



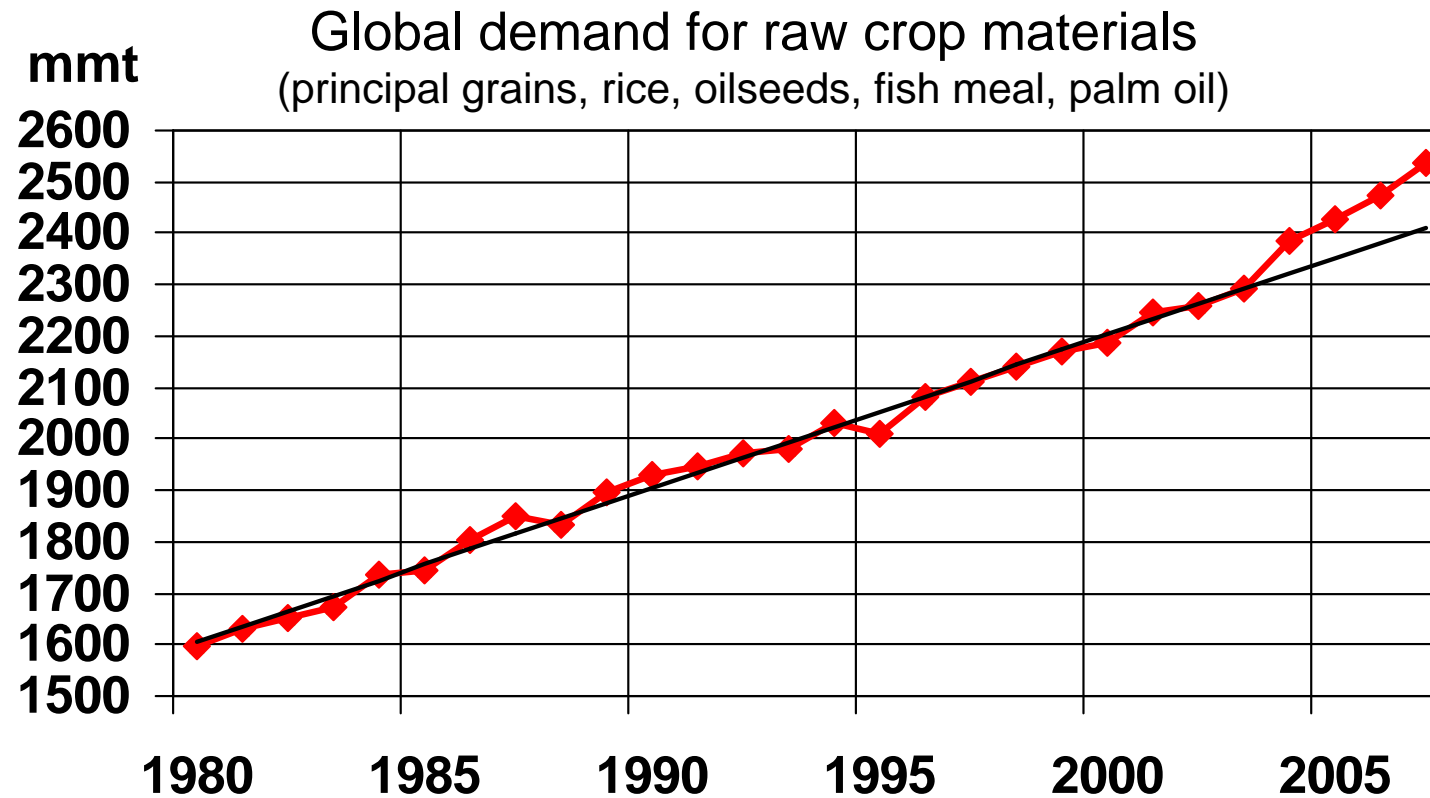
The soft commodities boom and implications for the grain industry

