Rabobank

Australia & New Zealand Agribusiness Review

June 2008

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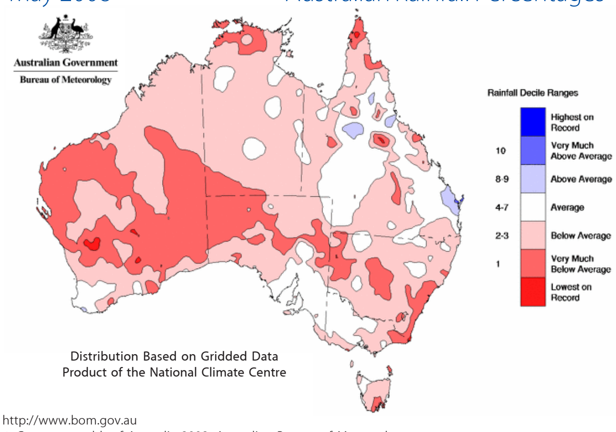
Seasonal Outlook

May 2008 Australian Rainfall Percentages



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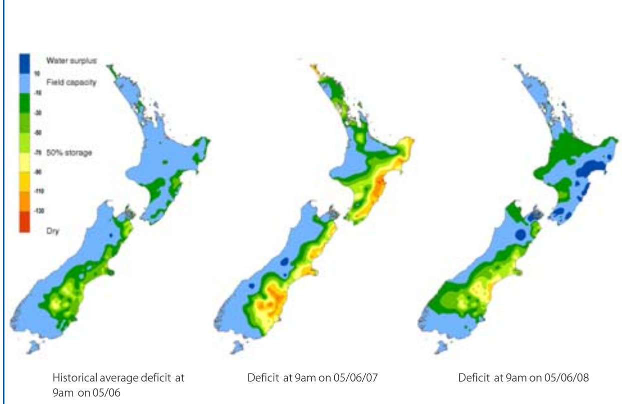
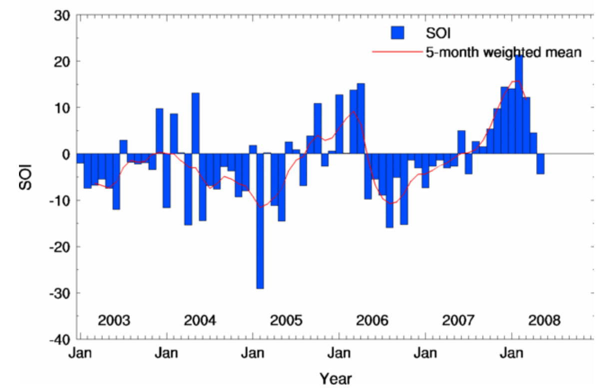
Soil Moisture Deficit 5 June 2008



Australia

- May 2008 was the driest on record, with below normal rainfall experienced across almost the entire continent. Rainfall averaged 73% below normal levels nationally, with the Murray Darling Basin being at least 40% below average. South west WA was one of few areas to receive average monthly rainfall. Average maximum temperatures were 1.48°C above normal, with WA, NSW and SA experiencing extremely warm conditions.
- The rainfall outlook for the majority of the country looks mixed, with south west WA likely to have only a 30-40% chance of exceeding average winter rainfall. Meanwhile, the chance of exceeding average rainfall is currently 50-55% for the majority of southern Australia. However, Queensland and the far north NSW continue to have a more optimistic outlook with a 60-70% chance of exceeding average rainfall.
- The Southern Oscillation Index currently remains neutral, averaging -3.53 for the month of May. Computer models indicate a continuation of neutral conditions throughout the winter period.

Southern Oscillation Index 2 June 2008



http://www.bom.gov.au

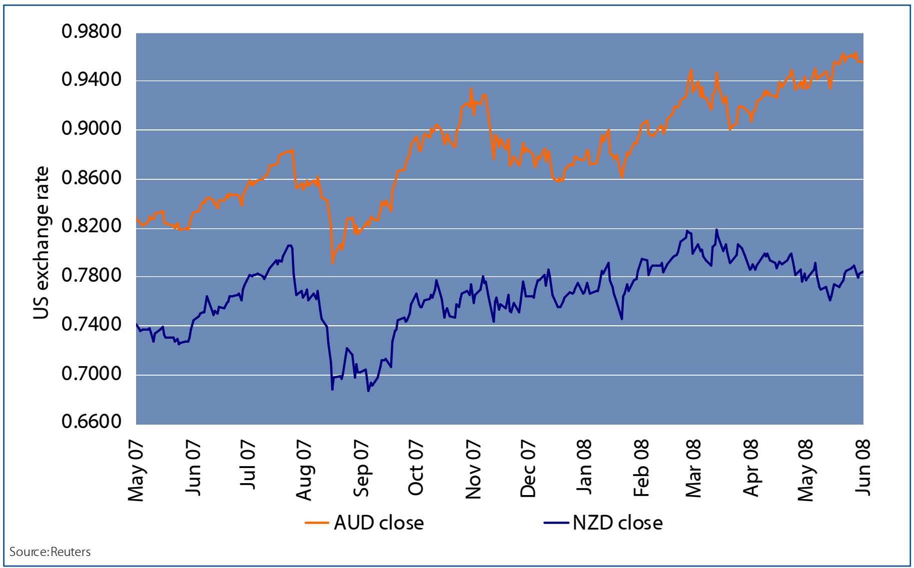
New Zealand

- The start of winter appeared to arrive early, May being particularly cold, with national average temperatures 1.1°C below average. With the exception of the North Island's east coast, rainfall was also low, particularly for much of the South Island. Overall soil moisture levels entering winter have improved for most of New Zealand. However, very tight winter feed supplies will be evident through until spring, as previously drought affected regions continue to manage their deficit feed position.
- NIWA's outlook through to August is for normal or above normal rainfall for much of New Zealand, with average or above average temperatures in the North Island. However, soil moisture levels for the east coast of the South Island and southwest of the North Island are expected to be normal or below normal due to the probability of lower than normal rainfall.

