

ASX Grain Futures & Options

Managing drought price risk
- a guide for grain end users.



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AUSTRALIAN SECURITIES EXCHANGE

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About ASX



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The ASX Limited group of companies, known as the Australian Securities Exchange (ASX), includes the combined operations of the Australian Stock Exchange and SFE Corporation (Sydney Futures Exchange) which merged in July 2006.

ASX operates Australia's major financial markets for equities and derivatives, and provides listing, trading, risk management, clearing, settlement, depository and market data services for domestic and global customers.



**Concerned about
high feed grain prices?**

Call 131 279
www.asx.com.au/grainfutures



Hedging on ASX can help



Buy futures contracts

- To protect your business from rising grain prices

Buy call options

- Price insurance for grain inputs
- May be a solution for custom feeders that need a limited hedge cost scenario

Hedging on ASX is a real alternative



Volume is building

- Average Daily Volume for the period August 06 to November 06 was 18,530 tonnes

Contract size is suitable for all lot feeders

- 20 tonne contracts mean a lower barrier to entry

Hedging on ASX does not mean you are locked in to receiving grain within the bulk handler system

- However, you can if physical supply is a serious issue

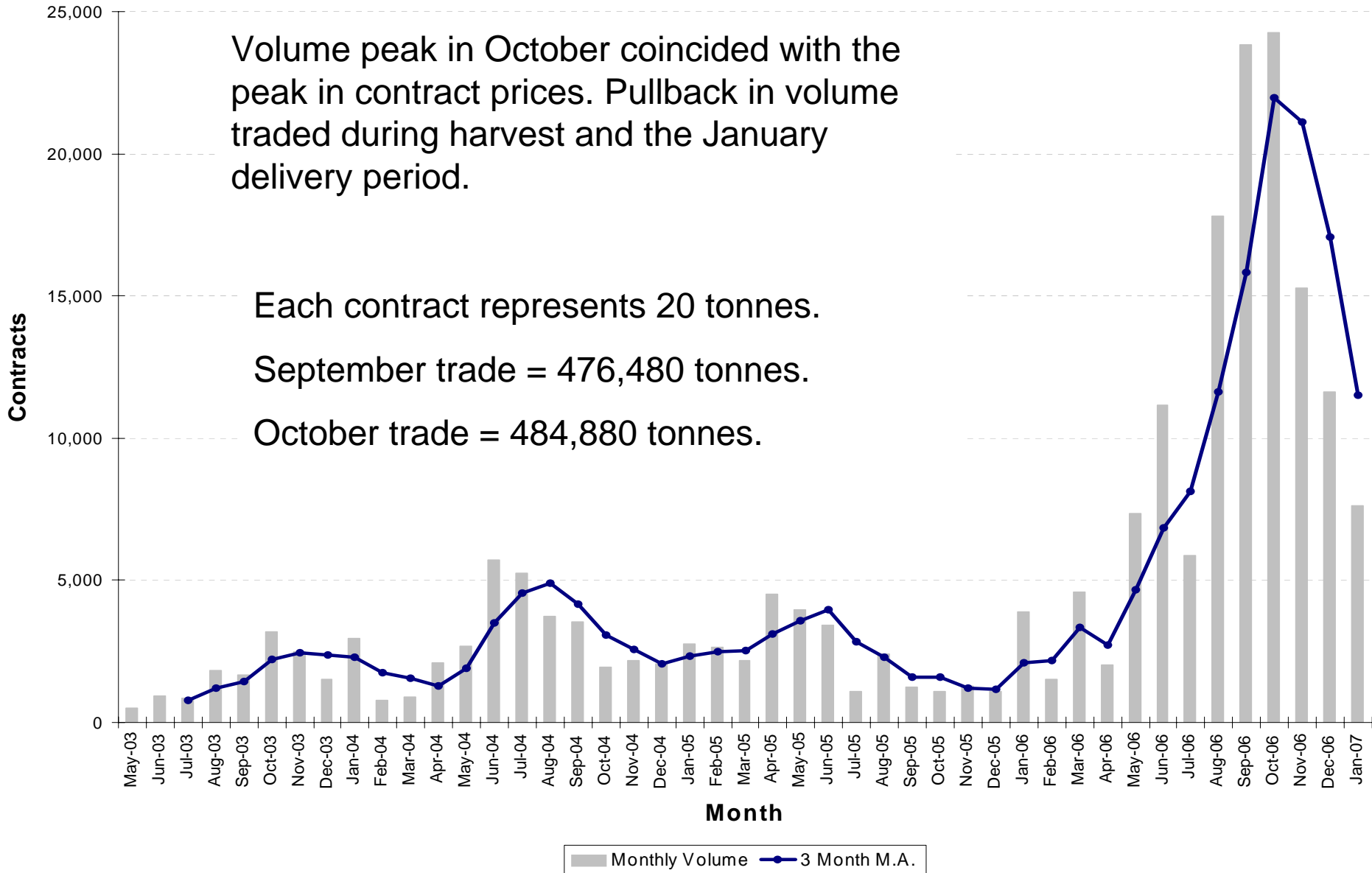
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Monthly Traded Volume
 Inception to end January 2007

