

How Agribusiness obtains information for decision making

*Food Security Experts Group Meeting
Traders Hotel
4th August 2010, Singapore*

Agribusiness decision making

- Short term decisions
 - What to Buy & Sell
 - Volume & pricing
- Long term investment decisions
 - Geographical participation
 - Value chain

Short term Decisions – Information Needs

- Beginning of period Stocks
- Imports for the period
- Sales for the period
- Closing stocks
- **Projected** Imports and sales in short term

Short term Decisions – Ivory Coast imports

| | vessel name | importer | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | March | April | May |
|------------|--------------------|----------|------|-------|-----|-------|-------|-------|-----|-------|-------|-------|-------|
| 25% | | | | | | | | | | | | | |
| Burmese | | | | | | | | | | | | | |
| | anodad naree | sdtm | | | | | | | | | | | |
| | african shark | sdtm | | | | | | | | | | | |
| | aviator | olam | | | | | | | | | | | |
| | expected | | | | | | | | | | | | |
| | <i>Sub - Total</i> | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Indian/Pak | | | | | | | | | | | | | |
| | askabat pak | sdtm | | | | | | | | | | | |
| | seastar pak | sabimex | | | | | | | | | | | |
| | despina ind | alizee | 7000 | | | | | | | | | | |
| | hyderabad | sdtm | | 15000 | | | | | | | | | |
| | New Power | sdtm | | 15700 | | | | | | | | | |
| | You Yue | gedispa | | 23000 | | | | | | | | | |
| | ocean d | olam | | | | 4050 | | | | | | | |
| | alketistis | alizee | | | | 10400 | | | | | | | |
| | selcom | sonam | | | | 2500 | | | | | | | |
| | hill | cic | | | | | 3000 | | | | | | |
| | athos ind | olam | | | | | 3000 | | | | | | |
| | sargodha | sdtm | | | | | 15000 | | | | | | |
| | Hyderabad | sabimex | | | | | | 3800 | | | | | |
| | rose woud | alizee | | | | | | 7000 | | | | | |
| | lola | cogeco | | | | | | 5000 | | | | | |
| | makran | sdtm | | | | | | 14000 | | | | | |
| | vinashin sun | olam | | | | | | | | 11500 | | | |
| | george | sdtm | | | | | | | | 7000 | | | |
| | ibn younus | sdtm | | | | | | | | | 17000 | | |
| | lion princess | sdtm | | | | | | | | | | | 15000 |
| | dominator | cic | | | | | | | | | | | 10500 |

Real-time Imports of rice grade wise for each importer in Country

Short term Decisions – Ivory Coast Stocks

| 1.04.2008 | Chin 25% | Burm 25% | Ind 25% | Pak 25% | Viet/T hai 25% | Thai FA1S | Ind 5% | Pak 5% | Thai 5% | Viet 5% | US 5% | PBD | Thai 50% F | Thai 100% F | TOTAL |
|----------------------------|---------------|--------------|---------------|---------------|----------------------|---------------|-----------|-----------|---------------|---------------|---------------|----------|---------------|----------------|----------------|
| ALIZE DENREE | | | 6,120 | 6,234 | | | | - | 19,271 | | | | | | 31,625 |
| CIC | | | | 1,798 | | | | | 6,650 | 2,890 | | | | | 11,338 |
| COGECO | | | | | | | | | | | | | | | - |
| GEDISPA | | | | | | | | | | | | | | | - |
| OLAM | 6,247 | 7,000 | | 6,739 | | 7,160 | | | 10,039 | 2,971 | | | 4,403 | 6,952 | 51,511 |
| SABIMEX | 5,934 | | 326 | | | | | | 9,935 | | | | | | 16,195 |
| SDTMCI | 54,121 | | 7,123 | 5,245 | | 26,978 | | | 10,527 | 5,342 | 13,723 | | 4,230 | 13,879 | 141,168 |
| SYLLA | | | | | | | | | | | | | | | - |
| SONAM | | | | | | | | | | | | | | | - |
| TOTAL | 66,302 | 7,000 | 13,569 | 20,016 | - | 34,138 | - | - | 56,422 | 11,203 | 13,723 | - | 8,633 | 20,831 | 251,837 |
| <i>Sales last week</i> | 2,493 | | 1,132 | 1,419 | - | 1,802 | - | 170 | 1,582 | 1,083 | 481 | 698 | 993 | 733 | |
| <i>Stocks last w.e</i> | 68,795 | 7,000 | 14,701 | 21,435 | - | 35,940 | - | 170 | 58,004 | 12,286 | 14,204 | 698 | 9,626 | 21,564 | 264,423 |

