

GRAIN MARKETS AND THE RED MEAT INDUSTRY

“ASIA TODAY 2008”

COWRA - 14 August 2008

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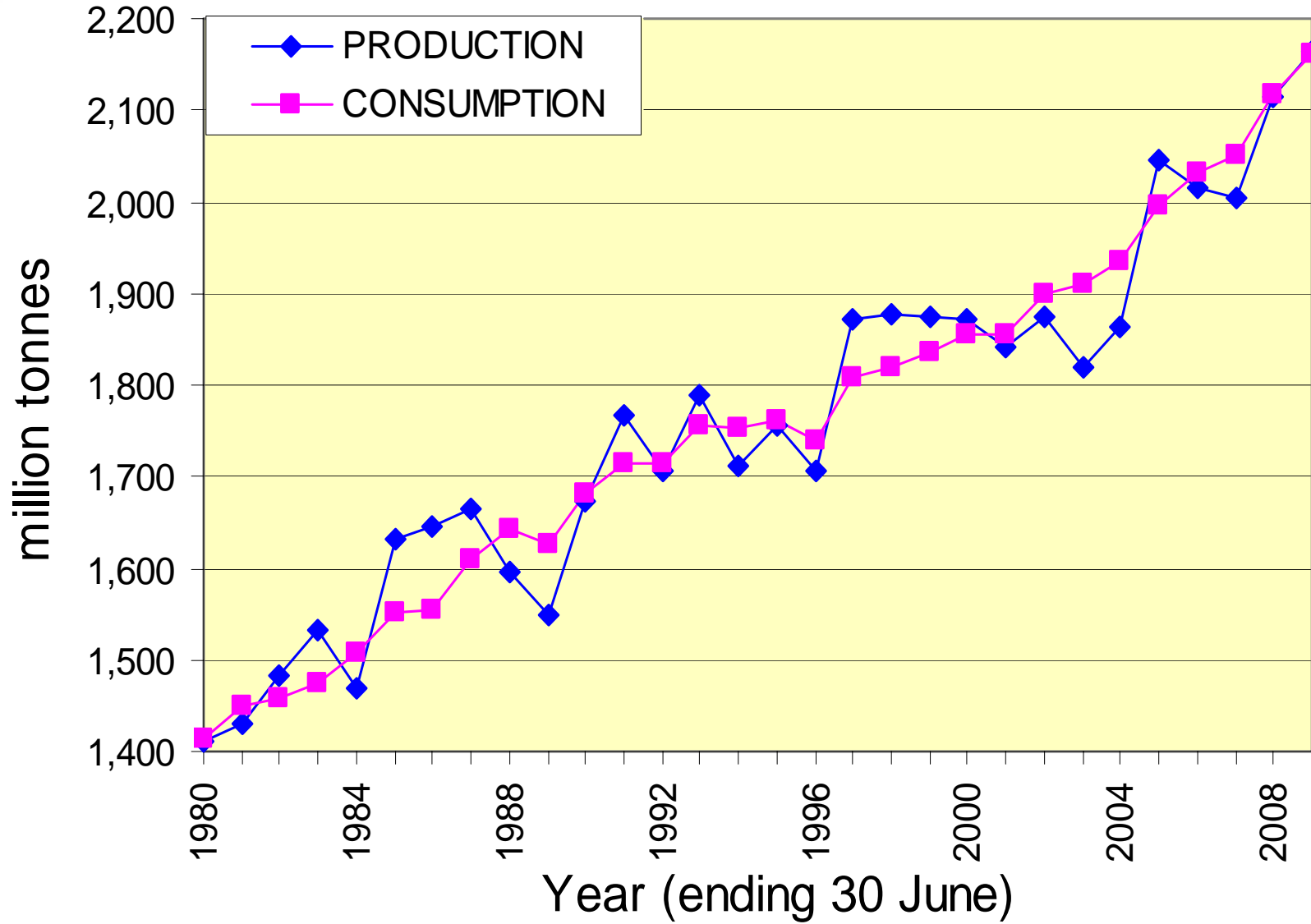
WORLD GRAIN OUTLOOK

GRAINS



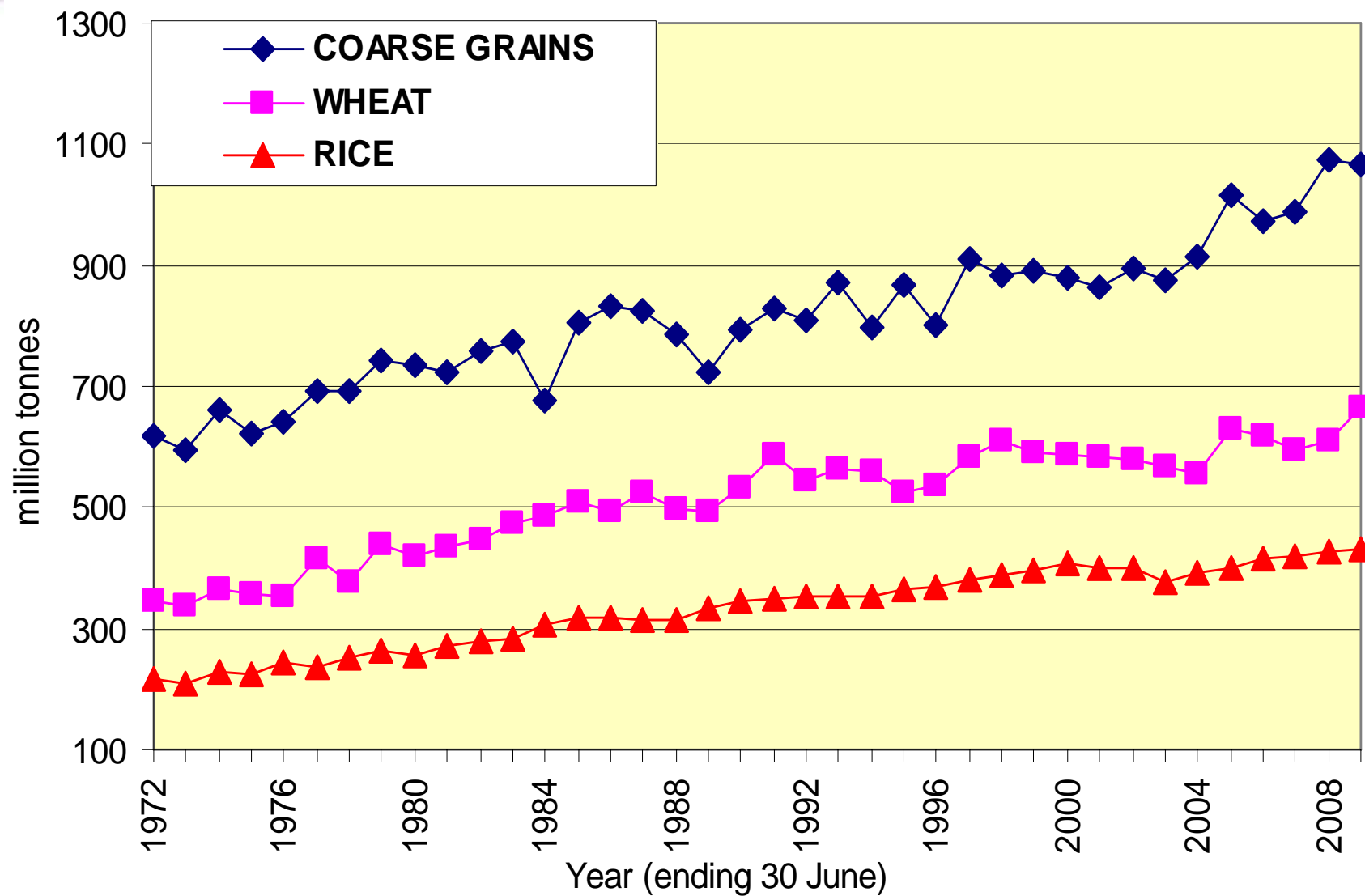
WORLD TOTAL CEREAL GRAIN TRENDS

Analysing Agriculture
For Top Farm Managers of the World



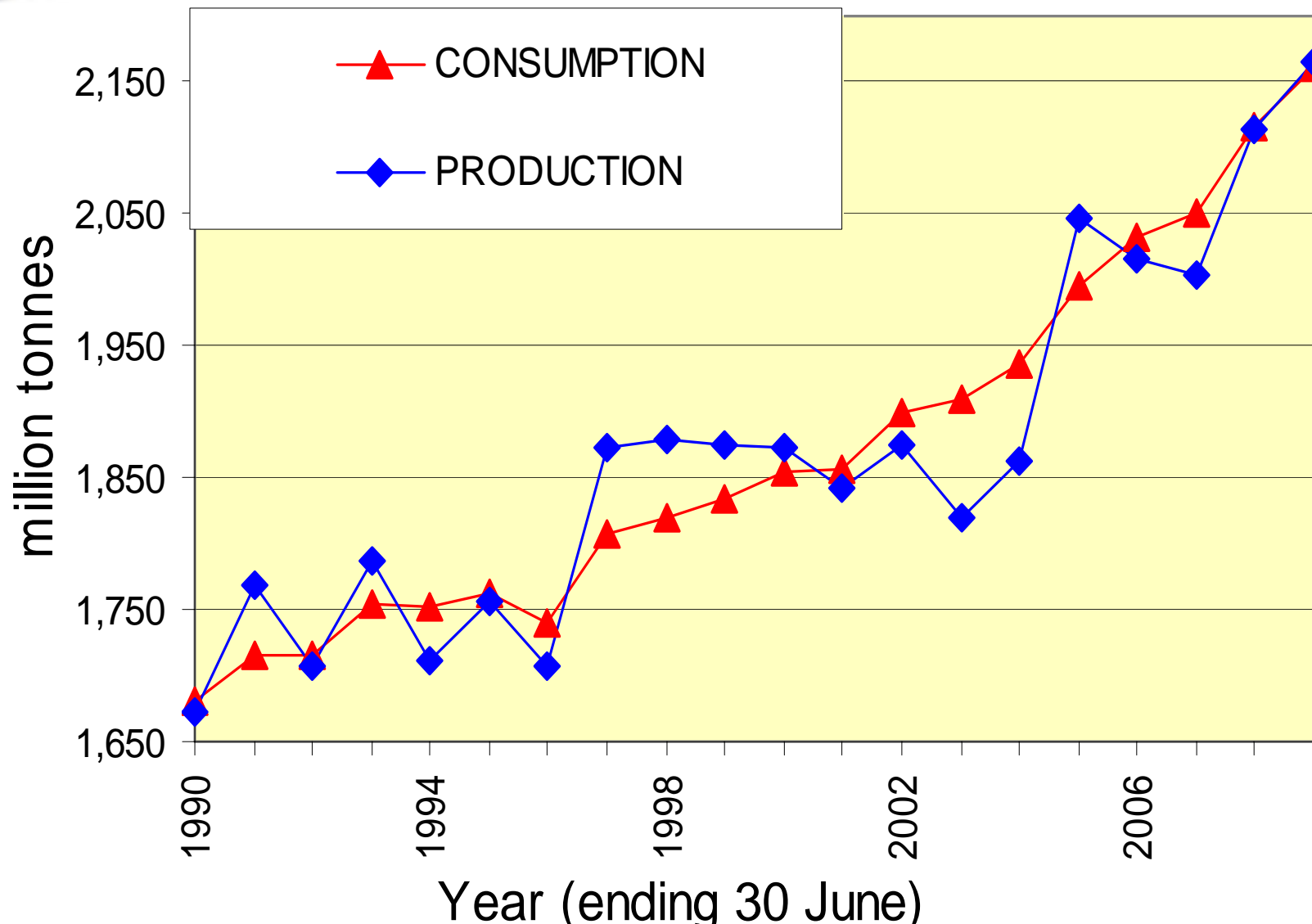
WORLD CEREAL GRAIN PRODUCTION TRENDS

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CEREAL GRAIN PRODN & CONS TRENDS

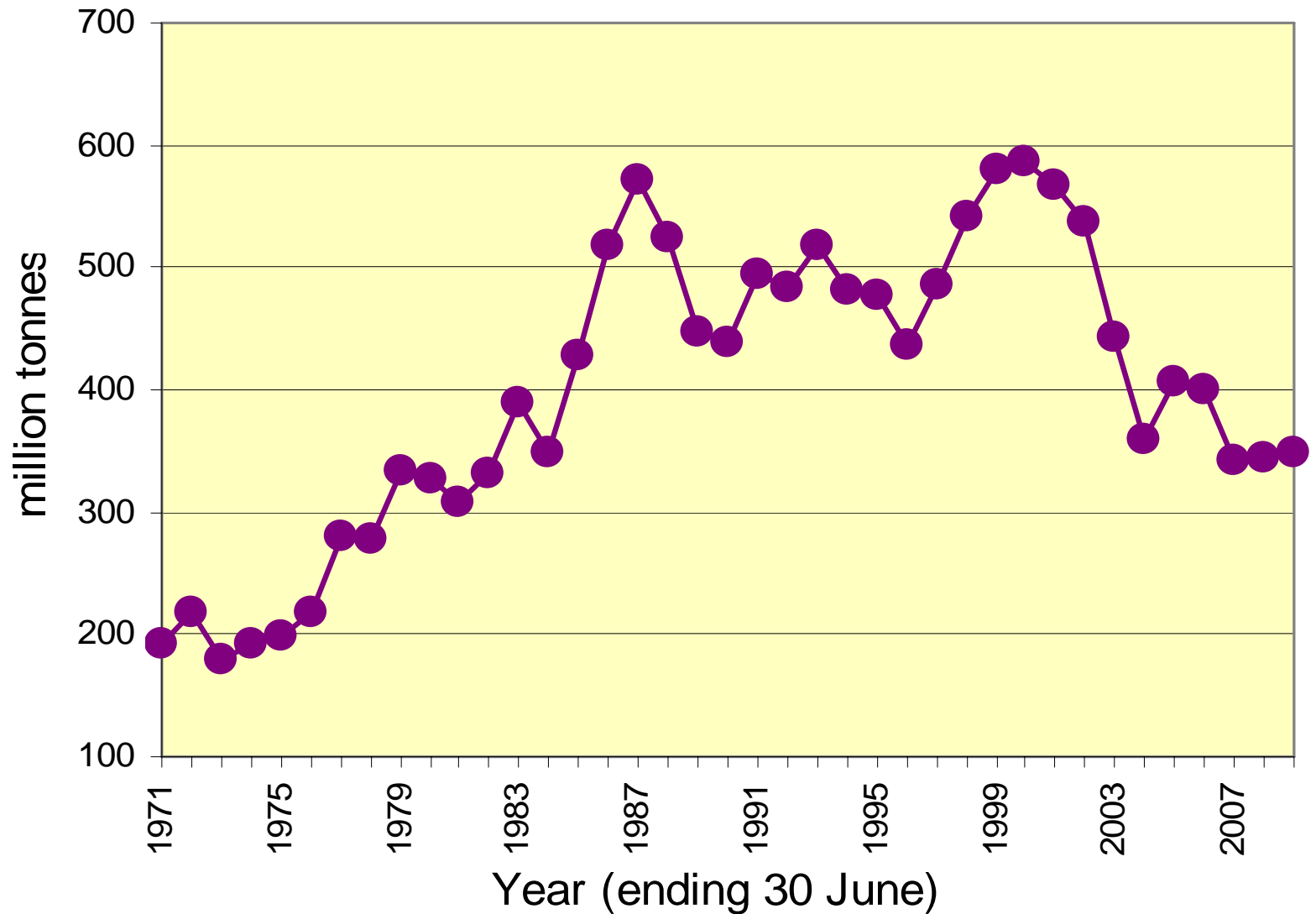
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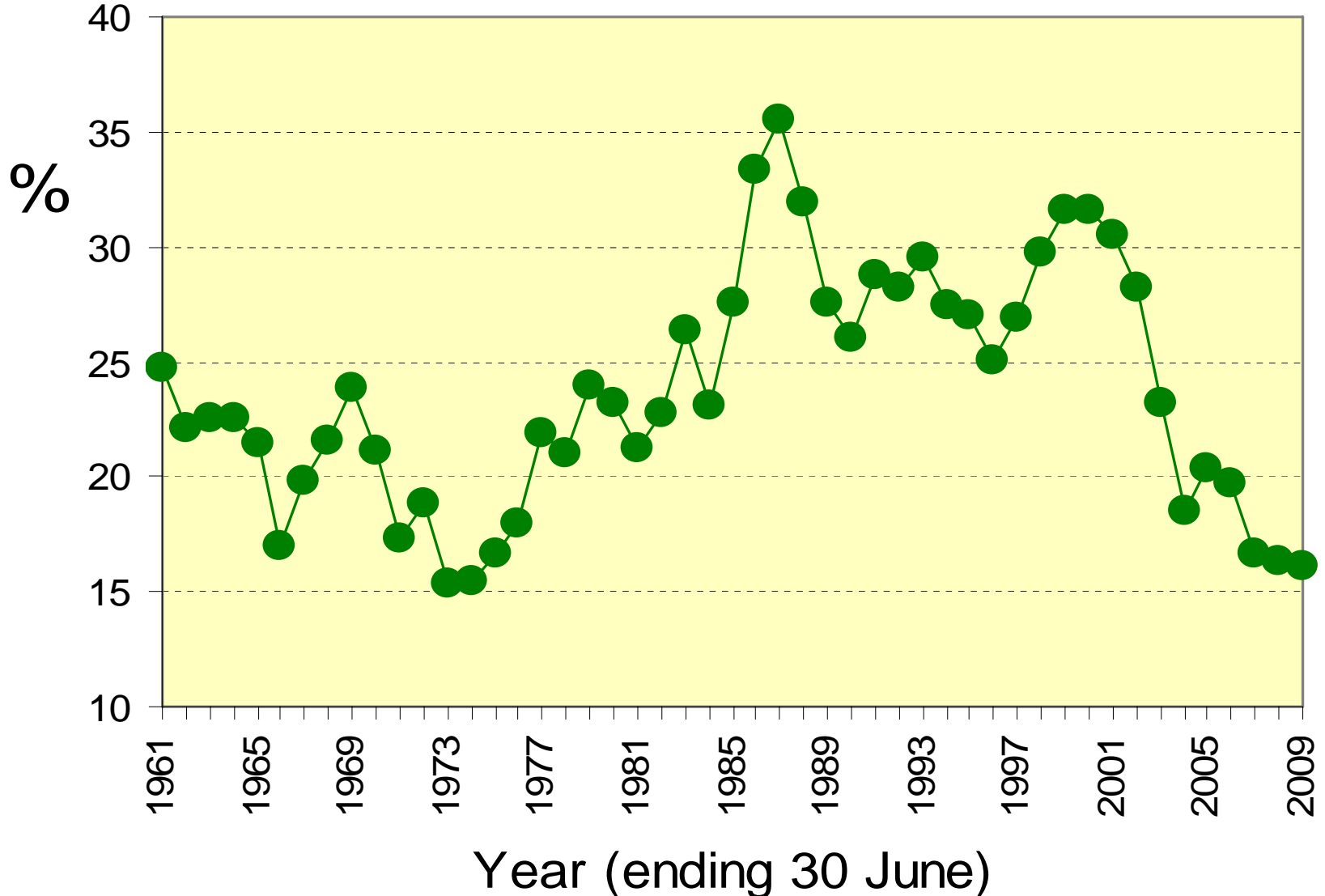
WORLD TOTAL CEREAL GRAIN STOCKS

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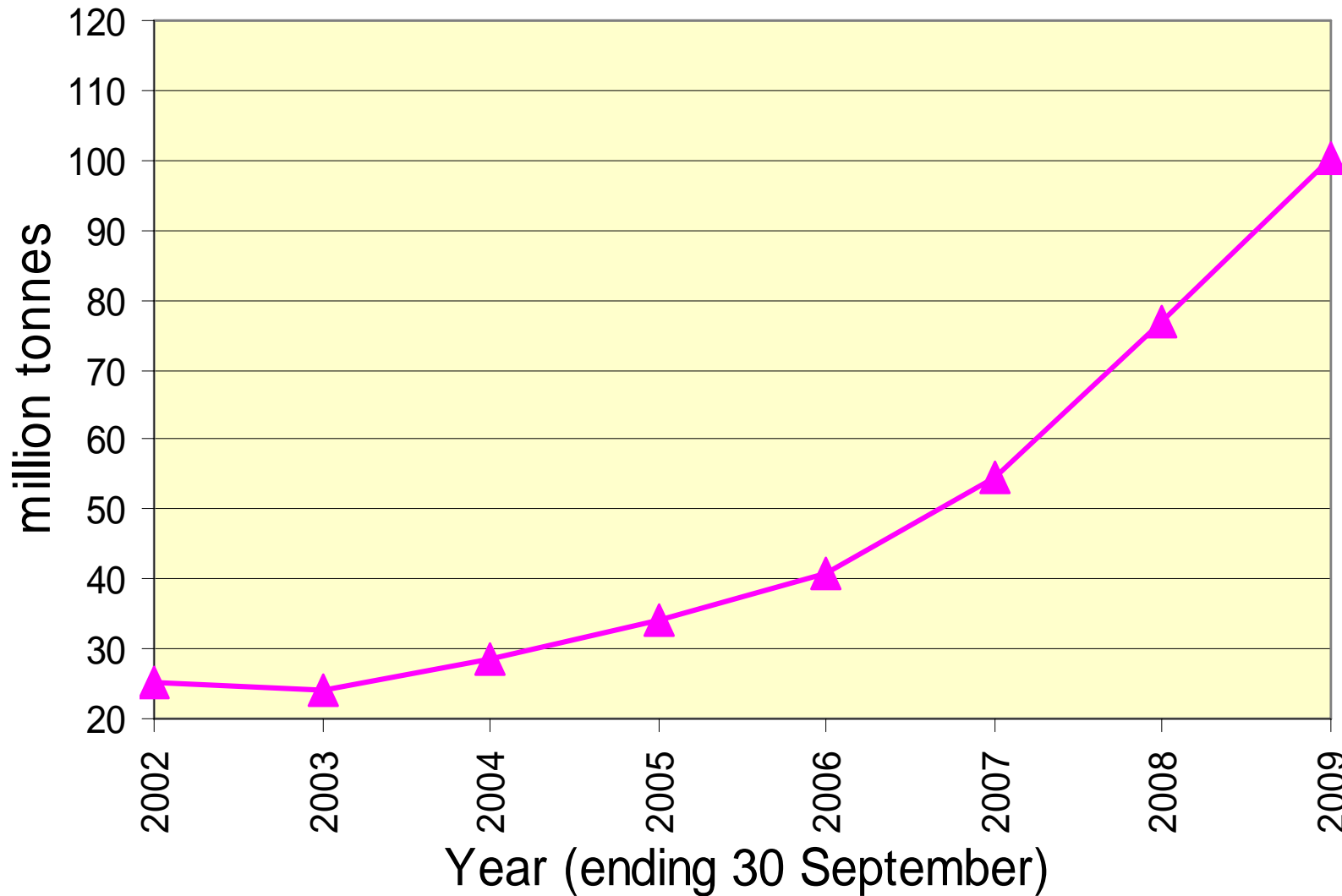


WORLD CEREAL STOCKS as % of USE



USA CORN USE FOR ETHANOL

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USA CORN USE FOR ETHANOL

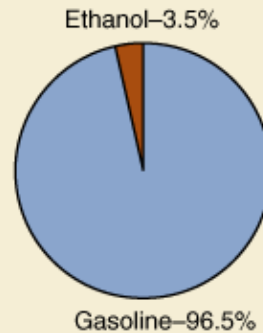
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Ethanol's role increases in gasoline and corn markets

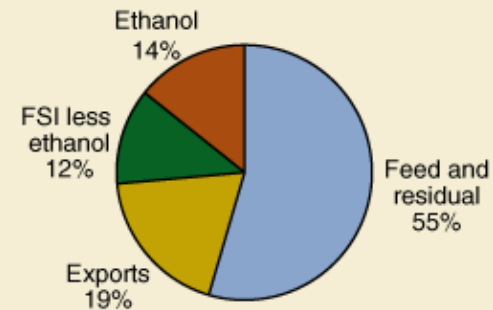
Current relationships

Ethanol is small relative to overall gasoline use...



