

NEWS UPDATE

CRAFAR FARM SALE APPROVED

A judicial review may be the only means open to local bidders for Crafar farms to stymie attempts by Chinese buyers to acquire the properties, and next Friday the deadline for that to occur.

Shanghai Pengxin's application for approval to purchase the farms was given the tick by Land Information Minister Maurice Williamson and Associate Minister of Finance Jonathan Coleman today.

While the deal may go unconditional on Tuesday, parties have agreed settlement will not occur until next Friday, set as the deadline for local bidders to determine whether a judicial review is their best option to challenge the sale.

The ministers approved the Overseas Investment Office (OIO) recommendation on what has become one of the highest profile land deals ever put under the spotlight in New Zealand's farming history.

Maori representatives of the group, Sir Michael Fay, and farming families involved in the bid are gathering on Monday to decide if the judicial route is the best approach.

But Fay said the group had no choice other than to pursue a judicial review of the minister's decision.

He was adamant however any judicial review of the decision process "had to have teeth" otherwise there was no point in the process.

IRRIGATION STUDY GETS CASH BOOST

The Ruataniwha Plains water storage dam has been given a major cash injection by the Government, with the announcement it is the first project to benefit from the Irrigation Acceleration Fund.

The Government will contribute \$1.67 million towards a \$3.3 million feasibility study of the Central Hawke's Bay storage project, which is already underway.

The project had previously received \$350,000 of Government support and this takes the total investment in the project so far to \$4.8 million.

The proposed dam will see irrigation takes moved to stored water, which will have a positive downstream effect for the Tukituki River by taking pressure of the river and returning it to natural flows during summer. The dam has a potential capacity of 90 million cubic metres.

Ruataniwha Water Storage Project leadership team chairman and local hill country farmer, Sam Robinson, is happy to have Government support for the "wide and thorough" investigation.

The feasibility study, which is expected to be finished in June, looks at everything from geo-technical work, environmental assessments, understanding the soil and the potential for crops to economic analysis. Twenty possible dam sites were explored and the Makaroro River dam site, west of Tikokino, was the only one that was suitable.

GREATER UNIFICATION OF WOOL INDUSTRY SOUGHT

Wools of New Zealand trustees are talking with international Campaign for Wool leaders in a show of greater unification of the industry.

The newly independent Wools of NZ is not investing directly into the campaign, but that point could be reached inside the next 12 months, said acting general manager Tim Lonsdale.

It would want to have some measure of control on how money was spent.

"We're cautious because there's not a lot of spare marketing spend, we've already got an onerous spend ourselves."

Ongoing talks would centre on issues round the commercial case of the campaign funding, where Wools of NZ wasn't sure about a clear return.

Lonsdale said Wools of NZ trustees Mark Shadbolt and Philip Guscott had had very good discussions with Campaign officials, and also the International Wool Textile Organisation and British Wool Marketing Board at the recent Domotex floor coverings show in Germany. They had been invited to be part of the Wools of NZ wool centre at Domotex next year.

In Brief

LACK OF PROVIDERS LAMENTED

As the much touted fibre optic broad band roll out to rural schools continues, schools hoping to be on line with the technology for the new school year will be struggling to capitalise on the benefits it can bring.

Some rural schools south of Auckland and in the Bay of Plenty with fibre cable to their gate are still looking for retail service providers (RSPs) to provide internet services over their newly installed cable, only days before school starts.

ROWARTH HEADS TO WAIKATO

Agriculture researcher and commentator Professor Jacqueline Rowarth will take up a new position with the University of Waikato in March.

Rowarth joins the Management School as the Professor of Agribusiness.

"My role will be to create links across the value-innovation chain. It's a concept that's been embraced by New Zealand Trade and Enterprise which is currently doing a lot of work on how to make improvements for the benefit of New Zealand," she says.

EASTER LAMBS

Lambs are tracking well for Easter processing despite meat companies competing in a grass market in which farmers have been somewhat reluctant to part with their stock.

Processing had got away to a slow start in some regions with climatic conditions impacting on when stock was ready to go.

