



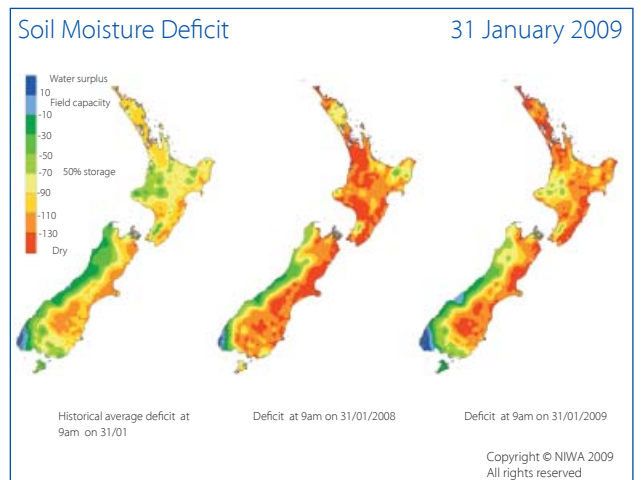
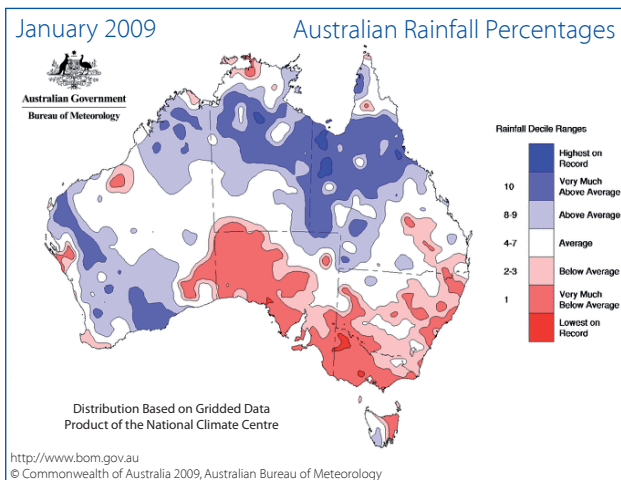
Australia & New Zealand Agribusiness Review

February 2009

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

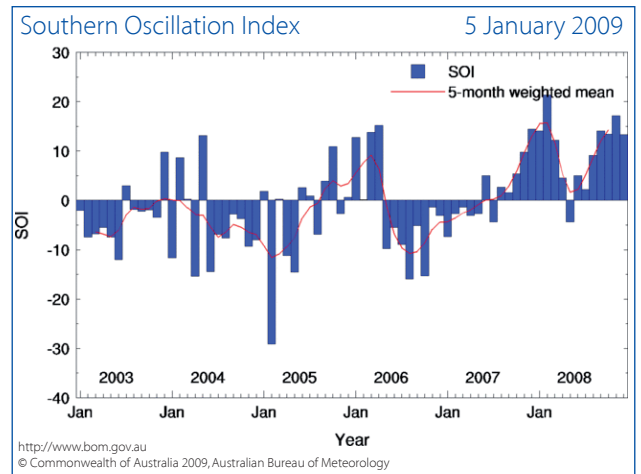


Australia

- The national monthly rainfall for January was above average boosted by large falls in northern and western Australia. However for most of south eastern Australia January was an extremely dry month.
- Temperatures in January were above normal for most parts of Australia and a warmer outlook is expected for late summer to mid-autumn with only Western Australia and the western parts of South Australia forecast to experience lower than average maximum temperatures.
- The Bureau of Meteorology 3 month rainfall outlook suggests most areas of Australia are likely to have a 40 to 60% chance of exceeding the median rainfall with the exception of QLD to be drier than average and WA to be wetter than average.
- The eastern to central region of the Pacific Ocean started warming in January with the 30 day SOI falling from +13 in December to +9 in January.
- The Bureau of Meteorology now forecast the La Nina conditions experienced since October 2008 will revert back to more neutral conditions in the coming months.

New Zealand

- While not as extreme as 2008, the summer is proving drier than usual again for many parts of New Zealand. January saw above average temperatures and rainfall at half the normal level for much of the country. Soil moisture deficits below normal are evident for most of the North Island,



eastern and northern parts of the South Island. Gisborne and Southland were the exception with higher than normal rainfall for January.

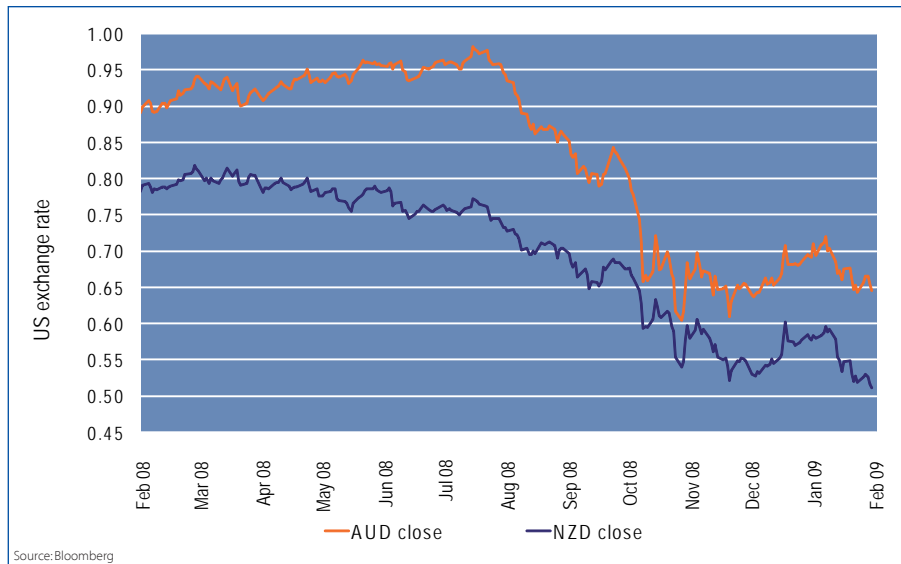
- NIWA's outlook through to autumn is for mild conditions for much of New Zealand – generally warmer (particularly the North Island) and drier in the South Island, which is not likely to alleviate soil moisture deficits prior to autumn. Much of the North Island is expected to receive normal or above normal rainfall.

