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Mallon AgCommodities Weekly Market Report

International Influences

A low Aussie dollar has been providing some bullish news in an otherwise bearish grain market place. This will help exporters in the container and bulk space make sales.

Januarys WASDE report was released late last week. It was bearish for 23/23 season across all grain commodities but there was arguably a bit of bullish news for 24/25 season wheat.

World wheat ending stocks were increased by 1.7 million tonnes and global wheat output was up 1.9 million tonnes. This is all due to increased black sea production and stocks. The 24/25 season bull story is an average cut in US winter wheat plantings of 6.2% across all classes of wheat which was outlined in the first US winter wheat seeded report of the season.

A slight cut in 23/24 season corn US plantings was well and truly outweighed by an increase in reported yield, which increased ending stocks. Globally, corn production was up on increases in Chinese and US corn production. However, Brazils estimates are noted by many traders to be very uncertain with the effects of hot and dry weather on corn production still unknown.

Corn is significant in the feed grain complex (my favourite markets) as it is the world cheapest feed grain and is a substitute to my favourite commodities barley and feed wheat. So moves in Chicago wheat futures prices often come from news about changes in corn production/stocks due to the substitution effect.

Domestic Overview

Domestic grain markets are best described as illiquid at the moment. Buyers are dragging the bids back and grower are not meeting those bids. However, buyers are seemingly unconcerned as they have good short term cover.

Recent rainfall has been very welcome, even if it is at the wrong time of year for most grain production. Though I imagine it will be very welcome for my friends at the Tooraweena Prime Lamb Marketing Coop whose sheep will appreciate the extra grass production. In summer cropping areas, such as the Liverpool Plains, Narrabri, Moree and South East QLD, above average yields are expected for Sorghum and Corn.

Western cropping areas are also building a winter cropping moisture profile which will mean less rain will be needed to kickstart some planting come April.

Key

WASDE: World Agricultural Supply and Demand Report - a report released by the US department of Agriculture.

Bullish: characterised by upward price movement.

Bearish: characterised by downward price movement.

Bulk vs Container Trade: the two main grain export methods are bulk and container trade. Bulk trade is grain tipped straight into trains or trucks which are then transferred onto an open 'bulk' storage compartment on a ship. Where as container trade refers to grain that is loaded mostly upcountry straight into containers, then railed to port where the containers are then transferred across to the ship.





International Futures Pricing

Contract front month	Price	USD FOB
US No 2 Hard Red Winter Wheat (HRW)	594'2/bu	276
US No 2 Soft Red Winter Wheat (SRW)	582'6/bu	249
EU France Grade 1 Wheat (Rouen)	216.50 EU/mt	236
Russian 12.5 Milling Wheat	-	242
ASX East Coast Wheat Futures	360.90 AUD	296 (Adelaide Track Basis)
AUD/USD	.6549	
WTI Oil	72.82 USD/Barrel	

