

# Monthly Update



AUGUST 2023



## INVESTMENT NAME

Duxton Farms Ltd  
ASX Code: DBF

## INVESTMENT MANAGER

Duxton Capital (Australia) Pty Ltd

## PORTFOLIO

9 Properties in 3 Localities  
24,067 Hectares Owned, 141,000 Leased

## FAIR MARKET VALUE NAV PER SHARE

\$2.72 (30 June 2023)

## STATUTORY NAV PER SHARE

\$2.60 (30 June 2023)

## WATER ENTITLEMENTS (ML)

10,212 owned  
6,798 leased







Duxton Farms Limited ("Duxton Farms" / "Company") is an Australian agricultural enterprise that directly invests in and operates a diversified portfolio of efficient, high-quality farmland assets. As a significant landowner and an active producer of key agricultural commodities, the Company seeks to provide investors with returns through ongoing operational yields and sustainable long-term capital appreciation. Duxton Farms seeks to achieve this objective by implementing best-in-class farm management techniques at scale, to produce a diverse range of commodities in an efficient manner, all with the goal of satisfying increasing global demand for key agricultural staples.



## COMPANY SNAPSHOT

Duxton Farms manages a diversified portfolio of agricultural assets spanning 165,067 hectares across New South Wales, Victoria and the Northern Territory. The Company operates a variety of production systems producing a wide range of food, feed and fibre products, including wheat, barley, canola, cotton, wool and livestock. A visual overview of Duxton Farms property portfolio is pictured below:

### DUXTON FARMS PORTFOLIO OVERVIEW

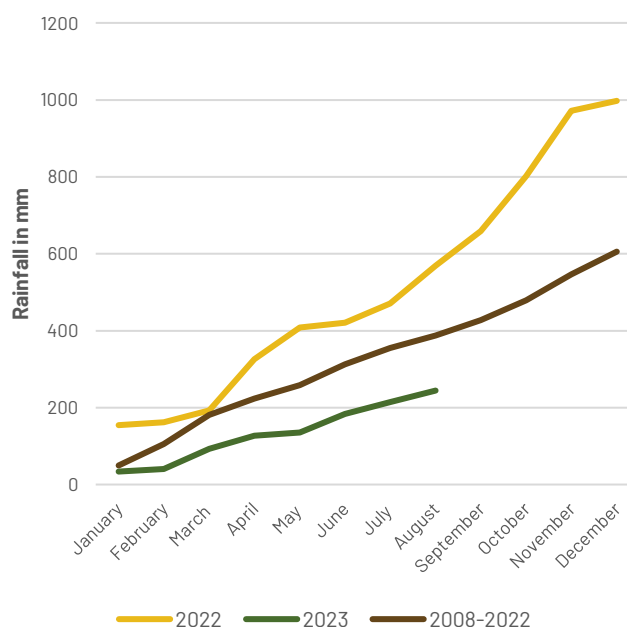


## NSW FORBES AGGREGATION

### LOCAL WEATHER

The Central West of New South Wales (Forbes Airport AWS) recorded 29.6mm of rainfall in August, below the historical mean of 36.1mm for the month. Forbes received 244.2mm of rainfall year to date, 57% lower than at the same time last year and 27% below the long-term average. Mean maximum temperatures averaged 19°C for the month, which is 15% higher than the long-term average for August of 16.5°C.<sup>1</sup>

### CUMULATIVE RAINFALL (FORBES AIRPORT AWS) 2023 VS 15 YEAR AVERAGE VS 2022



### 2023/24 CROP UPDATE

The winter crop continued to grow well over August, with the Forbes aggregation having received much needed rain across the area under cultivation. While weather was warmer than would normally be expected at this time in the season, there were still a solid number of frosts over the month, and the nights and mornings have been generally been quite cold. Additional spray and fertiliser has been applied across the cropping area as required.

For the summer crop, the Company is on track to be ready for planting in September should temperatures allow planting to occur early. Channel spraying and grading around the irrigation country continues in areas that are dry enough to do so.

<sup>1</sup> Bureau of Meteorology, Forbes Airport AWS, Monthly Rainfall and Temperature, August 2023.



## NSW FORBES AGGREGATION (CONT.)

### LIVESTOCK

Livestock markets have generally softened, although the Company's sheep and cattle continue to sell at the top of the market. Adequate reserves of fodder remain on farm, and the Operations Team plans to cut for hay and make silage at harvest to ensure inventories remain high and the Company can continue to support its livestock programme.

### IRRIGATION

The Wyangala Dam was 97% full at the end of August, with the Company's water allocations set at 118%. The Company will begin its full irrigation schedule in late September or early October. The Operations Team is also in the process of rebuilding a pivot over the summer for winter cereals and fodder production.

