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Australia & New Zealand Agribusiness Review

November 2008

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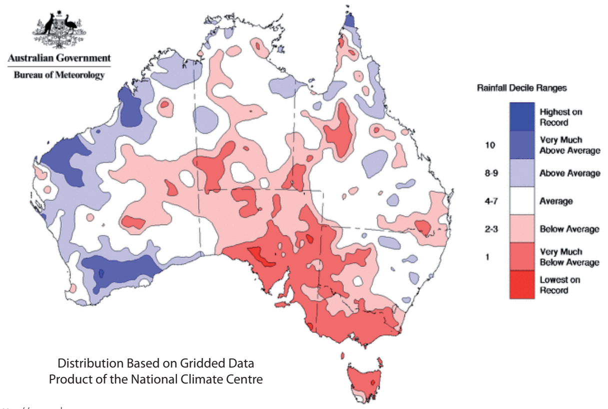
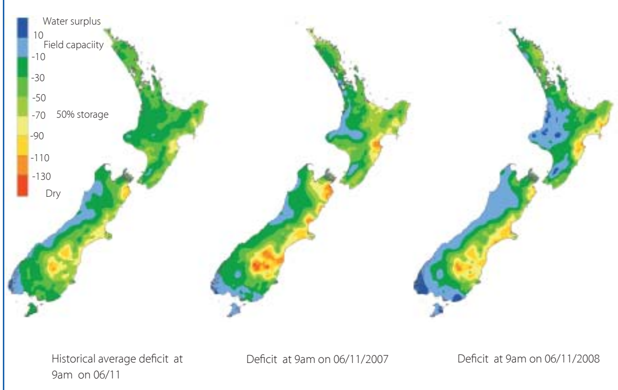
Seasonal Outlook

October 2008 Australian Rainfall Percentages



http://www.bom.gov.au

Soil Moisture Deficit 6 November 2008



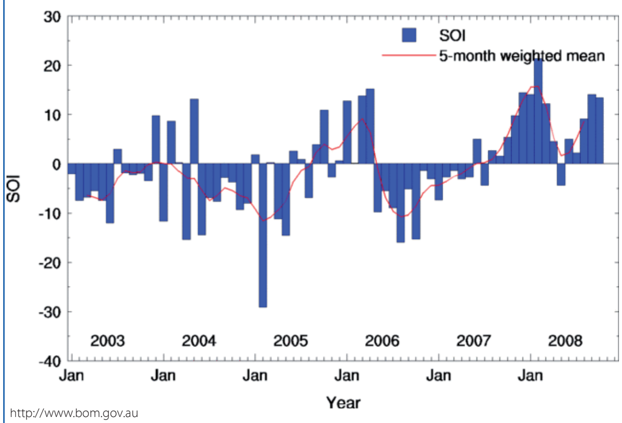
Australia

- Rainfall in October was considerably down on average for most areas of Australia with South Australia experiencing its lowest monthly rainfall on record.
- The national outlook from Bureau of Meteorology for the next 3 months shows that eastern Australia has a 60% to 70% chance of higher than average temperatures, with the western half of Australia expecting a 40% to 60% chance.
- Rainfall between November and January for northern and western Australia is expected to have a 60% to 70% chance of higher than average rainfall, while south-eastern Australia is expected to have a 40 to 60% chance.
- Trade winds in the western regions of the Pacific Ocean are stronger than usual maintaining cool sea surface temperatures and a neutral SOI of +14. The Bureau of Meteorology predicts neutral conditions to continue into early next year.

New Zealand

- October saw relatively benign climatic conditions for much of New Zealand with average temperatures for most regions before a cold front brought late snow and sleet to low levels, particularly in Southland and Otago, during the first week of November.
- Soil moisture levels are generally at good levels for most of the country, however the East Coast of both islands are experiencing lower soil moisture than average for this time of year.

Southern Oscillation Index 3 November 2008



http://www.bom.gov.au

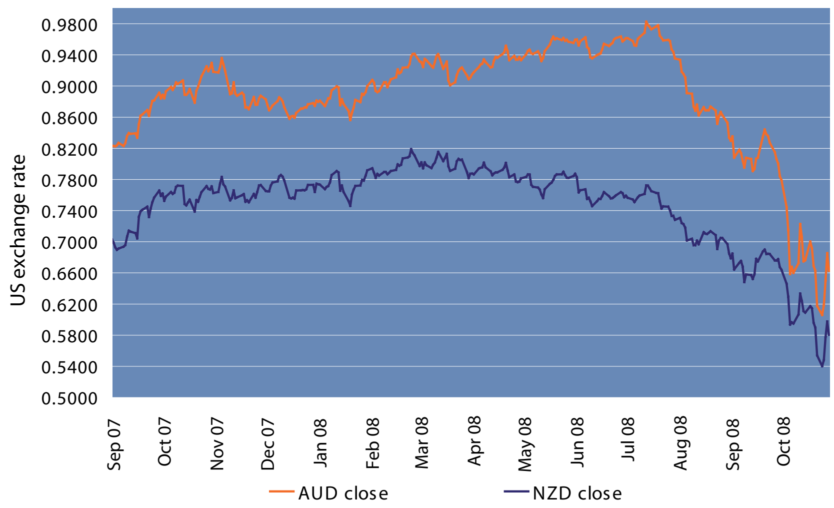
- NIWA's outlook through to January 2009 is for a warm and settled summer with normal or below normal rainfall, which is likely to result in normal or below normal soil moisture levels.

