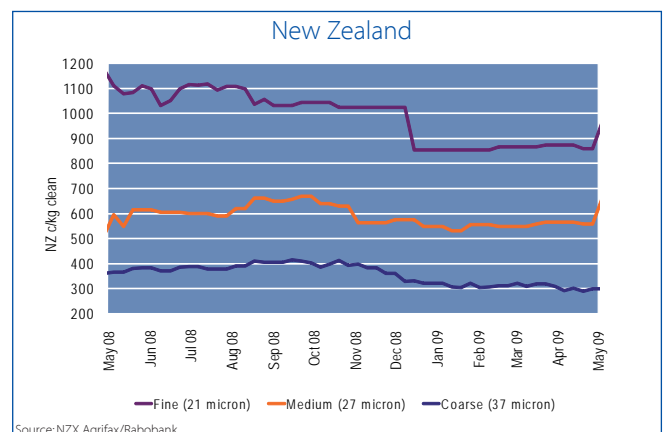
	Eastern Market Indicator (AUD c/kg clean)			New Zealand (NZD c/kg clean)			
	Current (30/04/09)	Last week	Last year	Current (04/05/09)	Last week	Last year	
Fine (19 micron)	1023	988	1162	Fine (21 micron)	960	860	1112
Medium (21 micron)	799	766	898	Medium (27 micron)	657	560	596
Broad/coarse (23 micron)	764	736	856	Broad/coarse (37 micron)	300	300	367

Source: Rabobank/Bloomberg/AWEX (average north and south prices)

Source: NZX Agrifax/Rabobank



Source: Rabobank, Bloomberg/AWEX (average north and south prices)



Source: NZX Agrifax/Rabobank

- The Australian Wool Exchange (AWEX) Eastern Market Indicator has risen 15% since the end of February and is currently at AUD8.30/kg (clean), similar to October 2008 levels.
- In comparison the equivalent US dollar price is 6.26/kg (clean) which is 35% above end-of-February levels. This is being underpinned by strong support from international buyers.
- With forecasts keeping supply at historically low levels in the coming months, increased competition from major wool buying regions, such as China, has helped fuel the increase in wool prices.

- With encouraging demand signals for the broad, medium and finer micron wools due to the combination of low stocks and declining wool production, NZD wool prices for these types have increased 10 to 25% since the low levels experienced in January-February 2009. However, the 5 to 10% strengthening of the NZD against the USD during this period has taken away much of the gains for the coarser micron wools.

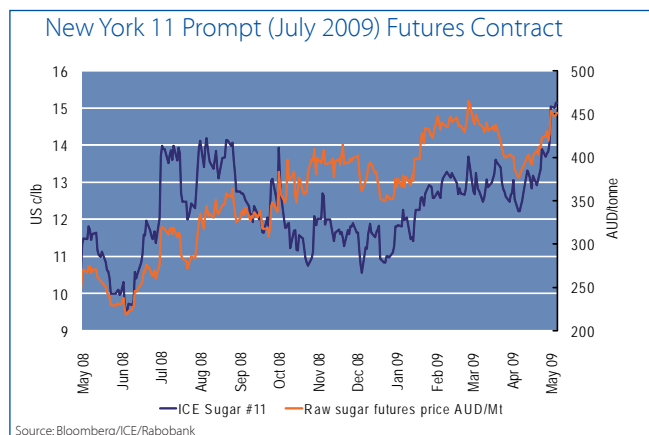
Sugar

New York 11 Prompt (raw sugar futures price July 2009)					
US c/lb			AUD/tonne		
Current (06/05/09)	Last week	Last year	Current (06/05/09)	Last week	Last year
15.15	13.84	11.82	452	420	274

Source: Bloomberg/ICE/Rabobank

Australia

- ICE nearby sugar futures traded in a range of USD 12 cents/lb to USD 14.05 cents/lb during April, reaching levels 40 % higher than December 2008.
- Strong buying interest from Asia, especially India, and the expectation that import demand from India will continue into 2010 is keeping upward pressure on world sugar prices.
- The Brazilian Sugarcane Industry Association (UNICA) released its first forecast for the 2009/10 crop year projecting the Centre South sugarcane crush at 550 million tonnes, up nearly 9 % from the record 505 million tonnes the previous year.
- Although the Australian dollar has strengthened in recent months, offsetting much of the gains from rising international sugar prices, domestic nearby sugar prices have recovered to levels similar to the highs experienced in February 2009.



