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Domestic Wheat

Week on week local cash bids for APW new crop multigrade wheat on a track Newcastle basis slipped \$13.00, not surprising given the weakness in global values and the rain event late in the week. The million dollar question is "was the rain too late" and the answer in many cases around the border is, unfortunately, yes. Lighter country and those that have sown late were in a position about two weeks ago where if they let the crop fail any further before releasing livestock onto it some of the feed benefits would be missed, thus we did see some feeding off prior to the rain. For those that had crop in early and on heavier country the rain was not too late and will help the crop recover, if not by 100%, by a considerable amount after unseasonably hot conditions prior to the rain. Old crop wheat was slightly softer and is expected to converge with new crop values in the next 4 - 6 weeks if not sooner. It continues to surprise me the level of old crop wheat that was not sold last financial year and is now finding its way onto the market only to be heavily discounted from harvest 08 values. Most of the major mills are finding coverage easy and are often out of the market. Track buyers are predominately through the trade with the top bid often belonging to a different buyer day to day. ASX Jan 10 was off \$19 for the week.

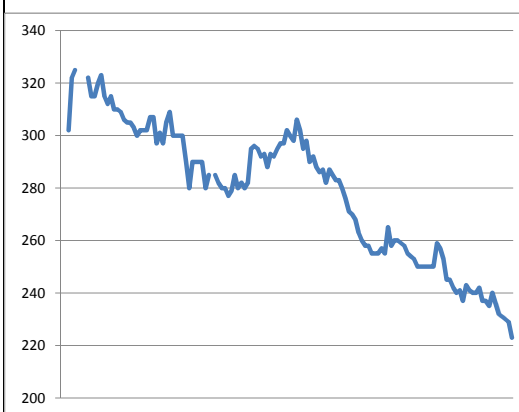
Other Grains

Most of the interest in other grains was centred around old crop sorghum. Grower offers slowly fell as the need to move grain prior to wheat harvest has a few offering lower than previously. There is probably somewhere between 30 - 40k of old crop sorghum to be priced off the plain for shipment prior to October and this will weigh on bids now the rain has consumers feeling a little more comfortable. Bids were around the \$180 - \$182 ex farm late in the week but midday Friday did see a few of the buyers early in the week pull bids completely and walk away from the market. New crop barley remains flat in comparison to the volatility in the wheat market, production problems overseas should ensure this remains the case as Canadian production is well back on last year. Chickpea bids although flat at present have mixed sentiment as to future direction with Indian monsoonal rainfall well back on average, but is it back enough to bull this market, it is too early to tell. India will indeed have a big decrease in crops in the ground now but it is too early to tell what impact it will have on peas & wheat.

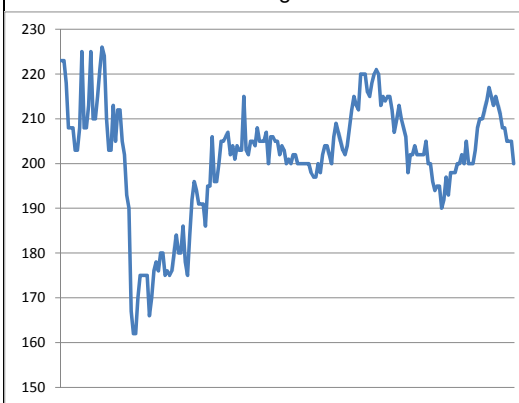
International Markets

Week on week we have seen Chicago wheat futures drop 27c/bu, roughly \$12.00/t, much the same as the local market has fallen until Monday. By Friday the local market fell \$10 but heavy selling Monday saw basis eroded regardless of what international markets done. The fall in US futures was contributed to further increases in global production by the International Grains Council and many local US market analyst as well as an improvement in US weather. Reports out of the Spring Wheat belt in the US are telling the market the crop is big, maybe close to a record but with high yields comes lower protein and first reports are seeing protein at 11 - 12% (avg 13% - 14%) in many areas. As in Australia lower protein is discounted and in the US this is somewhere between 50c to 75c for 0.1%. Stiff competition from the Black Sea and Europe will keep prices capped over the balance of the season, the world has a fair bit of wheat up its sleeve just now. Egyptian business was done at some pretty sharp numbers during the week, \$175 FOB France, with this as an indication we may well see lower local values in the near term, but the spread between Fremantle and Newcastle is low given the season, NTL +\$4. (BNE / NTL +\$6)

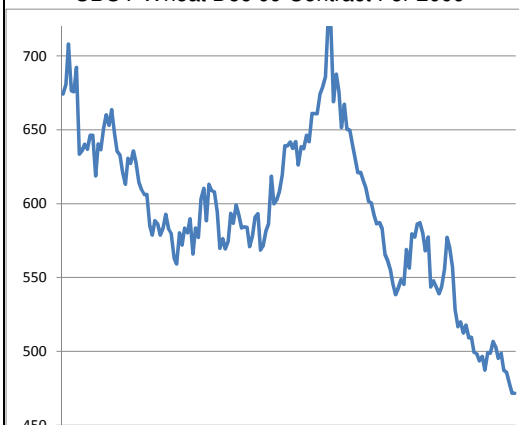
APW1 Multi Grade Dec 09 Track Newcastle



Track Newcastle Sorghum From Oct 08



CBOT Wheat Dec 09 Contract For 2009



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	444.00	0	APH	\$237.00	MLT1	\$240.00	Location	2009	2009
KCBT Wheat	477.00	0	H2	\$230.00	F1	\$200.00	Gunnedah	\$167.50	\$177
MGEX Wheat	483.50	0	APW	\$226.00	F1 X Farm LPP		Premer	\$167.50	\$177
ASX Milling	\$251.00	\$0.00	ASW	\$210.00	Sorghum Track NTL		Spring Ridge	\$170.25	\$177
ASX Sorg	\$189.00	-\$5.00	AGP	\$185.00	2009	\$200.00	Werris Creek	\$173.25	\$177
CBOT Corn	300.50	0	FED1	\$0.00	2010	\$200.00	Willow Tree	\$175.25	\$177
Currency	0.8552	0.0053	Multigrade 09 / 10 Wheat		Canola Track Newcastle		Quirindi	\$173.75	\$177
Chickpeas	Del Nбри	\$435	Newcastle Track	\$222.00	Canola 09/10	\$458.00	Ex farm S / O / N buyers call.		

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