Volume peak in October coincided with the peak in contract prices. Pullback in volume traded during harvest and the January delivery period.

Each contract represents 20 tonnes.

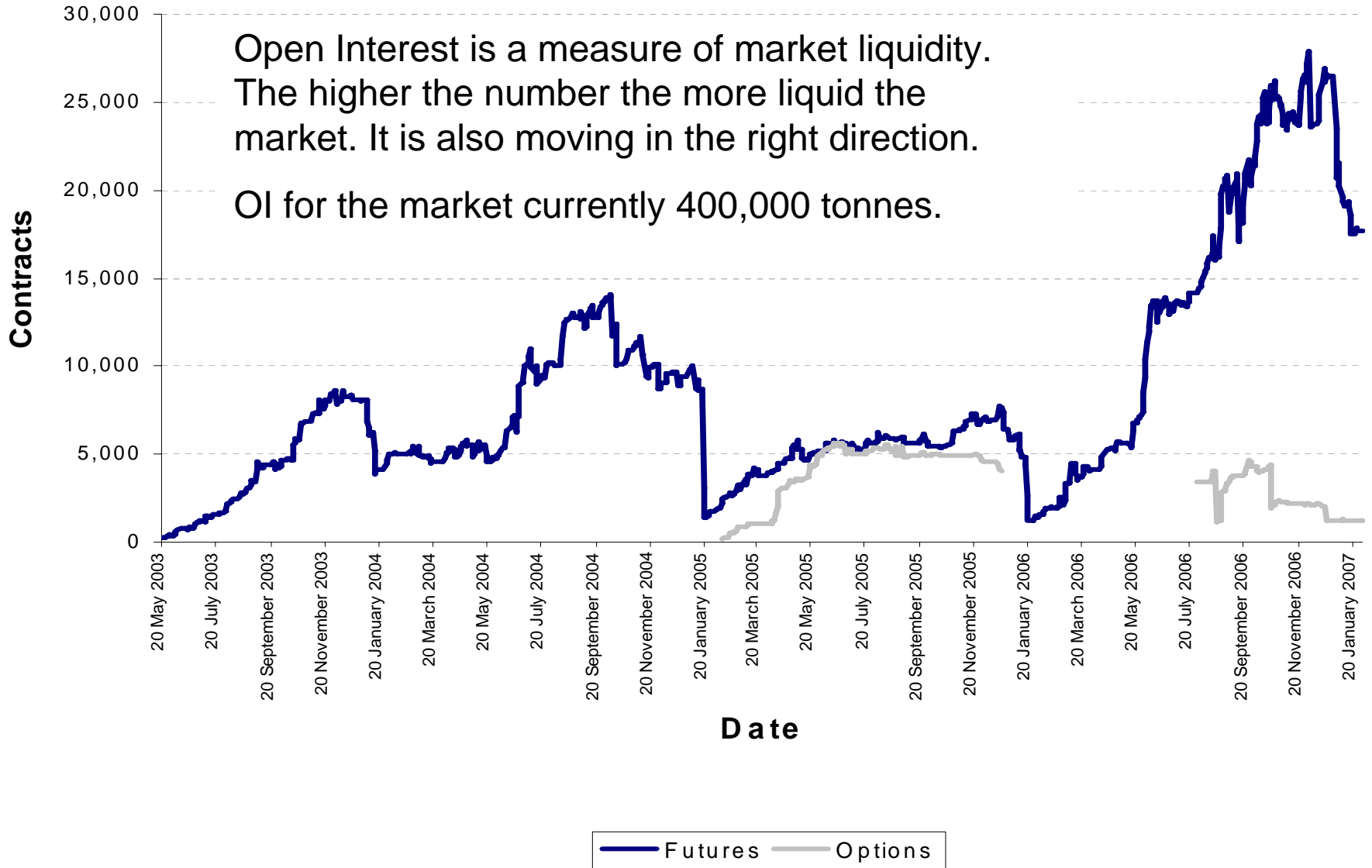
September trade = 476,480 tonnes.