Realtime Stock information Grade wise for each importer in Country

Short term Decisions – Ivory Coast BS

IVC Mkt - 25%

| 2001 | Jan | Feb | Mar | April | May | June |
|-----------|-----|-----|-----|-------|-----|------|
| Ops stock | 75 | 54 | 68 | 62 | 80 | 68 |
| Imports | 14 | 25 | 7 | 30 | 0 | 0 |
| Cls stock | 74 | 68 | 62 | 80 | 68 | 56 |
| Sales | 15 | 11 | 12 | 12 | 12 | 12 |
| S/C | 4.9 | 6.1 | 5.0 | 6.6 | 5.6 | 4.6 |

IVC Mkt - fats

| | Jan | Feb | Mar | April | May | June |
|-----------|------|-----|-----|-------|-----|------|
| Ops stock | 36.8 | 20 | 25 | 44 | 37 | 30 |
| Imports | 24.3 | 11 | 28 | 0 | 0 | 0 |
| Cls stock | 49.1 | 25 | 44 | 37 | 30 | 23 |
| Sales | 12 | 7 | 9 | 7.5 | 7 | 7 |
| S/C | 4.1 | 3.8 | 4.9 | 4.9 | 4.2 | 3.2 |

IVC Mkt - 5% thai /viet

| | Jan | Feb | Mar | April | May | June |
|-----------|-----|-----|-----|-------|-----|------|
| Ops stock | 76 | 25 | 22 | 20 | 17 | 12 |
| Imports | 24 | 3 | 3 | 2 | 0 | 0 |
| Cls stock | 89 | 22 | 20 | 17 | 12 | 7 |
| Sales | 10 | 6 | 5 | 5.2 | 5 | 5 |
| S/C | 9 | 4 | 4 | 3.2 | 2.4 | 1.4 |

IVC Mkt - 5% thai oc

| | Jan | Feb | Mar | April | May | June |
|-----------|---------|-----|-----|-------|-----|------|
| Ops stock | - | 35 | 53 | 67 | 79 | 69 |
| Imports | - | 23 | 21 | 21 | 0 | 0 |
| Cls stock | - | 53 | 67 | 79 | 69 | 58 |
| Sales | | 5 | 7 | 9 | 10 | 11 |
| S/C | #DIV/0! | 11 | 10 | 8.7 | 6.9 | 5.2 |

IVC Mkt - jasmine

| | Jan | Feb | Mar | April | May | June |
|-----------|-----|-----|-----|-------|-----|------|
| Ops stock | 32 | 11 | 12 | 20 | 20 | 16 |
| Imports | 17 | - | 11 | 3 | 0 | 0 |
| Cls stock | 45 | 8 | 20 | 20 | 16 | 13 |
| Sales | 4 | 3 | 3 | 3.5 | 3.5 | 3.5 |
| S/C | 11 | 3 | 6 | 5.6 | 4.6 | 3.6 |

