AGIC 2017

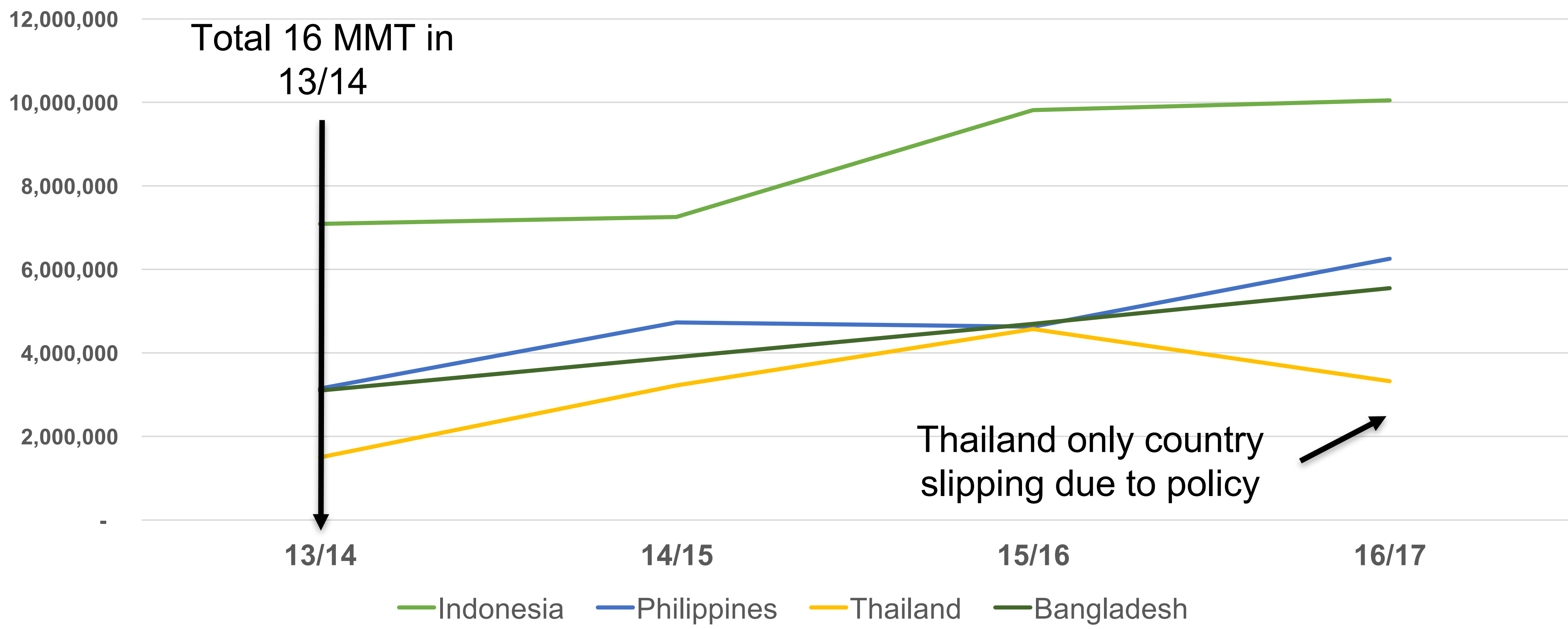
SE Asia (Feed) Wheat Demand and Growth

Indonesia, Thailand, Philippines & Bangladesh

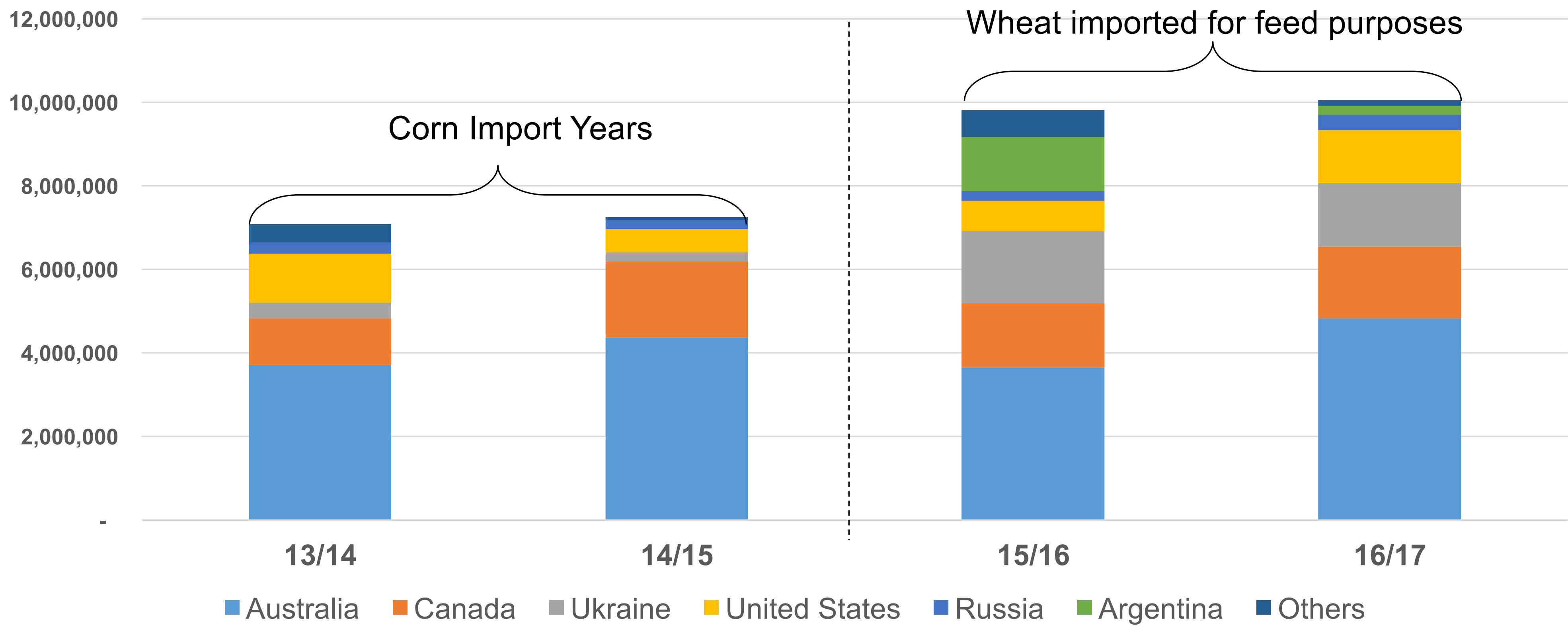