## PIAMBIE

Redevelopment planning continues at Piambie, with the site having been surveyed and earthmoving equipment on site. Work on the irrigation system is underway, although this will prevent the cultivation of a crop this year.

## MOUNTAIN VALLEY STATION (LEASED)

### CROP UPDATE

Forage sorghum has been baled or grazed off for livestock feed and are being fed to cattle and buffalo as supplementary feed as needed. The Company is planning to crop the same area for the upcoming wet season.

### LIVESTOCK

The second round of mustering has commenced, and is being undertaken as conditions and access allow. There have been limited livestock sales as interruptions to the live export market continued across the month. New fence lines will likely commence in September.



Canola - August 2023



## SHARE BUYBACK

During the month, 9,000 shares were bought back. The total number of shares bought under the buyback is 2,802,081, with the Company able to acquire up to 4,043,001 additional shares.

## AUSTRALIAN MARKET INSIGHTS

### WHEAT PRICES

Port Kembla APW1 (premium quality) grain prices ended the month at \$376 per tonne at port, down 9% from last month and 4% less than prices as at the same time last year. Port Kembla barley prices finished the month at \$335 per tonne at port, essentially flat from last month and 8% above the same time last year.<sup>2</sup>

International wheat prices ended 18% lower than last month, and 25% less than the same time last year, with US CBOT December 2023 wheat futures ending at US \$6.07/bushel. The Northern Hemisphere harvest and the continuing flow of grain out of the Black Sea has placed downwards pressure on prices, although the market remains sensitive to significant developments in the Russian invasion of Ukraine. More information on global grain production can be found later in this update.

#### GRAIN PRICES CHANGES PAST 12 MONTHS\*

Crop	Current Price (per tonne)	Price 12 Months Ago (August 2022)	Percentage Change
Port Kembla Zone Wheat (APW1)	\$376/tonne	\$390/tonne	(4%)
CBOT Wheat Futures	US\$6.07 /bushel	US\$8.09 /bushel	(25%)
Cotton	\$679/bale	\$956/bale	(29%)

\*Data from Profarmer Australia, CBOT, ABARES and Cotlook

<sup>2</sup> Profarmer Australia, 2023.

<sup>3</sup> ABARES, Commodity Update, August 2023.

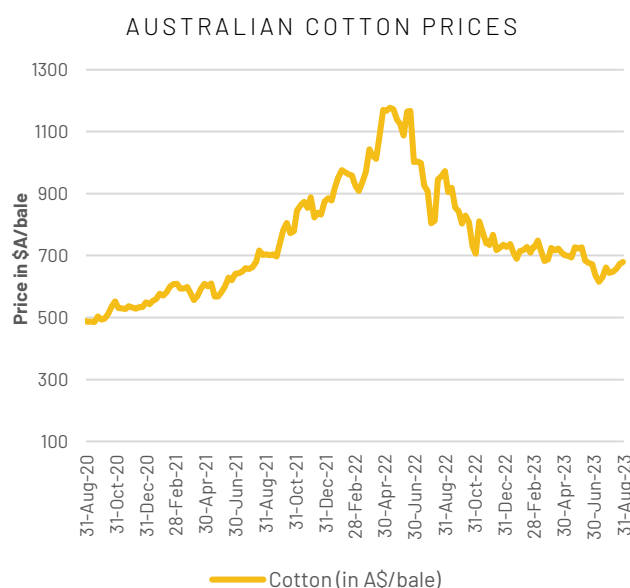
<sup>4</sup> Cotlook 'A' Index, Market Summary, August 2023.



Wheat and Canola – August 2023

### COTTON PRICES

International cotton prices have seen continued volatility, although have stayed relatively flat in the long-term, finishing only slightly above the July finish as at the end of August. In Australian dollar terms, the global cotton price sits at \$679/bale, representing a 3% increase over last month, and a 34% decrease compared to the same time last year. Recently, the USDA WASDE report has been lowering its global production figures, with major producers in the Americas, India and Africa projected to see moderate reductions in output due to hot weather and disease pressure. Declining demand is expected from countries including Bangladesh, Pakistan and India, who remain under particularly challenging economic pressure.





