

DOLBEL CONSULTING PTY LTD



Winter Crop Outlook Autumn
April 20th 2010

I've been putting off doing any significant analytical work on winter crops until late April.

As a rule we need to see some initial production data from the Northern Hemisphere to form any type of logical conclusion on market direction. As Europe and North America emerge from their winter some trends are becoming more obvious, hopefully this document will help you understand some of the dynamics at work in the market for 2010.

These kinds of reports are often used to help one drift off to sleep so bear with me as I make this as simple as I can and hopefully a cup of coffee will be all you need.

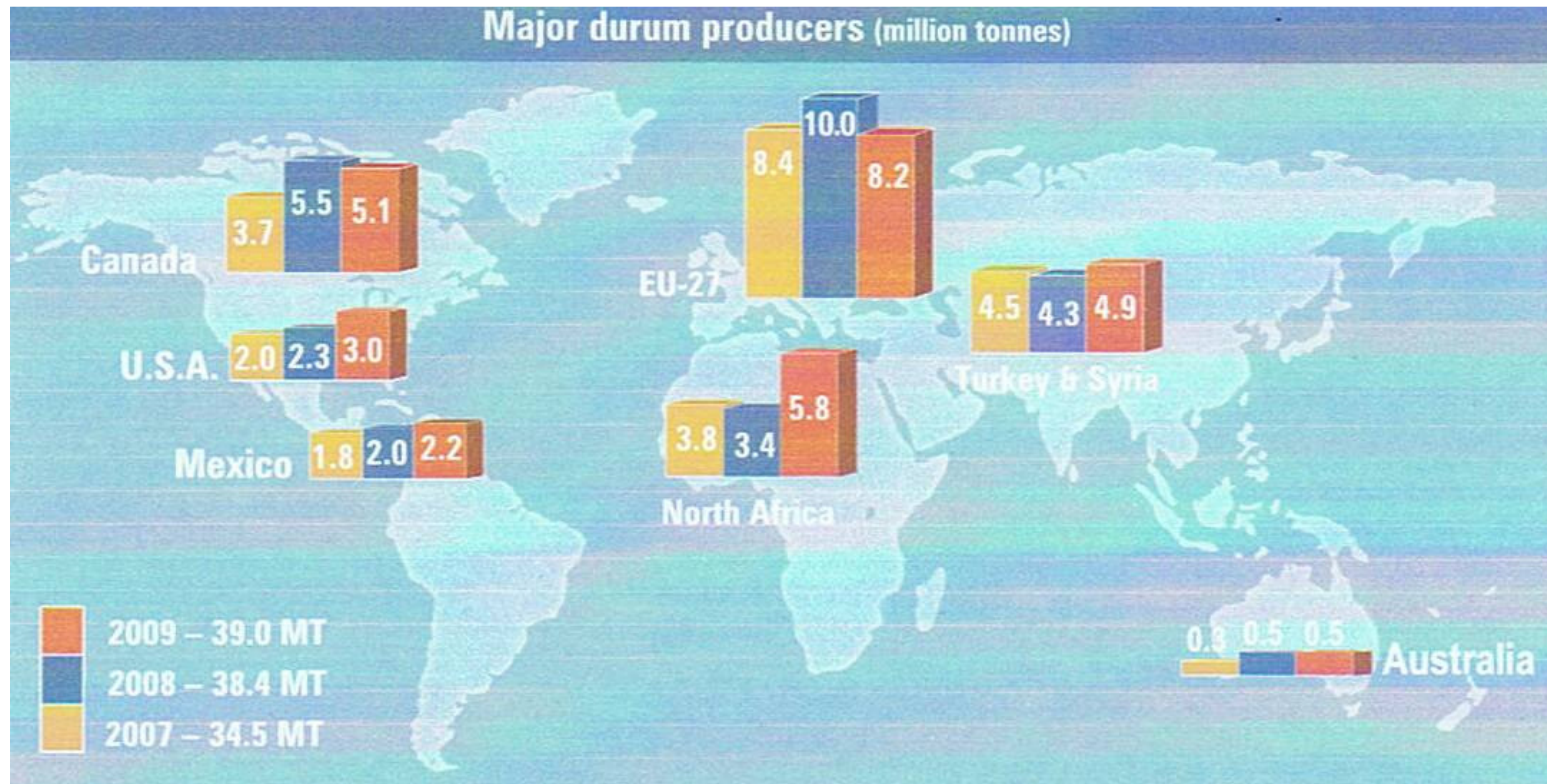
As you are well aware Supply and Demand is what drives the market. Globally this is mainly affected by a small number of major suppliers and a small number of major importers.