**Please see last page for important information*

Currency/economy

Currency USD = Close (bid)			
	Current (30/01/09)	Last week	Last year
AUD	0.6464	0.6439	0.8887
NZD	0.5118	0.5193	0.7785

Source: Bloomberg



Source: Bloomberg

Global

- Global economies continue to be dragged down by falling investment, declining confidence, ailing financial institutions, falling consumer confidence, collapsing asset values, and commodity prices and the prospect if not the reality of recession hanging over all.
- Central authorities stand ready to inject more funds into stimulus packages, institutional and industry rescue packages, and anything it takes to reduce the impact of what has become an event of proportions rarely ever seen before.

Australia

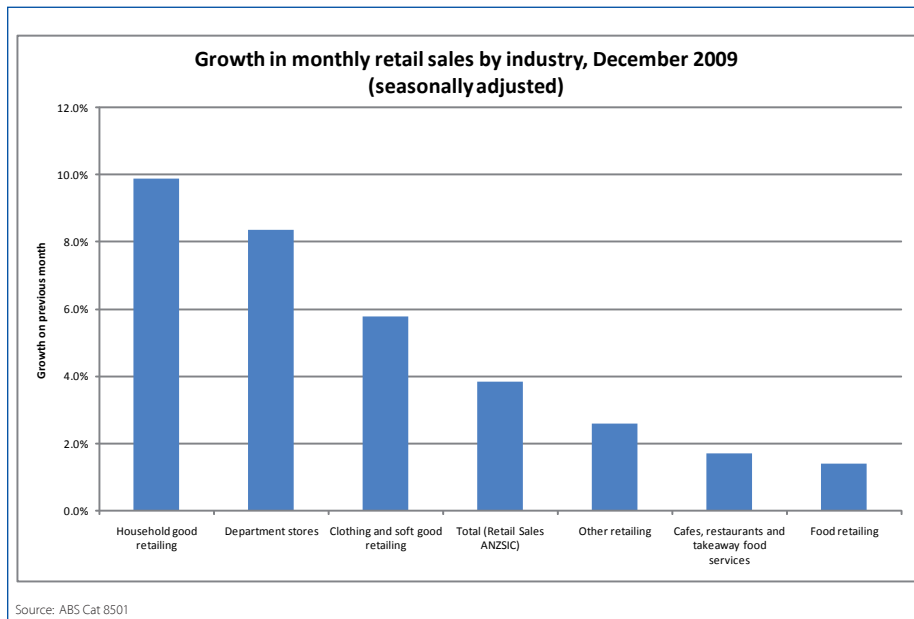
- Consumer prices had its largest fall in 11 years, indicating a significant slow down. Treasury thinks inflation will continue to decline due to the rapid slump in global economic conditions. Obviously inflation has become a secondary issue with cushioning the deteriorating economy now the priority. The government announced a raft of measures including infrastructure funding, tax cuts and other incentives on 3 February.
- The RBA, as expected, cut rates by a further 1.00% this week to ensure the stimulatory environment being created by monetary policy activity continues with certainty, and to support other fiscal measures being undertaken by the government.
- Important data released over the month included; building approvals November YoY -34.7% vs. expected -27.4, December unemployment 4.50% on expectations but anticipated to deteriorate, motor vehicle registrations -15.78% December YoY, producer prices for Q4 YoY at 6.40% vs. an expected 5.20% and consumer prices Q4 YoY at 3.70% vs. an expected 3.60%. The house price index for Q4 YoY 2008 was -3.3% vs. expected -2.40%

- Ranges on the AUD - vs. USD, high .7207, low .6272 and average .6716, vs. NZD, high 1.2678, low 1.1851 and average 1.2313, vs. EUR, high .5321, low .4920 and average .5321, vs. JPY high 67.19, low 55.79 and average 60.65, vs. GBP high .48775, low .44063 and average .46566.

New Zealand

- Inflation fell as the global crisis continued, mainly led by falling fuel prices. The housing market and consumer demand fell sharply as New Zealand slumped into its first recession in 10 years.
- At its meeting on 29th January, the RBNZ dropped the overnight cash rate by a greater than expected 1.50% to 3.50%. The aim is to continue to provide a stimulatory environment and the likelihood of further cuts in the near term is very strong. Compounding current issues in the New Zealand economy is the expectation that global commodities prices will continue to fall, potentially further effecting performance of the economy.
- Important data released over the month included December trade balance -347m vs. 100m, CPI Q4 2008 3.40% vs. expected 3.50%, retail sales flat vs. an expected -1.20%, and December building permits at 6%.
- Ranges on the NZD - vs. USD high .5965, low .4992 and average .5459, JPY high .5561, low 44.40 and average 49.30, EUR high .4387, low .3923 and average .4125 and GBP high .4012, low .3404 and average .3724

