



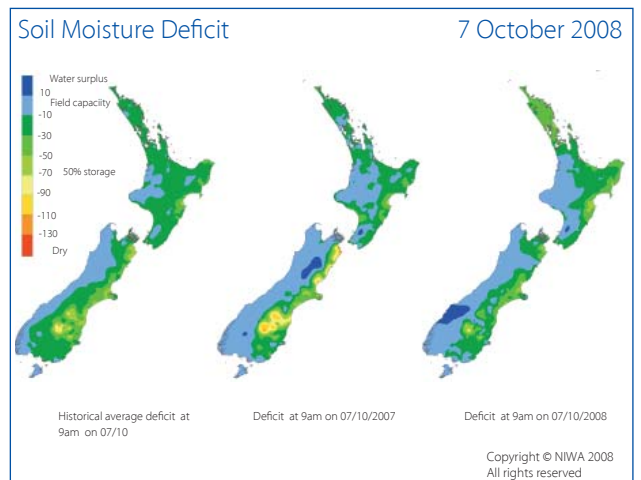
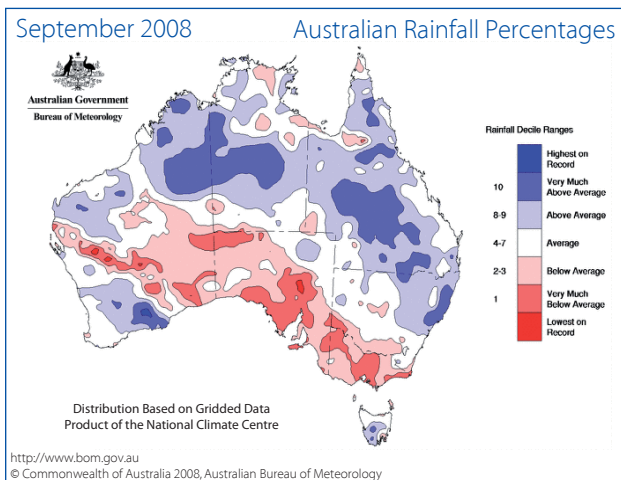
Australia & New Zealand Agribusiness Review

October 2008

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

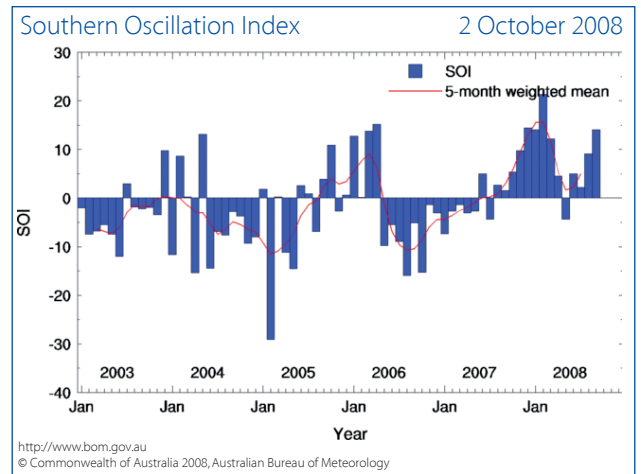


Australia

- Although the national rainfall for September was slightly above average it was a very dry month for South Australia, Victoria, southern parts of NSW and south east WA.
- The nations maximum and minimum temperatures for September were both above average, with only parts of southern Australia experiencing cooler overnight temperatures compared to average.
- The national outlook from the Bureau of Meteorology for the next 3 months shows that much of Australia has a 60% to 75% chance of higher than average temperatures.
- Rainfall between October and December over much of Australia has a 55% to 75% chance to be higher than average. South eastern Australia only has 30% to 50% chance of higher than average rainfall.
- The latest 30 day SOI continues to stay in positive territory at +10 and is being driven by stronger than average trade winds in the western regions of the Pacific Ocean.

New Zealand

- September provided a welcome start to spring in New Zealand with above average temperatures for most regions and rainfall below normal for many areas after the deluges received over the prior two months. Pasture growth is now well underway, benefiting from good soil moisture levels throughout the country.
- NIWA's outlook to December is for settled and dry conditions. Soil moisture levels are expected to be below



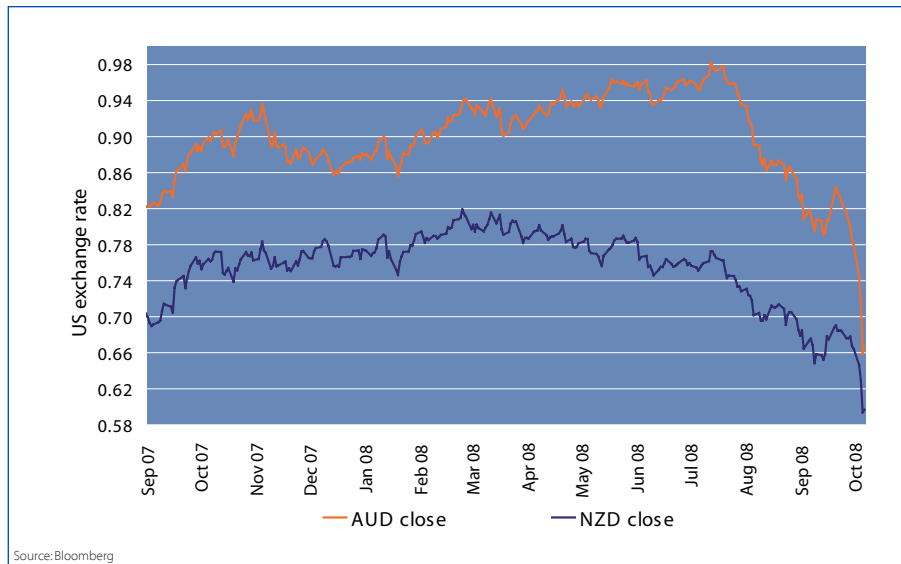
normal for Taranaki/Manawatu and normal or below normal for the northern North Island (including Waikato and Bay of Plenty) and the north and east of the South Island.

