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Mallon AgCommodities Weekly Market Report

International Influences

The effect of increasing interest rates over a prolonged period is beginning to catch up with commodity markets as a whole with prices now trending downwards. Evidence of this can be seen by googling the Dow Jones commodity index chart or by looking locally at things like fuel and grain prices which are declining.

China is buying large volumes of Australian Barley which is likely why we are seeing Barley hold its value relative to wheat. One market participant said we are likely to reach 80% of our exportable surplus by the end of February! - very early in the marketing year.

Many grain market participants believe the new Argentinian president will soon scrap export taxes on all commodities including Wheat. Many are drawing parallels to the last time wheat exports were eliminated in Argentina which caused a 52% increase in wheat production. This is bearish news as Argentina is a sizable exporter.

Domestic Overview

28mm of rain in Narromine overnight. Seems mostly to have fallen in the southern half of NSW with the Macquarie valley doing well. This will further subdue feed demand outside of feedlots and poultry mills.

Harvest is mostly done in Australia with estimates suggesting we are over 90% complete. NSW would be well over that.

Domestic grain markets are falling hard as basis declines. It seems most traders are short into the domestic market and that Australian Wheat may need to fall further in price before it becomes saleable into key South East Asian grain markets. Barley seems better supported given its key Chinese buying interest.

Feel free to follow us on social media for more grain market content and hilarious grain related jokes!

Key

Basis: The difference between Australian grain prices and overseas grain prices.

Short: When a grain seller has grain sold that they don't yet own.





International Futures Pricing

Contract front month	Price	USD FOB
US No 2 Hard Red Winter Wheat (HRW)	638'6c/bu	296
US No 2 Soft Red Winter Wheat (SRW)	606'6c/bu	268
EU France Grade 1 Wheat (Rouen)	227.25 EU/mt	250
Russian 12.5 Milling Wheat	-	242
ASX East Coast Wheat Futures	392.30 AUD	304 (Adelaide Track Basis)
AUD/USD	.6672	
WTI Oil	69.79 USD/Barrel	

Domestic Pricing

Market/Commodity (\$/mt)	SFW1 Wheat	Barley 1	Sorghum	Cottonseed
Downs	425	425	418	610
LPP	390	390	405	580
Newcastle	400		420	
Griffith Market Zone	350	340		
Melbourne	375	360		
Moree				565
Namoi Valley				565
Macquarie Valley				575
MIA				565

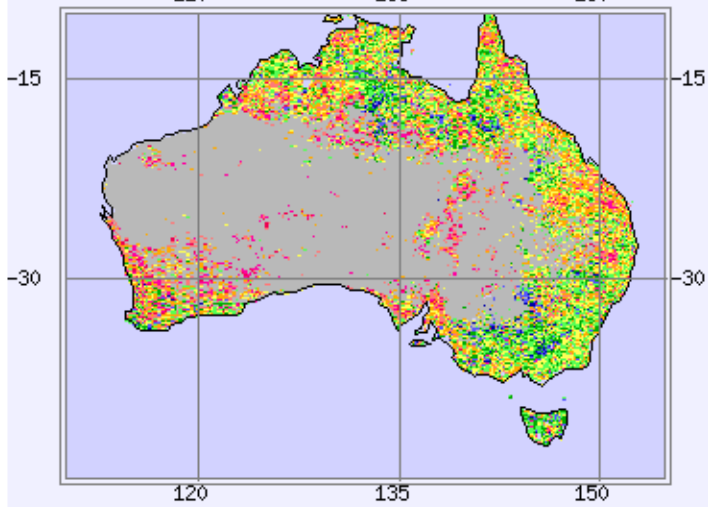


Australian Vegetation Health Index

Australia - Vegetation Health Index (VHI): Current Week and One Year Ago, 2023 week 49

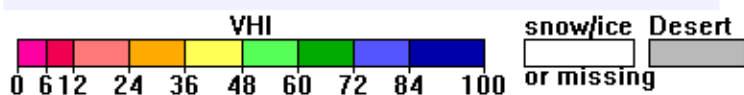
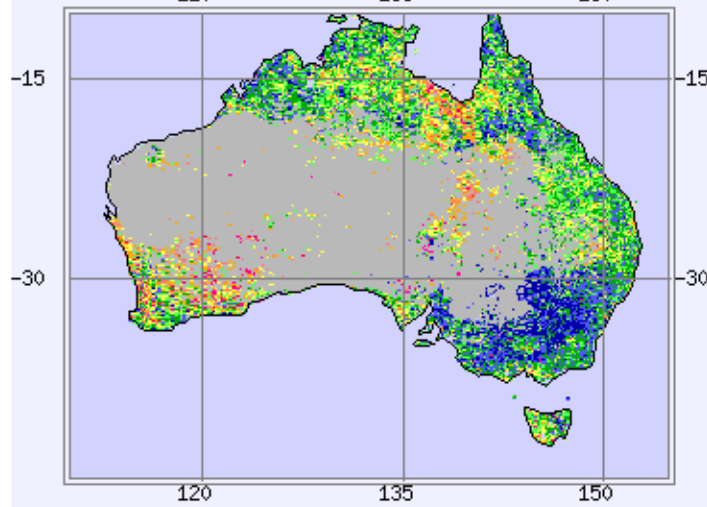
VHI of current year
Dec. 9, 2023 (week 49)

