Rabobank

Australia & New Zealand Agribusiness Review

April 2009

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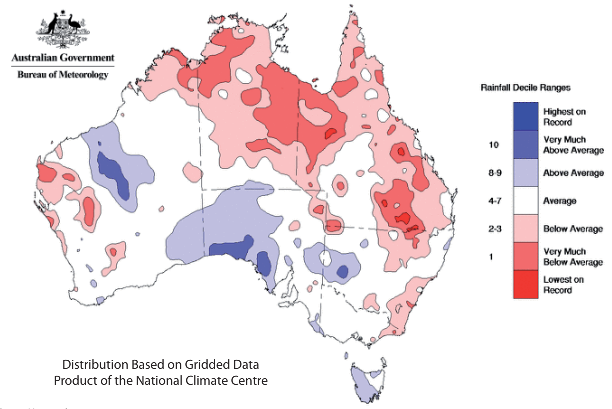
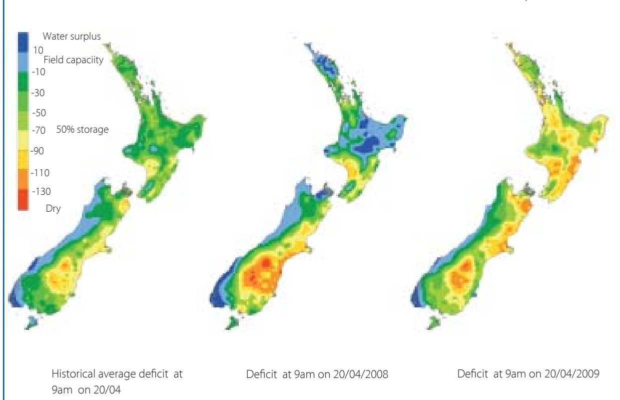
Seasonal Outlook

March 2009 Australian Rainfall Percentages



Soil Moisture Deficit 20 April 2009



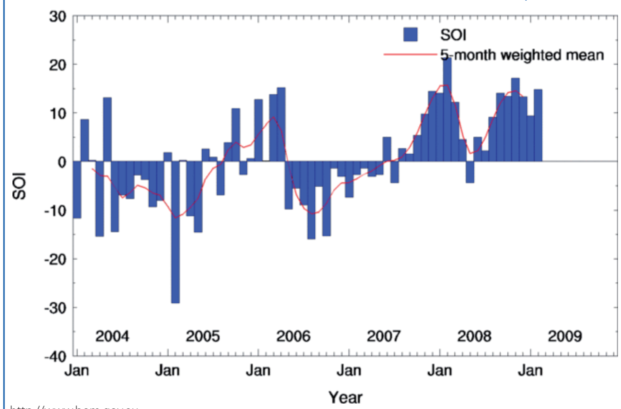
Australia

- The national rainfall for the month of March was below normal and temperatures were warmer than average.
- The Bureau of Meteorology 3 month rainfall outlook suggests most areas of Australia are likely to have a 40 to 60% chance of exceeding the median rainfall. The exception to this band is north east New South Wales and south east Queensland that has an over 60% chance for wetter than normal conditions while parts of South Australia, south west NSW and western Victoria have a less than 40% chance of wetter than normal conditions.
- During March, trade winds weakened and tropical sea surface temperatures warmed considerably resulting in the 30 day SOI falling from +15 in February to neutral conditions of +1 at the end of March.

New Zealand

- The New Zealand autumn started cooler than usual and very dry with lower-than-normal rainfall in all areas except Bay of Plenty, eastern Otago and record low rainfall for much of the east coast of both islands.
- NIWA's outlook to June is for mild conditions to continue and normal rainfall for much of New Zealand, except the east coast of the South Island. This is likely to bring normal soil moisture levels for most areas, but with below normal soil moisture equally likely from West Coast/Canterbury south. Temperatures are expected to be average to above average throughout the country.

Southern Oscillation Index 3 April 2009

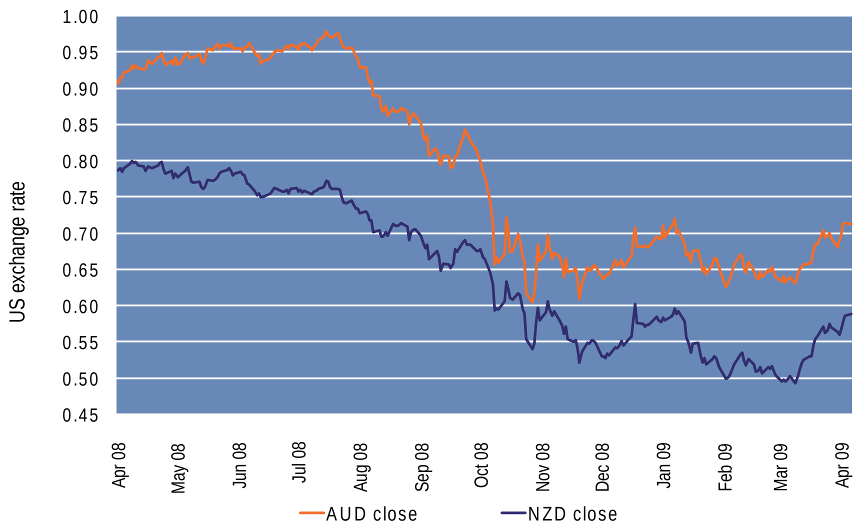


**Please see last page for important information*

Currency/economy

Currency USD = Close (bid)			
	Current (06/04/09)	Last week	Last year
AUD	0.7136	0.6814	0.9258
NZD	0.5881	0.5634	0.7958

Source: Bloomberg



Source: Bloomberg

Global

- Leaders of the G20 group of nations convened in London with key objectives to restore confidence, growth and jobs, to repair the financial system and restore lending, strengthen financial regulation, and to fund and reform international financial institutions such as the IMF to help overcome the economic crisis and prevent future ones.
- Key outcomes of the meeting included a trebling of resources available to the IMF to USD750 billion, USD250 billion of which has been allocated to support trade finance. Proceeds from agreed IMF gold sales will contribute to an additional USD1.1 trillion programme of support to restore credit, growth and jobs.
- The IMF has forecast world growth in real terms would rise to over 2 per cent by the end of 2010.