2006

...but it accounts for a growing share of corn use



2005/06

Stocks-to-use ratio, 17.5%

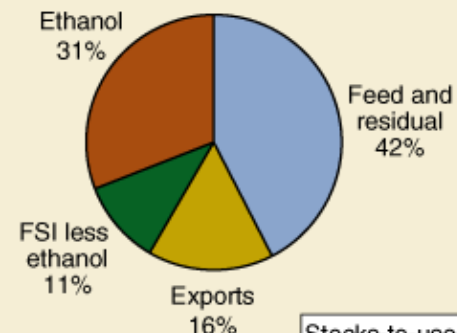
Projected relationships in 10 years

Ethanol still small relative to overall gasoline use...



2017

...but it accounts for over 30 percent of corn use



2016/17

Stocks-to-use ratio, 5.7%

Note: FSI=food, seed, and industrial.

Source: USDA Agricultural Projections to 2016, February 2007.

What, then, are the prospects for a turnaround in the shortage that exists at present?

PRODUCTION

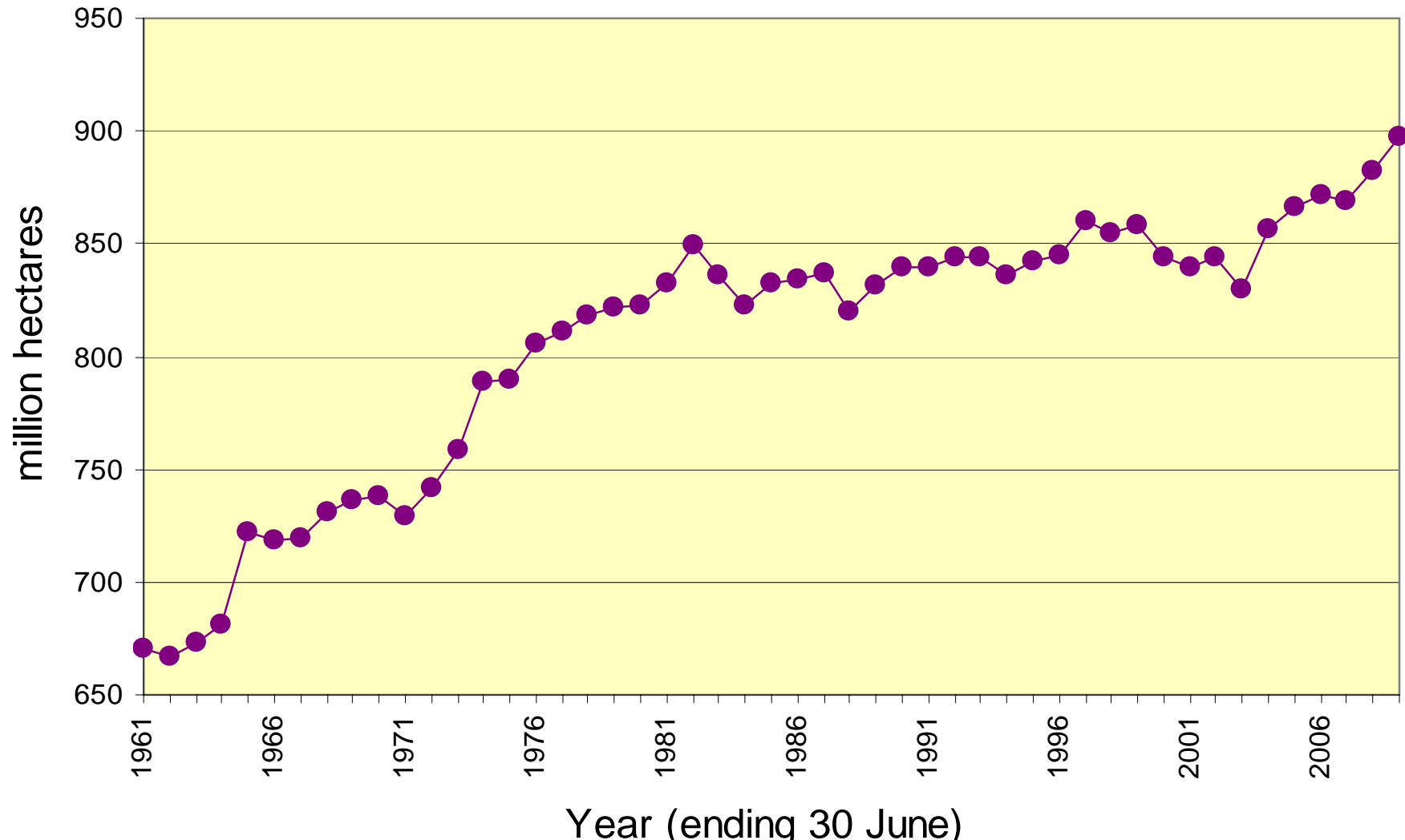
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AREA x **YIELD**

WORLD TOTAL CROP AREA

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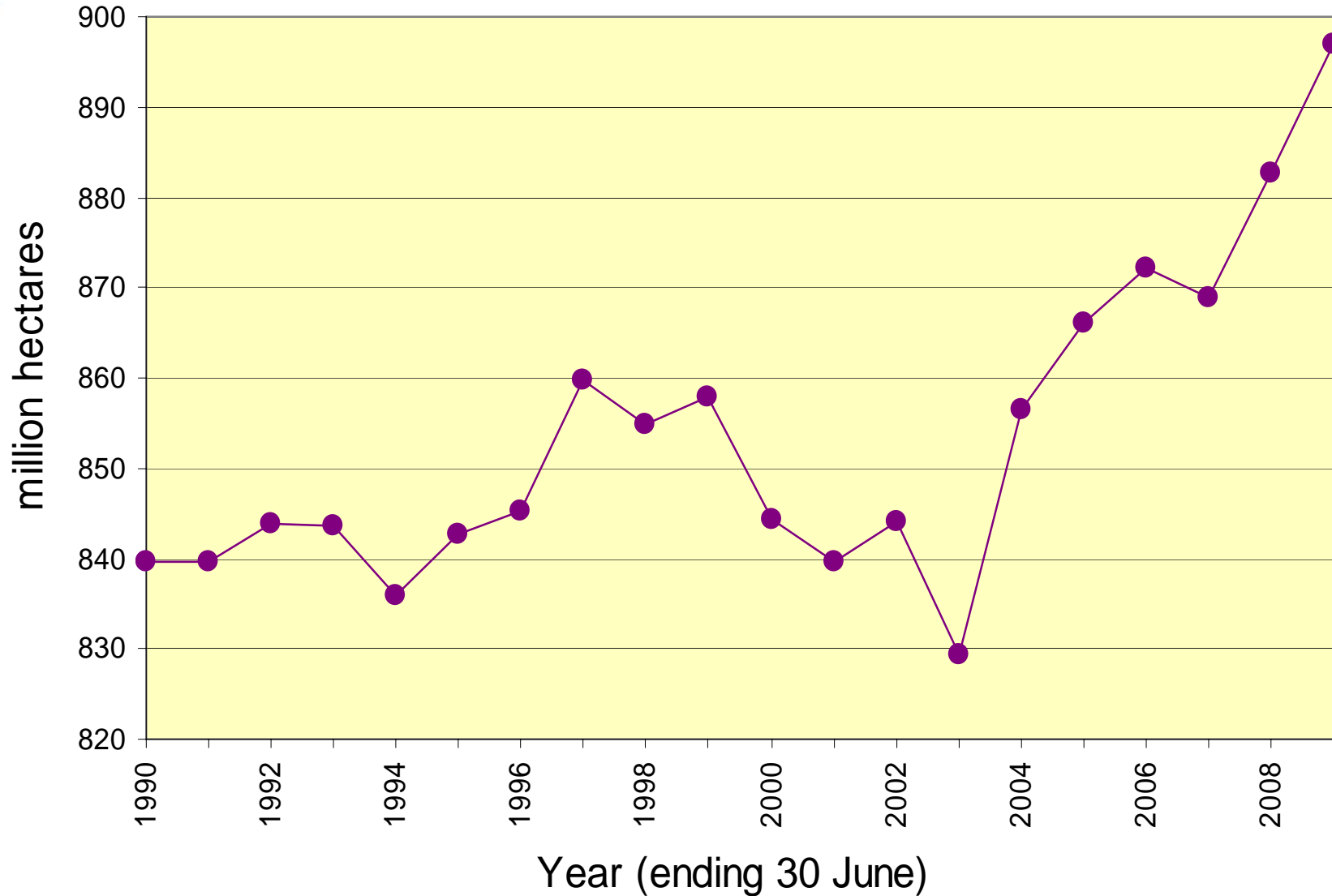
Includes: Wheat, Coarse Grains, Rice, Cotton, Soybeans, Canola, Sunflower, Peanuts.



WORLD TOTAL CROP AREA

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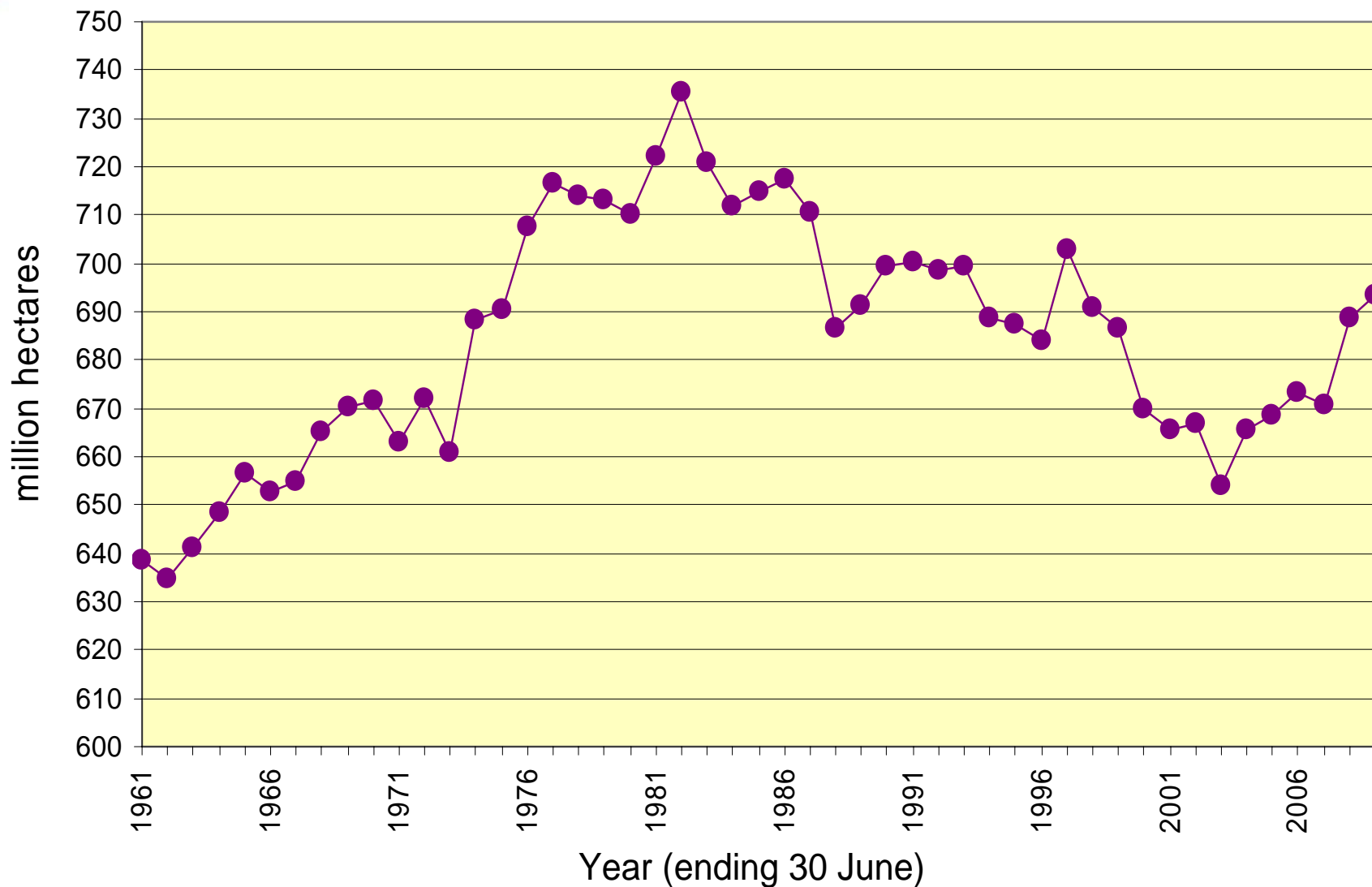
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WORLD TOTAL CEREAL CROP AREA

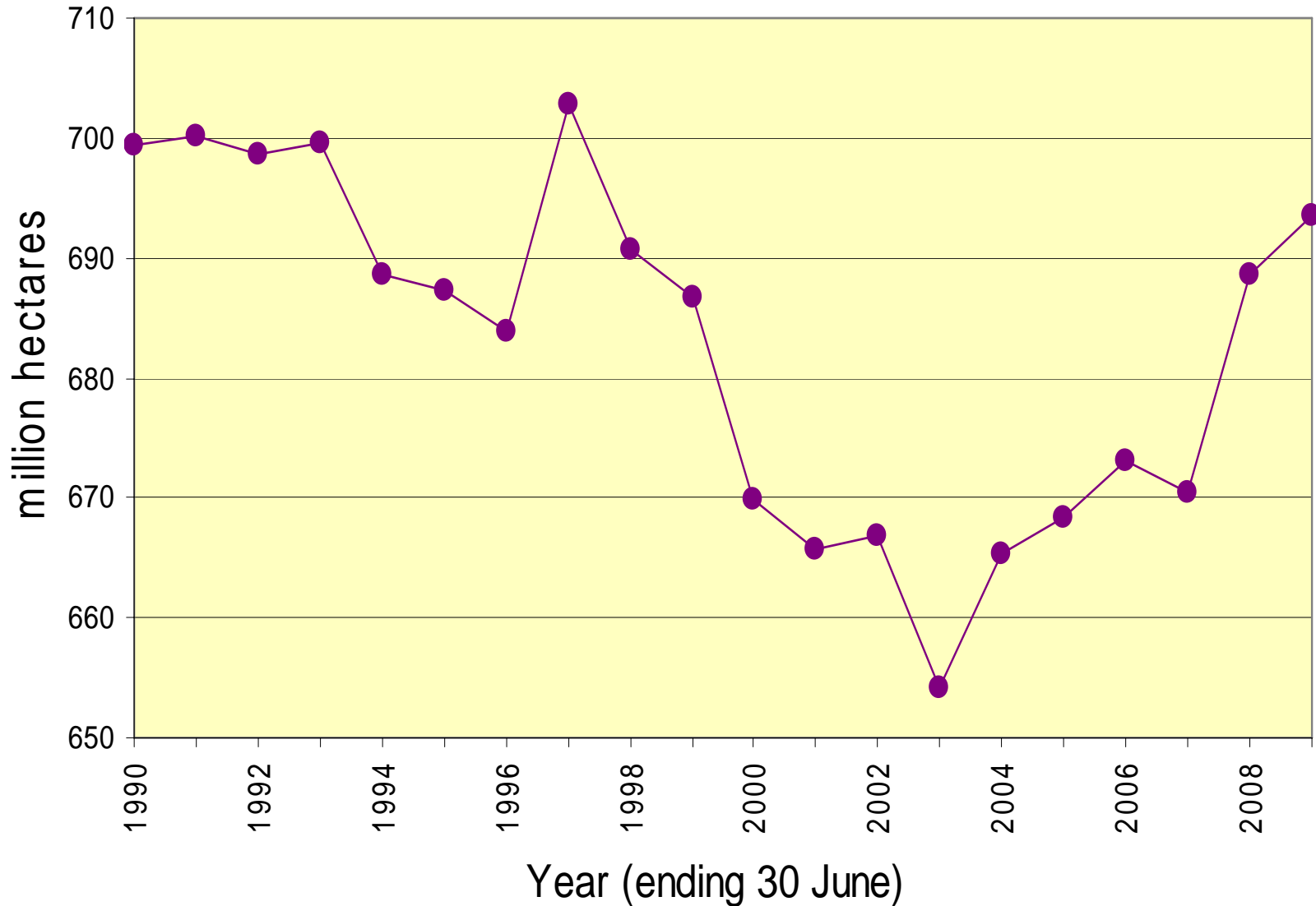
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For Top Farm Managers of the World

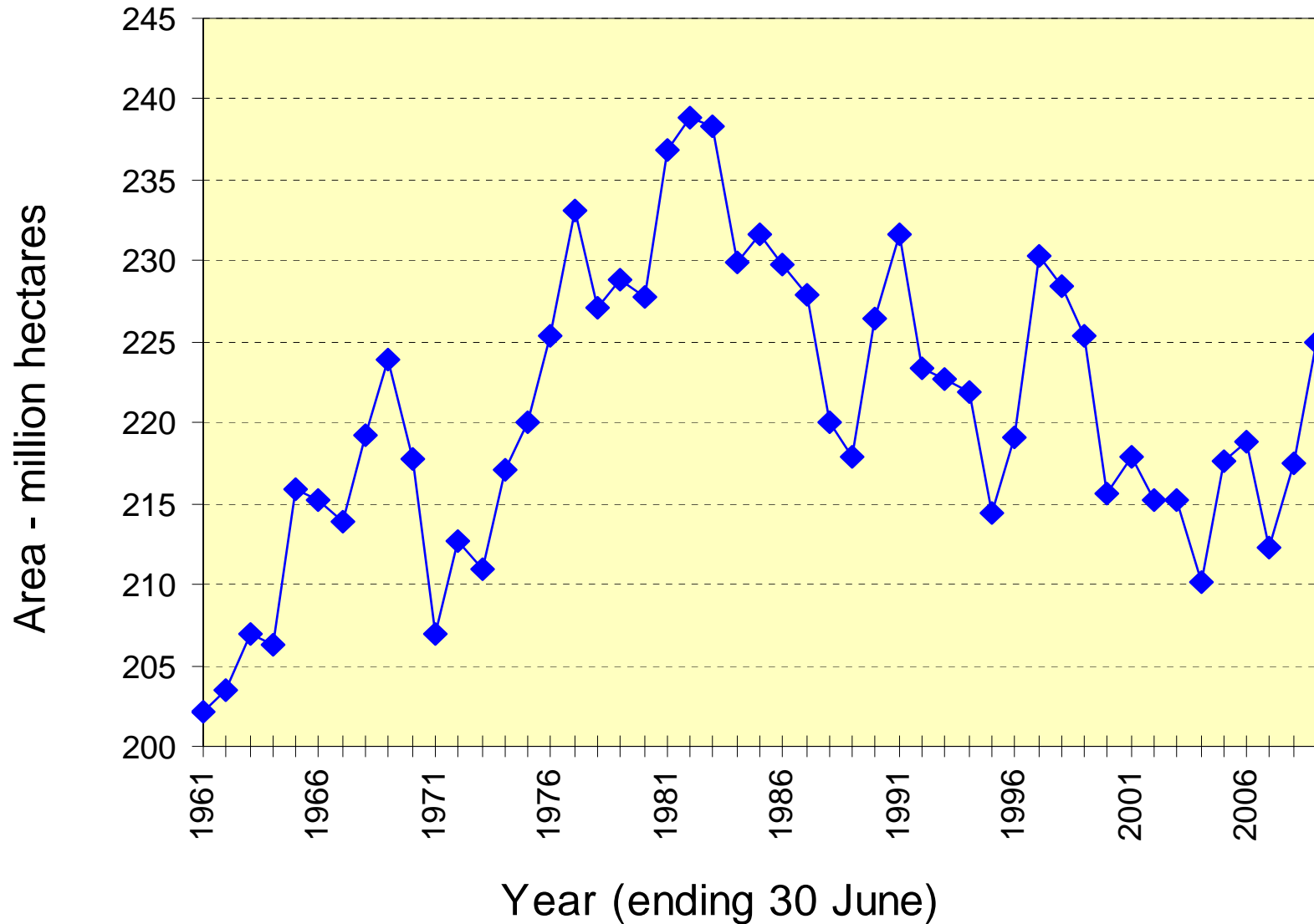


WORLD TOTAL CEREAL CROP AREA

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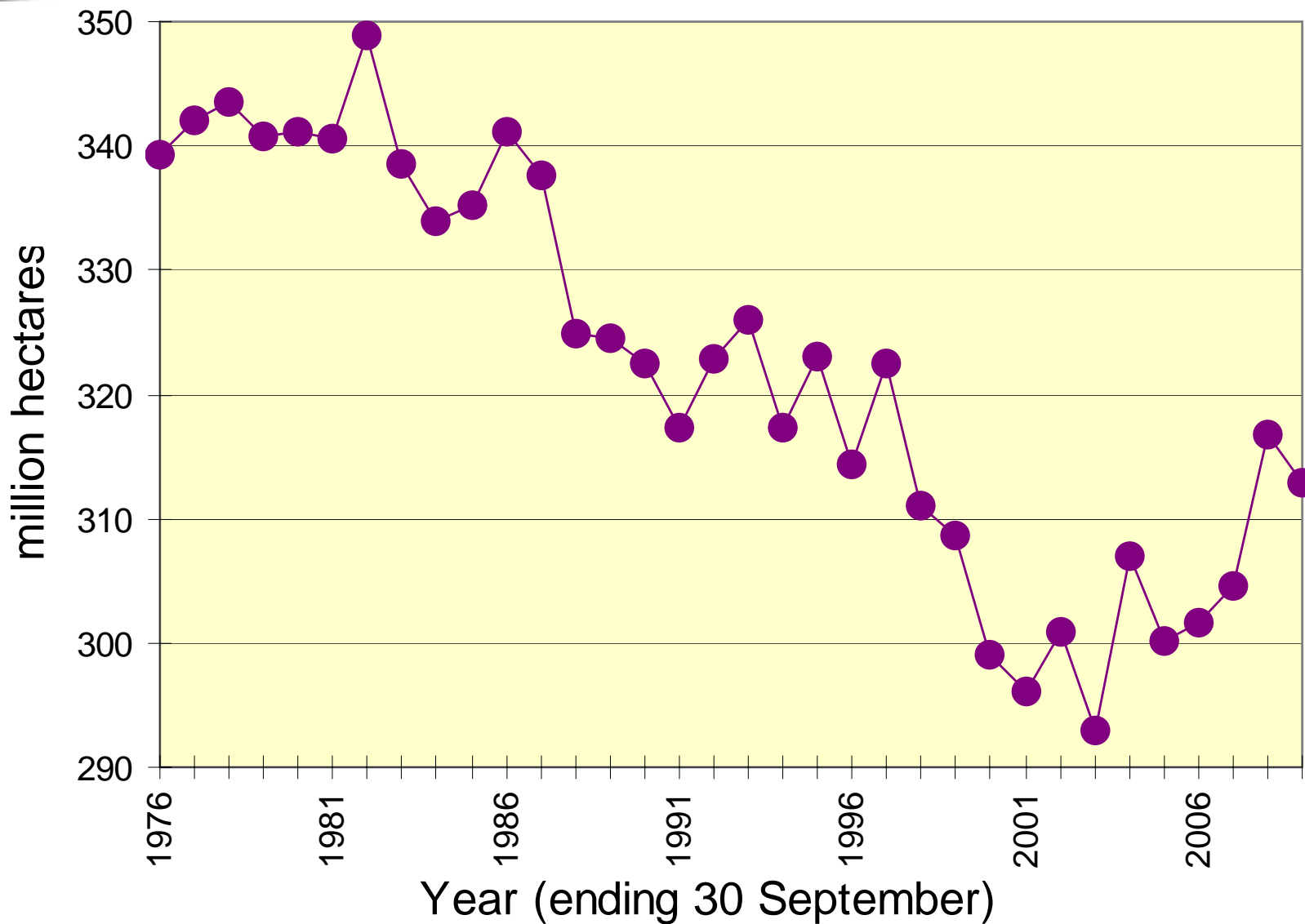


