

With harvest now complete, the one thing we can take away from this season is that gone are the days of an intense harvest period during which grain is harvested and sold. Grain marketing is now becoming close to a full time occupation within each cropping enterprise, with reports still coming through of some growers who still have the majority of their crop unsold, on-farm or in warehousing. Also noticeable is the importance growers are now placing on fully understanding grain marketing options. Price advisory services are commonly used to make sure they have access to all the competitor prices and marketing courses are being offered and readily attended throughout all regions.

Growers who elected to commit tonnes into pools earlier in the season for cash flow with intentions to market the remaining tonnes later in the season, are now under the added pressure of rapidly declining pool returns. These estimated returns are now consistently below the cash levels and are drawing down the average price of their grain sales and driving up target prices.

Barley continues to be the large disappointment of the season with virtually no price movement over the last month. As growers start to look forward to next season many are suggesting that barley hectares will be largely reduced looking at a wheat-on-wheat rotation or reducing total cropping hectares and increasing livestock numbers. In areas with a high reliability for producing malt barley the drop off may not be quite as severe but due to the minimal premiums for some varieties of malt, areas only going malting one year in 3 are finding it far less viable.

Many are only now returning from holidays to look at their current cash flow which is likely to be the main driver of sales over the coming months as repayments on investments become due. The current storage and handling arrangement is also seeing many loads already accumulating up to \$2 worth of charges owing on the grain. While wheat prices are currently significantly below average, looking forward forecasters can see no major changes ahead. With the northern hemisphere crops under snow in the dead of winter, it is simply too early to speculate crop conditions and any potential problems. Over this past season the world surplus has also increased and expectations are that the 2010 wheat producing areas globally will be very similar to that of the 2009 season.

Current grower selling levels have remained low but as growers begin to feel the pressure of having two crops exposed to price risk, many are starting looking at pricing out tonnes. With the major pools closing and cash markets remaining quiet, trading companies are now looking into creating new contracting options allowing freedom of prices and providing that all important cash flow while allowing them access to ownership of grain earlier.

For further details please contact your local Australian Grain Accumulation
Office Merchant – Collette Isaacs, Adelaide (08) 8408 8400.