Food retail



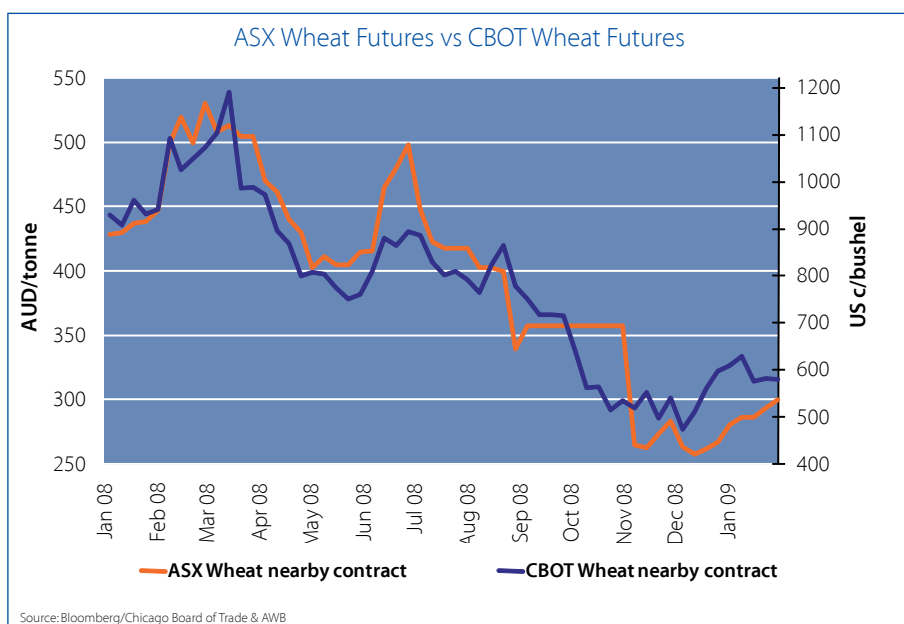
Australia

- December retail data proved once again that food sales are typically less responsive to income levels than most other product categories – but this time, to the food sector's detriment.
- The Federal Government's 'Economic Security Strategy Package' implemented in the same month, drove sales in department stores and household good categories up 8%-10% in December on previous month levels. By contrast, retail food sales and sales at cafes and restaurants rose less than 2% (see chart). Clearly, consumers were not spending the temporary windfall on eating.
- Nonetheless, despite winning a meagre share of the December shopping spree, food was the best performing retail category year on year, with December sales up 7.7% on December 2007 sales.
- Part of the ongoing growth in food retail sales is explained by rising food prices, rather than improved sales volumes.
- In the December quarter food price inflation came in at 2% (quarter on quarter) – explaining around half of the growth in retail food sales over the same period.
- Price increases were registered across all key food categories and across all levels of processed food (eg. milk, snack foods and takeaway meals).
- In broad terms much of the price increase was likely due to the last ripple effects of the extraordinary commodity price boom of 2007/08.
- While the prices of agricultural and oil derived products fell sharply in the second half of 2008, the impact on retail prices is lagged by wholesale contract changes, retail contract renegotiation and desire of food processors to restore some margin following a severe squeeze when commodity prices first took off.
- This price 'stickiness' is a global phenomenon, with the retail costs of food remaining high or adjusting only slowly downwards in most countries around the world at present.
- Retail price increases across many food categories are expected to dry up (and in some cases fall) as 2009 progresses.
- Agricultural commodity costs have fallen, plastics pricing has started to ease and distribution costs will fall in line with fuel prices. Weak demand conditions will also encourage retailers and processors to reduce prices to keep product moving. While a weaker Australian dollar will increase the cost of imported food, this is likely to be more than offset by these factors.

Grains and oilseeds

Chicago Board of Trade Wheat Futures (nearby contract)			ASX Wheat (nearby contract)	
	USc/bushel		AUD/tonne	
Current (30/01/09)	Last month (26/12/08)	Last Year (25/01/08)	Current (30/01/09)	Last month (26/12/08)
580.75	599.25	933.00	300.00	267.00

Source: Bloomberg/AWB



Source: Bloomberg/Chicago Board of Trade & AWB

Global

- A record world wheat crop and higher ending stocks in 2008/09 continues to weigh heavily on international wheat prices.
- Wheat exports from Canada, EU-27, Australia, Russia and Ukraine are expected to increase from last year's levels adding to the 7% increase in world exports for wheat in 2008/09 compared to the previous year.
- Increased use of wheat for livestock feed due to quality downgrades in some regions and additional biofuel use in the EU-27 will see consumption of wheat at high levels keeping the stocks to use ratio for wheat relatively tight at 23% compared to the 10 year average of 28%.
- The grains and oilseeds markets are currently being driven by South American weather that is currently threatening crop potential. If favourable rain is received in Argentina and Brazil over the coming months, expectations are that world ending stocks for soybean and corn will be at high levels in 2008/09, up 2% and 6% respectively, placing downward pressure on prices.
- Outside factors such as the US dollar, world energy prices, equity markets and short term demand uncertainty will also continue to bring volatility to grains and oilseeds prices over the coming months.

Australia

- Australia's wheat production in 2008 is expected to be around 20 million tonnes, up from 13 million tonnes in 2007, with larger crops in Western Australia offsetting the adverse seasonal conditions in south eastern Australia.
- Canola production also increased to around 1.4 million tonnes in the 2008/09 season up 32% from the previous year.
- Australian Bureau of Statistics indicate that by the end of 2008 grain held in major bulk handling storage facilities was at 22.1 million tonnes, up 42% from the same time in 2007.
- The Australian sorghum crop for 2008/09 has benefited from good rains in the latter parts of 2008 and is on track for production to reach the 5 year average of 2.06 million tonnes. The current sorghum crop together with the remaining carry-over stocks from last season will see a considerable surplus for export that has the potential to take advantage of possible drought impacted production in Argentina. However the extent of this will depend on Argentina's rainfall conditions in the coming months.
- Looking ahead, grain and oilseed producers are set to take advantage of the weaker AUD in 2009 and good soil moisture conditions in the northern areas of eastern Australia. The additional prospect of farm inputs being lower in 2009 than 2008 also brings some more relief for the 2009/10 crop year.