Read more on these stories at www.farmersweekly.co.nz



www.nzxagri.com/agrifax
Guiding better decisions



Next Week's Livestock Prices and Market Trends

For week beginning January 30, 2012

Lamb - \$/kg CWT (net)

	North Island				South Island			
	This week			Last week	This week			Last week
	Low	High	Average		Low	High	Average	
YM-13.5kg	6.51	6.93	6.71	6.86	5.51	6.93	6.03	6.15
YX-17.5kg	6.92	7.17	6.98	7.13	6.61	7.84	6.71	6.83
YX-19.0kg	6.92	7.18	6.98	7.13	6.57	7.81	6.67	6.79
YX-21.0kg	6.92	7.18	6.99	7.14	6.53	6.73	6.62	6.75

Mutton

MX1-21kg	3.79	3.94	3.94	4.11	3.82	4.29	3.97	4.12
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Wool c/kg (clean)

Micron	Change c/kg	Last week	2 weeks ago	6 mths ago	1 yr ago
25	-57	1102	1159	1105	977
35	-32	548	580	665	569
39	-10	540	550	645	560
37	-35	535	570	603	555

Beef - c/kg CWT (net)

	North Island				South Island			
	This week			Last week	This week			Last week
	Low	High	Average		Low	High	Average	
P2-Steer-300kg	399	434	412	426	376	386	381	391
M2-Bull-300kg	409	429	420	436	376	381	379	389
P2-Cow-230kg	310	350	326	336	288	293	291	301
M-Cow-220kg	281	342	305	315	280	280	280	290

Venison - \$/kg CWT (gross)

	North Island				South Island			
	This week			Last week	This week			Last week
	Low	High	Average		Low	High	Average	
Stag 60kg	7.35	8.00	7.68	7.78	7.55	7.65	7.60	7.80
Hind 50kg	7.25	8.00	7.63	7.73	7.45	7.55	7.50	7.70

Notes: The prices above are based on published schedules as at 5pm Friday before publishing date and are a weighted average. Allowance should be made for potential pool payments and procurement premiums. Lamb values include 1.0kg pelt. Lamb and beef values are calculated after deducting charges and levies, published premiums and processing rebates have been added. Venison values are inclusive of the DINZ levy and AHB levy and the MAF inspection fee. Note: Freight is allowed for in the North Island values but not all companies in the South Island pay freight.