*Please see last page for important information

Currency/economy

Currency USD = Close (bid)			
	Current (04/06/08)	Last week	Last year
AUD	0.9557	0.9629	0.8342
NZD	0.7792	0.7859	0.7473



Global

- Some stability has returned to global markets following central bank activity, predominantly via the Federal Reserve in the US. Monetary policy easing in the US seems to have come to an end with a delicate balancing act between controlling inflation, while at the same time guaranteeing liquidity flows and keeping the economy out of recession occupying the Fed.

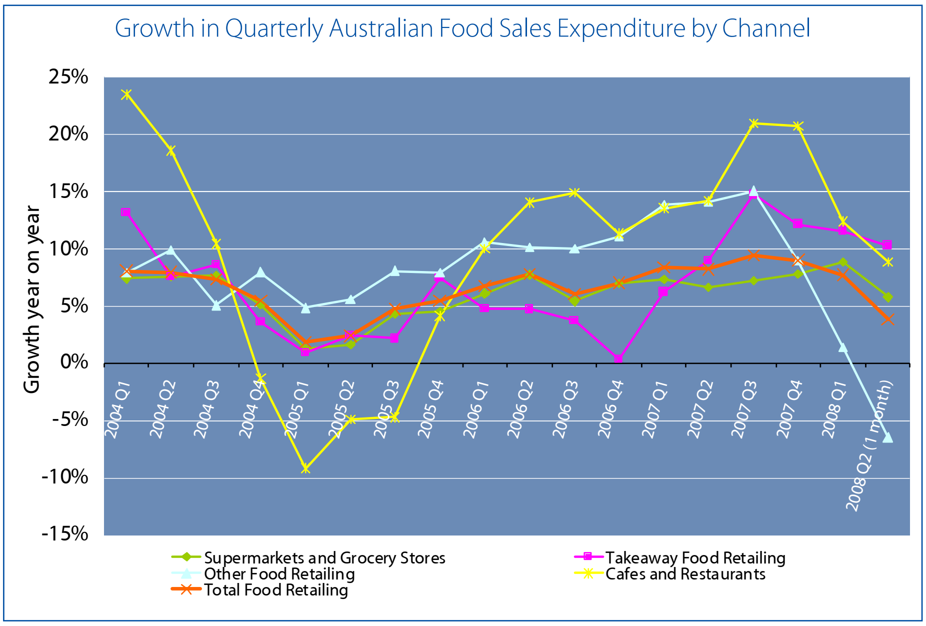
Australia

- In keeping with their recent stance, the RBA left cash rates on hold at 7.25% at its board meeting on 3 June. Rates remain at a 12 year high, with the main concern still being higher inflation. Indications are that consumers and businesses are moderating spending in the face of historically high oil prices.
- April unemployment was 4.2% vs. expected 4.10%, with the participation rate increasing to 65.4% from 65.2%, suggesting the increase in unemployment was primarily a function of more people looking for work.
- Motor vehicle sales rose by 3.5% and retail sales growth fell short of expectations at -0.2% vs.expected +0.2%.The major surprise was April building approvals, which were up 7.8% vs. an expected fall of -0.5%.This is the first rise in this indicator in 5 months.
- Range on the AUD/USD was a high of 0.9635, low of 0.9321 and an average of 0.9508.The AUD/NZD range was a high of 1.2379, low of 1.2012 and an average of 1.2221.The AUD/EUR experienced a high of 0.6169, a low of 0.6036 and an average of 0.6110.The AUD/JPY was a high of 100.95, a low of 96.93 and an average of 99.17.

New Zealand

- RBNZ kept the Official Cash Rate on hold at 8.25% on 5 June, stating a slowing local and global economy is likely to moderate inflationary pressures over the medium term, despite higher commodity and oil prices driving inflation higher in the short term. The bank expects inflation to peak at 4.7% in September of this year.
- While fundamentals continue to indicate a downturn in the economy, upward revisions in Fonterra's dairy payout and the coming election and resultant spending implications suggest interest rates will remain steady short-term.
- May unemployment came in at 3.60% vs. an expected 3.50%. It was a bad month for manufacturing job losses with a number of announced plant closures and layoffs in the export sector expected to adversely affect employment data and consumer confidence over the coming months.
- April house sales fell by 45.5% to a 16 year low. Retail sales for April were down -1.20%, compared to an expected drop of -0.5%.The producer price index was up 2.30% for first quarter 2008 (potentially pressuring inflation higher). New Zealand's trade balance came in at -334.1m vs. expected -150m.
- Ranges on the NZD/USD was a high of 0.7898, a low of 0.7561 and an average of 0.7780. The NZD/EUR experienced a high of 0.5095, a low of 0.4877 and an average of 0.5002, while the NZD/JPY was a high of 82.83, a low of 79.34 and an average of 81.15.

Food retail



Source: ABS Cat 8501

Australia

- April retail sales data (released 2 June) provided further evidence that the Australian food sector is starting to feel the flow on impacts of tightening economic conditions. Retail food expenditure fell 1.1% in April in seasonally adjusted terms - the largest monthly decline in more than 3 years.
- With food prices expected to have risen during the period (CPI data for the second quarter is not yet available), the decline in sales volumes is almost certain to have been greater still.
- Restaurants/cafe and takeaway food sales enjoyed a better month, with supermarket sales down for the first time in 11 months (seasonally adjusted terms).
- While April sales remained above last years levels in most categories (see chart), the rate of growth is slowing.
- The loss of momentum in the domestic retail food market appears to have resulted from a more careful approach to spending by consumers faced with tightening economic conditions - including four interest rate rises since August, soaring petrol prices and strong general inflation.
- The ACCC inquiry into the grocery market continued in May, with hearings throughout the month. The ACCC has until 31 July to investigate before submitting its recommendations to the Commonwealth Government.