3rd August 2017

Luke Mason

Total wheat demand overview – 25mmt.



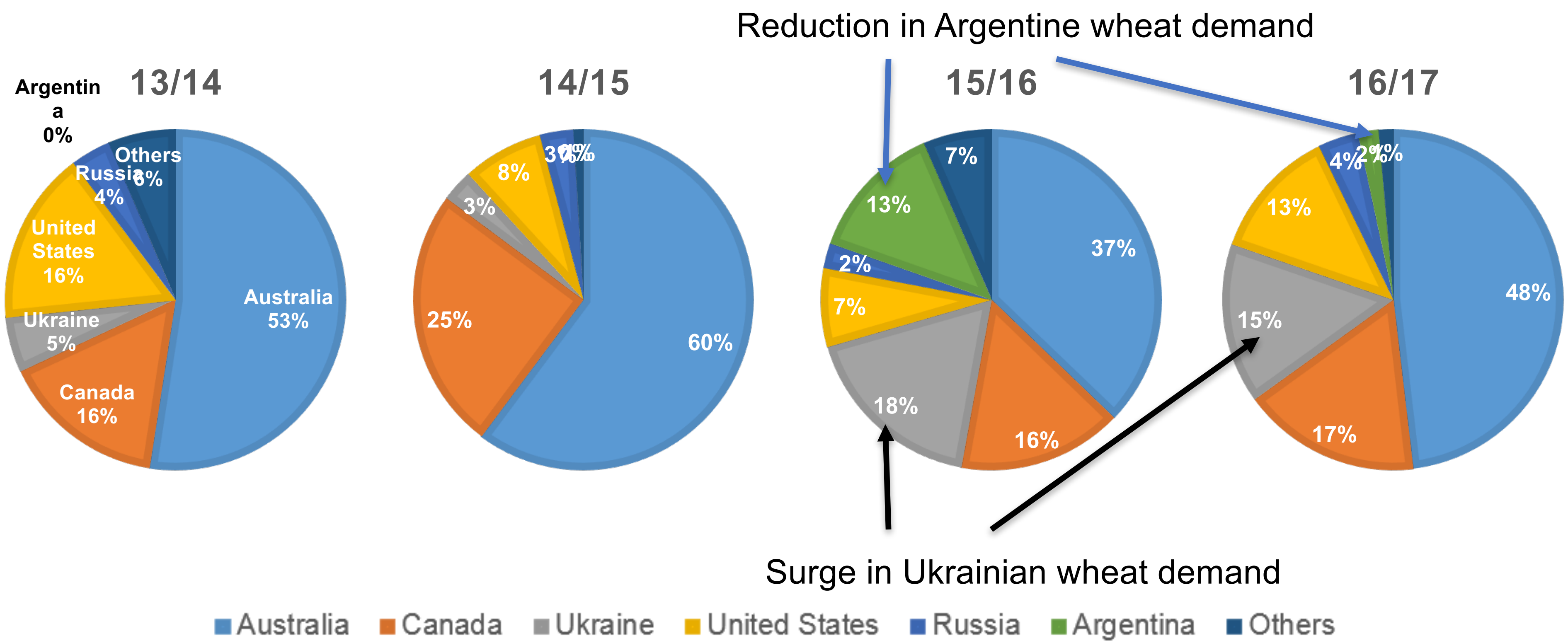
Indonesia – 2nd largest import market globally