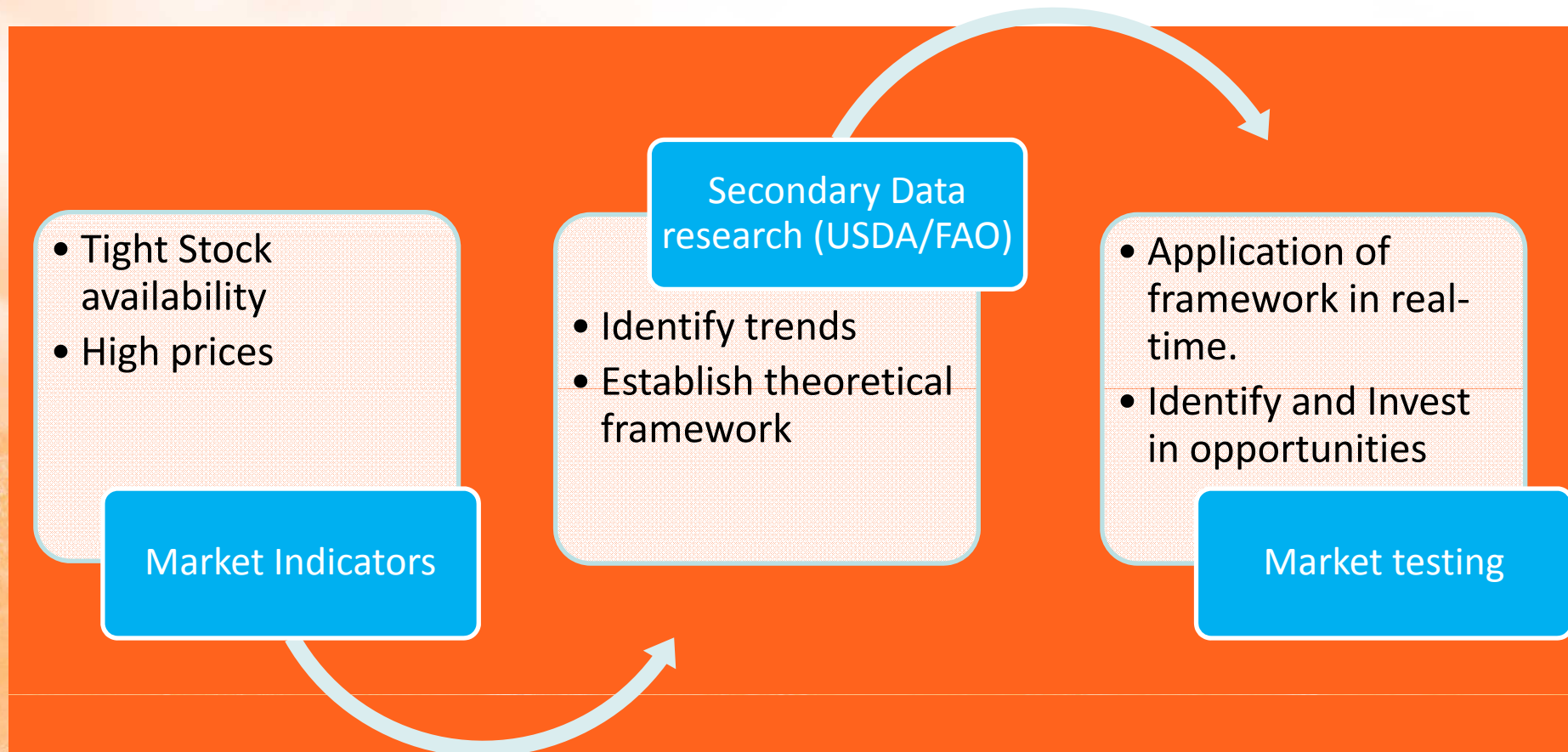
Jasmine

IVC Mkt - Big brokens

| | Jan | Feb | Mar | April | May | June |
|-----------|-----|-----|-----|-------|-----|------|
| Ops stock | 10 | 5 | 7 | 9 | 8 | 8 |
| Imports | 6 | 2 | 4 | 2 | 2.6 | 0 |
| Cls stock | 13 | 7 | 9 | 8 | 8 | 6 |
| Sales | 3 | 1 | 3 | 3 | 2 | 2 |
| S/C | 4.2 | 5.8 | 2.9 | 2.5 | 4.1 | 3.1 |

- Secondary sources of information (imports)
- Proprietary Information
 - Real time on ground (Stocks, prices, sales, Events etc)
 - Accumulated knowledge – research and experience.