*Please see last page for important information

Currency/economy

Currency USD = Close (bid)			
	Current (09/10/08)	Last week	Last year
AUD	0.6678	0.7843	0.8950
NZD	0.5965	0.6674	0.7614

Source: Bloomberg



Source: Bloomberg

Global

- US and global financial market turmoil has caused absolute chaos over the past month. A number of major financial institutions have been lost in what appears to be one of the biggest crises to hit the world economy in a very long time. The US government has been forced to come to the rescue of the financial system by rushing through a 700 billion dollar "bailout" package aimed at easing the credit squeeze in the financial markets system.
- According to the International Monetary Fund (IMF) a united central bank approach to the crisis will be needed to secure the financial markets of the world from moving into a deep recessionary period.

Australia

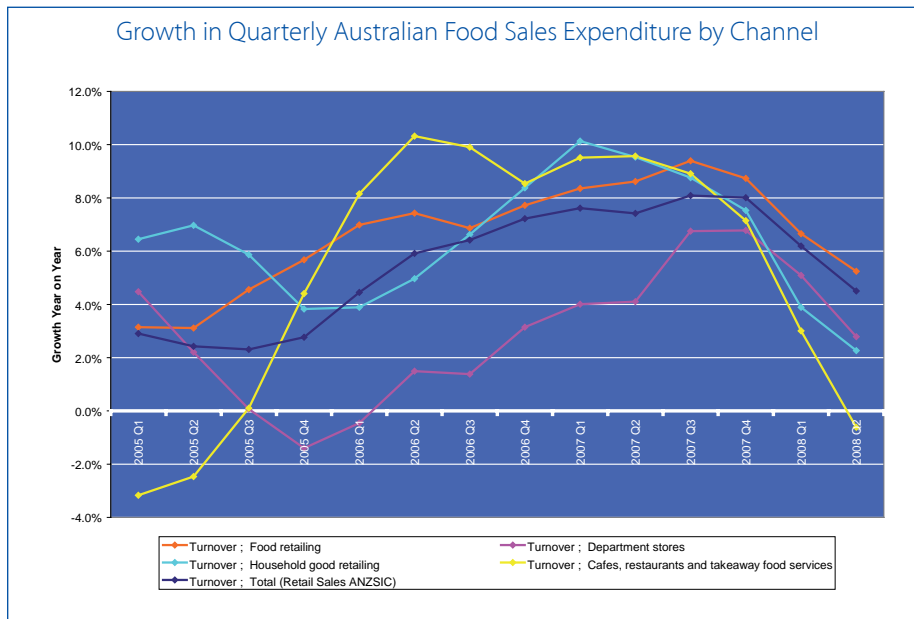
- In response to the global financial markets crisis and increasing concerns of a global recession, the Reserve Bank of Australia (RBA) announced a 100 basis point cut to the official cash rate (OCR) on the 7 October. This was the first time rates have been cut by this amount in sixteen years and follows last month's 25 basis point cut, dropping the OCR to its lowest level since November 2006. Reflecting the Reserve Bank's fears that a slow down in the global economy will flow through to the domestic economy, Australian home loan approvals fell in August to a seven year low.
- Rationalisation in the Australian financial system also appears to be gathering momentum fuelled by the current crisis.
- The Australian dollar has also been hammered from pillar to post over the past month, plummeting below USD0.70 in early October to a five year low. The parity party plans of only 3 months ago have been thrown out the window as the AUD has lost 29% against the USD, since reaching a 25 year high of over USD0.98 on the 16th of July.

- Australia's currency has been so significantly affected due to its tie with global commodity markets and perceived reliance on a strong global economy to drive demand. Investors have also been shifting money out of relatively high yielding economies such as the Australian and New Zealand dollars to relative "safe haven" currencies such as the Japanese Yen.

New Zealand

- The RBNZ are expected to follow on from last month's 50 basis points cut to the OCR when they meet on 23 October. Given the slowdown in the New Zealand economy, together with the crisis in the world financial markets, the question at this stage is really, by how much rather than if?
- Similarly to the woes of the Australian dollar, the New Zealand dollar has also suffered significant losses in recent weeks, dropping to USD0.59 in early October, a two year low. The NZD has shed 12% against the USD over a two week period.

Food retail



Source: ABS Cat 8501

NOTE: The ABS has made significant changes to its Retail Business Survey design, including the merging of several food retail categories. These changes are reflected in the series now reported in the above chart. The changes also impact the reliability of seasonally adjusted data, reflected in our new focus on trend data in the text.

Australia

- Food retail sales continued to trend upwards in August at modest rates on a monthly basis, as it has done since November 2007. However, when compared to the same month a year earlier, the rate of growth has clearly slowed from the dramatic increases we saw in the second half of 2007 that were fuelled by inflation (see chart). Whilst upward pressure on farm input prices generally remains high, we have seen food price increases slow in response to softening food commodity prices.
- Given the extent of economic uncertainty surrounding global financial markets, we would expect to see consumers exercising greater caution in coming months, especially with respect to discretionary retail spending. As a consequence, the growth trend we have observed in the last three quarters could potentially slide into a contraction in retail spending in the near future.
- Addressing a retailers group on September 23, Woolworths CEO Michael Luscombe said his outlook for the company was a cautious one, as the credit crunch begins to influence Australian consumers' shopping habits. The supermarket group felt that while overall spending has remained relatively constant, consumers were buying more own-brand products.
- Metcash remains optimistic despite the challenging economic climate and expects to achieve AUD1 billion in fresh food sales by the end of the 2009 financial year. Company CEO Andrew Reitzer indicated the company is on the lookout for acquisitions and is seeking businesses with similar operating models.
- Golden Circle, the Queensland based foods company has received a takeover offer from US based Heinz. The offer is pending shareholder approval and values Golden Circle at AUD1.65 per share (AUD288 million), significantly higher than earlier bids of AUD1.00 - AUD1.05 per share a year ago. Heinz

has indicated its desire to maintain contracts between Golden Circle and its growers, who will potentially benefit from increasing demand over time as Heinz grows the business.