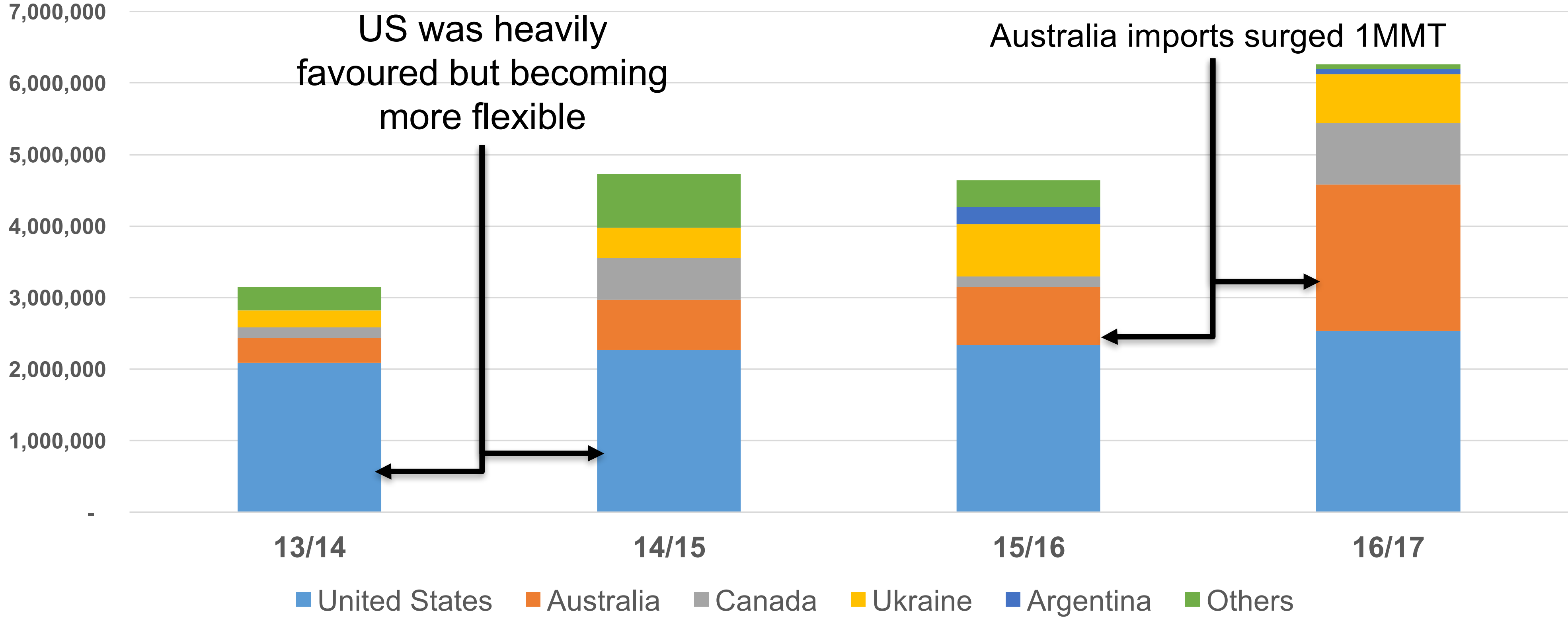
Indonesia – Corn Policy Aids Wheat Demand