WORLD WHEAT AREA

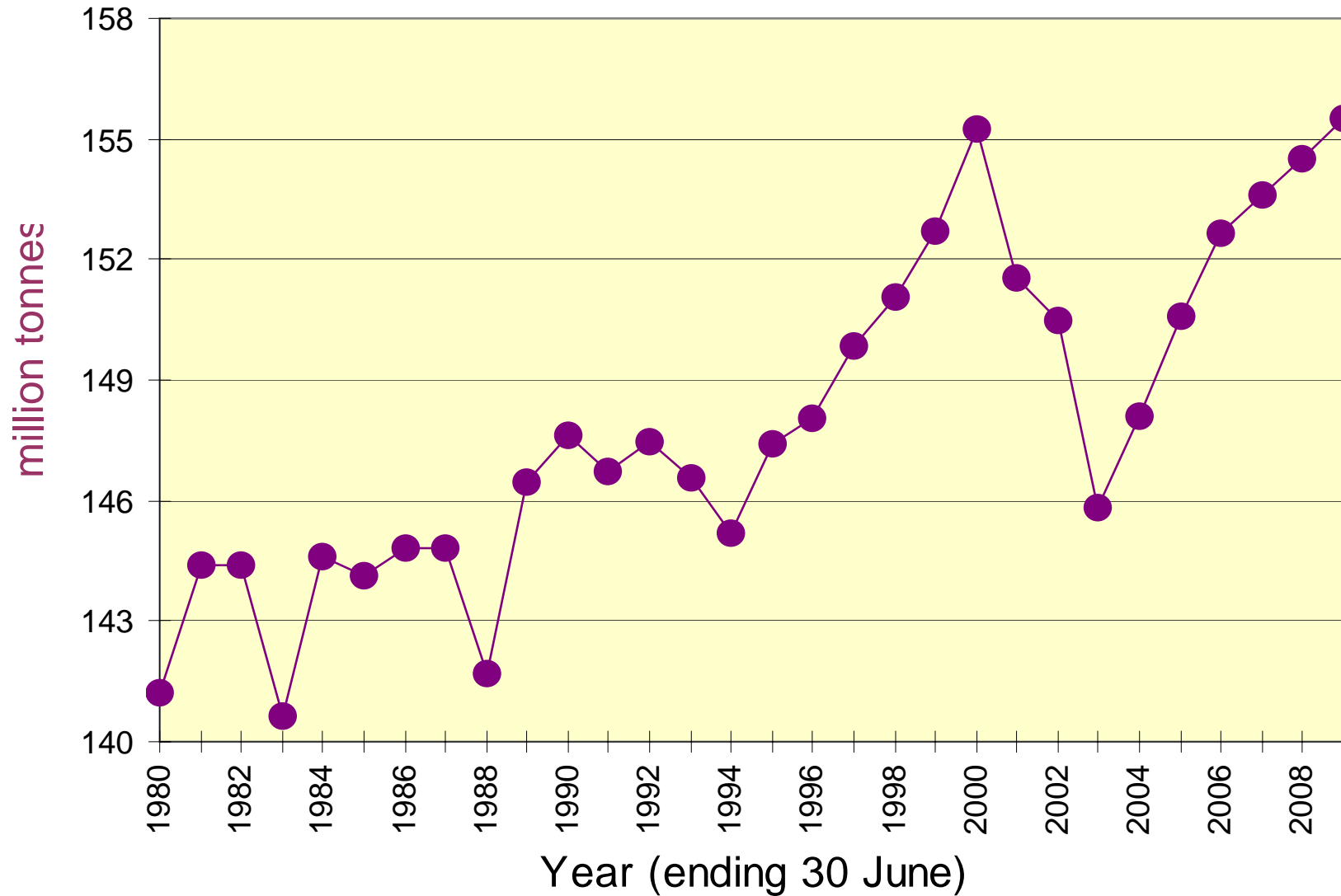


WORLD COARSE GRAIN AREA

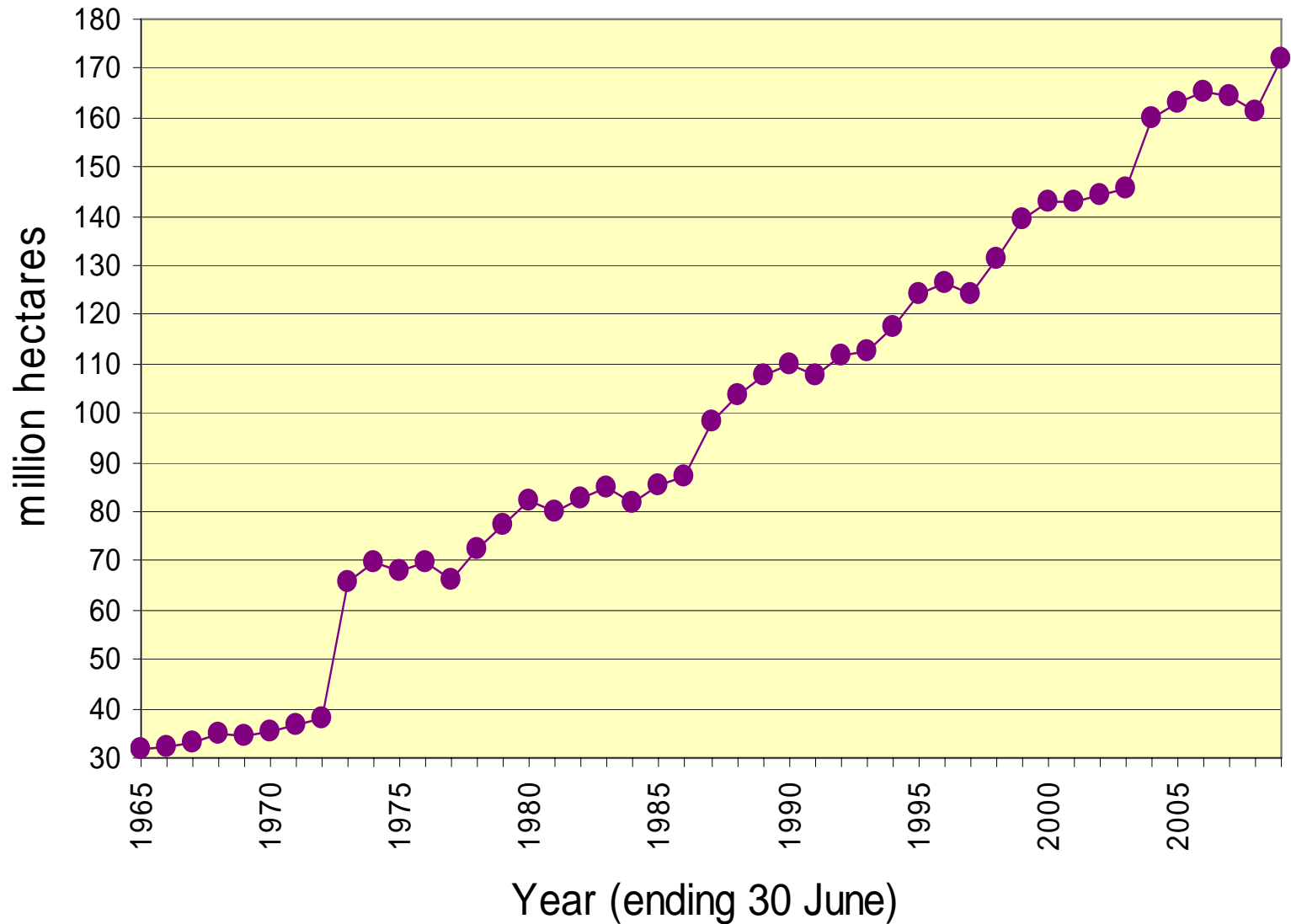
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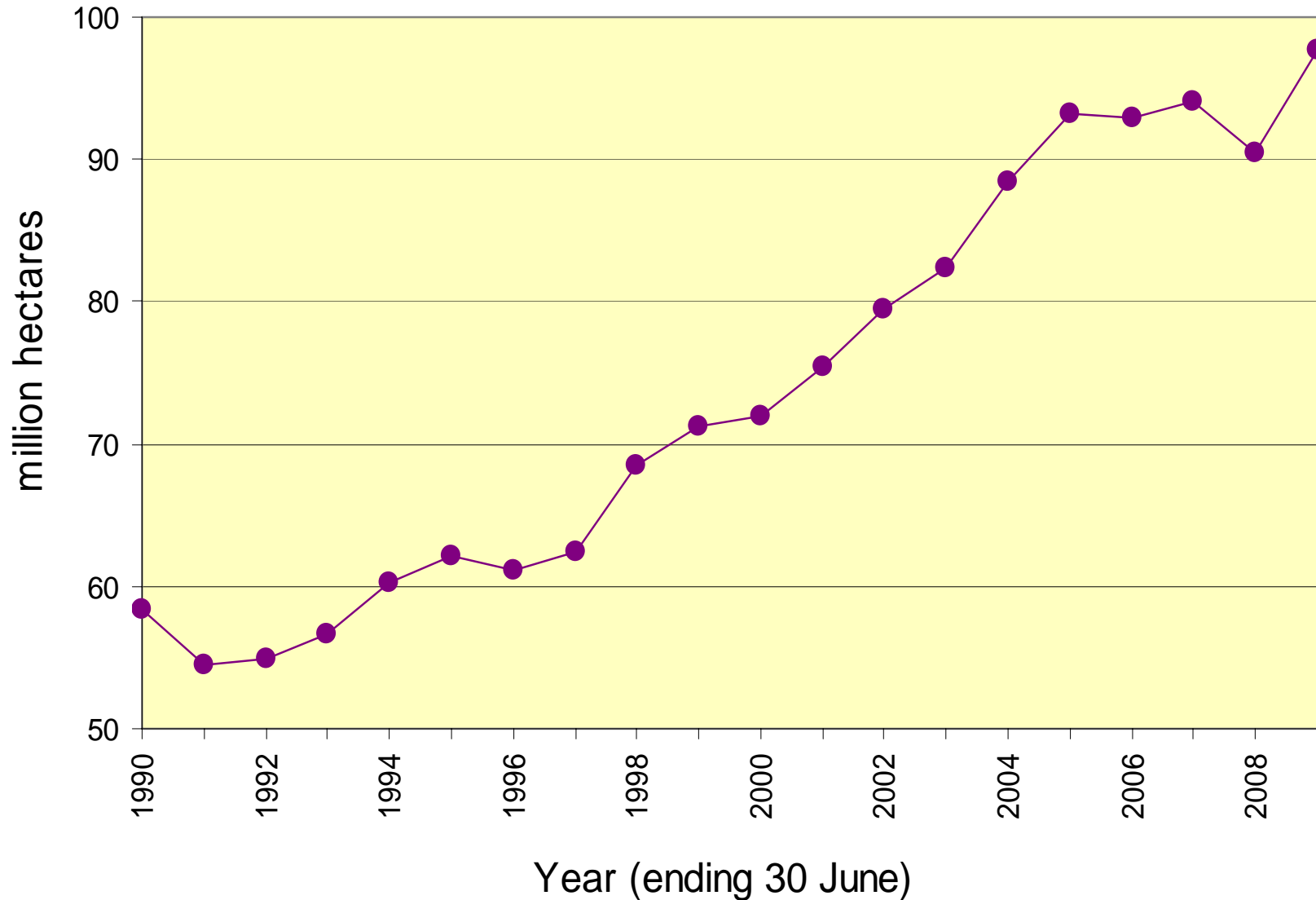
WORLD RICE AREA



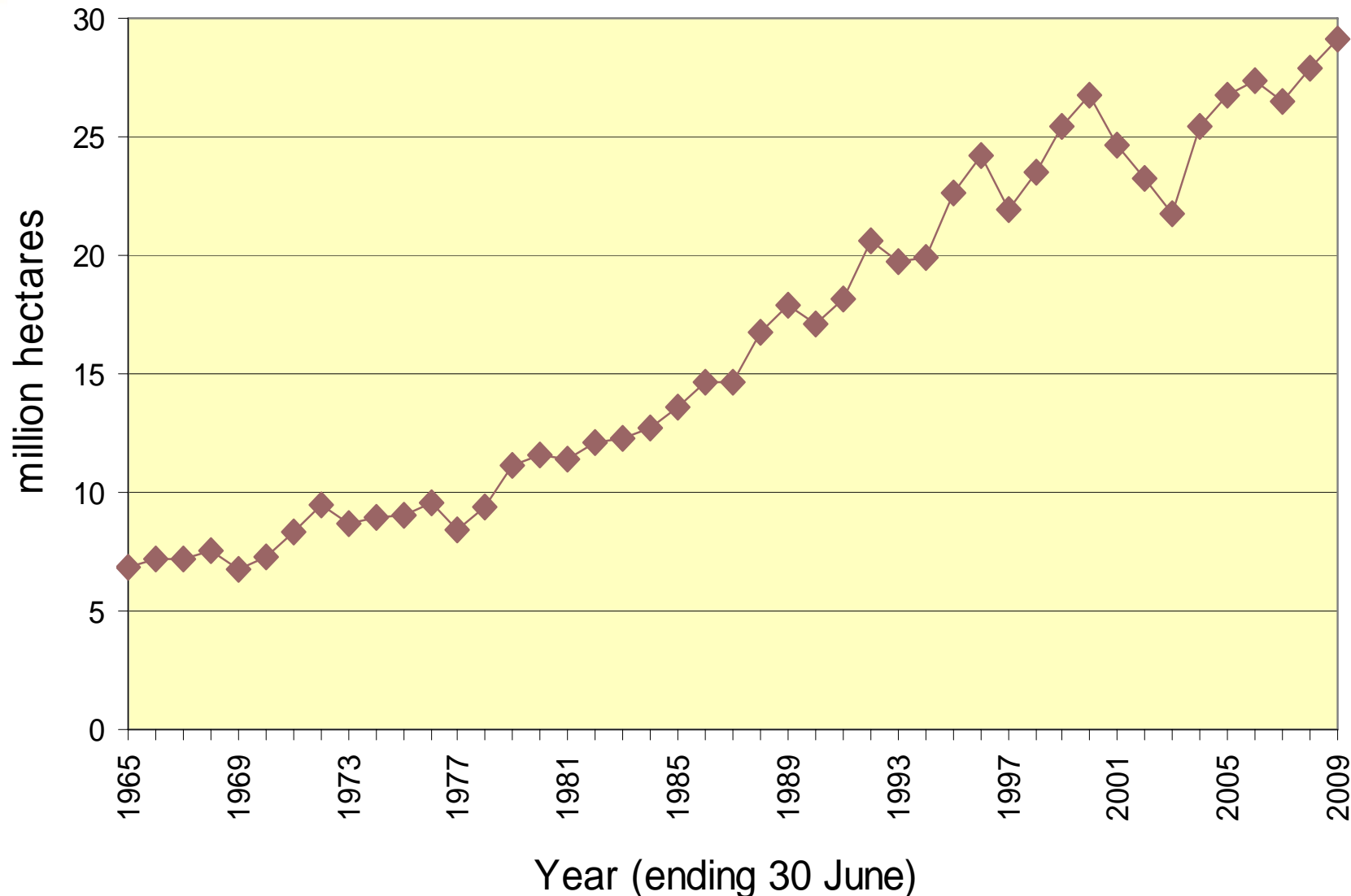
WORLD TOTAL OILSEED AREA



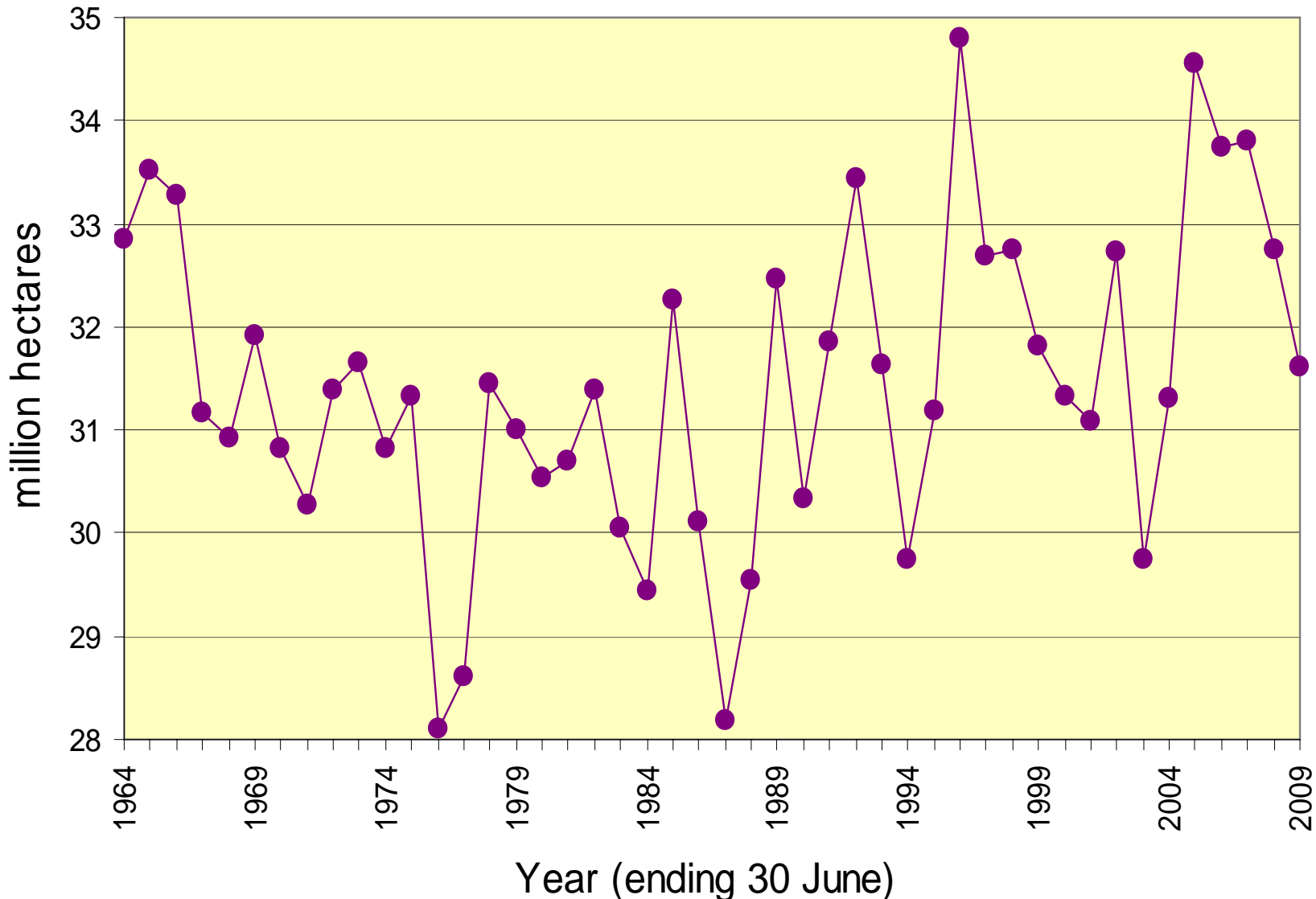
WORLD SOYBEAN AREA



WORLD CANOLA AREA



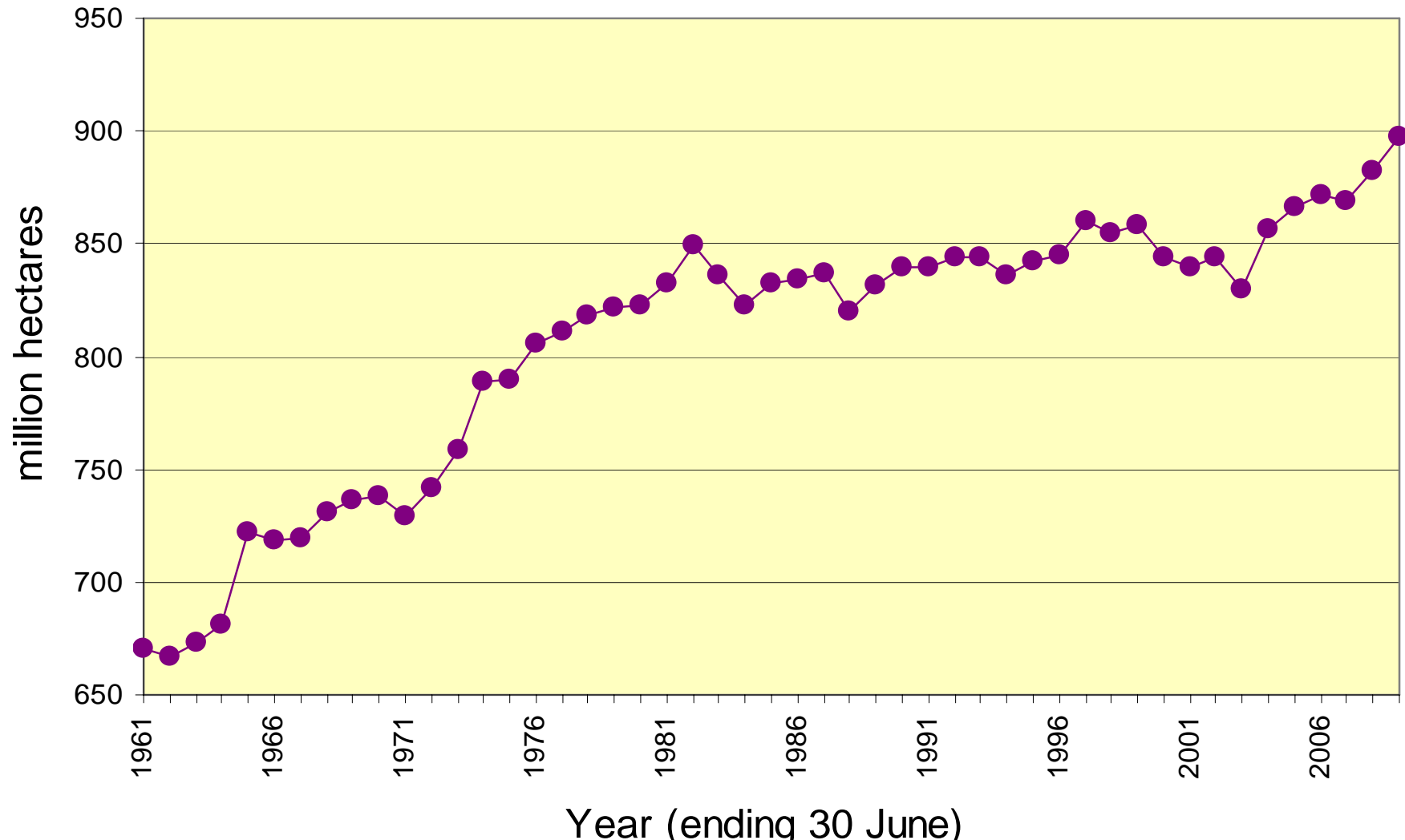
WORLD COTTON AREA



WORLD TOTAL CROP AREA

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Includes: Wheat, Coarse Grains, Rice, Cotton, Soybeans, Canola, Sunflower, Peanuts.



