



Australia & New Zealand Agribusiness Review

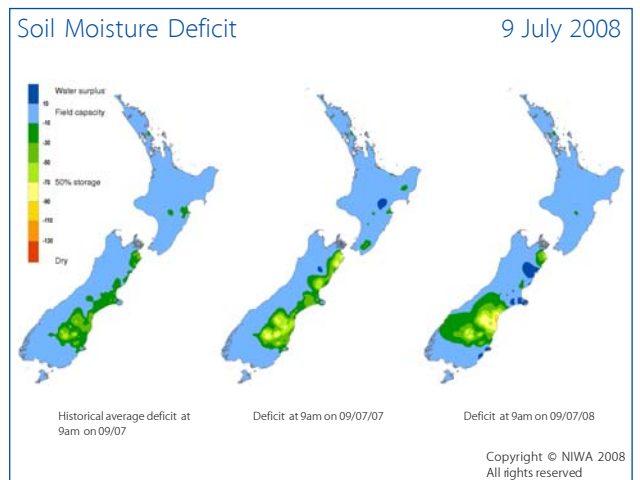
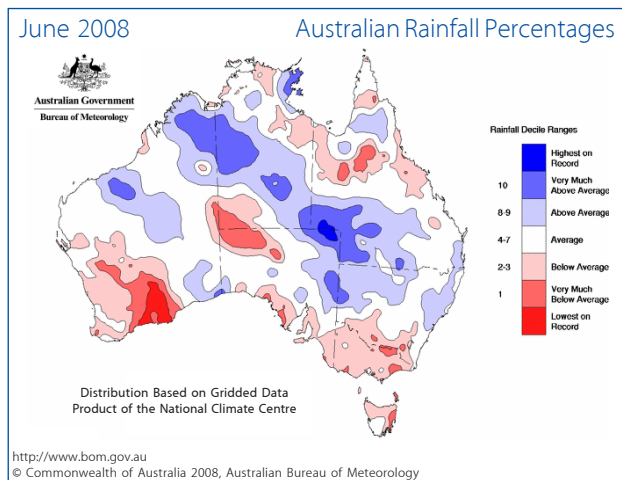
July 2008

Rabobank Group
Food & Agribusiness Research and Advisory (FAR)

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Seasonal Outlook

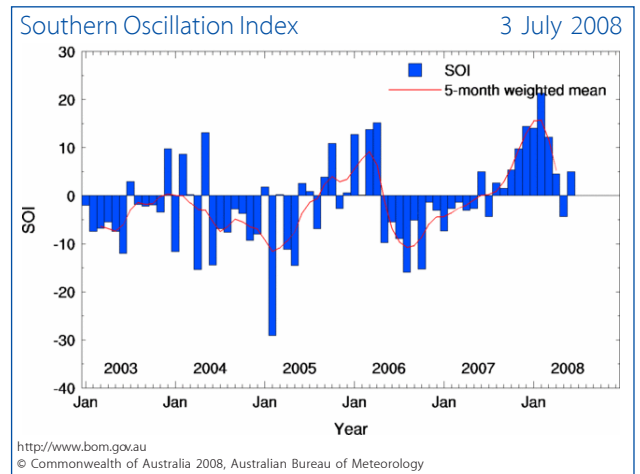


Australia

- June was an extremely dry month for Australia, particularly in many key cropping regions, with the eastern wheat belt and south western WA experiencing drier than normal conditions. However, northern and central Australia experienced average to higher than average rainfalls.
- According to the Bureau of Meteorology, the national outlook for total rainfall over the July to September period shows a shift in the odds, favouring drier than average conditions over a broad band from north west WA to south eastern Australia. The chance of exceeding median rainfall in western Victoria, SA and south western NSW has deteriorated to 25-40%. The rest of Australia currently has a probability of exceeding median rainfall at 45-55%, with areas of northern NSW and south western WA looking at a 50% chance of exceeding median rainfall.
- The La Niña conditions that prevailed throughout much of 2007 and early 2008 have all but disappeared. However, SOI conditions are expected to remain neutral until the end of 2008.

New Zealand

- Warm conditions prevailed for much of June across New Zealand, with the national average temperature registering 8.9 °C, 0.5 degrees above average. However, some areas including South Canterbury and Otago, experienced temperatures ranging from 1.5 to 2 degrees warmer than their monthly average.

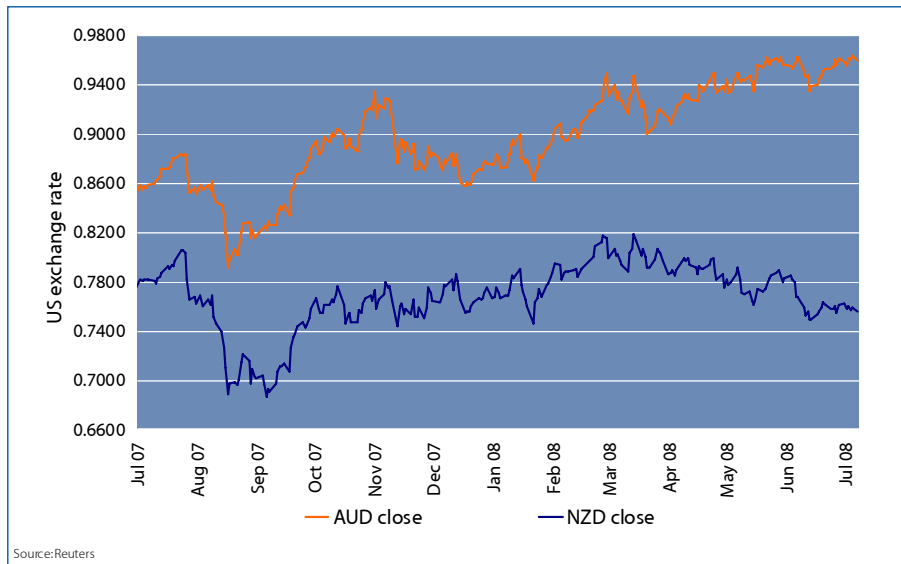


- Rainfall varied greatly, with some areas including the Central Plateau, Waikato and Auckland receiving up to 190% of normal monthly rainfall. Meanwhile, Nelson, Marlborough and Otago received well below average rainfalls.
- Warmer conditions are likely to continue through to September, while rainfall is expected to be normal over the same period with NIWA predicting a 50% probability of normal precipitation.