**Please see last page for important information*

Currency/economy

Currency USD = Close (bid)			
	Current (31/10/08)	Last week	Last year
AUD	0.6625	0.6178	0.9230
NZD	0.5805	0.5540	0.7671

Source: Bloomberg



Source: Bloomberg

Global

- The chaos continued in global financial markets in October with confidence in the global economy increasingly unstable. Unprecedented share, currency, credit and commodity market volatility continued as a growing realization struck that the financial crisis will inevitably lead the developed world into recession and see a significant slowing in key developing economies in 2009.
- IMF slashed its global growth forecasts for 2009 to just 2.2% in early November. It noted that the US, Europe, Britain and Japan were all likely to contract in the coming year, the first time this has occurred since world war two.
- As a result central banks around the world acted aggressively this month to lower benchmark interest rates to ease pressure on business and consumers. Most notably the Bank of England slashed benchmark rates by 150 basis points at their November meeting, to 54 year lows.
- The election of Barack Obama did little to bolster frayed markets with key stock exchanges falling rapidly following the news on fears of recession.

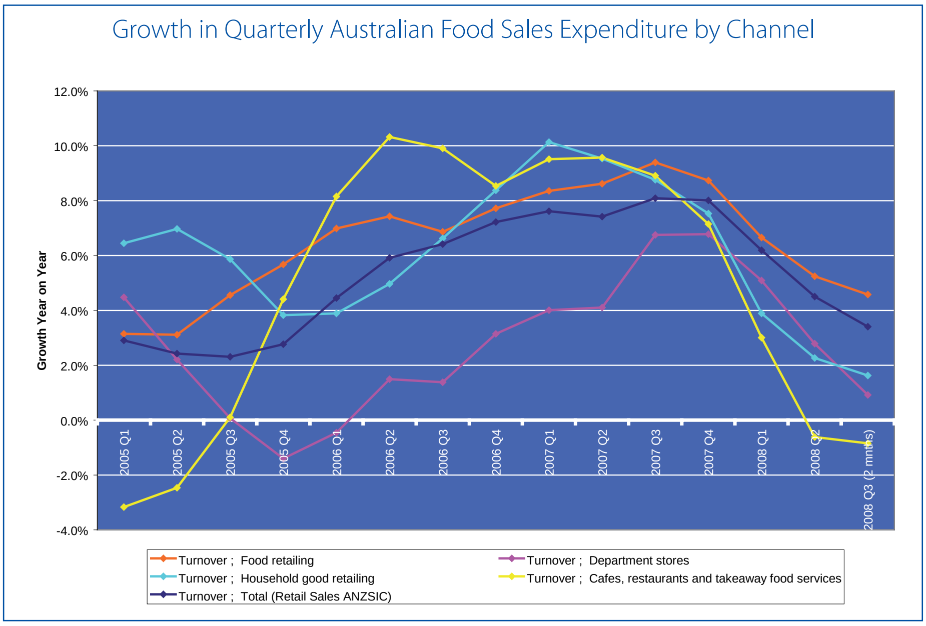
Australia

- October saw the federal government announce a $10.4 billion (nearly 1% of GDP) fiscal stimulus package, aimed at pensioners, low-middle income earners and first home owners, in an effort to calm markets and restore some consumer confidence.
- Despite the government's significant stimulus package, the RBA followed its October 100 basis point cut in official interest rates with a further 75 basis point cut at its November meeting, bringing to 200 points the monetary easing of the past 3 months. If any further proof was needed that those in charge of the Australian economy were deeply concerned about the possibility of Australia entering a difficult recession as a result of the global financial crisis and bursting of the commodity boom then this was it. Cash rates now sit at 5.25%, their lowest since December 2003. With inflation still well above the target range, RBA is now clearly much more concerned about helping to shield the Australian economy from the global crisis (the so called soft landing) than bringing inflation under control. It clearly expects the global slowdown to take care of the inflation problem without any assistance from the central bank.
- The credit crunch finally took more corporate victims this month with both Allco Finance Group and ABC learning succumbing to their overwhelming debts and being placed in the hands of receivers by their lenders.
- The Australian dollar was extremely volatile in October being alternatively dragged lower by the easing monetary stance of the RBA or higher by some temporary rebounds in commodity prices and outlook through the month. It finished the month in the middle of its trading ban at USD0.66.

New Zealand

- RBNZ continued its aggressive easing to interest rates in its October meeting, cutting the OCR by 100 basis points to 6.5%, following Septembers 50 basis point cut. In total rates have been cut 175 basis points since the RBNZ shifted to an easing bias at its July 2008 meeting and rates now sit at their lowest level since January 2005.
- Despite inflation for the 12 months to September 2008 topping 5.1%, it seems clear NZ has more room for further cuts with an economy already in recession and rates that are still amongst the highest benchmark rates in the OECD.

