

18 February 2010

## 2009 GRAIN CO-PRODUCTION PROJECT– February 2010

This report has been prepared by AACL as the Project Manager of the 2007, 2008 and 2009 Grain Co-Production Projects.

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### PRODUCTION

The 2009/2010 harvest is now complete and AACL has begun the task of reconciling the approximately 11,000 loads of grain delivered from across the Projects including grain being stored on farm and retained for seed.

As previously reported, in a number of regions the season has not finished as well as may have been expected earlier in the season due to a lack of finishing rains. However, as in most seasons, results will vary across regions. AACL is now working through each farm location's results and calculating farmer bonuses etc. where applicable. This process is expected to be completed over the coming weeks.

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### PRICING

AACL has commenced ramping up the sales program for all grains and taking advantage of pricing spikes as and when they occur. AACL expects a majority of the grain to be sold or priced by June 2010, however some grain will be sold or priced over the following 12 months.

#### *Wheat*

Since the start of the season US wheat futures markets have fallen significantly. Domestic market prices are at approximately \$250/tonne Free on Board (FOB), basis Kwinana (WA). This is down from an estimated \$330/t FOB price at the time of contracting farmers (April/May 2009). The current indicative FOB price of wheat in the AACL Project Pool ("Project Pool") is approximately \$260/t (basis Kwinana) with the price expected to be in the range of \$250/t to \$270/t at the finalisation of the Project Pool.

#### *Barley*

On a global basis *malt barley* supply worldwide is plentiful, due mostly to the excellent yield and quality of the European crop produced last year. On a domestic level, malt barley production has been substantially below expectation due to the hot dry finish experienced in some areas, as well as rainfall during harvest.

The current indicative market FOB price for malt barley is \$260/t and \$180/t for feed barley. All barley contracts with farmers were priced on feed barley values that were approximately \$215/t FOB at the time of contracting. The indicative FOB range for the Project Pool (basis Kwinana) is \$230/t to \$250/t for malt barley and \$170/t to \$190/t for feed barley.

#### *Canola*

Demand for oilseed remains buoyant, particularly from China. With harvest having commenced in Brazil, the market expects that China will move its purchases from US to the new South American crop.

The current indicative market FOB price of canola is approximately \$450/t versus \$570/t at the time of contracting farmers. The current FOB estimate for the Project Pool is \$480/t. With the majority of canola priced, AACL expects that the price will be in the range of \$470/t to \$490/t FOB at the finalisation of the Project Pool.

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## NEXT REPORT

You will receive your next report in approximately 4 weeks time. At that time we expect to have completed the majority of our reconciliations and will be able to provide you with a more accurate report on the 2009 season as well as a cash-flow estimate.

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## 2010 GRAIN CO-PRODUCTION PROJECT

Please see below for an update on the expected availability of the 2010 Grain Co-Production Project documents.

These documents are available for download from the Macro Funds website on the 'Project Downloads' page at [www.macrofund.com.au/aacl.htm](http://www.macrofund.com.au/aacl.htm) or a hard copy can be requested by completing the 'Order Information' page form.

Document	Expected Availability
Investment Summary	Available Now
Product Ruling	Available Now
Product Disclosure Statement	Late February
Research Report	Late February

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For further information in regards to this report please contact your Financial Adviser or me on (08) 9217 3777 or [robert.melville@aacl.com.au](mailto:robert.melville@aacl.com.au).

Yours sincerely



**ROBERT MELVILLE**  
Director - Capital Markets