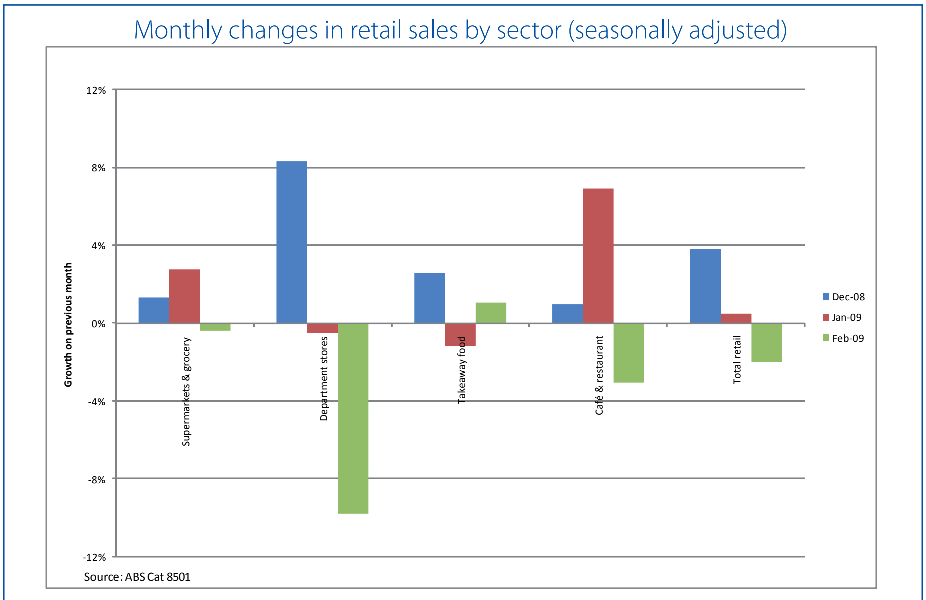
Australia

- The RBA cut the official cash rate by 25 basis points to 3.0 percent, effective 8 April, 2009. In its statement, the RBA board again cited a contraction in the global economy and the rapid downgrading of near-term economic forecasts as the motivating factor behind the decision. It went on to say the Australian economy is contracting, though by less than our trading partners. The board felt weakening demand for labour will soften growth in labour costs, thereby reducing wage driven inflation relative to the pressures of recent years.
- Seasonally adjusted retail trade figures saw a 2.0 percent decline in February, following a 0.5 percent increase in January and a 3.8 percent increase in December, 2008. Most categories within the retail sector suffered declines, specifically; food retailing (-0.4 percent), department stores (-9.8 percent), clothing and soft-good retail (-2.7 percent), household goods (-3.8 percent) and café, restaurant and takeaway (-1.3 percent).
- Housing finance data released this month showed a 1.3 percent increase in total dwellings in February, seasonally adjusted. Loans for owner occupied dwellings grew 2.7 percent, while fixed loans for investment housing fell 2.8 percent seasonally adjusted.
- Ranges on the AUD vs. USD were high 0.7052, low 0.6317 and average 0.6667.

New Zealand

- The New Zealand dollar recovered somewhat after starting the month below USD 0.50.
- The RBNZ cut the cash rate a further 50 basis points to 3.0 percent. In its statement, the RBNZ cited difficult global economic conditions were resulting in reduced export revenues, weak business sentiment and sharply curtailed investment and employment. Precautionary saving by households was also cited as a contributing factor to general weakness in consumer spending.
- Ranges on the NZD vs. USD were high 0.5755, low 0.4930 and average 0.5333.

Food retail



Source: ABS Cat 8501

Australia

- Australian retail sales slumped in February as the impact of the government's December stimulus package wore off and consumers confronted the reality of falling incomes and rising unemployment. Total retail sales fell 2% from the previous month in seasonally adjusted terms.
- In food channels, takeaway food outperformed café and restaurants as consumers switched to cheaper dining options, while supermarkets and grocery fell marginally reflecting ongoing sales of staple items.
- Similar trends are likely to prevail in coming months as consumers weigh up the relative impact of ongoing stimulus measures against a declining non-government sector of the economy.
- Against the backdrop of a weakening economy, in March American retailer Costco reaffirmed it will proceed with its Australian launch in 2009, believing that it can do well in such an environment.