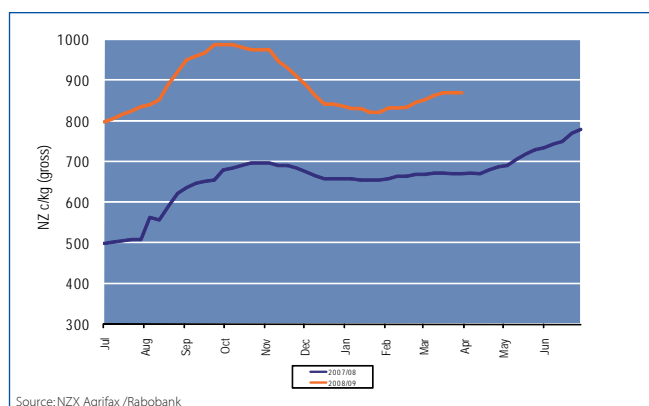
Venison

NZ c/kg gross			
	Current (04/05/09)	Last week	Last year
NI Stag 60kg	840	830	700
SI Stag 60kg	876	876	691

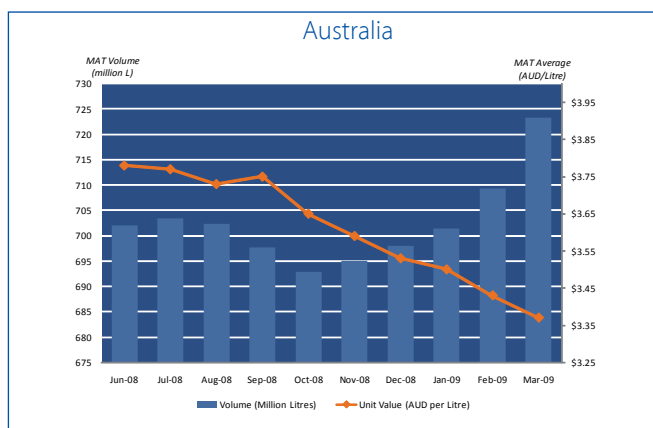
Source: NZX Agrifax/Rabobank

New Zealand

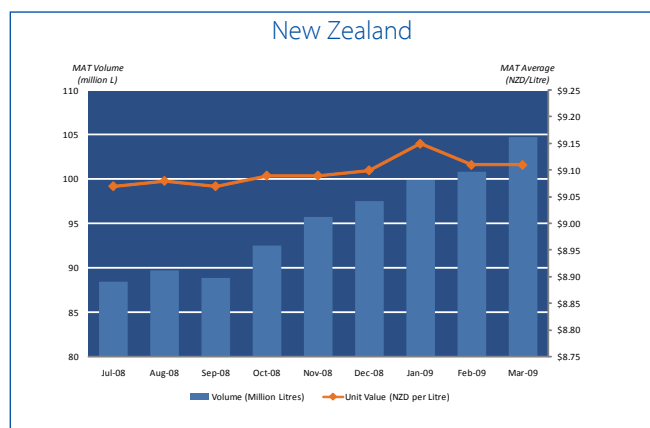
- The seasonal increase in farm gate venison prices appears muted at this stage with prices lifting 3% in the North Island over the past month, but broadly static for the South Island. The relatively stronger New Zealand dollar against the Euro is taking its toll, while Euro prices have generally held reasonably well to date.
- March 2009 export volumes fell 22% in through-the-year terms. However, export values also fell 10% to NZD 28 million for the month. This bucked the trend of recent months where value increases had outweighed the decline in volumes.
- Velvet exports lifted over the first quarter of 2009 by 15 tonnes (12%) compared to 2008 with export value increasing by 29% (up NZD 1.9 mln).



Wine



Note: MAT - Moving Annual Total refers to the twelve months ending with the nominated month
Source: Australian Wine and Brandy Corporation/Rabobank



Note: MAT - Moving Annual Total refers to the twelve months ending with the nominated month
Source: New Zealand Winegrowers based on Statistics New Zealand/Rabobank

Global

- Challenging conditions continued to prevail in the US in the two months to February 2009. Among the largest exporting countries to the US, Italian wine exports fell 19%, France fell 35% and Spain fell 40% compared to the same period in 2008, according to the latest Gomberg-Fredrikson report.
- The South American nations fared a little better with Chile experiencing a 2% value decline. Argentina's performance continued its upward surge, with export values to the US going against the global trend, up 23% from the same period in 2008.