October trade = 484,880 tonnes.



ASX Grain Futures & Options Open Interest

Inception to end January 2007

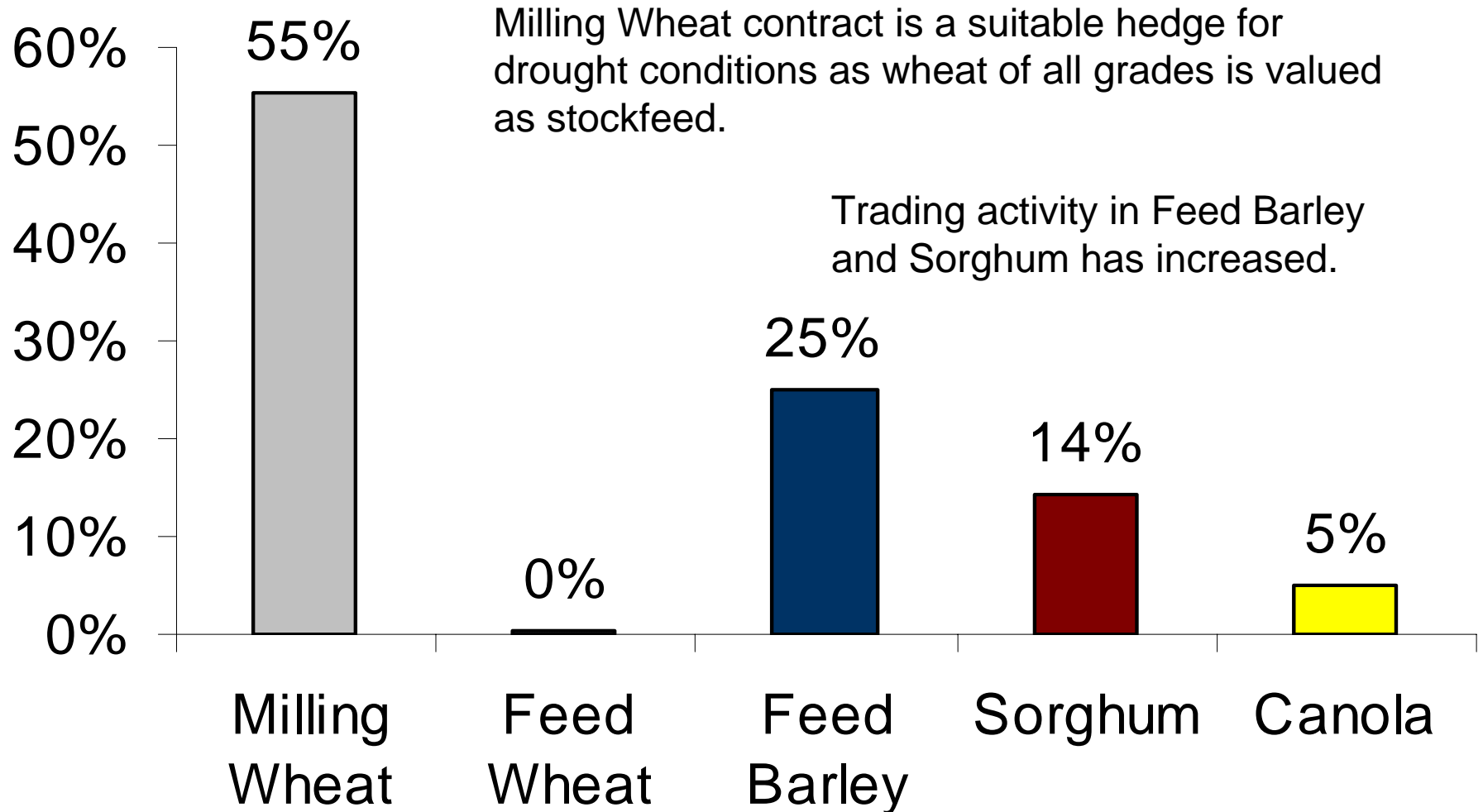


ASX Grain Futures Contracts

Contract	Physical Grade	Track Market
Australian Milling Wheat	APW2 (10% protein)	Newcastle & Port Kembla
Australian Feed Wheat	FED1	Newcastle & Port Kembla
Australian Feed Barley	F1	NSW, Geelong & Portland
Australian Sorghum	SOR	Brisbane / Newcastle
Australian Canola	CAN	NSW, Geelong, Portland & Port Adelaide