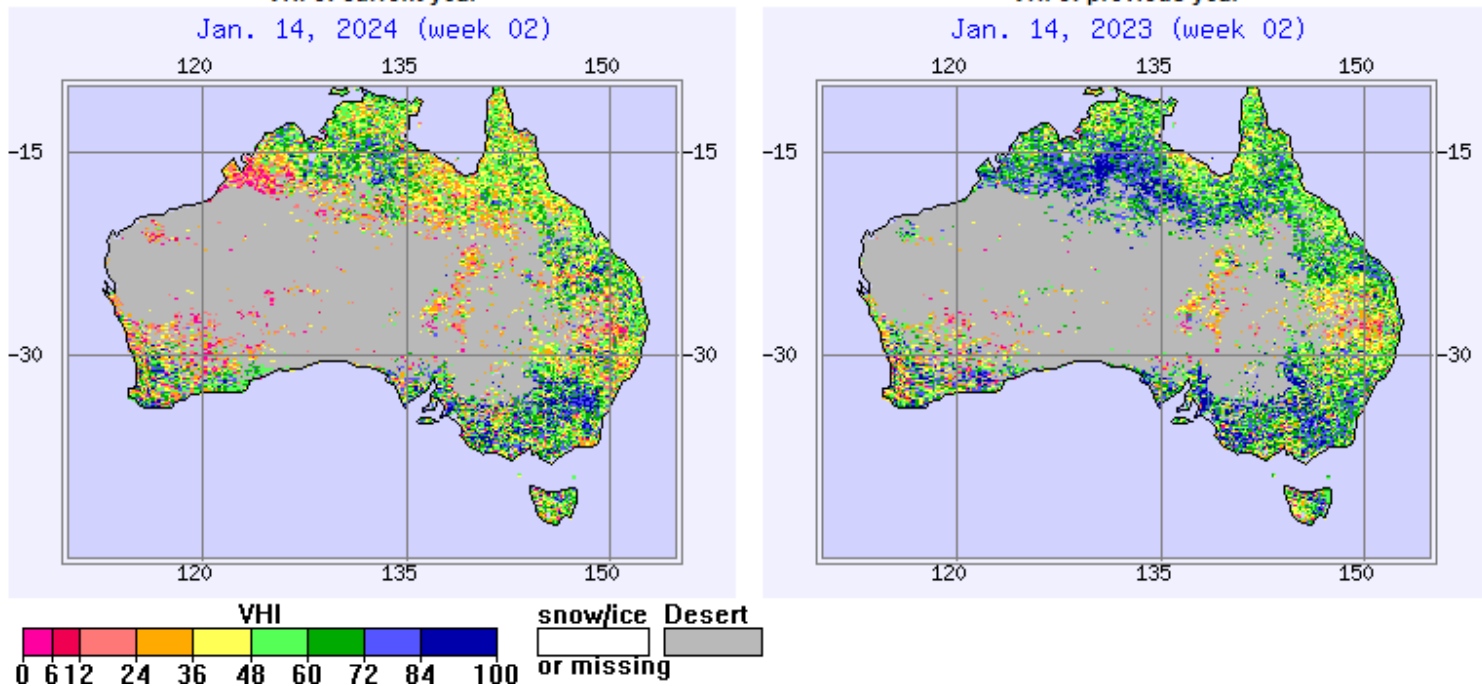
Domestic Pricing

Market/Commodity (\$/mt)	SFW1 Wheat	Barley 1	Sorghum (new crop)	Cottonseed (New Crop)
Downs	400	405	390	490
LPP	370	390	380	
Newcastle	380		390	
Griffith Market Zone	330	320		
Melbourne	352	345		
Moree				
Namoi Valley				
Macquarie Valley				
MIA				550 (old crop)