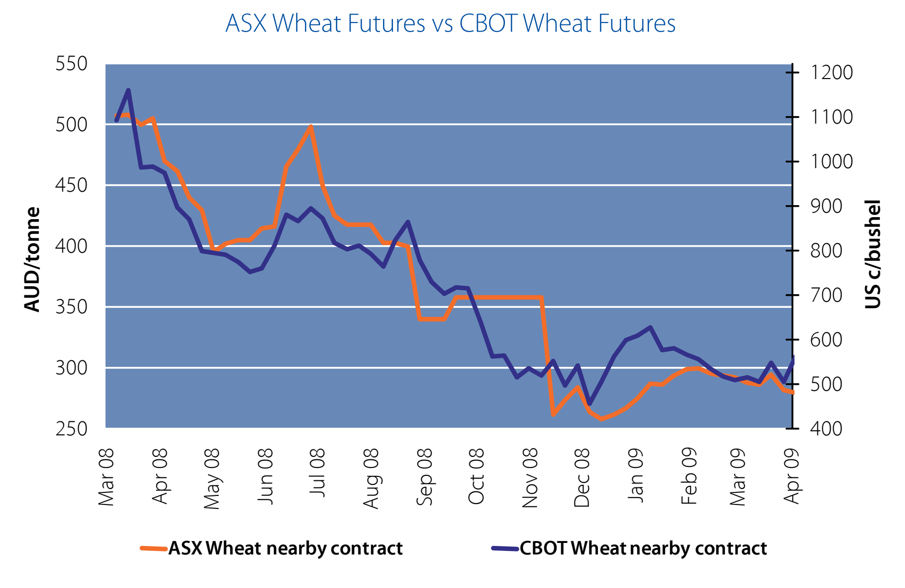
New Zealand

- Confirmation came during late March that the New Zealand economy contracted for four consecutive quarters during 2008 (measured by GDP). This trend is expected to have continued at least into the March 2009 quarter.
- Tough economic conditions were reflected in retail sales figures for January with monthly sales down 1.1% in seasonally adjusted terms from December 2008 (Statistics New Zealand). Supermarket and grocery store sales were a bright spot, increasing 1.7% over the same period. However, sales of takeaway food fell 3.3% and fresh produce retail sales fell by 0.8%.
- Food prices have continued to edge upwards in early 2009 with February prices increasing 0.2% following a 0.8% increase in January. However, the rate of increase is slowing as food prices increased 8.8% through the year to February, compared with 9.5% over the 12 months to January. The largest increases during February were for soft drinks and the meat, poultry and fish category, while fruit and vegetables as a group moved lower.
- New Zealand consumers are well aware of the significant increase in food prices with The Nielsen Company reporting that 97% of all shoppers have noticed higher prices. More than 80% are now carefully checking prices before purchasing (up from 63% in June 2008) and 65% are buying luxury items less often.

Grains and oilseeds

Chicago Board of Trade Wheat Futures (nearby contract)			ASX Wheat (nearby contract)	
USc/bushel			AUD/tonne	
Current (13/04/09)	Last month (06/03/09)	Last Year (04/04/08)	Current (03/04/09)	Last month (06/03/09)
563.50	516.25	974.25	279.80	287.50

Source: Bloomberg/AWB



Source: Bloomberg/Chicago Board of Trade & AWB

Global

- The bearish fundamental outlook for wheat after a record world wheat crop continued to pressure international wheat prices in the first quarter of 2009.
- Chicago Board of Trade nearby wheat futures prices ranged between USD 5.00 to USD 5.50 per bushel for most parts of the first quarter in 2009, with a spike in early April following the United States Department of Agriculture's end of March Prospective Planting report and fears of northern hemisphere weather damage including floods, cold conditions and drought.
- It is expected that world wheat production will decline 6% year on year for the 2009/10 season, although still be the second largest wheat crop on record. Major reasons for the decline are reduced planting expectations of wheat in the US, the EU, the Black Sea Region and Argentina; together with potentially lower yields due to a general trend towards lower use of fertiliser and chemicals in most production regions.
- In the coming months, corn and soybean planted acreage will be watched closely as weather conditions, fertiliser prices and the relationship between soybean and corn prices could change initial planting expectations. Support for corn prices will come from stronger ethanol usage, a weakening US dollar, increasing crude-oil prices and bad weather leading to higher soybean plantings due to later options for soybean planting. The potential for lower corn prices is likely to come from slow exports, declining feed demand and comfortable grain inventory levels.

Australia

- The latest Australian Bureau of Statistics wheat use and stocks report indicates a total of 6.9 million tonnes of wheat has been used since the end of September 2008 with 70% exported. Western Australia lead the export wheat tonnage at 3.17 million tonnes (46%) followed by New South Wales at 1.57 million tonnes (23%).
- At the end of February 2009 an additional 4.7 million tonnes of wheat was under contract taking the total wheat used and committed since September 2008 to 11.68 million which equates to 55% of ABARE's current 2008/09 wheat production estimate of 21.4 million tonnes.
- Early predictions for Australian wheat plantings are for a slight reduction in area for the 2008/09 wheat crop from the previous year, especially if dry conditions prevail in south eastern Australian cropping regions. However, it is likely better seasonal conditions in northern New South Wales and Queensland will partially off-set this fall, with NSW DPI's latest grains report showing wheat area increasing 3.4% year on year for the 2009/10 season.

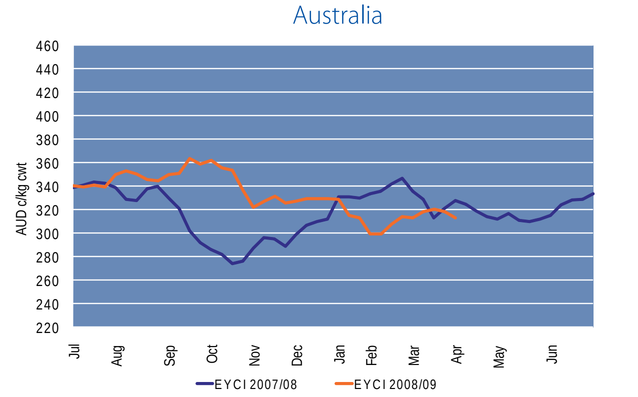
Beef

AUD prices (c/kg cwt)			
	Current (03/04/09)	Last week	Last year
Eastern Young Cattle Indicator (EYCI)	313	318	325

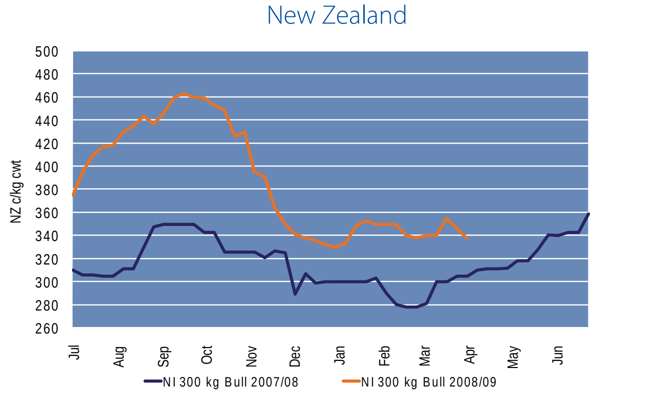
Source: NLRS

NZD prices (c/kg cwt)			
	Current (06/03/09)	Last week	Last year
North Island Bull 300kg	338	346	310
South Island Bull 300kg	317	327	290