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

- September quarter CPI figures were released amidst one of the most turbulent months for economic data in recent memory. Overall price inflation in Australia continued to climb, reaching 1.2% for the quarter, bringing annual inflation to 5.0%, the highest level since June 2001.
- Food price inflation was 1.4% for the quarter and 3.4% year on year.
- Dairy price growth continued strongly, up 1.4% for the quarter bringing the annual inflation rate to 11.3%. Staples such as milk and cheese continued to rise on a quarterly and annual basis. Interestingly, price growth for ice-cream and other dairy products which are generally considered more discretionary spending items ground to a halt growing only 0.2% for the quarter compared to a 6.4% quarterly increase in June. This may be an early indication of consumers tightening their belts as a consequence of economic uncertainty.
- The 3.1% quarterly rise in the price of bread and cereal products, contributing to a 9.9% annual increase, was a significant overall contributor to food price inflation. Fresh fruit and vegetables reversed their declining price trend to post a 2.8% quarterly price rise, bringing the overall price fall for the year to -12.8%.
- Wesfarmers announced the launch of a new discount chain this month to replace the underperforming Bi-Lo store format. The new banner will appeal to the budget conscious consumer offering a wider range of low-cost and private label lines.
- Woolworths posted a 9.7% increase in first quarter supermarket sales to A$11 billion from A$10 billion the previous year, while its New Zealand supermarkets posted a 5.6% drop to A$1.01 billion from A$1.07 billion in 2008. CEO Michael Luscombe was quoted as having observed the influence of macroeconomic conditions and financial markets on consumer discretionary spending.

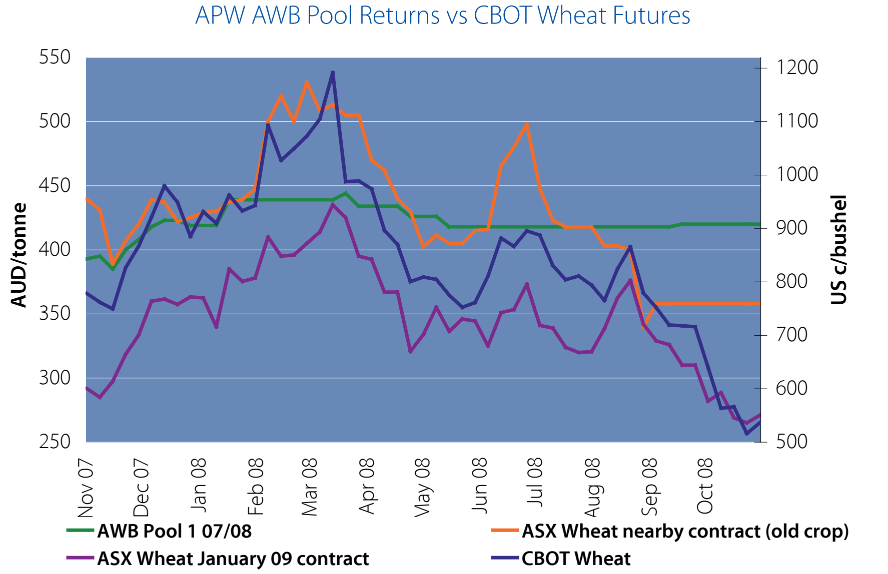
New Zealand

- September quarter CPI figures were released for New Zealand in late October, with a 1.5% rise in the index for general prices bringing annual price inflation to 5.1%, the highest annual rate since the year ending June, 1990.
- Food prices increased 3.7% in the September quarter, driven largely by higher prices for vegetables (up 20%). Over half of the vegetables included in the CPI 'basket' recorded double digit price growth due to wet weather conditions.
- Food prices rose 9.5% on an annual basis, with the biggest contributors over the year being fruit and vegetables (13.9%) and grocery food items (12%).
- Continued weak economic data from New Zealand will continue to impact on consumer confidence and we may begin to see a material impact on consumer discretionary spending easing food price inflation.

Grains and oilseeds

Chicago Board of Trade Wheat Futures (nearby contract)			AWB APW 2007/08 Pool Price	
USc/bushel			AUD/tonne	
Current (31/10/08)	Last month (26/09/08)	Last Year (26/10/07)	Current (31/10/08)	Last month (26/09/08)
536.25	716.00	800.00	420.00	420.00

Source: Bloomberg/AWB



Source: Bloomberg/Chicago Board of Trade & AWB

Global

- World wheat production could potentially increase beyond the forecast 680 million tonnes in 2008/09 with the EU, Russia, Ukraine, the US and Canada expected to have better than expected harvest results.
- US wheat consumption is expected to increase in 2008 compared to 2007, with feed wheat consumption forecast to increase to 20%, as meat producers look for alternatives to corn to help reduce feed ration cost.
- EU feed wheat is trading at low levels of EUR 110/tonne and is close to the intervention level where authorities start buying grain to support the EU market price. Feed wheat competition from the Black Sea region imports is contributing to the downward pressure on prices.
- Argentina's wheat production for 2008/09 is expected to be around 11 million tonnes in comparison to 2007/08 production of 16 million tonnes. Wheat plantings in Argentina for 2008/09 are 20% down from the previous year and at the lowest level for 30 years. The major reasons behind the fall in production include drought conditions at planting time and rising input costs.

Australia

- Grain production in south eastern areas of Australia has been severely impacted by dry spring conditions. South Australia's rainfall in October was the lowest on record and Victoria's rainfall in October was the 3rd lowest on record.
- Better than average spring rainfall for areas in Western Australia, northern NSW and Queensland is expected to offset the production losses in the south eastern parts and see Australia's wheat production forecast remain at 20.5 million tonnes inside a range of 19 to 23 million tonnes for 2008/09.
- Demand will be strong for milling wheat in 2008/09 with major exporting countries in the northern hemisphere experiencing quality issues.
- The ASX January 09 contract for new crop wheat is trading at $271/tonne which is in line with the CBOT futures prices.

