

With harvest now well and truly completed growers are keeping a keen eye on the currency and futures due to substantial amounts of grain/ oilseed still currently unsold across Victoria. Many growers decided to incur the recent warehouse cost for metric tonnes in the system rather than sell last month.

The currency is currently hovering around the USD0.865 mark with some forecasts having been lowered recently and the expectations of hitting parity now seeming like a distant memory. Some mid year forecasts have been lowered to USD0.8800 and end-of-year forecast at USD0.8500 due to concerns about the pace of the economic recovery in Europe; strengthening USD onset by market perceptions of a US economic recovery and China tightening lending to slow growth. International futures prices haven't worked in our favour at all and are still under pressure due to the market deciding to trade more on the fundamentals. So much for the nearby (CBOT Mar10) having a \$5.00US/bu support level with the next level now being approximately \$4.50US/bu. New crop multigrade wheat bids are around the \$215 - \$220 Melbourne/Geelong with only small metric tonnes trading.

Domestically, growers are waiting for a price spike to occur but many factors that influence prices are relatively bearish excluding the currency. However, despite the currency losing over 5 cents over the last few weeks it hasn't stopped domestic prices from continuing their retreat. ASW1 wheat has been steadily trading into delivered homes into the Goulburn Valley at around \$195 - \$200 and into Melbourne at \$210 - \$215. Malt prices have firmed just slightly up \$5/mt since last week to \$205-\$210 Geelong port zone due to export ships turning up shortly. Feed barley bids have continued to trade sideways at \$158 F1 delivered GV with little interest from grain growers with substantial metric tonnes being on-farm rather than in the system. Let's hope the end user such as the dairy market continues to experience improved milk prices as their isn't much else out there to lift prices with supply strong due to downgrading and some carryover stocks.

Canola prices have been pressured by the expectations of the second biggest South American bean crop set to hit the market in the next few months and crude oil prices taking a hit. The European new crop is travelling along well and Canada has a heavy carryover and growers keen sellers recently. Old crop bids are around \$398 - \$402 Melbourne/Geelong with little tonnes trading but expectations of more trades towards the end of this month. New crop bids are around \$420- \$425 with little interest.

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