Source: NZX Agrifax



Source: NLRS



Source: NZX Agrifax

Global

- US lean manufacturing beef prices firmed over the past month with 90 CL imported and domestic cow beef prices lifting by US7 cents/lb and US13 cents/lb respectively. This has opened up a US15+ cents/lb gap between domestic and imported manufacturing beef, which should assist ongoing demand for imported beef as the US enters its main grilling season.
- Manufacturing beef market sentiment in the US is currently dominated by varying expectations of the US dairy cow kill. Low milk prices and the persistence of relatively high feed prices has led to higher cow slaughter early in 2009 and the announcement of further dairy herd purchases by the CWT programme. While higher dairy cow slaughter appears inevitable, it will be at least partially offset by lower beef cow slaughter, which is likely to limit the overall impact on prices.
- The Indonesian government is considering a shift from country-based to regional/state-based recognition of Foot and Mouth Disease (FMD) status. Such a change could open the Indonesia market to beef imports from countries such as Brazil, which have a number of states with officially recognised FMD-free status. Indonesia is an important market for Australasian beef and live cattle, accounting for 75% of Australian live exports and more than doubling over the past five years in export importance for New Zealand.

Australia

- Dry weather in southern Australia has seen a rise in the number of young cattle entering the market, placing pressure on prices. The Eastern Young Cattle Indicator reached AUD3.13/kg cwt as at the beginning of April, 4% lower than at the same time in 2008. Increased supply of finished cattle out of Queensland following the end of the wet season has combined with a rising Australian dollar to also pressure heavy cattle prices.
- Australian beef exports to the US have surged in 2009, up by 63% to 74,818 tonnes for the year to the end of March. The rise has occurred partly due to the decline in beef sales to other key markets such as Russia and Korea, which had provided strong competition for US buyers in 2008. Exports to Korea have fallen by over 8000 tonnes (27%) for the calendar year ending March 2009.

New Zealand

- Farm gate beef prices are largely static compared to last month, but initially increased during mid-March as US manufacturing prices firmed. However, prices were brought back down by the higher NZD/USD exchange rate, which appreciated by more than 15% over the past three weeks.
- Cow slaughter rates continue to lead overall cattle slaughter, 7% ahead of last year (NZX Agrifax). Cow slaughter is almost 50% ahead of the same period last year, with early and higher cull dairy cow kill and the ready availability of replacement heifers the key drivers.
- February export volumes continued to track below last year with 7,200 tonnes (17%) less product shipped than in February 2008. The largest falls were exports to Korea (3,000 tonnes) and the US (2,500 tonnes).

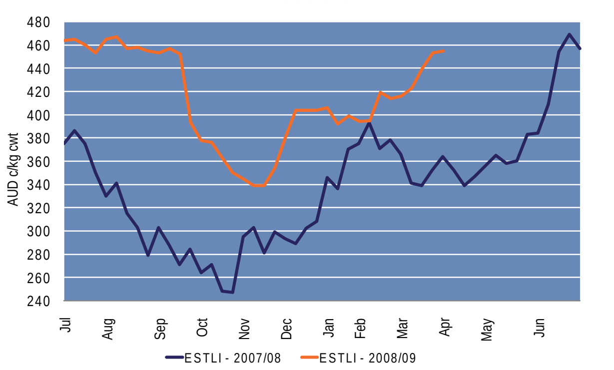
Lamb

AUD prices (c/kg cwt)			
	Current (03/04/09)	Last week	Last year
Eastern States Trade Lamb Indicator	455	453	352

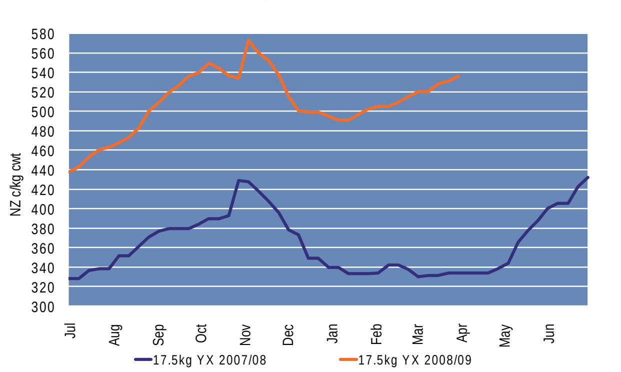
Source: NLRS

NZD prices (c/kg cwt)			
	Current (06/04/09)	Last week	Last year
NI 17.5kg YX	553	545	343
SI 17.5kg YX	536	531	334

Source: NZX Agrifax



Source: NLRS



Source: NZX Agrifax

Australia

- Supply concerns continue to override the impact of declining global demand and dry weather conditions, driving lamb prices higher. The Eastern States Trade Lamb Indicator reached AUD 4.55/kg cwt as at early April, 35% above the same time in 2008. Mutton prices have also risen with increased re-stocker interest. Prices reached AUD 2.28/kg cwt, the highest level since June 2005.
- The US Department of Agriculture will purchase USD2 million worth of lamb for its school lunch programmes. The aim is to provide support to the domestic lamb industry, which is struggling with falling demand and continued grains price pressures. The US is Australia's largest export market for lamb, taking 36,854 tonnes in 2008.
- Reduced availability of sheep has seen mutton production for the calendar year ending February reach 41,577 tonnes, the lowest level since 1984. Australian mutton exports have also fallen, down by 14% in 2009, with sales volumes of 46,614 tonnes as at the end of March. The greatest decline has been in sales to the Middle East. However, lamb exports to this region have risen to offset some of the mutton decline.