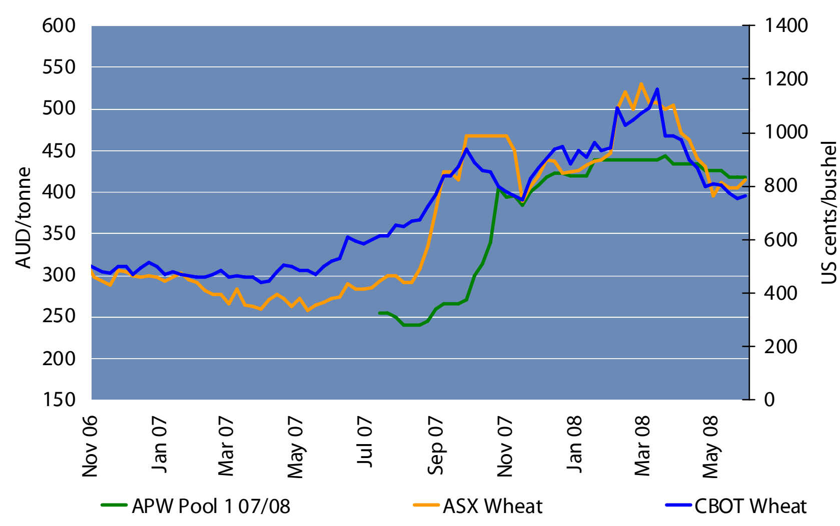
New Zealand

- Food retail sales remainded robust in the first quarter, with supermarket and grocery sales increasing 4.7% from the December quarter. The main driver was volume, up 3.3%, with prices also lifting 1.6%.
- The monthly movements (seasonally adjusted) do, however, indicate that consumers may now be tightening their belts, as relatively strong January and February sales masked the 1% fall in supermarket and grocery sales that occurred in March.
- Food prices have continued their upward trend with prices rising 6% in the year to April 2008 (Statistics New Zealand). Prices increased 0.3% for the month of April, with the biggest movers during the month being; yoghurt (+8.8%), lamb (+7.3%) and sauces (+5.1%).
- With the dairy category leading the pack in terms of increasing food prices over the past year and after receiving a number of complaints, the Commerce Commission is making preliminary enquiries to determine whether a formal investigation into domestic dairy pricing is required.

Grains and oilseeds

Chicago Board of Trade Wheat Futures (nearby contract)			AWB APW 2007/08 Pool Price	
	USc/bushel		AUD/tonne	
Current (30/05/08)	Last month (25/04/08)	Last Year (01/06/07)	Current (30/05/08)	Last month (25/04/08)
761.50	800.50	520.75	415.00	430.00

Source: Bloomberg/AWB



Source:Bloomberg/Chicago Board of Trade & AWB

Global

- US wheat futures stabilised throughout May after the falls seen throughout late March and April. Chicago Board of Trade (CBOT) nearby July futures traded in a range from 740USc/bushel to 800USc/bushel over the last month, as expectations of a record wheat crop were countered by uncertainty surrounding weather conditions on the East coast of Australia.
- Euronext wheat futures for July delivery markets were down 13% over May, due mainly to expected production increases in the EU and Black Sea regions and a relaxation of panic buying with access to new crop supplies looking more assured.
- Movements in the corn market are likely to have a growing influence on wheat markets over the second half of 2008, especially soft red winter (SRW) wheat. At current price levels SRW wheat is looking increasingly attractive as a substitute for corn in the US and European feed ration.
- The wheat harvest has begun in earnest in Southern US states with reports of good yields and high protein levels. The record large production in the US could potentially provide some harvest pressure on prices as new crop wheat begins to come onto the market.
- Canadian canola prices have remained relatively stable throughout May finishing the month at AUD6.50/Mt. European rapeseed prices surged 12% in early May reaching a top of EUR458/Mt before falling back to EUR432/Mt. Oilseed prices have been influenced by their linkage with the energy sector and the unprecedented surge in crude oil prices which reached as high USD132 per barrel during May.
- International barley prices eased during May following the lead from lower wheat prices and a more favourable production outlook.

Australia

- South west and northern regions of the WA wheat belt have experienced good rainfall events throughout April and May which should allow for a successful planting window in the west. However, cropping areas around Esperance are still waiting on a rainfall event to get plantings underway.
- Rain during the middle of May has allowed planting to get underway in the southern states of Victoria and SA. Meanwhile, areas in southern NSW still await the break needed to get their planting programs into full swing, with many farmers commencing dry sowing.
- Northern areas of NSW received rains in early June which have built on good sub soil moisture profiles and provided good planting conditions for June.

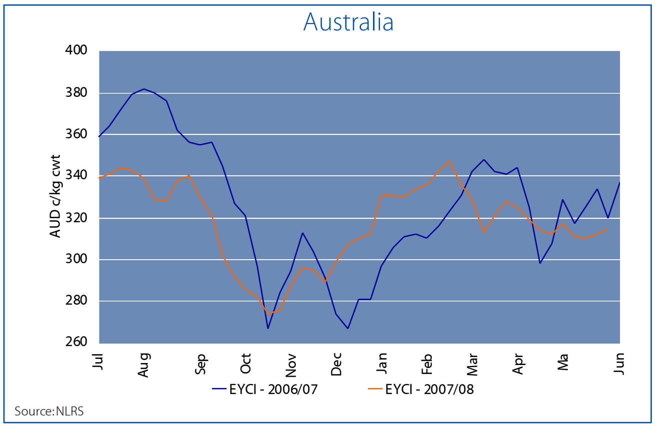
Beef

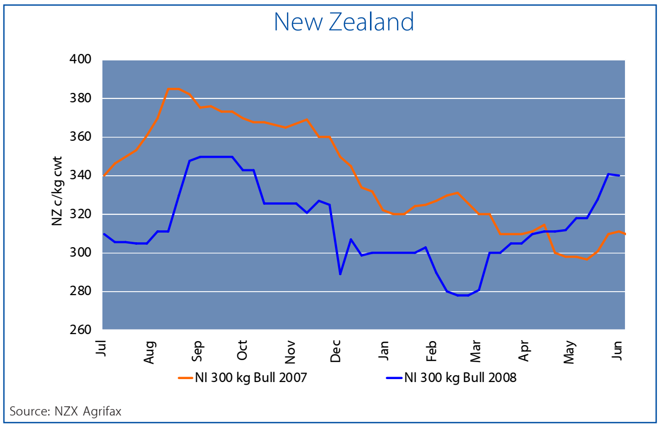
AUD prices (c/kg cwt)			
	Current (30/05/08)	Last week	Last year
Eastern Young Cattle Indicator (EYCI)	384	383	390

