RIVERINA (AUSTRALIA) PTY. LTD.
ABN 76 010 755 254

HEAD OFFICE: LEVEL 7, 303 CORONATION DRIVE, MILTON QUEENSLAND AUSTRALIA 4064
PO BOX 1146, MILTON QLD 4064 PHONE: +61 07 3007 6888 EMAIL: mailbox@riverina.com.au

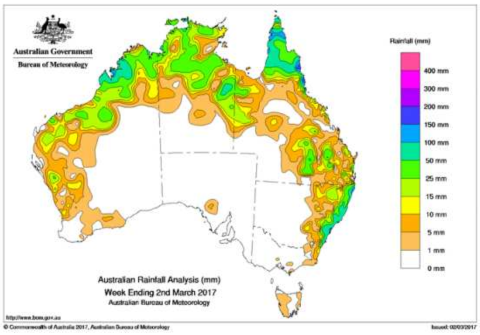
Crop Report – March 3rd 2017

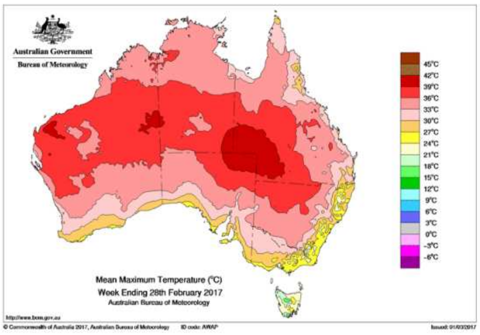
Temperature Rainfall & SOI/IOD

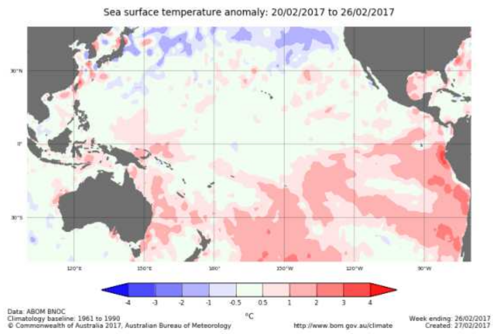
Another week of low rainfall totals across the east coast with only storm bursts providing any meaningful totals, Clermont picked up 13mm and Emerald 9mm for the 7 day, southern QLD, Miles scored the best of the week with 58mm while Toowoomba had 10mm, Pittsworth 7mm, but Dalby and the Burnett recorded clear skies. Northern NSW, Texas 23mm, Inverell 24mm, Mungindi 20mm, Barraba 12mm, and just 4mm at Moree and Coonamble, central west NSW, Cowra 5mm, Parkes and Bathurst 6mm and nothing in the Riverina or south into the Victorian cropping belt. Season to date decile ranges for the sorghum belt are now close to the lowest on record with inner Downs decile at 2 with just 254mm recorded since October 1st against an average summer season of 427mm (October to Feb) and close to the previous low of 224mm in 2013/14 when only 550Kmt of sorghum was grown on the inner Downs. Northern NSW has done a little better with 222mm of rain recorded since October 1st against an average of 336mm; the record low is 150mm in 2013/14 when an estimated 380Kmt of sorghum was grown east of the Newell in NSW

BOM is continuing to forecast neutral conditions for the autumn but is now increasing the possibility of an El Nino forming in the latter half of the year. As sea surface temperatures rise in the eastern Pacific and the SOI trends downward, BOM are reporting that seven of their eight models are suggesting that the EL Nino threshold may be reached by July 2017

The daily SOI is at -3.45 with the rolling 30 day average at -2.36 and the 90 day at -0.33 and the IOD has lifted from +0.05 last week to +.11 this week







2016/17 Summer Crop

The 2016/17 summer crop continues to suffer through lack of rainfall and the high temperatures of mid January, total estimated 16/17 sorghum is now 1.15Mmt down 3% from last week and 20% from the end of January estimate, all areas with the exception of the southern QLD have showed a reduced crop this week with NSW back 2%, CQ back 3% while the inner Downs remains unchanged and the western districts of southern QLD lifted 1%. Estimated area due to be harvested is unchanged in all areas with the exception CQ which is back another 13% this week due to the proximity of the winter crop sowing window and the failure of the monsoon to provide the necessary summer planting rain. Total area due for sorghum harvest is now 402Kha back 20% from last season due to the crop losses in January and a reduced secondary crop sown in the normal January window.