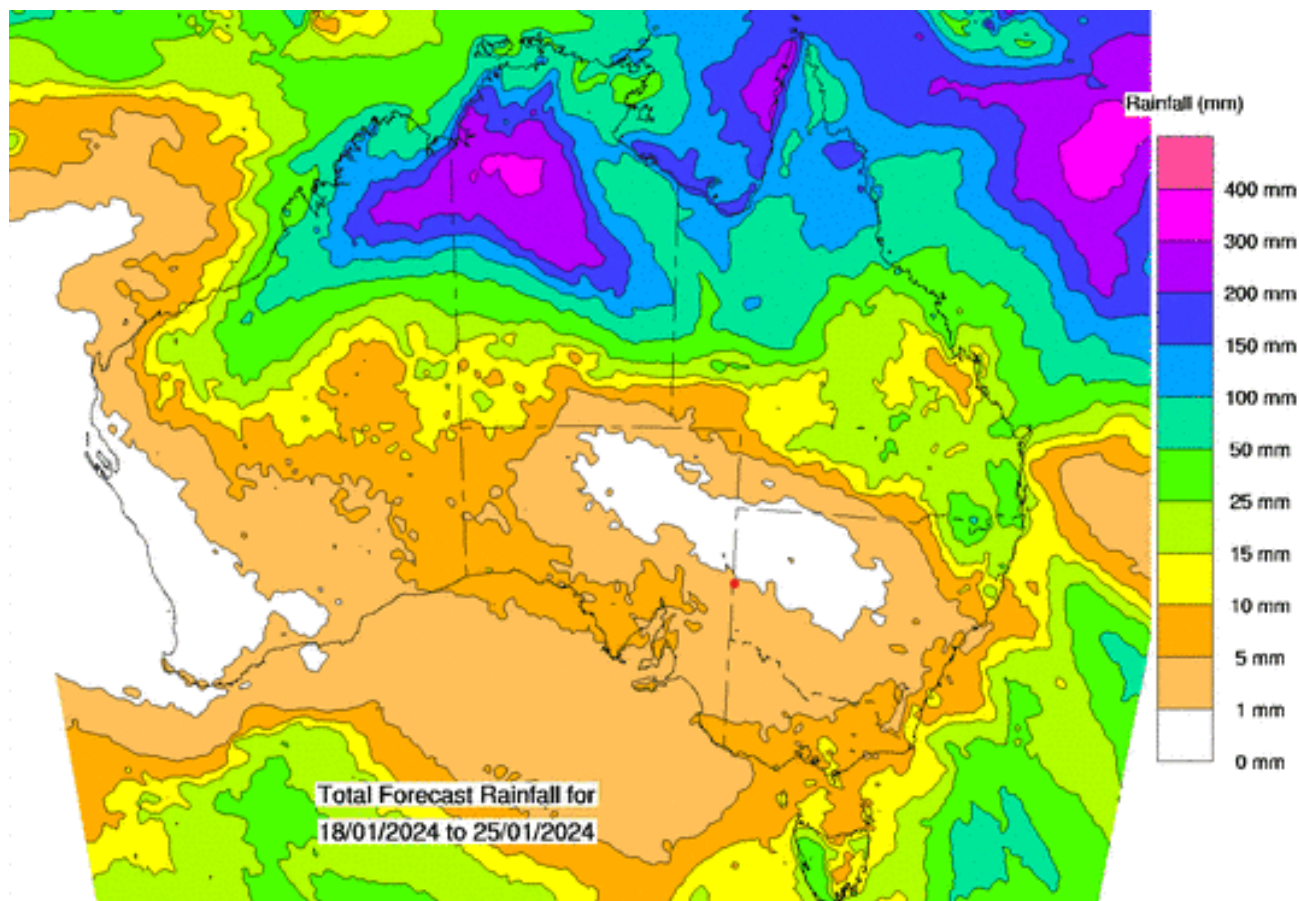
Australian Vegetation Health Index

Australia - Vegetation Health Index (VHI): Current Week and One Year Ago, 2024 week 2