Robert Green, President, AGEA

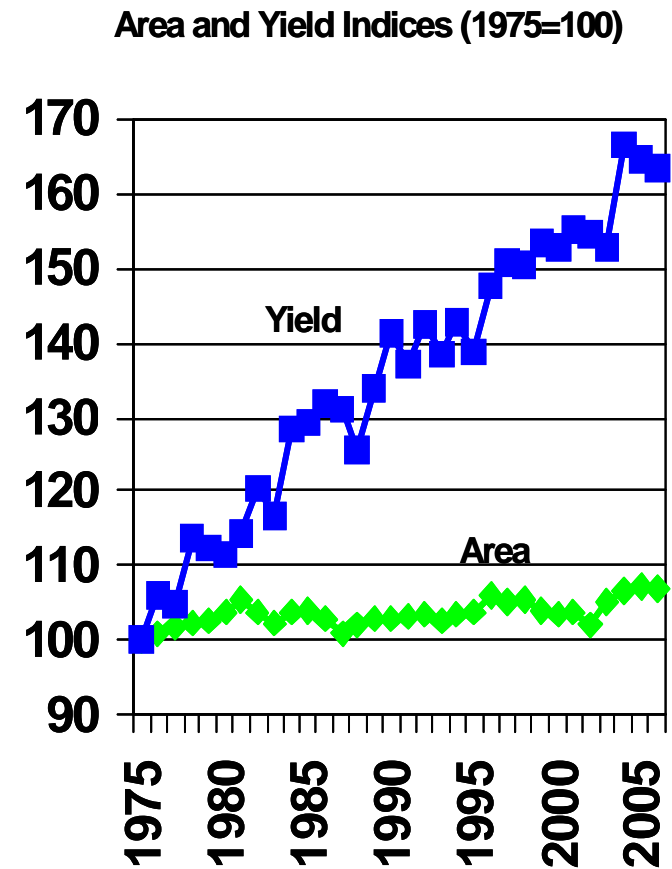
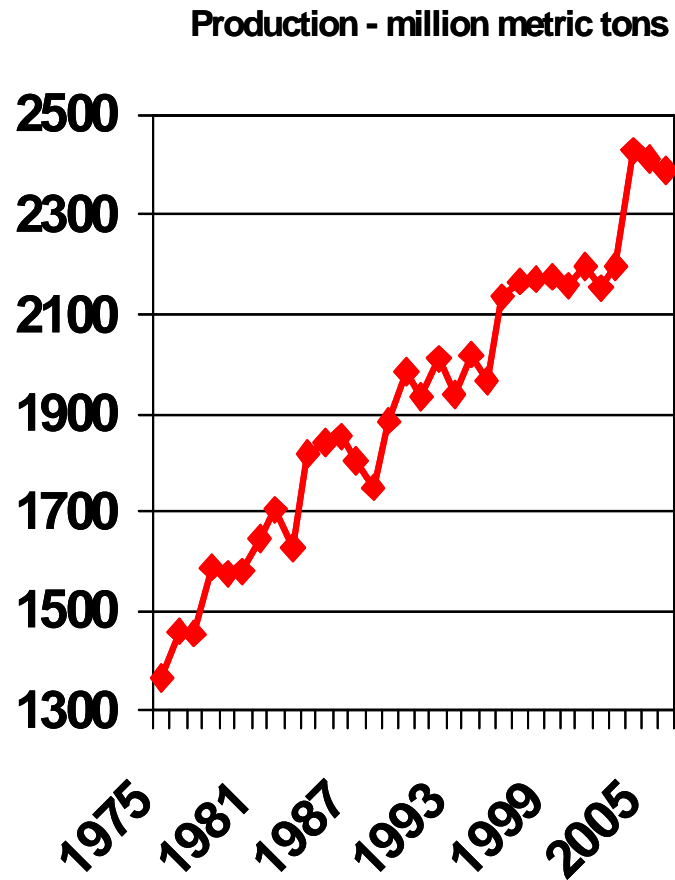
Australian Grains Industry Conference July 2008

What are the Key Drivers

- Production - Surpluses'/Deficits
- Income - Per capital income growth
- Alternative Markets - Impact of biofuels