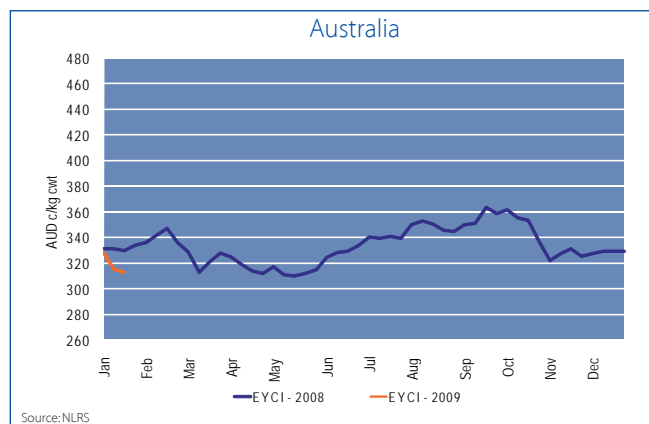
Beef

AUD prices (c/kg cwt)			
	Current (30/01/09)	Last week	Last year
Eastern Young Cattle Indicator (EYCI)	313	315.25	334

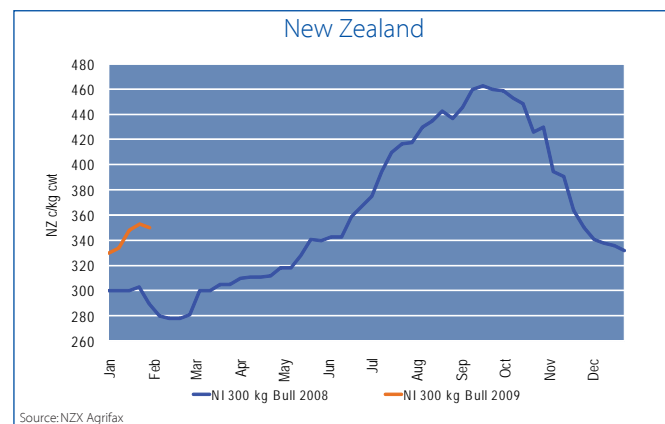
Source:NLRS

NZD prices (c/kg cwt)			
	Current (02/02/09)	Last week	Last year
North Island Bull 300kg	350	353	290
South Island Bull 300kg	332	331	290

Source:NZX Agrifax



Source:NLRS



Source:NZX Agrifax

Global

- US manufacturing beef prices firmed early in 2009 after falling around 15% over the last two months of 2008. Prices typically trend upwards seasonally at this time, however, in the current environment many markets are not adhering to past trends! Over the past month imported lean cow beef increased 1% to US 120c/lb, while domestic 90CL cow beef lifted 5% to US 145 c/lb opening up a wide premium for domestically sourced product, reflecting softer demand for beef in alternative markets to the US.
- Australia is one of a number of countries being affected by dry weather conditions in 2009, with both Uruguay and Argentina facing drought conditions. In Uruguay, this is resulting in increased turn-off of cows for slaughter. For Argentina, the drought is reported to have resulted in losses of between 250,000-500,000 head.
- Uruguay is working to gain access for boneless beef into the Korean market, with Korean government officials inspecting Uruguayan plants in early December. The Uruguayan industry hopes to gain access before the end of 2009. Uruguay already competes with Australia in the US market, mainly in the manufacturing beef segment.

Australia

- Australian cattle prices have fallen across the board in response to the continued decline in the global economy and increasingly dry weather conditions in southern Australia. The eastern young cattle indicator fell to AUD 3.13/kg cwt at the end of January, the first time since September that it has fallen below previous year levels.

- Cattle on feed numbers for December jumped to 719,379 head, as lower grains prices and a drop in the Australian dollar saw expectation for improved margins. This was a 16% rise on September levels and 23% higher than December last year, which was a time of very poor, even negative, feedlotter margins. Since the December surge, the drop-off in beef demand in major export markets has seen an easing back in demand from feedlotter. This has combined with dry weather conditions in southern Australia to result in falling feeder cattle prices.

New Zealand

- Farm gate beef prices firmed early in 2009 after falling sharply late in 2008. North Island bull and steer prices are 10-20% higher than the same period last year, however, increases have been more modest in the South Island where prices are 5-15% higher. The weaker New Zealand dollar has been the key driver, alongside firmer US prices and reduced availability of stock for processing.
- Slaughter volumes have moved lower during January, compared to January 2008 when most regions were experiencing very dry conditions and sending stock for processing. While cow volumes are currently higher, steers and bulls processed are 6-8% lower season to date (NZX Agrifax).
- Beef export volumes lifted 11% over the final two months of 2008, compared to November and December 2007. The more than 6,000 tonne increase was almost entirely due to an increase in shipments to the US, while exports to Korea and Indonesia fell by more than 1,000 tonnes each over the two month period.

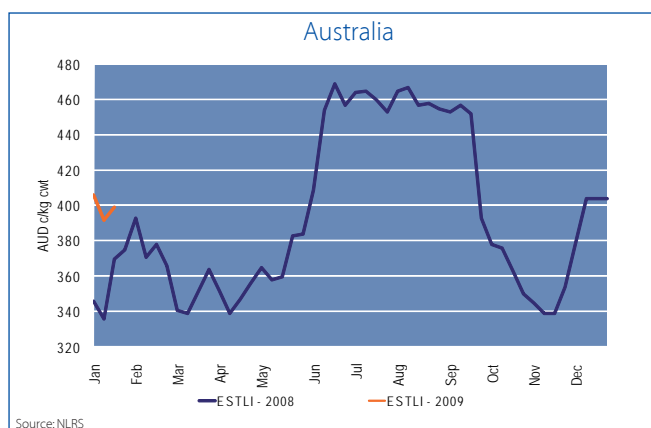
Lamb

AUD prices (c/kg cwt)			
	Current (30/01/09)	Last week	Last year
Eastern States Trade Lamb Indicator	399	392	375

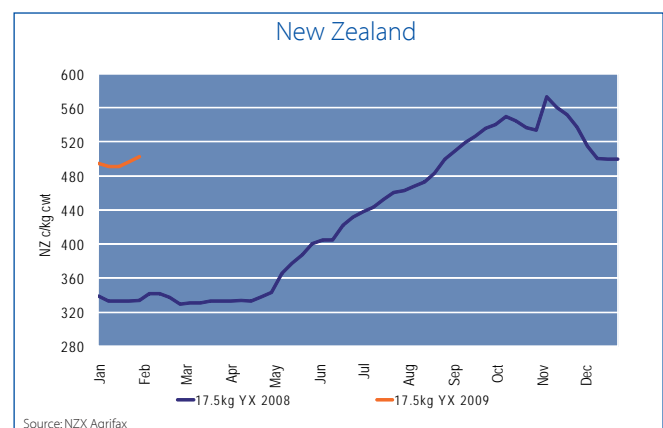
Source:NLRS

NZD prices (c/kg cwt)			
	Current (02/02/09)	Last week	Last year
NI 17.5kg YX	488	488	347
SI 17.5kg YX	503	497	334