Grain

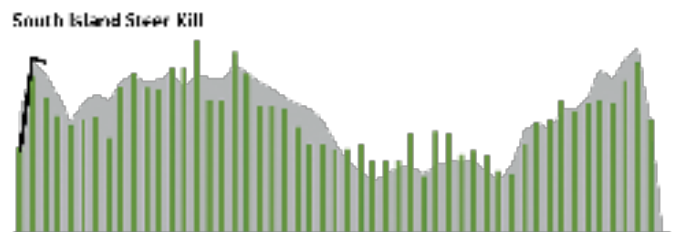
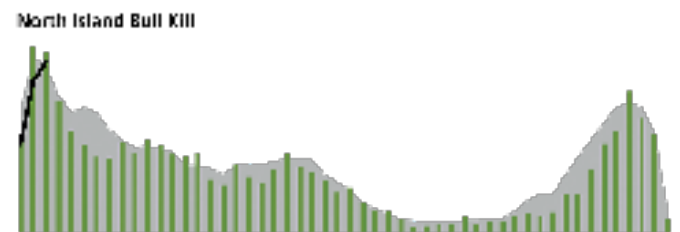
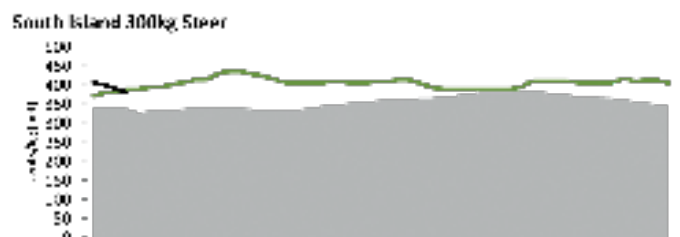
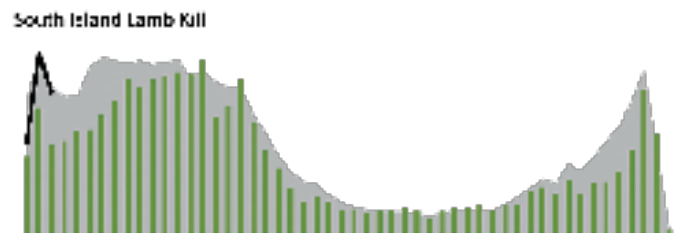
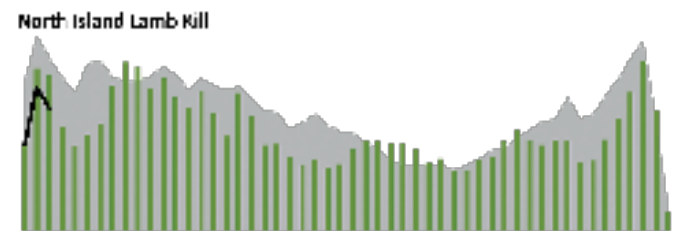
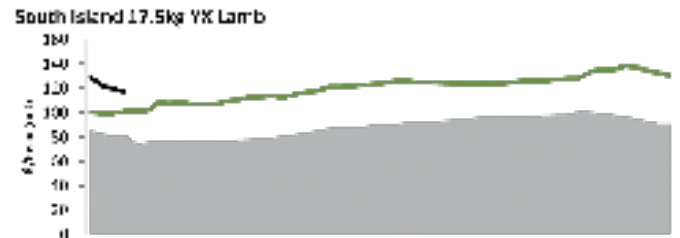
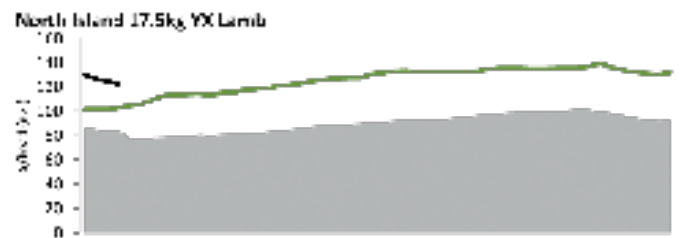
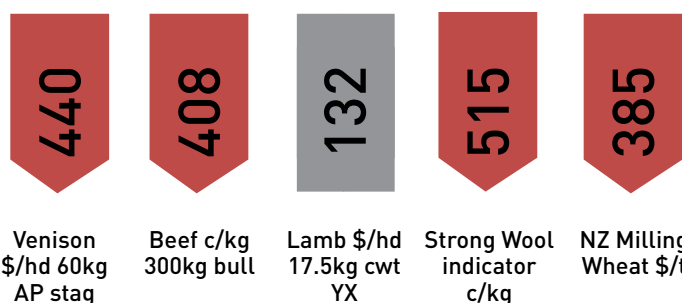
		Last week	6 mths ago	1 yr ago
ASW	NZ\$/t	353	393	484
CBOT	USc/bu	653	693	804
NZ milling wheat	NZ\$/t	385	459	347

Export Meat Indicators

		Last week	2 weeks ago	6 mths ago	1 yr ago
Lamb					
UK leg	GBP/lb	211	213	243	234
EU leg	NZ\$/kg	9.83	9.98	10.64	11.23
Bull					
US 95cl	US c/lb	213	213	197	207
US 95cl	NZc/kg	573	586	499	602

Prices are indicative only. They are compiled from an assessment of sales made worldwide on a one-off basis. Quota market sales and contracts are excluded. The prices are converted to NZ\$ FOB at current exchange rates.

National Indicators



Sharemarket briefing

Markets have continued to trend higher over the past week, as the strong start to 2012 continues.

The US sharemarket is up 0.3% while the local market is up 0.5%.

We have seen further positive economic readings out of the United States and the corporate reporting season has been solid with some particularly good results from companies such as Apple.

Following this positive sentiment we have seen the currency rise further as well. The NZ dollar is currently trading above US\$0.82, a rise of more than 2% over the past week.

It is becoming increasingly obvious that interest rates in most of the developed world will stay at record lows for the foreseeable future.

The Reserve Bank left the Official Cash Rate (OCR) at 2.50% last Thursday and the tone of its statement suggested that interest rates are likely to remain at these levels for some time, possibly for the rest of this year.

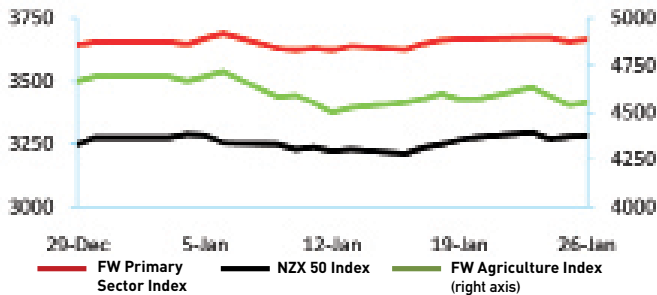
The United States central bank made a similar announcement during the week, although it went a step further and stated that it intends to leave interest rates at their current near-zero level until late 2014.