- Corn policy change – banning of private imports in 2015
- Feed wheat imports surged in FH 2016 – local corn prices remain very high
- Subsequent feed wheat policy change in June 2016 – feed millers could not obtain licenses to import wheat
- ASW demand jumped FH 2017 with 11.5 Pro Blacksea to replace this programme in 2nd half of 2017

Indonesia – Ukraine share jumping



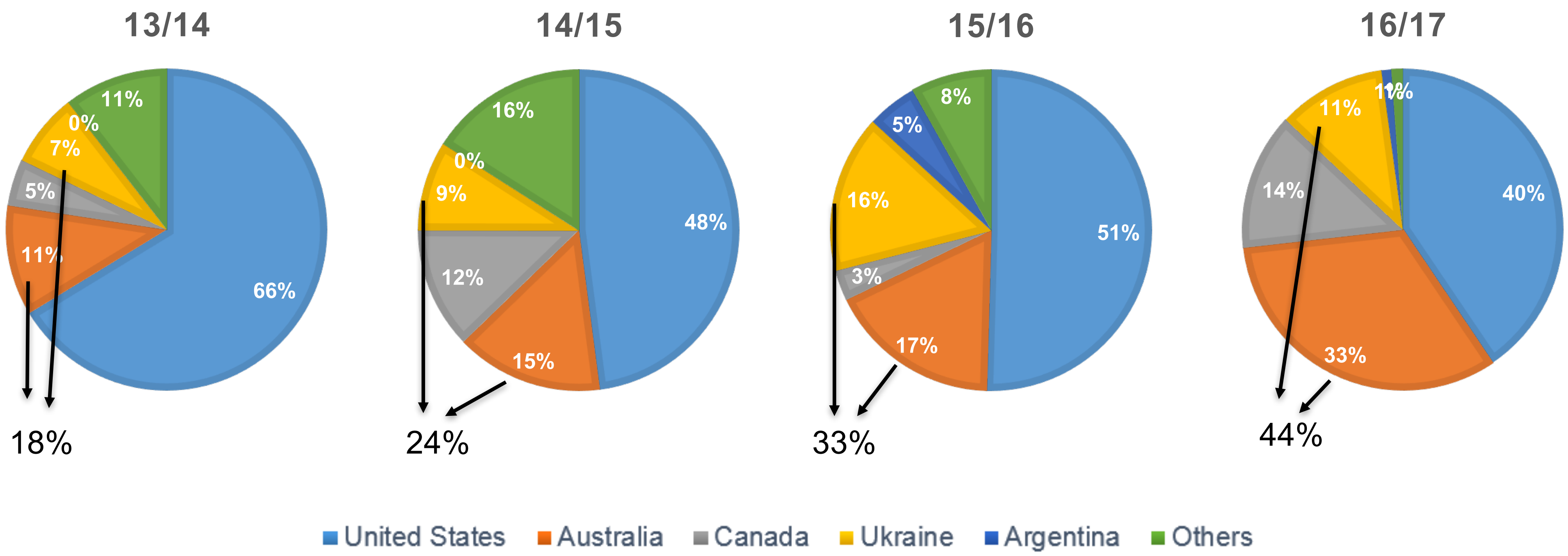
Philippines – Demand double over 4 years



