



MARKET SNAPSHOT

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15 DECEMBER 2017

THE TRADING WEEK

Market	Last Trade	7 Day Move
CBOT Wheat (\$USc/bu)	418.75	2.75 ▼
CBOT Corn (\$USc/bu)	336.25	2.5 ▼
CBOT Beans (\$USc/bu)	967.25	24.75 ▼
Winnipeg Canola (\$CAN/Mt)	494.00	11.9 ▼
Matif Canola (€/Mt)	358	7.5 ▼
AU\$ / US\$	0.7676	0.0168 ▲
AU\$ / EUR	0.6505	0.013 ▲

WHEAT

Highly elevated markets

Northern delivered wheat markets continue to remain elevated, with Darling Downs currently trading around \$325/mt for January 2018. Brisbane delivered markets are trading around \$340/mt – a price which could attract coastal boats from Adelaide around to Brisbane.

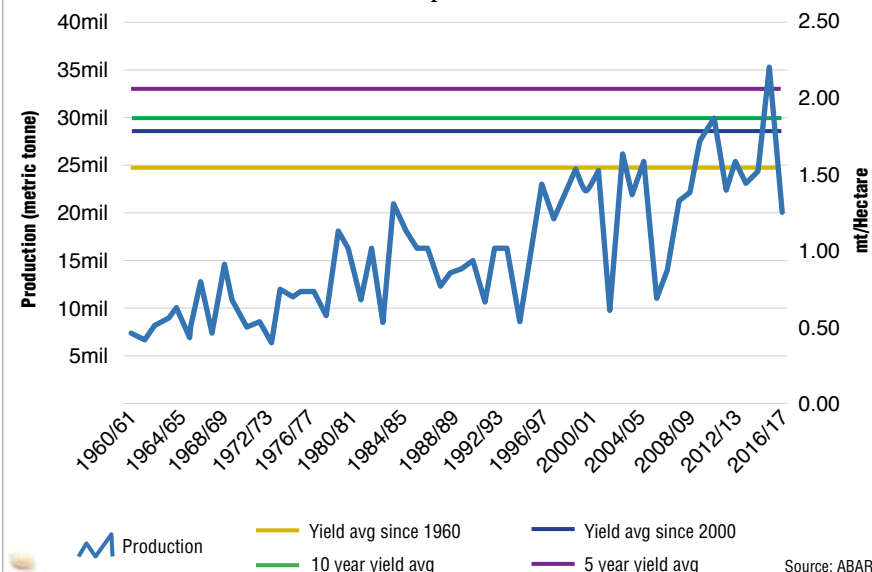
Improved confidence in supply over the past two months has seen SA, WA and Victorian ASW1 pricing at about \$US215-220 FOB for January versus South East Asian buying ideas of around \$US5-6 less.

NSW markets remain highly elevated, factoring in minimal exports out of these zones at current levels. The exception is some inelastic Prime Hard (APH) demand.

There is an expectation that the export zones of WA and SA, and even Victoria to some degree, will find a pricing floor once sales and shipping are locked-in. Pt Kembla may experience a year of limited bulk shipping as the carryout is more likely to supply domestic requirements rather than bulk export markets. Container trade ex Sydney is expected to supply smaller markets across a number of wheat grades.



National wheat production since 1960



AT A GLANCE 17/18 ADM PORT PRICES

	APW1 FMG	F1	Non GM Canola	Sorghum
Brisbane	310	318		270
Newcastle	298	280	545	268
Pt Kembla	285	265	540	
Geelong	253	238	505	
Pt Adelaide	240	224	490	
Kwinana (Port Inc)	277	240	525	

* Prices are indicative and subject to change.

On behalf of the staff at ADM Australia, we wish you and your families a very Merry Christmas and Happy New Year.

We hope you all stay safe, especially those who are still putting in the long hours harvesting.

We will have staff on deck over the Christmas and New Year period, so please call Accumulation Managers on mobile, or 1300 123 236 if you need prices or administration assistance.

Thank you for your ongoing support – it's greatly appreciated.



WHEAT cont.

The big question mark over the east coast market is how rain during harvest will impact on quality. AH9 (hard varieties, min 11% protein feed wheat) and SFW 1 segregations are opening up over Southern NSW and Victoria. History suggests rain events do get over-hyped, but this is of little comfort for those farmers directly impacted. At this stage, we'd expect the bulk of any downgraded wheat to be soaked up by domestic consumers, either for stock feed or industrial milling purposes.

