

Summer Newsletter - January 2009

Market Report

We all look back last year at the turbulent, volatile scenes we witnessed in world and in domestic grain prices, wondering if we will ever see such massive swings again. (The futures at \$3.80 per bushel in April, briefly through the \$12 barrier in June and a softening to \$5 a bushel by December.)

With current domestic spot wheat and barley prices lower than this time last year there is still some optimism for the domestic and international markets to rally as the year progresses due to the following factors:

1. Clearly the spring drought, recent high winds and hail will unfortunately for some growers reduce yields and quality.
2. The threat of a large barley harvest in the lower north Island taking away some of our traditional markets will not be as large due to the lack of rain on the East Coast of the North Island.
3. The US Futures has rallied to back over \$6 per bushel on the back of increased grain demand in 2009/10. Demand for Wheat is expected to grow 6.2% to 657 million tonnes
4. The recent international grain summit in Geneva stated that it would only take a serious weather problem or a scare on a poor harvest this coming northern hemisphere summer, by one of the major grain producing areas, to see grain prices rally. With our exchange rate much lower than a year ago this should assist domestic prices if this did eventuate.

However there are some clear domestic trends that will see domestic grain prices stay flat for awhile yet.

1. There is still a large carry over of grain unsold into 2009 and this was not the position at the start of 2008.
2. Many end users have contracted

grain well into 2009 and have good carry over stocks, in particular the flour mills.

3. An export shipment of barley in 2009 is unlikely at this stage.
4. Alternatives to grain e.g. Palm Kernel is still trading at an extremely low price.
5. Australia has had a reasonable grain harvest equivalent to the previous two years combined. Cheaper grain coming out of Australia on the back of rock bottom shipping rates is making imported grain into NZ very cheap.
6. The continuing slide in the forecast dairy payout will reduce the grain consumption by some dairy farmers.

AGC will continue do to its best in a tough market. As an innovator and industry leader in running successful pools, with our current pools having attractive minimum prices for growers it is in both our interests to see the markets rally sooner than later.

We are happy with our present position as one of the leading grain companies in NZ. This has been brought about by having an experienced team who are honest, fair, and who keep the lines of communication open with growers, customers and service providers. We also continue to make significant investments in intellectual property for the long term benefits of our growers and customers.

Growers will be looking forward to making decisions on what to grow in 2009. There may be less opportunity to move feed grain to the North Island due to low Palm Kernel prices and cheaper imported Wheat and Barley. With this in mind, there should be consideration made to plant more milling and biscuit wheat cultivars. With very good robust, high protein milling cultivars available, increased sowings of these may be a

more attractive option.

This year we will be starting email updates to growers on prices, market availability and other relevant industry news. Please make sure you update your contact information with Sally at Winslow so that you can benefit from these updates. Phone (03) 3026200 or email: sally.williams@winslowltd.co.nz

All the best for 2009 we welcome you to call in anytime at Winslow and meet our team.

Thank you for your past and ongoing business. Without you, the growers, and our very important customers and industry service providers AGC would not be the company it is today.

Chris

Harvest Samples

That time of year has arrived again and it would be appreciated if samples are dropped off promptly to one of the collection points.

This enables us to process them locally or in some cases they are forwarded to the end users own laboratory for the relevant tests, after this the results will be sent out to you.

With un-contracted grain we will start and collate a list of the tonnages and various grains available to give us a position of strength in our marketing as and when opportunities are sourced or arise.

(With current market conditions it is important to ensure that all samples are "running" samples that are fully representative of the line and that all details are included on the sample bag)

It may seem month's away but now is the time to start and think about seed requirements for your next plantings to ensure you get the varieties and treatments you require. AGC will have seed for the following varieties available from their store at Winslow and Broadsheets are available for these varieties.

We will publish yield information from the current harvest as soon as they become available but indications to date look very promising and based on previous trials we will not be disappointed.

- Conquest Milling Wheat
- Saracen Milling Wheat (CRWT 136)
- Wakanui Feed Wheat (CRAW 133)
- Bumpa Feed Barley (CRBA 123)
- Excede Feed Wheat (CRWT 132)

Note: There will be limited Wakanui and Bumpa seed available so we suggest you order early.

Protecting your Feed Grain Harvest Investment on farm

Microbial (mould) deterioration of grain is an increasingly recognized problem for animal production because they grow under a wide range of conditions and produce harmful toxins called mycotoxins; most sensitive are pigs and poultry, and now increasingly so dairying.

When animals are fed mouldy feeds the following symptoms may develop:

- Depressed animal performance & growth
- Lower feed intake and poor conversion efficiency
- Reduced resistance to disease
- Increased health and reduced reproductive problems

It is reported that as much as 25% of the world's cereal grains are contaminated with mycotoxins. Since mycotoxin production and feed deterioration are caused by the growth of moulds, it is critical we understand mould growth and know how to control it.

