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Mallon AgCommodities Weekly Market Report

International Influences

I hope everyone got a chance to wind down at least a little over the Christmas and New Year period. All the best to everyone for 2024. I came across an interesting statistic for wheat trade flows; 2023 calendar year wheat imports for Egypt were 11 million tonnes (up from 9.9 million tonnes in 2022), 80% of which was sourced from the Black Sea region.

Logistics problems seem to remain in world trade routes. The Iranian backed Houthi rebel group have been launching regular attacks on commercial sea vessels in the red sea region. This is causing increases in shipping costs due to either increased insurance premiums or the alternative sailing route required being a lot longer. Many vessels are choosing to sail via the bottom of Africa adding approximately 6000km, a minimum of 10 days travel time and all the costs associated with the aforementioned.

Domestic Overview

Prices at domestic feed grain homes continue to drift lower and it is difficult to find homes for quick delivery. Barley and wheat prices have dropped approximately \$60-70/t since Sep/Oct last year. Reasons for this include the summer El Nino not producing dryer than average conditions as many thought it would, better than expected southern harvest volumes and the general sell off of commodities at a macro level. Are grain prices done falling? I suspect not, but if I knew with any accuracy, I would be worth more money than I am.

Victoria has grown an even bigger crop this year than it did in the previous record breaking 22/23 season. This has been this years big surprise as many were not expecting this. The predominant grade grown was ASW1. Based of harvest deliveries reported by Graincorp, production was 7% higher than last year and there are still harvesters going. Production increases were based off, in hindsight, perfectly timed October rain. Southern NSW grain production was also higher than expected but to a lesser degree.

As many of you would be aware there was recently an announcement of a senate enquiry into the Australian supermarket duopoly of Coles and Woolworths. The report is due by the 24th of May 2023. It seem to me there is not a lot of confidence the report will achieve anything as share prices for the duopoly companies were barely affected. New Zealand has been down this track recently and has little to show for it. I hope something is done as the discrepancy between farm gate prices and shelf prices for many ag products, especially meat, is ludicrous.





International Futures Pricing

Contract front month	Price	USD FOB
US No 2 Hard Red Winter Wheat (HRW)	625'0 c/bu	286
US No 2 Soft Red Winter Wheat (SRW)	610'0 c/bu	261
EU France Grade 1 Wheat (Rouen)	221.50 EU/mt	244
Russian 12.5 Milling Wheat	-	245
ASX East Coast Wheat Futures	368.00 AUD	298 (Adelaide Track Basis)
AUD/USD	.6701	
WTI Oil	71.32 USD/Barrel	

Domestic Pricing

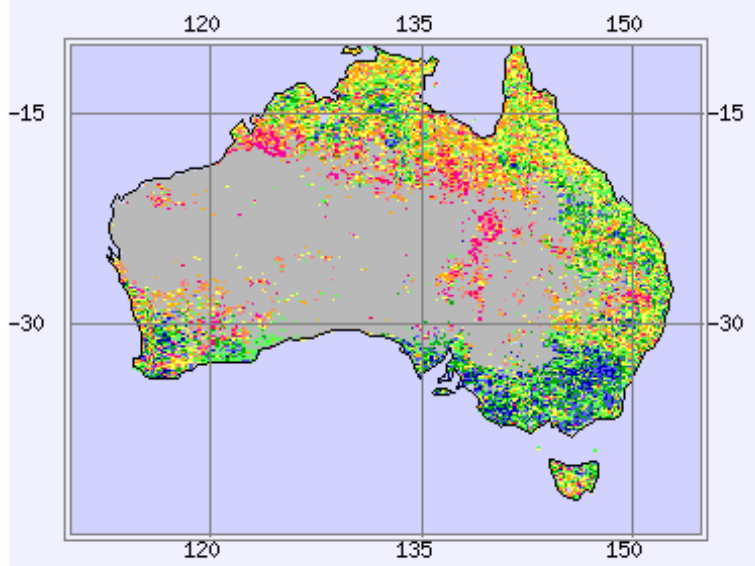
Market/Commodity (\$/mt)	SFW1 Wheat	Barley 1	Sorghum	Cottonseed
Downs	405	410		
LPP	370	375		
Newcastle	380			
Griffith Market Zone	335	330		
Melbourne	355	345		
Moree				
Namoi Valley				
Macquarie Valley				
MIA				