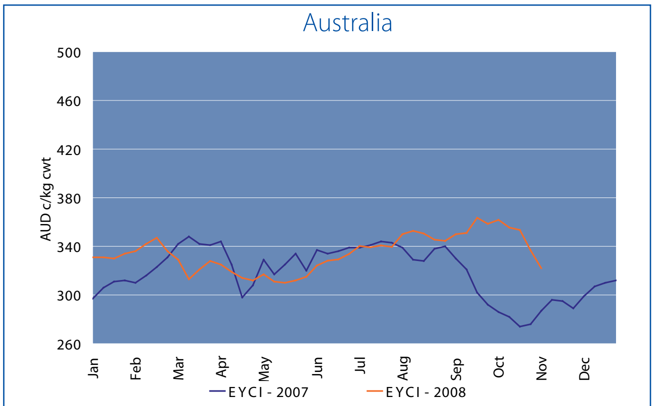
Beef

AUD prices (c/kg cwt)	Current (31/10/08)	Last week	Last year
Eastern Young Cattle Indicator (EYCI)	322.00	336.75	276

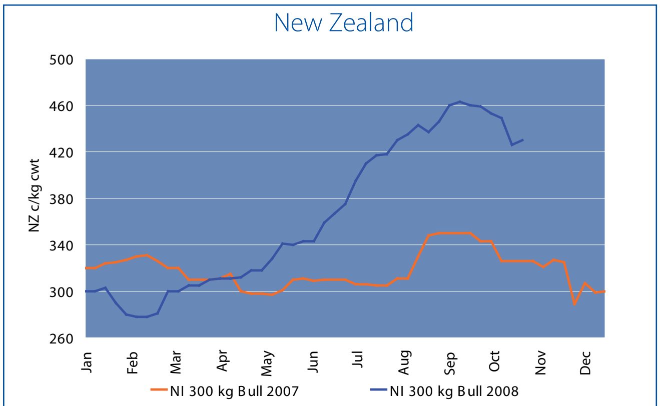
Source: NLRS

NZD prices (c/kg cwt)	Current (03/11/08)	Last week	Last year
North Island Bull 300kg	430	460	326
South Island Bull 300kg	391	412	325

Source: NZX Agrifax



Source: NLRS



Source: NZX Agrifax

Global

- The global financial crisis is impacting beef buying throughout the supply chain in a number of key Australasian markets. Retailers and food service companies are holding back from purchasing significant quantities of beef, as they wait to see the extent to which consumer demand for beef is affected. This reluctance to purchase is impacting importers, who are also facing tightening credit availability and uncertainty regarding currency volatility.
- South Korea and Canada have commenced negotiations for the re-entry of Canadian beef into the Korean market. Canadian beef imports have remained banned since 2003 after the discovery of BSE in the herd. The Korean government is expected to limit any beef imports to product from cattle under 30 months of age; the same requirements as those imposed on the US when they re-entered the market earlier this year.

Australia

- Young cattle prices have declined by 10% over the past month, with the EYCI ending October at AUD 3.22/kg cwt. The decline has been due to a combination of seasonal rises in young cattle supply, dry weather conditions in southern Australia and subdued buying from key export markets, which are being impacted by economic uncertainty due to the current financial crisis.
- Beef sales to Japan, Australia's largest export market, have been subdued as buyers face currency and consumer uncertainty. Grassfed fullset CIF prices fell 20% over the past month to USD 1.89/lb, their lowest levels since mid-2006; in Australian dollar terms prices surged during the middle of October, as the value of Australian currency dropped, before declining over recent weeks to end October 2% lower than the end of September.

New Zealand

- Farm gate beef prices eased 5-10% over the past month due to the decline of US lean manufacturing beef prices by around US 30 cents/lb and the start of the seasonal increase in cattle supply. The full impact has been somewhat offset by the lower NZ dollar.
- Beef prices still remain significantly higher than during the same period last year, up 20-25%.
- Beef export volumes for the month of September 2008 were 4.4% higher than the previous year, however export value increased 28% to NZD 86 mln reflecting higher international product prices and the earlier easing of the NZ dollar.

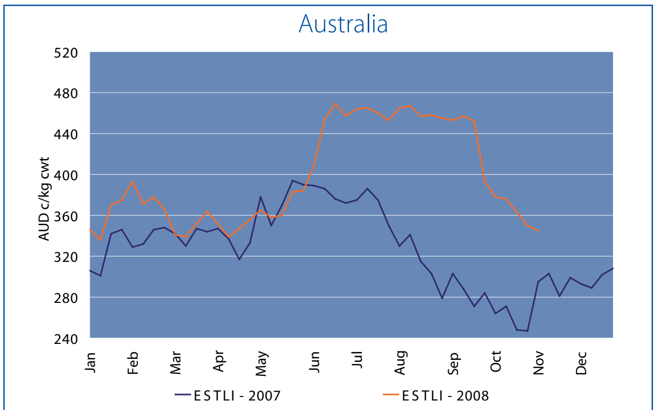
Lamb

AUD prices (c/kg cwt)	Current (31/10/08)	Last week	Last year
Eastern States Trade Lamb Indicator	345	350	247