- Other food sector activity saw Kellogg acquire Sydney-based Specialty Cereals, maker of biscuits, cereals and convenience foods under the Vogels, Wild Oats and Cerevite brands. The transaction price was not disclosed.

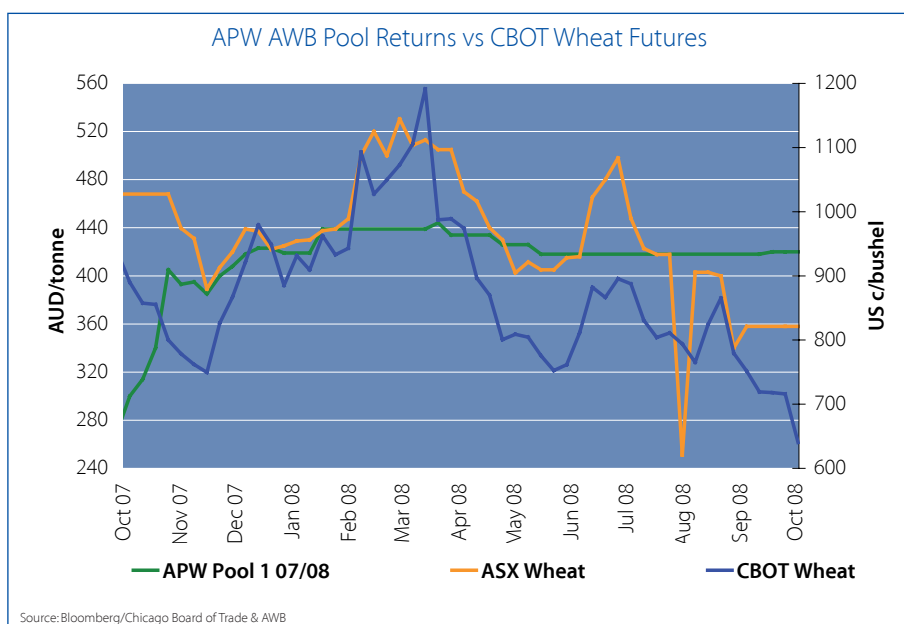
New Zealand

- In a preview of the new CPI figures to be released on 21 October, Statistics NZ has revealed that food accounts for NZD17.83 of every NZD100.00 spent, compared with NZD17.38 in 2006. This reflects an 11.3% increase in food prices over the past two years.
- Food prices rose 2.7% in August which is the largest monthly increase in 19 years, according to Statistics NZ. This increase took the annual rate of food price inflation to 10.6%, the largest annual increase since the year to May 1990.
- Vegetable prices were up 14.5% driven by a 33.6% rise in prices for lettuce and a 42.8% rise in tomato prices. Rising vegetable prices accounted for nearly half the increase in overall food prices. Vegetable prices have increased by 36.4% during the past four months due to unusually wet weather.
- Fruit and vegetables together as a category have risen 19.1% in the year.
- Grocery food prices were up 1.9% in August, while the meat, poultry and fish subgroup was up 2.6%

Grains and oilseeds

Chicago Board of Trade Wheat Futures (nearby contract)			AWB APW 2007/08 Pool Price	
	USc/bushel		AUD/tonne	
Current (03/10/08)	Last month (05/09/08)	Last Year (05/10/07)	Current (03/10/08)	Last month (05/09/08)
640.25	751.50	890.00	420.00	418.00

Source: Bloomberg/AWB



Global

- World grain and oilseeds prices have continued to show significant volatility over the past month, with fundamentals pushed to the sidelines during the fall out of the world financial crisis.
- Flow-on effects to the broader economy have increased the risks of a US and global economic slowdown which threatens to destabilise demand expectations, particularly in developing nations.
- US wheat export sales are slowing as exporters are trying to capture demand against a backdrop of extreme uncertainty in the global financial markets.
- EU wheat prices have fallen due to strong competition from the neighbouring Black Sea region for North African and Middle East demand. In addition, an estimated record level of EU-27 wheat production in 2008 has also resulted in weakening prices following harvest.
- While northern hemisphere new crop grain supplies are abundant there are some supportive fundamentals in the market which are expected to support firm to higher world wheat prices in the coming months. On-going concerns over southern hemisphere growing conditions, due to dry periods in both Australia and Argentina, together with quality concerns in the Black Sea are supportive for improved price levels.

Australia

- Australian production expectations for wheat have been edged lower in September and early October following frost in Western Australia and on-going dry conditions, particularly in Victoria, parts of South Australia and southern New South Wales.
- Rabobank has revised its wheat production forecast lower by 0.5 million tonnes, to 20.5 million tonnes, maintaining a final production range of 19 to 23 million tonnes.
- Second half October rainfall will play a significant role in final production levels of Australia's winter crops.
- In recent weeks the depreciating Australian dollar against the US dollar has helped to offset the considerable fall in world wheat futures with the Australian dollar wheat prices falling 6% since the end of August, compared to a 23% decline in the Chicago Board of Trade nearby wheat futures.