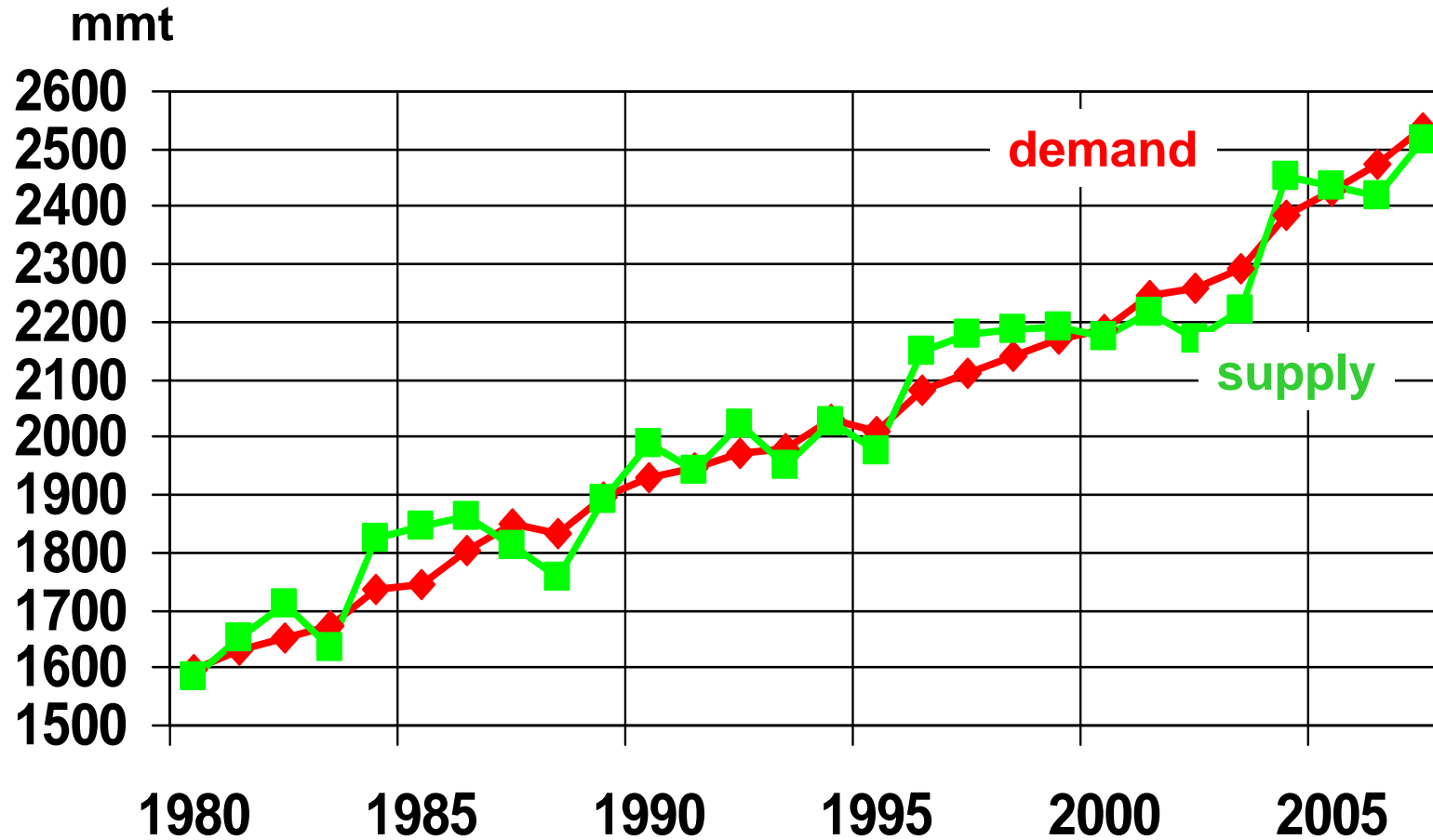
Global Production of Grain, Oilseeds and Rice