*Please see last page for important information

Currency/economy

Currency USD = Close (bid)			
	Current (07/07/08)	Last week	Last year
AUD	0.9596	0.9551	0.8582
NZD	0.7556	0.7577	0.7822



Global

- The US outlook remains weak, with further indications that sub prime issues will continue to effect recovery in the short to medium term. Fundamentals remain subdued, with employment, housing, consumer and business confidence negative.
- Equity markets continue to fall with little positive news to contain further moves down. Oil prices continue to set records and other resource and soft commodities remain high, affecting the global outlook on inflation. European and UK markets also remain subdued with these conditions to continue for some time.

Australia

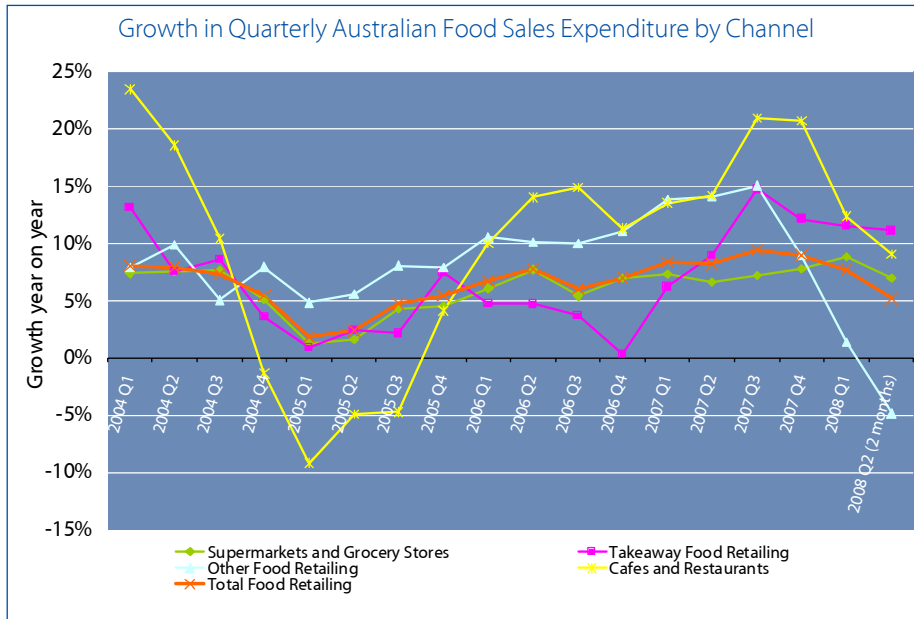
- The RBA left rates on hold at 7.25% at its board meeting on 1 July. Governor Stevens said that Australia's growth rate will slow down, as the highest borrowing costs in 12 years and record oil prices force households to cut spending.
- Higher unemployment and falling equity values have also contributed to a significant erosion of both business and consumer confidence, leading to increasing market speculation that the current tightening phase in monetary policy will remain on hold for now.
- Despite this, first quarter GDP growth came in at 3.6% vs expected 2.8% (annualised), driven by household and government spending as well as a jump in construction. The number is likely to moderate in Q2.
- Employment growth dropped, with unemployment rising to 4.3%, the biggest increase in almost 2 years. Motor vehicle sales were down 1.6% for May and housing approvals for the same month fell 6.5% vs an expected 3.4%. The surprise was a better than expected retail sales number.

- Range on the AUD/USD was a high of 0.9637, low of 0.9355 and average of 0.9529. The AUD/NZD was a high of 1.2710, low of 1.2262 and average of 1.2562. The AUD/EUR experienced a high of 0.6204, low of 0.6050 and average 0.6109. The AUD/JPY was a high of 103.44, low of 100.44 and average of 101.97.

New Zealand

- The RBNZ kept the OCR on hold at 8.25% on 5th June. The decision was followed by comments from Governor Bollard that the RBNZ may be in a position to lower the official cash rate later this year. He also stated that the economy had contracted in the first three months of 2008 with recession not being ruled out.
- Retail sales and employment fell in the first quarter, whilst house prices reached a 16 year low. A survey of economists released on 13 June indicated consensus favoured a rate cut as early as the September meeting.
- The current account came in at NZD-2.06 billion vs -1.7 billion expected. GDP growth was 1.9% (annualised) vs 2% expected. Of note was the building numbers, with permits falling 42.3% in May following their 82.1% lift in April. The trade balance for May, expected to come in at up NZD150 million, actually fell NZD195.8 million due to rising fuel prices and an aircraft purchase. Consumer confidence has fallen to its lowest level in almost 20 years.
- The positive sign for exporters has been the decline in the NZD spurred on by negative fundamentals and the prospect of a rate easing this year.
- Range on the NZD/USD was a high of 0.7828, low of 0.7457 and average of 0.7586. The NZD/EUR was a high of 0.5059, low of 0.4776 and average of 0.4863. The NZD/JPY experienced a high of 82.14, low of 80.12 and average of 81.18.

Food retail



Australia

- May data suggested a better month for food retail sales in Australia. Having fallen in the previous month, sales rose 1% in May in seasonally adjusted terms. The strong rise in food sales was somewhat surprising, given generally weak consumer sentiment and tightening budgets.
- However, several caveats should be noted. Firstly, the growth comes off a weak base (given the fall in April sales). Secondly, much of the growth in sales is likely to have been accounted for by rising food prices, rather than an increase in sales volumes. And thirdly, the growth is for one month only, and may well prove to have been a one off aberration to an otherwise softer trend.
- In seasonally adjusted terms, the weak spot remained eating out – with expenditure at cafes and restaurants down for the fourth time in five months. Operators in this channel will face further challenges in the second half of the year. The minimum wage increase recently announced by the Australian Fair Pay Commission is estimated by Restaurant & Catering Australia to add about \$1.50 to the cost of a standard main meal.
- Sales remained above previous year levels in the first two months of the second quarter in most categories (see chart).
- In mid June, the US discount giant Costco announced its first Australian store will open by the middle of 2009. The store, to be located in Melbourne's Docklands, will stock 3700-4000 items in the 13,800 square meter warehouse – with shoppers paying an annual membership for the right to buy bulk supplies of a wide range of goods at discount prices. Costco is rumoured to be looking at other sites in Sydney and Brisbane.