Source: NLRS

NZD prices (c/kg cwt)			
	Current (06/06/08)	Last week	Last year
North Island Bull 300kg	340	341	311
South Island Bull 300kg	340	330	295

Source: NZX Agrifax





Global

- The on-again, off-again prospects for beef trade from the US to Korea have continued during May. Following the April decision to permit imports of bone-in beef from cattle 30 months of age and under from the USA, the Korean government announced the final import terms for US beef at the end of May, with inspections expected to commence during the first week of June and the products to be available in the market shortly after. However, official complaints and widespread consumer protests in Korea at the beginning of June resulted in the goverment delaying the commencement of beef trade.
- Lean manufacturing beef prices in the US pushed even higher during May. Imported 90CL cow beef lifted a further 5% by early June to reach US 158 cents/lb, while US domestic 90CL cow beef surged 19% to US 172 cents/lb. The availability of imported lean beef has remained low and will move seasonally lower from New Zealand and Uruguay over the coming months. Therefore, the US beef market has increasingly looked towards its domestic supplies – where considerable uncertainty prevails. US beef cow slaughter has been high over recent weeks (including increased numbers of Canadian cows) and when combined with high feed costs and worse than average pasture growth, conditions in the US lean beef prices are likely to remain at relatively high levels.

Australia

- Young cattle prices remain lower than the same time last year, as dry conditions in many pastoral areas of Australia continued to impact on the supply and quality of cattle entering the market. The EYCI ended May at AUD 3.15/kg cw, 5% below the same time late year.
- Despite the high Australian dollar, returns to exporters from the US market have improved on last year's prices, with US buyers paying record 90CL prices. The rise in prices in the US has been driven by a major tightening of supply from Australia, Uruguay and Canada.
- Australian chilled beef & veal exports for the five months to May 31 were down 13% year-on-year, driven primarily by a slowdown in demand for chilled beef in Australia's primary export market Japan, which accounted for 10.8% of the decline.

New Zealand

- Farm gate bull beef prices lifted by more than NZ 20 cents/kg over the past month, due to higher US lean beef prices and a weaker NZD. Bull beef prices are now around 10-15% (NZ 30-45 cents/kg) higher than the same period in 2007 with a greater increase in South Island prices, which are currently on a par with the North Island.
- Cattle slaughter numbers are currently 1.5% behind the same period last year (NZX Agrifax) with the largest variance seen in cow numbers which trail 12% behind and are likely to reflect dairy cows being increasingly held for herd expansion.
- After PPCS's announcement last month, meat processing companies continue to report their half yearly results with AFFCO also announcing a significant lift in profitability from 2007. AFFCO reported profits of NZD 10 mln for the March 2008 period, compared to the loss of NZD 18 mln in 2007, citing a combination of improved market returns, increased efficiencies and cost controls for the turn around.

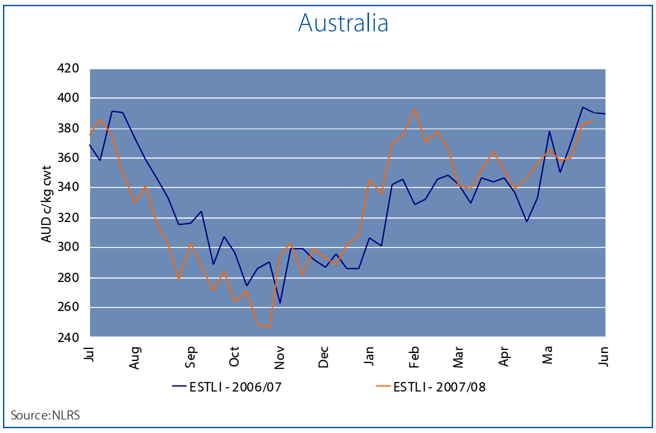
Lamb

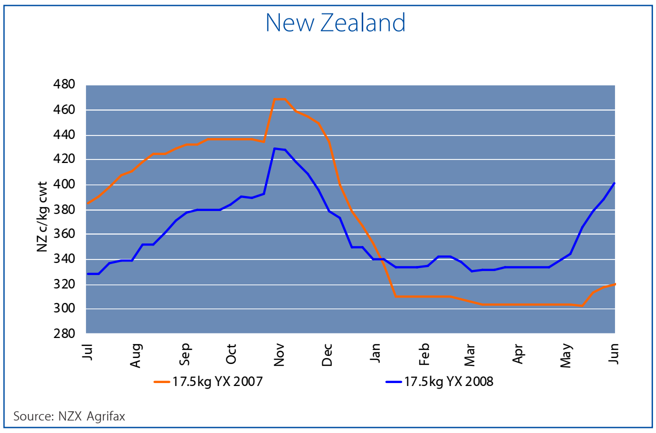
AUD prices (c/kg cwt)			
	Current (30/05/08)	Last week	Last year
Eastern States Trade Lamb Indicator	384	383	390

Source: NLRS

NZD prices (c/kg cwt)			
	Current (02/06/08)	Last week	Last year
NI 17.5kg YX	397	397	317
SI 17.5kg YX	401	388	320

Source: NZX Agrifax





Australia

- Lamb prices have surged at the end of May, with processor demand strong and the supply of quality lambs declining leading into winter. The Eastern States Trade Lamb Indicator reached AUD3.84/kg cw, just below the same period in 2007. With supply expected to tighten through winter, lamb prices are set to remain high.
- Lamb exports for the five months to May 31 grew by 4.5% year-on-year, with exports to Asia growing 31.4%. Mutton exports were also higher over the first five months of the year increasing by 9.6%.

