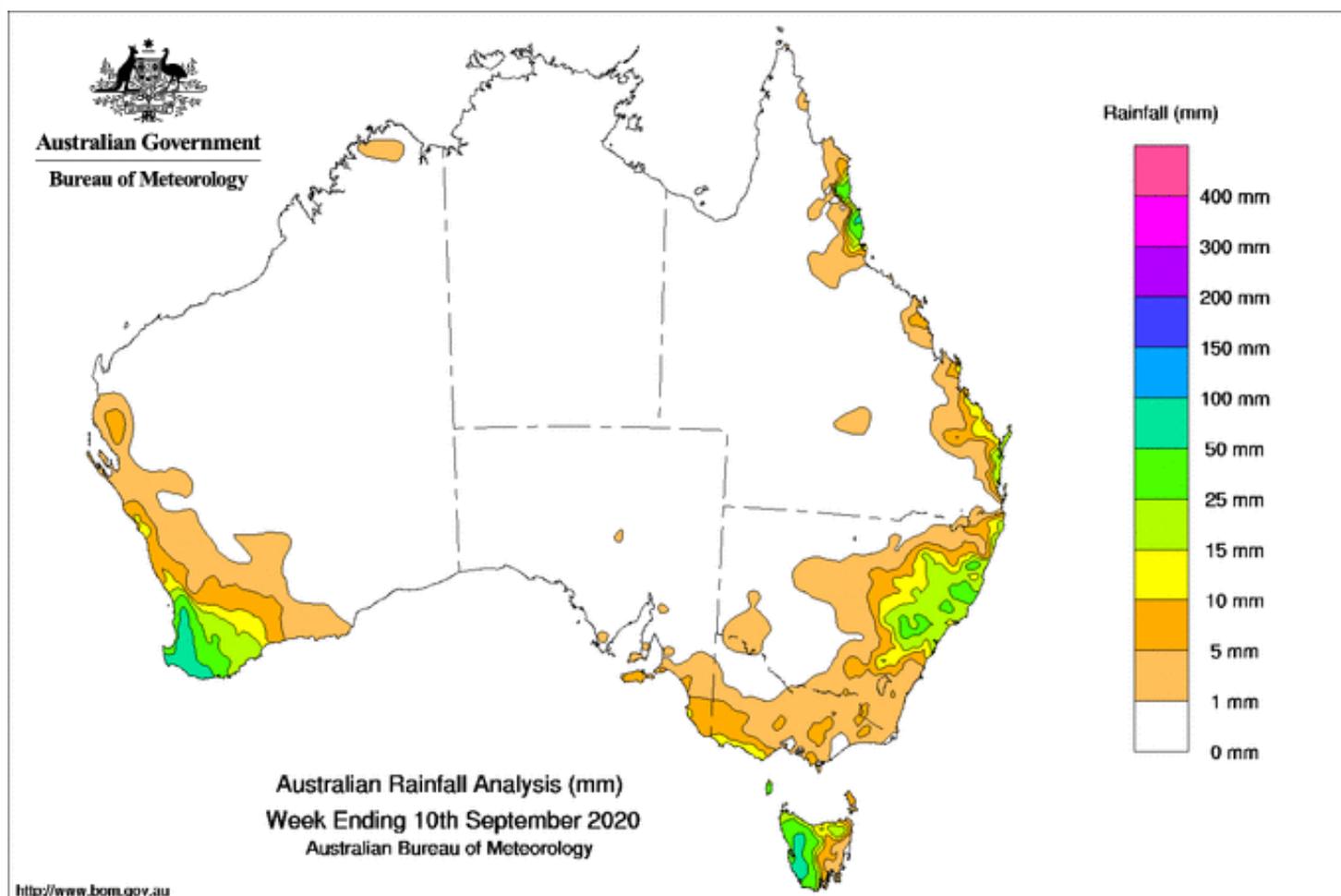


	This Report	Last Report	Change
AUD/USD (Spot)	\$0.7272	\$0.7306	-\$0.0034
CBOT Wht USC/Bu (Spot)	534	547.75	-13.75
CBOT Corn USC/Bu (Spot)	349.75	349.5	0.25
ASX Wht AUD/MT (Nov 20)	\$284.00	\$280.00	\$4.00
ASX Bar AUD/MT (Nov 20)	\$220.00	\$212.00	\$8.00