- CostCo's arrival presents a challenge to the current retail formats operated by existing players in the Australian market. Metcash was reported to have announced that it may respond by adopting a wholesale membership club approach at Campbells Cash and Carry outlets.
- The ACCC has until 31 July to conclude its inquiry into the grocery industry and submit recommendations to the Commonwealth Government.
- During June, the ACCC blocked a proposed acquisition of an independent supermarket near Canberra by Woolworths due to concerns it would reduce competition in the area.

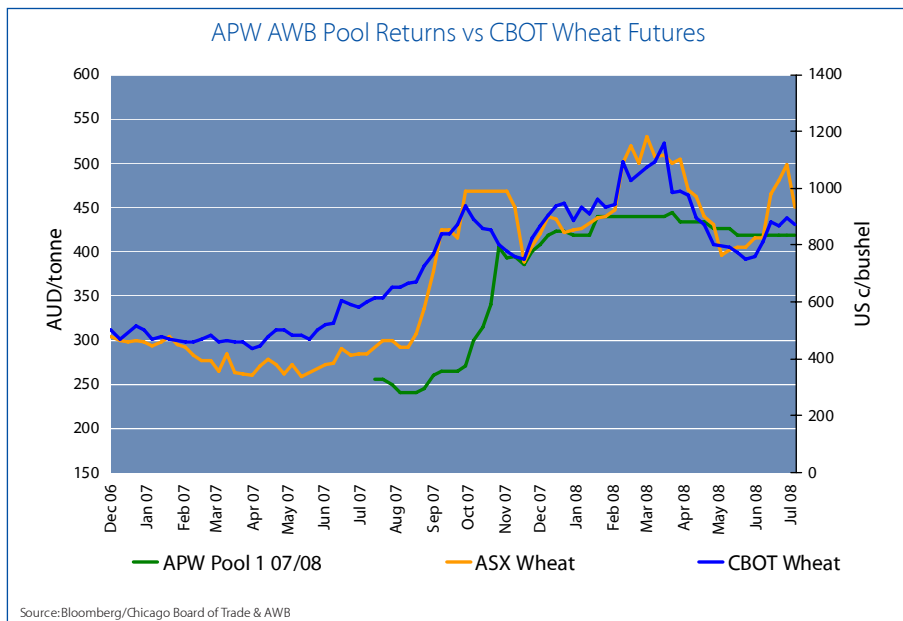
New Zealand

- New Zealand food prices increased a further 1% during May, reaching 6.8% for the year to May 2008. The increase was largely driven by vegetables (+11%) and particularly tomatoes, lettuce and broccoli. Other categories experienced lower price growth with some prices falling during May - notable decreases included yoghurt (-7.1%), lamb (-4.7%) and beef (-1.6%).
- Retail sales figures are being impacted by tightening economic conditions and pressure on consumer spending. Supermarket sales fell 3.6% during April 2008, following a 0.5% decrease in March and despite rising food prices.

Grains and oilseeds

Chicago Board of Trade Wheat Futures (nearby contract)			AWB APW 2007/08 Pool Price	
	US¢/bushel		AUD/tonne	
Current (04/07/08)	Last month (06/06/08)	Last Year (06/07/07)	Current (04/07/08)	Last month (06/06/08)
872.75	811.00	600.50	450.00	416.00

Source: Bloomberg/AWB



Global

- Wheat prices, particularly in the US, have been dragged higher by skyrocketing corn and soybean markets, following severe flooding in a number of US states during mid June.
- Expectations of wheat being priced into animal feed ration relative to corn prices have pushed wheat prices higher, despite looming bearish world fundamentals. Near-term wheat price direction is likely to be driven by the US corn market.
- US wheat prices have lost significant price competitiveness relative to competitor export prices in recent months. Moving forward, the US could potentially price itself out of the world market, placing further demand pressure on other key exporters.
- EU prices, as reflected by the Euronext – Paris Milling wheat contract, have followed US futures prices higher in recent weeks and also priced themselves into uncompetitive territory, relative to other exporters. However, with new crop prospects appearing favourable, some downside is also expected in EU wheat and grain prices as harvest commences.
- Canadian canola prices saw strong gains throughout June rising 7% to finish the month at CAD667/Mt. European rapeseed prices surged 7.5% in early June reaching a top of EUR465/Mt before falling back to EUR445/Mt. Prices were heavily influenced by US soybean futures which rallied on the back of flooding concerns in the Midwest of the US and continued strength in the crude oil market.

- World barley prices rose during June, with Canadian feed barley prices rising 13%. Barley prices were dragged higher by gains across the wider grains complex as well as production concerns in some key growing regions.

Australia

- Below average rainfall in nearly all of WA's agricultural regions throughout June has reduced the expectations of a bumper crop in the west. However, rainfall in early July should help to guarantee crops continue to develop through until the all important months of August and September.
- Crops in SA continue to be under extreme stress, especially in the upper Eyre peninsular and Mallee regions. Good July rainfall will be critical to ensure early crop development and boost yield expectations.
- Northern NSW remains the one area where crop conditions look to be in reasonable shape. Good summer rainfall combined with reasonable planting rains has left an excellent soil moisture profile. Yield expectations are looking positive, given favourable conditions continue.

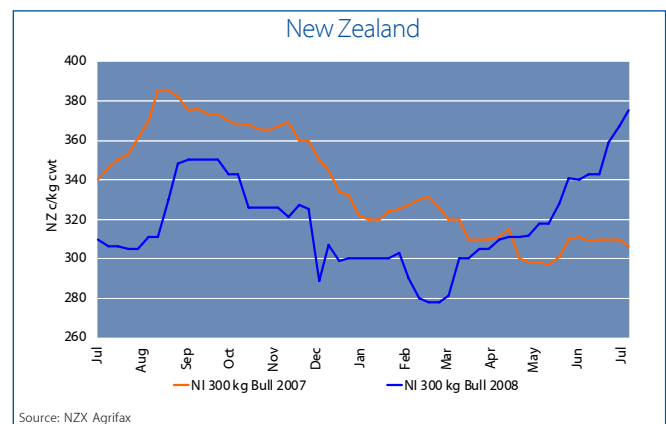
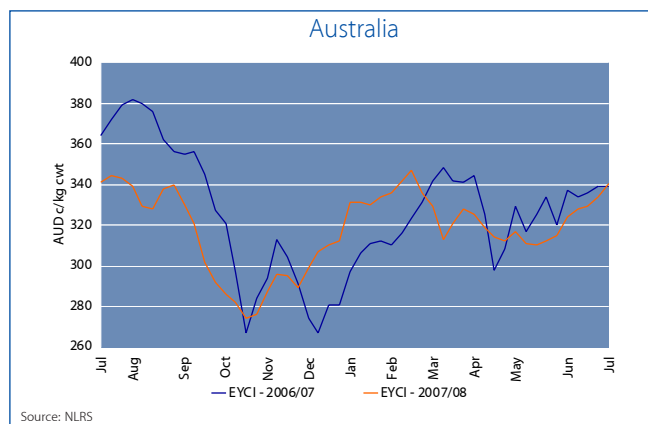
Beef