Australia

- MAT export volumes of Australian wine for the year ended March 2009 fell 2.1% to 723.3 million litres. MAT export values declined 14.5% to AUD2,436 million, reflecting the downward pressure on wine prices as consumers trade down to more inexpensive wine.
- The average price per litre of Australian wine exports fell 12.7% to AUD3.37/L. Falls in the average price in the UK (13.3%), the US (27.1%) and Canada (13.4%) were the major drivers behind the average price decline. Positive price moves in Germany, New Zealand and France were outweighed by declines in the major markets, owing to the smaller export volumes to these markets.

Horticulture

Australia

- The collapse of Timbercorp in April may have significant repercussions for the horticulture industry. Timbercorp owned nearly 12,000 hectares of almond orchards, over 6,000 hectares of olive groves, as well as citrus, table grapes, bananas, mangoes and glasshouse tomato production.
- The Australian Horticulture Exporters Association expressed disappointment over the outcomes for horticulture from the South East Asian Nations FTA. Under the agreement, tariffs will be phased out for different vegetables between 2016 and 2025, oranges between 2010 and 2012, and grapes by 2018.

- Bulk wine shipments continue to surge, up 32% (53 million litres) to 218 million litres in the year ended March, 2009. Approximately 80% of this increase is white wine, with the majority destined for the US market.
- The Australian Wine Global Focus Report for 2009 is in the final stages of preparation and will be released to Rabobank clients in June.

New Zealand

- MAT March 2009 exports climbed to 104.7 million litres, an increase of 23% (19.8 million litres) on MAT March 2008. MAT March bottled wine exports rose 11.5% to 89.7 million litres, while bulk wine shipments rose 233% on MAT March 2008 figures to 15.0 million litres. March bulk shipments of 2.7 million litres constituted 24.2% of total exports.
- MAT February 2009 export values reached NZD929.9 million, up 21% on the same period last year. MAT February 2009 average price was flat compared to January at NZD9.11 per litre, up 7 cents from a year earlier.
- Early predictions suggest strict yield limitations enforced by wine companies will produce a national harvest in the range of 255-265,000 tonnes, slightly below early season estimates.

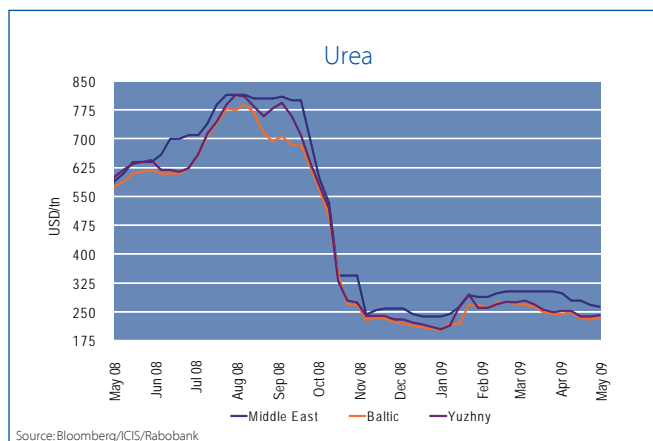
New Zealand

- In New Zealand, fruit prices rose 1.3% and vegetable prices rose 1.9% in March. The most significant drivers of the rise in prices for fruit and vegetables was a 55.5% rise in the price of lettuce and a seasonally driven 61.5% rise in the price of strawberries.
- Downward contributions came from lower prices for apples (down 16.9%) and potatoes (down 9.4%).
- For the 12 months ending March 2009, fruit and vegetable prices were up 10.6% with major contributions from bananas (up 17.5%) and kiwifruit (up 26.6%).

