

NE Victoria Market Report

14th July 2010

Ideal conditions throughout Southern NSW & NE Victoria leading up to the optimum planting window(s) ensured the timely commencement of sowing programs for the 2010 season. Consistency in crop rain & ideal growing conditions throughout June have ensured good establishment and progression of crops throughout these regions to date. Rainfall so far this season continues to exceed the average in crop rain. Early July rainfall is also keeping the season on track

Growth stages across the regions vary in maturity however the majority of cereals have reached mid tillering and canola varies from full ground to bud formation. Colder conditions experienced throughout July have steadied growth over the past weeks.

Canola is playing a larger role in cropping programs this season. Ideal lead up conditions, lower cereal prices and gross margins have contributed to the increase in area planted to canola. Opportunities to commence marketing programs and compliment gross margins have been present for sometime now due to the widely publicised cropping woes which continue to hinder and reduce production in Canada. Spill over support also came from CBOT soybean futures this week which strengthened on reports of adverse weather throughout the US Midwest which was forecast to continue through until August.

The escalation of ICE canola futures continued this week now boasting an increase since early June of 65\$CAD/mt. November 10 ICE canola futures settling mid week at 442.40 \$CAD/mt. This has driven an increase in AUD forward contract prices of \$70p/t over the same period using the current 2010 season price of \$498.00p/t Melbourne Track as reference. This upward momentum in canola futures is expected to continue whilst the focus remains on the bullish weather outlooks in Canada & the US.

With the spotlight firmly on the canola market at present wheat did steal the lime light to some extent this week. CBOT December 10 wheat futures reached there highest level since January 14th settling mid week at 588.25 USc/bu. Weather concerns can also be credited for these gain with continued forecasts for hot & dry weather throughout Europe & ongoing weather concerns in Canada also attributing to this support. The current APW1 M/G forward contract price is \$234.00p/t (Flat) Melbourne Port which equates to \$200p/t & above at most local depots in these regions which has also prompted the commencement of marketing programs for wheat this season.

For further details please contact your local Australian Grain Accumulation
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