

Port Kembla wheat markets continued to soften week on week following the trend of the past few months. Despite a small recovery in the CBOT wheat futures, Australian dollar values have not seen any benefit as strong exchange rates have had an offsetting impact.

Domestic consumers continue to buy light volumes with the hand to mouth approach often associated with heavy markets. Carrys have also been eroded from domestic markets as buyers bid flat price over the nearby 3 months for delivered homes. Ex farm or farmer delivered grain has dominated the local markets so far this season due to the cheaper supply chain cost.

Old crop track Port Kembla markets ended last week between \$198/mt and \$201/mt for APW, a good \$10/mt above Vic track values. Premiums continue to exist in the higher protein grades with up to \$24/mt over APW achievable in the market.

New season winter crop production looks to be set for an excellent start across the majority of the Port Kembla region with good soil moisture profiles and the potential to plant crops on time. The good rain over summer has also allowed many farmers to plant break crops such as canola. Early grazing wheat and canola planting is now under way across the region.

New season pricing ended last week at \$204/mt to \$207/mt for APW track Port Kembla although there was limited forward selling activity in the market at these flat price values. Good potential for the coming winter crop, adding pressure to global stock to use ratios was reflected by softness in Australian basis levels. USDA has recently revised the US wheat ending stock down from 1,001 to 950 million bushels (25.86 million metric tones) although global ending stock remain high at 195.82 million metric tones, a significant increase from the 2007/08 level of 122.66 million metric tones.

For further details contact your

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