Generally the sorghum on the northern Downs is looking very patchy, with test weight a major issue affecting quality many paddocks didn't tiller to their full potential which is also causing yield reductions. The central Downs

Branches at:

CASINO NSW 2470	**KINGAROY** Q 4610	**OAKEY** Q 4401	**WARWICK** Q 4370	**WATERFORD** Q 4133	**MACKAY** Q 4741	**MURGON** Q 4605	**OAKEY MILL** Q 4401
PO BOX 43	PO BOX 156	19 CORY STREET	P0 BOX 44,	PO BOX 69	PO BOX 5890	PO BOX 185	9 QUEEN STREET
PH: 02 6662 7400	PH: 07 4162 1699	PH: 07 4691 1688	PH: 07 4660 2666	PH: 07 3200 6366	PH: 07 4952 6822	PH: 07 4168 2555	PH: 07 4691 4691
FAX: 02 6662 7440	FAX: 07 4162 4768	FAX: 07 4691 1995	FAX: 07 4661 3011	FAX: 07 3200 7264	FAX: 07 4952 6855	FAX: 07 4168 1850	FAX : 07 4691 4692

crops are looking a little better in terms of quality but that's also following soil quality, but there are still numerous crop failures that didn't even get their heads out of the stem.

With little secondary crop harvest is estimated to be 27% completed with 20% off in Northern NSW and 40% in southern QLD, at the current rate of harvesting the Downs and Northern NSW will be completed by the first week of April, while the Plains late April and CQ is too difficult to forecast at this stage. There have been reports of up to 80% of the harvest completed in areas of the Downs.

Grade spreads, as the harvest progress more and more reports are filtering in of growers looking for sorghum 2 and 3 options on their existing and new contracts.

At this stage I have sorghum 1 production at 61% of the total crop, 23% sorghum 2 and 16% sorghum 3 or X, with just 705Kmt of sorghum 1 production there could well be a contractual squeezes during the harvest period with buyers struggling to fill their sorghum 1 commitments and with a domestic market still looking for 800Kmt plus for sorghum 1, sorghum will be at a premium towards the latter parts of 2017.

RIVERINA

2016/17 Summer Crop

Riverina Aust Estimate

	Sorghum			Maize		
	Estimate	% Change Area LY / LM / LW	% Change Tonnage LY / LM / LW	Estimate	% Change Area LY / LM / LW	% Change Tonnage LY / LM / LW
Riverina				48,000	+19/-5/ nc	+16/-0%
Central West				16,000	-15/-5/ nc	-8/+2%
SE NSW					+38/-5/ nc	-86/-37%
Southern NSW				44,000	+36/-5/ nc	+34/-1%
NE NSW	459,000	-20/-10/ nc	-15/-15/-2%	34,000	-15/-5/ nc	-5/-15/-5%
NW NSW	6,000	-5/-10/ nc	-50/-25/-3%	14,000	-53/-5/ nc	-54/-25/-1%
NSW	**465,000**	**-19/-10/ nc**	**-16/-15/-2%**	**156,000**	**-9/-5/ nc**	**-2/-15/-1%**
Central QLD	147,000	-34/-37/-13%	-47/+19/-15%	15,000	+19/ nc	-58/+19/-10%
South West QLD	25,000	-27/-10/ nc	-60/+1%			
South East QLD	515,000	-12/-9/ nc	-34/+1/+0%	40,000	-12/-9/ nc	-77/+1/+0%
QUEENSLAND	**687,000**	**-20/-20/-4%**	**-38/+4/-4%**	**55,000**	**+4/ nc**	**-74/+4/-3%**
VICTORIA				**100,000**	**+15/ nc**	+65/ nc
NATIONAL	**1,152,000**	**-20/-17/-3%**	**-31/-20/-3%**	**311,000**	**+1/+3/ nc**	-28/-20/-1%

Maize production remains range bound this week with estimates coming in around the 301Kmt level with the Qld crop at 55Kmt one of the smallest on record, NSW 156Kmt down slightly on 15/16 and Vic at 100Kmt up 65% on last season due to the improvements in the seasonal conditions

	2015/16 Sorghum 1	2015/16 Sorghum 2	2015/16 Sorghum 3	2016/17 Sorghum 1	2016/17 Sorghum 2	2016/17 Sorghum 3
NSW	93%	5%	2%	60%	25%	15%
QUEENSLAND	88%	9%	3%	62%	21%	16%
NATIONAL	90%	7%	3%	61%	23%	16%

Sorghum on the Downs and dryland cotton in the Burnett suffering the effects of a poor season

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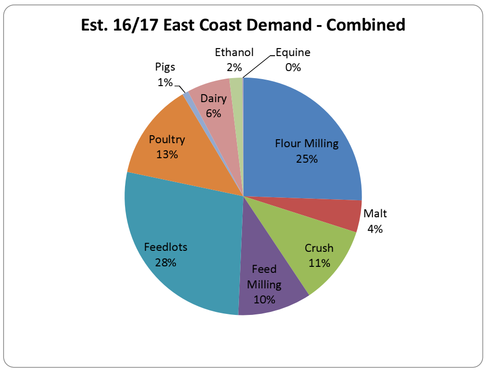
2016/17 Domestic demand