New Zealand

- Farm gate lamb prices moved sharply higher during May as international markets firm and New Zealand lamb availability for processing enters its seasonal decline. Prices are currently 25% (NZ 80 cents/kg) ahead of the same period in 2007 and have reached the highest early June prices seen since 2005.
- Lower European sheep slaughter early in 2008 is contributing to firmer international market prices. For the four months to April slaughter numbers were 5-7% lower in France and Ireland for both sheep and lambs. UK slaughter was higher due to the backlog from Q4 2007 related to FMD movement restrictions, however the breeding flock is continuing to decline.
- 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 20% higher than the same period last year.

Dairy

World dairy prices									
	USD/tonne			AUD/tonne			NZD/tonne		
	23/05/08	last month	last year	23/05/08	last month	last year	23/05/08	last month	last year
Butter	3,925	3,950	2,200	4,097	4,169	2,683	4,998	4,975	3,031
SMP	3,500	3,500	4,250	3,653	3,694	5,184	4,457	4,408	5,855
WMP	4,500	4,550	4,050	4,697	4,803	4,940	5,730	5,731	5,579
Cheddar	5,000	5,050	3,200	5,219	5,330	3,903	6,367	6,361	4,408

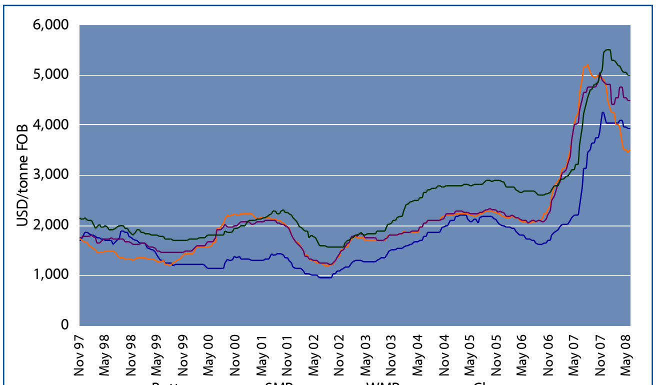
Source: USDA

Global

- May brought further hope for those looking for an end to the downward trend in dairy commodity prices evident in late 2007/early 2008. USDA data has shown little movement in FOB Oceania prices between mid April and the close of May.
- Markets may have received support from the weak finish to the Southern Hemisphere production season. Declining milk collection in Australia and New Zealand in particular has restricted factory throughput in these regions.
- The stabilisation of the SMP market, following a 33% decline in the eight months to mid April, also raises the possibility that some buyers have re-entered the international market as powder has become less expensive. Having reduced purchases through 2007, official trade data suggests that China's imports of SMP rose strongly during the first quarter. However, the trend is far from all inclusive, with Taiwanese SMP import volumes substantially down during the same months.
- Cheese prices are holding up surprisingly well given the absence of strong Japanese buying. Japanese cheese import volumes fell by 9% in the first quarter of 2008 before stabilising in April. The decline came as local processors were forced to pass on rising costs of natural cheese in order to rebuild margins, with retail cheese prices in March reported as 27% above previous year levels.

Australia

- A rising Australian dollar has seen export pricing edge further down, despite the stabilisation of USD prices. By late May AUD export prices for SMP were 30% below the average of the 2007/08 season to date, with other commodities down 5%-10%.
- Australian dairy exporters will be well served in the coming season by their current product mix. In particular, shipments of SMP/butter have halved since the peak of Australian milk supply in 2001/02, while cheese shipments have barely changed - as exporters looked to retain service to high value long term customers at the expense of more commoditised markets.
- On May 15 water authorities announced expectations for the 2008/09 irrigation season in Northern Victoria. While irrigators are unlikely to receive any opening allocation in July, given 'average' inflow volumes authorities still maintain that irrigators would receive 100% allocations of high reliability water rights by February. However, with key storages still extremely low, the downside potential was noted as substantial should another dry year eventuate.



Source: USDA

Production growth in key exporting regions		
	Latest month	Last 3 months
EU 27	1.6% (Mar)	3.1%
US	2.3% (Apr)	3.3%
Argentina	3.3% (Mar)	1.6%
Australia	-1.6% (Apr)	-1.5%
NZ	-4.5% for 12 months to May 2008	

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

New Zealand

- A relatively stable (or slightly declining) New Zealand dollar held export prices during May at prices very close to the 2007/08 season average. The exception is SMP, which is currently 25% below its season average. However, butter is up 7% on the 2007/08 average in NZ dollar terms.
- Favourable international conditions have been reflected in Fonterra's latest announcement, in which it lifted payout for the 2007/08 season to NZD7.90 per kgMS (of which 35 cents is the value add component). The opening price of NZD7.00 per kgMS for the 2008/09 season is a clear signal that strong prices are expected to continue beyond the recent season – however, Fonterra have cautioned that volatility means an equal possibility of movement up or down during the season.
- Volatile markets were also reflected in other significant changes announced for Fonterra shareholders. The likelihood that NZ 30 cents/kgMS will be held in retained earnings from the 2007/08 season was signalled and will be finalised in September. The Fonterra Fair Value Share price has also fallen to NZD5.57 (from NZD6.79) for the 2008/09 season as a result of changes to Fonterra's cost of capital, updated cost assumptions and the convergence of dairy commodity prices internationally.