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Commodity Breakdown



Reduced basis risk

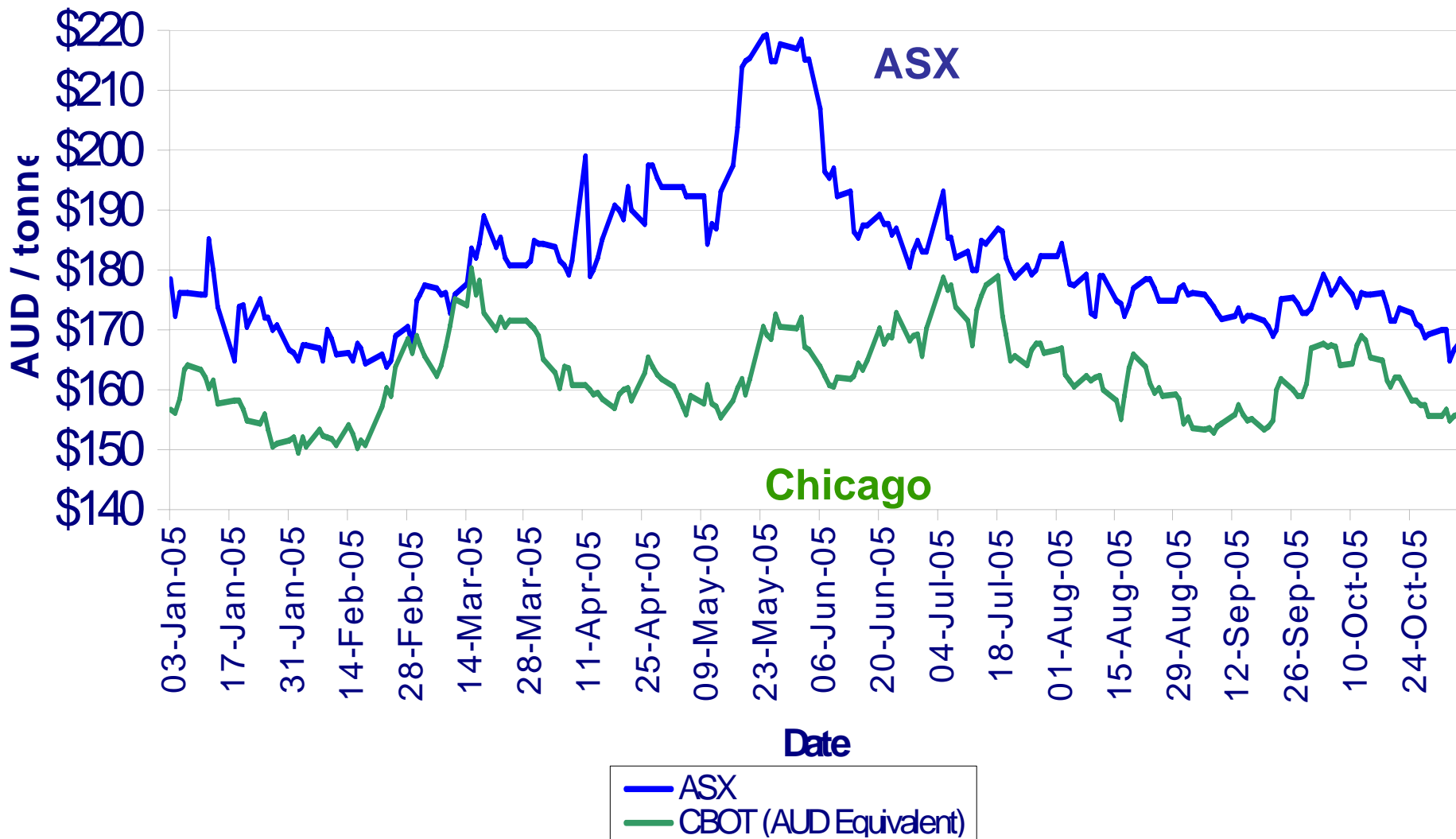