Australian Vegetation Health Index

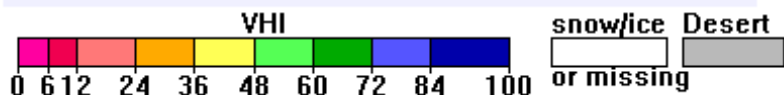
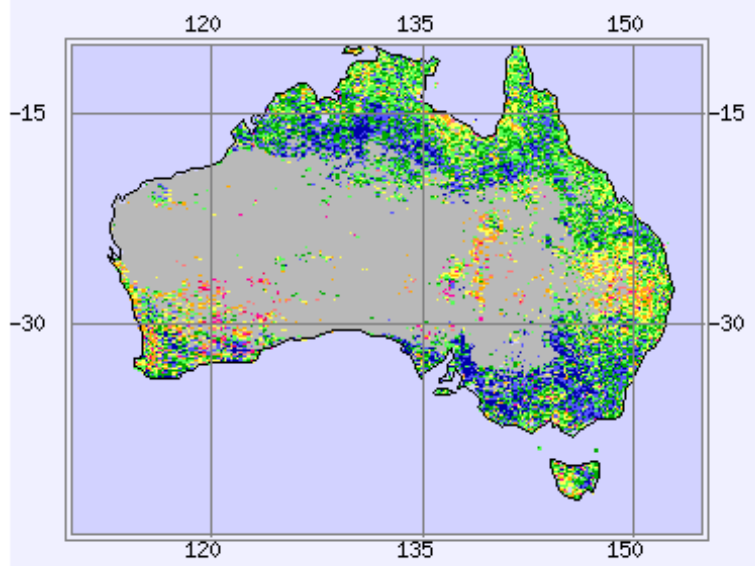
Australia - Vegetation Health Index (VHI): Current Week and One Year Ago, 2024 week 1
VHI of current year

Jan. 7, 2024 (week 01)