## LIVESTOCK PRICES

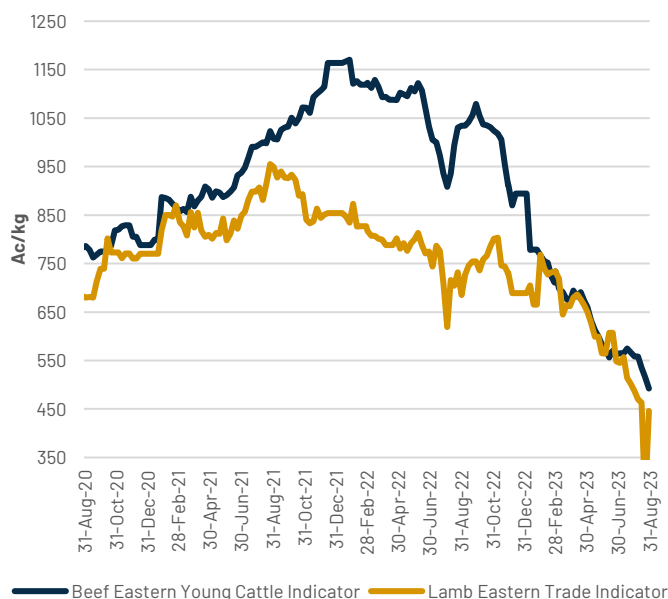
The Australian Eastern Young Cattle Indicator ('EYCI') has continued to fall, seeing prices fall by 13% from the previous month to \$4.92/kg as at the end of August. The EYCI has fallen by 52% from the same point last year as the country grapples with oversupply after several years of successful restocking after the 2017-19 droughts and successive bumper crops. Cattle slaughter rates remain elevated over the previous two years, while exports of beef and veal have risen steadily since the start of the year, surpassing the previous peak in March in terms of volume last month. Export growth has been driven primarily by low export prices and the cheap Australian dollar.<sup>5</sup>

The Australian Eastern States Trade Lamb Indicator ('ESTLI') ended August 11% down on July and 39% down on the previous year, finishing at \$4.46/kg. As with cattle, national restocking efforts have kept supply high while demand, which has driven prices down. Concerns surrounding the anticipated El Niño have also caused some farmers to begin selling off stock to mitigate pressures on feed supplies. The lamb slaughter reached its highest point in two years this August, with about 13 million head having been processed at the end of August. Meanwhile, lamb exports are up over 20% from last year, the highest on record, driven primarily by demand from China and the UK.<sup>6</sup>

<sup>5</sup> Rural Bank, *Cattle Insights for August*, published 8 August 2023.

<sup>6</sup> Rural Bank, *Sheep & Lamb Insights for August*, published 8 August 2023.

## AUSTRALIAN LIVESTOCK PRICES



## DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS\*

Stock	Current Price (per kg)	Price 12 Months Ago (August 2022)	Percentage Change
Beef	\$4.92	\$10.30	(52%)
Lamb	\$4.46	\$7.32	(39%)
Wool	\$11.31	\$13.42	(16%)

\* Data from ABARES weekly commodity reports and Australian Wool Innovation Ltd







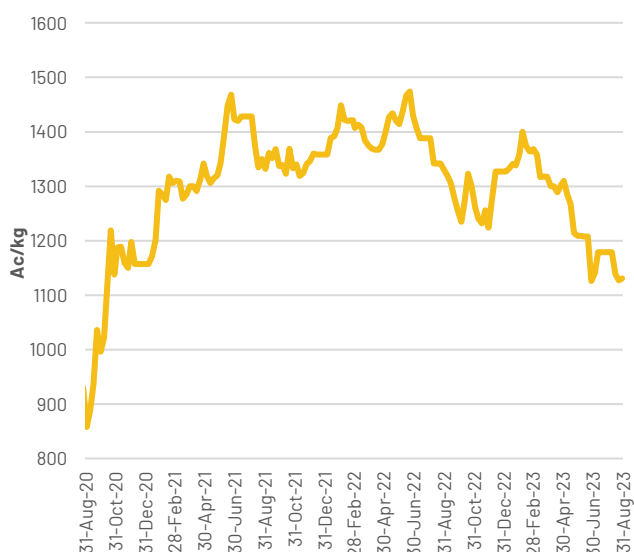
NSW Aggregation – August 2023

## WOOL PRICES

Australian wool prices fell 4% over the previous month, with the Eastern Market Indicator ('EMI') ending at \$11.31/kg, equating to a 16% decrease from the end of August 2022.

Despite the fall in prices, demand has been reportedly quite strong for wool, which may be the result of a falling Australian dollar and increased demand from Europe, USA and South East Asia. The prospect of a soft economic landing and improving global economics has buoyed demand, despite some troubling signs from the Chinese apparel market.<sup>7</sup>

WOOL EASTERN MARKET INDICATOR



## NATIONAL CROP PRODUCTION

ABARES expects the national winter crop to fall to 45.2 million tonnes, which is slightly below the 10-year average, and a fair amount lower than the previous two bumper seasons. This is view is primarily the result of drier conditions in New South Wales and Queensland, although Victoria and South Australia are still expected to have reasonably sized crops due to retained soil moisture from the previous season and strong winter rainfall. Western Australia is also expected to see a significant downward revision from the previous season, although will remain largely in line with historical average. The expectation of lower yields is the primary factor supporting Australian grain prices as international markets fall.

