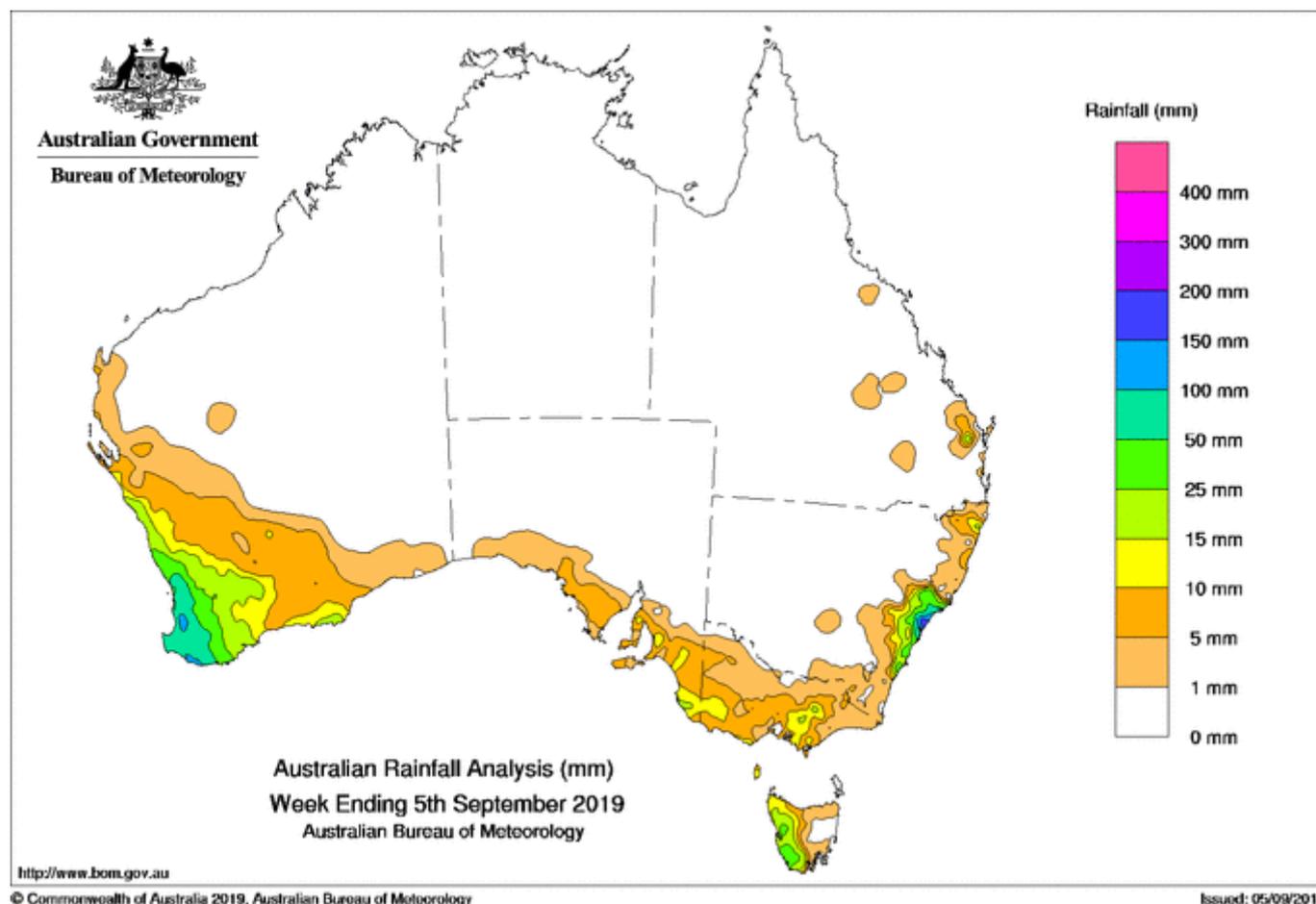


	This Report	Last Report	Change
AUD/USD (Spot)	\$0.6819	\$0.6733	\$0.0086
CBOT Wht USC/Bu (Spot)	463.75	472.5	-8.75
CBOT Corn USC/Bu (Spot)	359.5	365.5	-6.00
ASX Wht AUD/MT (Jan 20)	\$353.00	\$335.00	\$18.00
ASX Bar AUD/MT (Jan 20)	\$308.00	\$286.00	\$22.00



Weather & Crop Conditions

Winter rainfall totals ended up near decile-1 levels across most of New South Wales and by the end of August, most crops across Southern New South Wales had drawn down on almost all stored moisture. Over the past week, hot windy days and no rainfall has seen these crops go backwards, particularly those north of Temora. Crops between Junee and the Victorian border are still in an ok condition but will need to see rainfall in the coming weeks to maintain their yield potential with temperatures warming up and soil moisture depleted. There's been increasing talks of abandoning crops for hay cutting, particularly in canola paddocks meanwhile more and more livestock have started to graze the less bulky crops. In Victoria growers in the Northern Mallee region have experienced similar drought conditions and yield potential has been impacted. For most regions further south, crops remain in excellent condition with huge yield potential although much of the stored moisture from May and June rainfall has now been used and some September/October rainfall will be required to finish the season.

Wheat – Global

Global markets have remained weak with Black Sea and European values battling it out for the limited consumer demand available. A Turkish Government tender for high protein milling wheat uncovered motivated sellers with prices below market expectations. US HRW has also found its way into contention for export demand, but the internal storage revenue may make it tough to extract from storage providers. Saudi is tendering this weekend for 600K of milling wheat, and for the first time allowing Russian to be offered with a slightly relaxed bug damage spec. German and Baltic countries will be keen to retain this market, so aggressive prices are expected.

Coarse Grain – Global

Markets remained soft as alternative feed grains put pressure on barley values to work into feed rations worldwide. US corn appears to be getting through it's difficult growing season without affecting global flows too much and may soon need to reach for export demand if frost doesn't spoil the end of the crop cycle. Barley demand has been difficult to find with Chinese feed demand absent on ASF related culling of their pig herd, and Saudi also taking less than previous years. Aussie crops continue to suffer on the east coast from dryness, necessitating another import program for QLD domestic consumers.

Wheat – Australia

Victorian markets continue to rally this week following rapid deterioration in the New South Wales crop and reports of large areas lost to grazing and hay production. Victorian new crop stocks have pushed even further away from export channels as conditions point towards a growing New South Wales deficit that will need to be filled by vessel imports or interstate road and rail flows. The small amount of new crop grower selling has now completely disappeared, and washout requests have been reported through the week. West Australian track values have also firmed led largely by moves in East Coast markets. Old crop inverses remain in place however with consumers fairly well covered there has been limited amounts trading.

Coarse Grains – Australia

Australian barley markets have followed wheat higher this week with heat, frosts and dry weather severely impacting NSW production potential. Victorian FOB values remain at huge premiums to WA equivalent despite conditions continuing to track along well throughout most of Victoria. Sorghum new crop values have also felt a weather rally with the dry outlook across New South Wales and Queensland now eating into the sorghum planting window and a large amount of rainfall still required to build in enough confidence to plant. The spread to wheat has narrowed further with new crop sorghum markets shifting away from pricing any feedlot demand at this stage.