AUD prices (c/kg cwt)			
	Current (04/07/08)	Last week	Last year
Eastern Young Cattle Indicator (EYCI)	340	334	339

Source: NLRS

NZD prices (c/kg cwt)			
	Current (07/07/08)	Last week	Last year
North Island Bull 300kg	375	367	306
South Island Bull 300kg	368	358	293

Source: NZX Agrifax



Global

- US imported manufacturing beef prices continue to reach new highs. As at the beginning of July, prices reached US 179.5c/lb, a rise of 40% on the same time last year. The increase is due to a combination of tight imported beef supply and strong demand, as consumers faced with economic uncertainty and rising costs "trade down" to lower priced beef items such as mince and hamburgers. Re-entry of US beef into Korea and any increase in South American sales to the EU and Russia could see an increase in beef sales to the US from Australia and Uruguay. However, imported beef prices into the US are expected to remain strong in the second half of 2008 with domestic cow slaughter expected to decline and imported beef still relatively tight.
- OSI, a major supplier of meat to McDonalds, has announced the sale of a number of businesses in Brazil and Europe to Marfrig, Brazil's fourth largest beef processing company. The sale includes both poultry and pork processing plants.
- Despite ongoing protests from the Korean public, the Korean government has approved imports of US beef. Initially, imports will be limited to beef from cattle under 30 months of age, with age restrictions likely to be removed further down the track. A small volume of US beef has already become available at retail, as some of the 5,200 tonnes of frozen US beef held in customs storage in Korea has now passed quarantine inspection. The majority of large-scale retail and food service companies will take a "wait and see" approach, holding off from stocking US beef until consumer reactions are gauged.

Australia

- Young cattle prices continued to rise seasonally during June, reaching AUD 3.40/kg cwt as at early July, a similar level to the same time last year. Recent rains in parts of southern Australia, and a seasonal low in availability, should continue to support prices for young cattle over the upcoming month.
- The re-entry of the US into the Korean market is likely to see an easing in demand for Australian beef. The US was the major imported beef supplier into the Korean market prior to their ban in late 2003, shipping around 17,000 tonnes a month.

New Zealand

- Farm gate bull beef prices lifted by a further NZ 26 c/kg cwt during June, after increasing NZ 20 c/kg cwt during May. High US lean beef prices are being reflected in schedule prices and some easing in the NZD is also assisting. Bull beef prices are now around 26% (NZ 75 c/kg cwt) higher than the same period in 2007.
- Cattle slaughter numbers are currently 1.6% above the same period last year (NZX Agrifax) as volumes have increased significantly over the past month. While cow slaughter numbers continue to trail last year by 7.8%, heifer, steer and bull numbers have all moved ahead of last year.

Lamb

AUD prices (c/kg cwt)

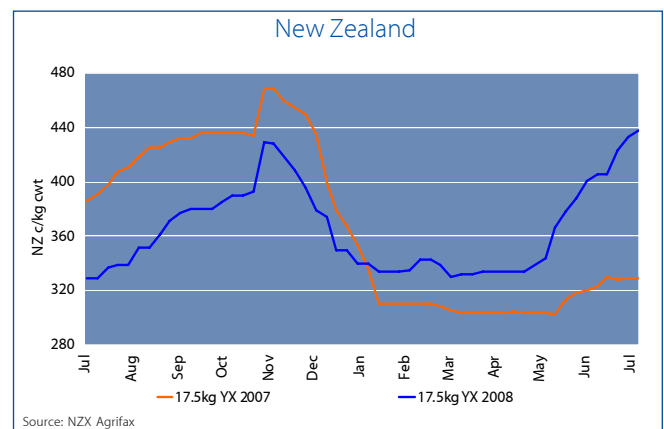
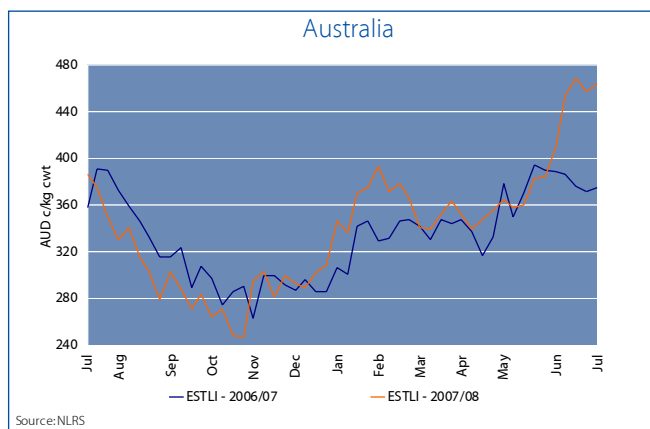
	Current (04/07/08)	Last week	Last year
Eastern States Trade Lamb Indicator	464	457	375

Source: NLRS

NZD prices (c/kg cwt)

	Current (07/07/08)	Last week	Last year
NI 17.5kg YX	421	413	315
SI 17.5kg YX	438	432	328

Source: NZX Agrifax



Australia

- The eastern states trade lamb indicator surged in June, driven by higher prices for heavier lambs. This was due to increased lamb turnoff earlier in the year, due to dry weather conditions and high grain prices limiting the willingness of producers to feed lambs through to heavier weights. Prices in early July reached AUD 4.64/kg cwt, 25% above the same time last year and the highest level since August 2004.
- Export processors are now facing a higher than normal spike in lamb prices, while sales in export markets are being pressured by subdued demand and a very strong AUD. This has led to some processors closing for maintenance from early July, which could put pressure on lamb prices. While processors typically shut down plants in winter and carry out yearly maintenance during the period of seasonal low supply, 2008 has seen some processors close earlier than normal.
- Australian lamb exports to the end of June reached 77,770 tonnes, a 2% rise on 2007. However, exports to the US, the largest single export destination for Australia, fell by 12%. This was due to a combination of the weak USD, pressures on family budgets leading to "trading down" to lower cost meats and the limited supply of heavy lambs suitable for the US market. Sales to Asian markets jumped by 26% to 20,825 tonnes, driven primarily by rises in exports to China, Hong Kong and Japan.