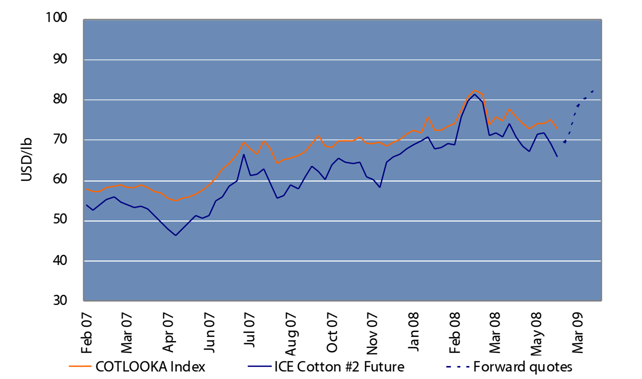
Cotton

Monthly average cotton prices (US¢/lb)			
	Current (30/05/08)	**Last week**	**Last year**
Cotlook A Index	72.75	74.10	57.60
NY Futures (July 08)	65.74	69.21	50.48

Source: Bloomberg/ICE

Australia

- Cotton prices retracted in May with the ICE cotton no. 2 futures contract falling 5.5% on the month to finish at 65.44USc/lb. The falls came late in the month and were primarily the result of speculative liquidation and a slowdown in mill demand.
- The current investigation by the Commodity Futures Trading Commission into the US future market is also having a negative impact on the market. Expectations that swap transactions are likely to be either monitored or regulated has seen many swap positions liquidated.
- Australian cotton prices have been somewhat insulated from the falls seen in international markets after news that China will readjust its sliding scale tariff on cotton imports from 5-40% to 3-40% on June 5. This is expected to benefit Australia's higher grade cotton.



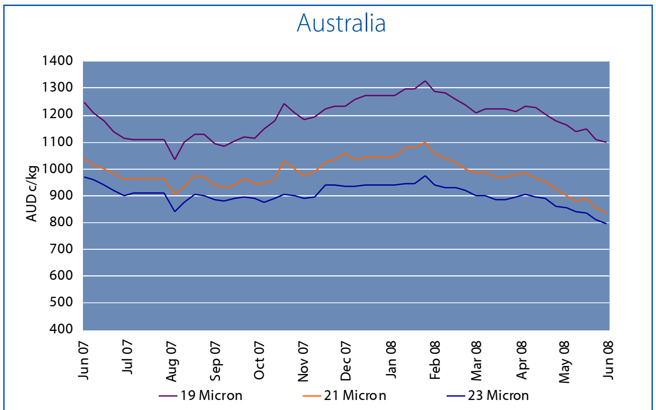
Source: Bloomberg/ICE

Wool

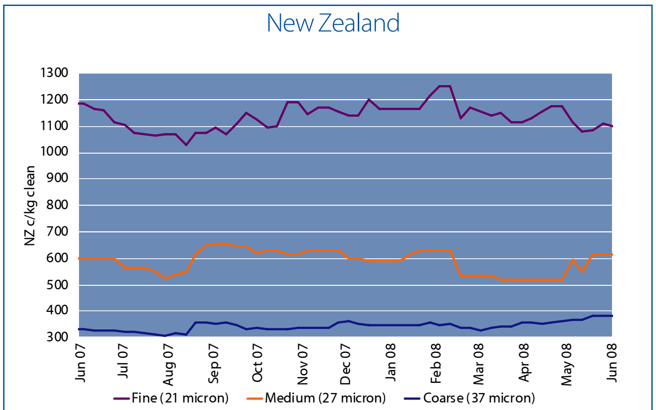
Eastern Market Indicator (AUD c/kg clean)				New Zealand (NZD c/kg clean)			
	Current (30/05/08)	**Last week**	**Last year**		**Current (02/06/08)**	**Last week**	**Last year**
Fine (19 micron)	1098	1107	1246	Fine (21 micron)	1100	1111	1186
Medium (21 micron)	833	853	1041	Medium (27 micron)	615	615	600
Broad/coarse (23 micron)	795	809	970	Broad/coarse (37 micron)	382	382	330

Source: The Woolmark Company

Source: NZX Agrifax



Source: The Woolmark Company



Source: NZX Agrifax

- Wool prices continued their decline throughout May, with the EMI falling a further 5.7% to finish the month at AUD8.52. Ongoing demand concerns for finished and semi processed woollen products in many major wool consuming countries continues to weigh heavily on the minds of wool buyers, which has forced prices lower.
- Demand for fine wool continues to remain relatively strong. Current 18 micron wool prices are close to the highest levels seen since 2003. Total sales of Australian fine wools are expected to reach record levels in 2007/08, surpassing the USD5 billion mark for the first time.
- New Zealand wool prices finished May stronger, averaging 12.5% higher for broader microns, as exchange rate pressures eased throughout the middle of the month and competition amongst buyers for dwindling supplies was strong.

Sugar

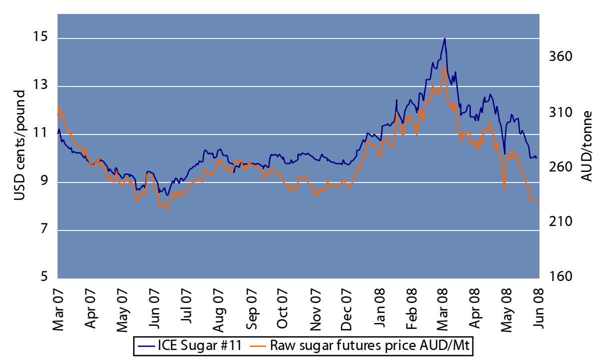
New York 11 Prompt (raw sugar futures price July 2008)					
US¢/lb			AUD/tonne		
Current (30/05/08)	Last week	Last year	Current (30/05/08)	Last week	Last year
10.02	10.01	9.37	231	230	251

Source: Bloomberg/ICE

Australia

- The world sugar market remains under renewed bearish pressure as two years of massive surplus are weighing on the market. Prices on the ICE New York No. 11 contract fell to new 2008 lows of 9.97 USc/lb during May, a 34% fall from this year's high of over 15.00 USc/lb set in March.
- The widespread belief that sugar prices will move in line with crude oil prices, due to their relationship with ethanol, has not been observed over recent months, with the opposite being the case.
- However, it is expected that rising crude oil prices will tempt Brazil's growers to produce more ethanol in place of sugar. It has been reported that two-thirds of the Brazilian 2008/09 crop so far has been used for ethanol, up from the historical average of slightly more than half of this should help run down world sugar stocks.
- Indian production is also forecast to fall, but these reductions are expected to be largely offset by bumper supplies from recent Asian harvests and reduced import demand from countries such as China.

