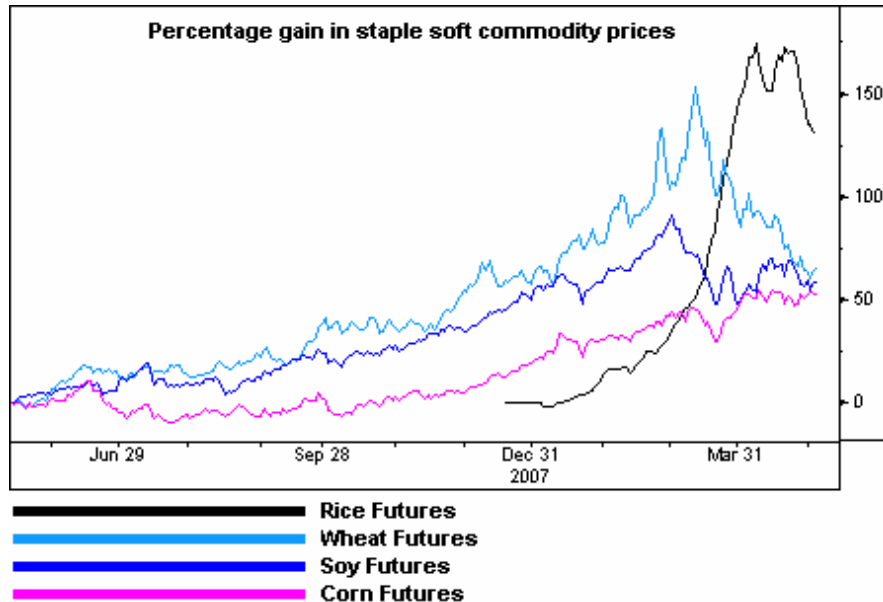


Food or Fuel? The Soft Commodities Boom Builds Momentum

The soft commodities boom is quickly emerging as an opportunity for investors around the world. Prices of soft commodities including primary food staples such as rice, corn, wheat and soy beans are soaring. Over the last year alone, the prices of many of these are up more than 50%.



*Soft commodity prices have risen dramatically.
Source: wise-owl.com, Bloomberg data.*

There are a number of factors contributing to the increased price of basic food staples.

- Rising living standards in developing countries such as India and China have created an increased demand for soft commodities, which has in turn pushed food prices higher.
- The growing US bio-fuel industry has also affected the demand-supply chain as record oil prices have made it economic to produce bio-fuel from grains like corn.
- Poor weather conditions in key food producing countries such as Australia have contributed to the shortage of basic food staples, further impacting prices.
- Finally, there has been a distinct shift to grain intensive meat consumption in the growing middle classes of the developing world.

Whereas the primary demand for grain has traditionally come from people, there is now an additional demand for grain to fatten livestock and produce bio-fuel.

Fortunately, it seems weather conditions in Australia have started to turn - after years of drought, producers will finally be able to take advantage of the growing demand for their produce. ABARE is expecting strong agricultural production this year, and some industry forecasters see the potential for a record-breaking bumper crop.

The prospect of good rainfall has been a much needed boost to many farming districts in Australia. A broad array of agricultural companies are poised to benefit and are positioned to supply the rapidly growing demand for soft commodities.

Fertilizer producers, grain handlers, and retail outlets in rural areas are all set to enjoy earnings growth as farming regions spring to life following years of drought.

Don't miss out on investment opportunities arising from the soft commodities boom!

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