

# EMERALD HARVEST LUPINS POOL 2010/11

Strategy  
Update

AUGUST 2011

## MARKET & STRATEGY

### Market

- Improving crop conditions over the past month have continued to pressure feed grain prices as confidence in new season production grows. With conditions seemingly improving each week, we are hopeful of seeing an average/above average 2011/12 harvest; however this has meant that demand for lupin's in the short term has slowed.
- Last week's USDA report continued the recent trend of report shocks with corn and soybean yields slashed harder than market expectations. The result was a sharp rise in futures prices before values came off the highs and steadied into the weeks close. Globally the trade continues to debate US yield forecasts and it is this factor that is likely to drive prices in the coming weeks.
- Extreme volatility in macro markets resurfaced last week with wild swings in both equity markets and the value of the AUD. The macro-environment will need to continue to be monitored as a major factor in commodity price movements.

### Strategy

- With the impending final payment of the 2010/11 Emerald Harvest Lupin Pool, the pool is finalising its merchandising program. Emerald continues to look for merchandising opportunities into both domestic and export channels as the marketing year progresses.

### Pricing

- The pool has managed to steadily make a number of domestic sales providing a good base for the pool to capitalise on moving forward through the year. Emerald remains conscious of the markets ability to move sharply in both directions. As a result, we are continuing to explore opportunities to add equity to the pool through a mixture of domestic and export sales, as well as derivative hedging tools.

## HIGHLIGHTS

### KEY INFORMATION

Grade	Current EPR	Inc EOP
LUP1	\$335	N/A

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