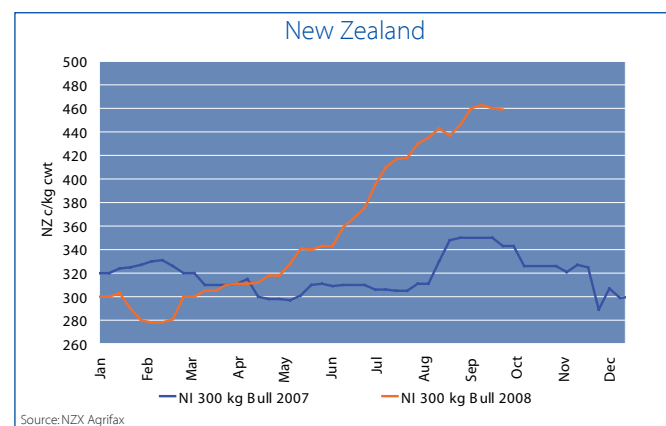
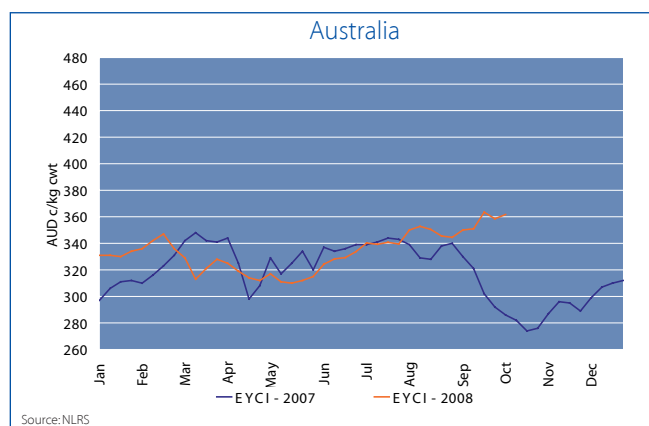
Beef

AUD prices (c/kg cwt)			
	Current (03/10/08)	Last week	Last year
Eastern Young Cattle Indicator (EYCI)	361.75	358.50	286

Source: NLR5

NZD prices (c/kg cwt)			
	Current (06/10/08)	Last week	Last year
North Island Bull 300kg	459	460	343
South Island Bull 300kg	413	412	328

Source: NZX Agrifax



Global

- Growing concerns of an economic slowdown are leading to uncertainty in many key beef export markets, with some buyers waiting to see to what extent consumer demand for beef is impacted before committing to purchases. As a relatively high cost protein, beef demand can be significantly impacted by slowing economic growth as consumer's "trade down" towards lower priced meats such as pork and poultry.
- US manufacturing beef prices continued to move seasonally lower over the past month. Domestic 90CL US cow beef prices fell by around US 15 cents/lb or 9% as supply availability remains high. Imported beef prices fell to a lesser extent and are now at similar levels to domestic product, however weaker US demand and uncertain trading sentiment is likely to soften the price outlook over coming months. Despite this, exporters are expected to find some counterbalance provided by a stronger US currency permitting benefits in local currency terms.
- On 30 September Country of Origin Labelling (COOL) at retail was introduced in the United States for meat products, including beef, lamb, pork and poultry. The COOL requirements are expected to create challenges for US beef processors, many of whom process cattle from the US, Mexico and Canada. The labelling requirements do not apply to food service outlets, and there will be a 6 month phase-in period for the programme.

Australia

- Young cattle prices continued to rise steadily throughout September, reaching AUD 361c/kg cwt. This is 26% above the same period in 2007, due to improved weather conditions in many of Australia's major cattle producing areas.
- Australian exports to the Philippines have jumped in 2008, rising by 385% on the same time last year to 8,881 tonnes for January to August period. This is the highest volume shipped to the Philippines market since 2002. A major factor behind the increase in exports has been the reduction in supply from Brazil, which have dropped by more than 60% compared to last year, to just over 10,400 tonnes at the end of August.

New Zealand

- Farm gate beef prices continued to increase in early September, before levelling off later in the month. Prices remain 25% - 30% (approx. NZ 80 -110 cents/kg) above the previous year as a result of good international prices available, the tailwind provided from the lower NZD/USD exchange rate and reduced availability of stock for processing.
- New Zealand beef exports during August increased 35% (around 6,000 tonnes) compared to August 2007. Volumes exported to the US accounted for more than half of the increase while shipments to Japan increased by 40% compared to the previous year.

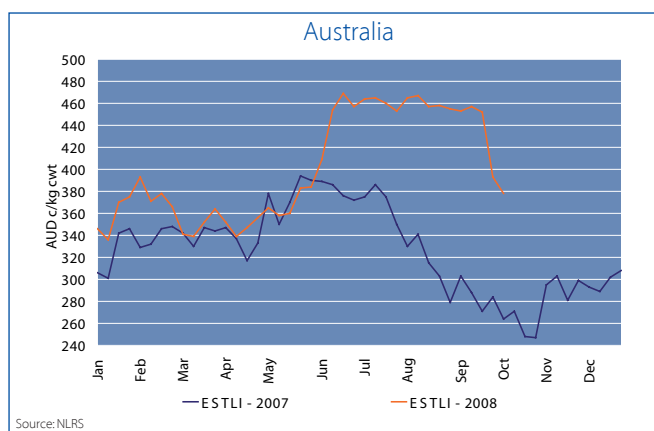
Lamb

AUD prices (c/kg cwt)			
	Current (03/10/08)	Last week	Last year
Eastern States Trade Lamb Indicator	378	393	264

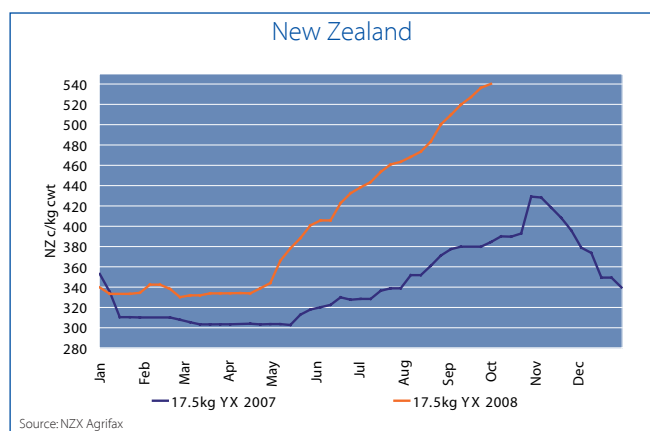
Source:NLRS

NZD prices (c/kg cwt)			
	Current (06/10/08)	Last week	Last year
NI 17.5kg YX	524	515	395
SI 17.5kg YX	540	536	390