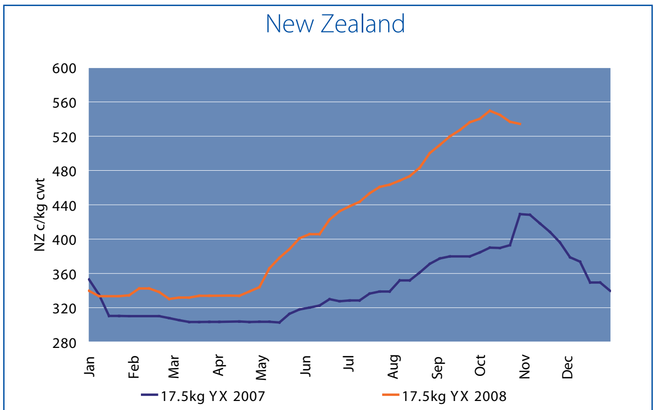
Source: NLRS

NZD prices (c/kg cwt)	Current (03/11/08)	Last week	Last year
NI 17.5kg YX	563	525	425
SI 17.5kg YX	534	537	428

Source: NZX Agrifax



Source: NLRS



Source: NZX Agrifax

Australia

- Lamb prices fell by 12% during the month in response to the rise in new season lamb numbers and continued dry weather conditions in southern Australia, with the Eastern States Trade Lamb Indicator ending October at AUD 3.45/kg cwt. In spite of the decline, prices for the month remained 40% above the same time in 2007 and 11% higher than 5 year averages.
- While the United States is Australia's largest export market for sheepmeat, US per capita consumption is extremely low, with consumption in 2009 forecast by the USDA at just half a kilogram. This is virtually unchanged on estimated 2008 consumption levels and compares with 13 kilograms per capita consumption in Australia. US sheepmeat production and imports are both expected to remain steady in 2009, at 78,000 tonnes and 85,000 tonnes respectively.
- Mutton exports to the end of October 2008 reached 128,666 tonnes, an increase of 8% on the same period in 2007, and similar to 2006 levels. While exports increased from nearly all states, Western Australia saw the largest rise, up by 17% on 2007 to 30,168 tonnes. Sheep slaughter in Western Australia has reportedly been higher this year due to a combination of dry weather conditions in some sheep growing areas and attractive returns for alternative commodities such as grains.

New Zealand

- Lamb prices eased slightly in the South Island and increased in the North Island by around 7% as procurement differences took hold in the early part of the new season processing. Farm gate prices still remain considerably higher than previous years with current prices holding well above NZD 5.00/kg, some 25-30% above the same period in 2007.
- Export sheep meat prices largely held or firmed slightly during October despite difficult trading conditions in all international markets.
- New Zealand's sheep meat exports for September 2008 were 5.7% lower than in 2007, however improved product pricing resulted in export value only falling 0.5%.
- In early November, Silver Fern Farms announced that the agreement for PGG Wrightson to purchase 50% of the company had been terminated, following the inability of PGG Wrightson to settle the transaction on 1 October 2008.

Dairy

World dairy prices	USD/tonne			AUD/tonne			NZD/tonne		
	24/10/08	last month	last year	24/10/08	last month	last year	24/10/08	last month	last year
Butter	2,850	3,250	3,850	4,285	3,864	4,319	4,823	4,724	5,121
SMP	2,400	2,850	4,950	3,608	3,389	5,552	4,062	4,142	6,584
WMP	2,850	3,050	5,050	4,285	3,627	5,665	4,823	4,433	6,717
Cheddar	3,875	4,250	5,000	5,826	5,054	5,609	6,558	6,177	6,651

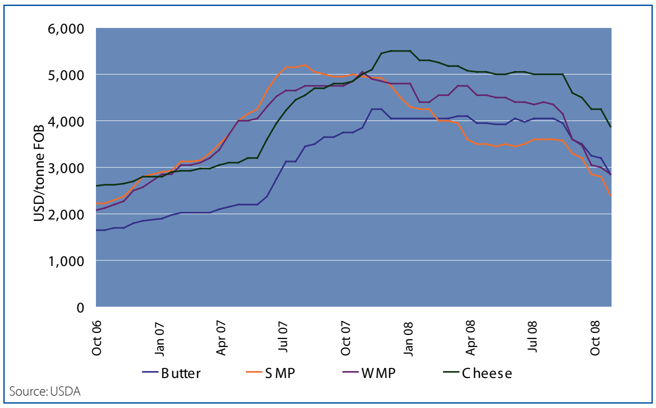
Source: USDA

Global

- International dairy prices continued to ease during October, extending the sharp falls that commenced in early August. By the end of October, prices of key commodities were down a further 7-15% over the month.
- The rising USD continues to exert downward pressure on USD pricing, strengthening by another 7% on a trade weighted basis through October. Far sharper increases in the value of the US currency against those of key export regions provided some shelter from price declines.
- Global dairy market fundamentals have also soured. Demand appears stagnant, particularly in developed countries, as consumers reign in purchases in the face of falling incomes, weaker assets markets, extreme uncertainty regarding the economic outlook and still high retail dairy prices.
- In some markets trade has also been disrupted by the inability of sellers to cover buyer risk, further reducing shipments to key destinations.
- Milk supply growth appears to be slowing, but not fast enough to create price tension. The deceleration of growth in the Northern Hemisphere is being offset to some extent by its acceleration in the Southern Hemisphere, as farmers respond to still high milk prices and benefit from generally improved spring conditions.
- With supply outpacing demand, stocks appear to be building in several key markets.
- With supply expected to continue to expand in coming months, and demand to remain weak, further downside risks for the market remain significant.