WORLD CROP AREA POTENTIAL

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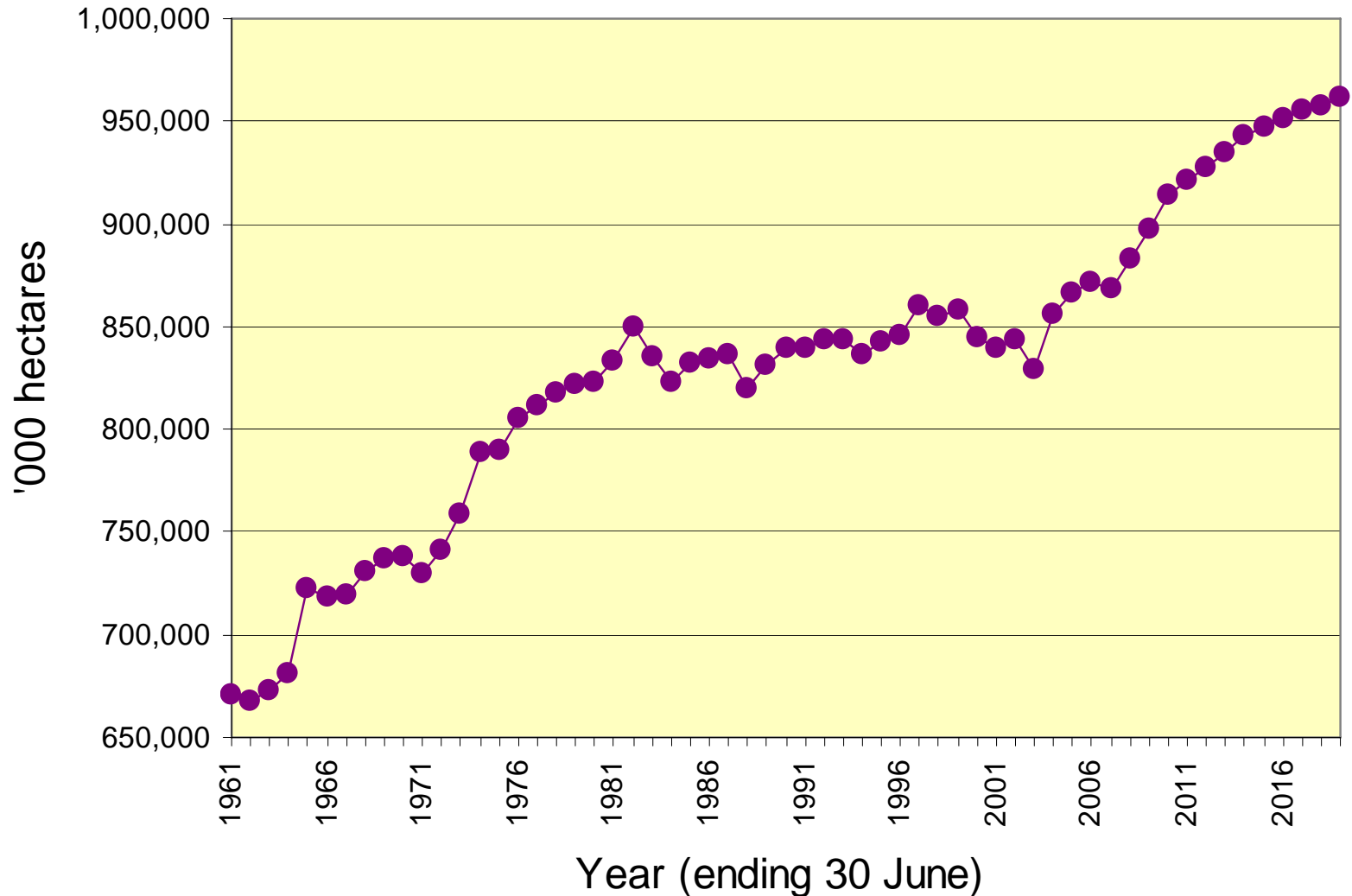
For Top Farm Managers of the World

Country	Crop Area 2008/09 Potential Area mha-5 years	Peak Area mha-10 years	Possible Potential mha	Potential Area mha	mha-2009/10
India	133.650 137.000	133.650	135.000		136.000
China	109.960 116.000	114.476	112.000		114.000
USA	95.556 112.000	112.110	100.000		105.000
EU-27	70.306 73.500	70.306	71.000		72.000
Russia	50.175 65.000	64.713	53.000		60.000
Canada	23.615 28.000	27.903	25.000		26.000
Australia	21.241 26.000	21.673	22.500		24.000
Argentina	30.390 37.000	30.471	31.000		34.000
Brazil	45.448 52.000	45.448	46.000		49.000
Ukraine	20.121 22.000	20.121	20.500		21.000

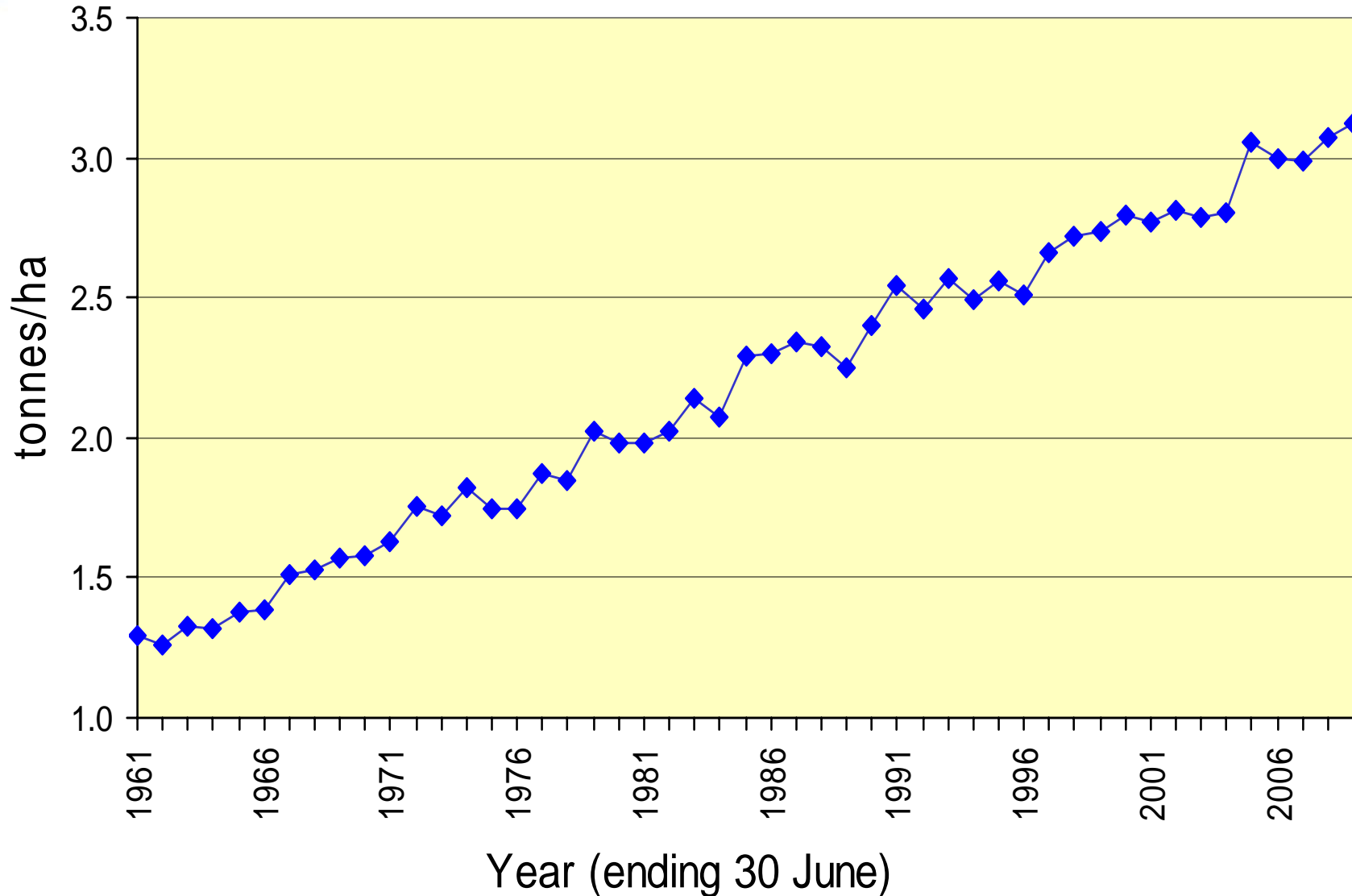
WORLD TOTAL CROP AREA PROJECTED

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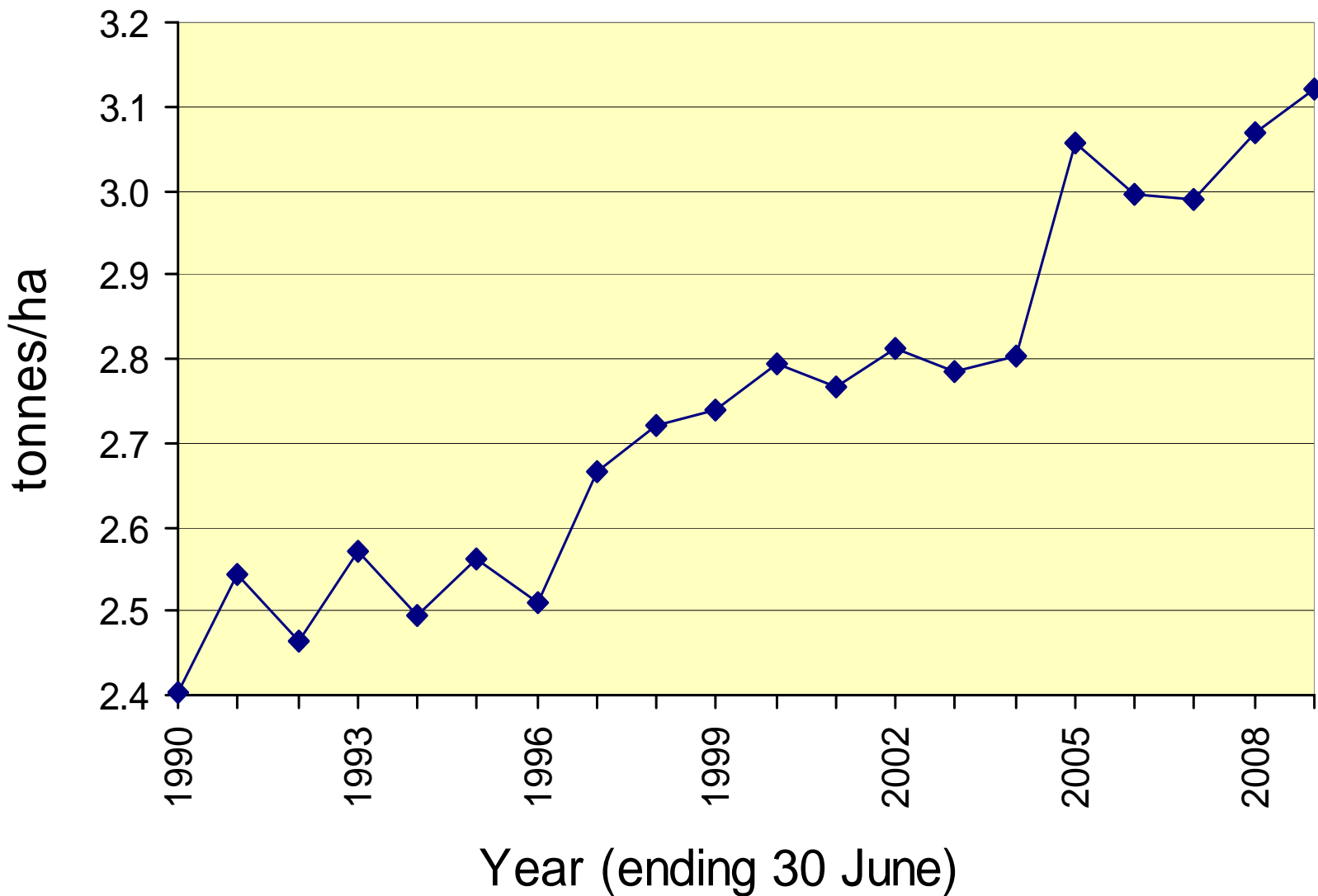
Includes: Wheat, Coarse Grains, Rice, Cotton, Soybeans, Canola, Sunflower, Peanuts.



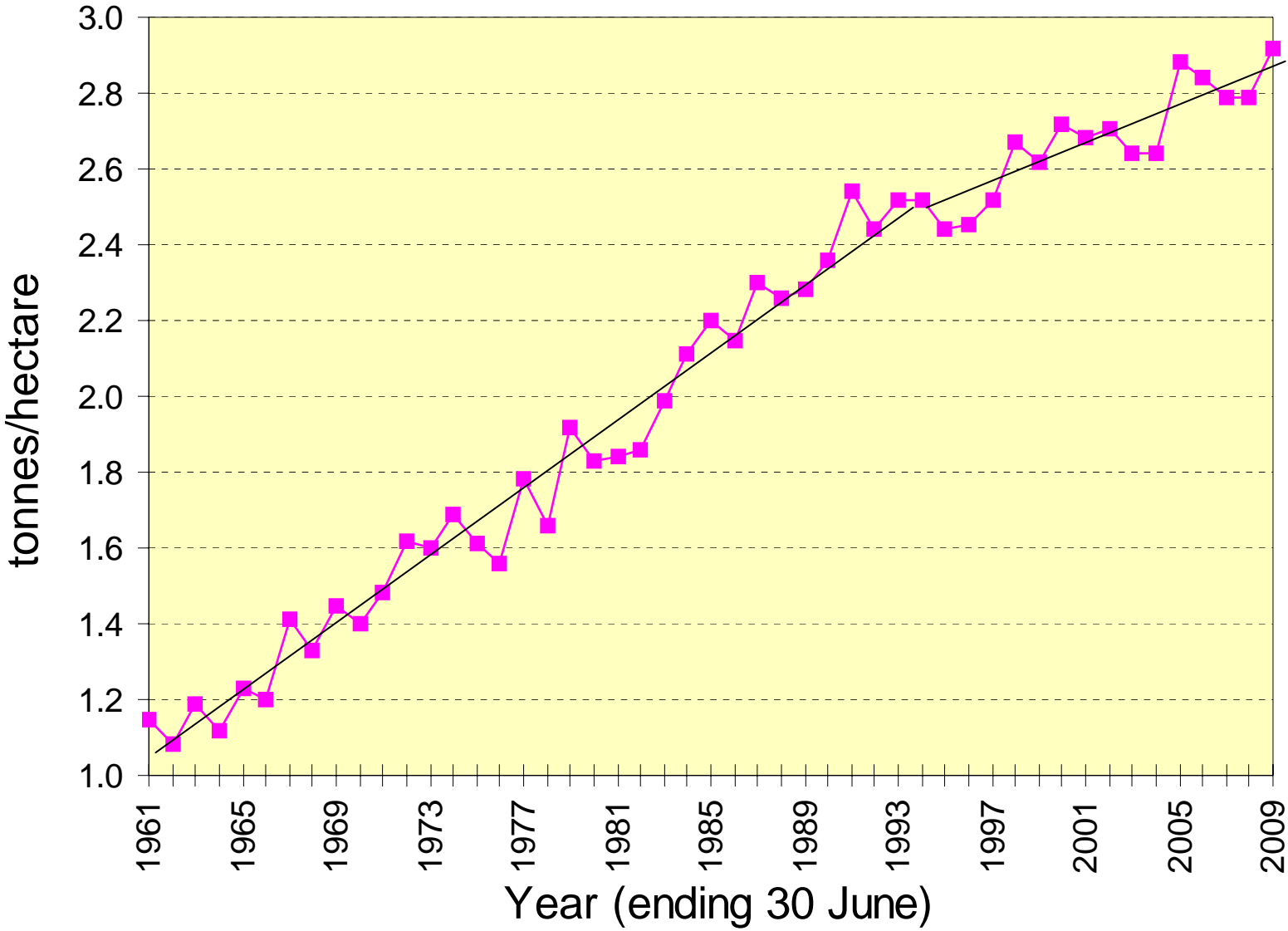
WORLD CEREALS AVERAGE YIELD



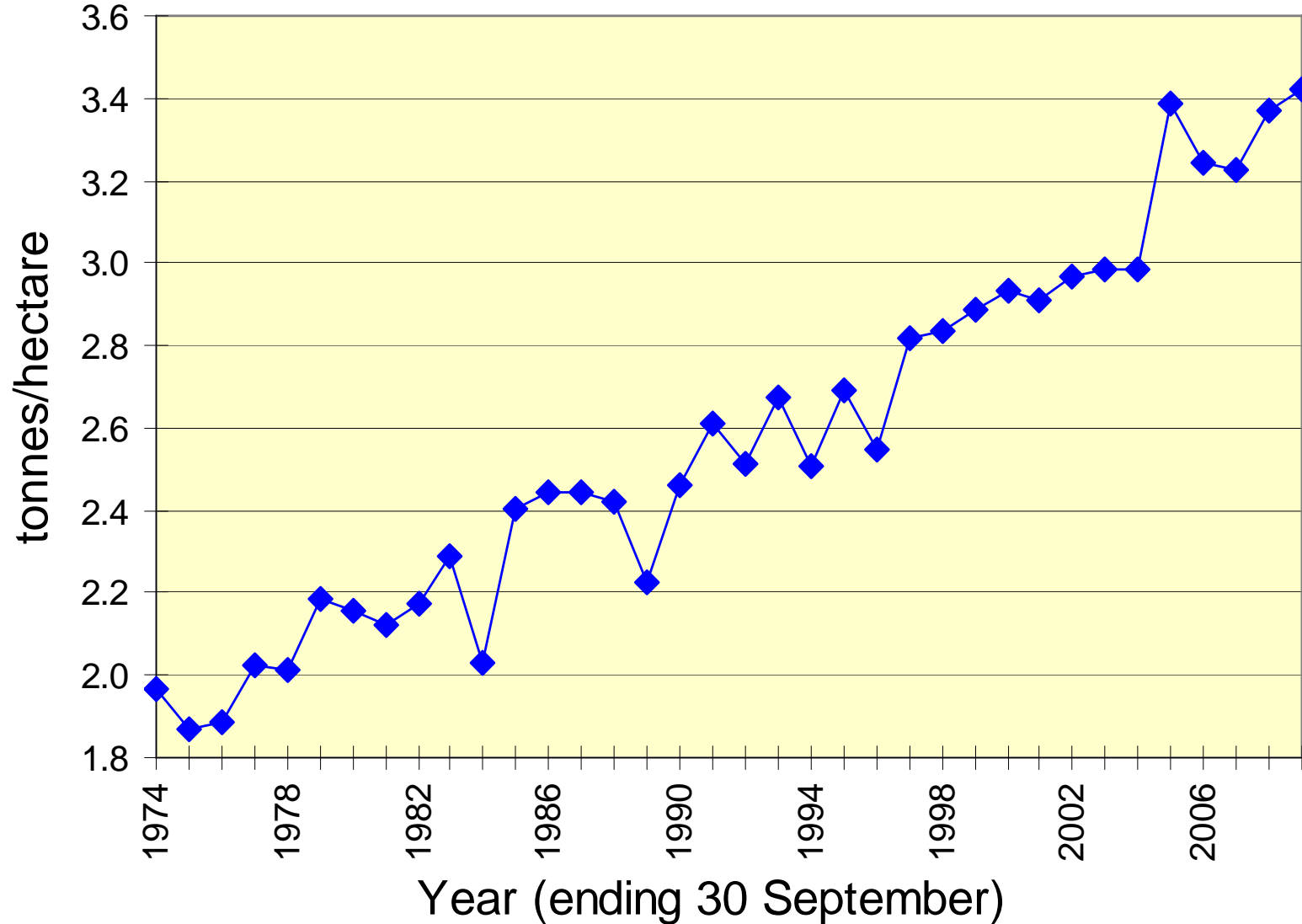
WORLD CEREALS AVERAGE YIELD



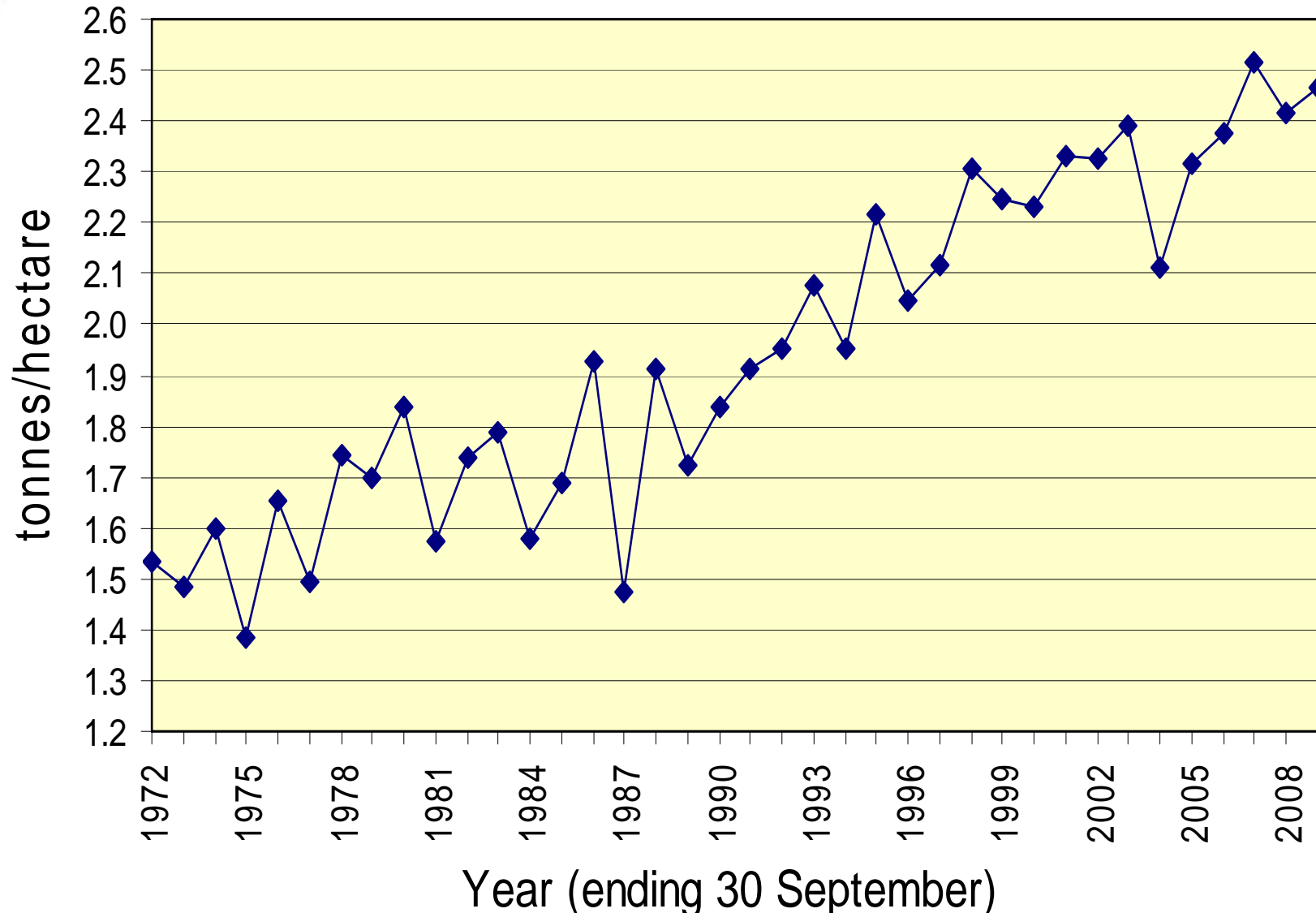
WORLD WHEAT YIELD



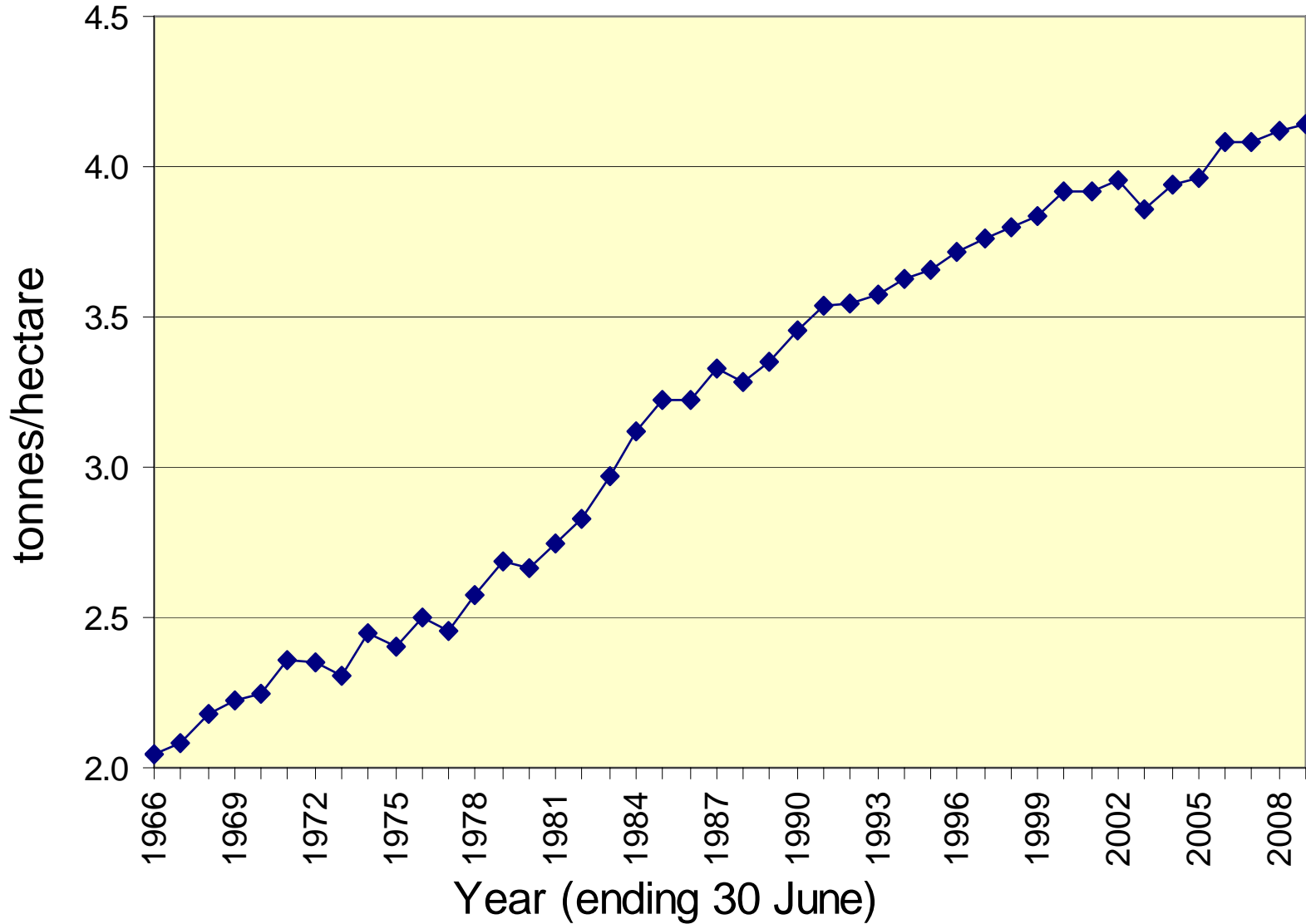
WORLD COARSE GRAIN YIELDS



WORLD SOYBEAN AVERAGE YIELDS



WORLD RICE AVERAGE YIELD



WHEAT PRICE – KANSAS (A\$/tonne)