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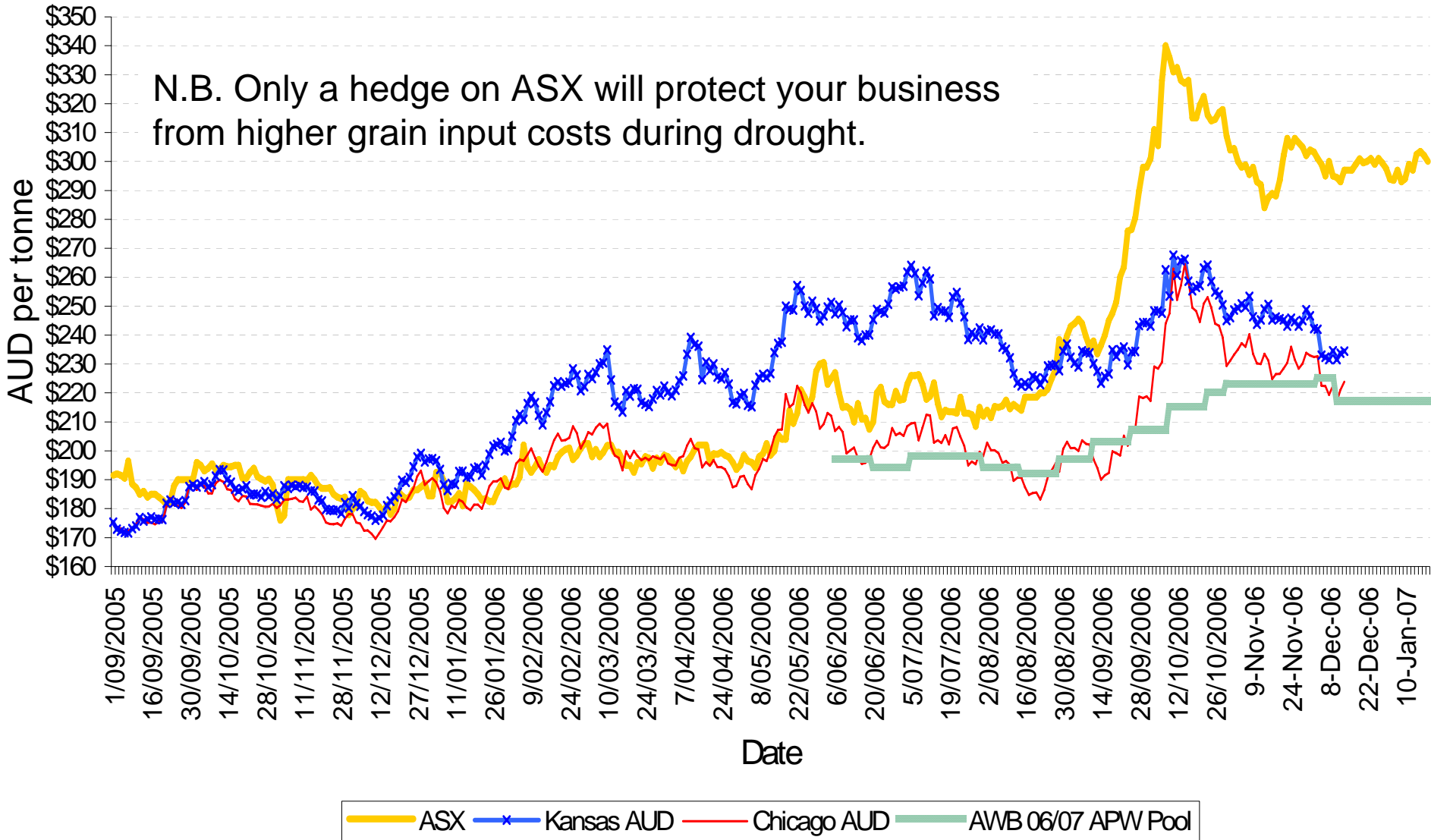
ASX reflects local supply and demand
and therefore can provide protection
from drought prices.