Australia

- A further 20% fall in the value of the AUD against the USD in the month to October 24 ensured that export prices rose during the period in local currency terms. Indeed in AUD terms, the price of cheese and butter were still trading around last season's average in late October, with powders down 20%-30%.
- However, forward selling and the near impossible task of hedging amidst extreme gyrations in currency markets will almost certainly mean that few exporters will fully benefit this season from the recent collapse of the AUD.
- On November 6 Fonterra announced its first increase in milk price for the season: 7 cents/kg butterfat and 17 cents/kg protein. Reflecting market declines and extreme uncertainty, the first step up from exporters has arrived later this year than for several seasons.



Source: USDA

Production growth in key exporting regions	Latest month	Last 3 months
EU 27	-0.7% (Aug)	0.0%
US	1.7% (Sept)	1.6%
Argentina	9.7% (Aug)	7.2%
Australia	1.6% (Sep)	1.4%
NZ	1% for 5 months to Oct 2008*	

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

New Zealand

- The sharp fall in the NZD/USD exchange rate to below US 60 cents during October provided some buffer from commodity price falls. While SMP export prices eased slightly in NZD terms, the price of other key commodities actually increased 2-9% as the currency impact more than offset the commodity price falls.
- Due to the tight credit and financial environment Fonterra has announced changes to its contract milk supply and unshared supply arrangements for the current and future seasons. Unshared supply will not be available for the 2008/09 season and those currently supplying milk under contract will be required to purchase Fonterra shares over the coming three seasons.
- New Zealand dairy export volumes were down 5.3% for the month of September in comparison to the previous year, reflecting the relatively slow start to new season production. However, export value increased 15%.

Cotton

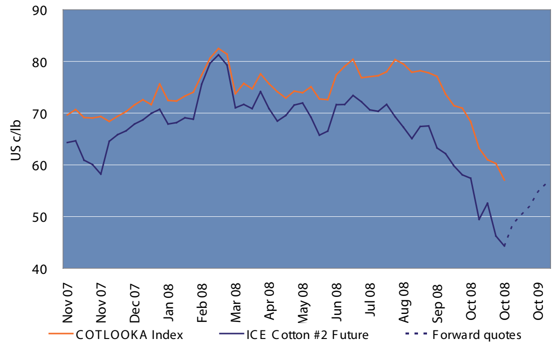
Monthly average cotton prices (US c/lb)			
	Current (31/10/08)	Last week	Last year
Cotlook A Index	57.05	60.25	69.65
NY Futures (Dec 08)	44.29	46.23	64.63

Source: Rabobank, Bloomberg/ICE

Australia

- World cotton prices continue to feel the impact of the global economic crisis and the slowing demand for textiles and apparels is placing downward pressure on prices.
- The ICE Cotton #2 nearby contracts fell 24% in October to similar levels experienced in early 2005.
- Northern hemisphere cotton harvest is well underway with production levels on track with forecasts. The focus is now switching to next year's cotton planting prospects and that prices will need to move higher to encourage cotton planting for next season.

Global Cotton Prices



Source: Bloomberg/ICE

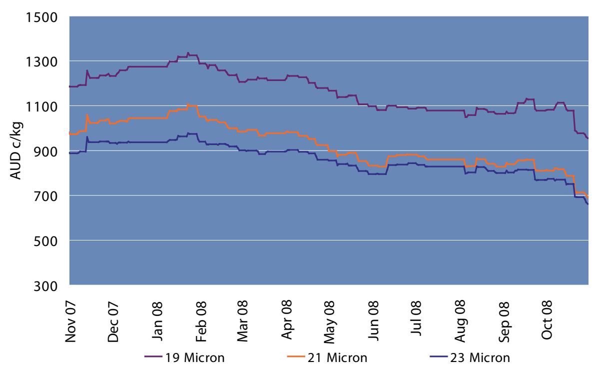
Wool

Eastern Market Indicator (AUD c/kg clean)				New Zealand (NZD c/kg clean)			
	Current (30/10/08)	Last week	Last year		Current (03/11/08)	Last week	Last year
Fine (19 micron)	955	977	1207	Fine (21 micron)	1025	1025	1145
Medium (21 micron)	691	713	1000	Medium (27 micron)	565	630	630
Broad/coarse (23 micron)	662	692	900	Broad/coarse (37 micron)	397	393	338

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

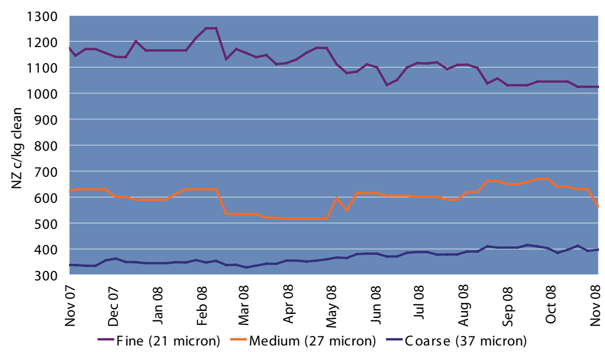
Source: NZX Agrifax

Australia



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

New Zealand



Source: NZX Agrifax

- The AWEX Eastern Market Indicator is currently at 738 cents/kg and has fallen 14% since the end of September.
- The global financial crisis has placed downward pressure on the demand for textiles and apparels with stronger competition from synthetic fibres adding to the fall in prices.
- The level of Australian wool sales are down compared to last year with high pass-in and withdrawn rates of up to 40% from rostered sellers in the last week of October.

