



Coarse Grains & Oilseeds Outlook

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AAAC OUTLOOK DAY

Hyatt Regency

28th November 2008

Australian Grain Operation

- Major participant in the global flow of all grain movement
- Based in Melbourne, (Formerly Brooks Grain) - 33 staff
- Trading up to 4 million tonnes grains Aust
- State offices in every grain producing state, Qld, N.S.W., Vic, S.A & W.A.
- Packing plants and storage along the Riverina
- Own and operate corporate farming business Australia-wide.
- Experienced local & imported management team
- Expanding involvement in all aspects of Ag supply chain

Agricultural Products Group

- **Origination/ Marketing**
 - 30 mmt of grain, 5 mmt of edible oilseeds, 1.2 mmt of sugar
- **Grain storage and port facilities**
 - Argentina, Australia, UK, Poland, Hungary, Romania, Russia, the Ukraine, Kazakhstan
- **Oilseed crushing- Argentina, the Ukraine**
- **BioDiesel - Netherlands, Argentina**
- **Rice milling- Argentina, Uruguay**
- **Flour milling - Brazil, Russia**
- **Farming - Australia, Paraguay, Russia and Ukraine**

Results and Rating Summary GIAG

	December 2005		December 2006		December 2007	
Revenues	\$91.0 bn	(+27%)	116.50	(+28%)	143.5 bn	(+23%)
Total assets	\$32.4 bn	(+38%)	\$47.1 bn	(+46%)	60.1 bn	(+28%)
Glencore s/f	\$6.4 bn	(+39%)	\$10.9 bn	(+70%)	15.4 bn	(+41%)

- **FEED BARLEY**

- Fundamentally driven market
- No futures market to hedge positions
- Glencore are major participants in this market worldwide

- **MAJOR BUYERS:**

- Saudi 7mmt
- Japan 1mmt

- **MAJOR EXPORTING COUNTRIES:**

- Europe inc Eastern Europe & Russia
- Canada
- Australia



WEST AUSTRALIAN LANDSCAPE (BFED1)

- Traditionally pooled barley through Grainpool.
- Since introduction of GLA, where the established pool return was able to be contrasted with transparent daily cash prices.
- WA consultants and their growers actively embraced cash pricing.
- Permits mainly given to Middle east export markets
- Forward prices available since sowing
- Multi-Grade contracts made available
- Prices have drifted lower all season
- Massive increase in feed grain stocks globally
- Mainly US Corn, Black Sea Barley and European feed wheat.

Global Course Grain Supply & Demand

	2007	2008
Production	1077 M.M.T.	1091
Consumption	1062	1094
End stocks	154.13	150.91

Corn production down in U.S. along with Ethanol demand

World wheat production improved 70 mmt

Wheat stocks increase by 26MMT mainly in EU-27, F.S.U. & Russia

The majority of this additional production known since September 2008!

GLOBAL MALTING BARLEY

MAJOR EXPORTING COUNTRIES:

- Europe
- Australia
- Canada

MAJOR IMPORTING COUNTRY: total global trade Malt 3mmt 2008

- China
- Japan
- Taiwan

ISSUES:

- Domestic demand on east coast above production
- European over-supply 1mmt, Canada over supply 2mmt
- China's decreased demand for malt, from 2.1 mmt -2004 down to 800k - 2008 and willingness to utilize substitutes

Australian Malting Barley supply & demand

	Production	Demand	Surplus
East coast	800k	680k	120k
West Coast	600k	290k	310k

Freight / Handling del from west to east A\$100+
Potential Japanese demand only

Australian Canola supply & demand

	Production	Demand	Surplus
East coast	500k	595k	-95k
West Coast	830k	83k	747k

Freight / Handling del from west to east A\$100+

East Coast Production will not be sufficient to cover their domestic demand. WA Prices have already factored in this EC deficit.



W.A. CANOLA CROP

Quality will be standard for the state in oils for export quality

Good competition from several export permit holders in W.A.

Current WA Market is being priced on Europe. Indications suggest approximately 5 vsls sold into Europe (300kmt) +

Pakistan / Bangladesh does not work at today's level

Do not store / warehouse or pool this commodity – sell for cash.