New Zealand

- Farm gate lamb prices continued their May surge during June as lamb throughput declined seasonally and international markets provided positive signals. Prices are currently 34% (NZ 110 c/kg cwt) ahead of the same period in 2007, with expectations for the 2008/09 season lifted as the impact of a declining sheep flock looms.
- Total New Zealand lamb slaughter is tracking at similar levels to last season (NZX Agrifax). However, sheep slaughter is continuing at high levels, with numbers currently more than 30% higher than the same period last year, as the conversion of sheep land to dairy continues apace.
- PGG Wrightson has agreed to purchase a 50% share in co-operative meat processor Silver Fern Farms (formerly PPCS) for NZD 220 million. The deal must be supported by 75% of Silver Fern Farm shareholders in order to progress, with voting set to take place in September.

Dairy

World dairy prices									
	USD/tonne			AUD/tonne			NZD/tonne		
	04/07/08	last month	last year	04/07/08	last month	last year	04/07/08	last month	last year
Butter	4,050	4,050	3,125	4,210	4,219	3,704	5,350	5,275	4,143
SMP	3,600	3,450	5,150	3,742	3,594	6,105	4,756	4,494	6,828
WMP	4,350	4,400	4,650	4,522	4,583	5,512	5,746	5,731	6,165
Cheddar	5,000	5,000	4,225	5,198	5,208	5,008	6,605	6,513	5,601

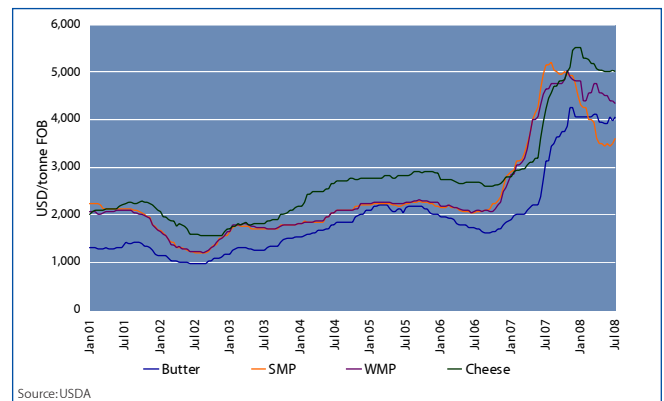
Source: USDA

Global

- The momentum shift evident in international dairy markets since mid April remains in train, with the prices of most key commodities holding ground or rising through June and early July.
- With the Southern Hemisphere in its seasonal trough, supply remains dominated by developments in the USA and EU, although recent Brazilian growth is notable.
- Recently released data suggests that, after five consecutive months of growth leading up to the close of the 2007/08 quota year, EU milk production actually fell below previous year levels in April, reflecting the impact of adverse weather in north west EU during the period. May milk collection is also expected to have been affected by farmer strikes, with reports suggesting German supply was well down.
- We are yet to see any firm evidence of the expected slowdown in US supply growth. In the context of the current market, the flooding of the US corn-belt through June was a significant event. Declining US milk prices and high corn prices had already slashed the milk/feed price ratio to the lowest since at least the mid 1980s. On the back of rising corn prices, this milk/feed price ratio will presumably deteriorate further in the second half, putting further financial pressure on US dairy farmers.
- Any slowdown in recent growth in Northern Hemisphere supply will provide support for product pricing in coming months. With demand still under pressure from rising retail price inflation in many countries, and mounting anecdotal evidence of food processors switching to cheaper vegetable oil alternatives where possible, current pricing of many products appears contingent on constrained supply growth.

Australia

- The forward selling of product, prevailing strong export pricing, and expectations for returns to remain firm through the new season, enabled export processors to announce record opening prices for 2008/09 (up 8-15% on opening prices last year).
- The unusually large step-ups offered by processors through the 2007/08 season means that milk prices will still need to rise significantly during the 2008/09 year to match previous year closing prices. Nonetheless, it provides an extremely high base price for the next 12 months.
- Farmers in most southern regions so far remain well placed to capitalise on that base. While rainfall was below average through June, good rains fell in many regions in early July, and most entered winter with excellent hay and silage



Production growth in key exporting regions		
	Latest month	Last 3 months
EU 27	-0.7% (Apr)	2.3%
US	2.9% (May)	2.4%
Argentina	10.9% (Apr)	5.8%
Australia	-1.6% (Apr)	-1.5%
NZ	-4.5% for 12 months to May 2008*	

*Rabobank estimate (timely NZ production data not available).

stores on hand. Zero opening allocations in northern Victoria on 1 July still make inflows in the July-September period crucial to hopes of decent irrigation water availability in that region.

New Zealand

- NZ exporters continued to benefit from a declining local currency through June and early July, feeding through to small gains in most commodity prices in NZD terms during the period.
- Westland Milk Products increased its payout forecast for the 2007/08 season to between NZD7.70-7.85/kgMS, which is to be finalised in October 2008.
- While processing plants may be idle over the winter months, NZ companies were busy through June and July. Fonterra agreed to acquire the yoghurt and dairy dessert business of Nestle Australia; New Zealand Dairies moved to sell a controlling share in the company to Nutritek, following long awaited approval from the Overseas Investment Commission; and Dairy Trust sold a 25% stake in the company to Olam.

