



Western Australian grain growers have received much needed follow-up rain in recent days. Falls ranged from 5mm-10mm in most areas giving growers a much needed boost to moisture profiles. This has provided the majority of West Australian growers with a better than expected start to the growing season with production likely to be average or better in most regions. Despite recent rain providing a timely addition of moisture to many crops, the far eastern wheat-belt received little rain again with likelihood of some areas remaining unplanted becoming a real possibility.

Looking at the three major commodities; wheat area appears to have remained relatively unchanged from last season even with the bleak global outlook for prices. Quality issues and low prices in the 2009/10 season have seen the area of West Australia planted to barley reduced from last year. One of the factors impacting this is the increased supply of barley from the Black Sea region going into the Middle East which has added increased competition for Australian origin exportable barley.

News reports this week have indicated that the area planted to Round-up Ready Canola in WA this season is significantly greater than initial estimates. The likely planted area will be closer to 70,000ha, which is well above previous estimates of 30,000ha.

Markets for new season grains continue to struggle on the back of large carry-over stocks combined with the impending arrival of northern hemisphere crop. Volatility in the Australian Dollar has provided some upside in markets over recent weeks allowing growers to lock in some production. Recent wet weather in Canada has resulted in large areas of canola being left unplanted. This has translated into a bull-run on the Winnipeg futures market and has seen new season values increase dramatically.

What will be interesting to see over the coming months is whether growers have already committed their intended forward sales and may not be willing to take on any more risk at this early stage in the growing season and how long the current rally will rally last as more information comes to hand on the situation in Canada.

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