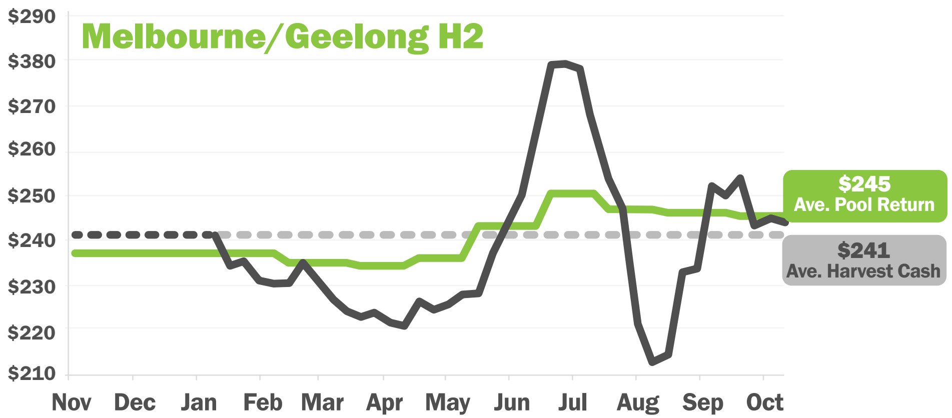
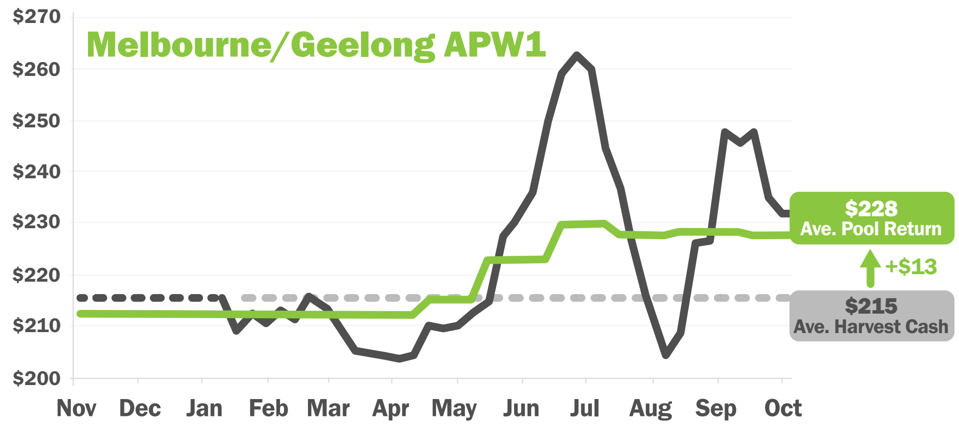
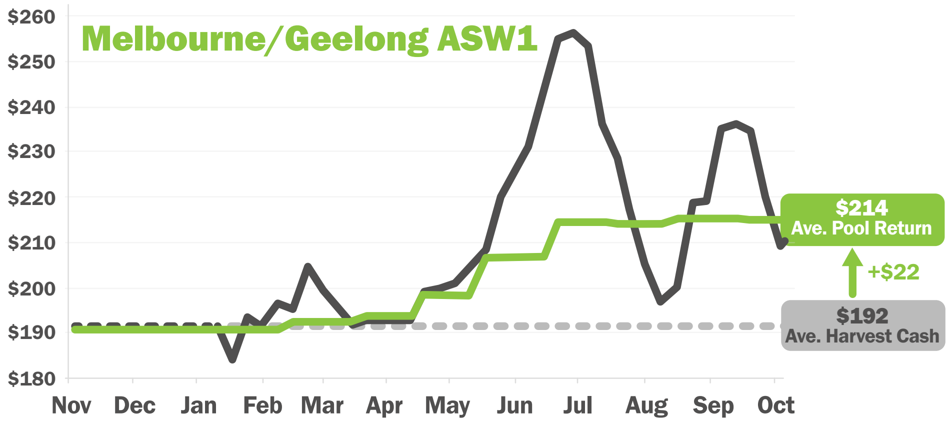
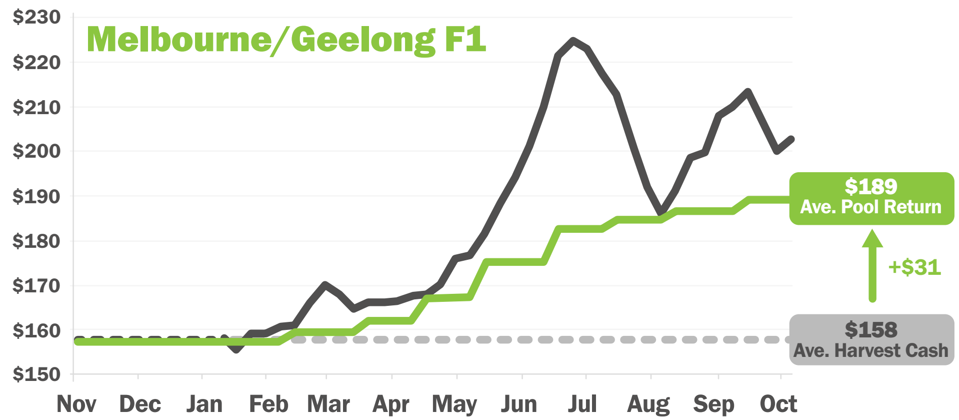
VIC Market Check Strategic Pool Returns

The Strategic Pool implemented a post-harvest hedging strategy to protect downside price risk using the wide carries in the US futures market to help offset our physical carry costs. From a domestic viewpoint, we actively repositioned our contracted tonnes in Victoria considering the market dynamics at harvest time. The key strategy employed was to 'sell and replace' our position within Victoria to maximise our opportunities for post-harvest basis appreciation. At harvest time, the premium for APW1 over ASW1 stretched out to -$30/t in January. Considering basis was still too low, we sold APW1 and replaced the position in ASW1 which was then hedged and held post-harvest. The spread between the two grades narrowed post-harvest to around $5-10/t depending on site. Victoria was also discounted at harvest time, which meant we focused on selling other port-zones whilst holding our Victorian ownership in a long basis position.









Net pool value progression — Cash price (net of carry costs) — Weighed average harvest price