



# Global market requirements for New Zealand's food exports

Irrigation New Zealand

15 October 2008

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# Rabobank's global coverage and sector knowledge



**Rabobank's Food and Agribusiness  
Research group is comprised of 80  
members spread out over 15 countries**



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Market needs

Market wants

Volatility

# Global Food Crisis

The new world of soaring food prices

**Dairy prices move into luxury zone**

14 November 2007

The dairy boom is busting wallets wide open, with a sizzling 23 per cent jump in butter prices last month.



Apr 28, 2008 8:57 | Updated Apr 28, 2008 14:20

## Food crisis hits local supermarkets

By JJ LEVINE

THE price of rat meat in Cambodia has quadrupled this year as inflation pushes the price of other meats out of reach of poor people.

September 1, 2008

## The new face of hunger

Apr 17th 2008  
From The Economist print edition

**Shoppers  
cheased off  
at dairy  
ice hikes**

China's grain supply

## The ravening hoards

Apr 17th 2008 | BEIJING  
From The Economist print edition

February 04, 2008

**Butter prices to see**

15 September 2007

Householders are about to see the other side of the coin as they are paid to dairy farmers this season, with

Cost

**Food for Thought: Price Inflation Protests Go Global**

BY AUDREY KIM  
... per cent.

November 13, 2007

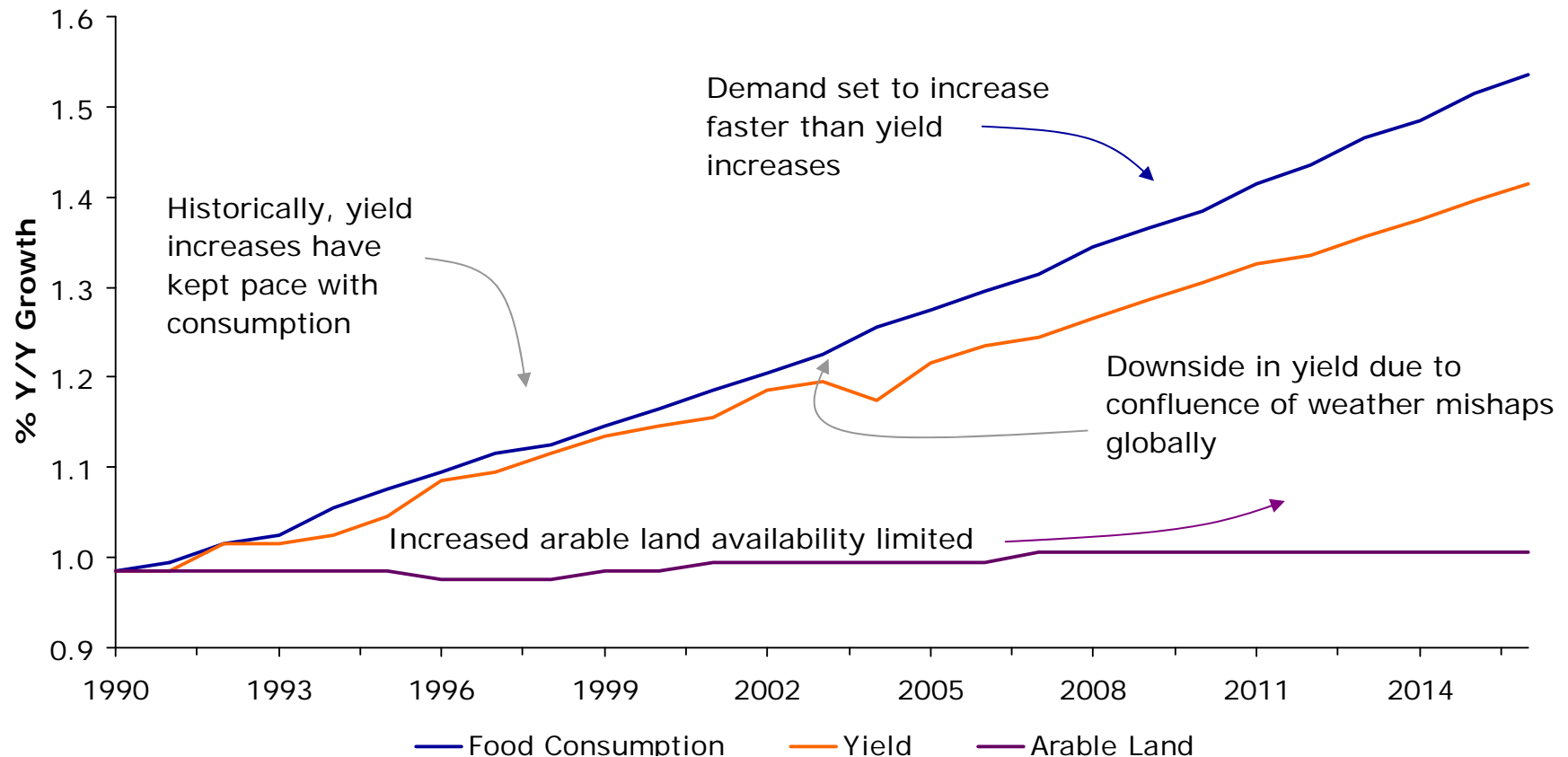
**Shoppers' pockets**

# Global demand was charging ahead of supply....



## Food consumption vs. yield vs. arable land

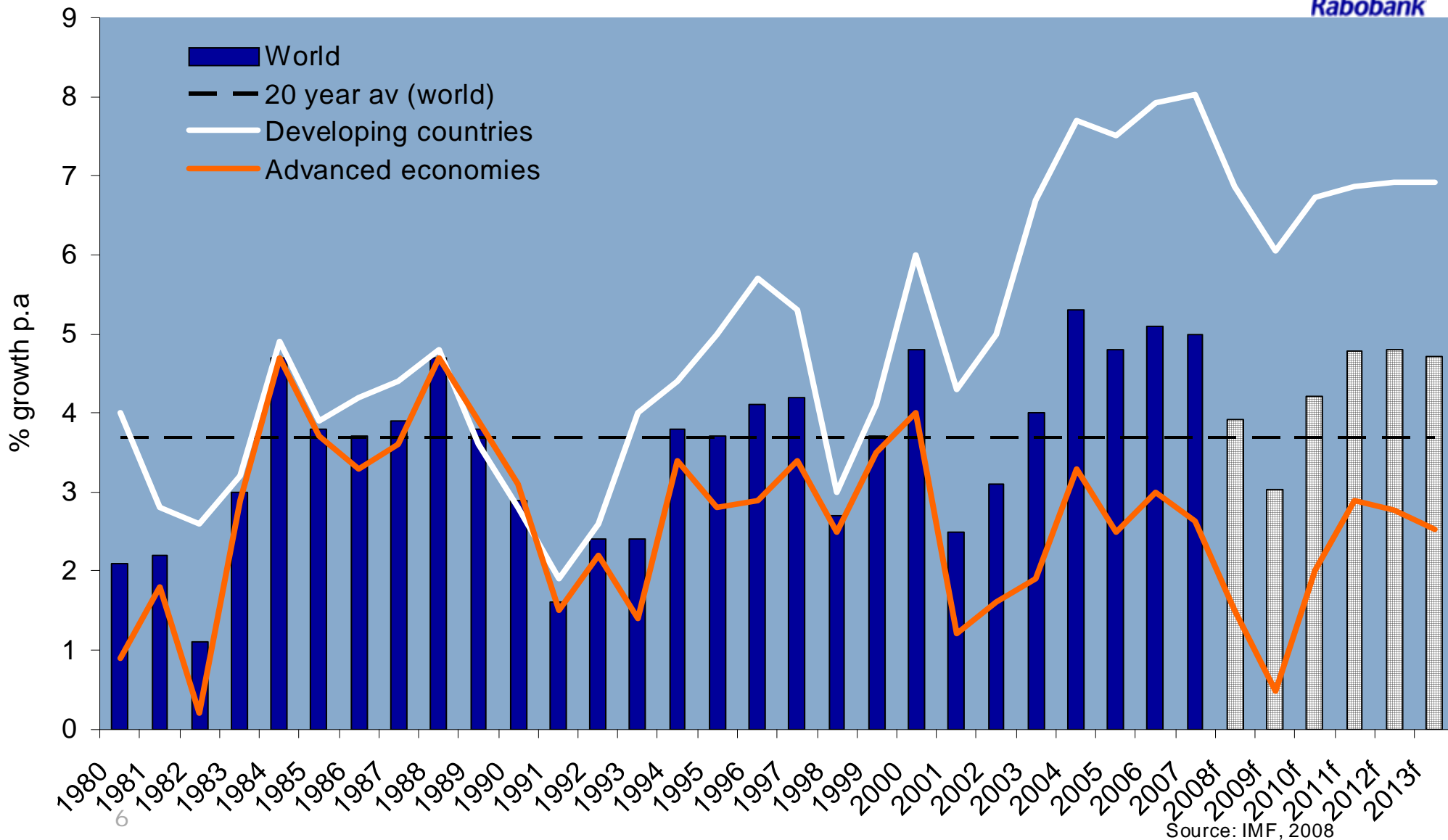
Source: FAO, Rabobank, 2008



....but changing economic fortunes will disrupt



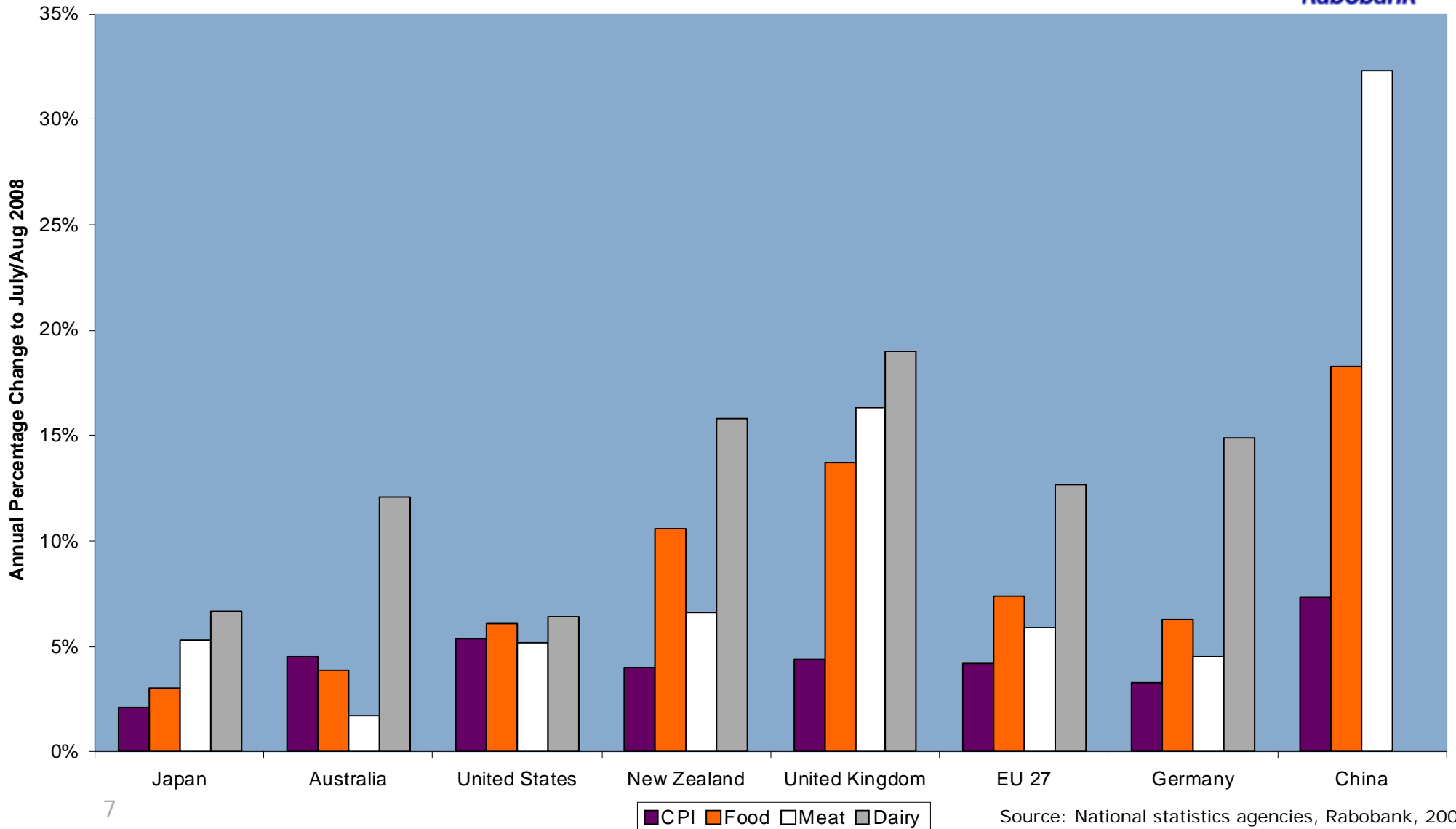
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# Food prices leading consumer inflation