The table below gives a rough guide to the growing schedule and production possibilities of some of the major producing nations. As the season progresses I will keep you up to date with this table but as you can see the world is likely to produce its fourth largest wheat crop on record. There are some issues in India and Canada that require watching but at present supply is likely to greatly exceed demand in 2010.

Wheat	J	F	M	A	M	J	J	A	S	O	N	D	Production 09	% Of Global Prod	Production 10
US (Winter) HRW						Harvests			Plants				25,010,000	3.69%	33,916,000
US (Winter) SRW						Harvests			Plants				11,000,000	1.62%	7,080,000
US (Winter) WHT						Harvests			Plants				6,450,000	0.95%	6,500,000
US (Spring) HRS				Plants				Harvests					14,910,000	2.20%	13,410,000
US (Spring) DRM				Plants				Harvests					2,970,000	0.44%	2,500,000
Total US													60,340,000	8.89%	63,406,000
Canada DNS				Plants				Harvests					21,400,000	3.15%	20,320,000
Canada DRM				Plants				Harvests					5,100,000	0.75%	4,350,000
Total Canada													26,500,000	3.91%	24,670,000
France							Harvests		Plants				39,400,000	5.81%	40,600,000
Germany								Harvests	Plants				25,100,000	3.70%	24,590,000
UK								Harvests	Plants				14,600,000	2.15%	15,700,000
EU Total													138,140,000	20.36%	133,800,000
Ukraine						Harvests		Plants					20,900,000	3.08%	17,800,000
Turkey							Harvests		Plants				17,800,000	2.62%	18,500,000
Egypt				Harvests					Plants				7,900,000	1.16%	7,900,000
Kazak								Harvests	Plants				17,000,000	2.51%	17,200,000
Russia (Winter)								Harvests	Plants				30,000,000	4.42%	28,500,000
Russia (Spring)				Plants				Harvests					31,700,000	4.67%	29,500,000
Total Russia													61,700,000	9.09%	58,000,000
Iran				Harvests					Plants				12,000,000	1.77%	14,500,000
Pakistan				Harvests						Plants			24,000,000	3.54%	19,800,000
India			Harvests							Plants			80,680,000	11.89%	80,000,000
China					Harvests				Plants				114,500,000	16.88%	112,000,000
Australia					Plants					Harvests			21,700,000	3.20%	24,500,000
Brazil				Plants						Harvests			4,800,000	0.71%	4,800,000
Argentina					Plants						Harvests		7,900,000	1.16%	14,500,000
												Total	552,260,000	81.40%	549,976,000
													678,420,000	Global Production	658,000,000

Durum wheat is included in the above table but not broken down in all the major producers.

In 2009 the world produced in excess of 39mt of durum and world trade shrunk to only 7mt after better seasons in some of the major importing countries as shown on the below map.



Production estimates are expected to fall in the major producing countries in 2010 but high carryover stocks will continue to have a negative impact on durum prices through 2010 unless the major importing countries have serious production issues.

Gross margins are the major bearing on which crop to plant. This table outlines the gross margins of some of the major winter crops. As you can see Canola and Chickpeas look favourable but it is important for everyone to do their own gross margin analysis and make planting decisions that take paddock history into account.

Commodity	GM	Sale Price
Wheat - Durum	\$56	\$180
Wheat - Bread	\$51	\$160
Barley - Malt	\$103	\$175
Barley - Feed	\$37	\$150
Canola	\$146	\$380
Chickpeas	\$131	\$350

Chickpea prices have recently plateaued out as the Aussie dollar climbed to new highs, but there are area contracts available at \$400 / tonne delivered Narrabri.

As a side note it is good to see those that had a stab at mung beans harvesting good crops at present. Yields are variable but appear to be averaging between 1.5 and 1.75t/ha. Prices have held on well and spiked late last week as news of production problems in China trickled through the market. Recent business has seen No1 Processing trade as high as \$1100 / tonne ready for shipping.

If you have uncommitted mung beans please don't hesitate to call as demand and prices are currently very high.

Regards

Stuart Dolbel

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