Source:NZX Agrifax



Source:NLRS



Source:NZX Agrifax

Australia

- Lamb prices have seen a significant decline over the past month, as increasing numbers of new season lambs enter the market. The Eastern States Trade Lamb Indicator began October at AUD 3.78/kg cwt, a 17% fall on prices at the beginning of September. The seasonal fall in prices is expected to continue, however prices are likely to remain above 5 year average levels, due to the lower supply.
- September export sales to the US, Australia's largest overseas market, fell by 64% compared to September 2007 to 2,481 tonnes. The decline has been due to combination of reduced supply of heavy lambs suitable for the US, and subdued demand due to pressure on consumer budgets in the US. As a premium product, lamb demand in the US is likely to be further impacted in the event that the economy slows in the fourth quarter.

New Zealand

- Farm gate lamb prices continued their rise during September, increasing by 6% (around NZ 30 cents/kg cwt) to exceed NZD 5.00/kg across the main weights and grades. Prices are now at unprecedented levels and have reached 35% higher than the same period last year.
- International market prices are relatively steady, but farm gate prices have enjoyed the benefits of a weaker NZ dollar against most key trading currencies.
- New Zealand sheep meat exports during August increased 12% (around 3,500 tonnes) compared to August 2007. Exports to the US, Saudi Arabia and Mexico all increased by more than 1,000 tonnes each from August the previous year.
- The PGGWrightson transaction to purchase 50% of Silver Fern Farms did not proceed as planned from 1 October 2008 due to tumultuous financial markets impacting settlement. The Chairman of PGGWrightson remains optimistic that the deal may complete in November.

Dairy

World dairy prices									
	USD/tonne			AUD/tonne			NZD/tonne		
	26/09/08	last month	last year	26/09/08	last month	last year	26/09/08	last month	last year
Butter	3,250	3,600	3,750	3,910	4,167	4,248	4,743	5,113	4,954
SMP	2,850	3,300	4,950	3,429	3,820	5,608	4,159	4,687	6,540
WMP	3,050	3,600	4,750	3,670	4,167	5,381	4,451	5,113	6,276
Cheddar	4,250	4,600	4,850	5,114	5,325	5,495	6,202	6,533	6,408

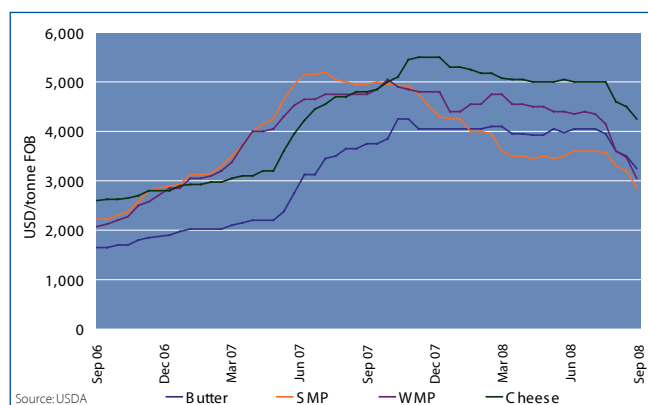
Source: USDA

Global

- International dairy prices fell significantly in September, continuing the sharp downturn evident since early August. By the end of September, prices of key commodities were down 15%-30% from early August levels.
- The dramatic price shift continues to reflect technical and fundamental changes, and bearish market sentiment.
- The USD continued to strengthen during September – a technical factor that probably accounted for around 1/3 of the fall in USD prices over the last two months, as buyers and sellers simply recalibrated the value of USD prices in local currency terms.
- More fundamentally, demand appears to have softened significantly in recent months. Lags between wholesale and retail markets have ensured that dairy prices are still rising at retail level in most countries months after commodity prices peaked. At the same time, consumers in many countries are watching income growth slow and the value of their assets fall, reducing their appetite for discretionary goods like dairy. Substitution also appears widespread in ingredient markets.
- While recent data is not yet available, supply of dairy commodities may also have improved somewhat in recent months in international trade as Southern Hemisphere producers move towards their seasonal peak and reduced consumption in the EU and US continues to free up more product for export markets.
- Sentiment clearly remains negative, with buyers reportedly sitting on their hands in the anticipation of further price falls in the near term.
- The wild card remains the impact of the Chinese dairy crisis on international markets in coming months. It seems reasonable to assume that Chinese dairy exports have been shut down for the time being. Conversely, powder imports may well rise, given the combined impact of cheaper international prices and a flight to quality amongst Chinese consumers and ingredient users alike. Such a scenario may just provide some support to international powder prices, in particular, in coming months.

Australia

- Further falls in the AUD/USD cross rate through September washed out some of the impact of falling USD commodity prices over the same period. Nonetheless, AUD prices still fell significantly. At the close of September, AUD export prices sat 10% below the 2007/08 average for butter and cheese, and around 30% down for milk powders.
- On farm, September brought below average rainfall in most key growing regions in the south. However, soil moisture remains good in most areas and pasture growth remains solid.



Source: USDA

Production growth in key exporting regions		
	Latest month	Last 3 months
EU 27	0.7% (Jul)	0.3%
US	1.1% (Aug)	1.8%
Argentina	7.0% (Jul)	7.1%
Australia	1.2% (Aug)	4.6%
NZ	0% for 4 months to Sep 2008*	

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

- Irrigators in the key Murray and Goulburn regions of Victoria saw small increases in water allocation in late September, though low inflows into catchments further reduced prospects for good allocations later in the year.