There has been a slight drop in overall east coast domestic demand this month with demand back 130Kmt to 11.8Mmt annually, Milling/ Maltsters and crush remain at 4.4Mmt while the feed market is down 65Kmt to 7.4Mmt due to reduced feed milling demand based to normal seasonal fluctuations. There has been significant changes to the individual commodity demand as wheat values remain low and sorghum values push up, sorghum demand is back 12% from the February estimate and 50% on March 2016 due to the relatively high price against wheat and barley with the feed milling, feedlot and poultry consumers all showing a significant shift away from sorghum based diets, current estimates show a 400Kmt drop in sorghum demand year on year while wheat demand has lifted 680Kmt and is barley back 20Kmt on the February number and 280Kmt from March last year.

Overall Millers make up 40% of the domestic market with feedlots 28%, poultry 13%, feed millers 10%, Dairy 6%, Ethanol 2% and pigs just 1%



2016/17 Exports

Bulk exports continue at record pace with east coast ports setting numerous records for vessels and tonnages loadings. Since October last year the east coast ports have loaded 6.1Mmt of barley, canola, chickpeas, sorghum and wheat with the biggest nominated buyer China closely followed by Indonesia and India, there are a significant number of vessels that as yet do not have the destination port nominated but on current trend expect those to be one of the above countries. By commodity 4.02Mmt of wheat has been nominated for bulk export, 854Kmt of barley 463Kmt of canola and 73Kmt of sorghum, based on the pace of exports and forward nominated expect approximately 7.5Mmt of wheat, 1.4Mmt of barley, 700Kmt of canola and maybe 230Kmt of sorghum to be loaded this season

2016/17 (October 1st 2017) Carry out

Based on current supply estimates, reported domestic demand and the pace of bulk exports, there will be carry out of grain at the end of this season although not nearly as large as initially estimated due to the pace of exports. As usual QLD will be a net importer of grain to the tune of 1.6Mmt annually or 30,000mt/week, while that might seem like a large number it was closer to 50,000mt of weekly grain movements into QLD 12 months ago, Victoria will also be short but only slightly with NSW filling those cross border shorts, At the end of the season NSW will have an estimated 2Mmt of carry out once QLD and Vic domestic demand has been filled and all boats loaded

Estimated 16/17 Supply / Demand Matrix by commodity

	Wheat						
	Supply	Demand					Supply/Demand
		Milling	Seed	Feed	Bulk Export	Container	
NSW	9,883,968	1,718,360	175,245	1,578,354	3,123,046	564,560	2,724,404
QUEENSLAND	1,931,990	559,550	49,904	1,831,217	727,577	47,364	-1,283,621
VICTORIA	4,648,076	638,400	86,560	1,232,057	2,553,438	523,719	-386,097
Total	16,464,034	2,916,310	311,708	4,641,627	6,404,060	1,135,643	1,054,686

	Barley						
	Supply	Demand					Supply/Demand
		Malt	Seed	Feed	Bulk Export	Container	
NSW	2,025,967	170,000	29,292	634,261	189,833	50,058	952,524
QUEENSLAND	161,633	85,000	4,337	356,528			-284,232
VICTORIA	2,627,130	263,500	50,097	736,311	1,191,974	54,155	331,093
Total	4,814,730	518,500	83,726	1,727,100	1,381,807	104,213	999,385

	Canola						
	Supply	Demand					Supply/Demand
		Crush	Seed	Feed	Bulk Export	Container	
NSW	891,690	487,600	2,300	21,323	329,772	16,326	34,369
QUEENSLAND				22,800			-22,800
VICTORIA	722,031	392,000	1,371	42,025	347,393	17,561	-78,318
Total	1,613,721	879,600	3,671	86,148	677,165	33,887	-66,749

	Sorghum						
	Supply	Demand					Supply/Demand
		Ethanol	Seed	Feed	Bulk Export	Container	
NSW	464,540		7,249	159,757	50,324	17,085	230,124
QUEENSLAND	686,828	187,200	16,878	450,065	143,817	25,628	-136,759
VICTORIA							
Total	1,151,368	187,200	24,128	609,822	194,141	42,713	93,365

Jon Mulally
Grains Manager | Riverina (Australia) PTY. LTD.

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PO BOX 185
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OAKEY MILL Q 4401
9 QUEEN STREET
PH: 07 4691 4691
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