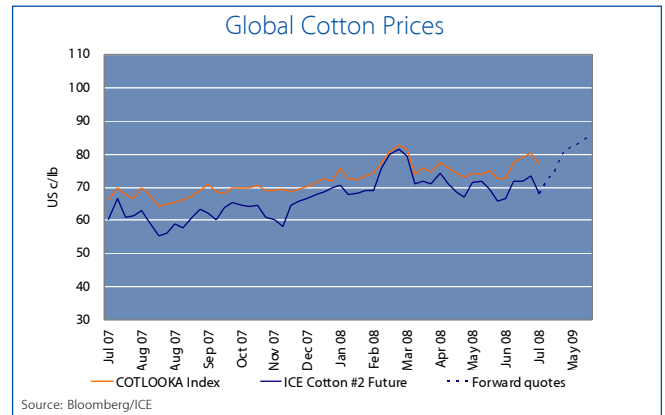
Cotton

Monthly average cotton prices (US c/lb)			
	Current (04/07/08)	Last week	Last year
Cotlook A Index	76.85	80.40	66.35
NY Futures (July 08)	68.02	73.41	60.00

Source: Bloomberg/ICE

Australia

- Cotton has followed the upward trend seen across the wider agricultural commodity markets throughout June, with the ICE cotton no. 2 nearby contract ending the month at 73.41 USc/lb, up 11.7%. The cotton market again saw significant amounts of volatility, even in the face of the upward momentum in prices.
- Prices have since eased back to 68.02 USc/lb in early July trading, as speculative traders looked to take profits and concerns grew over a reduction in cotton demand as a result of current economic conditions.
- A smaller cotton crop in Australia, due to water access problems coupled with production issues in key areas of the US and central Asia, have seen a reduction in global cotton production expectations for 2008/09. The USDA is currently forecasting 2008/09 cotton production at 116.4 million bales, down from the 118 million bales forecast in May.

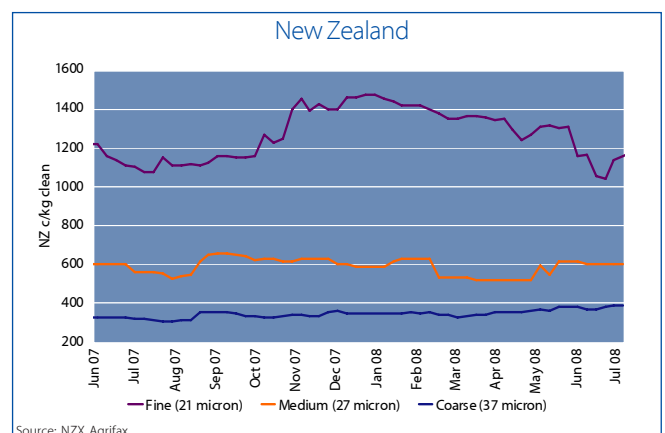
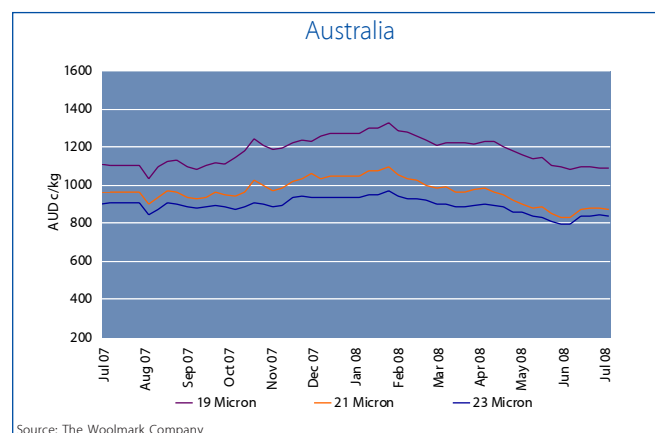


Wool

	Eastern Market Indicator (AUD c/kg clean)			New Zealand (NZD c/kg clean)			
	Current (04/07/08)	Last week	Last year	Current (07/07/08)	Last week	Last year	
Fine (19 micron)	1092	1087	1106	Fine (21 micron)	1115	1116	1072
Medium (21 micron)	874	882	963	Medium (27 micron)	601	601	562
Broad/coarse (23 micron)	836	844	908	Broad/coarse (37 micron)	388	388	320

Source: The Woolmark Company

Source: NZX Agrifax



- June saw a welcome reversal in the recent downward momentum in prices, following the highs seen earlier in the year. The EMI traded up 2.4% over the month to reach AUD 8.72/kg, despite the strength of the AUD. A three week sales recess and concerns over supply in the coming season were seen to be the major drivers behind the improvement in prices.
- Prices in the 21 to 23 micron ranges both finished the month 5% stronger at AUD 8.82/kg and AUD 8.44/kg respectively. In

contrast, 19 micron prices saw a decline of 6 cents to end the month at AUD 10.92/kg. Fine wool prices during June traded at their lowest levels since early September 2007.

- New Zealand wool prices were steady during June and early July with fine and coarse wools increasing 1% and 2% respectively. However, medium wools saw a 2% decline, despite an easing NZD against the USD.

Sugar

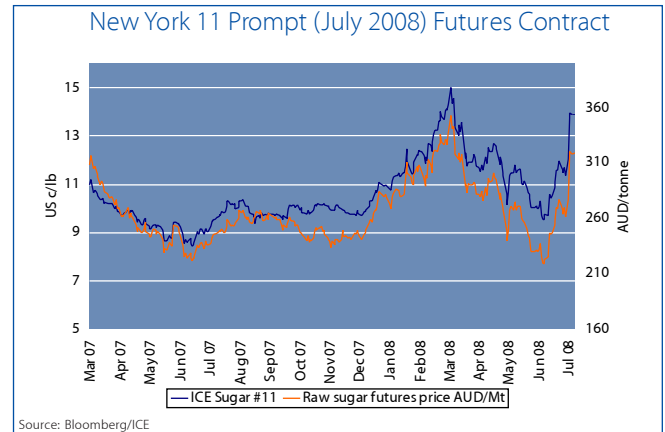
New York 11 Prompt (raw sugar futures price July 2008)

US c/lb			AUD/tonne		
Current (07/07/08)	Last week	Last year	Current (07/07/08)	Last week	Last year
13.91	13.72	9.65	319	317	246

Source: Bloomberg/ICE

Australia

- The world sugar market saw strong gains over the month of June. ICE New York No. 11 contract prices are currently sitting at 13.91 USc/lb, an increase of 35% for the month. Sugar prices have drawn on support from the wider commodity complex throughout June; however, lagging sugar production in Brazil's centre/south has also lent a more bullish tone to the market.
- There has been a recent surge in export demand from the US for Brazilian ethanol, which has prompted an improvement in the ethanol price outlook. Mills throughout Brazil have increased the proportion of ethanol production in their sugar-ethanol mix. This should result in a contraction of sugar supply in Brazil and help to draw down global sugar inventories.
- ABARE has released its latest forecasts for the 2008/09 Australian sugar crop, holding both the area planted to sugarcane and sugar production steady with 2007/08 figures at 395,000 Ha and 4.96 million tonnes respectively.



