

Domestic Wheat

Local old crop wheat was a bit choppy as old crop and new crop start the steady trend of convergence, something often unseen in the US futures markets according to a recent US Senate Enquiry, funny that I'd have never have noticed if they didn't point that out. Bids vary greatly from buyer to buyer but looking at the strongest bids we saw APH hanging on very well until Wednesday, actually putting on some value through June until softening to the lowest level since late April in the last two days, H2 has dropped sharply also. Off spec milling grades have held on well, losing between \$5 and \$15 for the month. With a lot of the Malt stacks in the district not making the grade on out turn we may see pressure on feed wheats in the mid term, unless there is some way Graincorp can suddenly make the quality of the local stacks improve. The problem appears to be stack averages are showing signs of shot and sprung, not to the point where there is visible signs but when laboratory tested the pasting results are less than MLT1 specs. New crop wheat lost \$35 this month, with strong basis it is hard to see new crop values being able to fend of much more downward action from the global front, especially with production starting to look pretty good across Australia.

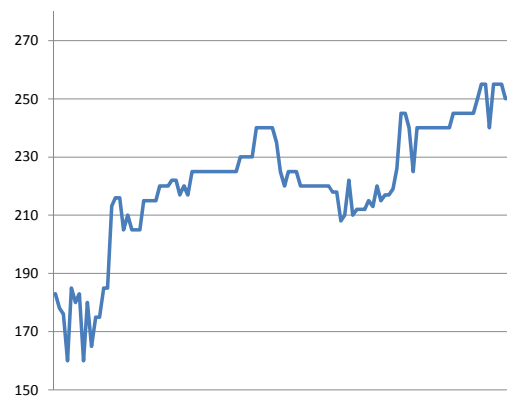
Other Grains

The local sorghum market is dead in the water at present with no more than a token carry for the outer months. Ex farm saw bids at \$190 out to August while delivered Newcastle saw a \$220 for nearby delivery with \$2 / month out to September, most of these contracts are priced with a spread and written as "buyers call" on pickup so don't expect the lions share to rush out the door on the first week of July. Old crop 70/10 wheat has stayed firm around \$230 ex farm most of the week after peaking at \$235 last week, stocks are low but a firm offer to sell would most likely be able to achieve \$235 again. Demand for feed grain from the southern markets is improving but the trade seems to have most of it well covered. Feed grain is moving south into the Murray Valley and Melbourne but the nearby bids we are seeing from the trade and consumers see us well shy of being able to stack them up against local values, probably a good thing for the local guys as stocks will most likely see them scrabbling to get coverage in a few months just prior to wheat harvest.

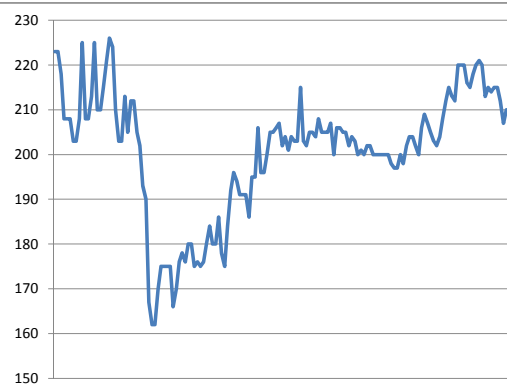
International Markets

CBOT wheat futures fell week on week, losing 29.5c/bu roughly AUD\$13.50/t. US wheat futures are under pressure from improving harvest conditions in the US and sharp competition from the global market which still has good supplies of old crop wheat. Kansas harvest is well under way now with yields some what better than expected around the 1 - 1.4t / acre, test weights remain good considering the finish at around 72-5, but the soft finish has hurt protein, that should only get worse as the harvest progresses. Competition has come from the recent purchase of French wheat by Egypt at values quoted through the media as being as low as US\$192/t FOB, if this is the case then we may have some downside in the short term depending on our domestic S&D. Paris wheat futures are lower again coming in at E136.50 on the nearby contract this morning, harvest is also pushing the EU markets lower, it appears that the markets although poised to rally have no trigger at present. In June CBOT Dec wheat has lost roughly AUD\$63.00/t, EU Wheat AUD\$33.00 /t, London AUD\$54.00/t. How much of this is related to outside influence from the index traders is probably debatable as we don't know how much of the initial rally they are responsible for in the first place.

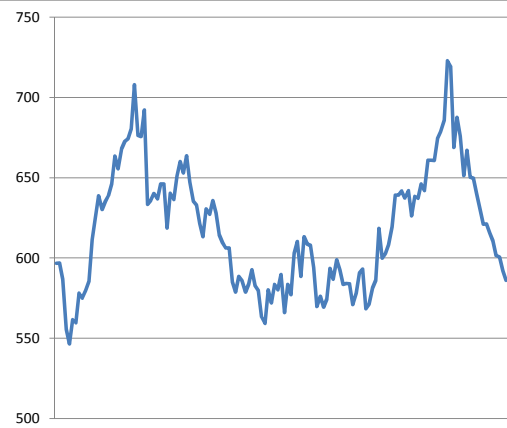
FED1 Wheat Track Newcastle From Dec 08



Track Sorghum From Oct 08



CBOT Dec 09 Wheat from Dec 08



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	533.00	-6 3/4	APH	\$293.00	MLT1	\$280.00	Location	2009	2009
KCBT Wheat	592.25	-5 1/4	H2	\$285.00	F1	\$214.00	Gunnedah	\$177.50	\$190
MGEX Wheat	678.50	-14 1/2	APW	\$280.00	F1 X Farm LPP		Premier	\$177.50	\$187
ASX Milling	\$287.50	-\$4.00	ASW	\$262.00	Sorghum Track NTL		Spring Ridge	\$180.25	\$190
ASX Sorg	\$197.00	-\$1.00	AGP	\$255.00	2009	\$210.00	Werris Creek	\$183.25	\$190
CBOT Corn	382.50	-4	FED1	\$247.00	2010	\$207.00	Willow Tree	\$185.25	\$190
Currency	0.8003	0.0038	Multigrade 09 / 10 Wheat		Canola Track Newcastle		Quirindi	\$183.75	\$190
Chickpeas	Del Nбри	\$420	Newcastle Track	\$271.00	Canola 09/10	\$519.00	Ex farm J / J / A buyers call.		

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