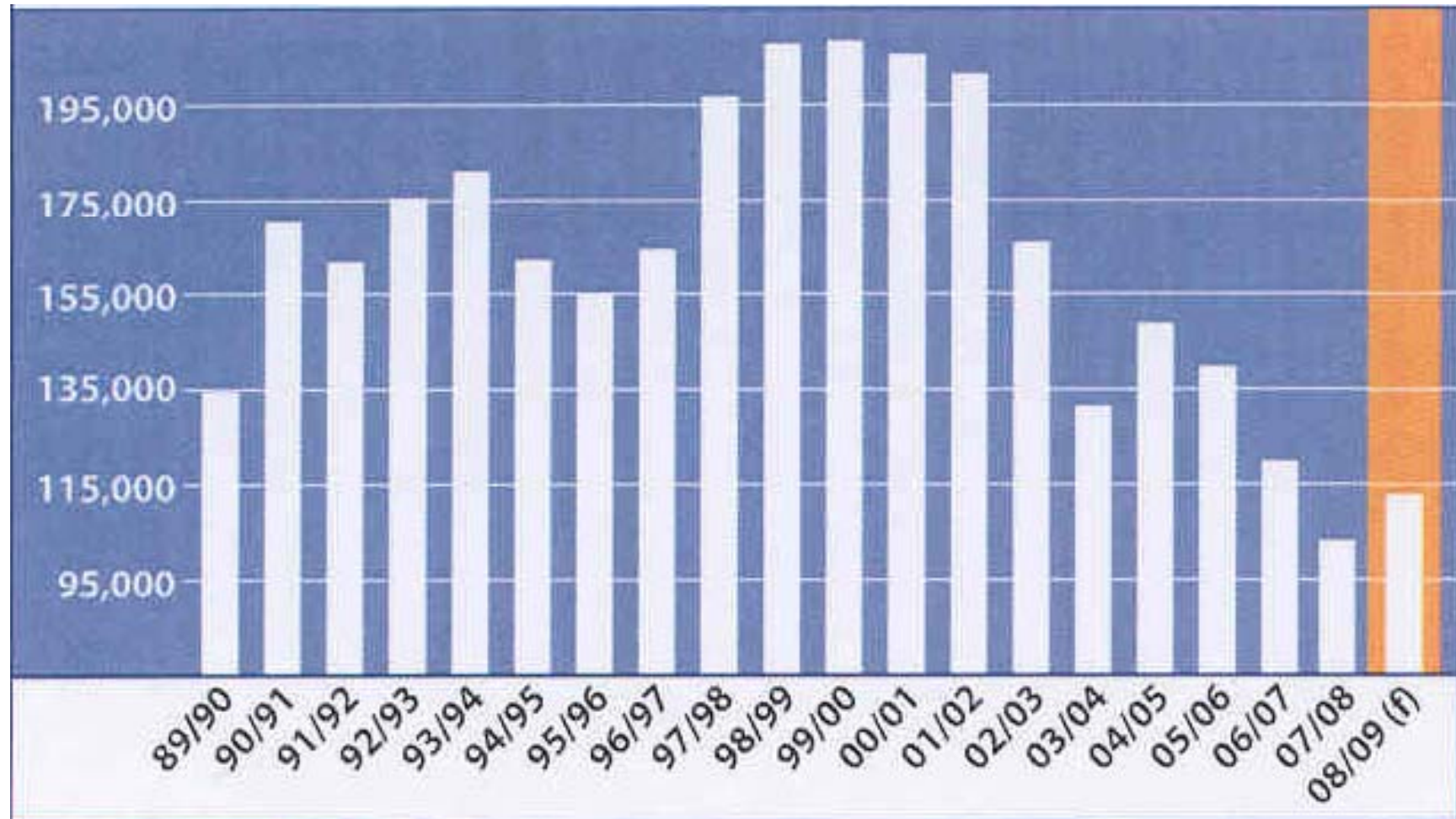
Source: USDA, Foreign Agricultural Service

Global supply / demand of raw crop materials

(principal grains, rice, oilseeds, fish meal, palm oil)