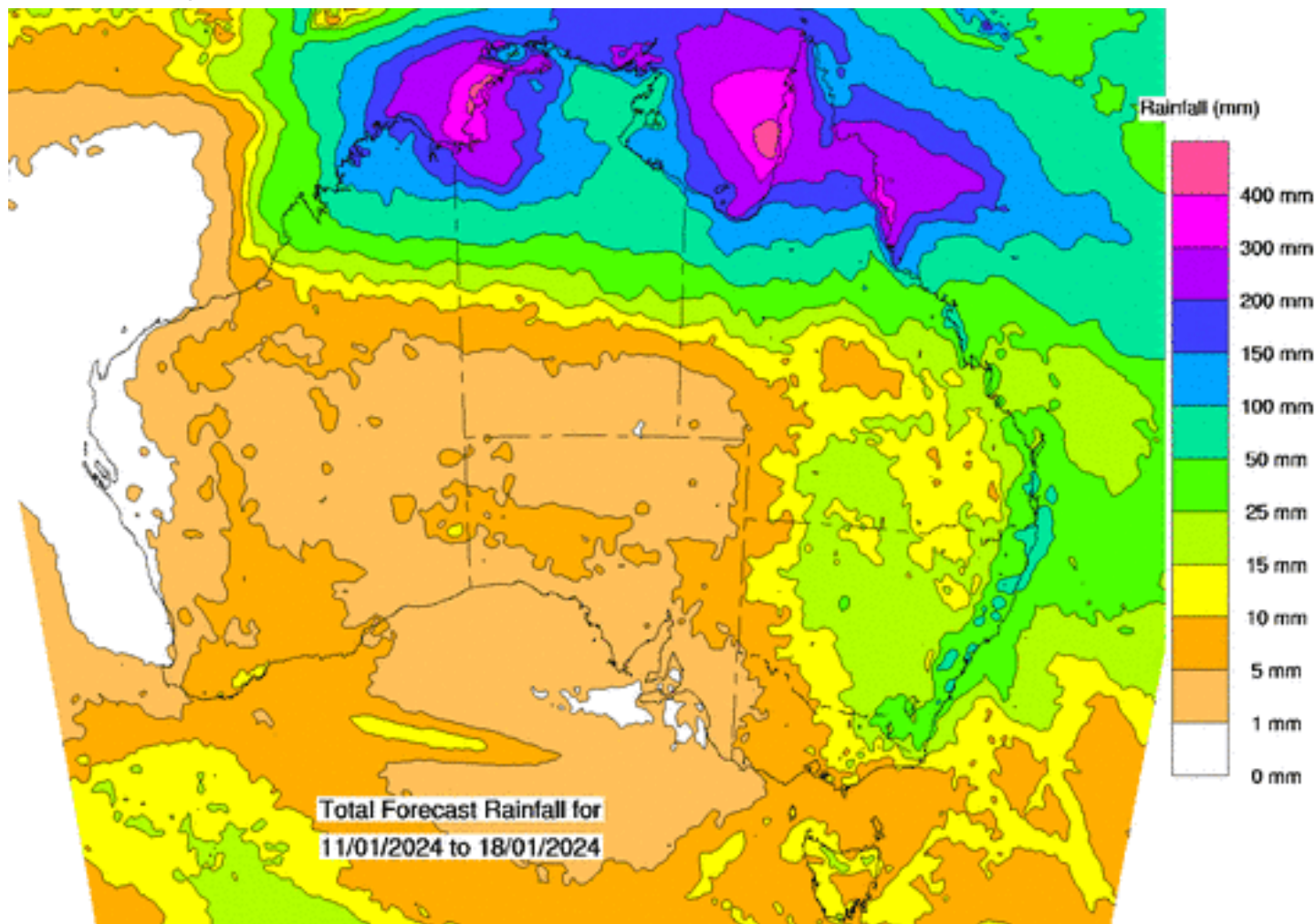
VHI of previous year

Jan. 7, 2023 (week 01)