The Reserve Bank of Australia is expected to reduce interest rates in the first week of February, given the subdued inflation outlook and slow Australian economy.

Market commentary provided by Craigs Investment Partners



Farmers Weekly Agri share index



The NZX 50 is the headline index for the NZ sharemarket, and comprises 50 of the largest and most liquid securities that trade on the NZSX Market. Two custom indices are produced for *Farmers Weekly*. The *Farmers Weekly Primary Sector* index includes all companies listed on the NZX markets which generate a substantial part of their revenue from, or engage a substantial proportional of their business activities in: agriculture, horticulture, viticulture, aquaculture, or forestry. The *Farmers Weekly Agriculture Index* narrows this to the agriculture sector, defined as the cultivation of soil, crops and livestock. The index level reflects share price movements of the constituent stocks. For information on NZX Equity Indices, please see www.nzx.com/markets/indices.

Listed Agri shares*

Company	Security Name	Close Price	52 Week High	52 Week Low
ATM	A2 Corp	0.23	0.3	0.11
DGL	Delegat's Group	2.25	2.3	1.9
LIC	Livestock Improv Corp	5.05	5.1	3.2
NEW	New Image	0.21	0.28	0.16
NWC	The NZ Wine Company	0.9	1.61	0.8
NZS	NZFSUL Ordinary Shares	0.6	0.75	0.53
PGW	PGG Wrightson	0.37	0.62	0.34
SAN	Sanford	4.1	5.65	3.66
SAT	Satara Co-op Group	0.38	0.65	0.38
SEK	Seeka Kiwifruit Inds	0.93	2.9	0.82
TEN	Tenon Ordinary	0.7	1.25	0.54
TUR	Turners & Growers	1.78	1.84	1.5
WSI	NZ Wool Services Intl	0.42	0.6	0.38
Farmer's Weekly Primary Sector		3665	3689	3622
Farmer's Weekly Agriculture Equity		4554	4720	4503
NZX 50 Index		3282	3295	32115pm,

close of market, Thursday



FW Primary Sector



FW Ag Equity



NZX 50 Index



NZD/USD

Dollar Watch

An even stronger New Zealand dollar is the likely outcome of the surprise word that United States interest rates will stay at the current, very low levels until late 2014.

With the Reserve Bank of New Zealand still expected to increase rates next time it moves, one of the big US banks, Wells Fargo, has suggested the kiwi dollar could return to the US\$0.86 to 0.88 levels it traded at for a time last year.

ANZ Bank currency strategist in Auckland, Alex Sinton, said such levels were not out of the question. The ANZ forecasts a 0.83 rate for the end of June, rising to 0.89 by year-end, though he said that putting a figure on the magnitude of the rise was extremely difficult in the current market.

The change in outlook by the US Fed's Open Market Committee had come as a surprise. Previously it had been saying that interest rates would stay at these low levels till about mid-2013. Pushing this out another 18 months was a significant time horizon for currency markets.

The kiwi dollar had already risen as a result, and was at US\$0.8191 on Friday morning, up from 0.8025 a week earlier.

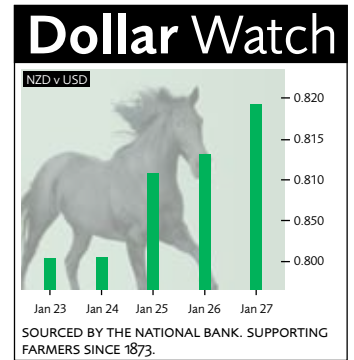
The dollar normally eases back at this time of year, after typically strong holiday-period trading, but the Fed announcement had changed that.

Sinton said New Zealand was very well placed on the global landscape, with relatively high interest rate yields, and selling what world markets need (food products) rather than what they want. "If we are in relatively better shape, then the exchange rates reflect that."

The dollar also maintained its high levels against the euro and sterling, being at stg0.6250 and stg0.5221, edging up against both currencies over the week. Sinton said the European situation had worsened over the last six months, and recovery there was very important to everyone round the world. Falling European markets would reduce Chinese exports. That would lead to reduced China demand for Australian resource inputs, and for New Zealand consumerable commodities.

The dollar also continues to strengthen against the yen, rising to Y63.45 from 61.92 a week earlier.

Alan Williams



Soil Moisture Anomaly (mm) at 9am January 27 2012