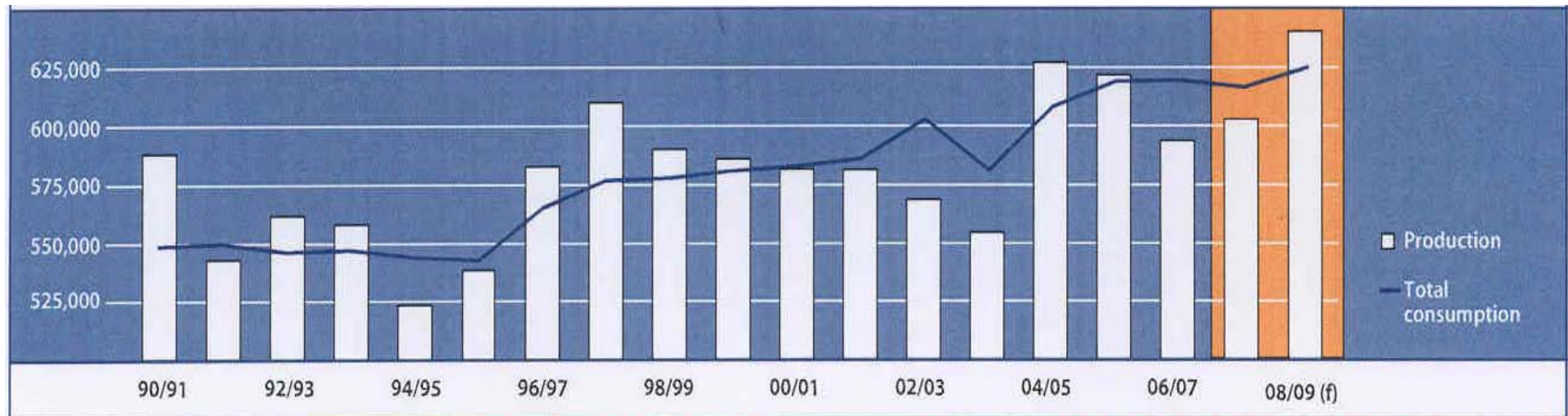


World Wheat ending stocks 1989/90-2008/09f (1000mt)



Source: Bloomberg, Rabobank Food & Agribusiness Research and Advisory, 2008

Global Wheat S & D 1989/90-2008/9f (1000mt)