Weather Influences

8 Day BOM Rainfall Forecast



Weather Influences

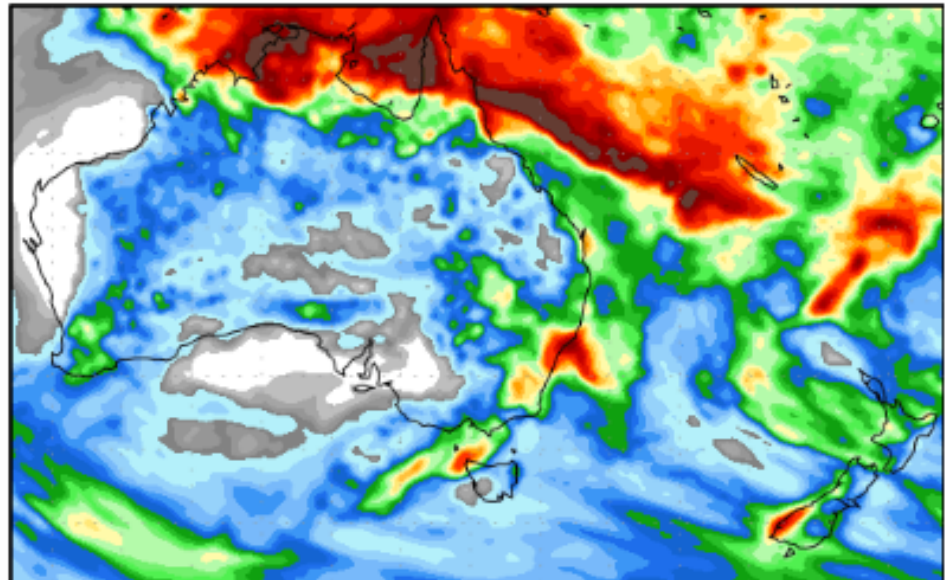
WX Maps Precipitation Forecasts



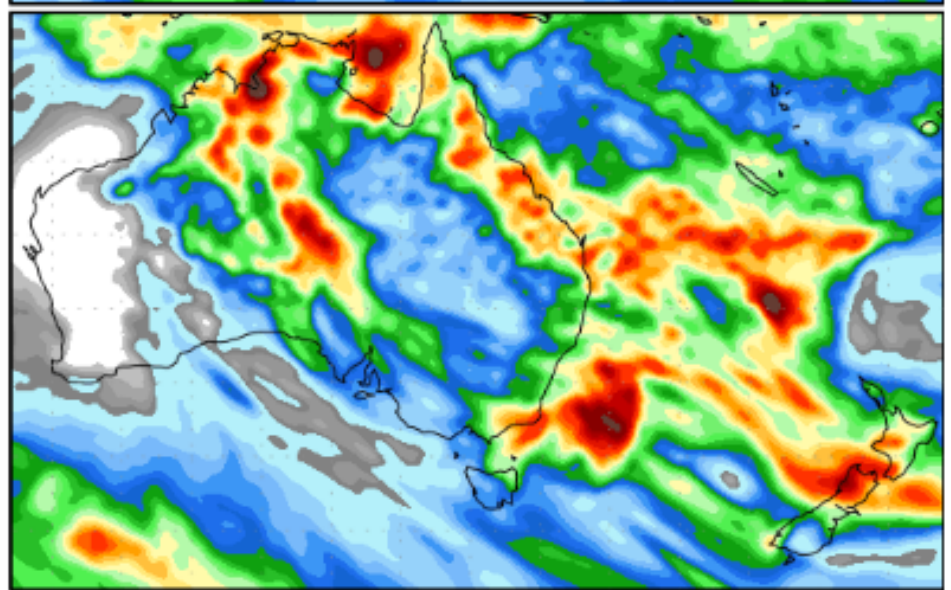
Precipitation Forecasts

Precipitation (mm)
during the period:

Wed, 10 JAN 2024 at 12Z
-to-
Thu, 18 JAN 2024 at 12Z

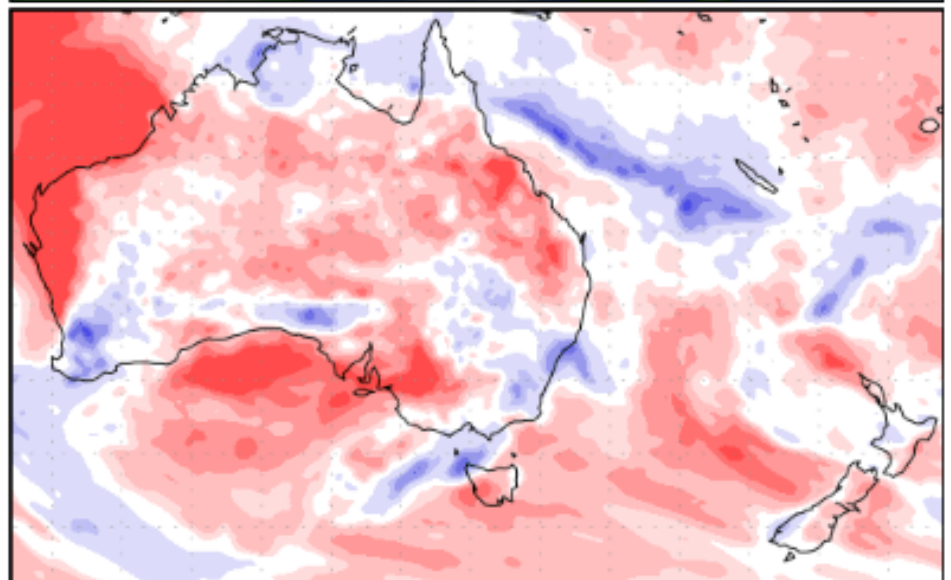
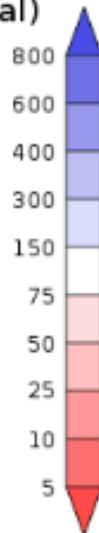


Thu, 18 JAN 2024 at 12Z
-to-
Fri, 26 JAN 2024 at 12Z



Precipitation (% of normal)
during the first period:

Wed, 10 JAN 2024 at 12Z
-to-
Thu, 18 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: 12Z10JAN2024