Weather Influences

8 Day BOM Rainfall Forecast



Weather Influences

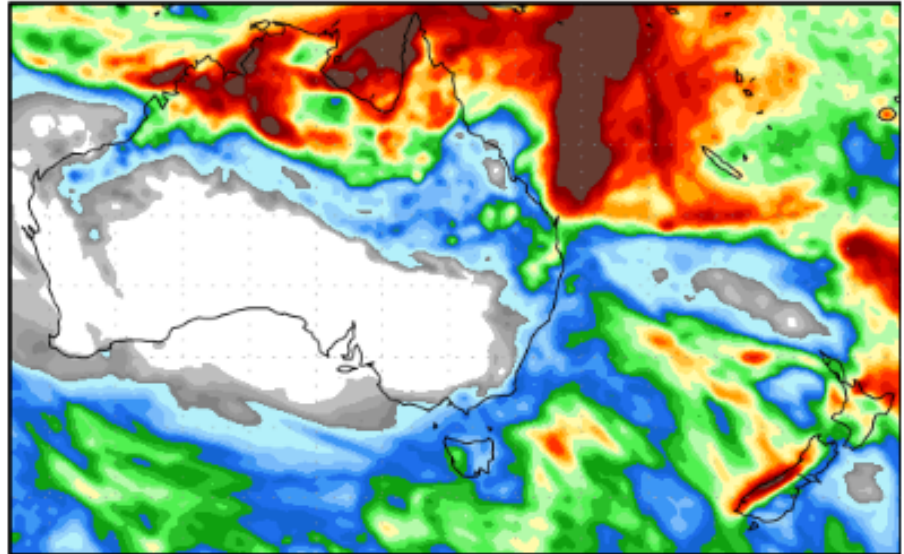
WX Maps Precipitation Forecasts



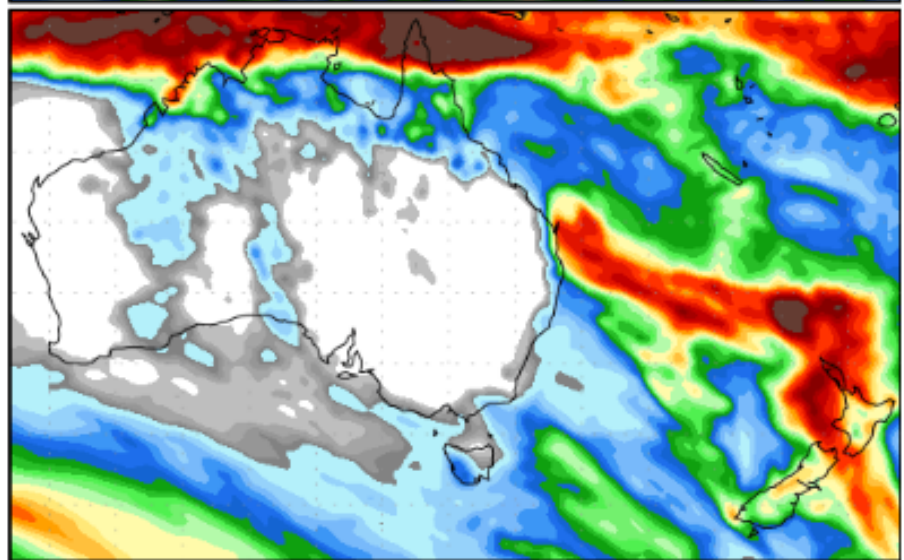
Precipitation Forecasts

Precipitation (mm)
during the period:

Wed, 17 JAN 2024 at 12Z
-to-
Thu, 25 JAN 2024 at 12Z

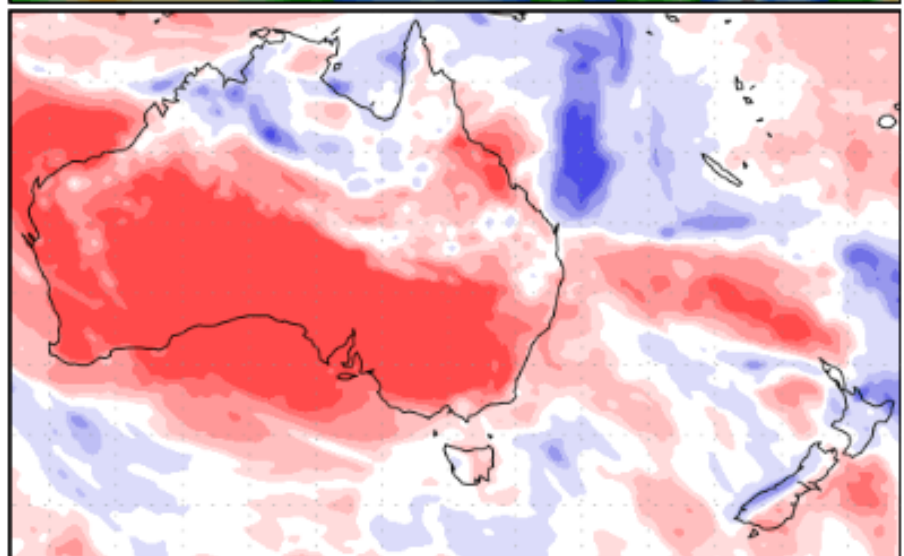
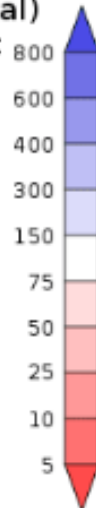


Thu, 25 JAN 2024 at 12Z
-to-
Fri, 02 FEB 2024 at 12Z



Precipitation (% of normal)
during the first period:

Wed, 17 JAN 2024 at 12Z
-to-
Thu, 25 JAN 2024 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: 12Z17JAN2024