The weather impact on the domestic wheat price.
ASX January 06 Milling Wheat versus CBOT December 05 Wheat
(in Australian Dollars)

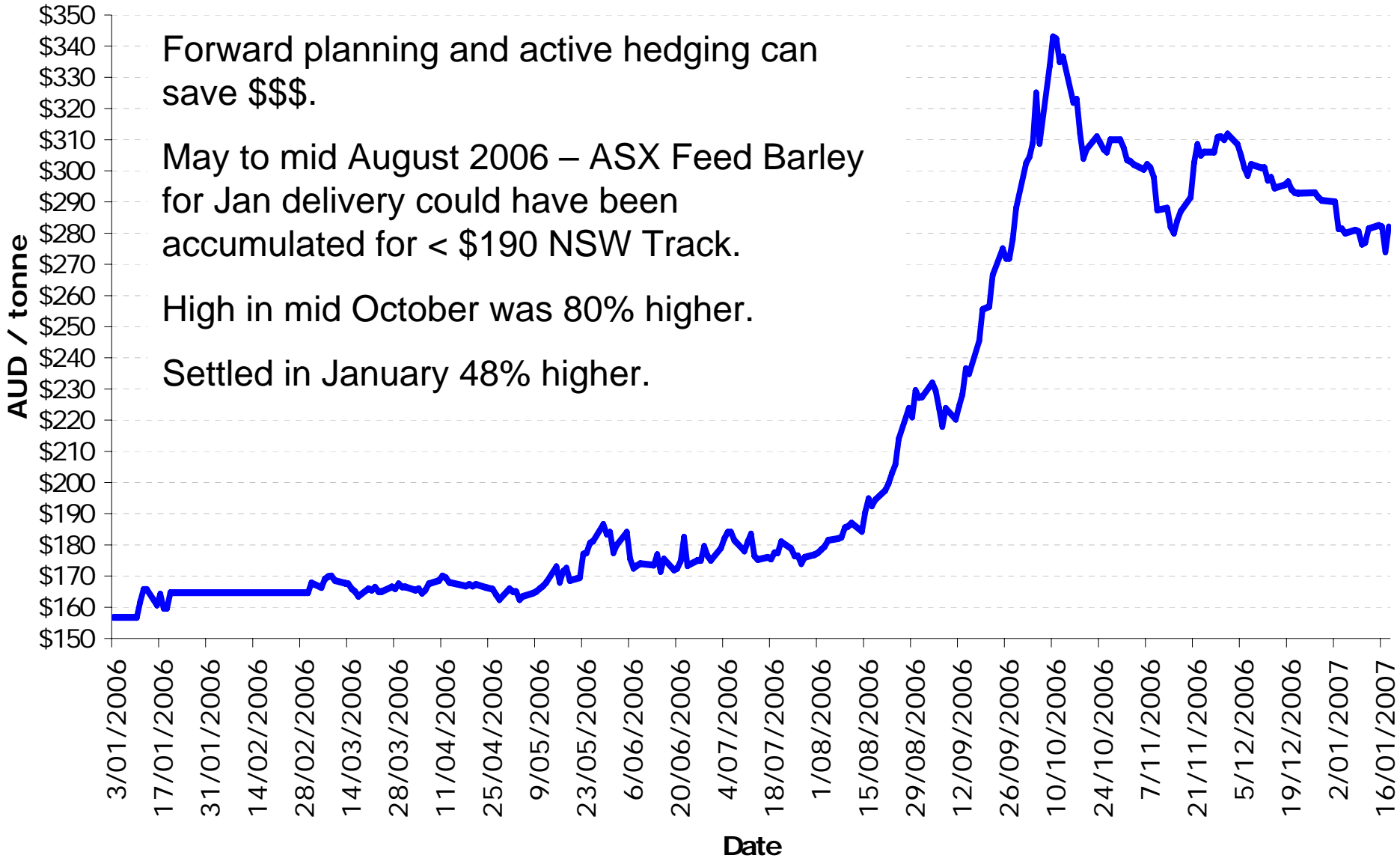


Market Signal for Eastern Australia Wheat Price

ASX January 2007 Wheat vs US Wheat (Chicago Dec 2006) (Kansas Dec 2006) & AWB 2006/2007 APW National Pool



ASX Feed Barley January 07 Contract



Forward planning and active hedging can save \$\$\$.

May to mid August 2006 – ASX Feed Barley for Jan delivery could have been accumulated for < \$190 NSW Track.

High in mid October was 80% higher.

