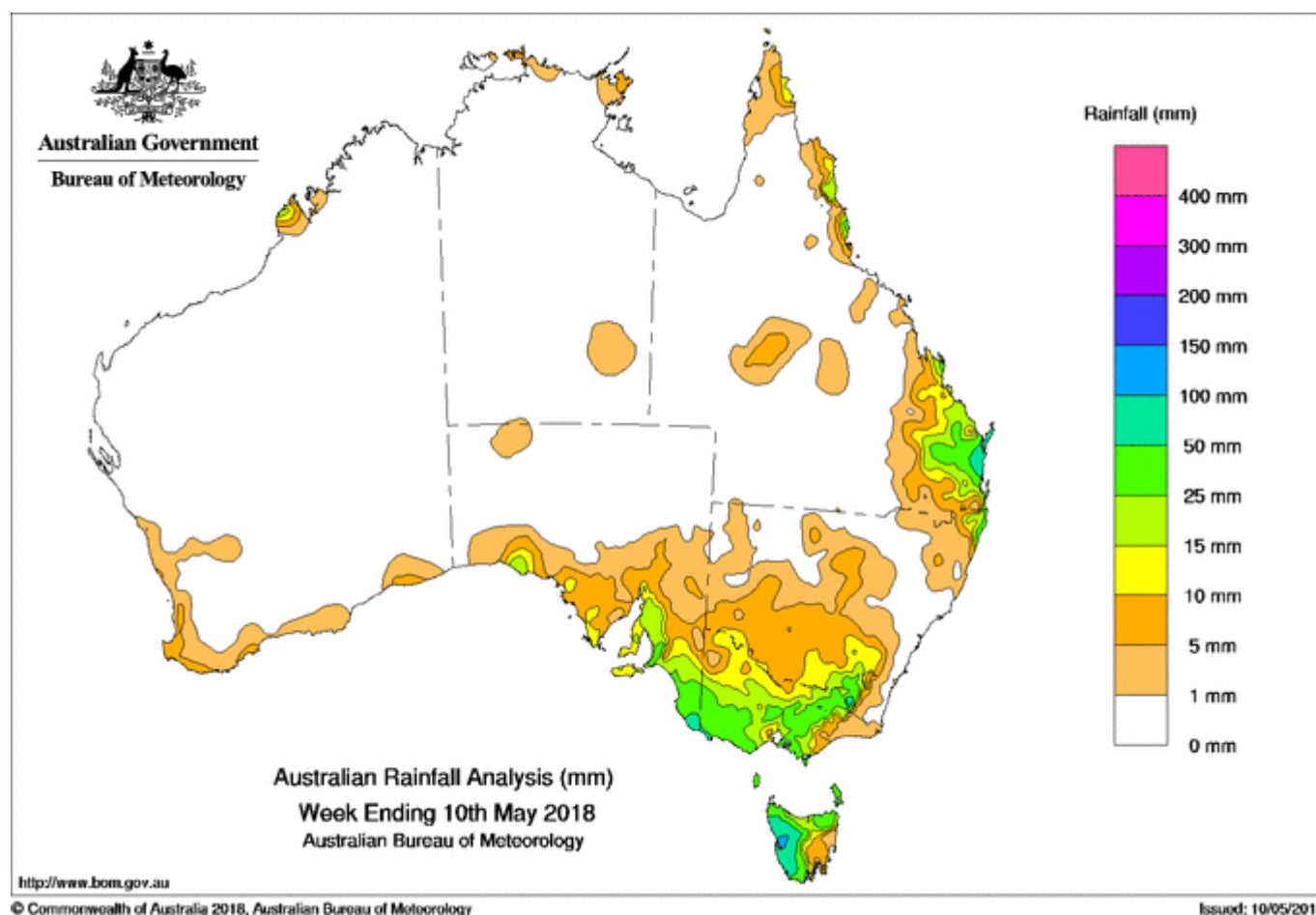


	This Report	Last Report	Change
AUD/USD (Spot)	\$0.7469	\$0.7523	-\$0.0054
CBOT Wht USC/Bu (May18)	514.5	525.75	-11.25
CBOT Corn USC/Bu (May 18)	395.5	395.25	0.25
ASX Wht AUD/MT (May 18)	\$305.50	\$305.50	\$0.00
ASX Bar AUD/MT (May 18)	\$277.50	\$277.50	\$0.00



