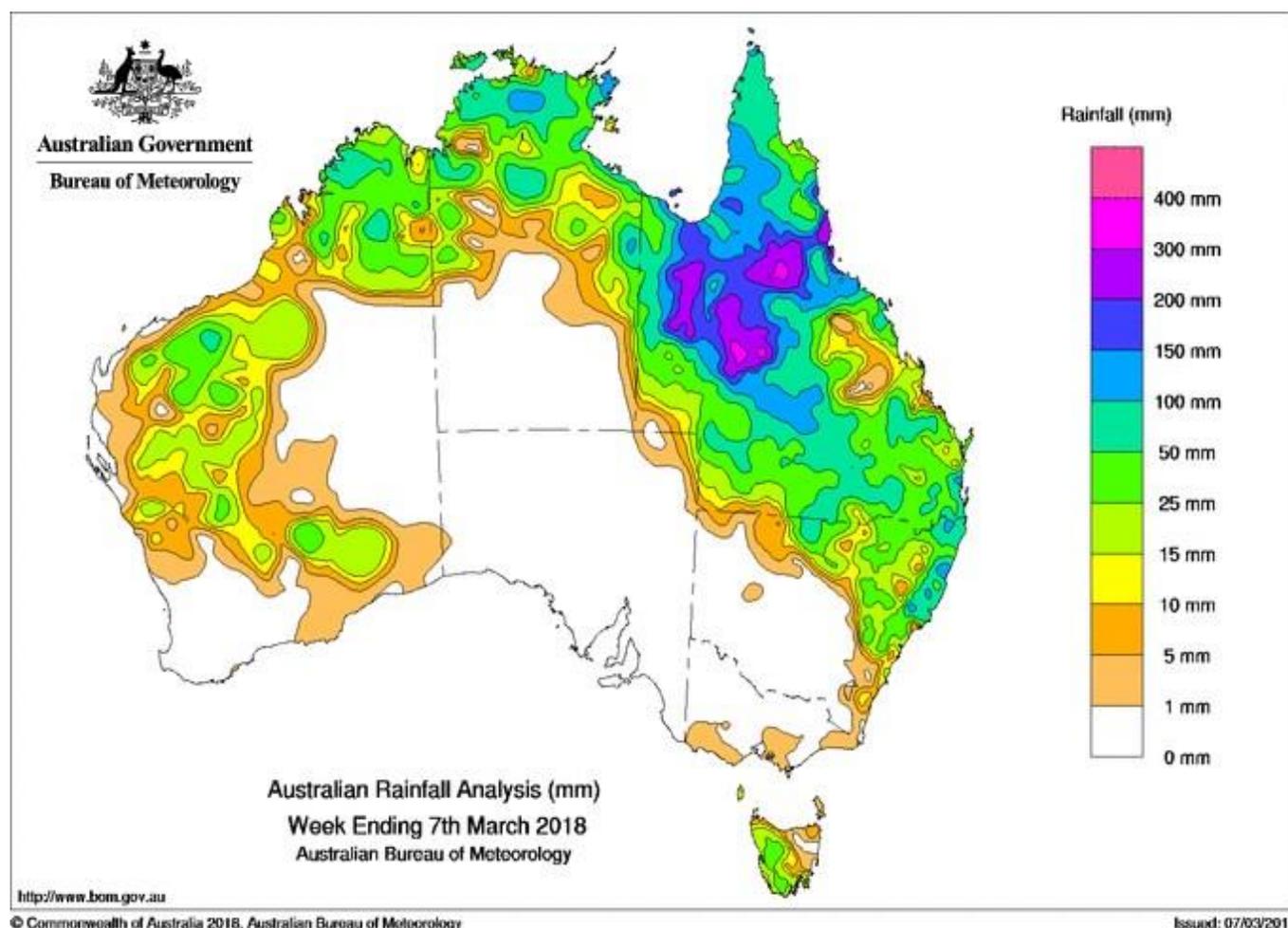


	This Report	Last Report	Change
AUD/USD (Spot)	\$0.7826	\$0.7767	\$0.0059
CBOT Wht USC/Bu (Mar18)	493	484.5	8.50
CBOT Corn USC/Bu (Mar 18)	379.25	374.5	4.75
ASX Wht AUD/MT (Mar 18)	\$278.00	\$272.00	\$6.00
ASX Bar AUD/MT (Mar 18)	\$259.00	\$263.50	-\$4.50