Sugar

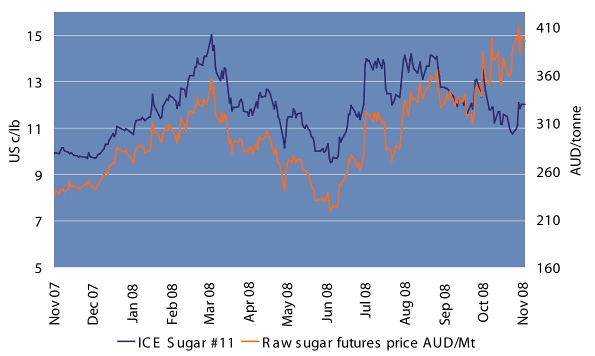
New York 11 Prompt (raw sugar futures price March 2009)					
US c/lb			AUD/tonne		
Current (03/11/08)	Last week	Last year	Current (03/11/08)	Last week	Last year
12.02	10.96	10.37	394	399	267

Source: Bloomberg/ICE

Australia

- ICE sugar #11 nearby contract prices recovered from a 4 month low during October, finishing the month at similar levels experienced at the end of September.
- The ICE sugar #11 nearby contract has now rolled forward to March 2009 settlement. The March 2009 futures contract prices have declined 17% since the end of September which is more in line with wider commodity market declines.
- Brazil's sugar production is running 1.3 million tonnes behind the production level at the same time last year, signaling Brazil's sugar production in 2008/09 will be considerably down from last year.
- In Brazil the focus is now on 2009/10 sugar production and the battle between raw sugar and ethanol which could see prices pushed to higher levels.
- In Australia there are reports that the Queensland cane harvest is over 80% complete, with production slightly lower than last year.

New York 11 Prompt (March 2009) Futures Contract



Source: Bloomberg/ICE

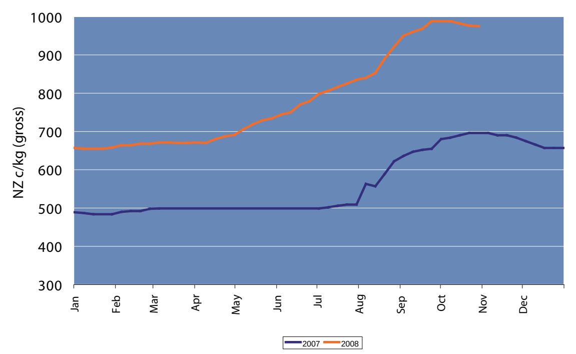
Venison

NZ c/kg gross			
	Current (03/11/08)	Last week	Last year
NI Stag 60kg	937	943	655
SI Stag 60kg	975	976	696

Source: NZX Agrifax

New Zealand

- Farm gate venison prices are generally holding well at the end of the main chilled processing season. While prices eased slightly in the South Island and firmed marginally in the North Island, overall price levels are still around NZD 2.80/kg higher than in early November 2007.
- Higher prices reflect the lower availability of New Zealand venison with export volume for the month of September down 47% from September 2007 to just over 1,000 tonnes, while export value fell 21%.



Source: NZX Agrifax

Wine

Wine exports	Australia			New Zealand		
Measuring system	Comparative MAT Performances			Comparative MAT Performances		
Period	**Sep-08**	**Sep-07**	**Change %**	**Sep-08**	**Sep-07**	**Change %**
Volume (million litres)	697.7	804.6	-13.3	92.5	81.1	14.0
Value (AUD/NZD million)	2,573.6	3,018.5	-14.7	814.8	714.7	14.0
Unit value (AUD/NZD per litre)	3.75	3.69	-1.7	9.09	9.05	0.4

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

- The deteriorating economic climate and its potential impact on global wine consumption continues to cast a shadow over the export focused industries of Australia and New Zealand.

Australia

- MAT September 2008 volumes of 697.7 million litres compared to 804.6 million litres last year represented a fall of 13.3% again this month. The UK (-9.4%), the US (-13.8%) and Canada (-11.7%) all suffered falling volumes. Strong volume growth continues in northern European export destinations such as Denmark (47.3%) and Belgium (14.6%). In Asia, Hong Kong (16.6%) continues to show solid growth, however volumes to China were down.
- In value terms a 14.7% (September MAT) decline equated to exports valuing A$2,573.6 million compared to A$3,017.9 million in September 2007. Major destination countries such as the UK (-13.5%), the US (-24.7%) and Canada (-12.7%) reflecting the lagged effect of a strong currency, an overall slowing in demand for wine in this economic climate and increased competition at lower price points, particularly in the US.
- On a brighter note, this month has seen the Australian dollar sold off heavily against most currencies to its lowest levels in five years, which should dramatically increase Australian wine exporters' competitiveness in international markets. After reaching a peak of USD0.9786 on July 16, the dollar hit USD0.6122 on October 28, a fall of 37.4%.

New Zealand

- September MAT export volumes rose to a record 92.5 million litres, up 14% or 11.4 million litres on last year. Bulk wine shipments made up 8.3% of total exports.
- The August MAT average unit value of New Zealand wine exports was $9.09 per litre. Excluding bulk wine sales, the average price was $9.37 per litre. Importantly, prices to all major markets continue to rise.
- September MAT Sauvignon Blanc exports reached 71.2 million litres, up 17% on the previous year. September MAT Pinot Gris exports grew 110%, whilst Chardonnay exports grew 29% during the same period..
- The Rabobank New Zealand Wine Global Focus report was released last week. Please feel free to contact your local branch for a copy. 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.