Source:NZX Agrifax



Source:NLRS



Source:NZX Agrifax

Australia

- Following a number of weeks of exceptionally high prices, lamb and sheep prices have eased in early 2009. A major factor behind the fall has been the dry weather conditions in southern Australia, which has seen increased lamb turn-off and a decline in restocker interest. The Eastern States Trade Lamb Indicator fell by AUD 14c/kg between the end of December and the end of January to AUD 3.99/kg cwt. Despite the decline, trade lamb prices remain 8% above the same time in 2008.
- Australian lamb exports fell by 6% in 2009, with sales to the US, Australia's largest export market, falling by 17% to 36,855 tonnes. Tight supply of heavy lambs suitable for the US market has been one factor behind the declining sales to the US, however this is not the only challenge faced by Australian exporters in the US. The high Australian dollar in the first half of 2008 and pressures on consumer spending, firstly due to rising fuel and food costs, and in the latter part of the year due to the financial crisis, have also contributed to the decline. Offsetting some of the decline in the US was a rise in demand from Middle Eastern markets, which experienced strong economic growth through oil export revenues.
- While a major focus of the global economic downturn has been the drop-off in demand for meat, it is also resulting in subdued demand for some by-products. Sales of skins to major buyers such as China have fallen off, resulting in lamb skin prices declining by 18% to 43% compared to the same time in 2008.

New Zealand

- Farm gate lamb prices moved against the usual seasonal trend during January by increasing around NZ 10 cents/kg late in the month. Current lamb prices are 40-50% higher than the same period in 2008 with prices higher in the South Island than in the North – another reasonably unusual occurrence at this time of the year.
- Lamb prices are reflecting the significant fall in volumes expected over the second half of the 2008/09 processing season. As early season volumes kept pace with the previous year, virtually all of the expected 23% fall in annual lamb slaughter will occur from now onwards. Mutton slaughter rates have held up at similar levels to 2008, season to date (NZX Agrifax). With a 40% fall in slaughter expected the latter part of the 2008/09 season is also likely to see a sharp fall in adult sheep processed.
- Sheepmeat export volumes fell 8% (5,000 tonnes) over the final two months of 2008, compared to 2007. However, export value increased by 16% or NZD 60 mln as relatively firm international prices combined with a lower New Zealand dollar to lift returns.
- The European Commission reported that 92% of the EU sheepmeat import quota was used in 2008. Australia filled 100% of its quota, New Zealand 99% and Uruguay 95%. Underutilisation was greatest from Argentina at 25% (17,000 tonnes unutilised).

Dairy

World dairy prices									
	USD/tonne			AUD/tonne			NZD/tonne		
	22/01/09	last month	last year	22/01/09	last month	last year	22/01/09	last month	last year
Butter	1,900	2,150	4,050	2,883	3,052	4,621	3,581	3,617	5,300
SMP	1,775	1,950	4,250	2,693	2,768	4,849	3,346	3,280	5,562
WMP	1,850	2,100	4,400	2,807	2,981	5,020	3,487	3,532	5,758
Cheddar	2,600	3,150	5,300	3,945	4,472	6,047	4,901	5,299	6,936

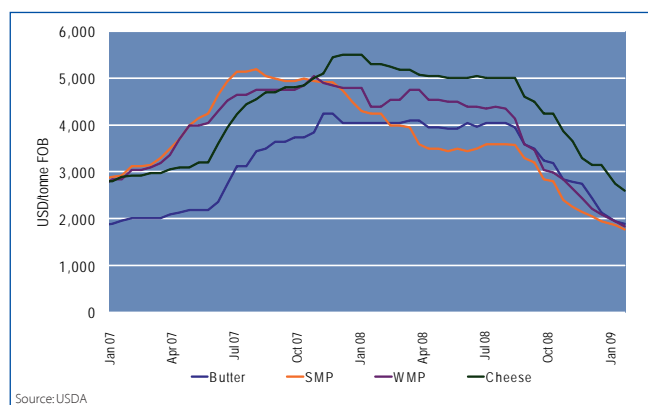
Source: USDA

Global

- International dairy prices continued to fall during January, extending a downward run now 14 months old. All major commodity lines are now back to pre boom price levels in USD terms.
- While the USD (in which international pricing is quoted) did rise modestly during January, fundamentals remain the key market driver.
- There has been scant evidence of any improvement in demand in the last month.
- Falling commodity prices are starting to flow down the supply chain, easing the cost at retail level in several key markets. Dairy has also regained competitiveness in the fat market, with declining butter prices and a recent increase in the costs of vegetable oils returning relative prices to traditional levels in ingredient markets.
- However, economists are still revising down near term growth forecasts, with the IMF in late January slashing global GDP forecasts for 2009 to just 0.5%. Any improvement in the availability of trade credit has also been painfully slow, with export trade still impeded in several key markets.
- On the supply side of the market, the collapse of global commodity prices is now impacting heavily at farm level – with substantial reductions in raw milk prices seen in all key markets, and prices in the US, EU and Australia now back to pre boom levels.
- With milk prices falling, and feed costs still high, farm profitability is being squeezed in every major export region – and supply growth winding down.
- But with demand still poor, even weak supply growth is still generating a substantial inventory build up in many export regions – sparking government intervention in the US and EU as authorities move to mitigate the local damage (exacerbating it elsewhere).
- The weight of negative forces at play in the market at present make it hard to envisage an end to downward price momentum in the near term.

Australia

- AUD exporters saw some of the pace taken off declining commodity prices through January by a falling local currency – though prices still fell.
- The sharp reduction in export pricing since mid November in local currency terms forced all major exporters to slash farm gate prices since December – with prices in the Feb to June period 30%-40% below opening price indications.