New Zealand

- Farm gate lamb prices have commenced an earlier-than-usual seasonal increase as the impact of lower numbers takes its toll. Over the past month schedule prices lifted by 10% in the North Island and 3% in the South Island to a range of NZD5.30-5.50/kg, which is around NZD2.00/kg more than the same period last year.
- Lamb volumes processed season to date are 14% (2.2 mln) less than the comparable period last season (NZX Agrifax). This was a result of the smaller lamb crop and current feed availability, allowing farmers in many regions to hold lambs for longer.
- February export volumes continued to track lower than last year at 5% (2,400 tonnes) less than in February 2008. However, shipments of boneless product actually increased by 14%, which contributed to the overall increase in export value. Export value for the month of February was NZD104 million (37%) higher than the comparable period. last year
- The UK has increased its share of the French lamb market over the past year, with volumes increasing 23% as a result of a relatively attractive GBP/EUR exchange rate and some lambs were carried over for processing into the 2008 calendar year. While overall French imports were static, volumes supplied by Ireland, Spain and New Zealand all fell.

Dairy

World dairy prices									
	USD/tonne			AUD/tonne			NZD/tonne		
	02/04/09	last month	last year	02/04/09	last month	last year	02/04/09	last month	last year
Butter	1,800	1,850	4,100	2,559	2,924	4,444	3,169	3,747	5,092
SMP	1,910	1,800	3,600	2,716	2,845	3,902	3,363	3,646	4,471
WMP	2,050	1,900	4,750	2,915	3,003	5,149	3,609	3,848	5,900
Cheddar	2,400	2,450	5,075	3,412	3,873	5,501	4,225	4,962	6,303

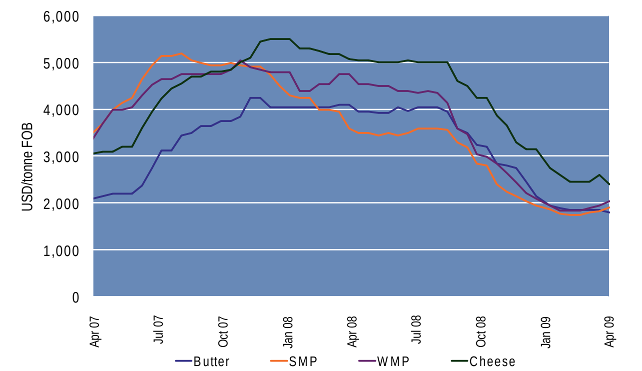
Source: USDA

Global

- For the second month in a row, international dairy prices showed signs of stabilisation, or even rising, through March. The USD price of milk powders rose 6-8%, while that of cheese and butter slipped marginally.
- However, pricing was supported during the period by slippage in the value of the USD itself (down 4.4% in broad index terms), with the value of commodities falling when expressed in most other currencies.
- Powder markets appear to have been supported by substantial intervention purchasing in the US and EU, with a commensurate reduction in product flows to the world market given the availability of limited export subsidies in the EU (and still none yet in the US).
- Otherwise, general demand conditions would appear to remain extremely weak. Recent economic data from key regions continued to surprise on the downside, encouraging the OECD in late March to revise down its forecasts for the global economy to contract 2.7% in 2009. Credit markets remain tight, and buyers cautious.
- Milk supply growth continues to slow in most regions with recent monthly data showing production now in decline in the EU, Australia and Brazil, with US growth a fraction of that seen 12 months ago.
- Export pricing in coming months will continue to be heavily influenced by intervention buying (which helps provide a floor), export subsidisation (which undermines that floor), and the markets' attempt to more fundamentally rebalance supply in a weak demand environment.
- At least in the short term, risk of the US shifting powder stocks to world markets on a subsidised basis dissipated with the announcement in late March that the US government would purchase 200mln lbs of accumulated intervention stocks for use in domestic food programs.

Australia

- With the AUD (along with most currencies) rising against the USD during March, the apparent stability of USD export prices translated into falls of 3%-12% in local currency terms – bringing pricing back to levels approaching the pre-boom average on a weighted index basis in AUD terms.
- Citing the further deterioration of market prices, Warrnambool Cheese and Butter announced during early April another cut to supplier milk prices for the closing months of the season; subsequently, reversed under supplier pressure.



Source: USDA

Production growth in key exporting regions		
	Latest month	Last 3 months
EU 27	-1.5% (Jan)	-0.5%
US	0.6% (Feb)	1.8%
Argentina	6.2% (Feb)	5.5%
Australia	-0.6% (Feb)	4.6%
NZ	3.5% for 10 months to March 09 (Rabo est.)	

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

- The local industry is still adjusting to the sharp reduction in farm gate prices in February, and its impact in an environment of above average grain prices and low water allocations in the Southern Murray Darling basin. The Rabobank Rural Confidence survey showed a sharp decline in short term confidence amongst Australian dairy farmers in February, while milk production fell below previous year levels in the same month: in a reversal of the strong start to the season.

New Zealand

- The 12% increase in the value of the NZD against the USD during March more than eroded the local currency gains made in February, with NZ dollar commodity prices easing 6-15% over the past month.
- Alongside its interim results announcement, Fonterra confirmed its expectation of a NZD5.10/kgMS milk payout for the 2008/09 season was unchanged. The payout had been previously revised downwards in late January.
- Dairy processing new-comers are still emerging. During March, New Zealand Milk announced plans to establish processing facilities in South Canterbury for the 2011/12 season, at a cost of NZD80-100 million.