ABARE's December report provided some interesting reading on the wheat front, with its national forecast falling 1.3m mt to 20.24m mt. The big moves saw NSW falling 1.55m mt to 4.7m mt, while the forecast for WA increased to 7.52m mt (up 445,000mt). While ABARE's September NSW forecast may have been a bit hot, Northern NSW was a known quantity in September and late rain in the south should have provided some offset to the September cold snap.



BARLEY

Yields up, quality good

Much like wheat and canola, the Australian barley production estimate appears to be much larger now that we are in harvest, as compared to the spring updates. Despite this, the barley market has generally remained stable, although pockets are seeing malt premiums bid upwards – most likely from domestic requirements.

Given the tight finish in some areas, yields and quality appeared to be very good leading into harvest, with the weather now playing a role in the segregation process. Malt selection (percentage of production) by state has WA leading the way with reasonable Malt volume in the bin. While SA Malt is lower than previous years, there should be ample supply in the Adelaide and Wallaroo zones for domestic requirements. Export activity out of SA could be well down on previous seasons. Late rain in Victoria will definitely impact quality, but to what extent is currently unknown.

There is some export interest



for malt, although it could be best described at this stage as tyre kicking, lead by hesitant Chinese customers. The November Saudi Feed tender offered up about 750,000mt of feed barley. It is believed tonnes will be shipped from Northern Europe, the Black Sea and possibly Argentina. At the time, Australian barley may have been worked into

the calculation, but the recent jump in feed barley values, most notably from South Australia, will likely limit Aussie inclusion.

From a national perspective, ABARE's production estimate is down 17,000mt to 7.93m mt. However, at a State level, NSW decreased by 316,000mt, while WA increased by 304,000mt. As with canola, this may be revised in the Q1 2018 update.



CANOLA

Increased production leads to price retreat

Global oil prices have been driving oilseed strength over the past one to two months, particularly in Europe where rapeseed oil has been in high demand. However, it is difficult to see the strength in relative seed price hold now that the market is inverted into the New Year by some 25 Euros. Unless, of course, 2018 oil demand picks up.



Meal demand has been rather sporadic over the course of this year. A decent spike in demand through September-October saw prices firm, particularly in hedges, but this has now dipped somewhat and flattened.

Harvest is all but completed in Canada, with only a small amount (200-400k) left in the fields under a cover of snow. Production is set to pass 21m mt for this crop year and buyers (China, Mexico etc) have been slow but steady in their purchasing campaigns. In addition, a large wheat production continues to tie up storage space, creating a few headaches for line companies due to the lack of a forward sales program. Farmers have been sellers into the rallies and targets remain firm at around \$12/bu.

In Australia, harvest is on the home stretch in all port zones, although rain delays have slowed progress across the east coast. In Victoria, rain pushed harvest back one to two weeks, but with reasonable weather forecast, harvest in southern zones should gather momentum.

Despite the significant pull back in price, lead by a cap in Euro



demand for Aussie seed and significantly larger WA and Canadian crops, tonnes are moving in most zones at best bids.

The Aussie crop is on a gradual climb according to ABARE. WA production was bumped up by 27% to 1.5m mt, while the NSW crop fell 35% to 403,000mt. We may see a revision of the WA final production figure, as the gut feeling is receivals in WA may exceed this forecast by some margin. If this is the case, it may go some way to explaining the retreat in domestic canola prices over the past two to three weeks.

PULSES

Oversupplied Indian market

Pulse markets continue to watch the Indian government / market nervously. Field Peas have been under pressure following news of an import duty, while lentils and chickpeas continue to face issues of large stock on hand in India, along with strong early planting ideas for its winter crop which will come online in March 2018.

Prices are expected to stay weak whilst India works through the backlog of stock, although

historically, numbers still represent reasonable value for producers.

Locally, SA lentil and bean prices have jumped off season lows. As harvest has progressed, production volume and quality appears to be lower than expected, with the infamous winds across the Yorke Peninsula and Mid North and widespread frost through the Mallee and South East during the spring taking their toll.



SORGHUM

High demand, low stocks

Sorghum continues to be a fickle old crop market, as feed demand remains high and stocks low. However, recent rainfall should see stocks replenished come March, with strong spring rainfall likely to lead to strong producer plantings. Price discovery and export activity will hinge largely on Central Queensland rainfall and subsequent planting into early 2018.

Chinese buyers are keeping an eye on Aussie production and the

market. US prices are setting the tone, with Chinese buying ideas below current Aussie domestic levels.

The market, along with ABARE, is expecting a crop in excess of 1.9m mt. However, this will be heavily dependent on December-January rainfall and plantings in Central Queensland. The forecast La Niña event will be well received, with summer crops of cotton, sorghum, maize and rice featuring up and down the east coast.



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