Settled in January 48% higher.

Why use ASX Call Options?

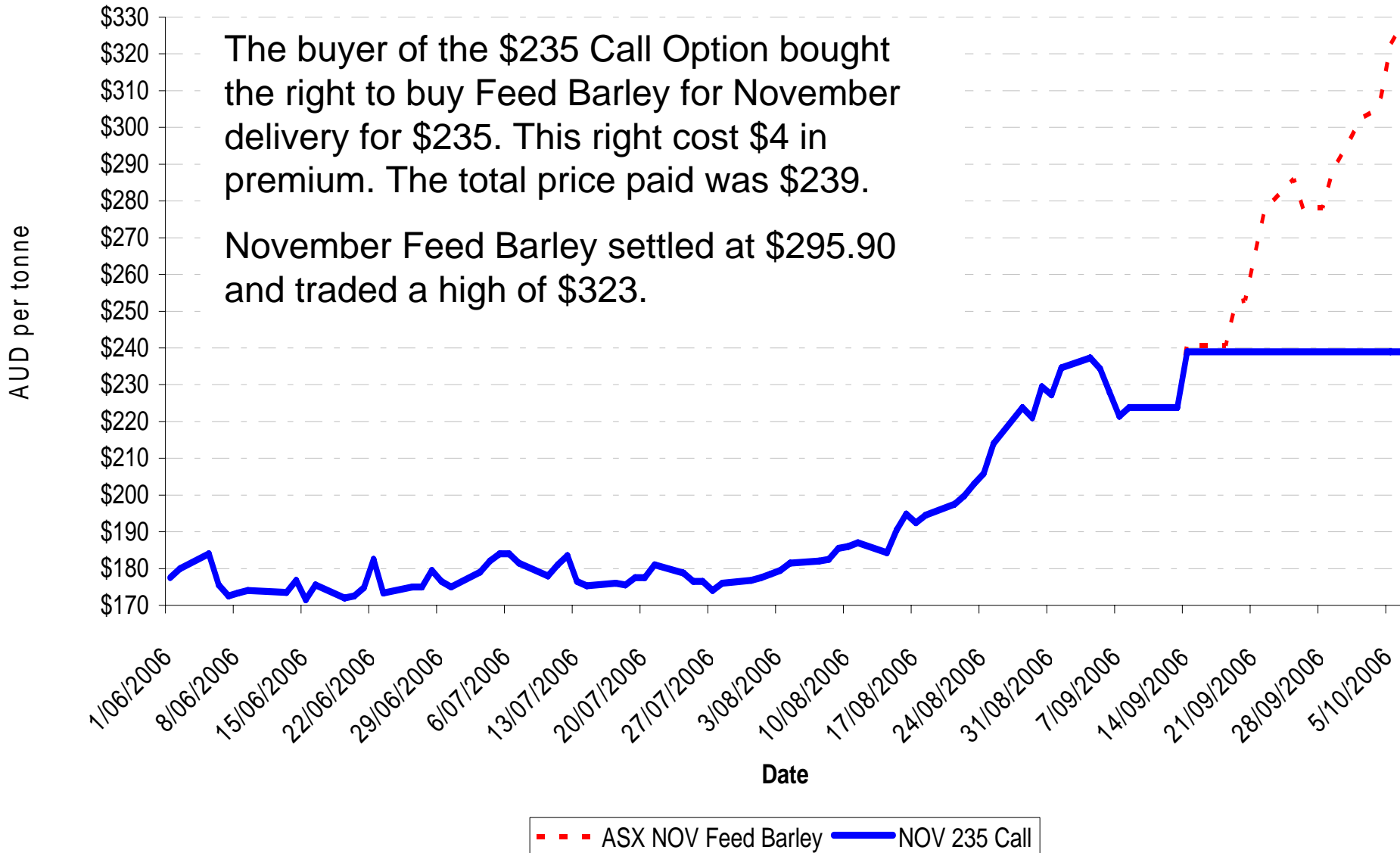


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- Grain price insurance in case of drought.
- Protection from higher prices – maximum price
- Ability to enjoy downside in price should it occur
- Limited risk = premium
- Gives your business time to decide on other procurement alternatives.
- May guarantee physical grain supply.

Call Option - Drought Price Protection
ASX Feed Barley November 2006
\$235 Call purchased for \$4 on 8th September = \$239 Ceiling



Further information



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