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Market needs

Market wants

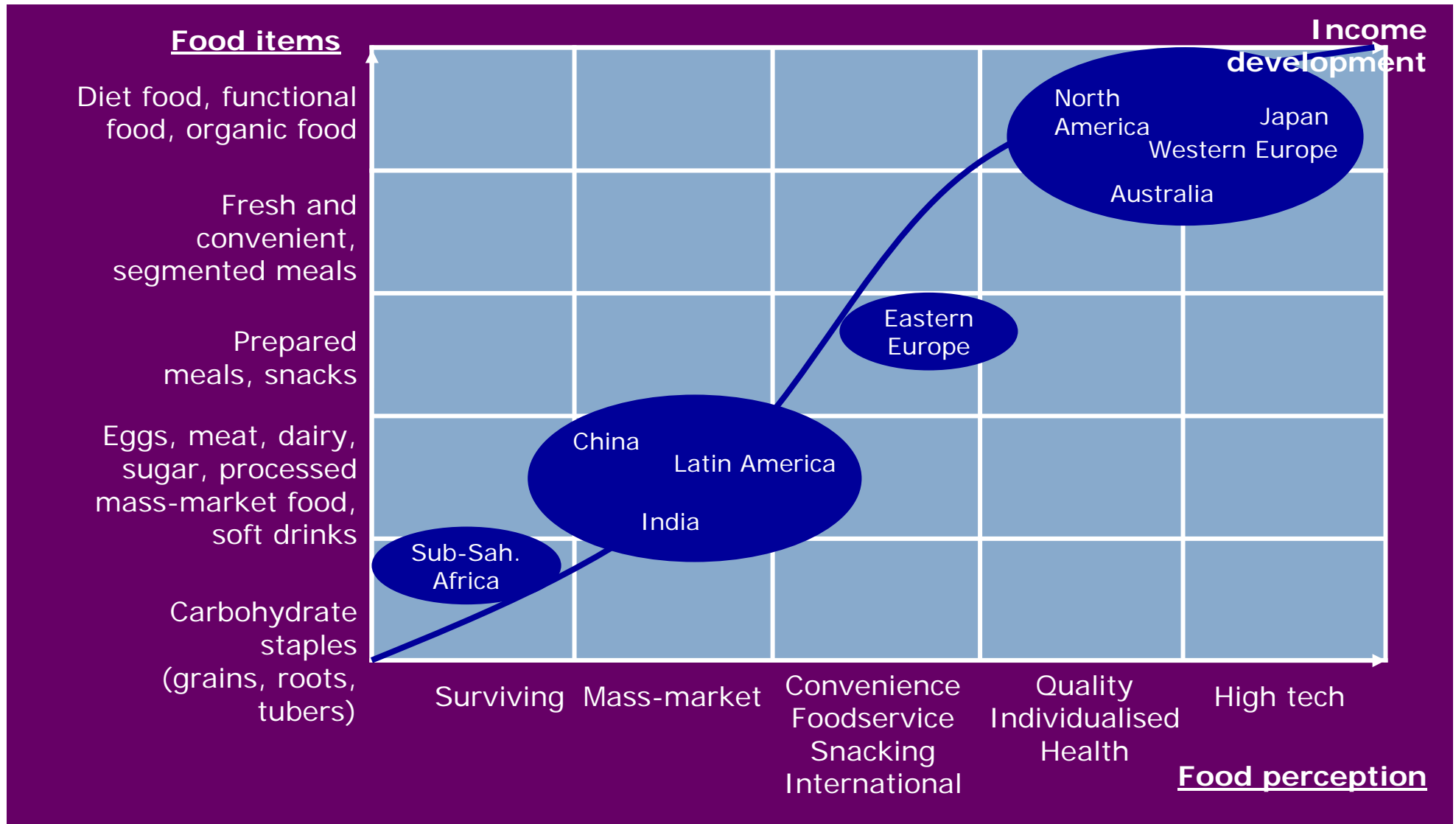
Volatility

More food, affordability

# Greater demands (rewards?) in some markets



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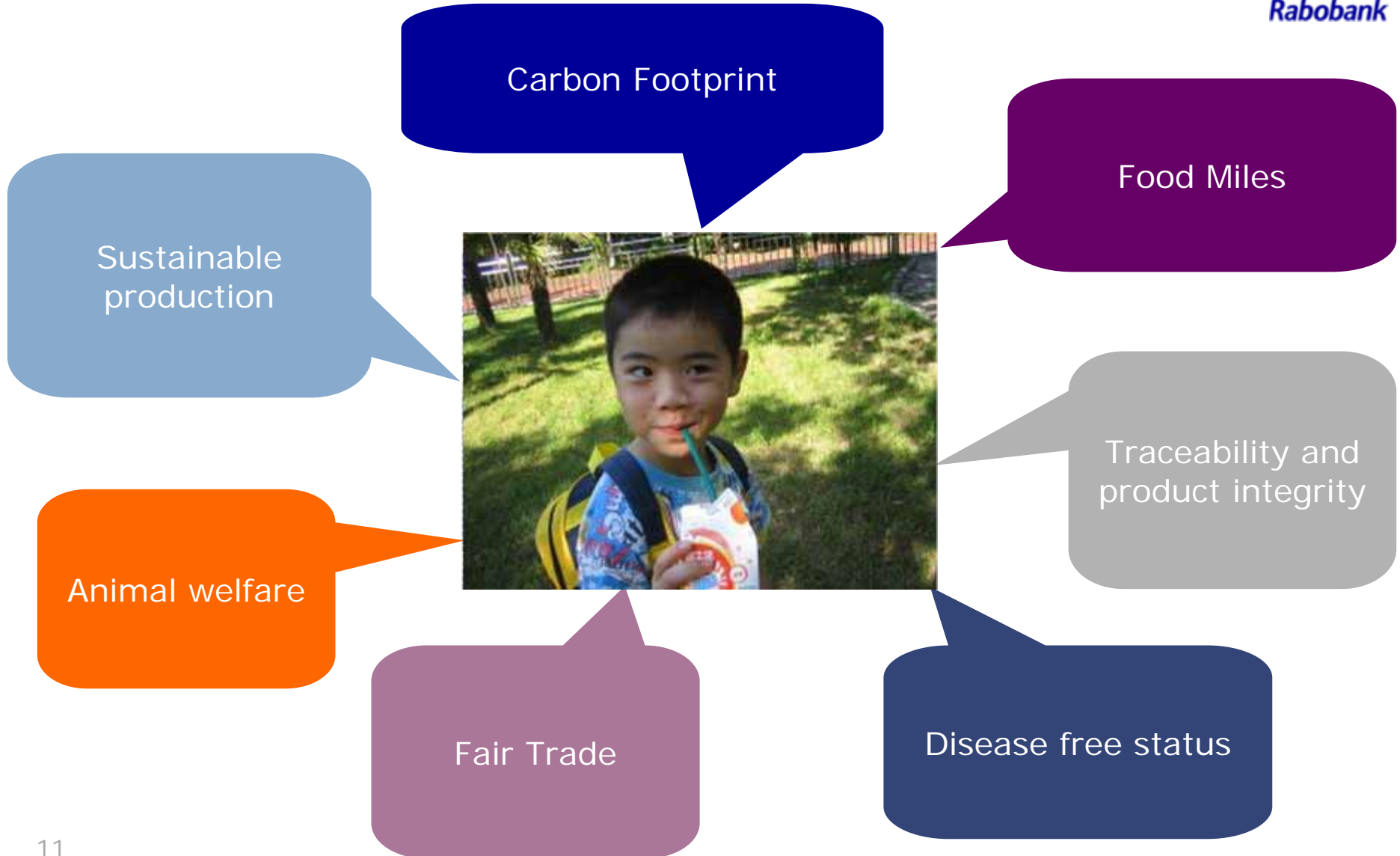
# Sustainable use of resources more prominent



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# Always, the consumers' choice.....



Market needs

Market wants

Volatility

More food, affordability

Discerning (wealthy)  
consumers

## Other price factors

- Fund activity
- Exchange rates
- Freight rates
- Crude oil prices
- Technical specifications
- Market sentiment/speculation
- New non-agri market entrants

## Supply factors

- Agricultural land
- Yield (output/ha)
- Farm management
- Farm input prices
- Weather
- Diseases

## Demand factors

- Feed
- Food
- Biofuels
- Industrial

Price

## Policies

- Trade Policy
- Agricultural Policy
- Biofuel/Energy policy
- Food safety regulations
- Sustainability criteria

# Policy responses to higher food prices



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Arguably uncertainty has increased...

...and assurances sought.



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# Uncertainty breeds volatility



- Increased risk evident
- Those who manage risk better than the average gain greatest advantage
- Benefits may come in the form of reduced volatility not necessarily absolute price premium



Market needs

More food, affordability

Market wants

Discerning (wealthy)  
consumers

Volatility

Risk management is key



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