120 135 150



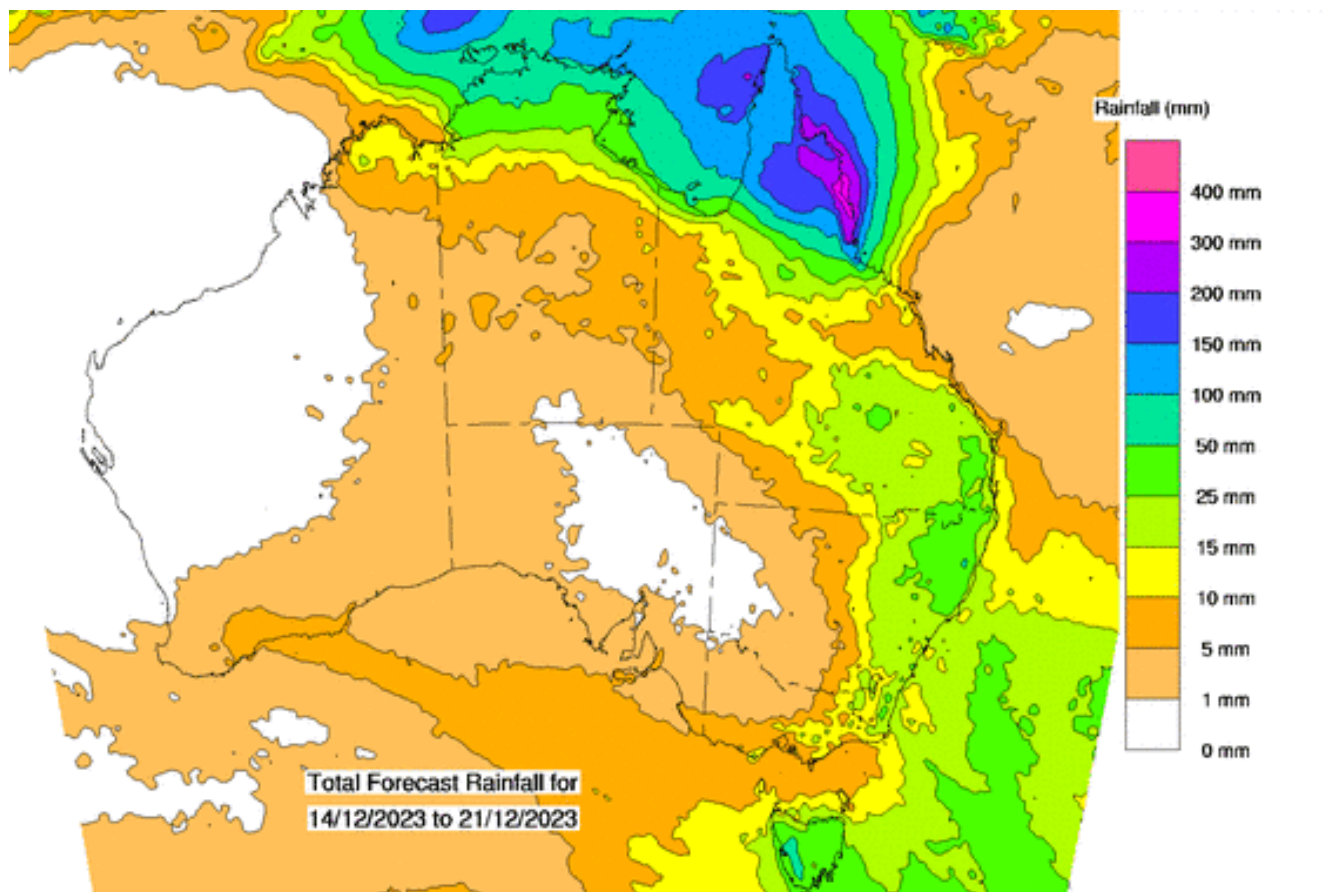
VHI of previous year
Dec. 9, 2022 (week 49)