ABARES also expects the summer crop to be smaller than originally anticipated, falling 19% to 4.1 million tonnes for the 2024 season. As with the winter crop, this is expected to be primarily driven by dry conditions, which will likely put pressure on the availability of water in the Murray Darling, although storages across the system remain near full.<sup>8</sup>

<sup>7</sup> Australian Wool Innovation Ltd, Weekly Price Reports, August 2023.

<sup>8</sup> ABARES, Australian Crop Report, 5 September 2023.



## NATIONAL WEATHER

Nationally-averaged August total rainfall for Australia was 49.5% below 1961–1990 average, the tenth-driest on record (since 1900). Rainfall in August was below average for the southern two-thirds of Queensland, most of New South Wales, Victoria and Tasmania, and for large parts of South Australia, southern Northern Territory and south-western Western Australia.

Rainfall was above average for parts of Western Australia's interior, the east coast of Cape York Peninsula and the far north-east corner of the Top End in the Northern Territory. Australia's national area-average mean temperature was 2.28 °C warmer than the 1961–1990 average, the second-warmest on record (since 1910) for August and the warmest since 2009. This was the warmest August on record for Western Australia.

Area-average mean maximum temperature for August was 3.08 °C above average nationally, the second-warmest on record. The national mean minimum temperature was 1.49 °C above average, the fourth-warmest on record. Mean maximum temperatures for August were warmer than average for most of Australia, and over 4 °C above average in a band stretching from the Gascoyne region in Western Australia to southern Queensland and northern New South Wales.

Mean minimum temperatures for August were warmer than average for most of Western Australia and South Australia, much of the Northern Territory, Queensland and Victoria, for parts of eastern and northern New South Wales and for Tasmania. Mean minimum temperatures were cooler than average for an area in central New South Wales and for pockets of eastern South Australia and western Northern Territory.<sup>9</sup>

## GLOBAL MARKET INSIGHTS

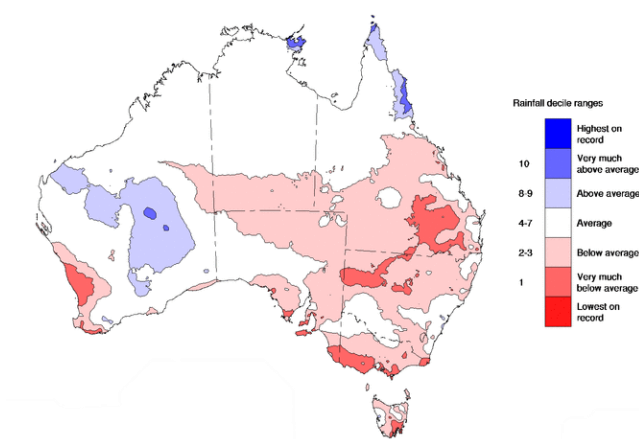
### WEATHER

In the northern hemisphere, winter and spring wheat harvesting is wrapping up under mixed conditions with drought in several areas. In the southern hemisphere, there are expanding dry concerns in Argentina and Australia. In the southern hemisphere, exceptional yields are expected in Brazil, while poor outputs are expected in Argentina due to persistent drought. In the northern hemisphere, conditions remain mixed. In China, dry and hot conditions expanded in the south and southwest. In India, Kharif crops have recovered from delayed rains in the east. In Southeast Asia, conditions are mostly favourable except in Thailand. In the northern hemisphere, crops are developing under mixed conditions with some improvement in the western hemisphere due to enhanced rains.<sup>2</sup>

## GLOBAL GRAIN PRODUCTION

As at August 2023, the USDA's WASDE report is forecasting reduced supplies, lower consumption, decreased trade, and lower stocks for the global wheat market. The picture for coarse grains is similar, with the corn market expected to take a particularly large hit to production in Russia, the EU, the USA and Canada, although Brazilian output is expected to be strong.

### \*RAINFALL DECILES - AUGUST 2023



\*Source: Bureau of Meteorology

<sup>9</sup> Bureau of Meteorology, 2023, Australia in August

<sup>10</sup> AMIS, 2023, Market Monitor



## NSW Aggregation – August 2023

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This announcement has been authorised for release by the Directors of Duxton Farms Ltd.