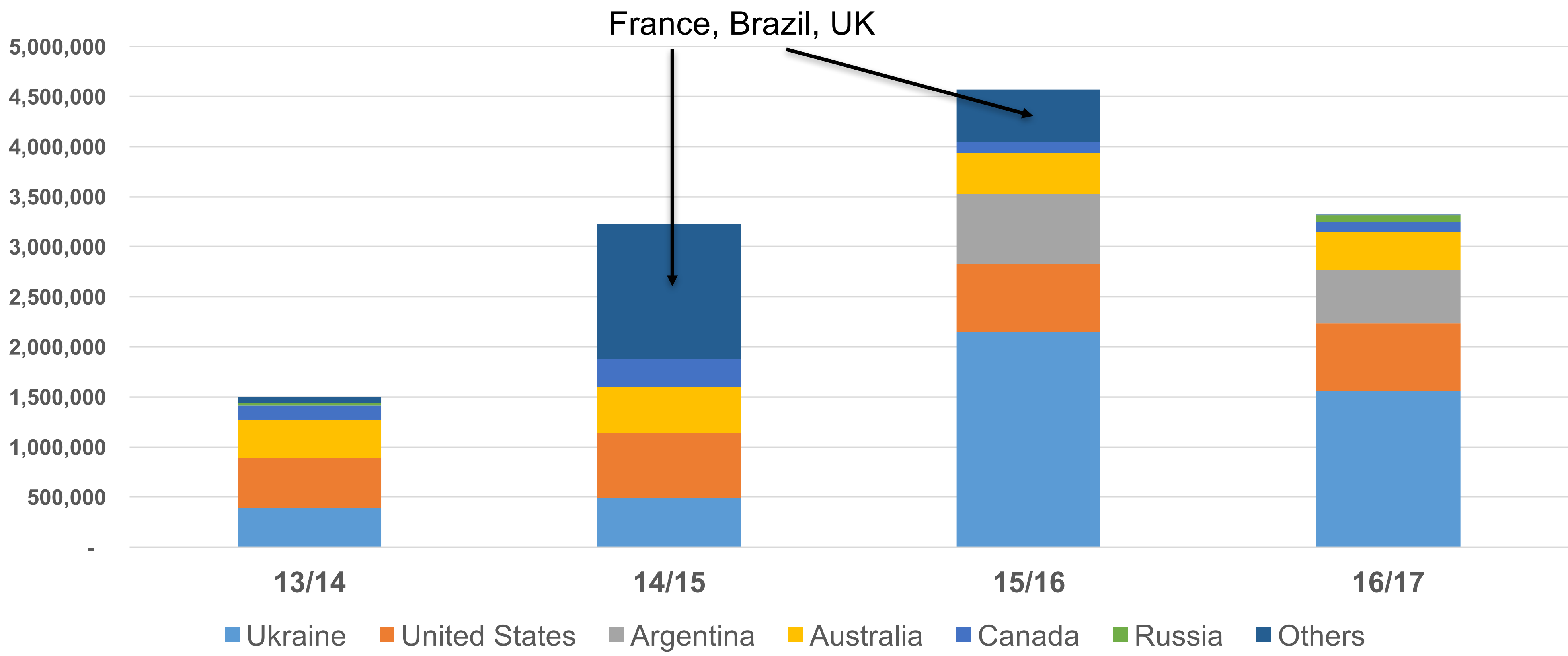
Philippines

- Huge growth in ASW this year for feed purposes
- Cheap ASW price vs local corn prices
- Ongoing growth in feed consumption
- 7% tax advantage for Australia wheat vs other origins
- Corn import tax of 30% for non ASEAN origin severely limits access to global corn values

Philippines – Oz & Ukraine fuels the growth



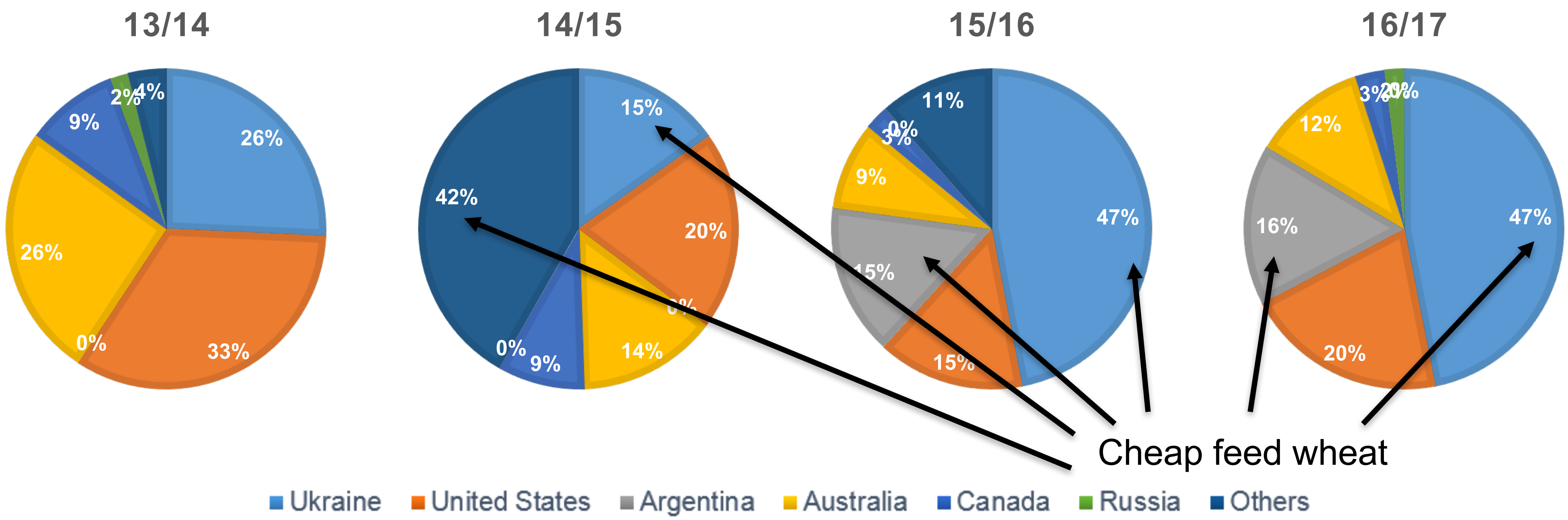
Thailand – Rice & Corn Policy Causing Imports to slip