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Preview

CORN PRICE – CHICAGO – (A\$/tonne)

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Review

RICE PRICE – CHICAGO (US\$/bushel)

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SOYBEAN PRICE – CHICAGO (US ¢/bushel)

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Preview

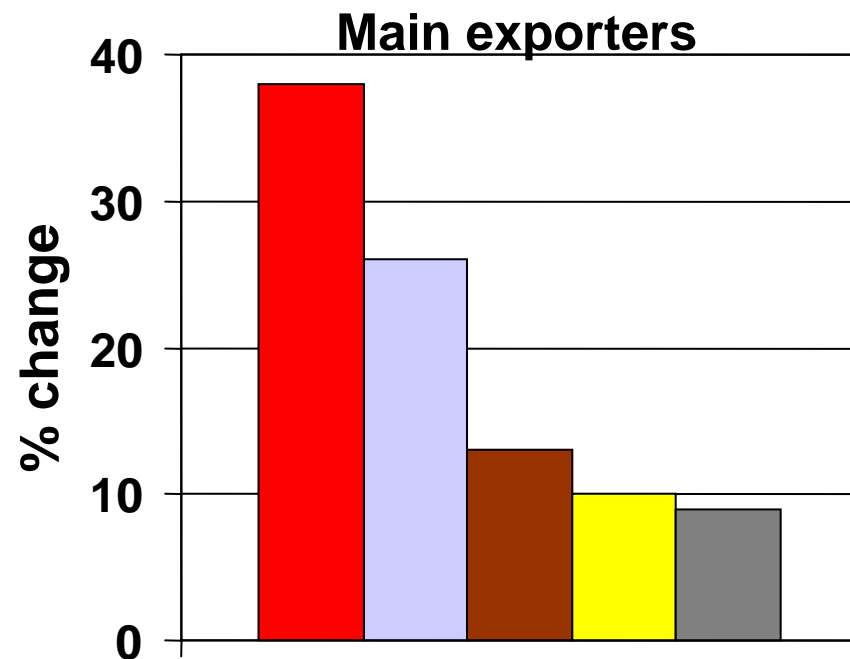
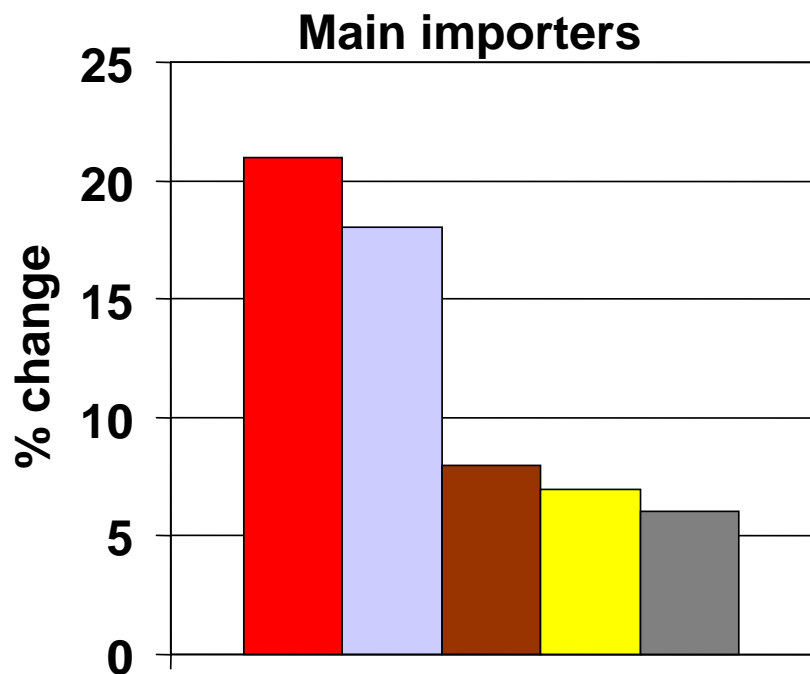
CANOLA PRICE – VANCOUVER (C\$/tonne)

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roview


Which countries show the strongest growth in trade for coarse grains? % change from 2003/05 to 2015



KEY DETERMINANTS OF FUTURE OUTLOOK

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- **Area will need to continue expanding**
- **Yields will need to increase**
- **Consumption increase will need to slow**
- **No droughts will need to occur**

- **Significant investment in technology, education and infrastructure will be needed**
 - **Input supplies will need to increase**
 - **Price will need to be high enough to cover all costs and generate enough profit for the added investment required**
- 

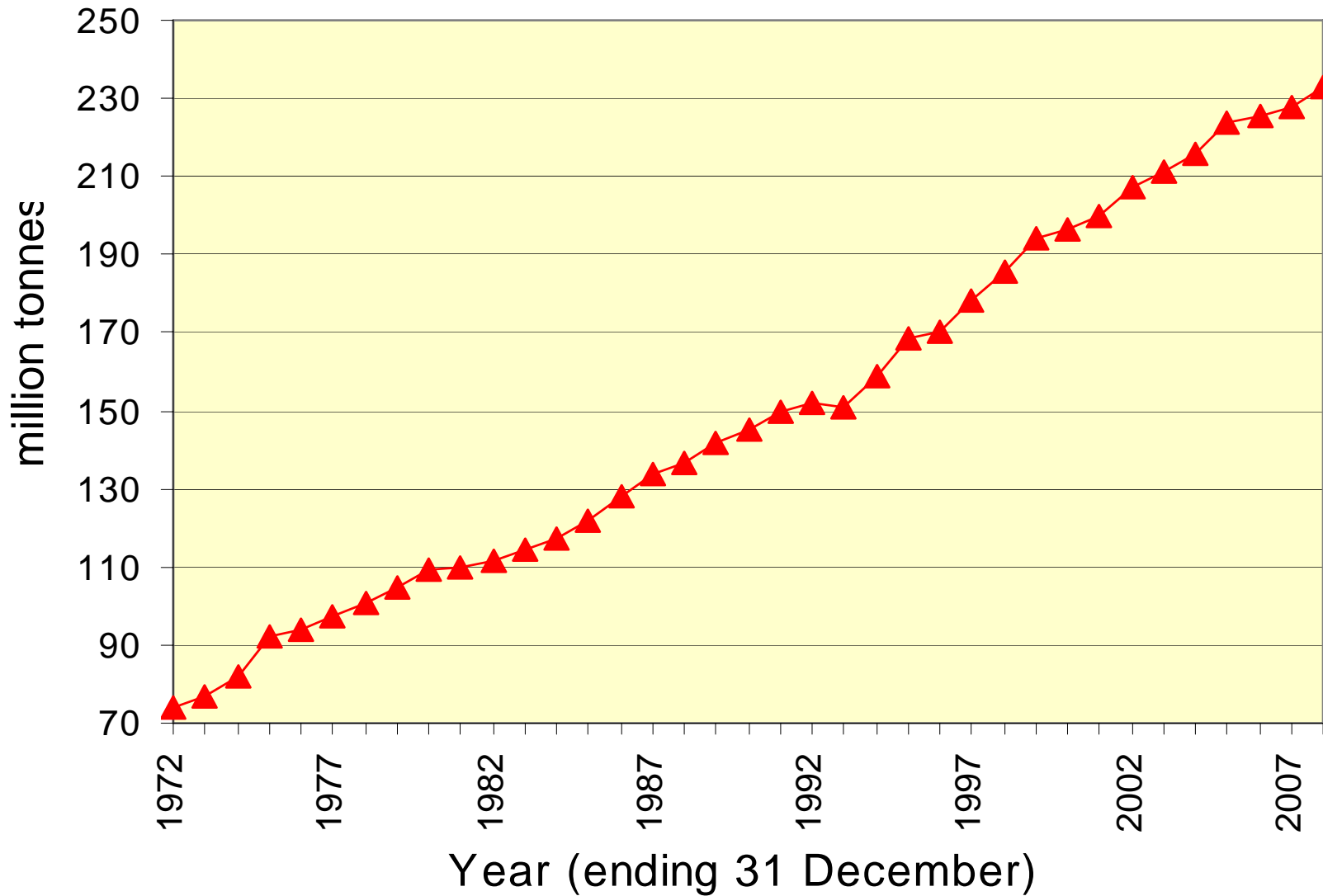


WORLD MEATS

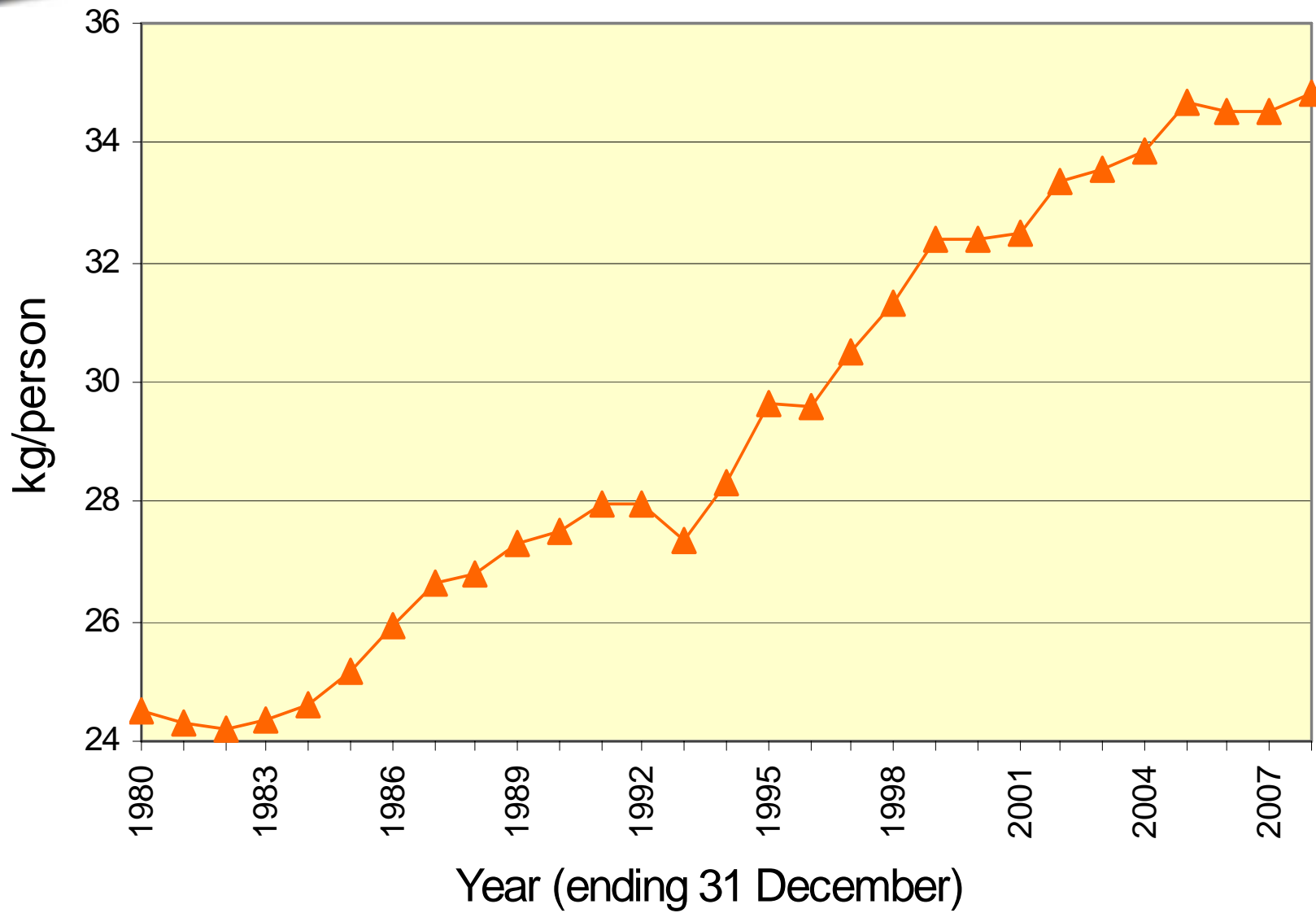
WORLD MEATS

- **World consumption still rising**
- **Chicken, pork and sheep meats gaining**
- **Beef not gaining**
- **Higher grain prices – may temporally slow consumption increase**

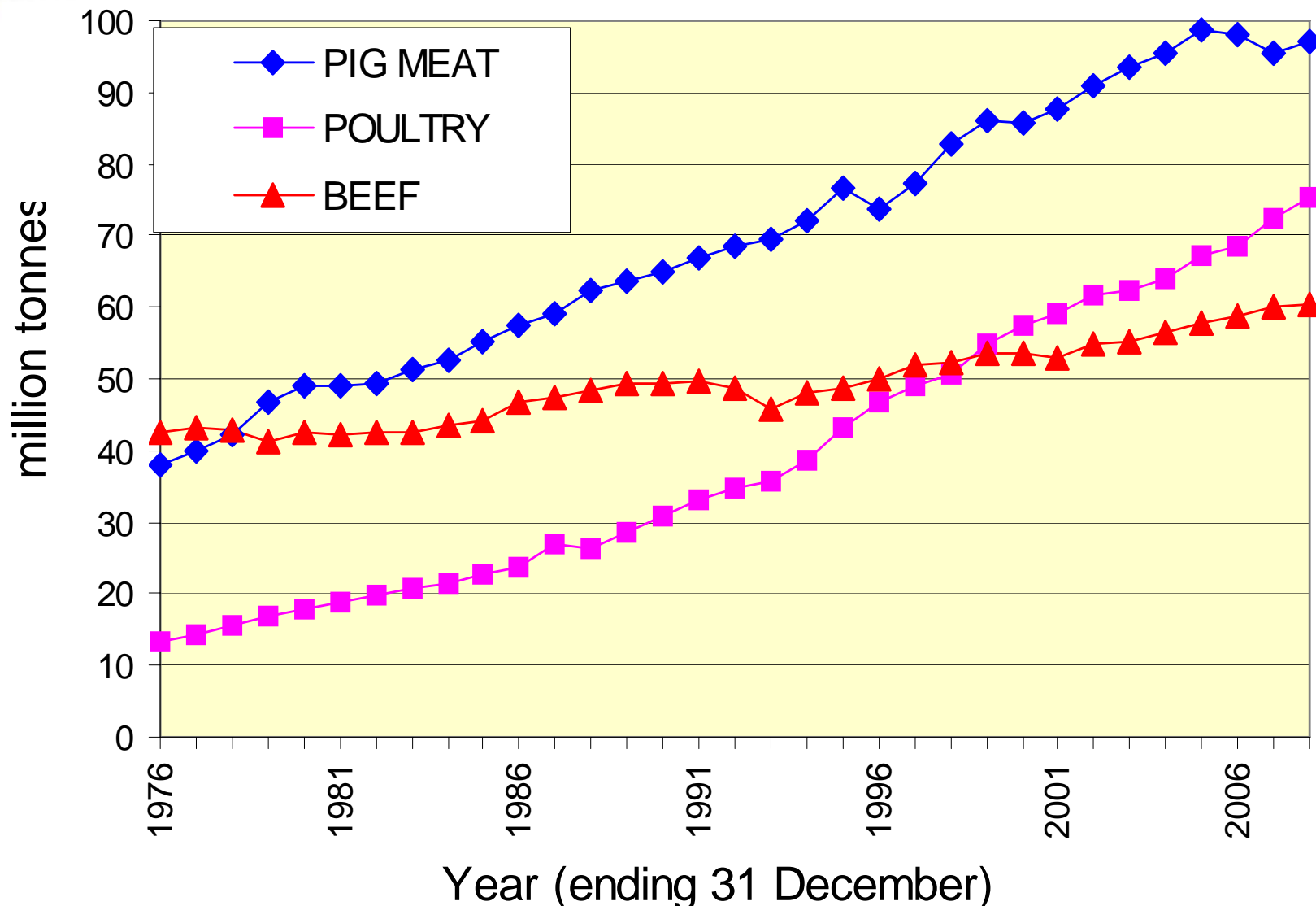
TOTAL WORLD MEAT CONSUMPTION



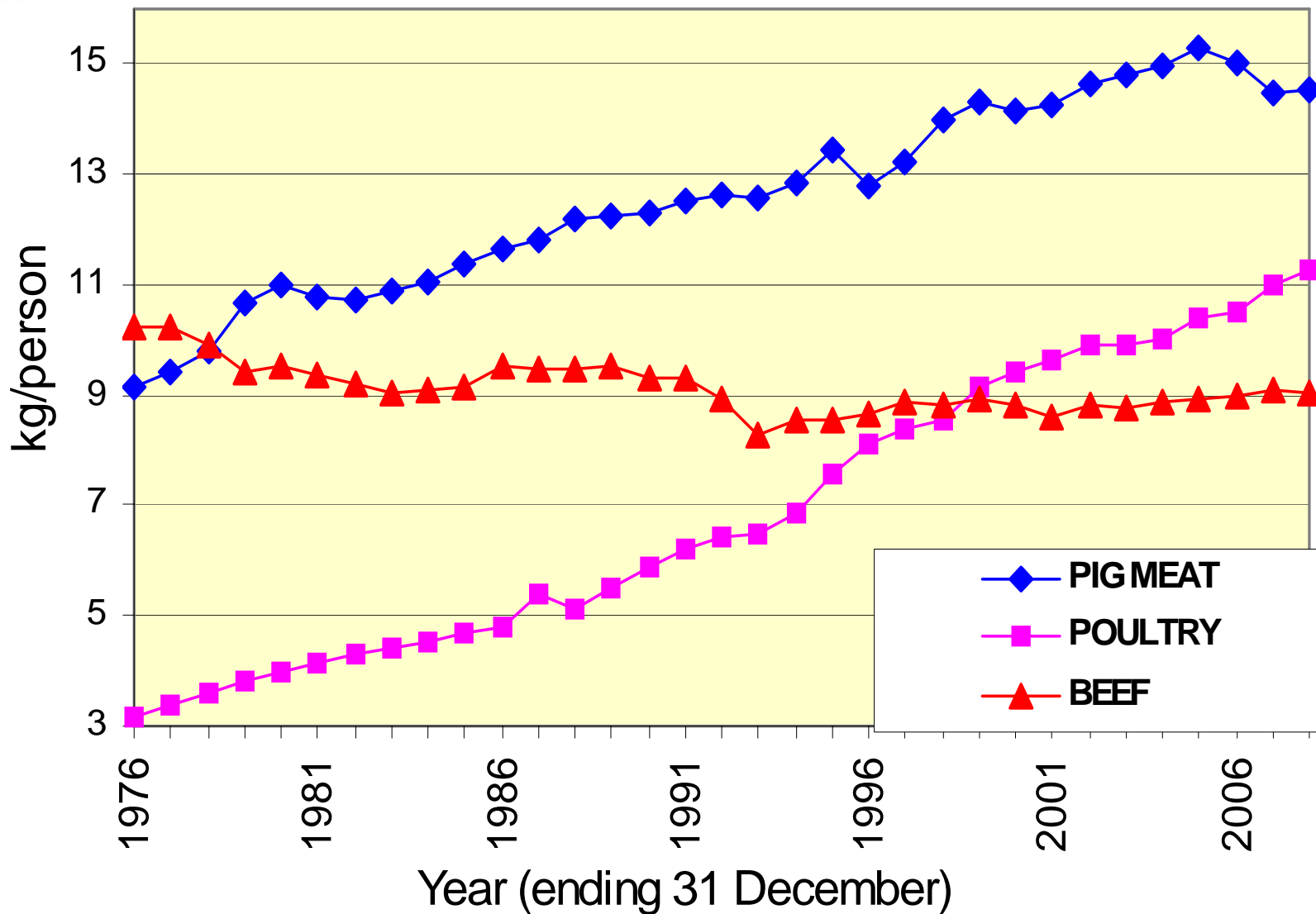
WORLD MEAT CONSUMPTION/PERSON



TOTAL CONSUMPTION of MAJOR MEATS

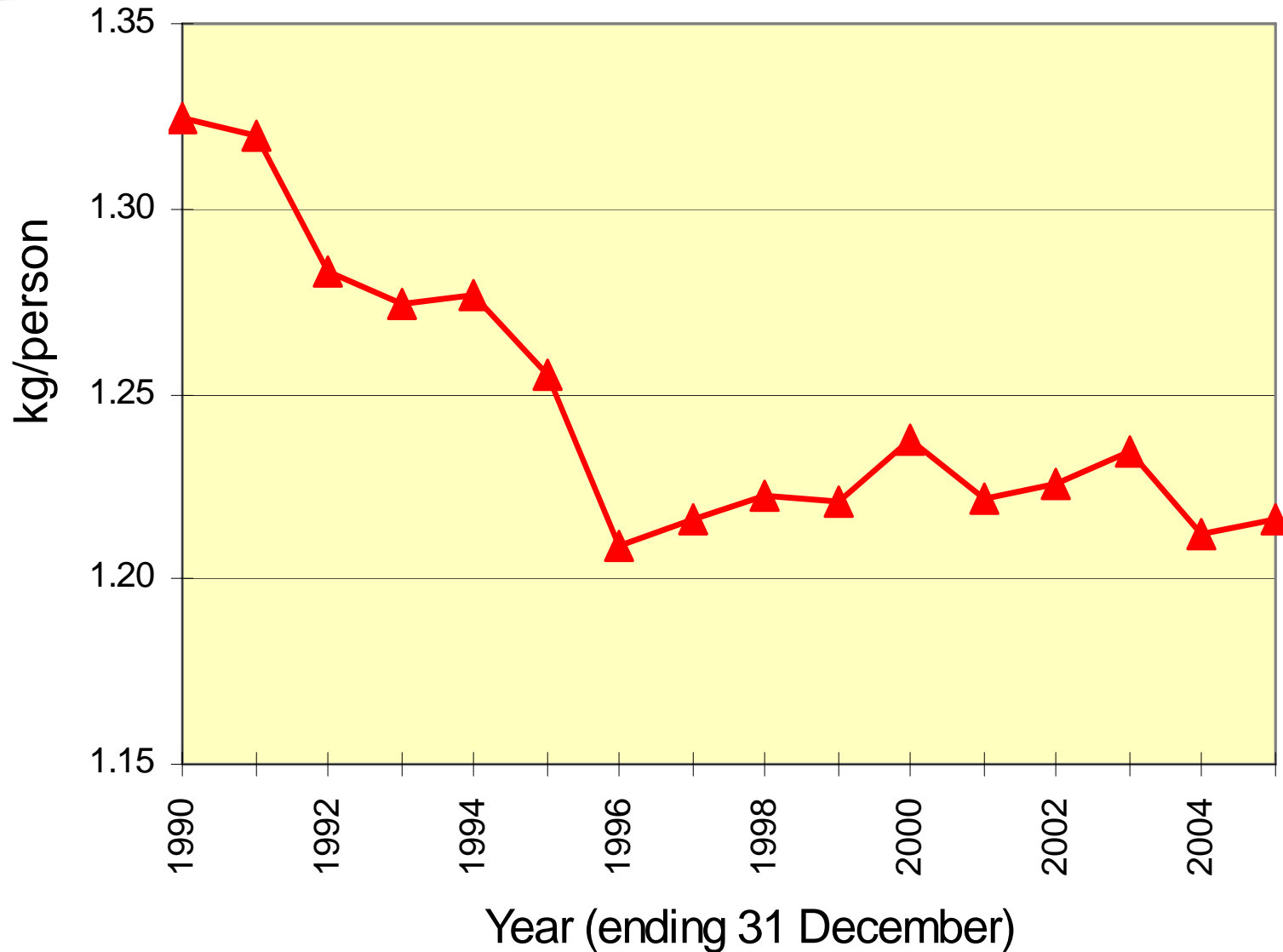


CONSUMPTION/PERSON of MAJOR MEATS



WORLD SHEEPMEAT CONSUMPTION/PERSON

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WORLD MEAT CONSUMPTION/PERSON