New Zealand

- The NZD provided some shelter from commodity price falls, however prices moved 5-15% lower over the past month in local currency terms. NZD powder prices are now 25-30% lower than the 2007/08 season average, cheese and casein have held at comparable levels to last season and NZD export butter prices are currently higher.
- Dairy co-operatives finalised their 2007/08 season payouts over recent weeks with Fonterra confirming NZD 7.90/kgMS, Westland announcing NZD 8.22/kgMS and Tatura NZD 8.00/kgMS. All co-operatives announced retentions from their respective payouts. Fonterra lowered its payout forecast for 2008/09 to NZD 6.60/kgMS from NZD 7.00/kgMS.
- Turbulent financial markets have stalled progress for the new NZD 90 mln Southland milk processing venture, Mataura Valley Milk. Originally expecting to process milk from August 2009, plans have been postponed until 2010 due to funding delays.

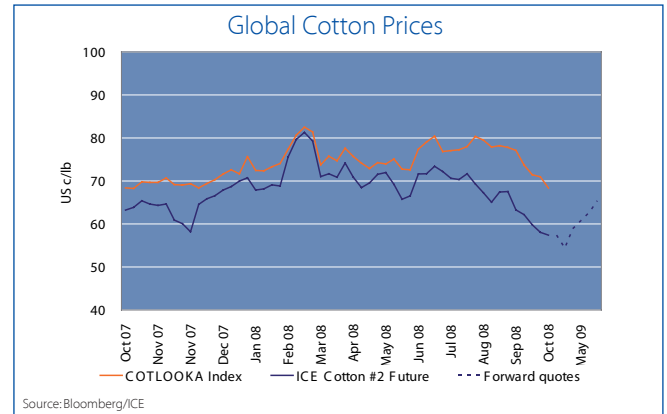
Cotton

Monthly average cotton prices (US c/lb)			
	Current (03/10/08)	Last week	Last year
Cotlook A Index	68.35	70.95	71.05
NY Futures (Oct 08)	57.41	58.06	62.05

Source: Rabobank, Bloomberg/ICE

Australia

- In September, world cotton prices felt the impact of the global financial crisis with the ICE cotton no. 2 nearby futures prices down 16% since the beginning of September.
- Fears of a world economic slowdown, together with competition from synthetic textiles placed downward pressure on global cotton prices.
- The depreciating AUD has helped offset the weakening in world cotton prices for Australian producers.

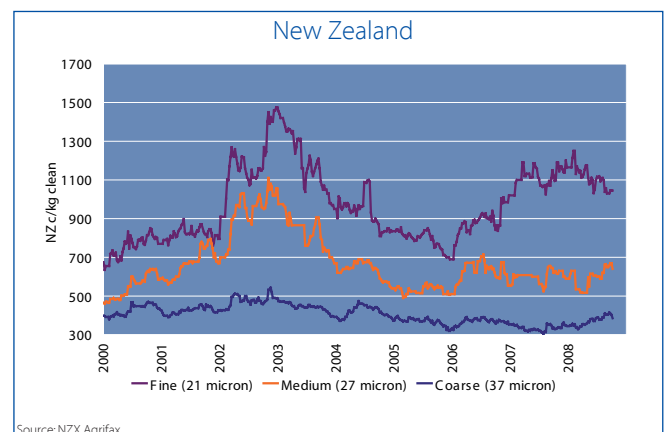
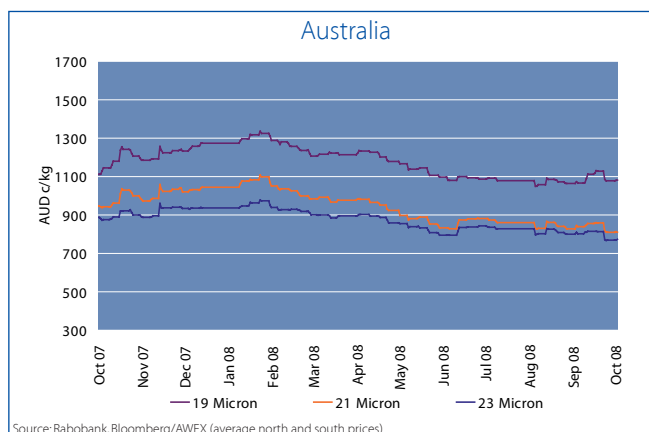


Wool

	Eastern Market Indicator (AUD c/kg clean)			New Zealand (NZD c/kg clean)			
	Current (02/10/08)	Last week	Last year	Current (06/10/08)	Last week	Last year	
Fine (19 micron)	1082	1078	1112	Fine (21 micron)	1045	1045	1095
Medium (21 micron)	811	810	947	Medium (27 micron)	640	670	628
Broad/coarse (23 micron)	774	769	888	Broad/coarse (37 micron)	385	403	330

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

Source: NZX Agrifax



- The AWEX Eastern Market Indicator is currently at AUD 858 c/kg, down from a 4 month high of AUD 896 c/kg on 19 September. Prices have been pushed down by increasing concerns of a slowdown in the world economy and resultant of weaker demand for woollen garments.
- The global financial crisis placed downward pressure on the wool market in the final week of September with key market indicators falling 4% to 6%.
- The Australian Wool Production Forecasting Committee expects 2008/09 Australia shorn wool production to decline 6% from 2007/08 mainly due to falling sheep numbers encouraged by high prices for both lamb and sheep for slaughter.