Thailand

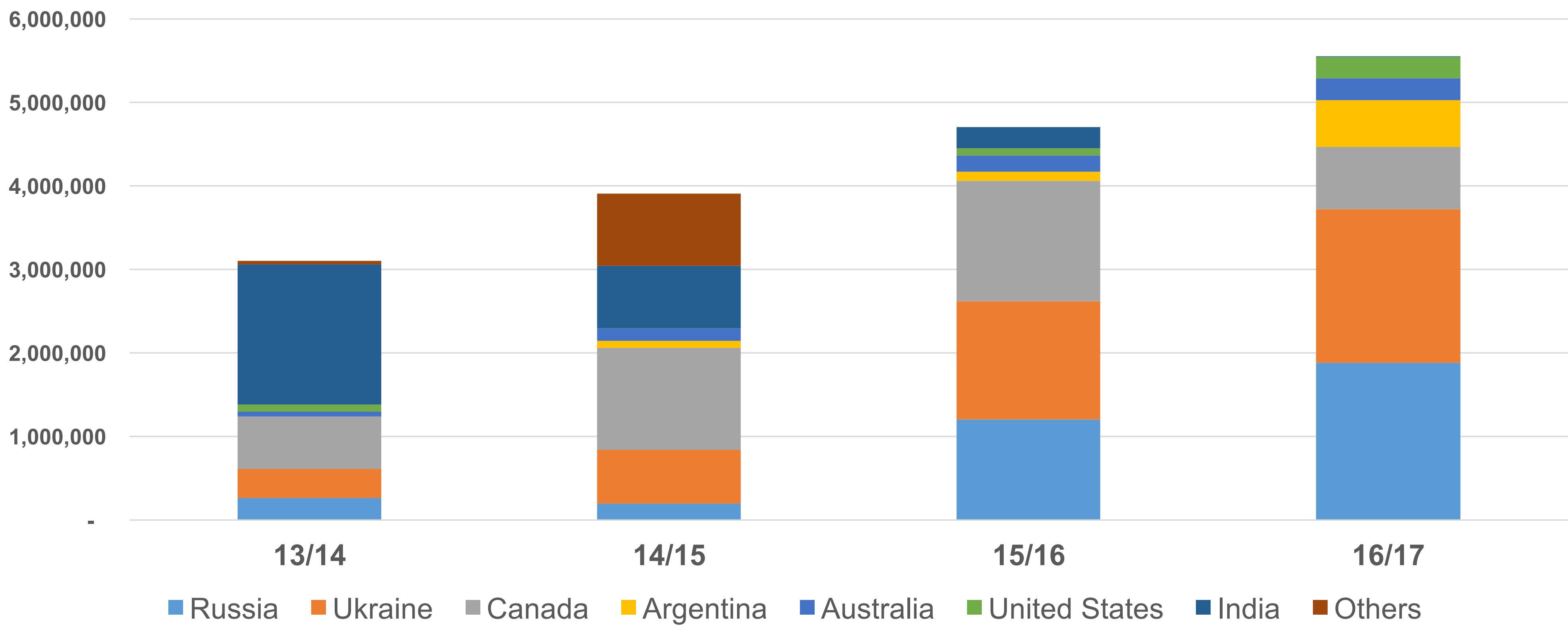
- Big growth in 14/15 & 15/16 mainly in Blacksea feed wheat
- Recent change in policy – Importers must by 3 MT of local corn for every 1 MT of feed wheat imported. Implemented this year
- Government auctioning 3MMT of broken rice reserves as substitute to feed wheat. Feed mills must buy this as it can’ t be used for human consumption
- Local corn price is 235 USD/MT FOB
- Policy will continue to drive direction of import volumes (rice & corn)