Weather & Crop Conditions

The past week has seen further rainfall for Northern New South Wales and Southern Queensland, this timing has proved to be less than ideal for those harvesting sorghum however this will greatly benefit soil moisture profiles in these regions following another hot and dry summer. The remainder of the Australian cropping regions have remained relatively dry over the past seven days, with summer rainfall below average for much of South Australia and the East Coast further soil moisture profiles will require good rainfall before planting commences.

Wheat – Global

There is no sign of improved rainfall in HRW regions and the KBOT exchange has continued to lead the wheat market higher. US all wheat sales were a disappointing 191kmt last week which is well below the volume required to meet current USDA assumptions but not unexpected given the futures rally has pushed the US FOB spread to other origins wider, rationing demand. Russia shipped over 3mmt of wheat in February taking total year shipments to over 27mmt, only just behind total 16/17 shipments with three months still to run in the current trade year. The export pace shows no sign of slowing with Russia taking out another 170kmt GASC tender this week despite FOB values rallying 6USD/mt since last week's sales. The March WASDE is released by the USDA tonight which could cause some volatility to markets although aside from some tinkering with the US old crop balance sheet the report is expected to be relatively benign on wheat news and the trade focus remains on South American bean and corn conditions. The funds bought back some of their wheat short back last week moving to only 16k futures short as of last Tuesday but this Friday's report will be closely watched for confirmation of many contracts were purchased in last week's rally

Wheat – Australia

Aussie values are higher this week with the May ASX contract up 5AUD/mt. Grower tonnes have continued to come to market on the rally and growers are becoming increasingly well sold on system grain. There has also been an uptick in export inquiry in the last few weeks as activity picks up after Chinese New Year. The US has priced itself out of elastic business but Australia remains in stiff competition with never-ending Black Sea supplies in the short term and barring a production issue Australian wheat values look increasingly expensive post northern hemisphere harvest in July. The worst performing production areas in 17/18, Queensland and New South Wales, have continued to receive excellent rainfall over the last week which will help in replenishing soil moisture prior to the upcoming winter sowing campaign. ABARES released their first estimate of 18/19 Aussie production this week pegging national production at 23.7mmt, up 12% from the poor crop this year.

Barley

Barley values in export zones have ground higher over the past week as inquiry remains strong for feed barley cargoes. This strength has not followed through to domestic feed markets in Northern New South Wales and Southern Queensland as tight spreads to wheat has seen barley fall out of favour in the feedlot ration. European feed barley values remain well supported with little exportable stocks remaining in Russia, Ukraine and Argentina and as such continue to trade at a premium to milling wheat on export markets. Wet weather continues this week for Europe impeding planting of Spring Barley crops, no major flags exist for Black Sea cereal crops and Southern Saskatchewan remains dry, despite less than ideal conditions in some origins there is no major concern for new crop production yet given there is many months remaining until harvest.

Sorghum

More rainfall for sorghum growing regions in the past week has seen harvest activity delayed, with harvest predicted to be less than 50 percent complete across all regions the timing of these falls is far from ideal. Both Brisbane and Newcastle track markets are a touch softer week on week as markets feel the weight of harvest selling. Chinese consumers remain hesitant to book further US sorghum cargoes despite the significant discount and as such inquiry continues for Australian sorghum.

Canola

Soybean values have come 20c/bu off the highs seen on Monday this week but there are still concerns over South America. Brazilian logistics have been hampered by the heavy recent rainfall and Argentine crush is running slower than expected. While expectations are for a solid drop in Argentina soybean production in tonight's WASDE report. Domestically, the Australian grower remains less sold than usual for this time of year which has seen the bid side of the track market pick up recently as the trade turns here for cover in upcoming export requirements. Domestic consumers appear to be well covered for old crop requirements if concerns continue to grow in South America it could see the wider oilseed complex continue to rally.

Contact:

Liam Marshall, Commodity Analyst: +612 9266 9270
Harry Davison, Commodity Analyst: +612 9266 9373