Venison

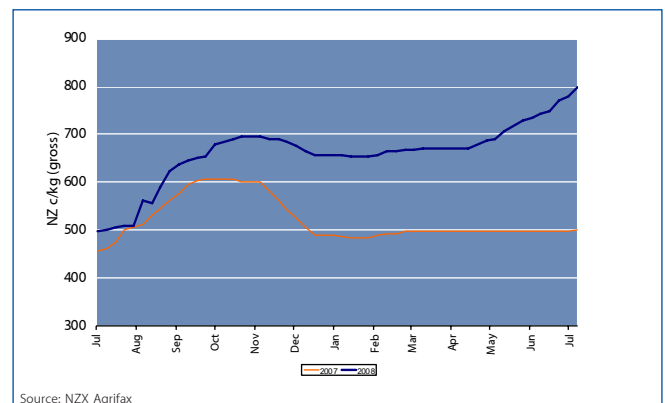
NZ c/kg gross

	Current (07/07/08)	Last week	Last year
NI Stag 60kg	770	757	480
SI Stag 60kg	798	779	502

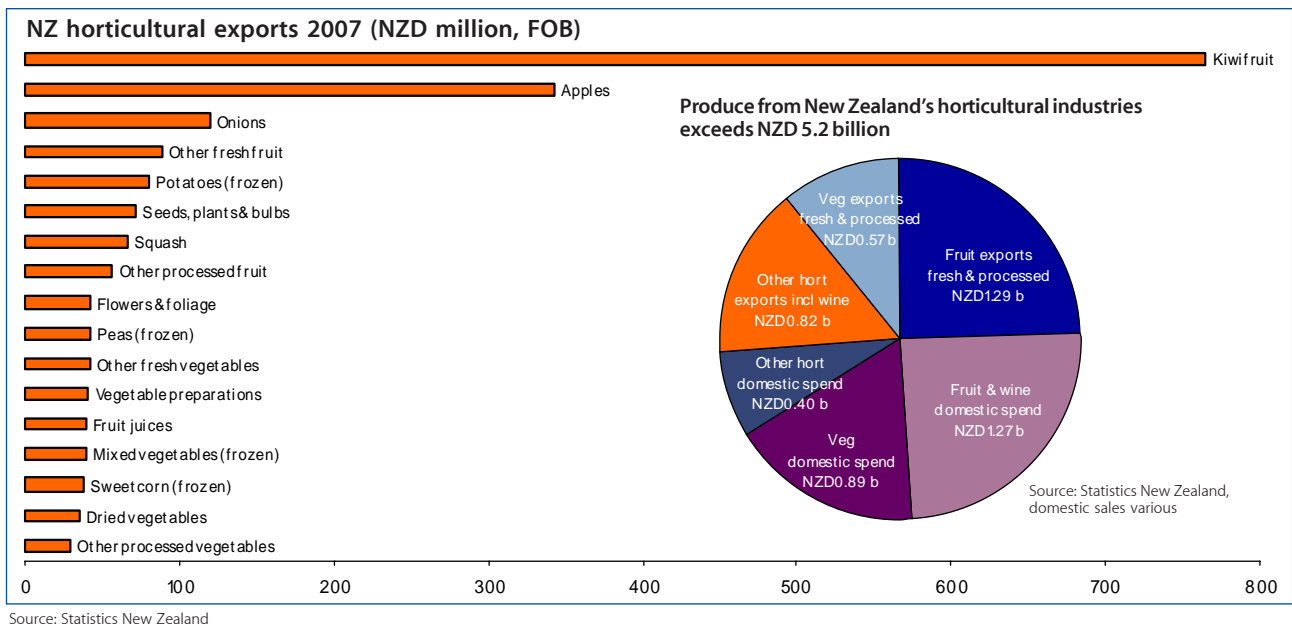
Source: NZX Agrifax

New Zealand

- The seasonal upswing in venison prices is well underway with farm gate prices lifting by a further NZ 64 cents/kg over the past month. Current prices are some 58% higher than the same period in 2007 and appear likely to exceed NZD 8.00/kg as the chilled season peak approaches.
- Deer Industry New Zealand is estimating production throughput of 400-500,000 animals during the 2008/09 season, following the already 13% decline to 633,000 processed for the 12 months to February 2008 (Deer Industry News).



Horticulture



Global

- Tesco, the UK's largest retailer with 700 stores across the country, is doubling its range of world food produce to 50 items to respond to consumer demand for more unusual products. High demand for exotic produce is being driven by multiculturalism. The new range will feature box talkers, giving basic information about where the food comes from and photos of how to prepare it.
- Potatoes, with their ability to be grown in many different locations and climates, coupled with their wide number of potential uses, could help alleviate a potential global food shortage. Some varieties are able to mature within 50 days, many do not require great amounts of water to grow and they can potentially yield up to four times more food per hectare than wheat or rice, making them a very efficient source of food. The potato, currently the world's third most important crop behind rice and wheat, is not a globally traded commodity and prices have therefore not been pushed up by speculators, unlike rice and wheat. In Peru, the government has acted to reduce costly wheat imports by encouraging people to eat bread that includes potato flour. In China, the world's biggest potato producer, agriculture experts have proposed that potato become the major food crop on much of the country's arable land. India has plans to double its potato production.
- The Australian Vegetable Industry Development Group (AVIDG) reported that international trade in vegetable products is growing, dominated by supply from China, whose exports have risen from USD2 billion to USD5 billion during the past 10 years.