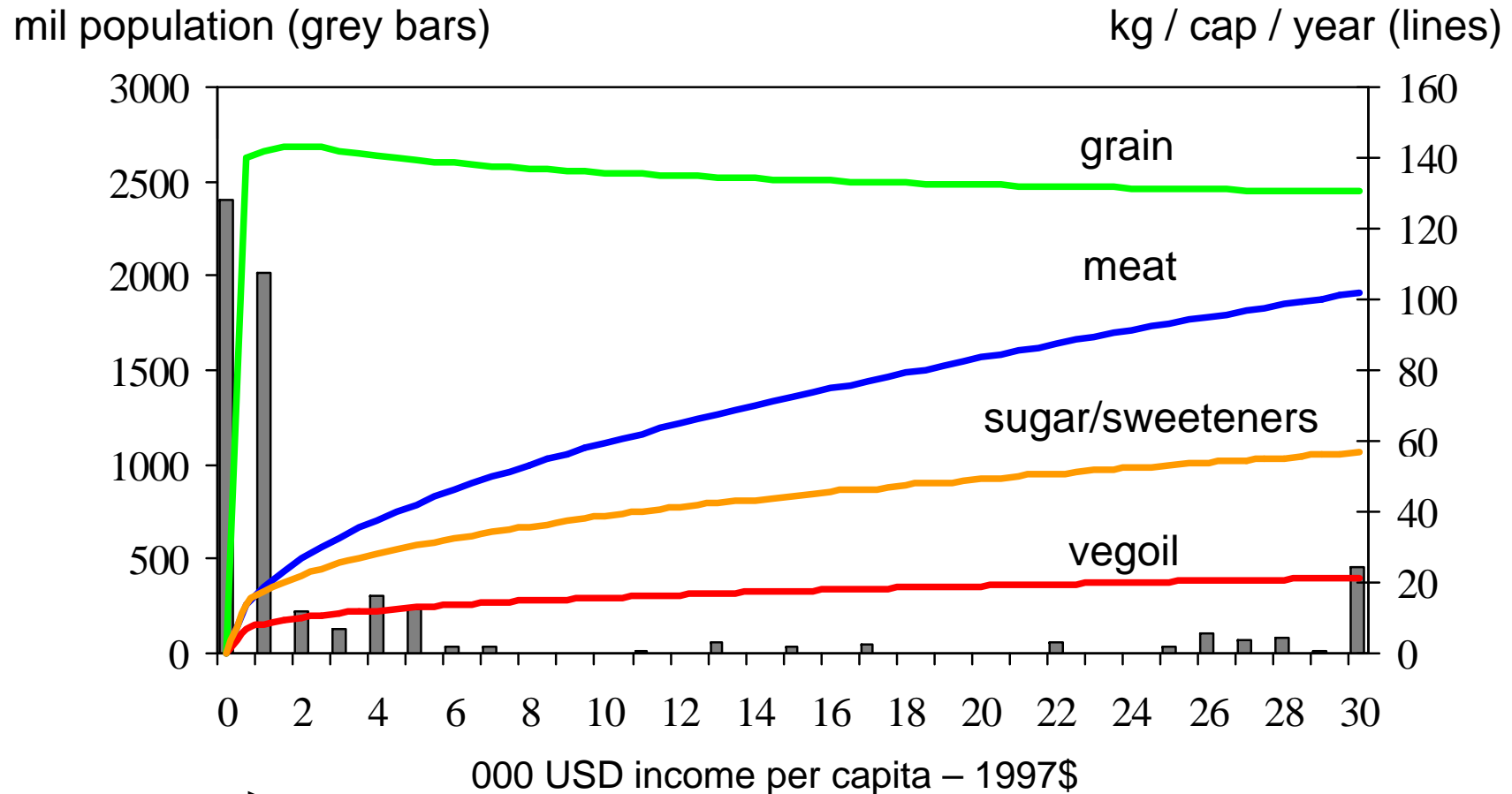


Source: USDA, Rabobank Food & Agribusiness Research and Advisory, 2008



World Production has the ability to bounce back quickly

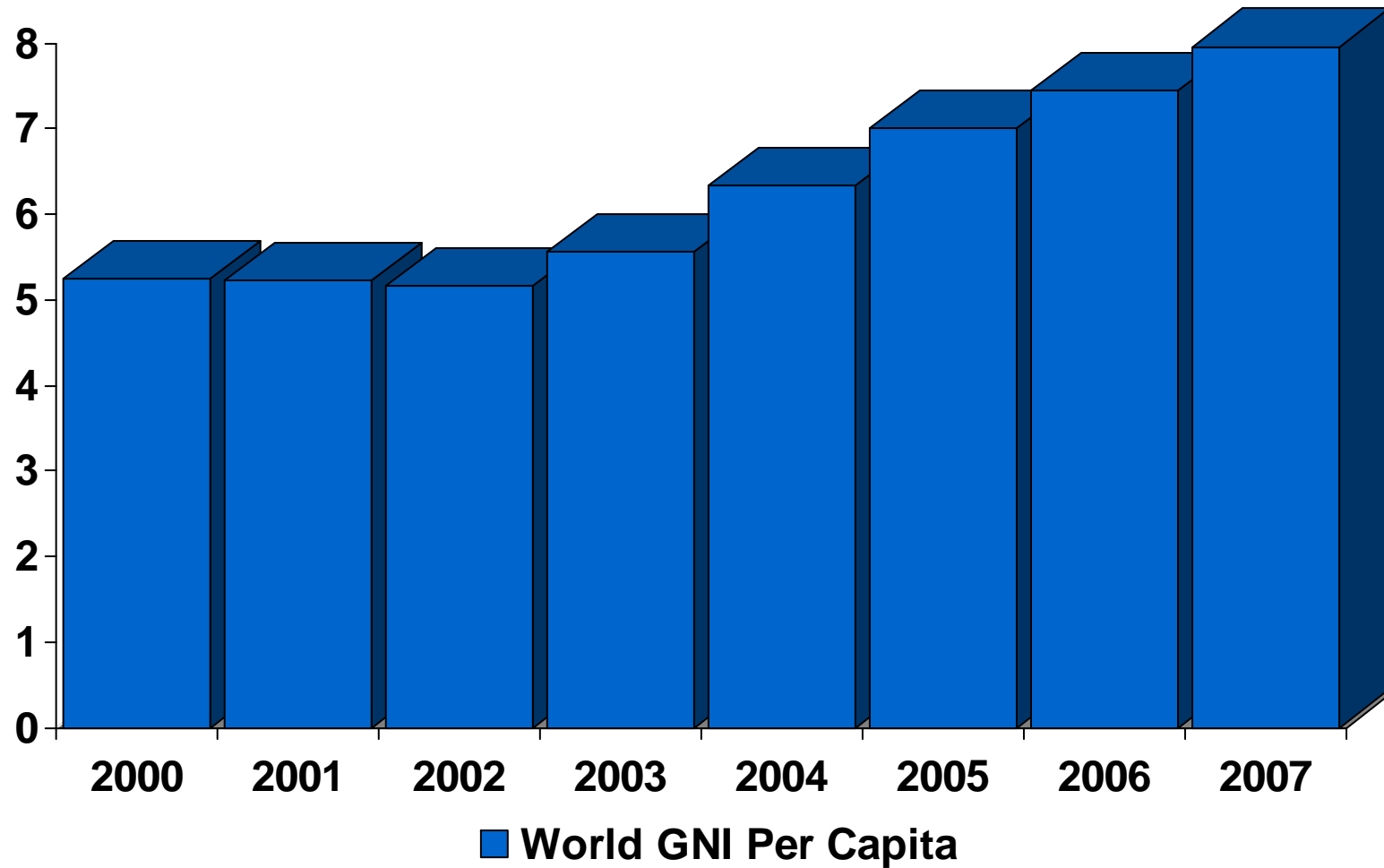
