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Domestic Wheat

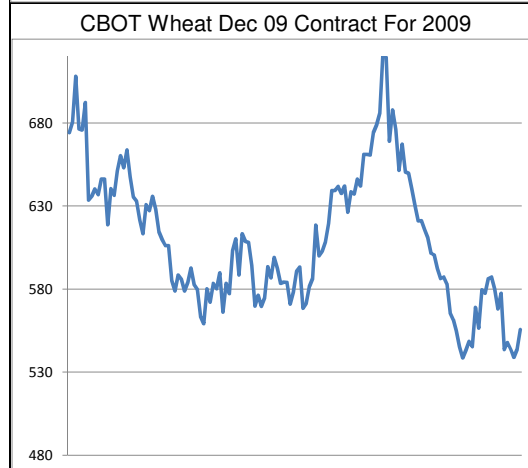
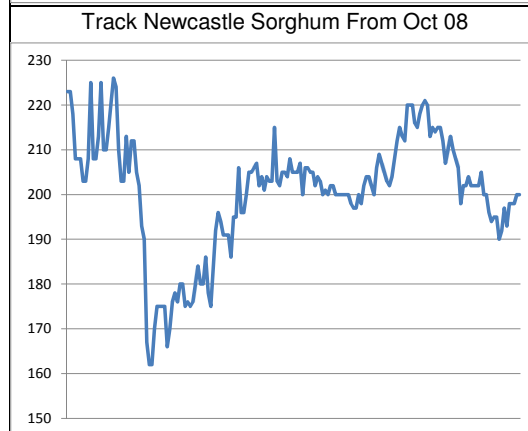
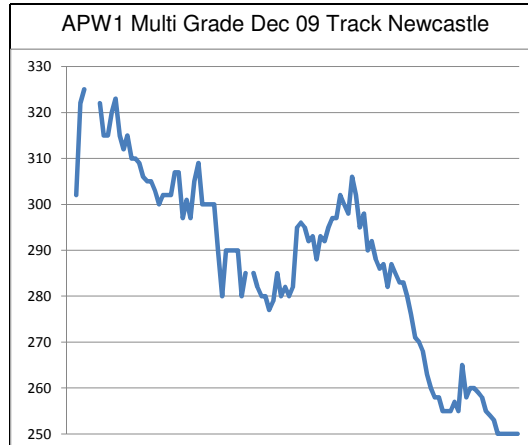
Wheat interest is now mainly centred around the new crop contract but unfortunately the new crop contract is at its season low at present. Low US futures and a high currency continue to keep multi-grade bids down below farmer selling levels. The local Jan 10 ASX milling wheat contract is currently bid \$249 and offered at \$253, with 2,960t trading as of 2.30pm. Fridays settlement of \$244 was the lowest the Jan 10 contract has closed at. Looking at basis levels, the premium that the cash market is paying over CBOT Dec 09 futures, is often a good way to see how strong the local market is, currently we see a basis of +21c/bu on the track, this is a very strong basis probably aided by the higher currency and bleak weather outlook for the east coast. The W.A. crop is looking very good with analyst predicting between 8 - 9mt at this stage. In times of drought on the east coast we sometimes see traders look to buy a spread between Fremantle and Newcastle, buy Newcastle and sell Fremantle, as the Newcastle price moves higher faster than the Fremantle price the spread widens and a profit is taken before buying east coast physical later in the season, although the ASX may have taken the place of this as a hedge speculators may still profit from such a position.

Other Grains

Old crop sorghum seems to have found a base in the short term, both track Newcastle and ex farm Liverpool Plains bids crept higher towards the end of last week. Track bids were \$200, that's up \$10 from the short term low and up \$7 week on week. Ex farm or delivered end user bids are getting harder to secure, especially for prompt pickup although we have seen bids increase slightly and are now looking at the low \$180s again for A/S pickup. New crop sorghum is not very inspiring and is being bid at about the same values as the current crop. New crop sunflower are bid at \$635 Narrabri, around \$600 ex farm, using the old 3:1 rule of thumb to stack it up against sorghum it is coming out in front and we will most likely see an increase in sunflower acres again this year at the expense of sorghum, unless conditions remain very dry and feed grain values gradually rise. New crop chickpeas are firm, production wise we have seen a significant decrease in planted acres this year and do not expect to see a great deal of forward contracting at these numbers.

International Markets

The International Grains Council (IGC) announced their world Grain Market Report last Thursday with little in the way of surprises. Global wheat production was seen up 2mt to 654mt and consumption was lowered 2mt to 642mt leaving ending stocks at 174mt, 6mt higher than their June 25th report. EU and US wheat futures continue to fall before bouncing late last week. The CFTC are in charge of looking at the way large index fund traders are impacting on the CBOT grain futures contracts after big variations between cash and futures have been noted as contracts expire, usually we would expect to see prices come into line and converge prior to expiry but this has not been the case for some time. Speculators and traders who use the CBOT are wary of which way the market may swing if the index funds are forced to liquidate their positions to satisfy new regulations. The impact this may have on the market is an unknown and may greatly depend on the position of the index funds at the time the regulation is announced, logic would tell you if the funds are short a commodity then they would need to buy to liquidate the position thus potentially lifting the market artificially, keep an eye on the CFTC weekly position reports and any regulatory changes in the US.



Today's Market Indicators For Liverpool Plains:

Important: Call For Site Specific Prices, Use As A Guide Only

Nearby Futures	Move 24hr	Wheat 08/09	Newcastle	Move	Barley 08/09	Newcastle	Sorghum 09	Track	Ex Farm
CBOT Wheat	528.25	12	APH	\$257.00	MLT1	\$255.00	Location	2009	2009
KCBT Wheat	559.25	9 3/4	H2	\$249.00	F1	\$185.00	Gunnedah	\$167.50	\$184
MGEX Wheat	605.00	5 1/2	APW	\$247.00	F1 X Farm LPP		Premier	\$167.50	\$181
ASX Milling	\$251.00	\$0.00	ASW	\$225.00	Sorghum Track NTL		Spring Ridge	\$170.25	\$184
ASX Sorg	\$188.00	\$1.00	AGP	\$215.00	2009	\$200.00	Werris Creek	\$173.25	\$184
CBOT Corn	339.50	7 1/4	FED1	\$206.00	2010	\$198.00	Willow Tree	\$175.25	\$184
Currency	0.8355	0.0109	Multigrade 09 / 10 Wheat		Canola Track Newcastle		Quirindi	\$173.75	\$184
Chickpeas	Del Nbrl	\$435	Newcastle Track	\$250.00	Canola 09/10	\$490.00	Ex farm J / A / S buyers call.		

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