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Over the 18 years from 1990 to 2008:

- Poultry - up 88%
- Pork - **up 15%**
- Beef - down 5%
- Total - up 24%



WORLD MEATS

SHEEP

MEATS

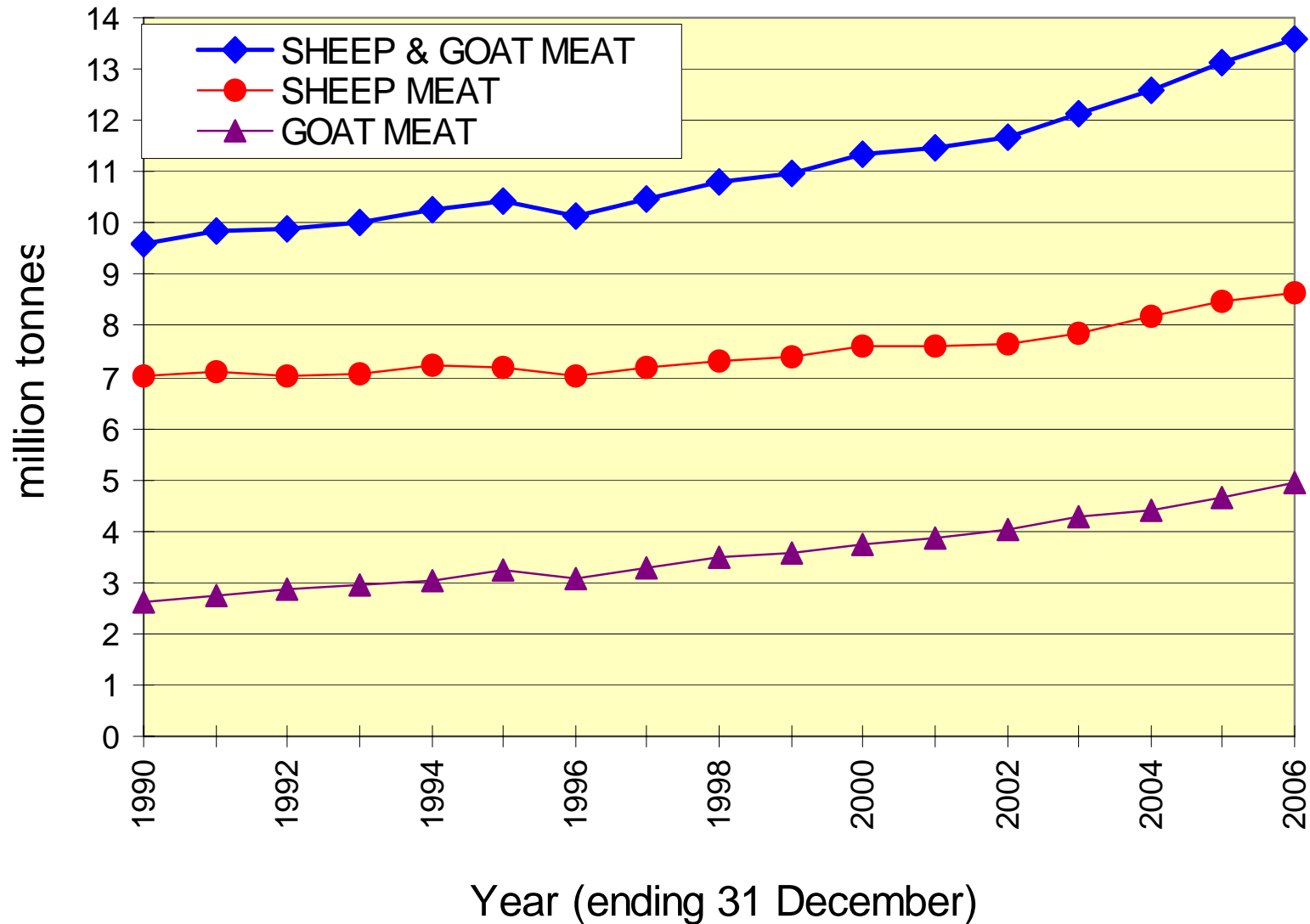
WORLD SHEEP MARKET PROSPECTS-2008

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- **Australia and NZ dominate trade**
- **45 countries annually import over 2,000 tonnes**
- **Australia and NZ export majority**
- **Demand - remains strong and continues to grow**

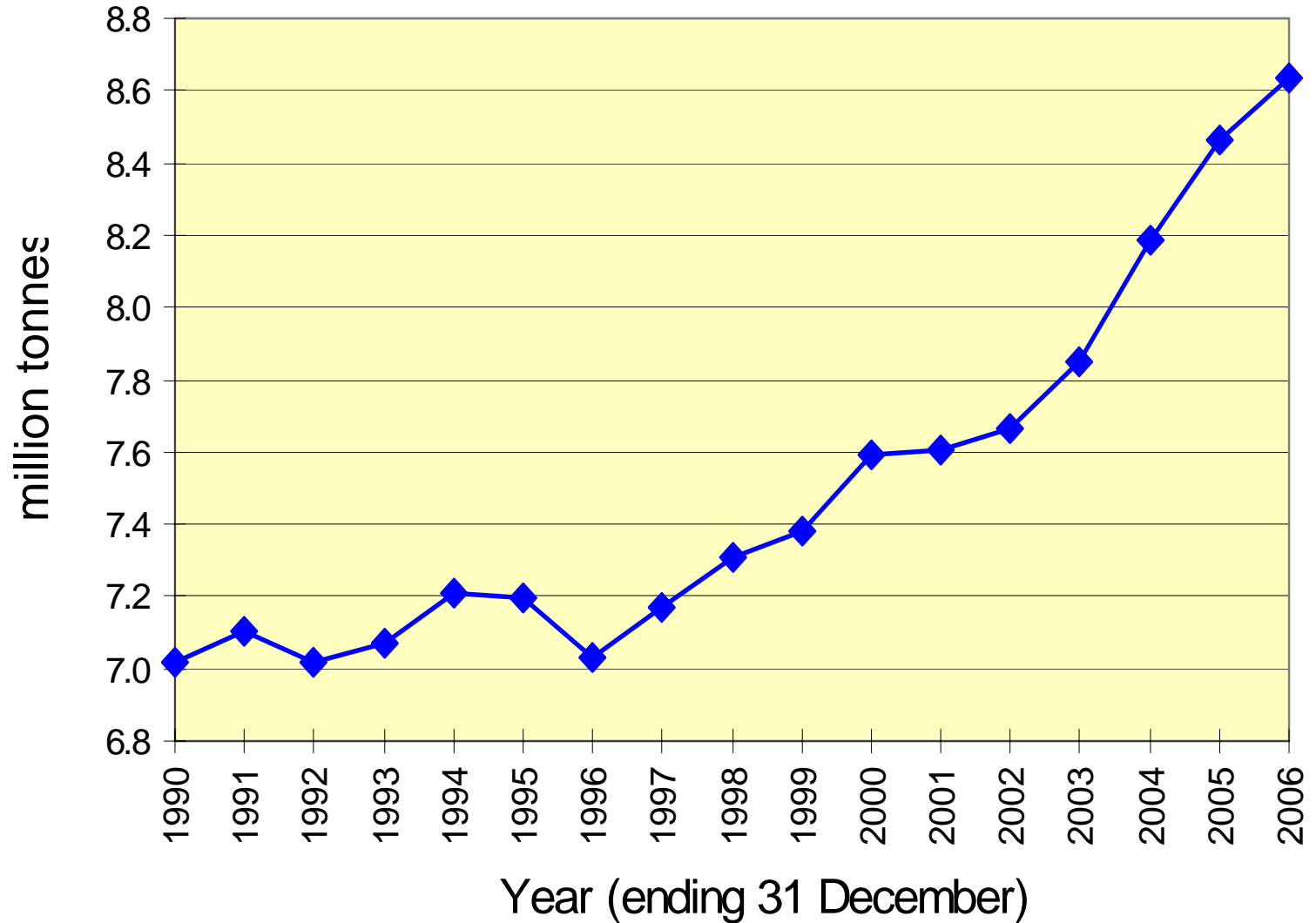
WORLD SHEEP & GOAT MEAT PRODUCTION

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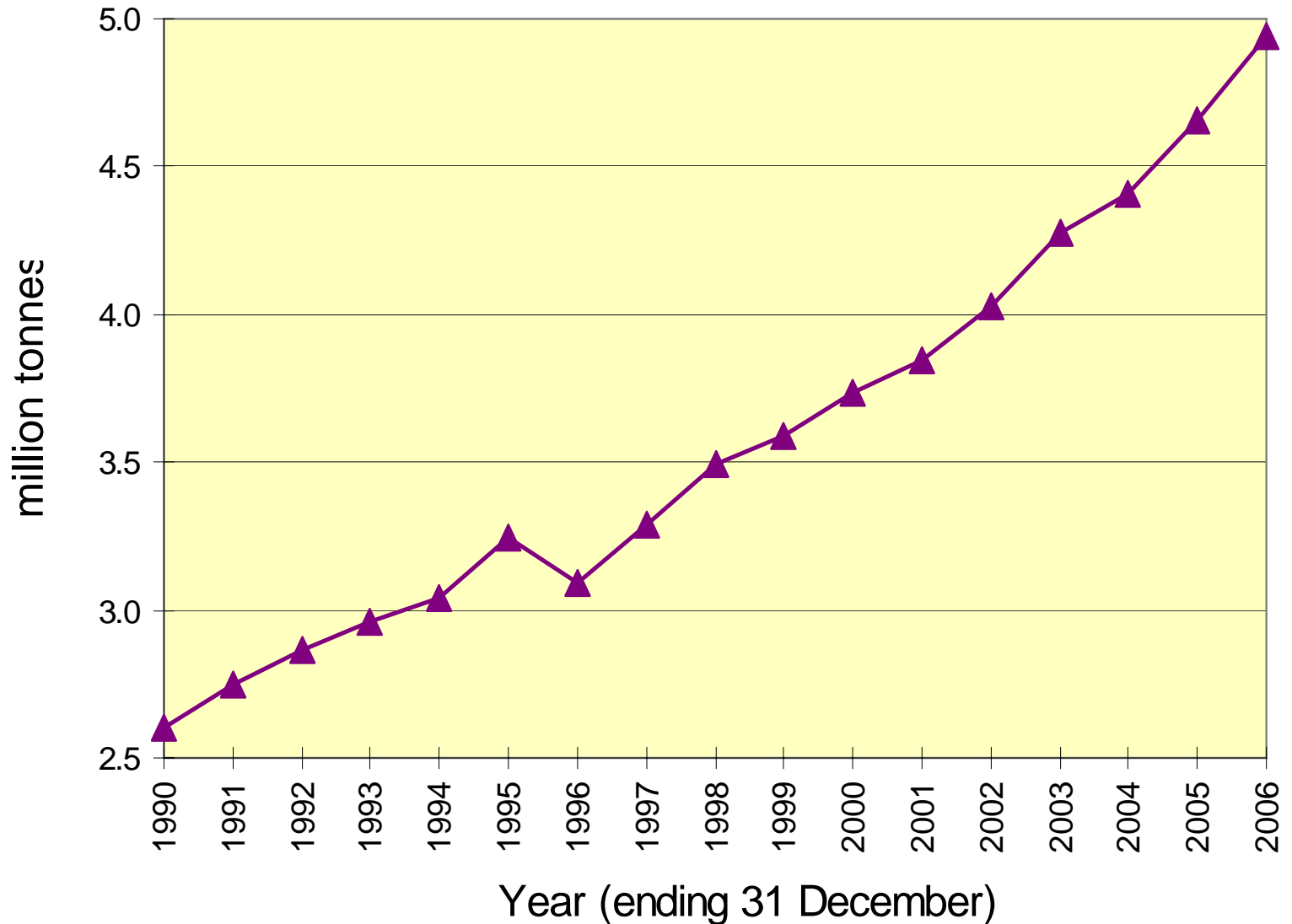
WORLD SHEEPMEAT PRODUCTION (FAO)

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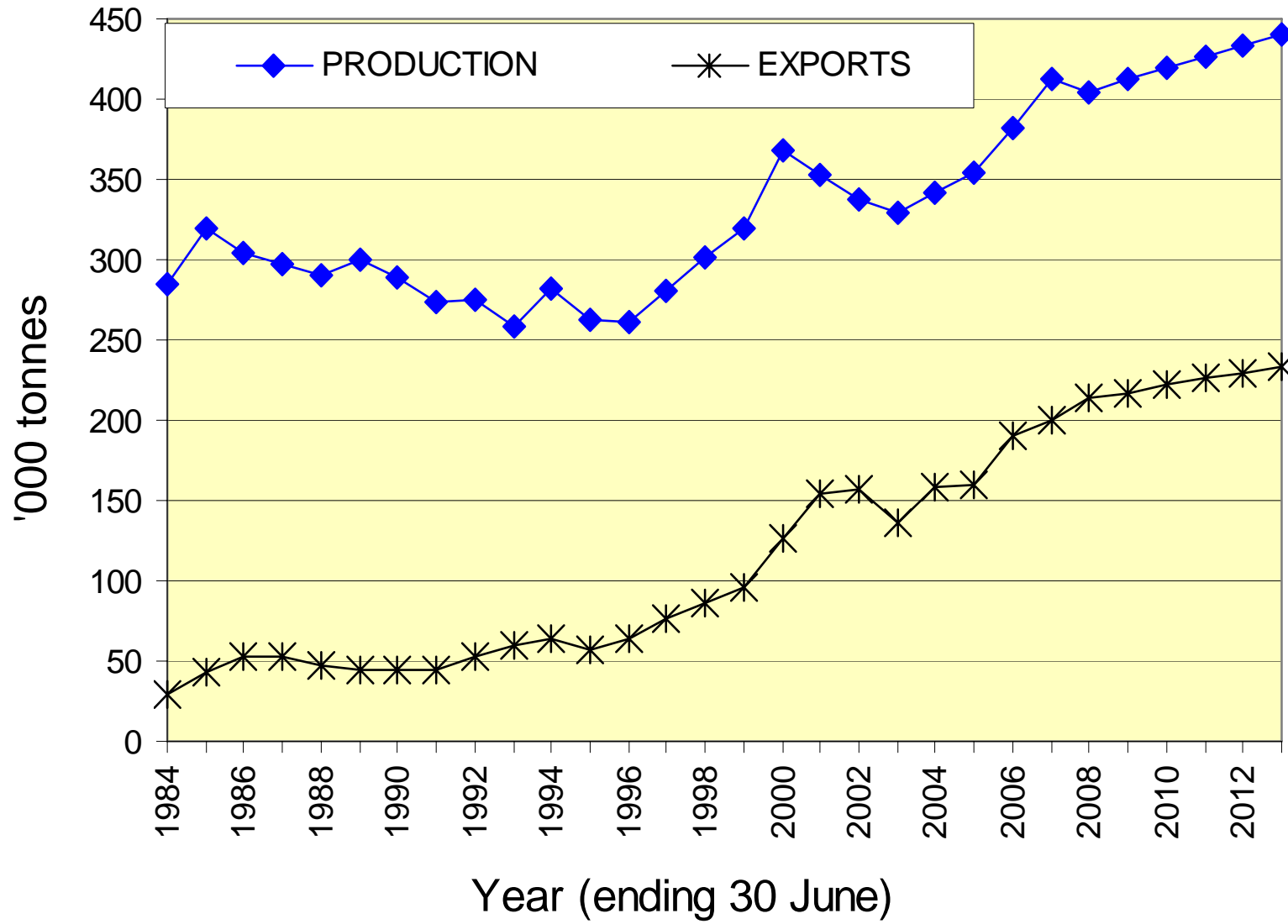


WORLD GOATMEAT PRODUCTION (FAO)

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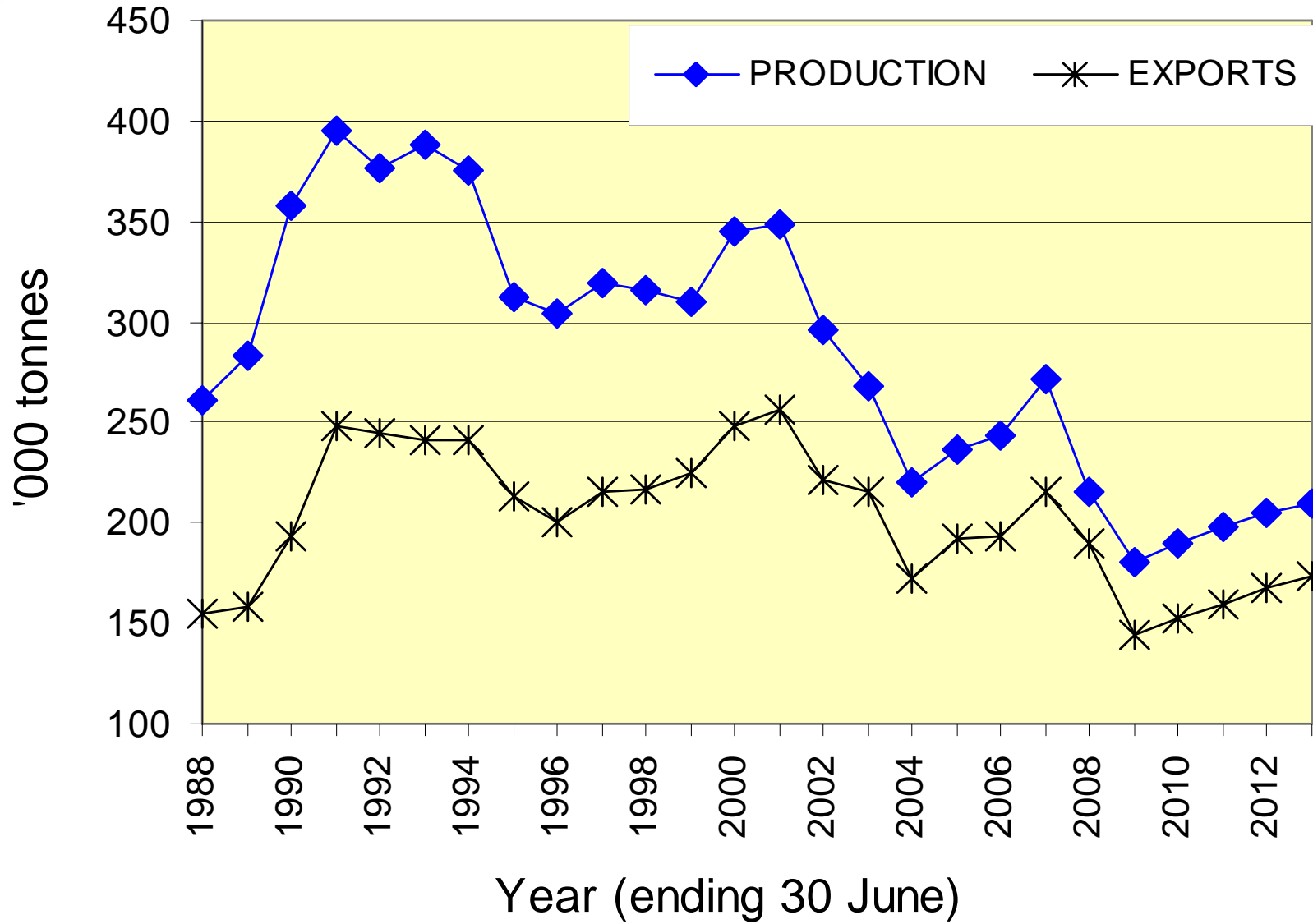


AUST LAMB PRODUCTION & EXPORTS

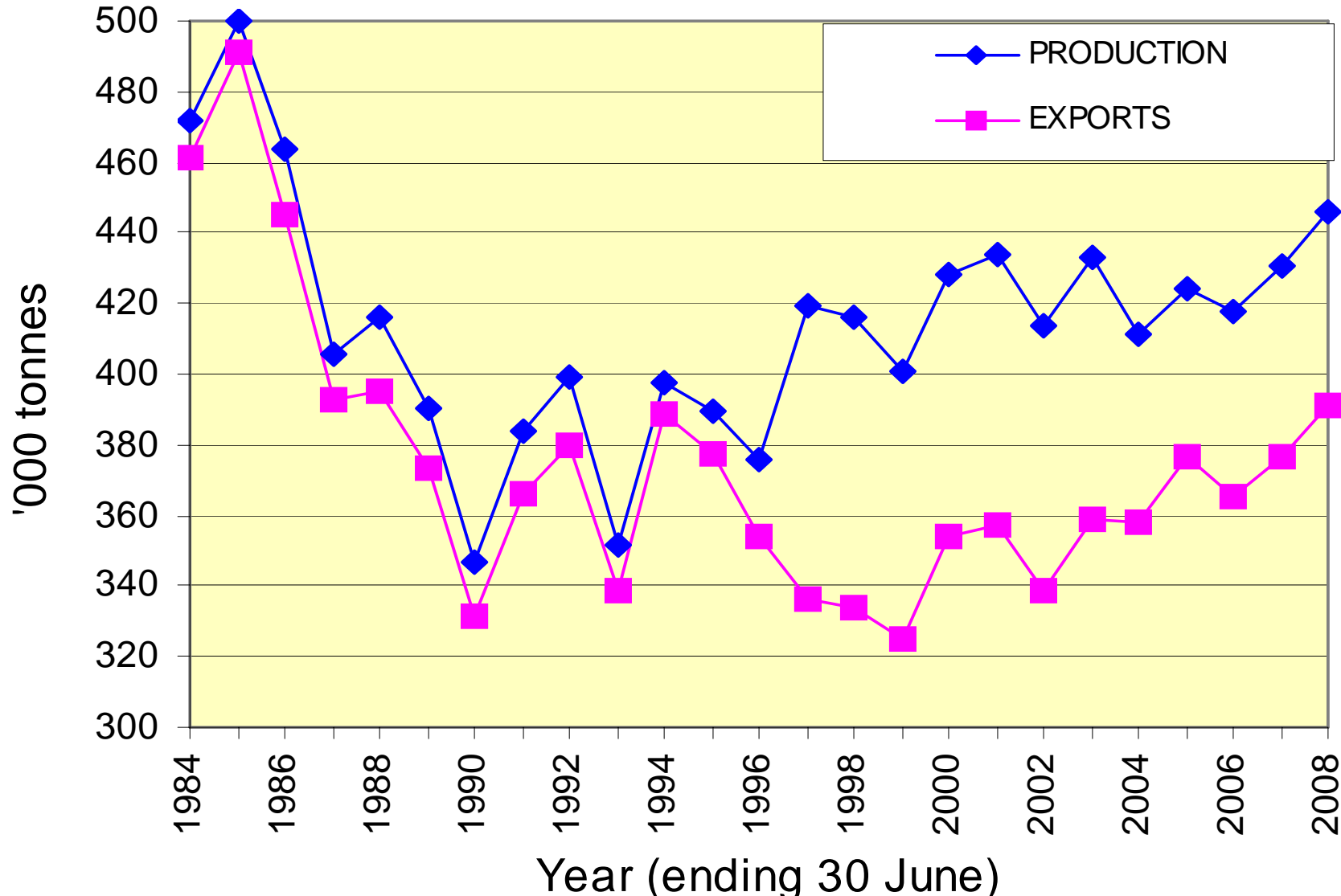


AUST MUTTON PRODUCTION & EXPORTS

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NZ LAMB PRODUCTION & EXPORTS