New York 11 Prompt (July 2008) Futures Contract



Source: Bloomberg/ICE

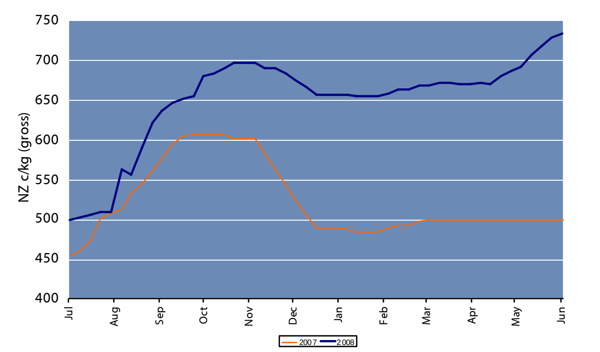
Venison

NZ c/kg gross			
	Current (02/06/08)	Last week	Last year
NI Stag 60kg	723	723	480
SI Stag 60kg	734	729	499

Source: NZX Agrifax

New Zealand

- The seasonal upswing in venison prices is now underway with farm gate prices lifting by around NZ 30 cents/kg over the past month. Current prices of around NZD 7.30/kg are some 50% higher than the same period in 2007 and at levels not seen since prior to 2002.
- PPCS has confirmed the closure of its Burnside deer processing facility in Dunedin as a result of the continued decline in deer slaughter numbers. Deer will be processed through PPCS's four other South Island sites.



Source: NZX Agrifax

Wine

Wine exports	Australia			New Zealand		
Measuring system	Comparative MAT Performances			Comparative MAT Performances		
Period	**Apr-08**	**Apr-07**	**Change %**	**Apr-08**	**Apr-07**	**Change %**
Volume (million litres)	730.1	797.5	-8.5	86.1	74.2	16.0
Value (AUD/NZD million)	2,809.9	2,940.2	-4.4	n/a	n/a	n/a
Unit value (AUD/NZD per litre)	3.85	3.69	4.3	n/a	n/a	n/a

Note: MAT - Moving Annual Total refers to the twelve months ending with the nominated month
Source: Australian Wine and Brandy Corporation and New Zealand Winegrowers based on Statistics New Zealand
N/A: Not available at the time of printing

Global

- France aims to gain back international market share from New World producers by modernizing its wine industry simplifying marketing, production and labelling techniques. France is also contemplating a proposal to create three categories for French wine: a new mid-quality category, called the "Wines of France" which will include the grape varietal on the label (instead of grape origin) and will use cheaper production practices, such as adding wood chips and tannins. The second category would be directed to a specific area and the third will cover the AOC (Appellation d'Origine Controlee) appellation. The proposal is to be signed in August 2009.

Australia

- MAT April 2008 volumes were down 8.5% as a result of a decline in bulk shipments of 33% (78 million litres) and soft-pack of 41% (7 million litres), while bottled shipments grew 3%. Average price of bulk wine increased 17% to AUD1.19 per litre. Average price of bottled wine fell 5% to AUD4.62 per litre.
- The UK remained the number one export market by volume (275 million litres) and value (AUD921 million) with an average price of AUD3.35.
- The 2008 Wine Industry Outlook Conference will be held on Thursday 13 November in Sydney. The theme for this year is "Striking a sustainable balance", aiming to reflect the importance of working towards a future for the industry that is both environmentally and financially sustainable, and balanced in terms of supply and demand.
- Wine trade between Australia and Chile is likely to benefit from a free trade agreement (FTA) between the two countries. The agreement, which covers 97% of trade between the two countries and will be formally signed in July and come into force on 1 January 2009 includes all agricultural products, including the 5% tariff Australia imposed on Chilean wine and the 6% tariff Chile imposed on Australian products. The remaining 3% merchandise will enter duty free by 2015.
- South Australian winemakers aim to improve their share of the international market by appealing to drinkers with an environmental conscience. An agreement was signed to track and reduce the local industry greenhouse emissions. Major chains like Tesco in the UK are starting to inform consumers about the carbon footprint of the products they sell.

New Zealand

- MAT April 2008 exports were 16% up on the previous year. April exports were 20% up on the previous year, the highest monthly growth rate in the past 6 months.
- The fourteenth annual Romeo Bragato conference will be held in Christchurch from the 21st to 23rd August. "Growing and selling quality" is the theme for this year's event. Rabobank's key note speaker will present on "Marketing NZ wine into Asia", focusing on the myths and facts of the China market.

Horticulture

Australia

- Higher fuel and fertiliser prices drive fruit and vegetables prices higher. Fertiliser and crop protection prices alone comprise between 11% and 14% of total farm input costs (Growcom).
- Vegetable growers across Australia will be surveyed by ABARE about the issues they face including production, cost structures, profitability, and efficiency as well as demographics, socioeconomic circumstances of people in the industry and the future business intentions of growers. This is the first of the three vegetable surveys Abare will conduct on behalf of Horticulture Australia Limited.