Cotton

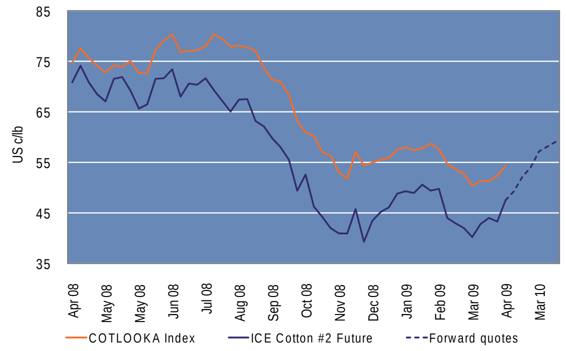
Monthly average cotton prices (US c/lb)			
	Current (03/04/09)	Last week	Last year
Cotlook A Index	54.35	52.35	74.70
NY Futures (Dec 08)	47.60	43.34	70.86

Source: Rabobank, Bloomberg/ICE

Australia

- The New York Board of Trade nearby cotton futures contract lifted during March after falling to a three month low earlier in the month.
- A weakening US dollar and the increased activity by speculative trading looking at commodities as an inflation hedge, was one reason for the rising cotton futures prices.
- China and India's local cotton prices moved higher in recent weeks and there are encouraging signs that Bangladesh, Indonesia and Thailand textile buyers are looking to increase orders, which will keep pressure on prices.
- Domestically, the cotton harvest is underway in most regions with early reports suggesting quality is good and that Australia's total production will be around 1.4 million bales in the 2008/09 season.

Global Cotton Prices



Source: Bloomberg/ICE

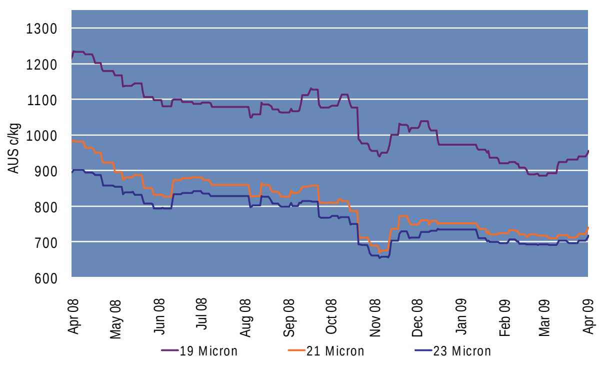
Wool

Eastern Market Indicator (AUD c/kg clean)				New Zealand (NZD c/kg clean)			
	Current (04/04/09)	Last week	Last year		Current (06/04/09)	Last week	Last year
Fine (19 micron)	955	940	1233	Fine (21 micron)	875	875	1130
Medium (21 micron)	741	725	982	Medium (27 micron)	567	567	517
Broad/coarse (23 micron)	718	705	903	Broad/coarse (37 micron)	292	309	355

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

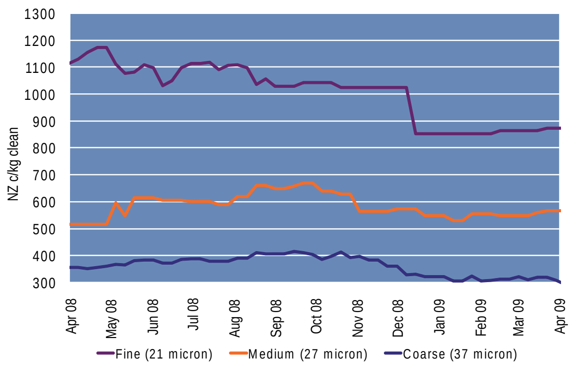
Source: NZX Agrifax

Australia



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

New Zealand



Source: NZX Agrifax

- AWEX Eastern Market Indicator has risen 6% since the end of February and is currently at 767cents/kg (clean), which is above end of December 2008 levels.
- In comparison, the equivalent US dollar price is 5.41/kg (clean) which is 16% above end of February levels.
- Although all wool grades have moved higher, the finer types have achieved the largest gains with increased competition from Chinese, Indian and European buyers.

- Encouraging the rise in wool prices has been the expectation of tighter wool stocks due to prolonged dry weather in south eastern Australia. The Australian Wool Innovation Production Forecasting Committee report released in late March expects 2008/09 wool production to fall to 355 million kilograms greasy, down 10.5% from the 2007/08 estimate and 4% from their preliminary December forecast..

Sugar

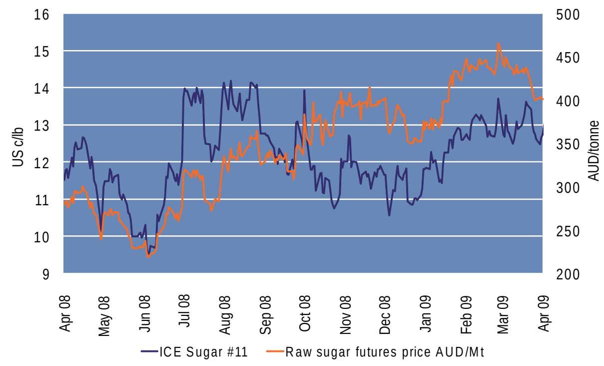
New York 11 Prompt (raw sugar futures price March 2009)					
US c/lb			AUD/tonne		
Current (09/04/09)	Last week	Last year	Current (09/04/09)	Last week	Last year
12.52	13.06	12.40	388	403	294

Source: Bloomberg/ICE

Australia

- ICE nearby sugar futures have traded in a range of US12.2 cents/lb to US13.6 cents/lb over the last month.
- Although the outlook for a global sugar deficit continues to provide a supportive back drop for world sugar prices in 2009, the outlook for global sugar consumption remains uncertain and a constant source of volatility in the market.
- Keeping pressure on global sugar supplies has been India's revision of 2008/09 production to a range of 16-16.5 million tonnes, compared to 26.5 million tonnes produced in 2007/08. There are also rising expectations that India will import raw sugar in 2008/09 and 2009/10 to curb the rise in domestic sugar prices.
- Since January 2009, Brazilian ethanol prices in the local market have been falling while domestic sugar prices have risen. Although there is currently an economic attraction of sugar versus ethanol, it is expected that there is a limit to the proportion of sugar cane used to produce sugar. It is estimated that the highest proportion of the Brazilian cane crop that has been used for sugar production in the last 12 years was 51.2% in 2002/03.