More people with Bigger appetites



2 Billion people exist on less than \$US 2/day

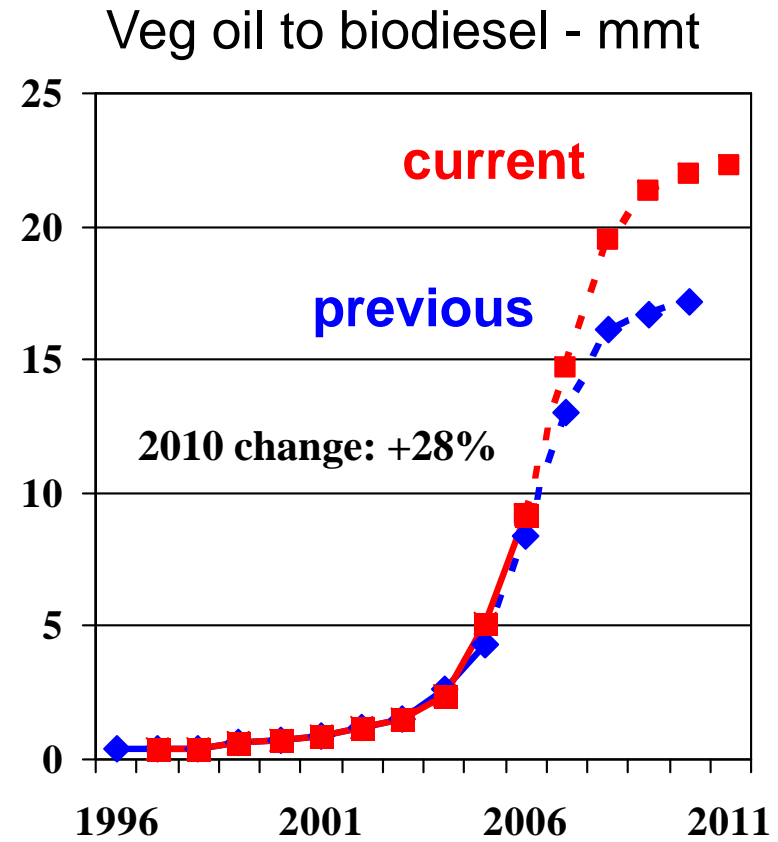
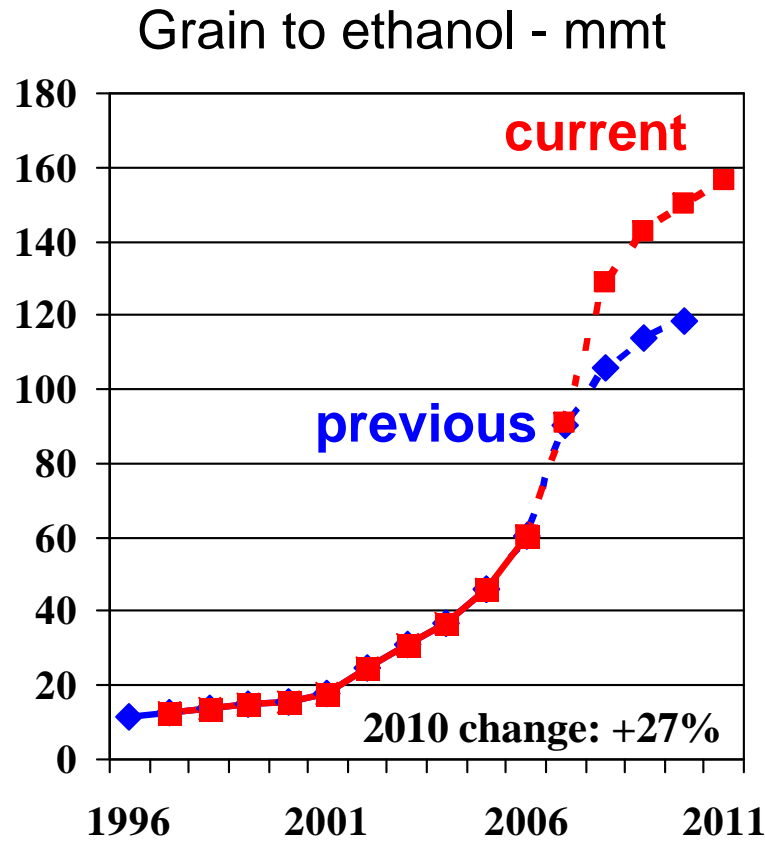
Global incomes increase