Source: USDA

Production growth in key exporting regions

	Latest month	Last 3 months
EU 27	-0.7% (Dec)	-0.3%
US	1.4% (Dec)	1.3%
Argentina	4.8% (Sep)	7.1%
Australia	5.0% (Dec)	2.9%
NZ	0.5% for eight months to January 2009*	

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

- The extent of the price cut, its largely unforeseen nature, and still high input costs have heavily impacted expected farm profitability. Overlay an extremely dry January and an extreme heatwave in Southern regions at month end, and expectations for growth over the tail end of the season have fallen.

New Zealand

- The lower New Zealand dollar in January limited the decline in commodity prices to 1% for butter and WMP, while SMP lifted 2%. However, the larger movement in cheese prices saw local currency prices fall 8%.
- The damage to export prices had already been done in late 2008, which resulted in Westland revising its forecast to NZD 4.10-\$4.40/kgMS during December and Fonterra lowering its payout to NZD 5.10/kgMS in January. Farm gate milk prices are now around 30% lower than initial expectations for the 2008/09 season with significant readjustment to budgets and operating plans taking place throughout the supply chain.
- New Zealand export volumes fell 15% over the last four months of 2008 as demand fell and global trade slowed. Products most affected were WMP and butter, which fell by almost 20% while SMP and cheese fell by 17% and 15% respectively. Casein held up better (down 9%) and exports of other, lower volume, dairy products actually increased.

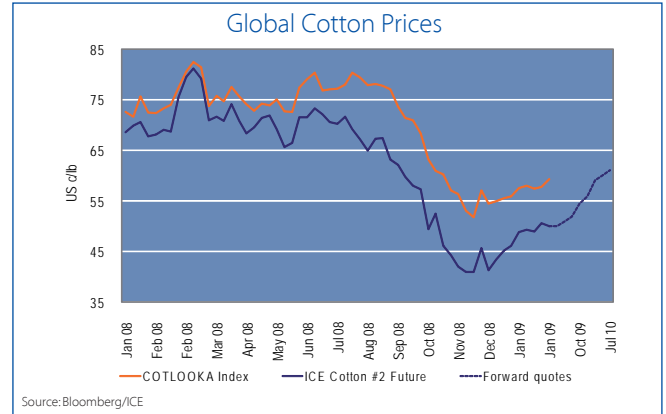
Cotton

Monthly average cotton prices (US c/lb)			
	Current (30/01/09)	Last week	Last year
Cotlook A Index	59.35	57.80	72.45
NY Futures (Dec 08)	50.07	50.64	67.89

Source: Rabobank, Bloomberg/ICE

Australia

- Low international cotton prices and short term demand uncertainty has depressed cotton production globally with expectations that production will fall 9% in the 2008/09 season to 110 million bales, the lowest level of global cotton production since 2003/04.
- Domestically, the weaker Australian dollar is helping offset the low international cotton price, whilst good rains in the latter part of 2008 has lifted production prospects from 1.2 million bales at the start of the 2008/09 season to a current forecast of 1.35 million bales. Although this is a huge improvement from last year's 0.62 million bales, total domestic production is still 46% below the 10 year average.

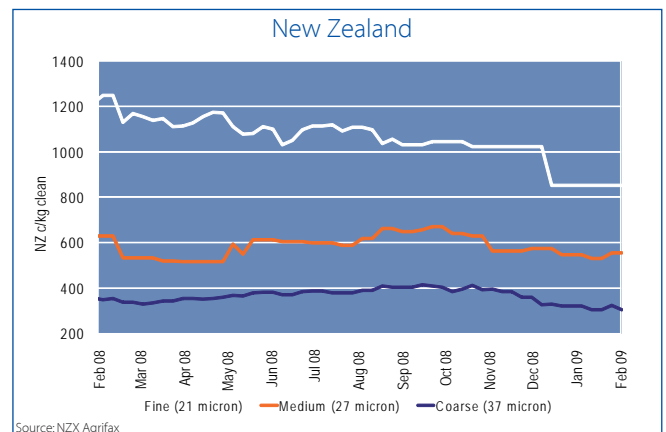
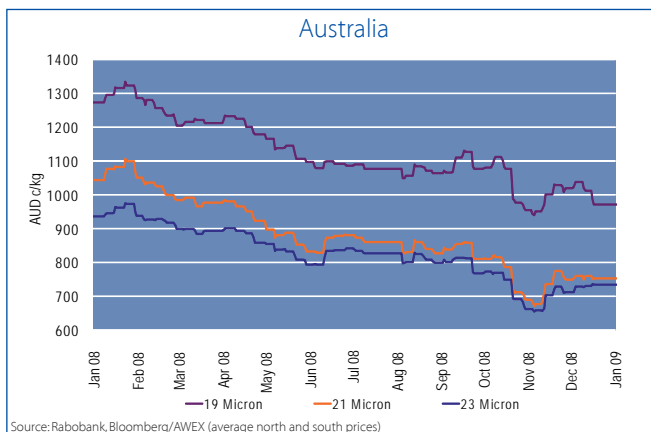


Wool

	Eastern Market Indicator (AUD c/kg clean)			New Zealand (NZD c/kg clean)			
	Current (29/01/09)	Last week	Last year	Current (02/02/09)	Last week	Last year	
Fine (19 micron)	922	937	1325	Fine (21 micron)	854	854	1250
Medium (21 micron)	725	723	1099	Medium (27 micron)	556	556	630
Broad/coarse (23 micron)	697	700	974	Broad/coarse (37 micron)	305	323	348

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

Source: NZX Agrifax



- AWEX Eastern Market Indicator is currently 743cents/kg having fallen 3% since the end of December 2008.
- In comparison, the weaker Australian dollar is helping soften the fall with US dollar prices declining 10% in the same period.
- The price gap between fine/medium wool versus broad wool is narrowing, with speculation that some broader wools are being used at higher blending levels aiming to filter down high priced fine wool stocks purchased earlier in 2008.