Horticulture

Australia

- A fruit bud thinning machine has been demonstrated at a field day in the Goulburn Valley. Good results have been achieved with peaches and nectarine trees and it was also being tested in apples. The German-designed machine saves between AUD3,000 to AUD4,000/ha in trellis systems, representing an attractive alternative to manual flower thinning in times of labour scarcity.

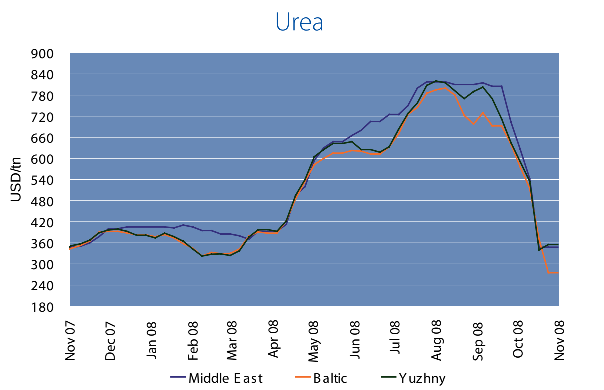
New Zealand

- Zespri has allocated the last of the additional licences it plans to issue for growing gold kiwifruit. Zespri, who owns the plant variety rights for the fruit and controls the amount being planted in New Zealand and overseas, has issued licences over the past three years for 600 hectares of gold kiwifruit to be grown in New Zealand and has recently allocated the final 222 hectares of that area. The marketer of kiwifruit expects to have enough gold kiwifruit coming on-stream to meet an increasing international demand until 2015.

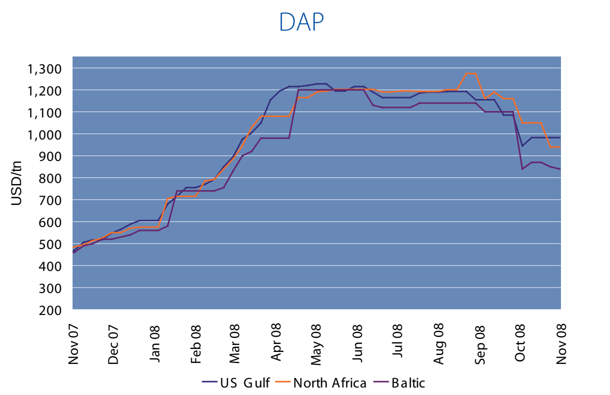
Fertiliser

All shown as USD/tonne	Current (31/10/08)	Last month	Last year
Urea (Middle East)	347.50	703.50	338
DAP (North Africa)	940	1160	475

Source: Bloomberg/Decyfer Ltd



Source: Bloomberg/Decyfer Ltd



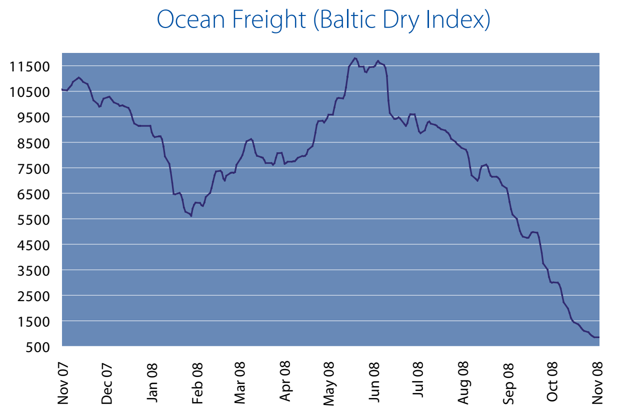
Source: Bloomberg/Decyfer Ltd

- Global fertiliser prices continued to fall in October due to the combination of declining demand from major importing regions such as Latin America and the tighter credit conditions globally.
- World urea prices have fallen by 57 to 66% from the record high prices in August to levels that were experienced 12 months ago.
- DAP prices have fallen 20 to 30% from the record highs in mid 2008 and now at similar price levels experienced in February/ March this year.
- Australian and New Zealand fertiliser prices have been impacted by the stronger US currency and the high priced inventories from earlier forward purchases.

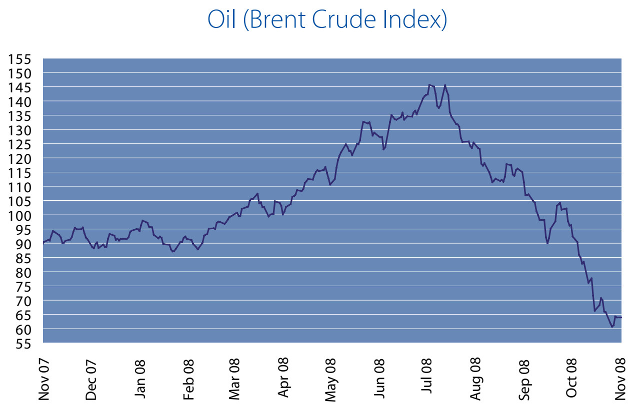
Other costs

	Current (03/11/08)	Last week	Last year
Baltic Dry Index	851	1048	10548
Brent Crude (USD/bbl)	63.95	61.80	90.36

Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

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

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