Moulds reproduce in field crops by forming spores that typically congregate at the seed head. The mould most predominant in Canterbury crops is the Fusarium family of moulds. Moulds are living organisms and therefore their growth is influenced by many factors including moisture, temperature, and oxygen. Among these factors moisture is most critical.

Moulds remain dormant when the moisture level in grains is lowered to below 12%. Above that level moulds will start to germinate and grow; the population will explode when moisture levels are above 17%.

Humidity can also affect grain moisture. Recent studies have shown that at high humidity levels (more than 70%) dry cereals (11% moisture) quickly rehydrate. Therefore it is of paramount importance to keep moisture levels as low as possible during grain storage and avoid exposure to high humidity environments.

Temperature will also indirectly affect mould growth by influencing moisture content of a grain. In a grain silo when temperatures fall during the night, the wall and roof of the silo becomes cold and water molecules left in the grains and space around them will start moving toward the cold surface to condense. The colder the temperature at night, the faster the water molecules move. After a short time the grain next to the silo wall will contain sub-

stantially higher levels of moisture. This may be sufficient to promote spore germination and subsequent mould growth.

Trials have shown that Propionic acid is by far the most effective method for mould control but **in New Zealand it must only be used on feed grains**. Typically Propionic Acid is in a liquid form and is not user-friendly for this application. Winslow's *ProFresh* is a dry granular propionic acid based preservative for use in a variety of on-farm applications and is especially effective in targeting those areas of a silo susceptible to higher moisture and mould growth.

It can be applied by top dressing the truck before augering the last few loads into a silo. It doesn't have to be applied evenly and is generally applied at a rate of 1 to 2kgs per tonne depending on moisture content. Winslow normally retails *ProFresh* at \$180 per bag plus GST purchased in pallet lots.

We strongly believe that you need to consider the management of your on-farm storage to ensure the quality achieved at harvest is maintained through to delivery, and that you receive full value for your grain. For this reason the AGC team is prepared to subsidise the cost of *ProFresh* and have negotiated with Winslow an offer for our growers who may have issues with silo moisture and temperature to use *ProFresh*. *ProFresh* need not be applied to feed grains that will move within 1 to 3 months of harvest.

Profresh Special—2009 Harvest Offer:

25kg bag purchases	\$175.00 per bag + GST
Half Pallet purchases (20 bags)	\$160.00 per bag + GST
Full Pallet purchases (40 bags)	\$140.00 per bag + GST

profreshplus
FEED STABILIZER

December Grower Functions & Crop Tours

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At both the Mid and South Canterbury functions we had record attendances. All districts were well represented and growers had an opportunity to look at commercial crops of our new Plant and Food Research cultivars.

- Saracen Milling Wheat
- Excede Feed Wheat
- Wakanui Feed Wheat
- Bumpa Barley

Also it was an ideal opportunity for growers to be updated on the success of A.G.C.'s integration into Winslow Ltd 18 months ago and meet members of Winslow marketing and customer services team.

Thank you to all who attended and the guest speakers.



Ross Hanson explaining the development of Excede Wheat cultivar at Ross Rathgen's farm during the South Canterbury grower function and crop tour.

Ashburton A & P Show Grain Competition Results

Again we are able to congratulate our successful growers who received recognition for the quality of grain produced and judged at the 2008 show.

Mid Canterbury

Tetleybrook Farm
Brackley Farm
Rosa Fields
DI & AM Hydes
WF Davison
Viewmount Farm Ltd

South Canterbury

Porter Bros
Hurst Partnership
Biggs Agriculture
EJ & BA Wilson
North Tumai Estate

— Grain Movements —

**From February 1st 2009, for
all feed grain movements
please contact Jill Kircher
on (03) 302 6202.**

Retirement of Neil Martin

Neil has advised he is retiring on the 30th January 2009. Neil has played a major part in the development and success of A.G.C. over the last 10 years.

On behalf of all A.G.C. staff, I would like to thank Neil for his work and dedication to the company. My association with Neil goes back 25 years.

I am sure you will join with me in wishing Neil well in his retirement.

Chris

Other news

Of interest to our Biscuit Wheat growers is that Griffins Foods have closed their factory in Lower Hutt and shifted all their production to their Papakura factory in South Auckland which has been expanded and upgraded. This means in 2009 all Weston's Biscuit Wheat will be delivered to their mill in Otahuhu in South Auckland.

Message from Craig Carr

We are working on updating of our company database in order to provide timely information to customers and growers and wish to utilize the power of email where possible to distribute information and industry news. If any of your contact details have changed please contact us so that we can update our information system. If you utilize email please contact Sally Williams at Winslow sally.williams@winslowltd.co.nz and let her know your email address and other current contact details.

Please also take some time to have a look at the Winslow website www.winslowltd.co.nz which we keep updated with both Winslow news and information and industry happenings.

Craig