Thailand



13/14
14/15
15/16
16/17
26%
33%
0%
26%
9%
2%
4%
15%
20%
0%
14%
9%
0%
42%
47%
15%
15%
9%
3%
0%
11%
47%
20%
16%
12%
3%
2%
0%
Cheap feed wheat
Ukraine
United States
Argentina
Australia
Canada
Russia
Others

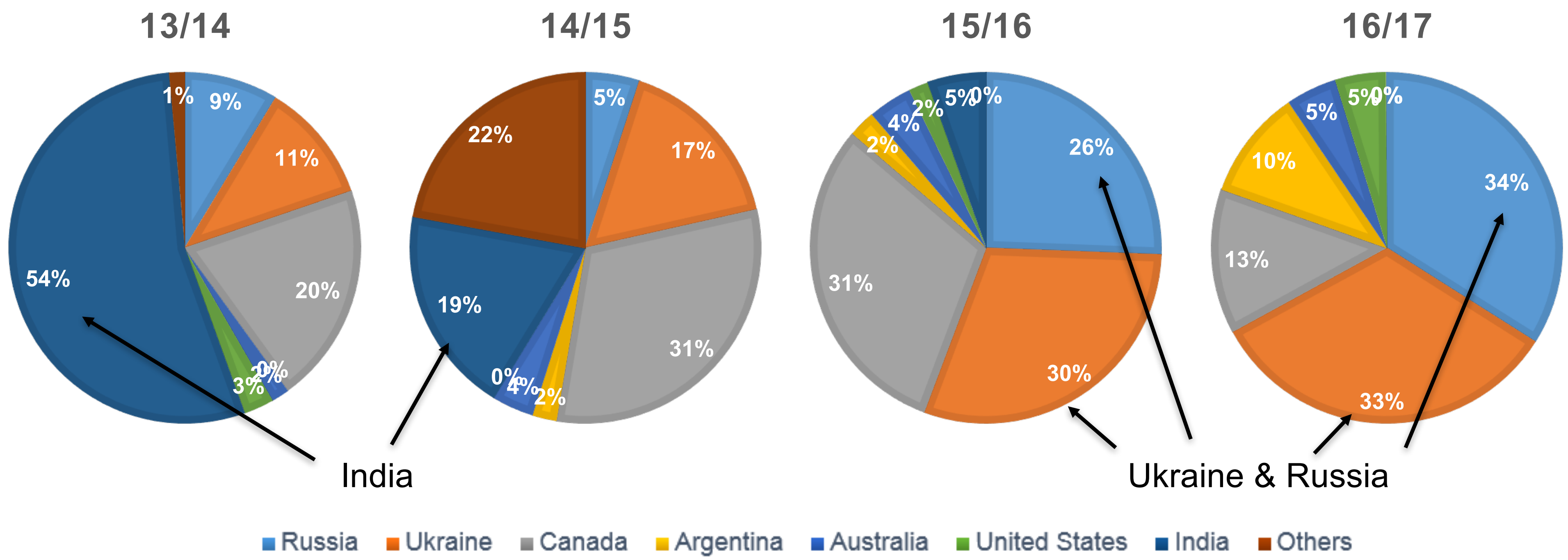
Bangladesh – Least cost buyer



Bangladesh

- Nearly double imports of 4 years ago
- Blacksea imports jumped in last 2 years
- High Indian prices led to less overland trade & more imports
- Indian Government MSP helps high prices vs imported wheat
- Large buyers of 10.5 DMB protein, 11.5 & 12.5 ex Blacksea

Bangladesh – Readily switches origins



Summary

- Circa 55% increase in imports to the 4 countries over 4 years
- Policy helps dictate feed wheat demand in Philippines, Thailand, Indonesia. That is largely protection of local corn farmers
- Indian wheat policy pushing Bangladesh to alternative sources. Overall demand also growing
- Future large ASW crops (as witnessed last year) will be readily met with this growing demand base