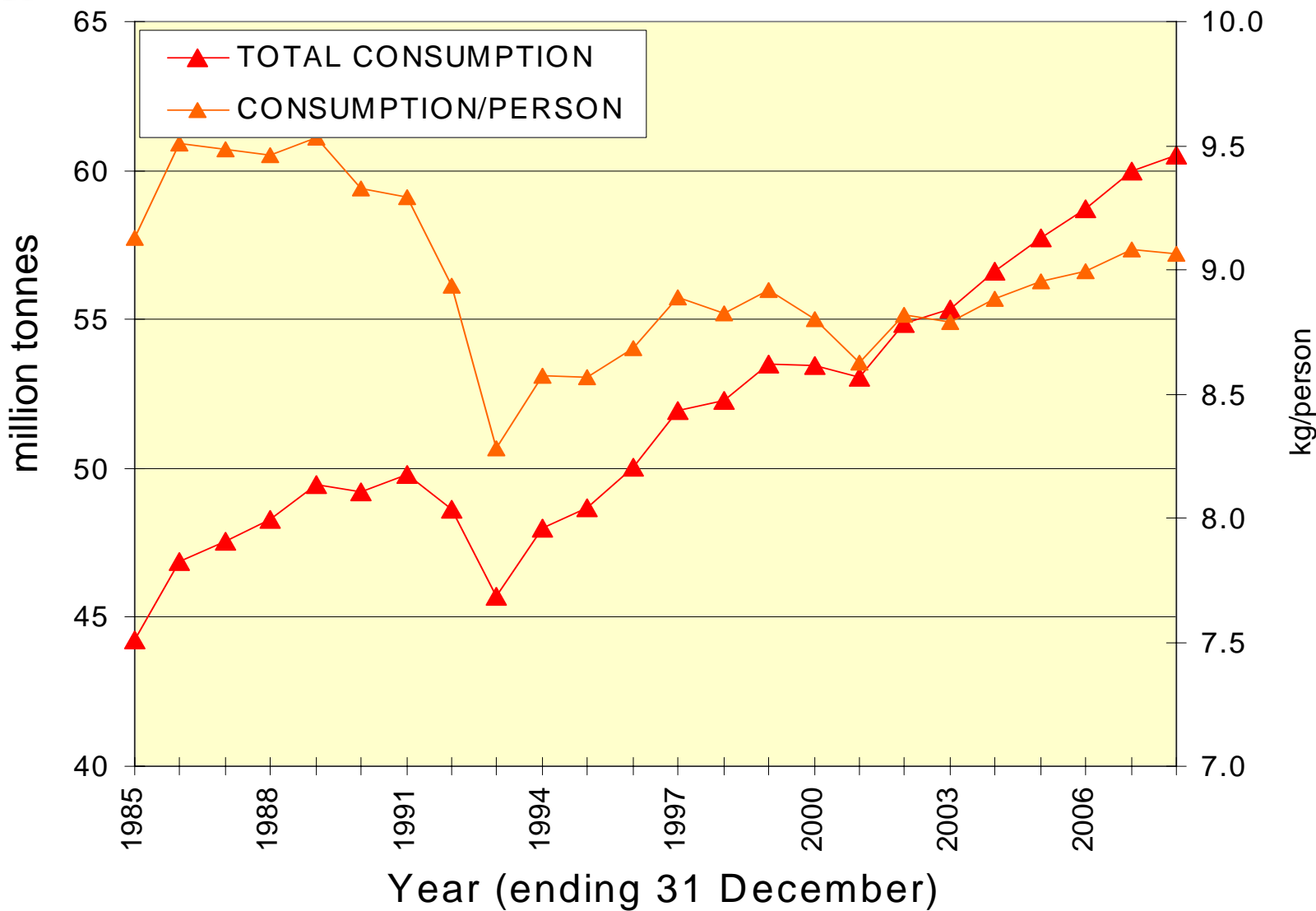


WORLD MEATS

BEEF



WORLD BEEF CONSUMPTION

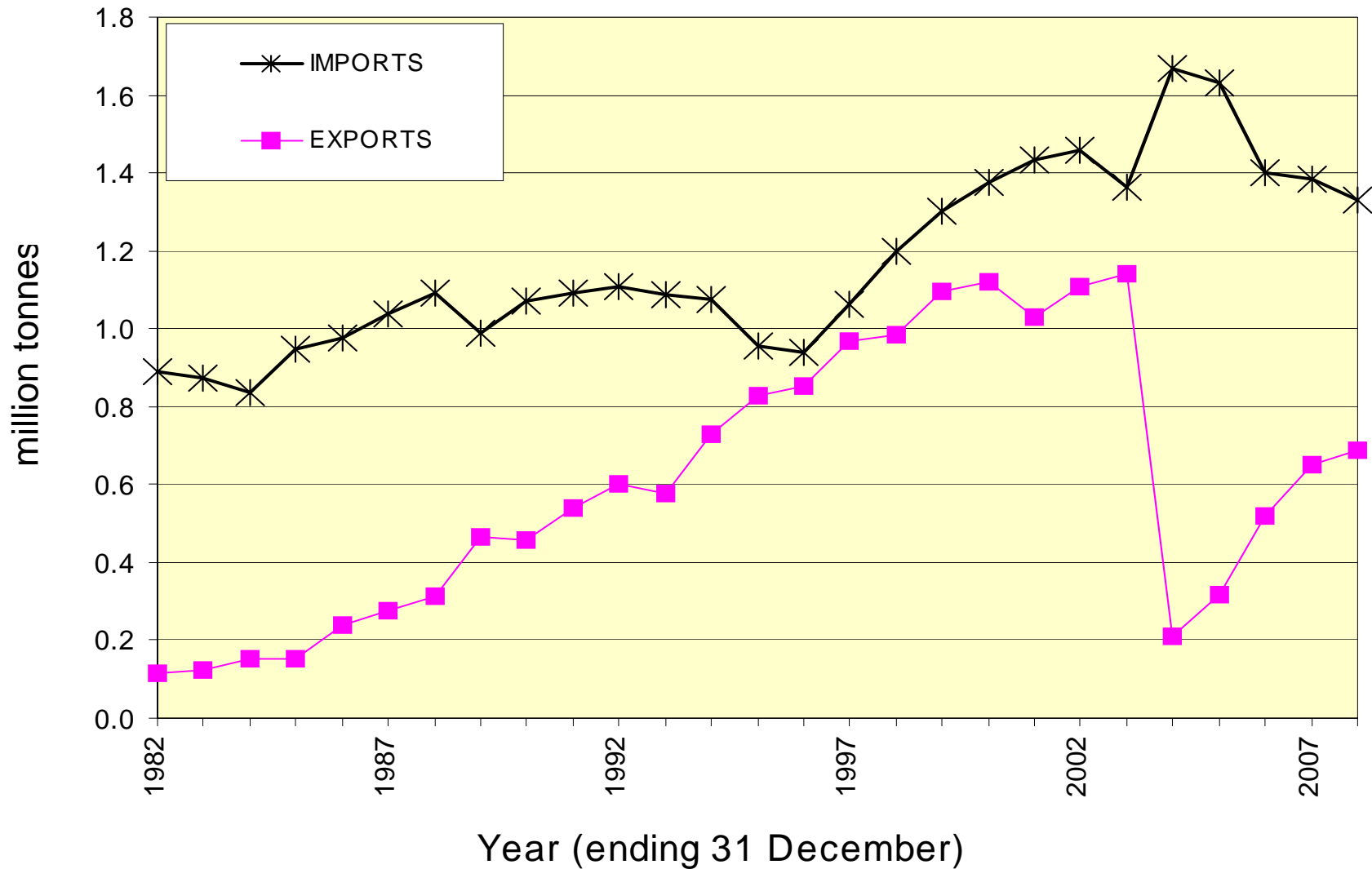


WORLD BEEF MARKET PROSPECTS 2008

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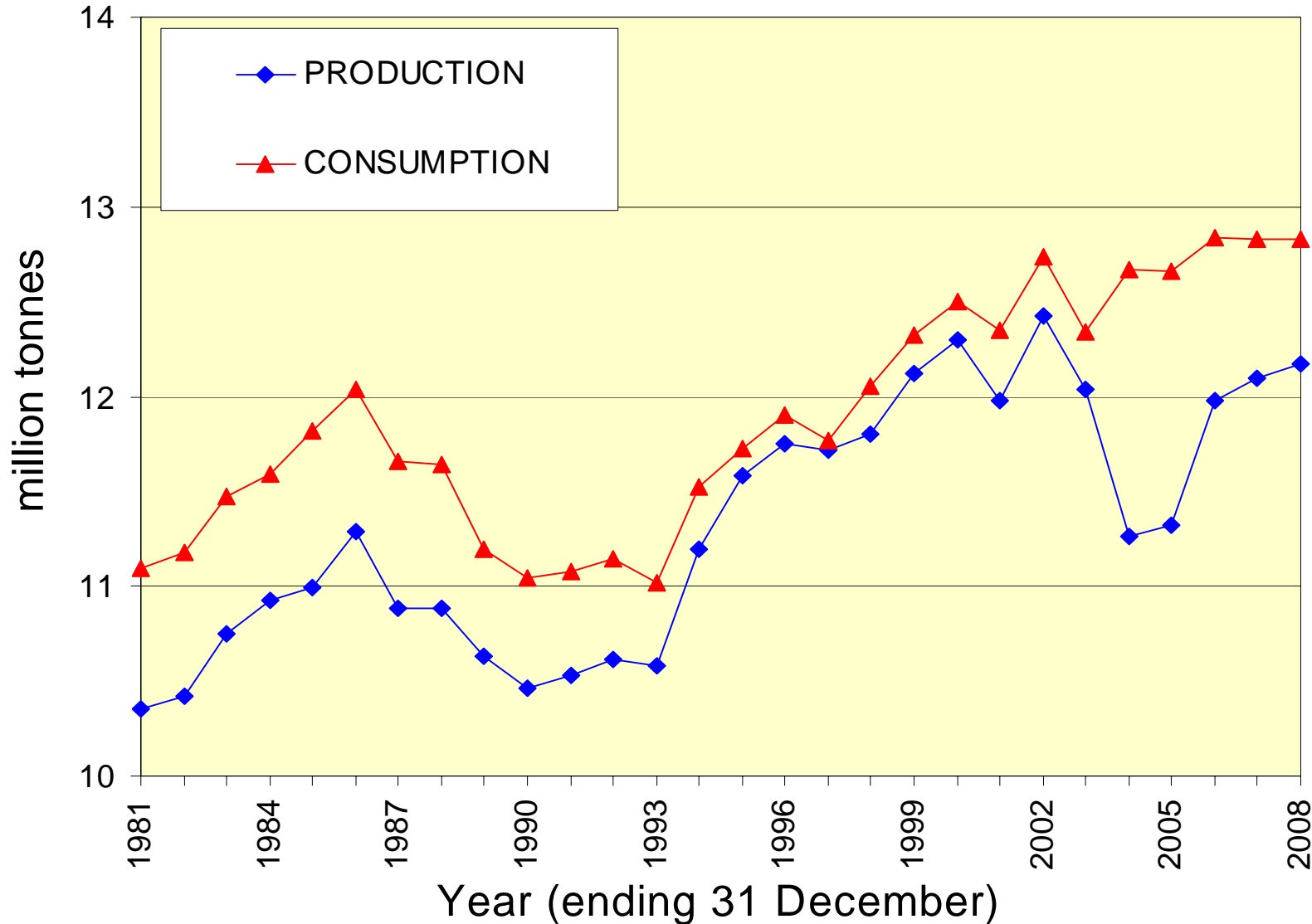
- **Consumption/person – rising after lows in 1993**
- **Japan and South Korea consumption - slow to recover**
- **The USA – imports to remain high**
- **Seasons influencing beef prices but general shortage of protein**
- **Prices quality beef - longer term higher**

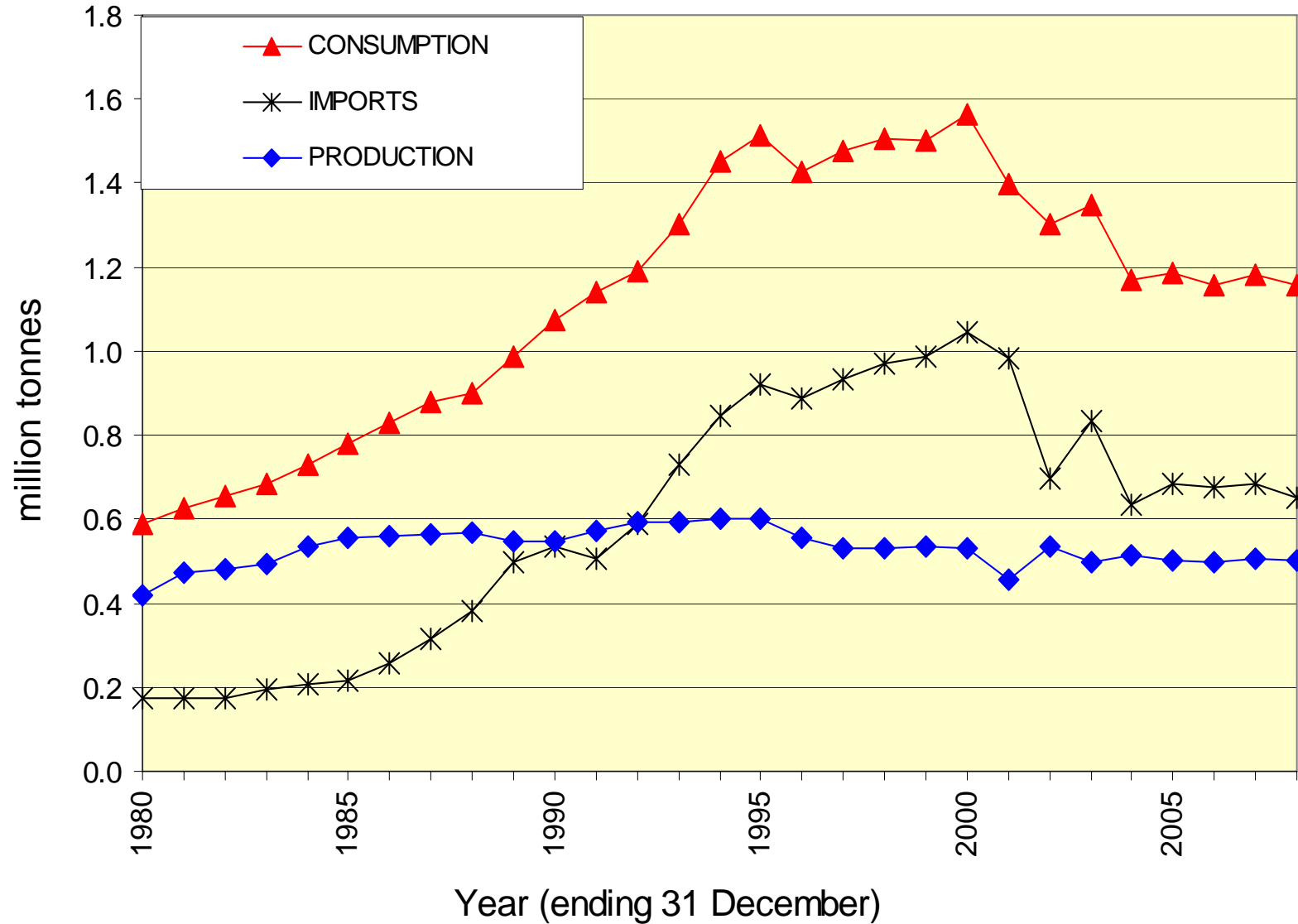
USA BEEF EXPORT RECOVERY



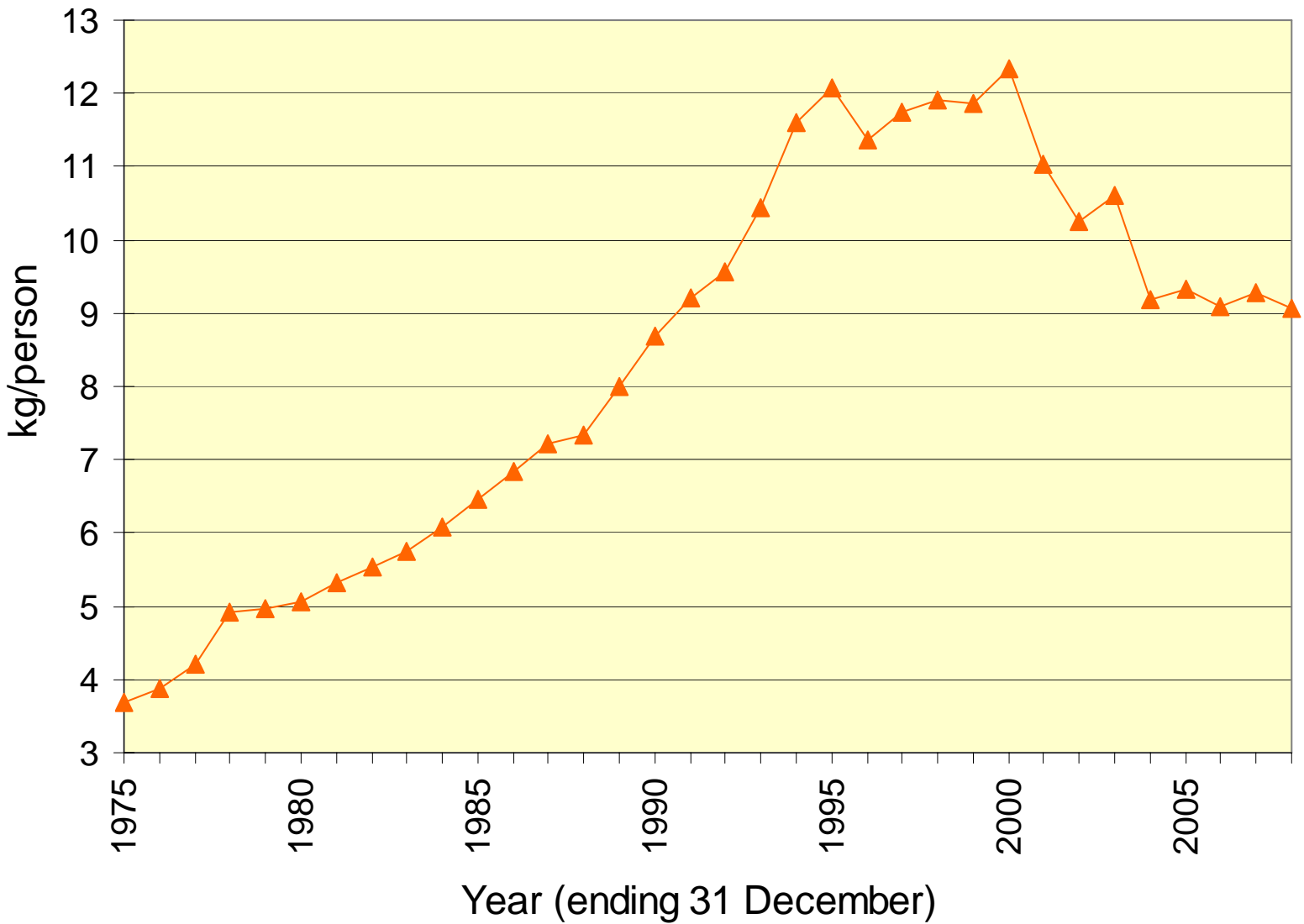
USA BEEF PRODUCTION AND USE

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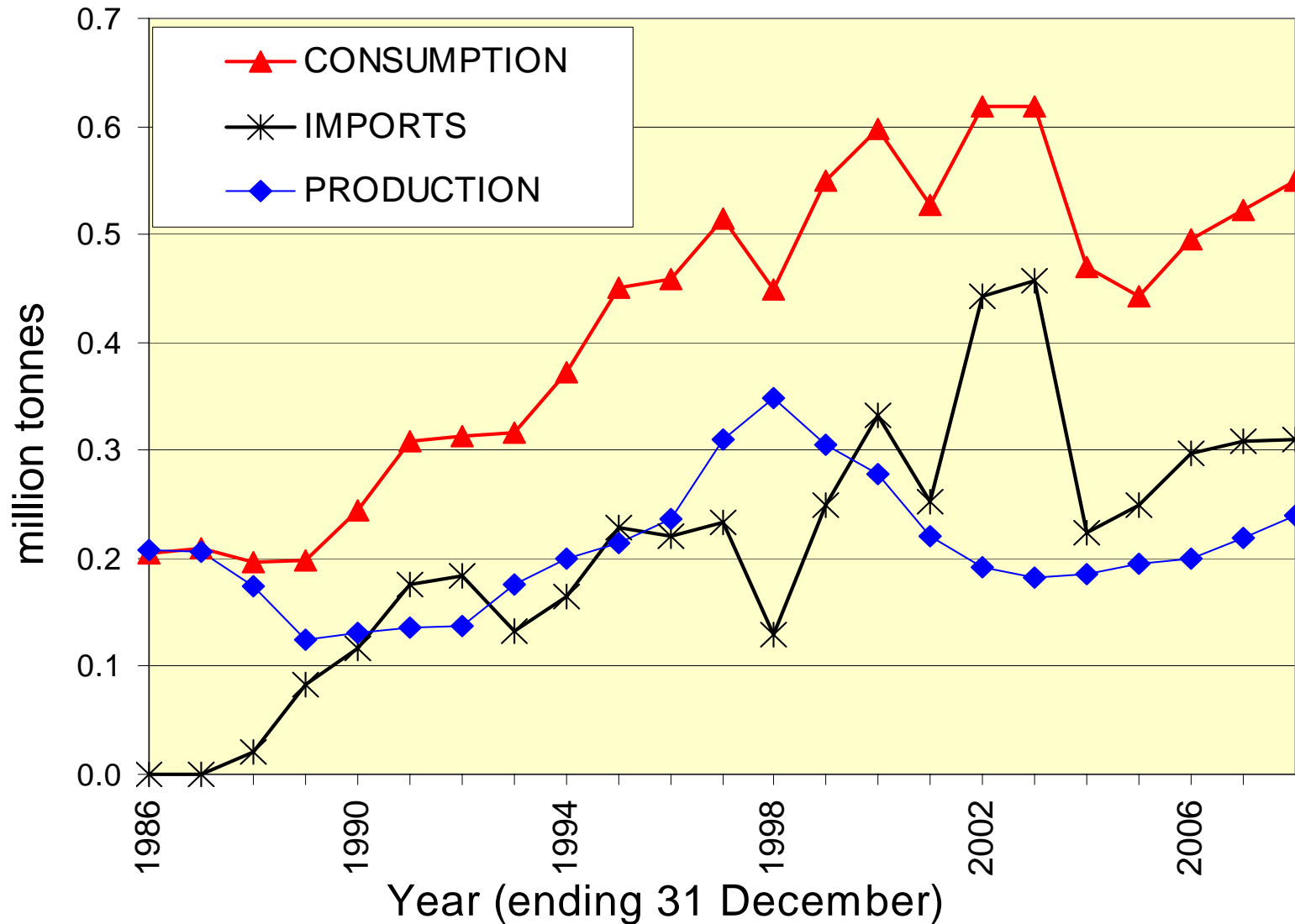




