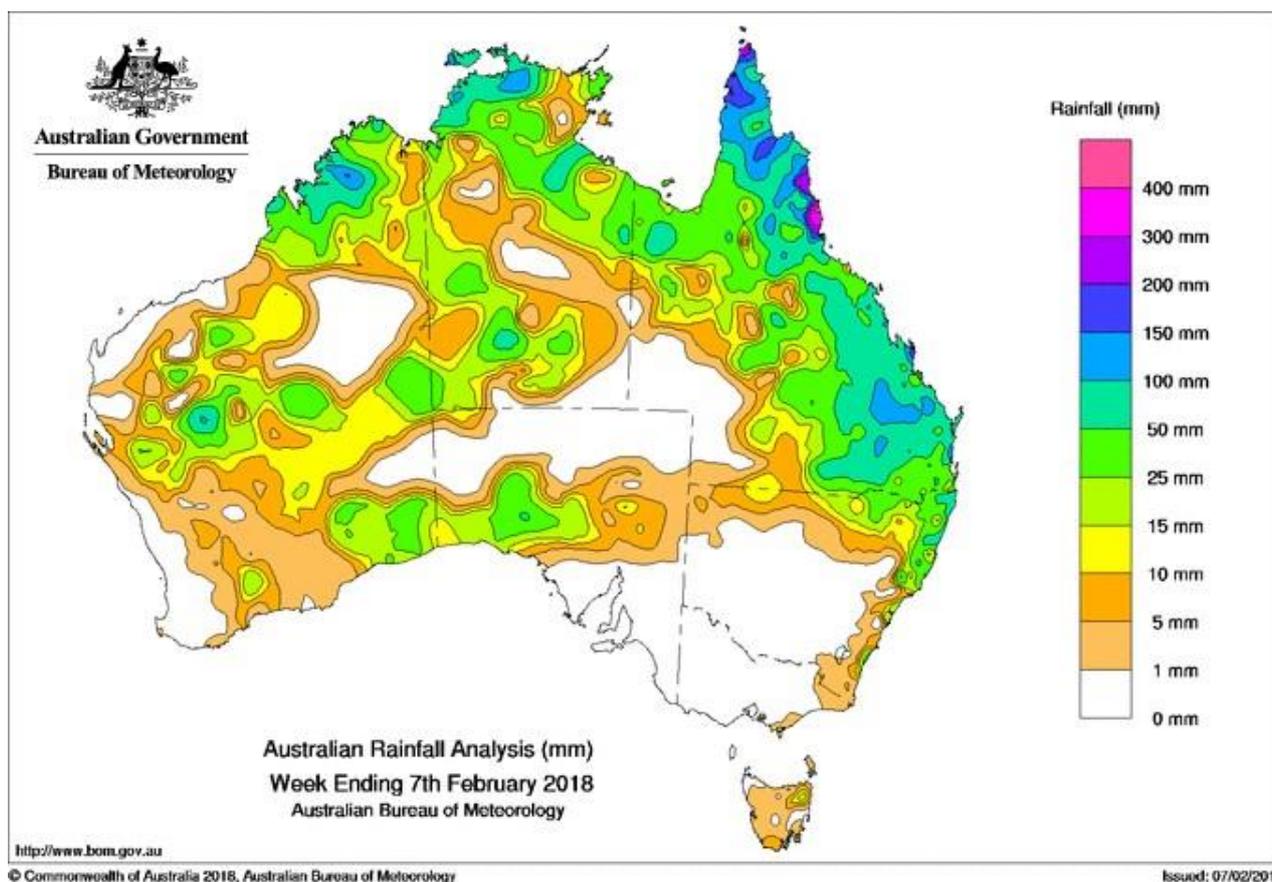


	This Report	Last Report	Change
AUD/USD (Spot)	\$0.7823	\$0.8053	-\$0.0230
CBOT Wht USC/Bu (Mar18)	460.5	446.5	14.00
CBOT Corn USC/Bu (Mar 18)	365.25	360.75	4.50
ASX Wht AUD/MT (Mar 18)	\$267.00	\$263.50	\$3.50
ASX Bar AUD/MT (Mar 18)	\$244.50	\$242.50	\$2.00



Weather & Crop Conditions

Queensland received widespread rainfall across the last week with most cropping regions receiving at least two inches. Unfortunately, this has probably come too late to add much value for early planted summer crops which are beginning to be harvested now but it could still spur some late plantings in Central Queensland. The rains will also assist the depleted soil moisture profile for the upcoming winter cropping campaign. New South Wales was largely dry except for showers and storms in the far north of the state. Victoria and South Australia were also dry while Western Australia received some patchy showers in eastern cropping areas.

Wheat – Global

There was mixed trade in wheat futures this week but values found strong support over the last two sessions to finish 14c/bu higher than the last report. The February WASDE is released tonight and trade bias is for a largely benign report on wheat again although the slow pace of EU shipments continues to point to a lower annual figure and Russian exports continue to outperform expectations. The overall situation remains the same though with global carryout extremely burdensome and wheat requires some significant new crop weather issues to materially change the global stocks situation. The line-up from Argentina looks strong again with January shipments coming in above 2mmt and trade year shipping pace on track with last year. As the cheapest global origin with 11.5% protein FOB values quoted around 182USD/mt, Argentina is continuing to see demand from basically all regions with the strongest flow into South America (Brazil) and North Africa (Algeria). The funds were very strong buyers of wheat futures last week, purchasing back 48k contracts of their short. As of last Tuesday, they sat at 47k contracts short and price action since then suggests they have bought even more of this position back.

Wheat – Australia

March ASX wheat had basically traded sideways for the week prior to the futures move last night triggered a big jump today and seen values finish up \$3.50 since the last report. The AUD has weakened off the highs, trading back below 79USc but this has struggled to flow through to stronger values as Aussie wheat remains a hefty premium to other global origins. There is only approximately 900kmt of bulk wheat on shipping stems for February at this stage vs 2.2mmt in the same month last year and the current pace continues to suggest that Australia will struggle to reach the USDA's 16mmt export forecast. There were some very good falls across all Queensland cropping areas over the weekend but this appears to have come too late to provide much assistance to ailing sorghum crops and wheat looks like the feed grain of choice this year.

Barley

The Australian dollar falling below the 80 US cent mark and firming offshore futures has seen Australian dollar flat price values firmer across all port zones. Despite a weaker Australian dollar USD FOB feed barley values have also strengthened, these stronger values have not acted to switch off demand from China, rather feed barley demand remains strong in the lead up to the Chinese New Year holiday. At current relativities, Australian feed barley is buying little demand anywhere else. Stronger track markets have filtered through to delivered markets with Northern feed values firming week on week. 2.9mmt of exports has been reported from the EU for the 17/18 season vs the USDA's export task of 6.2mmt, despite this European FOB feed values remain firm as exporters look to cover shorts from the previous SAGO tender. It has been reported overnight that Jordan has purchased 50kmt of feed barley at USD212 for July arrival. Iran's SLAS is tendering for 200kmt of feed barley in the coming week. There are no major flags for European, Russian or Ukrainian winter barley production at this stage.

Canola

The local canola market has ended the week stronger as the wider oilseeds complex received a fund inflow on concerns around South American production. The Brazilian soybean crop remains in excellent condition and estimates are growing here but at the same rate production is declining in Argentina as dry conditions persist. Additionally, port strikes in Argentina and logistics issues in Brazil are expected to disrupt the flow of exports adding further support to the bean market. Growers continue to trickle canola into the Aussie market but remain less sold than usual for this point in the year which has supported track markets as exporters turn here for their stock requirements.

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