Long term Investment decisions

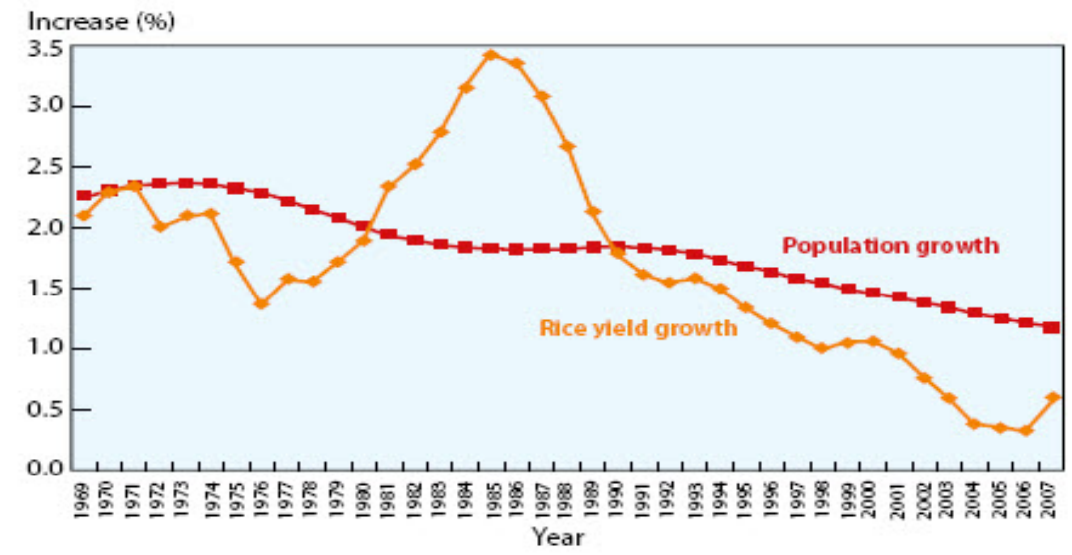
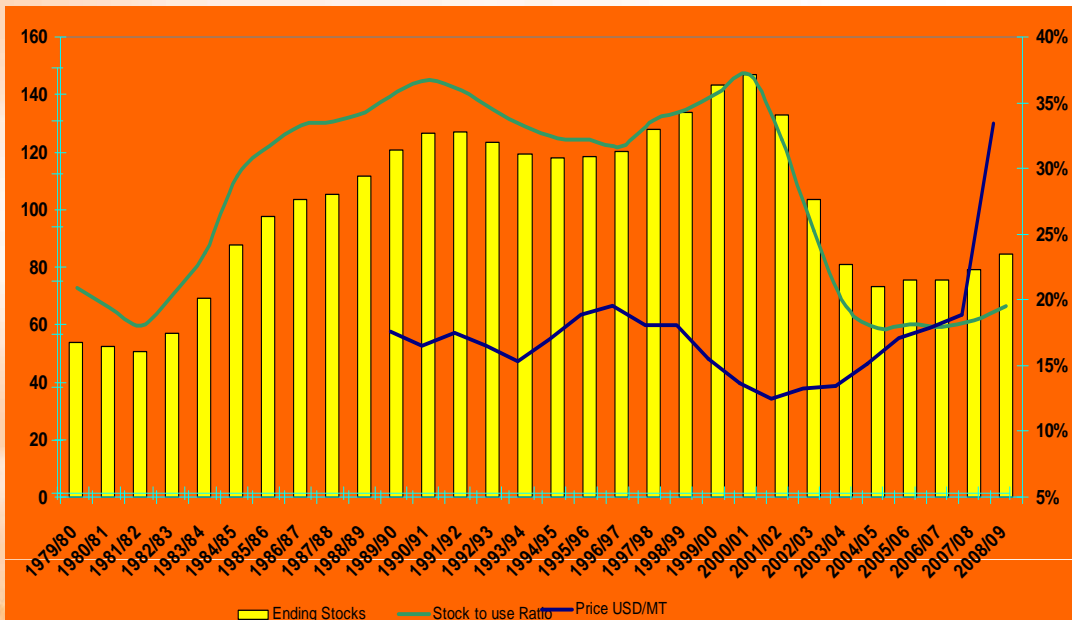