Weather & Crop Conditions

South East Queensland, Victoria and South Australia received some handy falls this week but this isn't enough to break drought conditions at this stage. Dry weather elsewhere across Australian grain growing regions during the last 7 days have allowed growers to continue their sowing campaigns uninterrupted. Growers will be looking to the skies over the remainder of May for rainfall to establish crops that have been planted over the last six weeks across the country and allow for the remaining intended area to be planted.

Wheat – Global

The market is awaiting tonight's WASDE and Crop Production reports for the first estimate of 18/19 supply and demand. Wheat values have been under pressure for most of this week with July CBOT futures down 14c/bu since the last report. The Kansas crop tour wrapped up last week and estimated the state yield at 37bu/ac yield but the main message from participants was how far behind normal development most of the crop was. Weather remains mixed for the HRW belt with patchy showers but no widespread relief on the forecast at this stage. Saudi Arabia booked 545kmt of optional origin wheat for July/August delivery with most of this expected to come from Europe. Despite some initial excitement from European resellers, wheat values barely moved after the tender with most of the tender winners expected to already be covered for their requirements. Ukraine and Southern Russia have received some welcome rain after a dryer than average April. While Eastern regions of Russia are pushing to get spring crops in after a wet and cold period has slowed progress and caused planting to be at the lowest point in the last seven years. The funds bought a solid 27k wheat contracts to be 23k long according to the latest CFTC report. Northern hemisphere and US HRW conditions will need to continue to deteriorate to justify the funds holding this much wheat length.

Coarse Grain – Global

Conditions of Northern Hemisphere barley crops are relatively varied across the major origins. Following a very cold and wet start to spring, French and German crops have benefited greatly from the warm and dry conditions of the past fortnight. Planting of the Ukrainian spring barley has been reported as complete at just shy of 1.6 million hectares. While the Russian crop is less than 50 percent planted and lagging the pace of the previous season. Conditions are close to ideal for planting of the Canadian barley crop and we expect very fast progress given this week's forecast. Stats Can have estimated 18/19 barley area of around 7% year on year. Argentina continues to see very good rainfall covering much of the Buenos Aires province which will see crops planted into very good moisture in the coming weeks. Overnight the USDA releases their WASDE numbers for the 18/19 season. Traders will be eyeing closely the US corn carry out number which has been estimated between 1.6 and 1.8 billion bu. Significant progress has been made in planting of corn in the US with a weekly increase of 22% putting a total of 39% of the 18/19 crop planted. Conditions of Brazil's Safrinha crop continue to decline and harvest progress in Argentina remains slow due to the continued rainfall.

Wheat – Australia

With dry conditions continuing across much of the Australian cropping belt we have seen sowing activity slow. There has been minimal area planted in western regions of the East Coast despite being now well into the planting window. Growers remain hesitant sellers of both old and new crop as uncertainty over the new crop production grows due to lack of rainfall. This along with a weaker AUD has ensured prices remain firm despite a dip in US futures ahead of the USDA report released this week. Strength in the Cattle feed sector also continues to offer support to old crop wheat prices as consumers have more grain to cover than initially budgeted.

Coarse Grains – Australia

As Sorghum harvest ramps up in Central QLD growers have become more active sellers with new crop already well sold in response to historically very strong flat price levels. Both old and new crop continue to trade at a narrow discount to wheat in The Downs with predominantly poultry consumers willing to fill domestic demand at these prices. New inquiries for both bulk and container sorghum shipments slowed in the past week amid uncertainty as Chinese consumers await the outcome of US China trade negotiations.

Barley planting continues this week across the country, albeit at a slow pace given the dry conditions. Victorian feed barley track markets were slightly weaker while northern delivered feed markets remain firm. Exports have continued at a strong pace with approx. 3.5mmt exported for the Nov to Apr period however fresh demand enquiries are limited.