- Similar to Australia, the weakening New Zealand dollar is helping NZ wool prices stay reasonably firm considering US dollar prices have fallen at a greater rate over the month of January.

Sugar

New York 11 Prompt (raw sugar futures price March 2009)

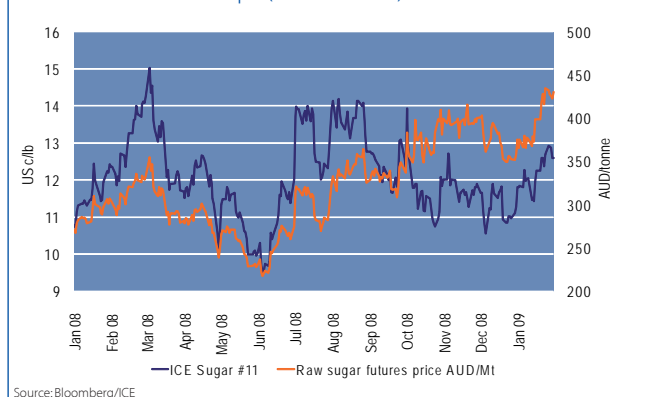
US c/lb			AUD/tonne		
Current (30/01/09)	Last week	Last year	Current (30/01/09)	Last week	Last year
12.59	12.7	12.36	403	435	305

Source: Bloomberg/ICE

Australia

- ICE nearby sugar futures increased 7% throughout January on the back of forecasts for a global sugar deficit in the 2008/09 crop year and the re-entry of investor funds in speculative positions.
- The weaker Australian dollar has boosted relative domestic sugar prices by 14% in the same period.
- India's Farm Ministry has downgraded India's sugar production forecasts for 2008/09 from 20 to 18 million tonnes (down 32% from 2007/08). There is also speculation that India may ease import restrictions that could place further upward pressure on international sugar prices.
- The Australian sugar industry will be assessing the damage from cyclone Ellie after monsoonal rains flooded cane fields in north QLD with potential impact on yield and quality for the 2009/10 crop.

New York 11 Prompt (March 2009) Futures Contract



Source: Bloomberg/ICE

Venison

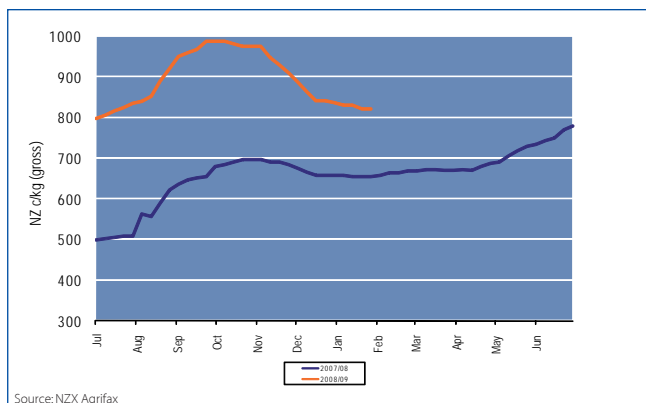
NZ c/kg gross

	Current (02/02/09)	Last week	Last year
NI Stag 60kg	787	787	642
SI Stag 60kg	821	821	658

Source: NZX Agrifax

New Zealand

- Venison prices continue to hold up well above the traditionally low season for prices. While European prices have eased from late 2008, the lower New Zealand dollar has compensated at this stage. Prices have decreased by around NZ 10 cents/kg over the past month in the South Island while they have increased by a similar amount in the North Island, indicating differences in procurement and stock availability between regions.
- Venison export volumes over the final two months of 2008 continue to show evidence of the fall in production, declining by 24% from 2007. However, value increased 15%, which has supported the higher farm gate prices. Velvet export volume increased by 30 tonnes over the two month period, however value increased less than proportionally indicating lower average returns per tonne.



Source: NZX Agrifax

Wine

Wine exports	Australia			New Zealand		
Measuring system	Comparative MAT Performances			Comparative MAT Performances		
Period	Dec-08	Dec-07	Change %	Dec-08	Dec-07	Change %
Volume (million litres)	698.0	786	11	97.5	83.9	16
Value (AUD/NZD million)	2,465	3,002	-18	892.1	749.7	15
Unit value (AUD/NZD per litre)	3.53	3.82	-8	9.10	8.99	1.2

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

- Constellation Brands, owners of Hardy's, Banrock Station and Nobile among others, reported an 11% fall in branded wine sales across Europe in the three months to 30 November, 2008. Constellation admitted its strategy of higher prices and a rationalised portfolio had affected volumes, though its margins had increased.

Australia

- 2008 delivered the first annual decline in wine export since the AWBC began publishing figures in 1994-5. The challenges faced by exporters changed through the course of what was a volatile year, with exchange rate pressure in the first half of the year giving way to weakened consumer demand in our major export markets in the second half.
- Export volumes for the year ended December 2008 fell 11% to 698 million litres, the lowest level since 2004. Export values declined 18% to \$2,465 million, just in excess of export values achieved in 2003. The average price per litre of Australian exported wines fell 8% to just \$3.53/L, the lowest average price since 1995, and a 26% fall from its peak in 2002. The dramatic fall in value compared to volume indicates the margin

pressure being exerted by retailers in the US and UK. Volumes to the UK fell 10% but value fell 18.2%. In the US things were even worse, with volumes falling just 5.6%, but values falling a whopping 26.5%.

- Prolonged heatwave conditions were gripping South Australian, Victorian and NSW vineyards at the time of writing. While too early to assess the impact, initial reports suggest the regions south of Adelaide, the Riverland and parts of Victoria will be hardest hit, whereas the impact may be mitigated in the NSW Riverina thanks to greater availability of water for MIA irrigators.

New Zealand

- The New Zealand wine industry continued to defy gravity throughout December, posting increases in export volume, value and prices. MAT December exports hit 97.5 million litres, up 16% on the previous year, with Australia surpassing the UK as the largest export destination by volume. Total export values MAT to November is \$892 million, up 19% on the previous year.

