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25 September 2008

Is the end of higher fert prices on the horizon?

Statement based on the address made at the annual meeting of Ballance Agri-Nutrients held in Rotorua on 24 September.

There are signs that farmers might be in for some respite from rising fertiliser prices, says Ballance Agri-Nutrients Chairman, David Graham.

He told shareholders at the co-operative's annual meeting at Rotorua today that while current international fertiliser prices were still incredibly high, they were not rocketing up like a year ago.

'To say prices were coming back would be very bold, but there has been definite downward movement for some commodities,' he said.

'We are still paying top dollar for our raw materials because it is a sellers' market for commodities. While food is short, prices won't be back to historical levels. But we may be on the cusp of fertiliser prices settling back slightly to an equilibrium position.'

He said crude oil and whole milk powder had come off their highs recently, and overall the world was very positive about food production.

'It will take some time for softer prices to filter through, but I think we are looking at a market correction to this equilibrium, not a fall back to where we were a year ago.

'We cannot see global prices for fertiliser inputs coming back in the near future, but there are some signs that the headlong rush has eased, with some key commodities slipping back off their highs.'

He said the latest United Nations Food and Agriculture Organization food price index showed that food commodity prices were back to where they were in January, with further falls possible, which could ease the demand for fertiliser inputs.

'International confidence in the future of farming is strong, which can only be of benefit to us all in the medium to longer term.

'We know it has been a difficult year for many of our shareholders, what with too much rain in some regions, then the long drought over much of the country.

'Prices for most farm inputs increased, and some sectors are only now starting to see a matching increase in their returns.

'I hope it has helped that we have returned more to our shareholders this year by way of dividend and rebate than ever before.'

He said it was particularly gratifying to have set production and sales records while maintaining competitive prices throughout New Zealand in the face of rampant international commodity price rises.

'It is clear that our strategy of focusing only on fertiliser products and services has paid dividends.'

Ballance reported a trading result of \$78.6 million, up 135 percent for its 31 May year, based on record fertiliser sales volumes of 1.54 million tonnes and revenue of \$651 million. Its average rebate and dividend payout increased by 49 percent to \$36 per qualifying tonne.

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