Weather & Crop Conditions

Once again, Australia had an overall dry week, with no notable rains occurring in grain growing country except for more coastal areas of WA and Northern NSW. The rain in WA did make its way into the interior slightly although it wasn't enough to cover northern and eastern growing areas. WA will also be concerned with a lack of rainfall on the short and long-range weather forecasts, with rain only expected to be in the most south west coastal areas. Crop conditions are still around average in WA although finishing rain will be required for heads to fill out properly. On the east coast there was no notable rainfall over the week with dry area's persisting in Victoria and Queensland. The big news for the east coast is an excellent short and long range forecast with rain now expected this weekend in Central and Northern Victoria and a large front expected to sweep over South Australia at the end of next week bringing rain to the eastern wheat belt. Furthermore, the long-range forecast to the last week of September is outstanding, with SA and the EC all receiving fantastic finishing rain of upward of 50-100mm. Crops are already in good condition and if this rain event comes to fruition, yields will once again be on the rise.

Wheat – Global

Global wheat markets have continued to show firmness this week with new tenders for Turkey, Iran and Pakistan keeping front end demand strong whilst growers seem willing to hold onto their harvest from this year. Black Sea and European farmers continue to be hesitant sellers as they are currently looking at planting next year's wheat crop into dry conditions. Recent frosts in Canada have threatened quality however most believe the below zero temps have done little to reduce production estimates. Argentina remains in bad shape with Northern and Central growing regions under moisture stress, good to excellent ratings for Argentina are currently at 17% compared to 47% last year. US wheat exporters remain priced out of global demand with huge elevations premiums offered to compete against corn and bean programs. US futures rallied earlier in the week as funds looked to buy wheat as an inflation hedge, operating largely against the current fundamental picture. Aussie wheat values have remained attractive into most markets, with Australian feed wheat and ASW very well priced into Asia.

Coarse Grain – Global

Global barley markets have firmed this week with limited offers from the Black Sea pushing buyers to other origins. Baltic barley has been moving at a good pace and a recent Algerian tender was priced at a value that would work from the Baltics or Black Sea. Chinese barley interest has remained strong with the French needing to soften prices to compete with Canadian barley into China, something that's essential for French barley considering French feed barley is too elevated to compete into Saudi Arabia. Japanese and Thai buying interest continues in Australia, with values looking attractive to Saudi should they tender for Dec forward.