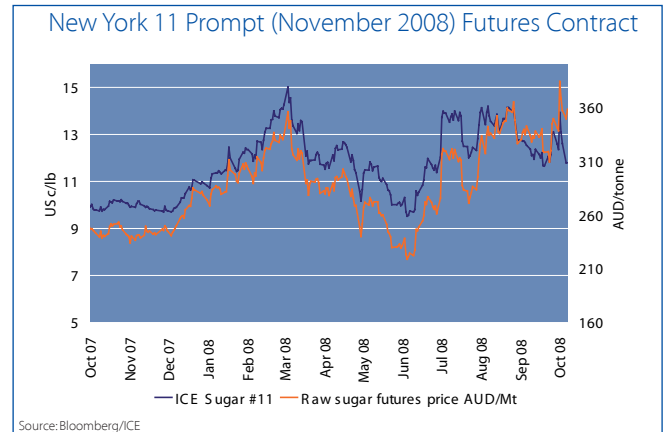
Sugar

New York 11 Prompt (raw sugar futures price November 2008)					
US c/lb			AUD/tonne		
Current (07/10/08)	Last week	Last year	Current (07/10/08)	Last week	Last year
11.79	12.36	9.79	358	338	243

Source: Bloomberg/ICE

Australia

- Since the beginning of September ICE no.2 nearby sugar futures prices have fallen 8% with downward pressure from the wider commodity sell off in speculative positions flowing on from the global financial crisis.
- However, the appreciating US dollar has boosted Australian dollar sugar prices which have increased by 9% over the same period.
- 2008/09 world sugar production is expected to decline by 2% to 3% from the previous year due to competition for planted area by alternative crops with higher returns and increased production of ethanol from sugar cane.
- Brazil's sugar output is estimated to fall 0.7 million tonnes compared to the 2007/08 season. While sugar prices are considered below the operational costs for cane millers, growers continue to receive valuable support from the expansion of the local bio-fuel industry, with ethanol production up 15% compared to 2007/08 output.



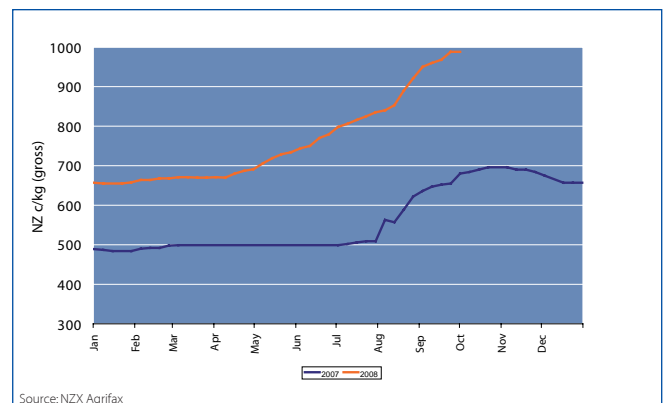
Venison

NZ c/kg gross			
	Current (06/10/08)	Last week	Last year
NI Stag 60kg	923	920	640
SI Stag 60kg	988	988	684

Source: NZX Agrifax

New Zealand

- Venison prices have now levelled out as the chilled season enters its closing stages during October, when typically prices retreat from their seasonal highs. Farm gate prices held just short of NZD 10/kg on average over recent weeks, around NZD 3/kg higher than the same period last year.
- Export venison prices have remained firm in recognition of lower supplies available from New Zealand, however, both buyers and sellers remain wary of the potential impact on demand for premium products as household budgets come under pressure in many regions.



Wine

Wine exports	Australia			New Zealand		
Measuring system	Comparative MAT Performances			Comparative MAT Performances		
Period	Aug-08	Aug-07	Change %	Aug-08	Aug-07	Change %
Volume (million litres)	702.3	806.3	-13.0	88.8	80.0	11.0
Value (AUD/NZD million)	2,616.0	3,017.9	-13.0	802.1	716.3	12.0
Unit value (AUD/NZD per litre)	3.73	3.74	0.3	9.07	9.07	0.0

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

Global

- Viniflor, the national wine body of France, has received applications to remove 22,600 hectares of vines by the 2009 growing season in exchange for compensation payments. Nearly two thirds of the requests are from the Languedoc-Roussillon appellation. The applications form part of the greater EU plan to remove 175,000 hectares of vines to reduce the risk of oversupply.

Australia

- MAT Australian export volumes fell 13% in the month to August 2008, to 702.3 million litres compared to 806.3 million litres last year. The UK (-6.7%), the US (-15.4%) and Canada (-12.1%) all suffered falling volumes. Strong volume growth continues in northern European export destinations such as Denmark (52.8%), Belgium (16.5%) and the Netherlands (8.5%). In Asia, Hong Kong (12.8%) continues to show solid growth.
- In value terms a 13.3% (August MAT) decline equated to exports valuing AUD 2,661.0 million compared to AUD 3,017.9 million in July 2007. Falling export values to major destinations such as the UK (-9.0%), the US (-24.8%) and Canada (-7.2%) reflected the challenging time currently faced by wine exporters in the face of adverse currency pressures and rising input costs.

Horticulture

Australia

- The Federal Government has opened a tender, starting on 7 October, to willing sellers of water entitlements from the South Australian and Victorian Murray Darling Basin (MDB) as well as the Murray, Murrumbidgee, Lachlan and Lower Darling rivers in NSW. This expansion follows the announcement of the northern Basin tender in early September with the overall aim of improving the health of rivers and wetland that are extremely stressed after years of over-allocation, drought and climate change.
- Five of the most popular Australian table grapes varieties will be allowed to use the low Glycemic Index (GI) food logo from next season. This differentiation strategy aims to increase consumption of the fruit as it is reported that seven out of ten Australian adults recognise they should eat low GI foods. The GI symbol is also recognised in the US, EU and Japan.

New Zealand

- August MAT export volumes rose to a record 88.8 million litres, up 11% or 8.8 million litres on last year. Bulk wine shipments made up 7.4% of total exports.
- The August MAT average unit value of New Zealand wine exports was NZD9.07 per litre. Excluding bulk wine sales, the average price was NZD9.25 per litre, the highest price since June, 2007. Prices to all major export markets, notably the US, the UK, Canada and Australia are up significantly when compared to July 2007.
- August MAT Sauvignon Blanc exports reached 67.7 million litres, up 13% on the previous year. August MAT Pinot Gris exports grew 113%, Merlot exports grew by +25%, Chardonnay by +25% and Cabernet blends by +24%. Pinot Noir and Riesling exports suffered modest declines in exports.
- The Rabobank New Zealand Wine Global Focus report is in the final stages of production. The report highlights the supply and demand situation for the New Zealand industry following the record 2008 harvest and features a special section on the rise of Pinot Gris.