New Zealand

- Vegetable growers are feeling the pressure of recently large increases in fertiliser, fuel and labour costs. However, prices have not changed in the last decade and some have even fallen down. Climate change and the proposed emissions-

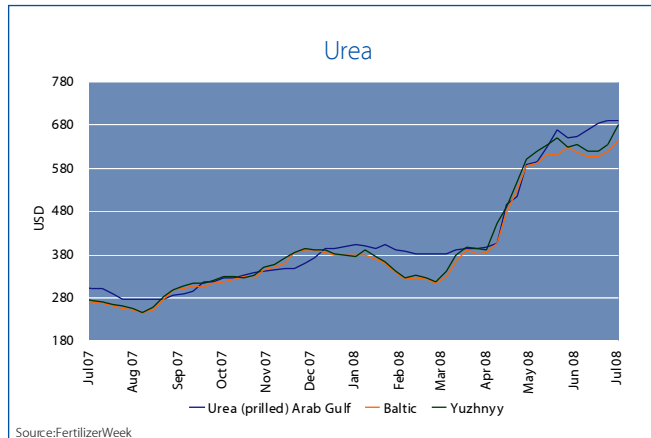
trading scheme could further increase the stress as it will raise the industry's costs as horticultural growers are big users of diesel in the cultivation of crops and transport to markets.

- New Zealand has suspended exports of tomatoes and capsicums after a debilitating bacterium was found in three North Island hothouses. The bacterium affects both the growth and quality of plants and reduces yield. Symptoms in both tomatoes and capsicums may vary across varieties and growing conditions, but include leaf curling and yellowing in tomatoes, stunting of the plant and fruit occasionally misshapen with a strawberry-like appearance. Biosecurity New Zealand has withdrawn phytosanitary certification for fresh tomato and capsicum exports until further notice. Total exports of tomatoes are valued at NZD7.3 million, while capsicums are worth NZD34 million with Australia and Japan the main export destinations. The ban has the potential to create an oversupply in the domestic market.
- Pipfruit NZ reported New Zealand fruit is commanding a significant premium over other Southern Hemisphere origins, reflecting its superior quality and colouration. New Zealand's Royal Gala apple exports are expected to reach the target volume of 100,000 tonnes, while Braeburn volumes are expected to range between 70,000 and 75,000 tonnes, 20% down on the pre season estimate of 88,000 tonnes.
- Kiwifruit could be destined for biofuel production. As petrol prices continue to soar to record highs, feasibility studies are being undertaken by Scion in conjunction with Zespri Innovation on how to turn around 15 million trays of waste kiwifruit a year into biofuel and other products such as bioplastics, adhesive formulations and chemical/polymers. Even in its early days, the project has created excitement within the industry. Currently, much of the kiwifruit which fails to make the export or local market grade becomes stock food.

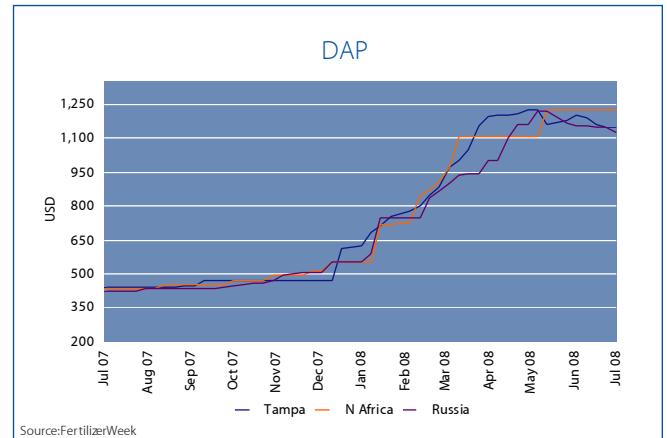
Fertiliser

All shown as USD/tonne	Current (03/07/08)	Last month	Last year
Urea (Arab Gulf)	690.00	655.00	302.50
DAP (Tampa)	1150.00	1200.00	439.00

Source:FertilizerWeek



Source:FertilizerWeek



Source:FertilizerWeek

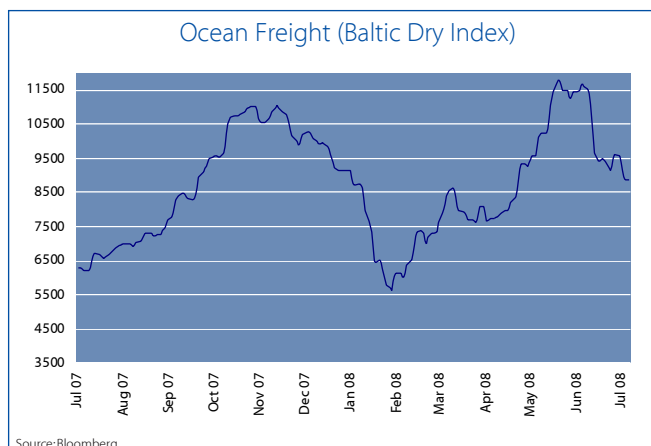
- Prices for Urea were mixed throughout June as India looked to ration demand given the current price conditions, while a number of shipments to South America kept prices strong. Prices are likely to come under increased pressure as demand begins to step up over the next few months.
- Prices for DAP have dropped over the last month, primarily due to a seasonal lull over summer. However, any downside potential in prices appears to be limited as material costs for the production of phosphate based fertilizers continue to climb.

Other costs

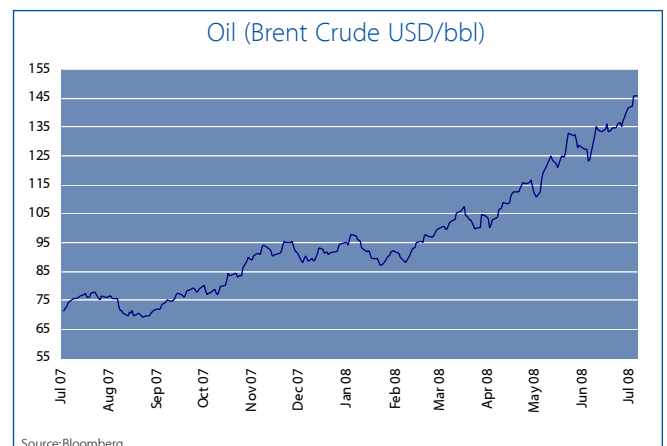
	Current (07/07/08)	Last week	Last year
Baltic Dry Index	8854	9379	6201
Brent Crude (USD/bbl)	145.65	141.71	74.06

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.



Source:Bloomberg



Source:Bloomberg

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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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