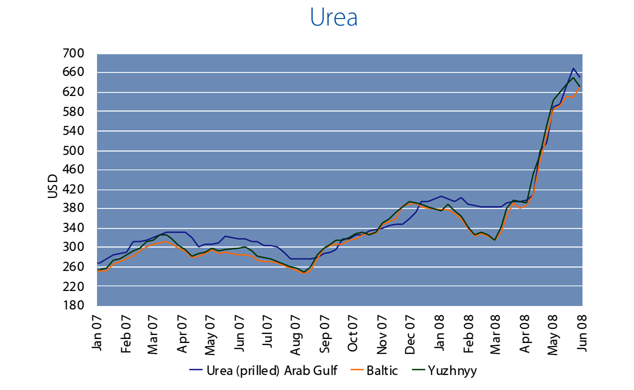
New Zealand

- New Zealand's fruit, vegetables, wine and flowers earned a combined NZD5.2 billion in the year to June 2007, NZD400 million up on 2006. The figures published by HortResearch in May stated export returns for 2007 were NZD2.67 billion (FOB), up from NZD2.36, while returns from the domestic market were estimated at NZD2.56 billion.
- In 2007, fresh fruit remained New Zealand's largest horticultural export sector, with revenues of NZD1.2 billion, including NZD765 million from kiwifruit and NZD343 million from apples (HortResearch).

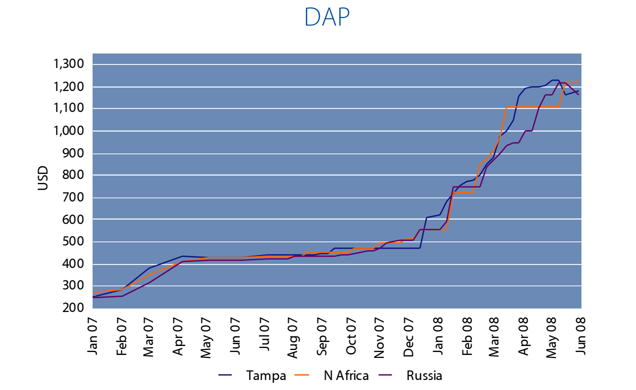
Fertiliser

All shown as USD/tonne	Current (29/05/08)	Last month	Last year
Urea (Arab Gulf)	650.00	515.00	317.50
DAP (Tampa)	1181.50	1207.50	428.50

Source:FertilizerWeek



Source:FertilizerWeek



Source:FertilizerWeek

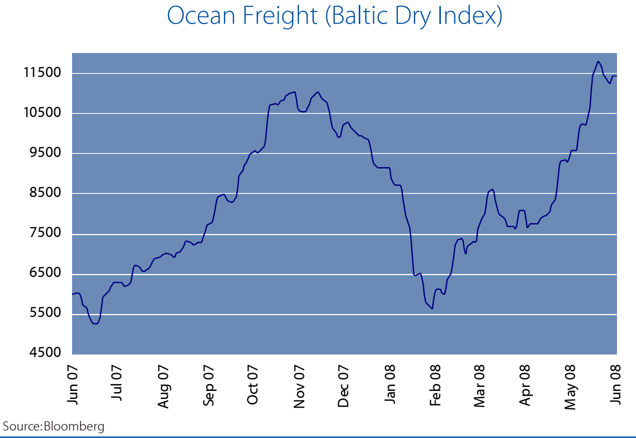
- Prices for both Urea and DAP have stabilised in May, as phosphate demand has slowed due to a seasonal lull and traders show their reluctance to bid for Urea at higher price levels. Traders are also finding it increasingly difficult to fund fertiliser purchases under working capital at these higher prices.
- Ammonia again saw lower prices due to continuing weaker demand from the US and India. However many commentators believe that Ammonia prices have bottomed and should increase moving forward.

Other costs

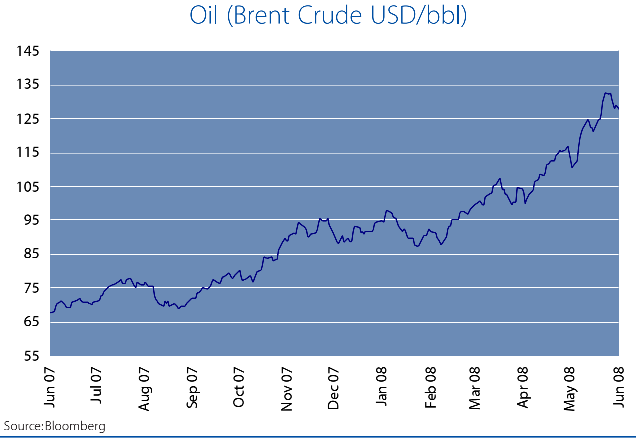
	Current (03/06/08)	Last week	Last year
Baltic Dry Index	11503	11269	6011
Brent Crude (USD/bbl)	127.23	132.51	68.22

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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Rabobank New Zealand Branch

Business Banking Division

Christchurch	(03) 341 4200
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Auckland	(09) 375 3700

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For enquiries please contact your nearest branch or +61 2 8115 4000 in Australia or 0800 722 622 in New Zealand.

Bill Cordingley
Head of FAR
Bill.Cordingley@rabobank.com

Luke Chandler, Senior Analyst
Commodities
Luke.Chandler@rabobank.com

Tim Hunt, Senior Analyst
Dairy (Australia), Food Retail
Tim.Hunt@rabobank.com

Andrew Millett
Head of Corporate and Rural Origination and Sales
Global Financial Markets

Hayley Moynihan, Senior Analyst
Dairy, Animal Proteins (New Zealand)
Hayley.Moynihan@rabobank.com

Wendy Voss, Senior Analyst
Animal Proteins (Australia)
Wendy.Voss@rabobank.com

Vera Zelenay, Analyst
Wine, Horticulture
Vera.Zelenay@rabobank.com

Doug Whitehead, Analyst
Wool
Doug.Whitehead@rabobank.com

www.rabobank.com.au
www.rabobank.co.nz

Rabobank