New York 11 Prompt (March 2009) Futures Contract



Source: Bloomberg/ICE

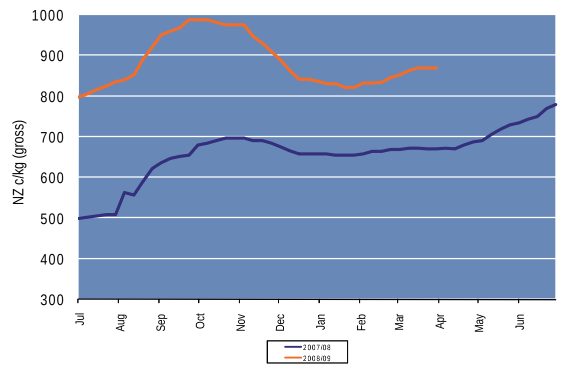
Venison

NZ c/kg gross			
	Current (02/03/09)	Last week	Last year
NI Stag 60kg	815	815	660
SI Stag 60kg	870	870	671

Source: NZX Agrifax

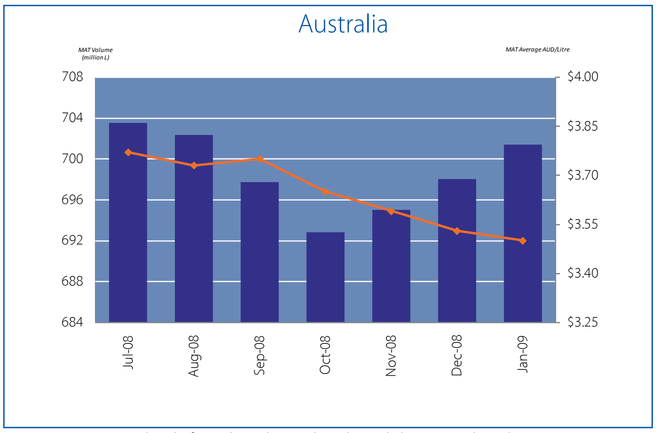
New Zealand

- Farm gate venison prices started to creep upwards over recent weeks before the higher New Zealand dollar saw prices plateau at NZD8.10-8.70/kg. At present, currency movements, are playing a larger role than in-market price movements which, while under pressure from the current economic environment, have generally held up reasonably well to date.
- Monthly venison volumes have fallen over the past six months, with February volumes 11% below February 2008 levels. However, export value lifted 17% to NZD37 million for the month.

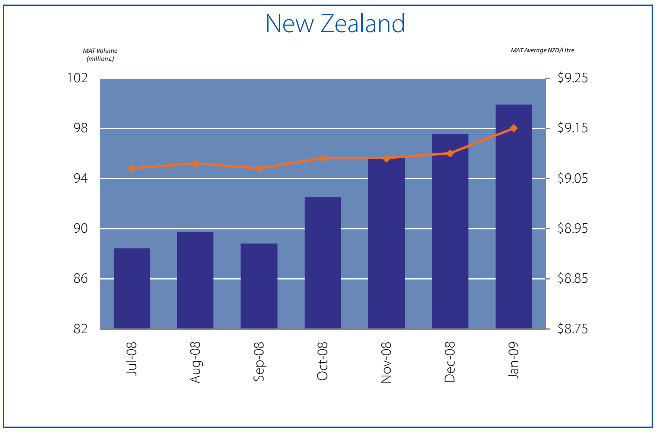


Source: NZX Agrifax

Wine



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



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

Global

- Most major exporting countries suffered volume declines in the US market, according to the latest Gomberg-Frederickson report. France (-1%), Italy (-8%), Germany (-28%), Portugal (-29%), and Spain (-32%) all experienced declines in January 2009 compared to January 2008.
- Argentina continued its assault on the US market, posting a 33 percent increase in volume over the same period. This result was largely driven by volume growth in the off-trade, with AC Nielsen figures showing annual growth in off-premise sales of 67.5% in the twelve months to February 2009. A 50 percent cut to export tariffs has been granted by the Argentinean government to help the industry stay afloat through the economic crisis.

Australia

- Total export volumes of Australian wine for the year ended February 2009 fell 5.5 percent to 709.3 million litres. Bulk white wine volumes to the US surged 432.5 percent in February, supporting weaker volumes in bottled wine sales across major export markets. Export values declined 16.1 percent to AUD2,431 million, as the average price per litre of Australian exported wines continued its downward migration, falling by 11.2 percent to AUD3.43/L.
- Overall volumes to the US market rose 10.6 percent MAT February 2009, however the high proportion of bulk sales saw value decline 19.2 percent (as the average price fell 27 percent to AUD3.28). The key UK market saw an 8.7 percent decline in volume and an 18.9 percent decline in value for Australian wine exports.
- Bottled wine exports fell 13 percent (72 million litres) to 498 million litres, driven by falling sales in the UK (down 36 million litres) and the US (down 19 million litres). Sales of Australian bottled red wine experienced double digit percentage falls in the year to February in nine of our top ten export markets; China being the only exception with growth of 35.4 percent. These results are reflective of the challenging economic climate faced by our major wine trading partners, in conjunction with a rebound in the Australian dollar against the US dollar.
- Sales volumes in the domestic market have held up well in February, according to ABS figures released in April. February 2009 trend estimates for domestic sales were 36.4 million litres, an increase of 0.6 percent from January 2009 and 2.7 percent higher through the year.

New Zealand

- MAT February 2009 exports broke the 100million litre barrier, reaching 100.8 million litres, up 19 percent on MAT February 2008. Bulk wine sales continue to be the volume driver for New Zealand exports, MAT February 2009 bulk wine shipments reached 13.4 million litres, up 239 percent on MAT February 2008 figures.
- MAT January 2009 export values reached NZD914.5 million, up 20 percent on the same period last year. MAT January 2009 average price was NZD9.11 per litre, up 5 cents from a year earlier.