- Geographical participation
- Value chain

Market Indications

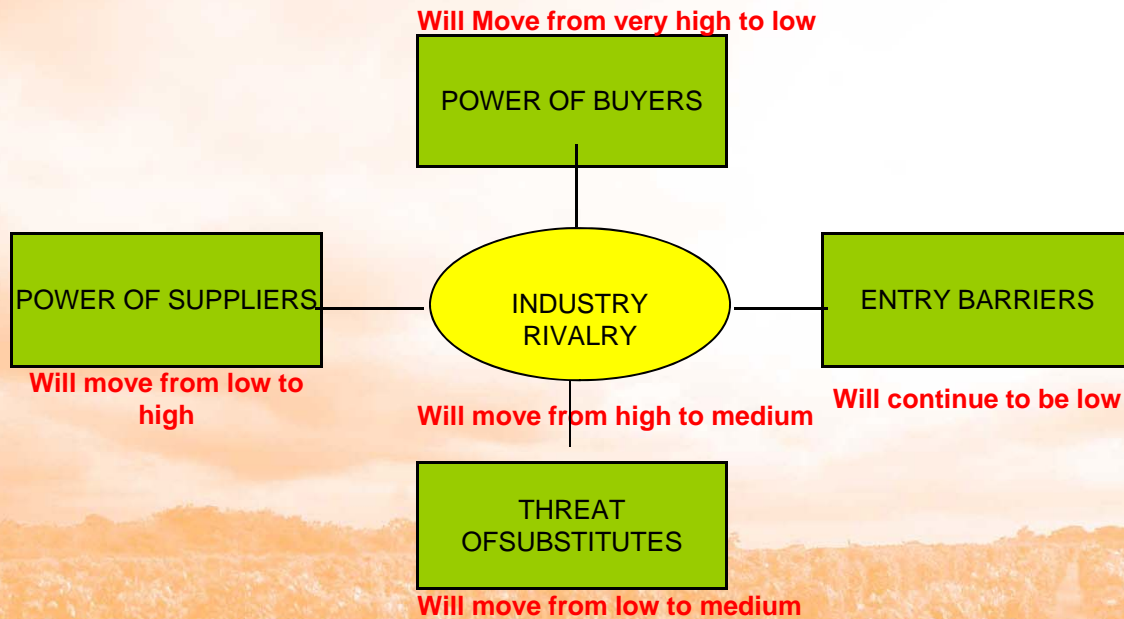
- High prices, Tight supply
- Reasons
 - Demand is more than supply
 - Weak US dollar policy
 - Oil prices are high , leading higher commodity use for ethanol production
 - Funds and speculators

Investment decisions Olam Rice May 08



- We are simply consuming at a faster rate than producing rice.
- The rice production increases required will need sustained efforts over at least 7-10 year period.
- Meantime Rice availability will continue to remain tight in coming years.
- With low buffer stocks, markets will remain highly volatile due to
 - Short term imbalances in demand and supply
 - Government restrictions on exports.

Long term Investment decisions



- Rice business May 2008
 - Geographical participation
 - Value chain

Focus Area

India and Thailand - study from paddy aggregator to exporter, where to participate and how to participate

Domestic trading opportunity rice - opportunity in India / Thailand

Evaluate Nigeria, Madagascar, Tanzania, Mali, Mozambique, IVC, Conakry on the Local rice participation

Evaluate M&A route for geographical adjacency for America

Get extra warehousing space - for keeping long positions - in Nigeria (for Nigeria) and IVC (for IVC / Indent hub) and Lome (hub and spoke)

Myanmar Origination opportunity

Evaluate storage options in origins

Long term Investment decisions – Olam Rice

- Paddy Milling in India.
- Aggregation and exports out of Thailand
- Paddy milling in central Nigeria.
- Farming in Nigeria and Mozambique.