- An import risk analysis (IRA) is being conducted by Biosecurity Australia to consider proposals to import fresh apples from China and the US. It is expected that Chinese fruit might have an easier process than the US because Australia already accepts other Chinese fruit like pears.

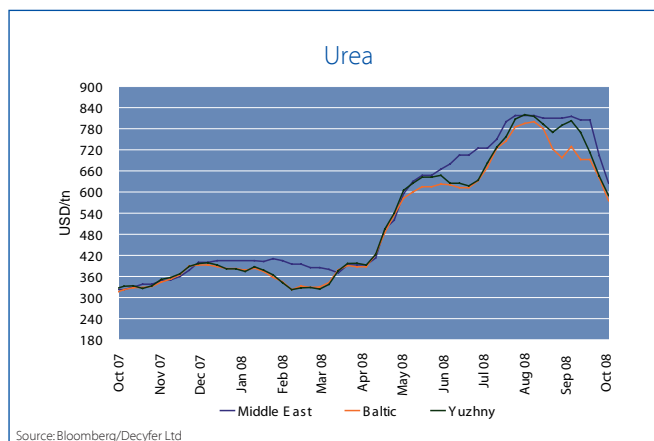
New Zealand

- New Zealand kiwifruit exports reached 97 million trays (year ended 31 March 2008), an increase of 12.8% on 2007 with an average of NZD8.1 tray (FOB). According to Statistics NZ, the key markets continue to be the EU (NZD320 million) and Japan (NZD212 million), followed by South Korea (NZD75 million), Taiwan (NZD43 million) and others (NZD130 million).

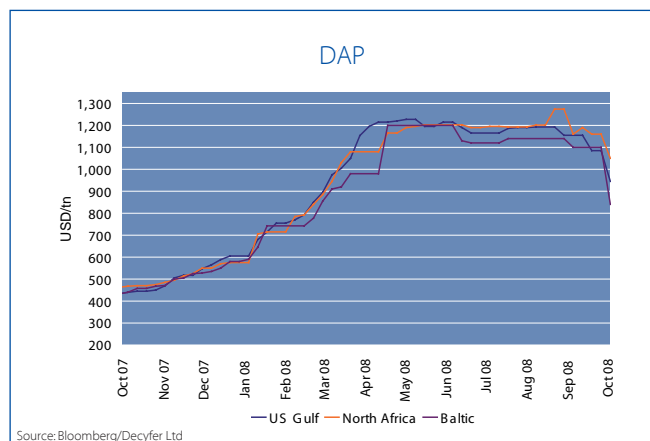
Fertiliser

All shown as USD/tonne	Current (03/10/08)	Last month	Last year
Urea (Middle East)	625	810	322.5
DAP (North Africa)	1050	1274	462.5

Source: Bloomberg/Decyfer Ltd



Source: Bloomberg/Decyfer Ltd



Source: Bloomberg/Decyfer Ltd

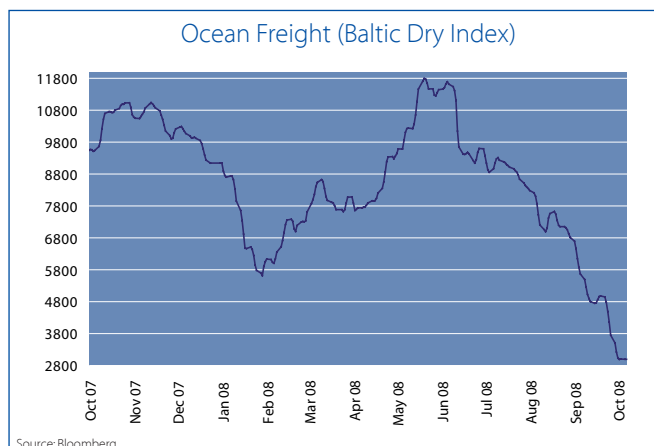
- In recent weeks world fertiliser prices in US dollars have declined considerably due to the fall out from the global financial crisis leading to the tightening of credit conditions and lower commodity prices.
- World urea and DAP prices have fallen 18% to 26% since the end of August.
- It is expected that global demand for fertiliser will pick up in late October going into November as regions such as Latin America look to secure forward supplies.
- Since the end of August the US dollar has appreciated 16% against the Australian dollar dampening the likelihood of potential price reductions on domestic fertiliser prices at this stage.

Other costs

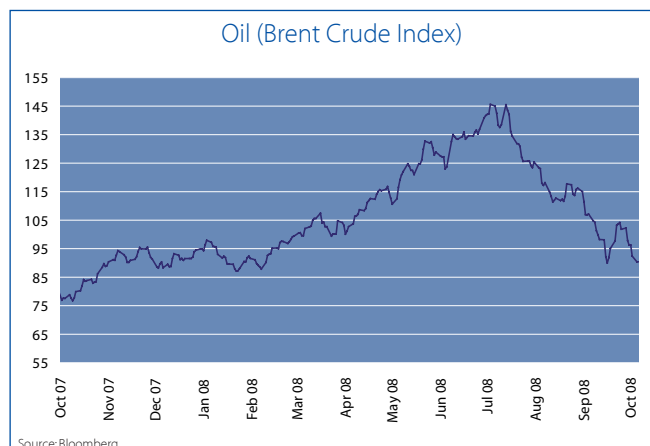
	Current (07/10/08)	Last week	Last year
Baltic Dry Index	2992	3217	9535
Brent Crude (USD/bbl)	90.39	97.83	77.54

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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