GLOBAL FUTURE CANOLA

Future of bio-diesel in the backdrop of falling crude oil prices-subsidi

Issues surrounding the marketing of GM seeds with consumers (Jap

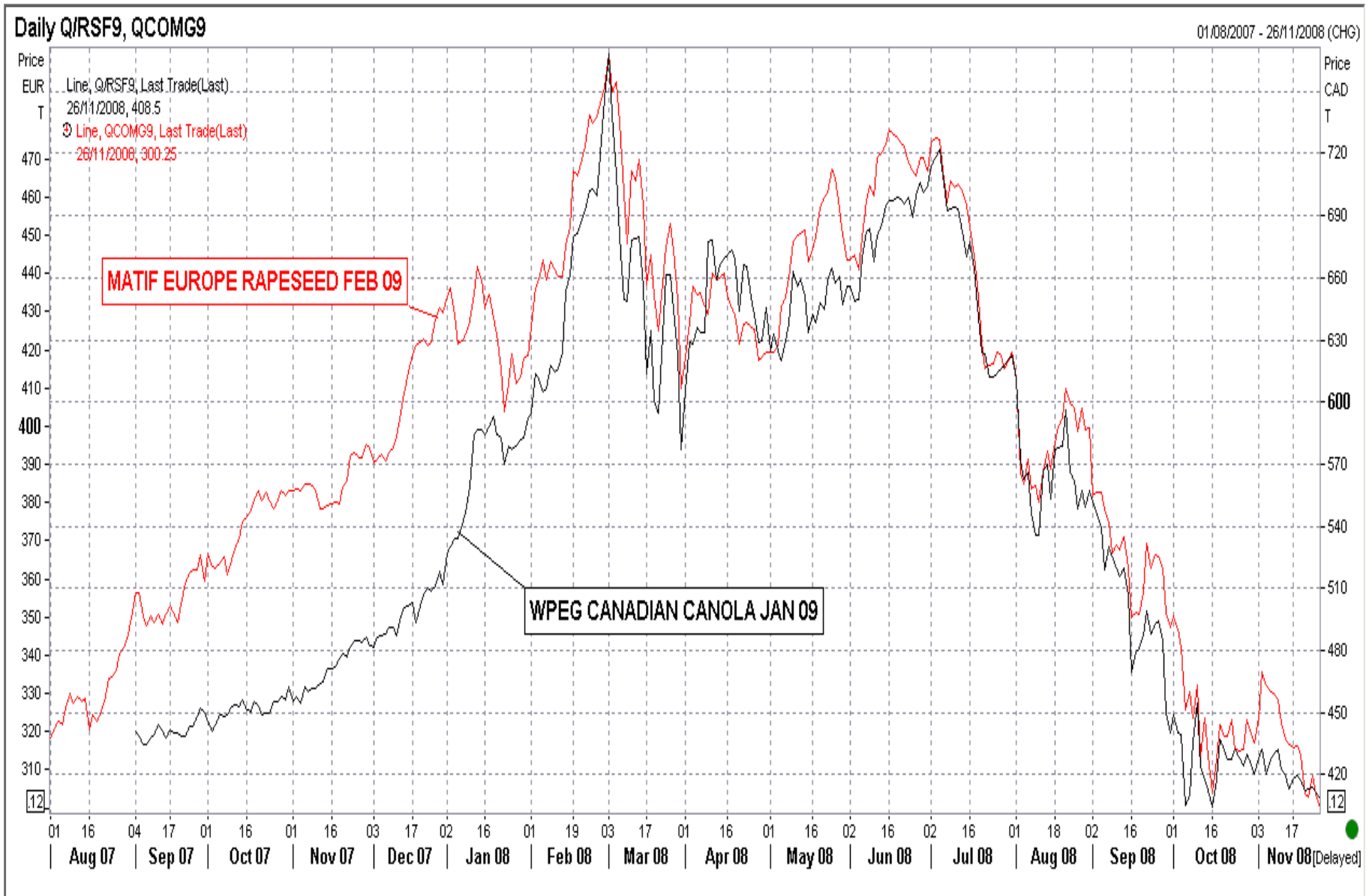
Volatility in equities and oil market being reflected in Canola