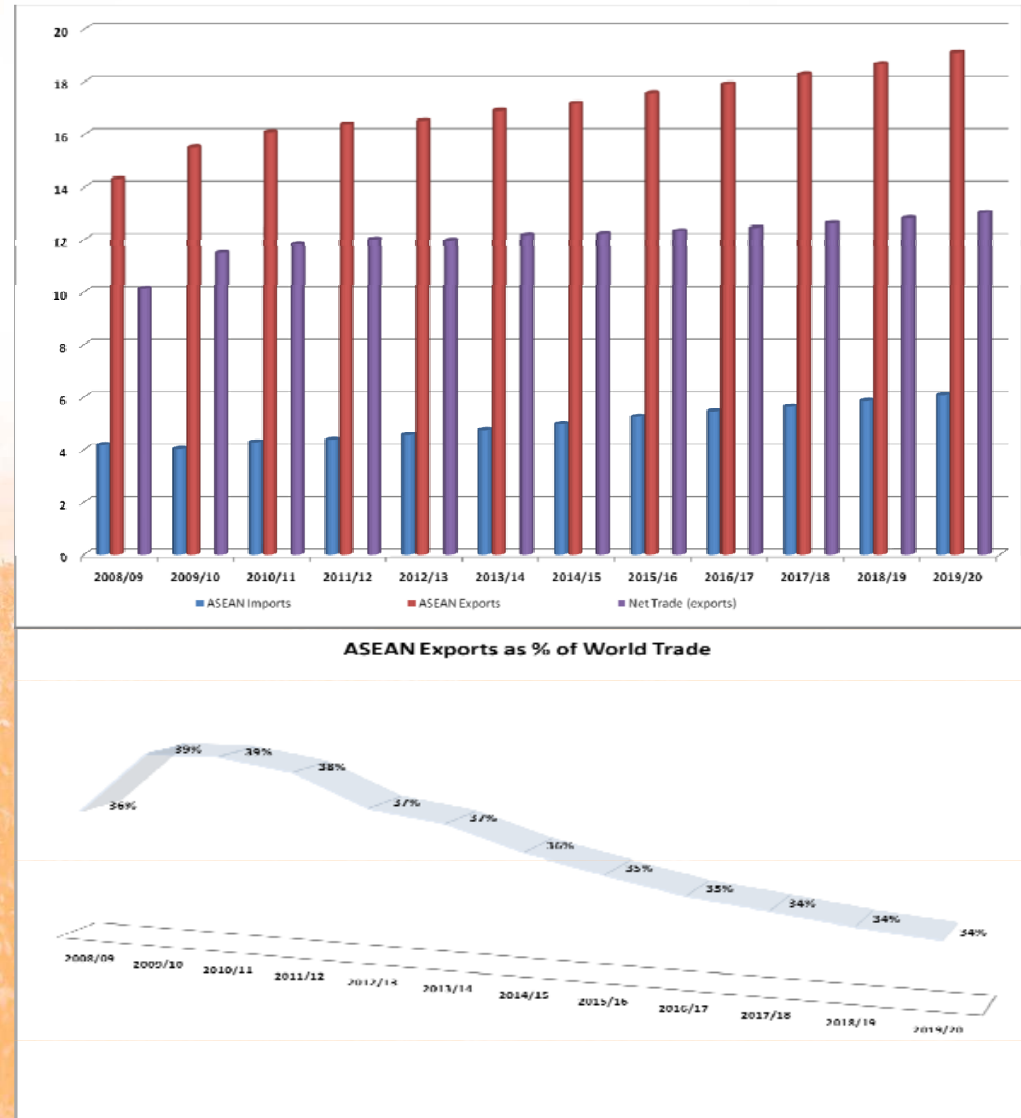


ASEAN Integrated food Security MIS

- As good an information as is available from other secondary data bases (USDA/FAO)
- Its usage by private trade (even Asia trade) very low.
- Ability of Predicting impact of Critical events?
 - Indian Short crop & Cyclone damage in Philippines during last year.
 - Thailand Drought this year
 - Vietnam prices up 10% in last 2 weeks
 - Pakistan floods few days back reaching Sindh in next 2 days?

Asean Food security – Collective goal?

- S&D for ASEAN Rice
 - ASEAN will Supply 1/3rd of world trade for next 10 years.
- Is food security a common need?
 - Philippines , Malaysia & sometimes Indonesia import dependent competing for stocks.
 - Thailand, Vietnam, Cambodia looking at competing for markets.



Source : USDA Baseline projections

Urban Food security

- Physical availability
 - Barring War, natural disasters, riots etc availability isn't a problem.
 - Ability of wealthier nations to cope with above better than others.
- Affordability
 - Rich people do not starve (Engel's law)

MAYBE URBAN FOOD SECURITY IT IS NOT ABOUT IF ONE WILL GET FOOD BUT ABOUT AT WHAT COST?

Thank You