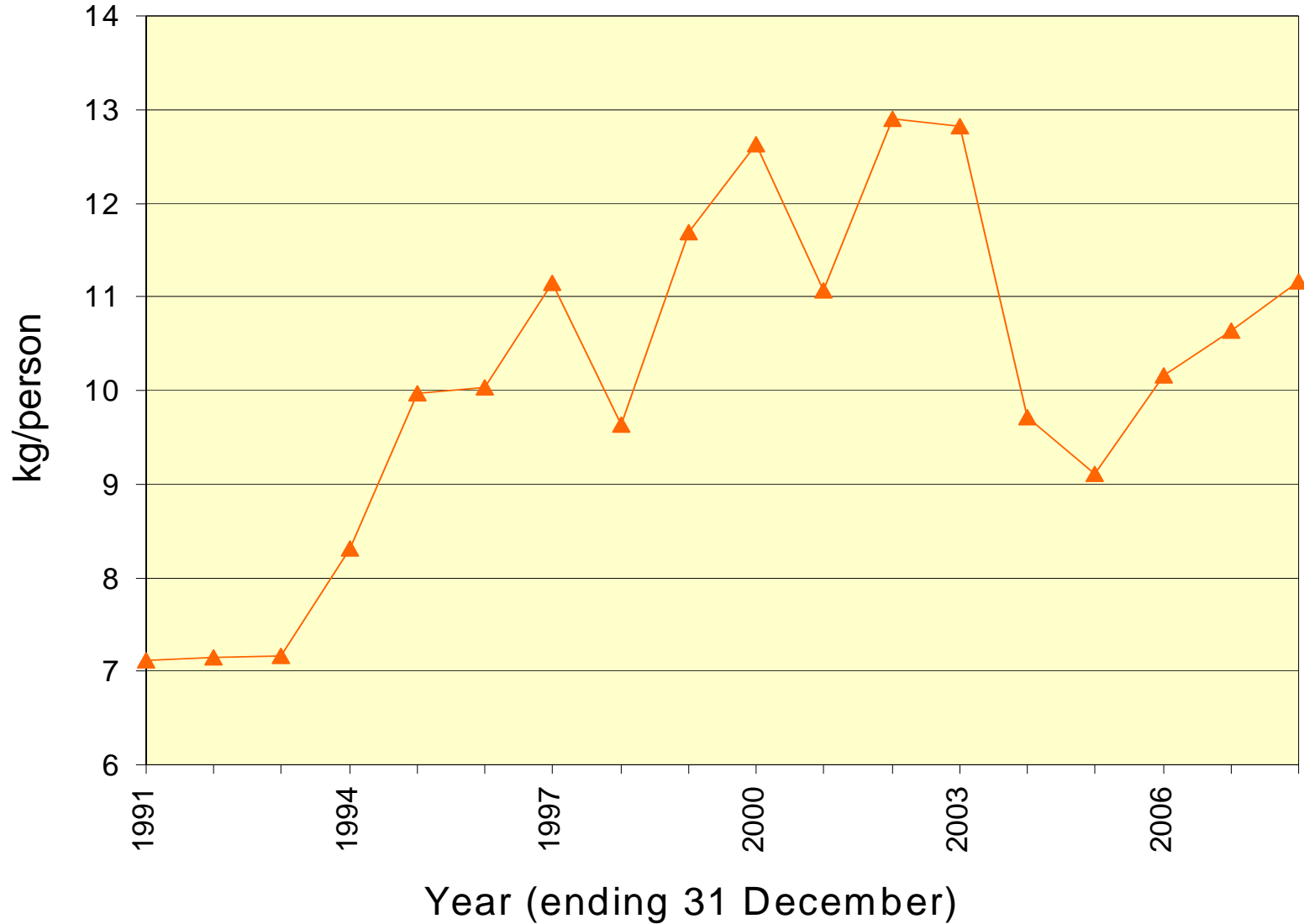
JAPAN'S BEEF CONSUMPTION/PERSON



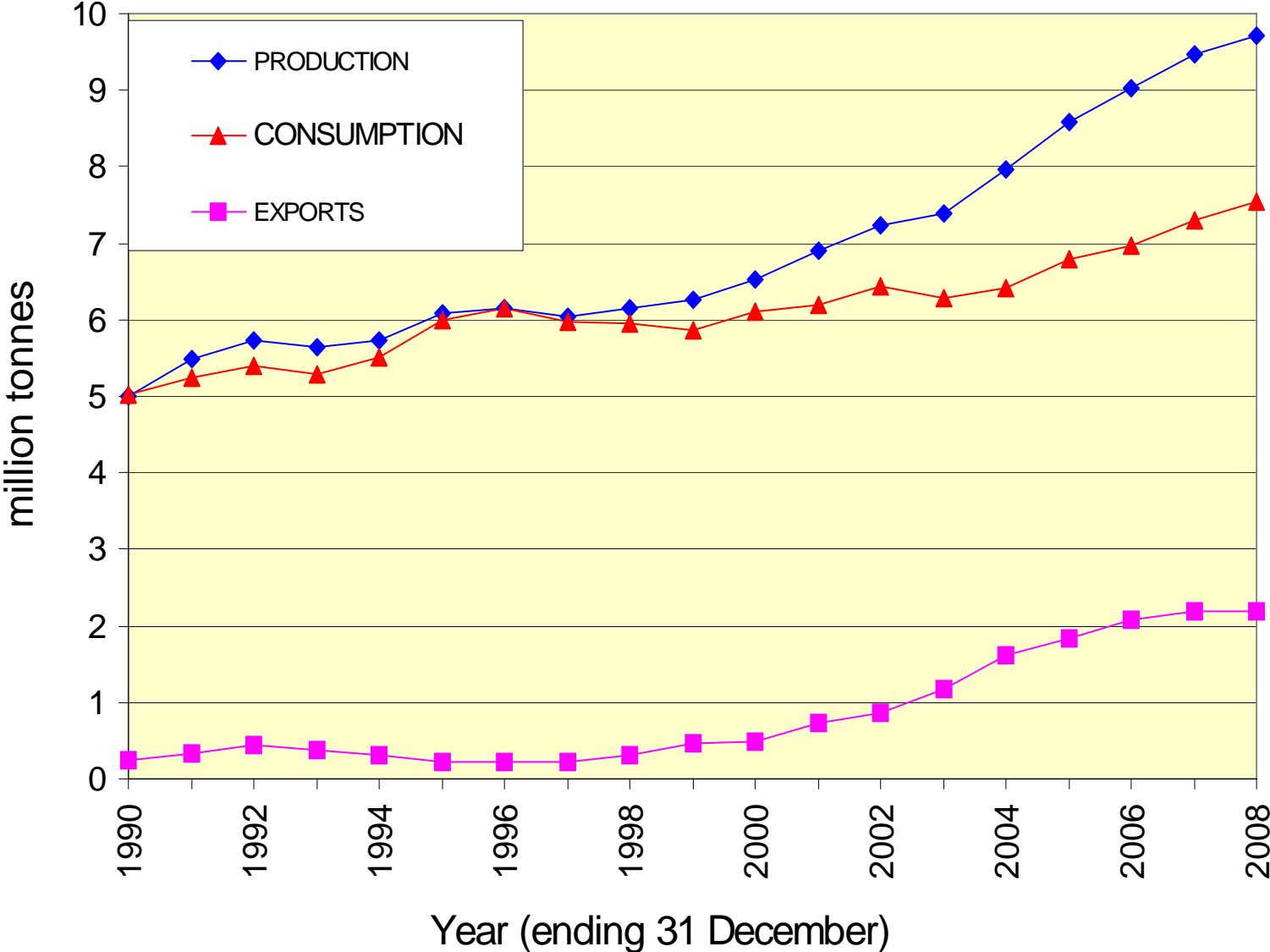
SOUTH KOREAN BEEF TRENDS



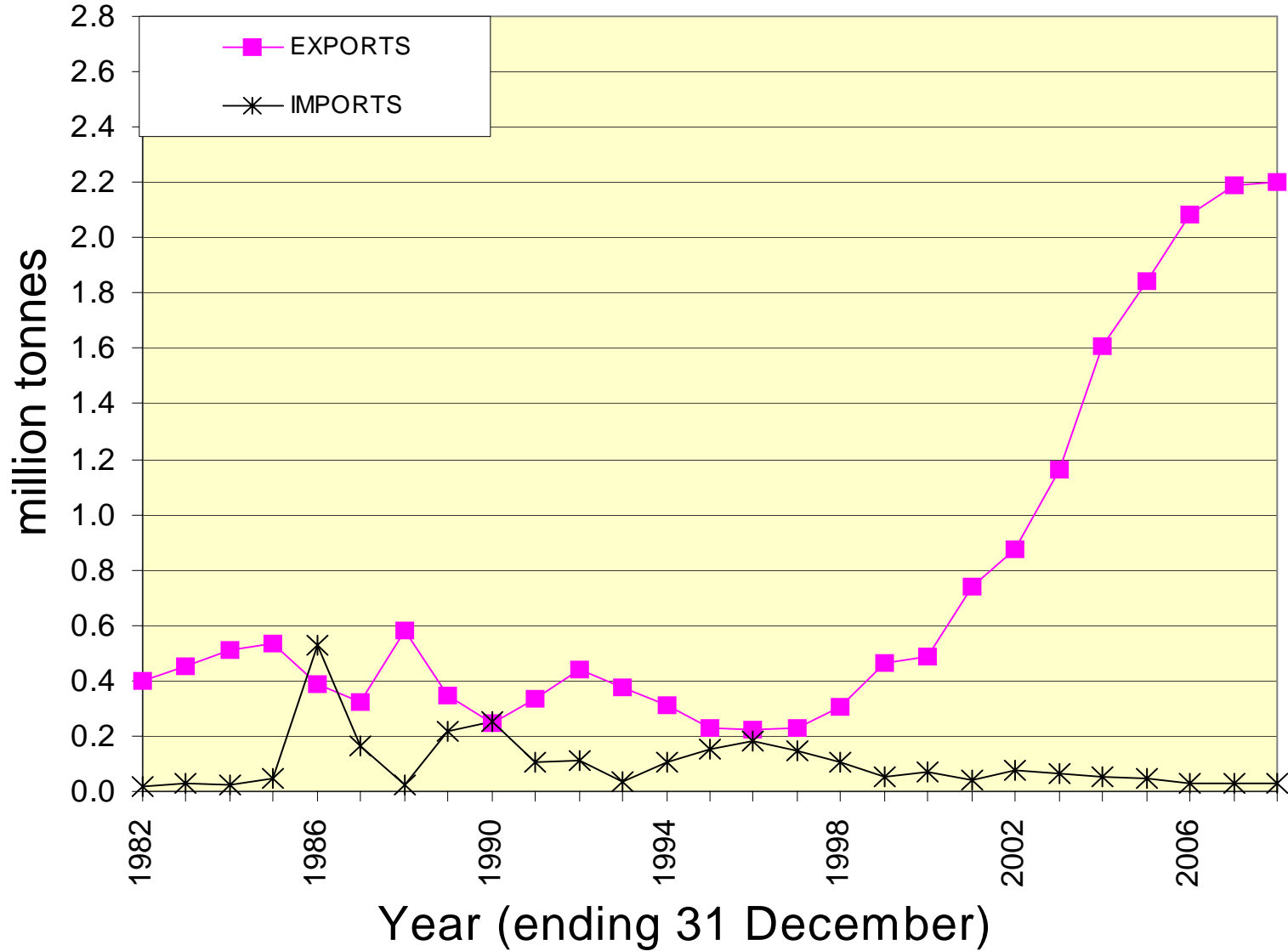
SOUTH KOREAN CONSUMPTION/PERSON



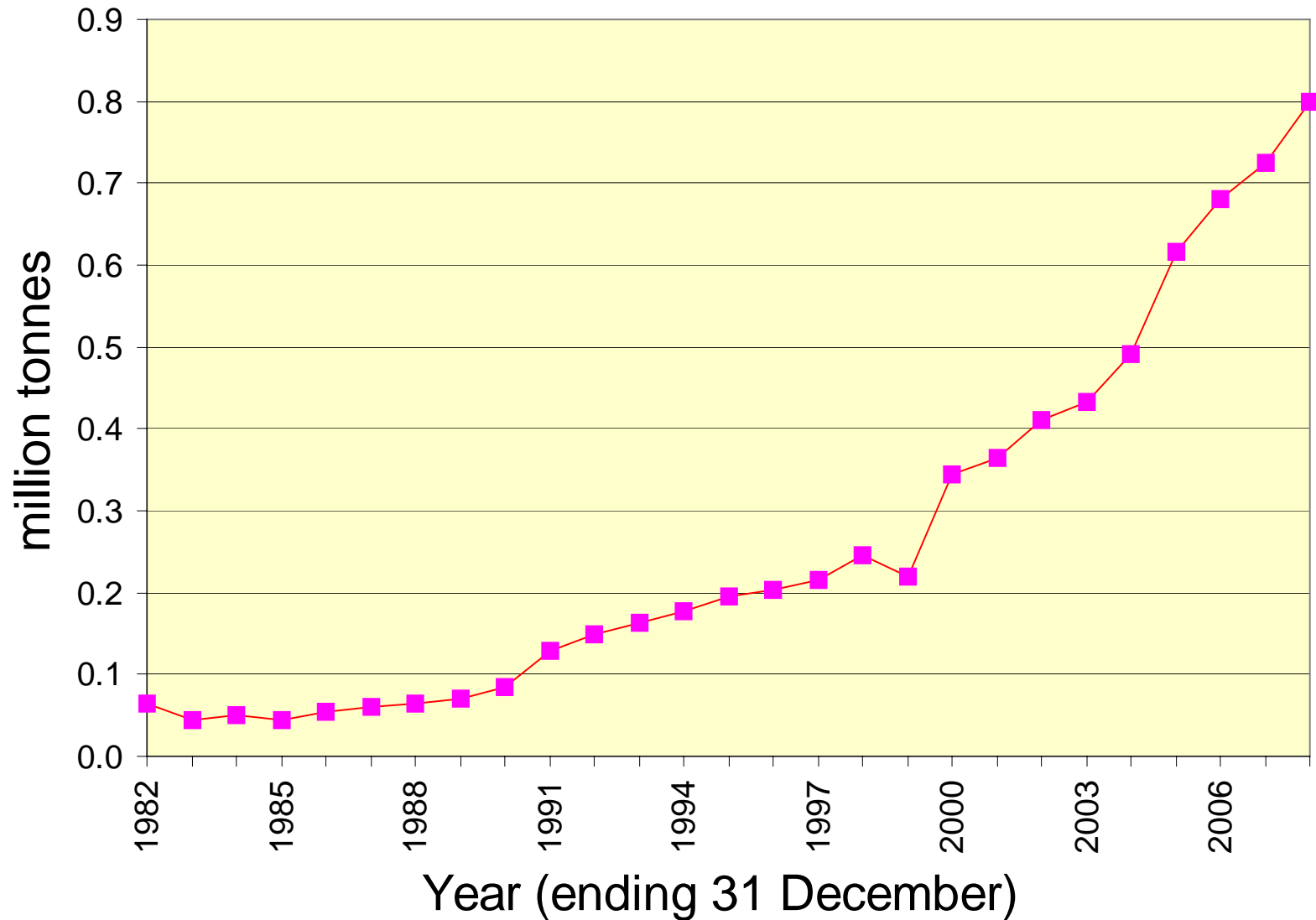
BRAZIL BEEF PRODUCTION



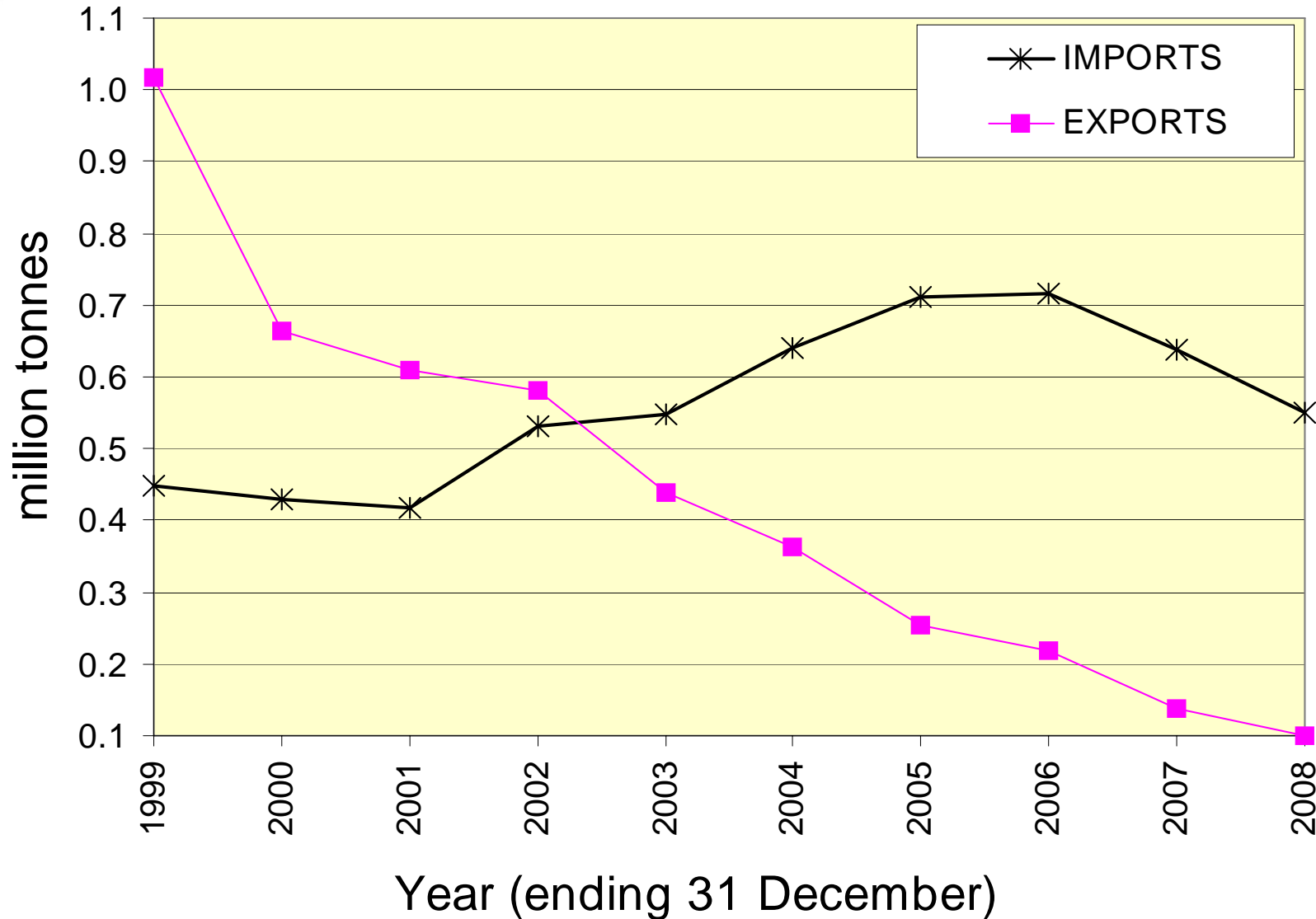
BRAZIL BEEF EXPORTS & IMPORTS

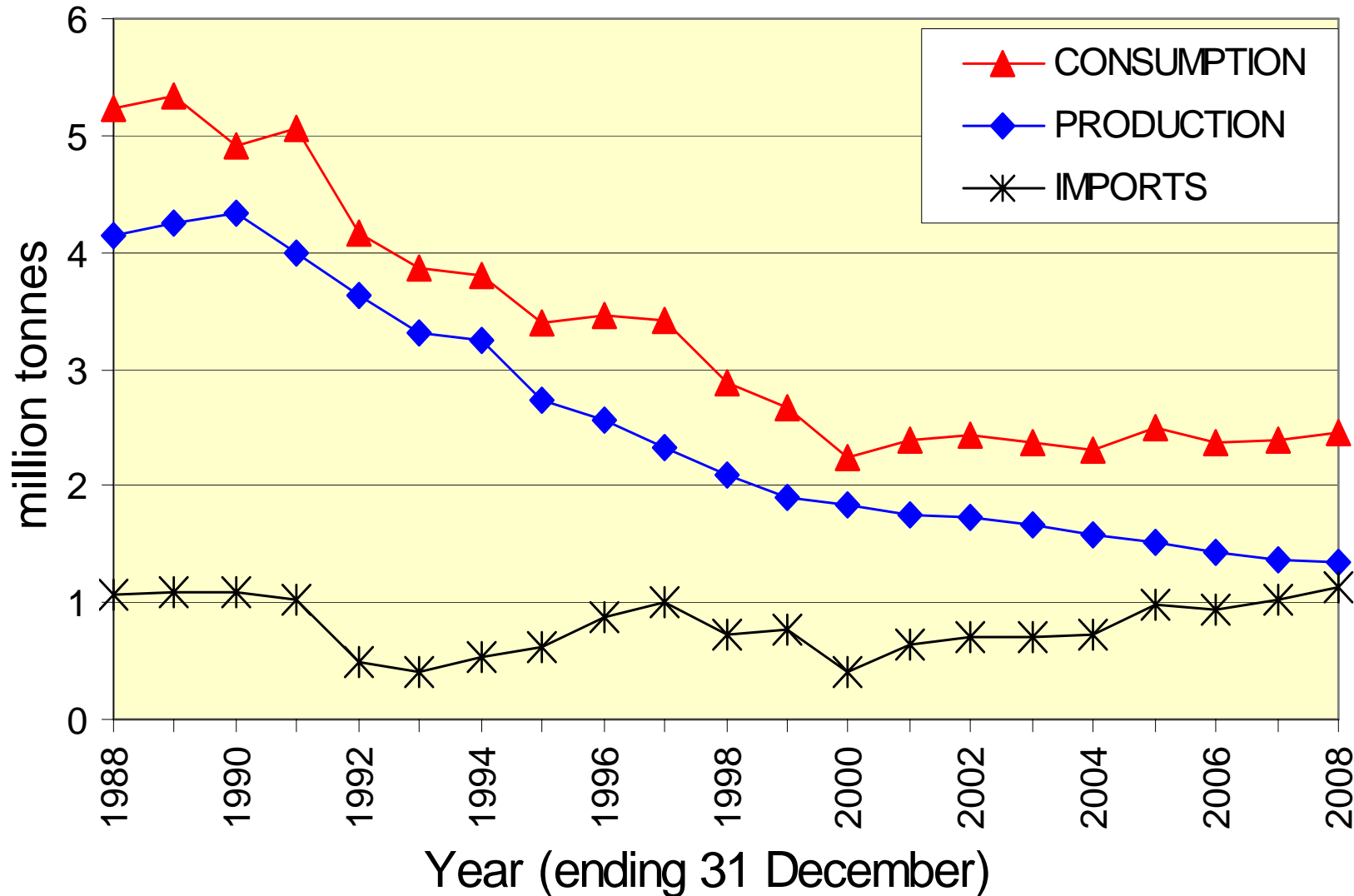


INDIA'S EXPORT TRENDS



EU-25 IMPORT & EXPORT TRENDS





AGRICULTURAL PRICES – 2008/2017

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OECD & FAO PROJECTIONS – 2008

Commodity	% Increase over 1998/2007 average	% Real \$ over 1998/2007 average
Veg Oils	85%	53%
Oilseeds	63%	38%
Butter	61%	32%
Coarse Grains	60%	31%
Cheese	56%	28%
SMP	53%	26%
Wheat	42%	18%
Rice	36%	8%
Raw sugar	34%	7%
Pig Meat	23%	1%
Beef	18%	-4%



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