120 135 150



Weather Influences

8 Day BOM Rainfall Forecast



Weather Influences

WX Maps Precipitation Forecasts

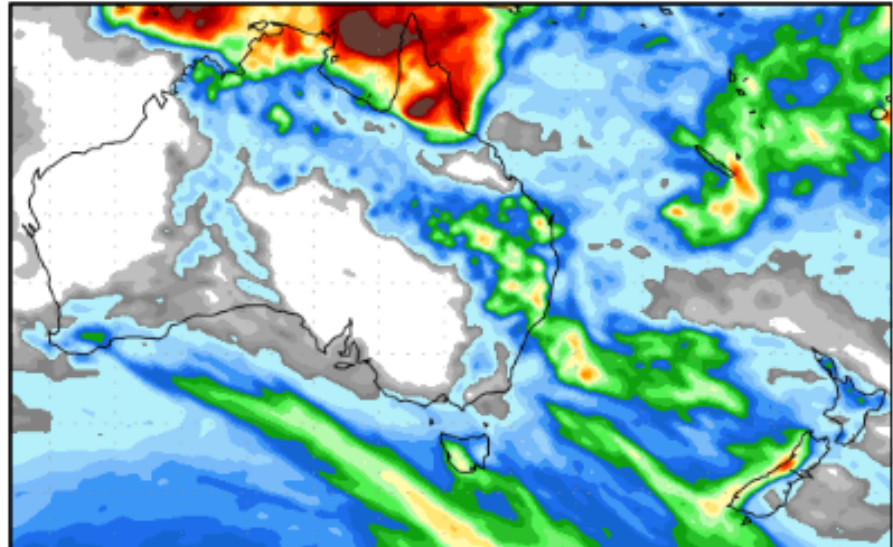


Precipitation Forecasts

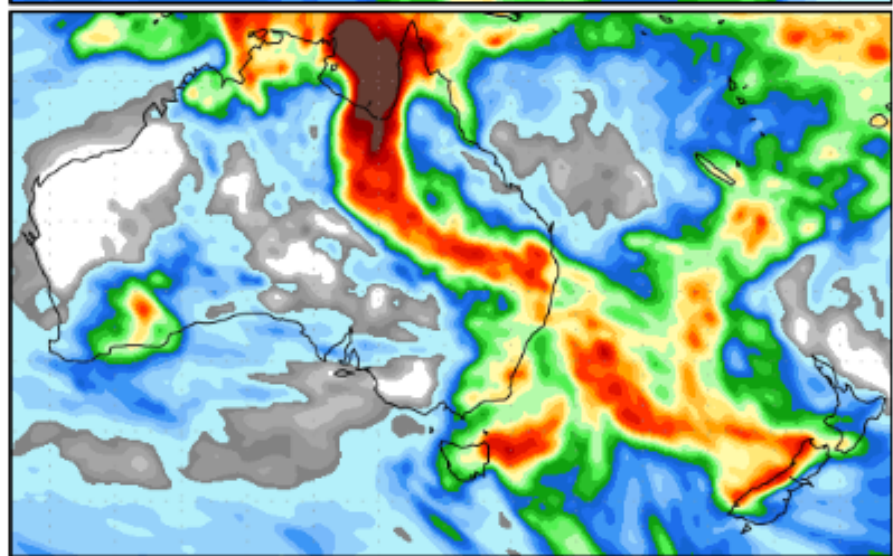
Precipitation (mm)
during the period:



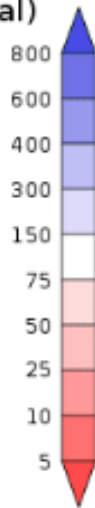
Wed, 13 DEC 2023 at 12Z
-to-
Thu, 21 DEC 2023 at 12Z



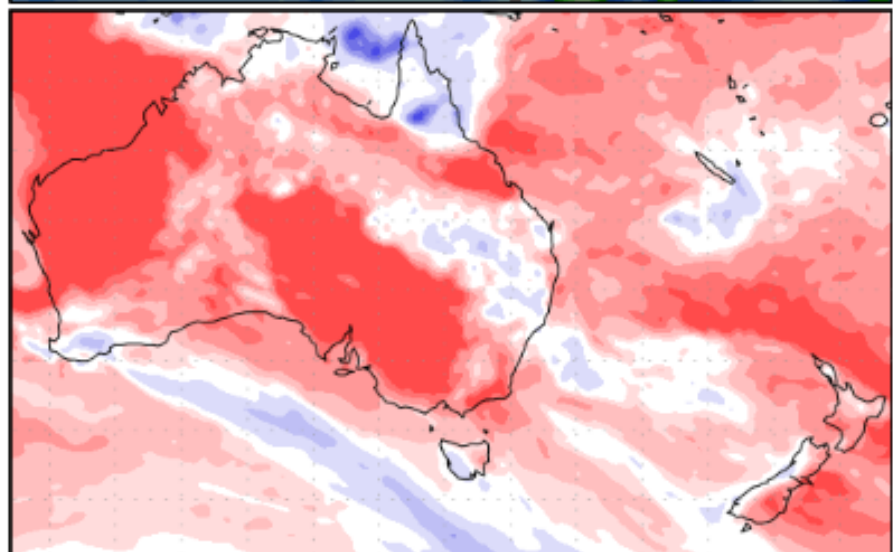
Thu, 21 DEC 2023 at 12Z
-to-
Fri, 29 DEC 2023 at 12Z



Precipitation (% of normal)
during the first period:



Wed, 13 DEC 2023 at 12Z
-to-
Thu, 21 DEC 2023 at 12Z



Precipitation forecasts from the National Centers for Environmental Prediction.
Normal rainfall derived from Xie-Arkin (CMAP) Monthly Climatology for 1979-2003.
Forecast Initialization Time: 12Z13DEC2023