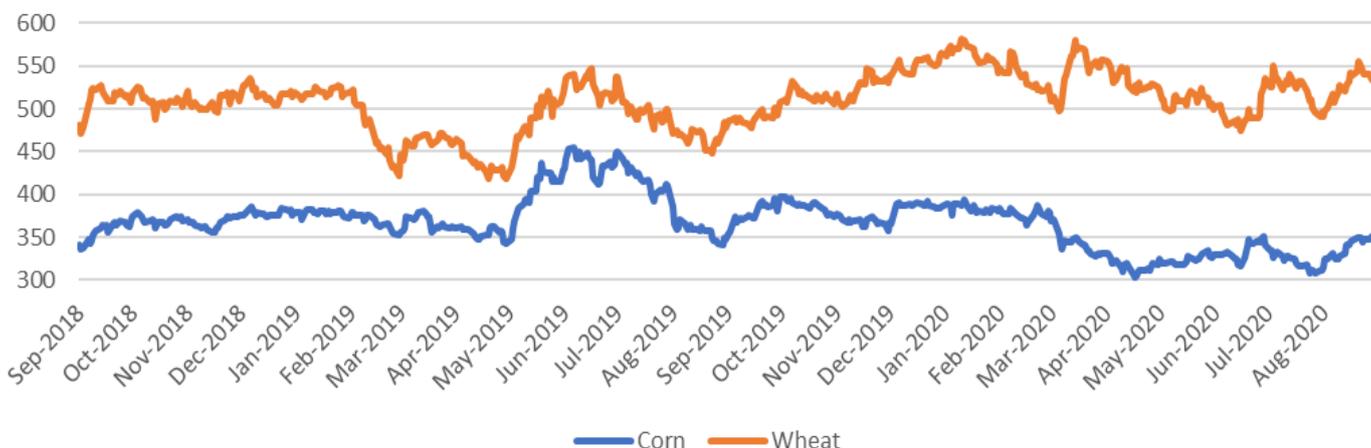
Wheat – Australia

Wheat values have remained trading in the \$280-\$290 range this week with the rally in overseas markets mostly shown in the domestic market. Domestic buyers were considerably more active at the start of the week, potentially operating against the still prevalent export demand for Australian wheat however with the new long range forecast that's arrived yesterday many domestic consumers have once again gone underground. Grower engagement has been a mixed bag with growers in NSW and portions of Victoria picking away at forward sales whilst the market rallied and growers in WA, SA, QLD and VIC all sitting on the sidelines with some moisture concerns. The next large-scale round of grower selling may occur if this weather forecast for SA and the east coast comes to fruition.

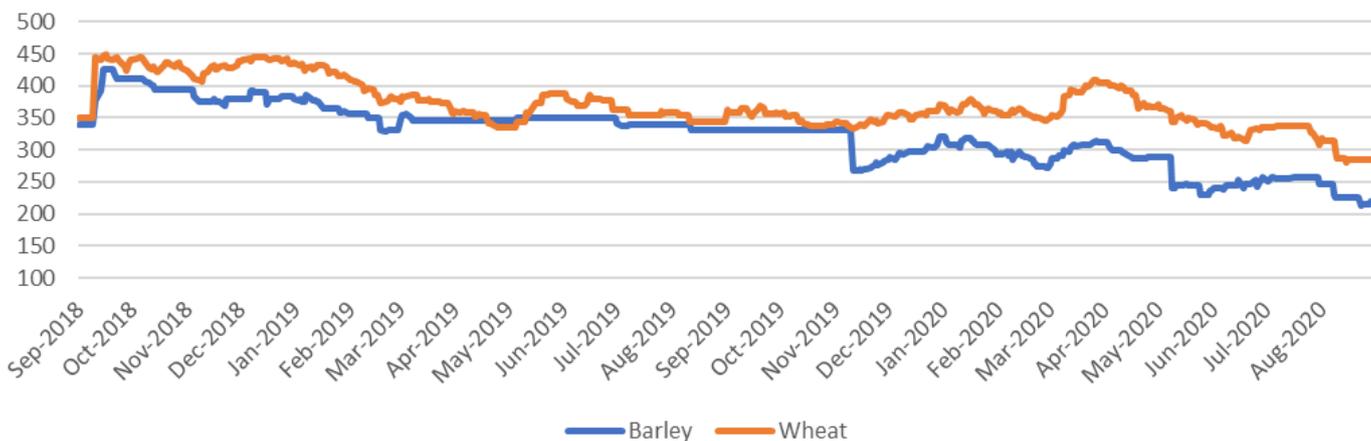
Coarse Grains – Australia

Old crop sorghum markets have remained firm this week with most now looking to new crop's strong prices, excellent planting conditions and a very good nearby and long-term rainfall forecast in sorghum growing regions. New crop price levels certainly incentives growers to have a go at Sorghum, the issue will be how much area has been left for sorghum after massive cereal crops and if growers will look to go back to back crops in the same paddocks. Some small hectares are being planted at the moment with widespread planting to begin in October. Domestic barley markets are finding some support this week with continued export demand inquiries. Barley values are up \$8 week on week although the discount to wheat is still at \$70 in Victoria and Southern NSW. Such a heavy discount to wheat is keeping growers on the sideline for barley marketing and growers are historically very undersold at this time of year despite such a favourable weather forecast. Consumption interest has remained muted with domestic maltsters the only notable domestic consumer active in the new crop market.

Spot CBOT Corn & Wheat (USC/BU)



ASX Barley & Wheat (AUD/MT)



Spot AUDUSD Currency