Horticulture

Australia

- Australian exports of summer fruits were up 7 percent in the year to 31 January 2009, driven largely by increased tonnages for peaches and nectarines (up 21 percent), plums (up 24 percent), and apricots (up 40 percent) according to ABS and Horticulture Australia analysis.
- Following the scorching heatwave conditions earlier in the season, AFFCO estimate this year's national apple crop may increase just 3 percent on the 2008 harvest, reaching approximately 270,000 tonnes.

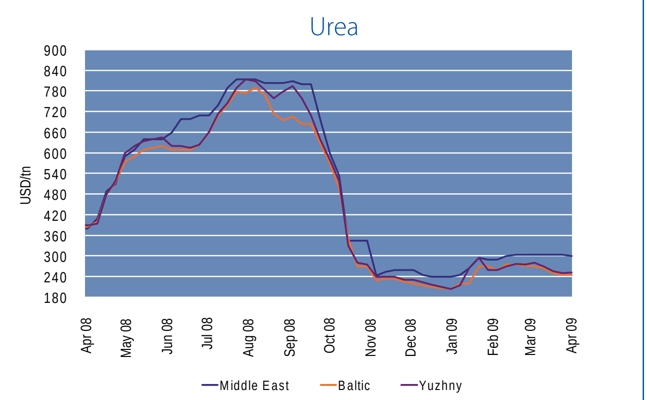
New Zealand

- In New Zealand, fruit and vegetable prices fell 2.6 percent in February, largely reversing the rising prices witnessed in January. The most significant drivers of the fall in prices for fruit and vegetables was a 27.4 percent fall in the price of apples and a 21.30 percent fall in pears. Tomatoes (up 17.7 percent), kiwifruit (up 16 percent) and bananas (up 4 percent) were the major upward price movers.
- For the 12 months ending February 2009, fruit and vegetable prices were up 12.1 percent.

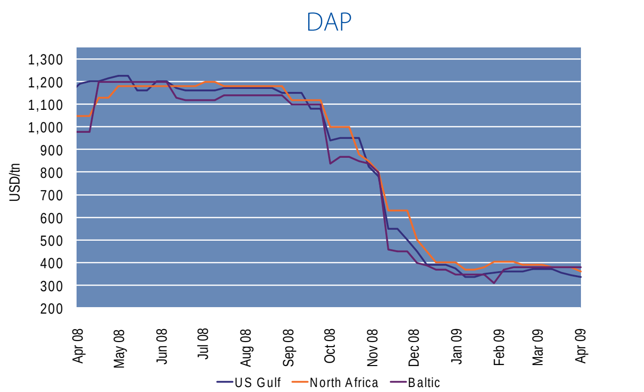
Fertiliser

All shown as USD/tonne	Current (02/04/09)	Last month	Last year
Urea (Middle East)	300	305	380
DAP (North Africa)	360	380	1050

Source: Bloomberg/Decyfer Ltd



Source: Bloomberg/Decyfer Ltd



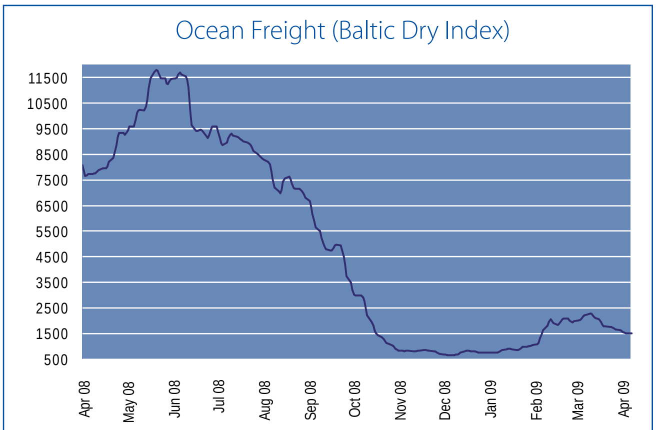
Source: Bloomberg/Decyfer Ltd

- International urea and DAP prices have fallen by up to 10% during March, with global production exceeding current demand, keeping downward pressure on prices.
- Although the north American spring planting season is underway, increased production capacity and unsold stock is currently meeting demand.
- Russian and Baltic urea prices are now trading in the mid USD 200 range and encouraging buyer activity, however, Indian and Brazilian demand for urea remains quiet.
- Locally, farmers are preparing for winter cropping programs with the prolonged dry conditions in south eastern regions of Australia seeing farmers assess soil nutrient profiles and cost structures. It is most likely that in these regions there will be an increased deferral of fertiliser, mainly nitrogen, in 2009 to more in crop applications based on seasonal conditions and crop expectations.

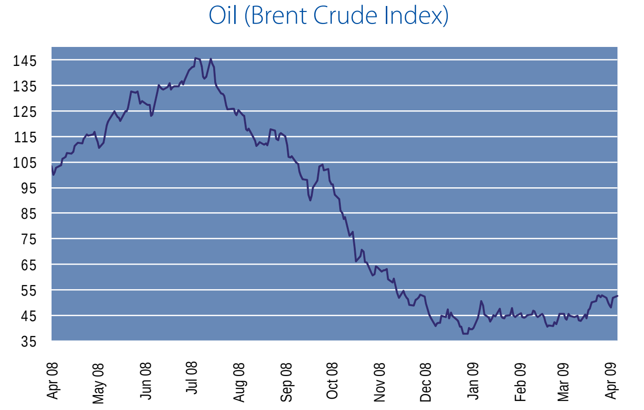
Other costs

	Current (06/04/09)	Last week	Last year
Baltic Dry Index	1506	1646	7741
Brent Crude (USD/bbl)	52.73	52.03	103.750

Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

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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