Horticulture

Australia

- The Federal Government's proposed Pacific Islander seasonal labour scheme has so far failed to materialise and many growers have expressed frustration. With most stone fruit growers nearing the end of their harvest, it is hoped the workers will arrive in time for later crops such as table grapes, citrus and almonds.
- Fruit prices rose 8% in the December quarter, primarily due to increased prices for stone fruits, with minor contributions from citrus fruits, apples and pears. Vegetable prices also rose, up 3.3% for the quarter. Seasonal factors and limited supply were contributing factors to price rises in both subgroups according to the ABS, resulting in widespread price rises and less fruit and vegetables offered on sale.

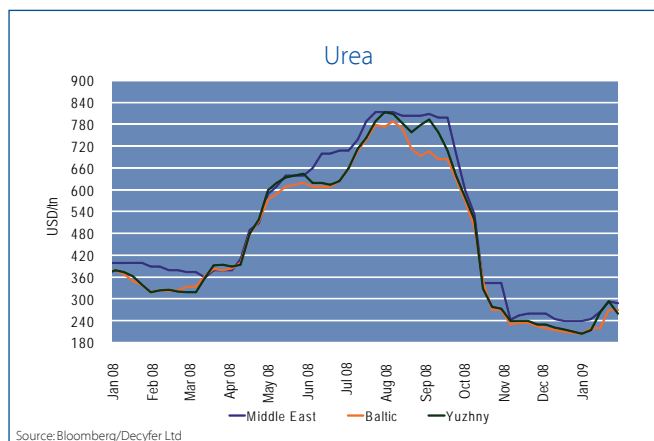
New Zealand

- In New Zealand, fruit and vegetable prices fell 3.9 percent in December 2008, with significant downward contributions coming from lower prices for tomatoes (down 48.4 percent), broccoli (down 45.3 percent) and lettuce (down 17.7 percent). Apples, however, managed a 22.1 percent increase for the month.

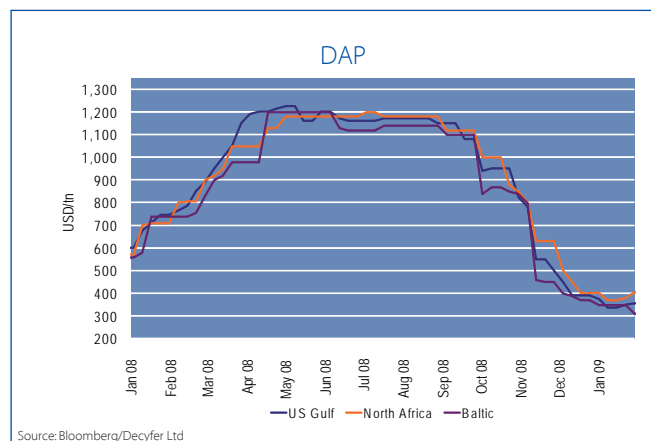
Fertiliser

All shown as USD/tonne	Current (29/01/09)	Last month	Last year
Urea (Middle East)	290	240	390
DAP (North Africa)	405	400	710

Source: Bloomberg/Decyfer Ltd



Source: Bloomberg/Decyfer Ltd



Source: Bloomberg/Decyfer Ltd

- International fertiliser prices for urea rose over 20% in January in response to increased demand and fertiliser processor's leaving production capacity idle until prices reached levels above cost of production.
- In comparison, international DAP prices remained relatively stable as demand continues to remain slow.
- Australian and New Zealand retail fertiliser prices have fallen in recent months to be more in line with international prices

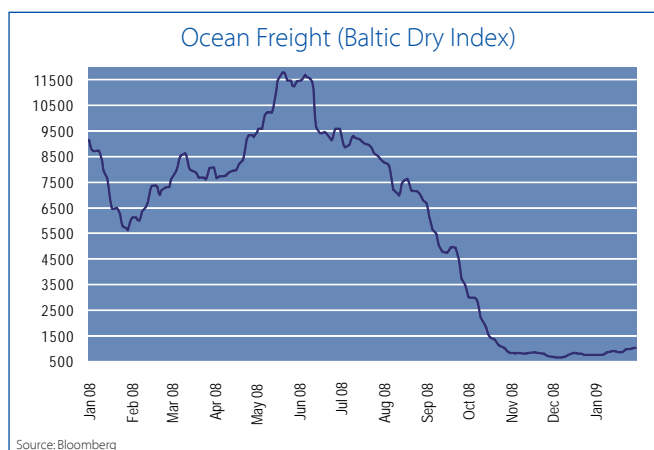
as suppliers start to filter down high priced stock from earlier purchases.

- Although demand for urea is starting to pick up after a slow period in the last quarter of 2008, the lower raw material costs, energy prices and freight costs are expected to maintain downward pressure on fertiliser prices in the short term.

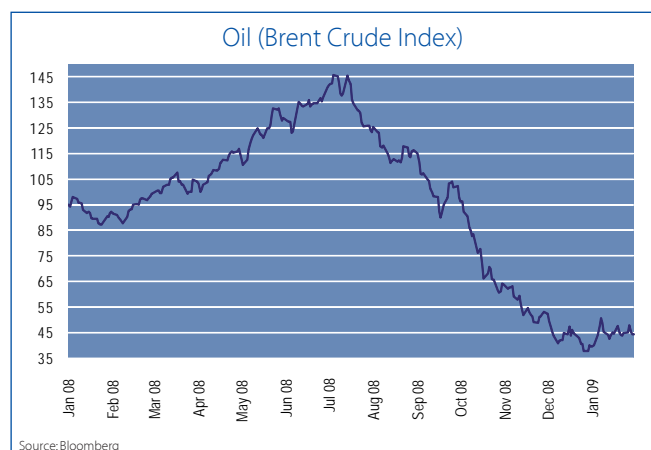
Other costs

	Current (30/01/09)	Last week	Last year
Baltic Dry Index	1036	980	5900
Brent Crude (USD/bbl)	44.48	44.97	91.82

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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