000' \$USD



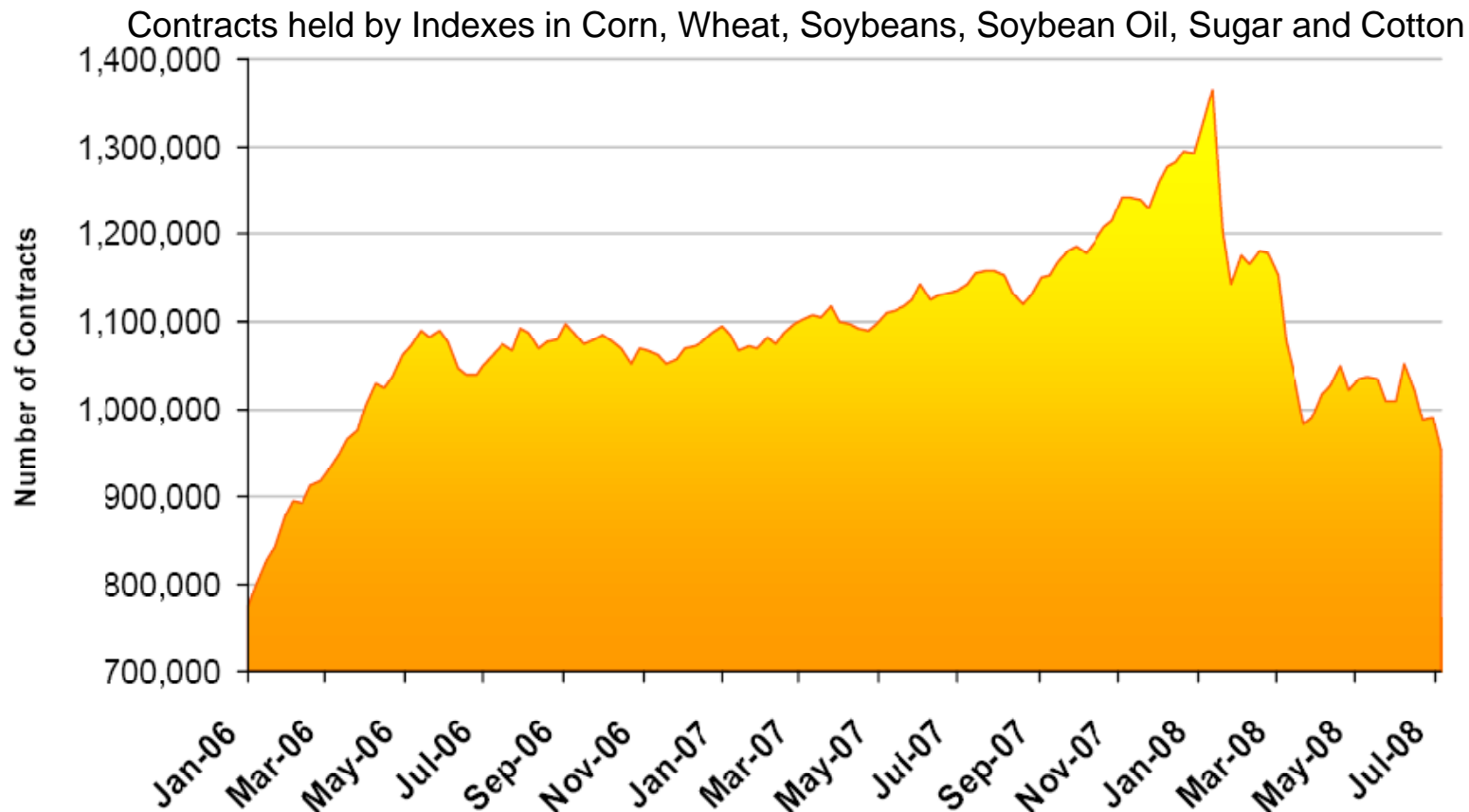
Source: World Bank

Galloping Growth (GG) in biofuels



Challenges

- Managing Volatility
- Managing effective hedging programs
- Managing Inventory costs



World Wheat Prices

EMOTION



World Corn Prices –2002-2008



Soft Commodities Boom

- What does it mean ?
 - Volatility – is good as it provides many opportunities
 - New Money is attracted to the market
 - Renewed interest in agriculture – education ,investment.

