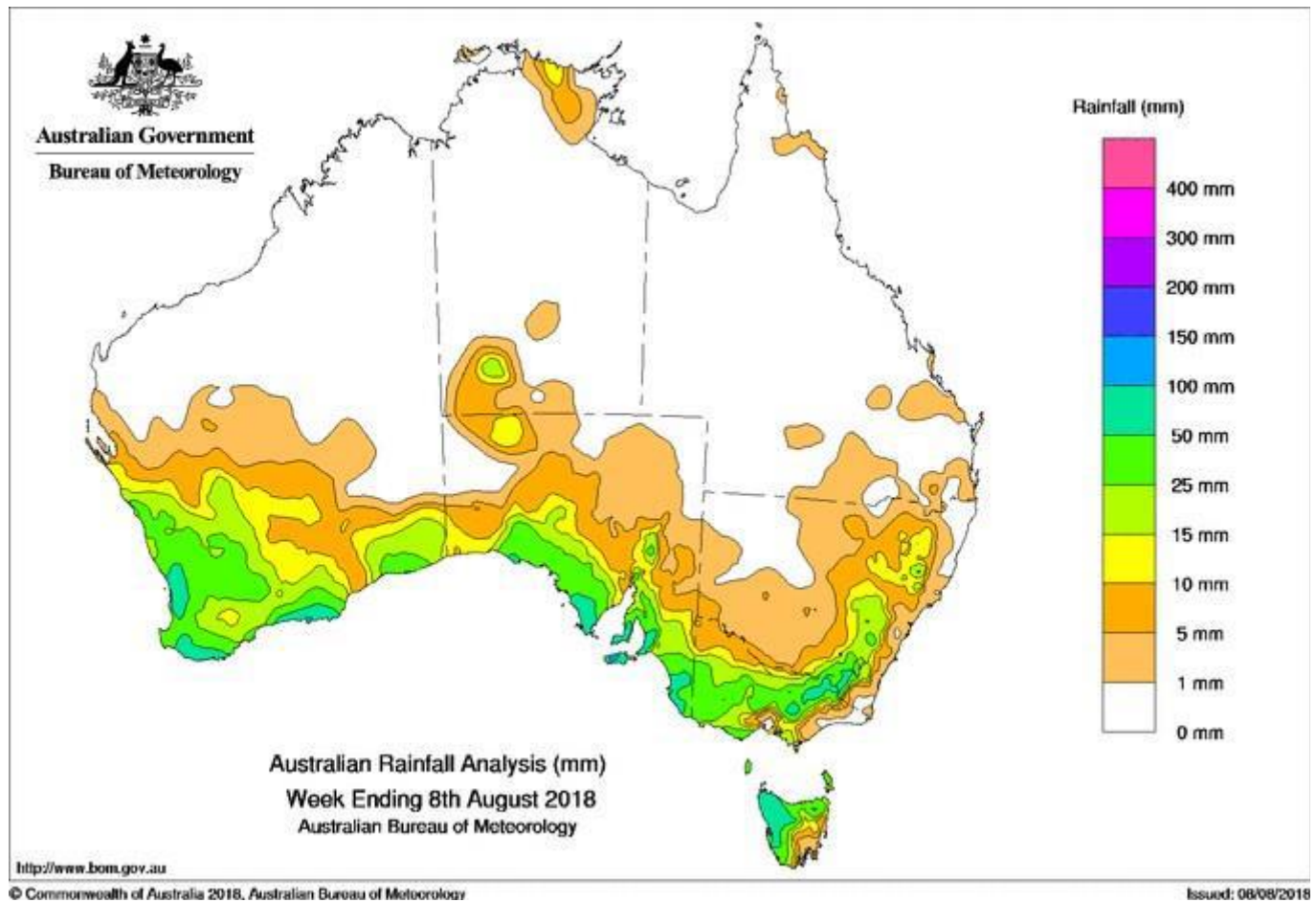


	This Report	Last Report	Change
AUD/USD (Spot)	\$0.7426	\$0.7381	\$0.0045
CBOT Wht USC/Bu (Spot)	570.25	561.75	8.50
CBOT Corn USC/Bu (Spot)	370.75	366.25	4.50
ASX Wht AUD/MT (Jan 19)	\$409.90	\$390.00	\$19.90
ASX Bar AUD/MT (Jan 19)	\$385.50	\$357.50	\$28.00



Weather & Crop Conditions

Western Australia, South Australia and Victoria all received good rainfall last week with some growing regions in SA and WA receiving up to 100 millimetres. New South Wales also received some showers over the week however the best falls totalled only 5-15 millimetres and were contained largely to the east of the state while Queensland remained completely dry. Looking ahead the 14-day forecast looks dry across most of Australia with only a small amount of rainfall expected in Southern Victoria and some parts of Western Australia and South Australia. Without a decent rain event before the end of August, the drought affected crops in Queensland and New South Wales will deteriorate further and may be abandoned for grazing particularly as temperatures begin to warm. Victorian crops are in far better shape however some recent high winds have caused some damage.

Wheat – Global

Wheat markets have remained firm this week although CBOT futures have eased in the last couple of days as we approach the USDA report. There are some big changes expected in the USDA report stemming from reductions in European production. Black Sea export pace remains strong as it is the most competitive origin despite the recent rise in flat price. Export markets in Australia remain very firm as transshipment demand to the East Coast remains strong.

Coarse Grain – Global

The past seven days saw global FOB feed barley values creep higher led by continued concerns on European feed grain production and firm global wheat values. Strategie Grains in their August report reduced 18/19 European barley production by 2.5mmt to 57.1mmt and exports by 1.6mmt to 6.1mmt. Barley harvest in Ukraine is close to 75 percent complete and Russia barley harvest is less than 50 percent complete with harvest close to complete in the South. All eyes are on the Canada as barley harvest begins, dry conditions for June and July are expected to see yields pressured. Planting in Argentina is largely complete and conditions are excellent. The USDA's August WASDE release is due Friday and the all-important US corn yield number will be watched closely, trade estimates are wide ranging from low 170's bu/ac to 180 bu/ac. Strategie Grains increased their 18/19 European corn crop by 700kmt, very good conditions for the corn crop in South Eastern Europe have offset reductions for Germany, Poland and France. Conditions for the corn crop and Germany and Poland continue to deteriorate with forecasts looking largely dry for the week ahead, rainfall in the coming days for France will be well received given the hot conditions experienced through August to date.

Wheat – Australia

Despite some recent rainfall, both old and new crop wheat markets have continued to push higher across the east coast during the week. The new crop spread between Northern and Southern markets on the East coast has tightened further, reflecting a growing market emphasis on deteriorating conditions in Southern New South Wales. With tighter east coast spreads, the expected import task to supply new crop into the Downs has widened. Both old and new crop delivered Downs markets continue to trade off Western Australia import parity and were supported through the week as WA track values firmed in line with stronger off shore prices. Across the east coast old crop values increased at a greater pace than the new with Delivered Darling Downs old and new crop now trading at evens.

Coarse Grains – Australia

Barley markets were firmer in both the old and new crop in Australia's eastern states however liquidity limited the volume traded. New crop Port Kembla track markets saw the greatest gains with current forecasts offering no sign of relief from the dry conditions. Old crop sorghum initially lagged the large moves in wheat with the spread to wheat widening at the end of last week and holding through this week. New crop sorghum has shifted in line with the new crop wheat rally's, however current values will likely limit export demand.

