AUSTRALIAN GRAIN ACCUMULATION

Echuca Market Report

18th December 2009

The Mallee, Northern Victoria and Central Victoria cropping regions have all experienced above average rainfall over the last six weeks with the Western District East (WDE) experiencing less rainfall in comparison to their monthly average. The total September rainfall figures are as follows: Swan Hill 79.6mm, Kerang 98.4, Deniliquin 55.8mm, Ouyen 68.4mm, Charlton 89.4, Geelong 90.4mm, Ballarat 113mm & Mortlake 48.8mm. This has meant this year's harvest progression has been held up and an increase in lower grade cereals. However, most of the rainfall experienced in November in the WDE has actually benefited wheat crops and some later sown barley crops with canola relatively unchanged.

Wheat harvest is close to complete in the Northern Mallee with grades mainly H2 and to a lesser extent H1 & APW1. However, North Central/ Southern Mallee is only approximately 60% complete (with grades a real mixed bag from one farm to the next especially around Charlton/ Donald) followed by WDE at 5%. Canola harvest is finished in these regions except for the WDE which is close to complete with oil averaging 40 - 44%. Barley harvest has only just recently started in the WDE with expectations of significant feed barley due to retention issues.

Due to the concerns about supply of higher protein wheat in the Vic market the spreads have increased in recent weeks with H1 up to $23 and H2 up to $14 above APW1. Currently growers are targeting upwards of $200 silo for H2 and $185 silo for APW1 in the Mallee, however, the market is approx $4 - $5 lower.

Growers are hoping the currency will continue to find resistance above $0.93 cents due to the current stabilization of international risk appetite and maybe basis will lift. It's difficult to predict if international futures will rally as fundamentally we continue to read government reports on abundant global wheat stocks and at the same time the US dollar is gathering strength due to improved economic conditions and expectations of a rate rise possibly mid to late next year for Uncle Sam. Despite CBOT March 2010 futures declining in the last few weeks to $5.43 at time of writing it has had a good run since its lows in early October at $4.60 which was first driven by weather concerns and then by hedge funds closing out short positions and wanting to sit less on the sidelines and take positions as other financial markets rallied.

The best and only advice I have for growers at the moment is just to keep informed on both international and domestic market movements from time to time and I encourage you to contact your local AGA merchant who will be more than happy to assist.

For further information please contact Australian Grain Accumulation,
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