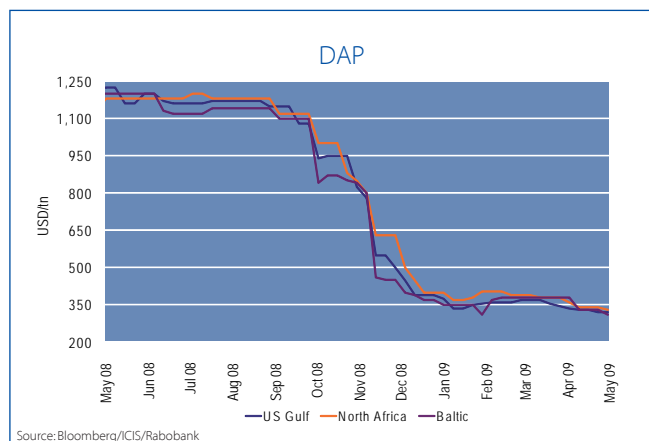
Fertiliser

All shown as USD/tonne	Current (30/04/09)	Last month	Last year
Urea (Middle East)	265	305	590
DAP (North Africa)	330	380	1180

Source: Bloomberg/ICIS/Rabobank



Source: Bloomberg/ICIS/Rabobank



Source: Bloomberg/ICIS/Rabobank

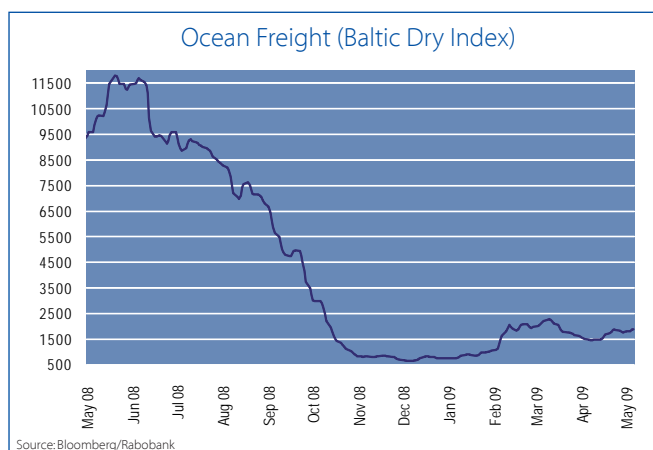
- International urea and DAP prices have fallen 10 to 20% since March. Low costs of production and global manufacturing capacity well exceeding current demand has kept downward pressure on prices.
- Additionally, China's export taxes are expected to decline to low-season (based on domestic demand) levels of 10% for phosphate products, such as DAP and MAP in June and July, and low-season 10% export tax for urea (a nitrogen product) in July and August.

- In Australia there has been a rush on fertiliser purchases with the peak demand period for major fertiliser products coinciding with winter crop preparation and plantings.
- However, a weaker US dollar, advantageous for imports, and the steady international fertiliser prices will maintain downward pressure on local fertiliser prices in the immediate term.

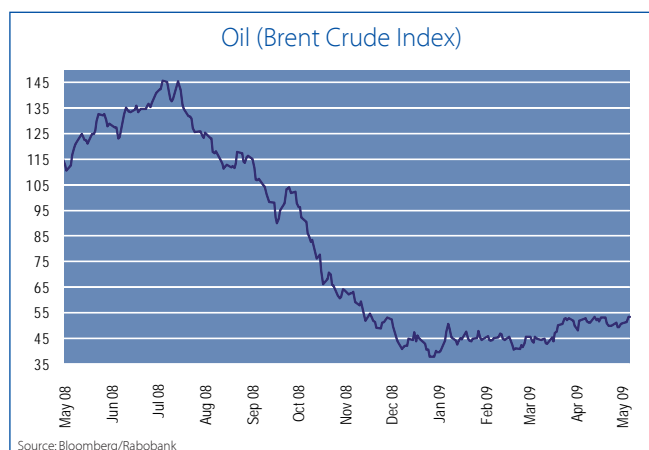
Other costs

	Current (06/05/09)	Last week	Last year
Baltic Dry Index	1897	1772	9855
Brent Crude (USD/bbl)	53.45	49.33	116.49

Source: Bloomberg/Rabobank



Source: Bloomberg/Rabobank



Source: Bloomberg/Rabobank

The Baltic Dry Index (BDI) is an index which averages the cost of shipping (for bulk-dry vessels) on twenty-five of the world's most traded bulk cargo routes. The index was set at a starting level of 1000 points in 1985.

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Australia and New Zealand Agribusiness Review is produced by Food & Agribusiness Research and Advisory and Global Financial Markets.
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