Strong competition for acres in US between Corn, Wheat and Soy

Watch global prices cbot soy & matif Rape prior to sowing 2009



Oilseeds futures prices



POOL V CASH

CBH pool estimate APW del Adel \$318.00

Current cash price track Adelaide \$283.00

Pool costs store & hand **\$45.84**

Finance, int and u/w fee **\$24.32**

Cash equivalent of pool return \$247.00

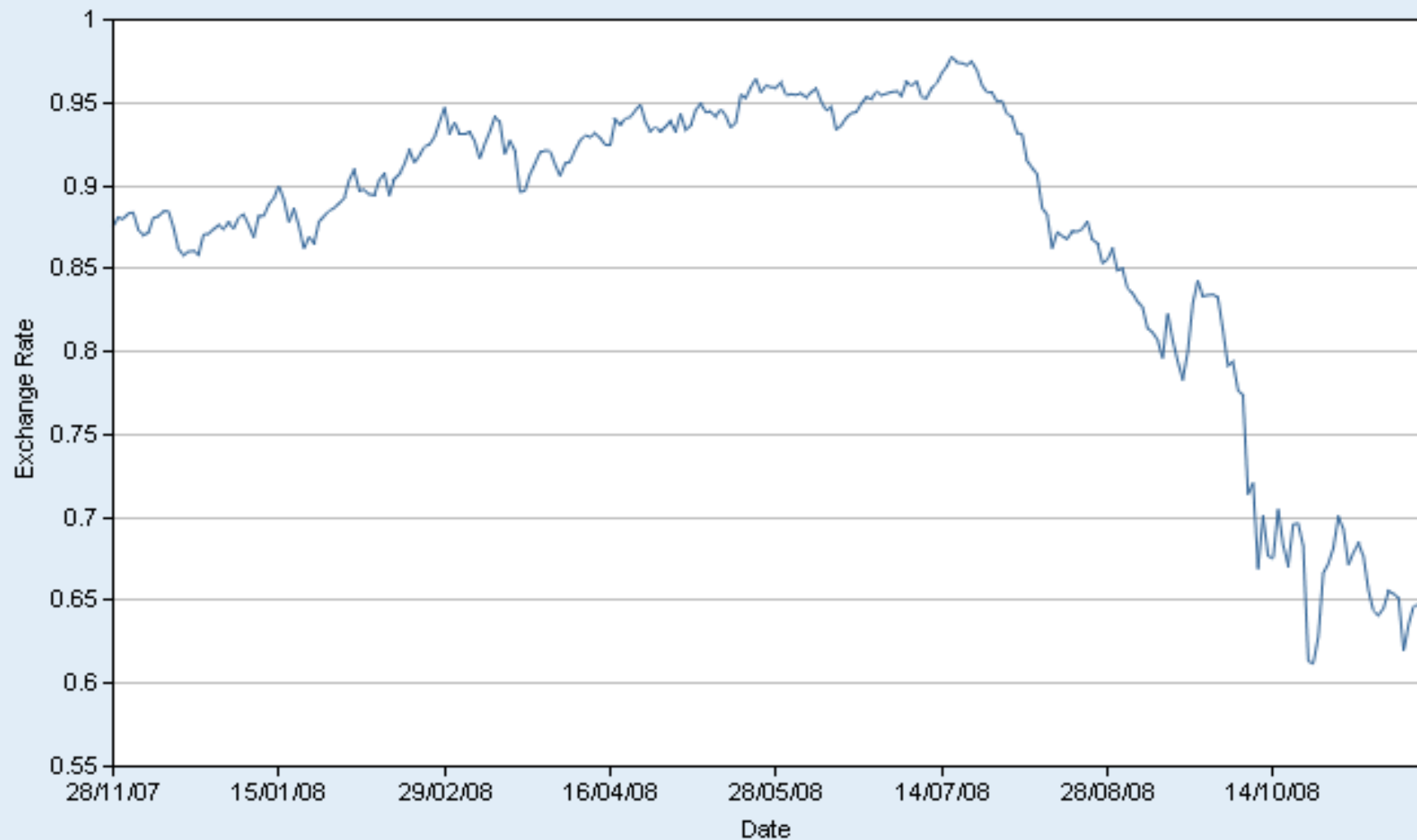
TOTAL CASH PREMIUM \$36.00

Feed Barley Pool Returns

- CBH Esr now \$185 / tonne fob
Down \$25 / tonne
 - ABB Esr now \$190 / tonne FOB
down \$73 / tonne
 - GRAINCORP Esr now \$195 /tonne Fob
down \$24 / tonne
- Less \$60 costs then compare to cash

AUD / USD 12 Months

AUD/USD Exchange | Last Price at 27/11/08 00:00:00.000



HOLDING COST

- Storage costs for 6 months est - \$8.00/t
- Interest costs for 6 months est -\$14.00/t
(using \$280 / tonne base)

Require over \$40 / tonne rise to recover
Equivalent to a 15% rise to \$US6.50 / bu

Market is not paying any carry to new crop

Marketing Options

- New environment for growers
- No safety with pooling – expensive and no market protection.
- Imperative farm consultants give better advice - follow markets closely
- Forward selling – Warehousing
- Spread the marketing – spread the risk

Good Luck

HAPPY CHRISTMAS

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ALL THE BEST FOR HARVEST 2008

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GRAIN MARKETING IN THE FUTURE