

This
ISSUE.

MARKET REPORT

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INTERNATIONAL

Influences



Interest rates were left on hold at 4.35% yesterday by the RBA. Comments from the board were that inflation had clearly eased, but it was still at relatively high levels. The other comment made was pointing out that ‘goods’ inflation had eased a lot more than ‘service’ inflation.

Rain in Argentina is weighing heavily on corn prices as supply estimates improve. US corn fell to USD 198/mt FOB in the gulf which is the first time since September 2020 it has been quoted under USD 200/mt. Soybeans are a similar story as they are subject to a lot of the same weather factors as corn. Furthermore, the most active Soybean futures contract reached its lowest level since December 2020.

Black Sea and Russian exporters continue to offer grain very competitively into Australia’s traditional markets which is causing the continued softening of our local grain prices.



DOMESTIC Overview



The Australian government has approved the Narromine to Narrabri section of the Inland Rail project. This is interesting to me as I would have thought the whole lot of it was already approved by the government, given the work that has already been done on large sections of the project. Clearly, I have not been following this project closely enough.

The inland rail project will undoubtedly change the dynamic of grain flows along the east coast of Australia, but it is difficult to determine the specific effects and the time frames. For instance, I would think the \$100/t freight spread that existed late last year between West Wyalong and the Darling Downs Feedlots, (already too cheap for sustainable road freight) would be reduced if grain could be taken by rail from say West Wyalong to Dalby/Toowoomba/Condamine or Brisbane.

Sorghum has now fallen to prices that are both competitive against US Gulf FOB sorghum exports into the Chinese export markets (due to our ocean freight advantage) and to levels that mean it is feasible into stockfeed and poultry rations. This typically happens at \$10-30/Mt under SFW1 Wheat.

Key

Us Gulf: refers to the gulf coast of the USA. The port here is closest to where most sorghum is grown in the us.

Sfw1: a grade of wheat (stockfeed wheat 1) aka 70/10.

Spread: in this context typically refers to the difference in price between two reference points. Can be between places, points in time or commodities.



INTERNATIONAL Futures Pricing

Contract Front Month	Price	USD FOB
US No 2 Hard Red Winter Wheat (HRW)	618'2	286
US No 2 Soft Red Winter Wheat (SRW)	602'0	255
EU France Grade 1 Wheat (Rouen)	209.00	233
Russian 12.5 Milling Wheat		225
ASX East Coast Wheat Futures	366.00	289 (Adelaide Track Basis)
AUD/USD	0.6529	
WTI Oil	74.00	



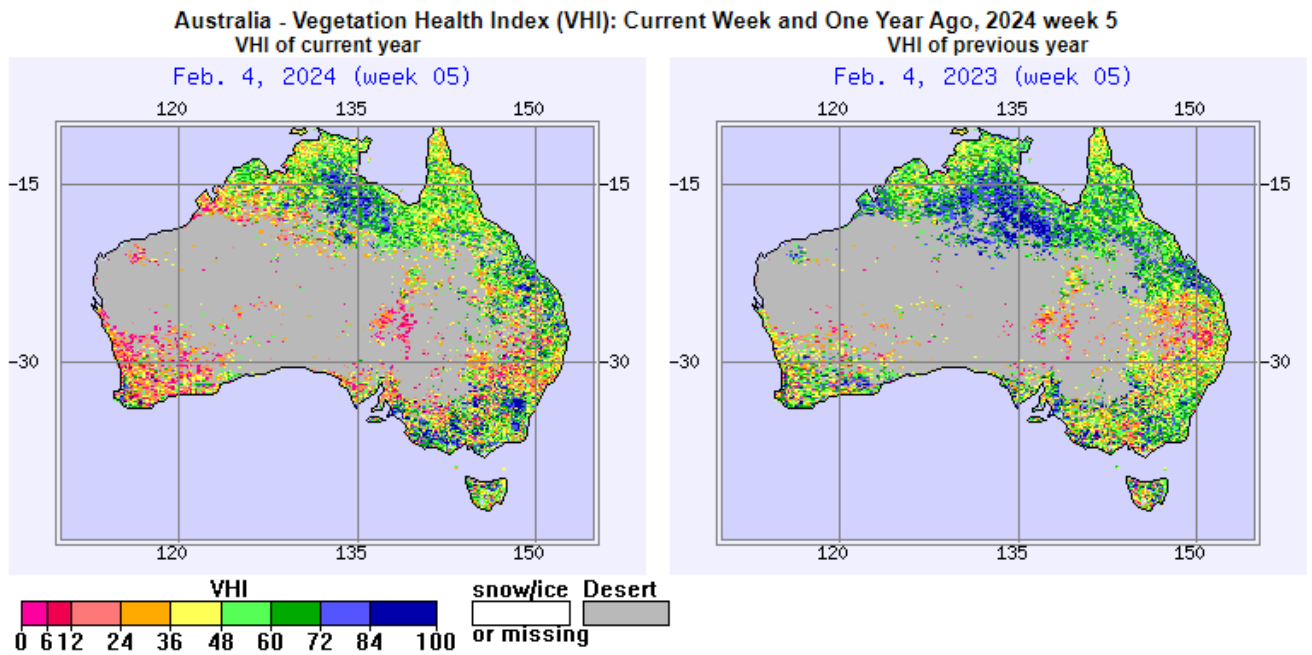
DOMESTIC Pricing



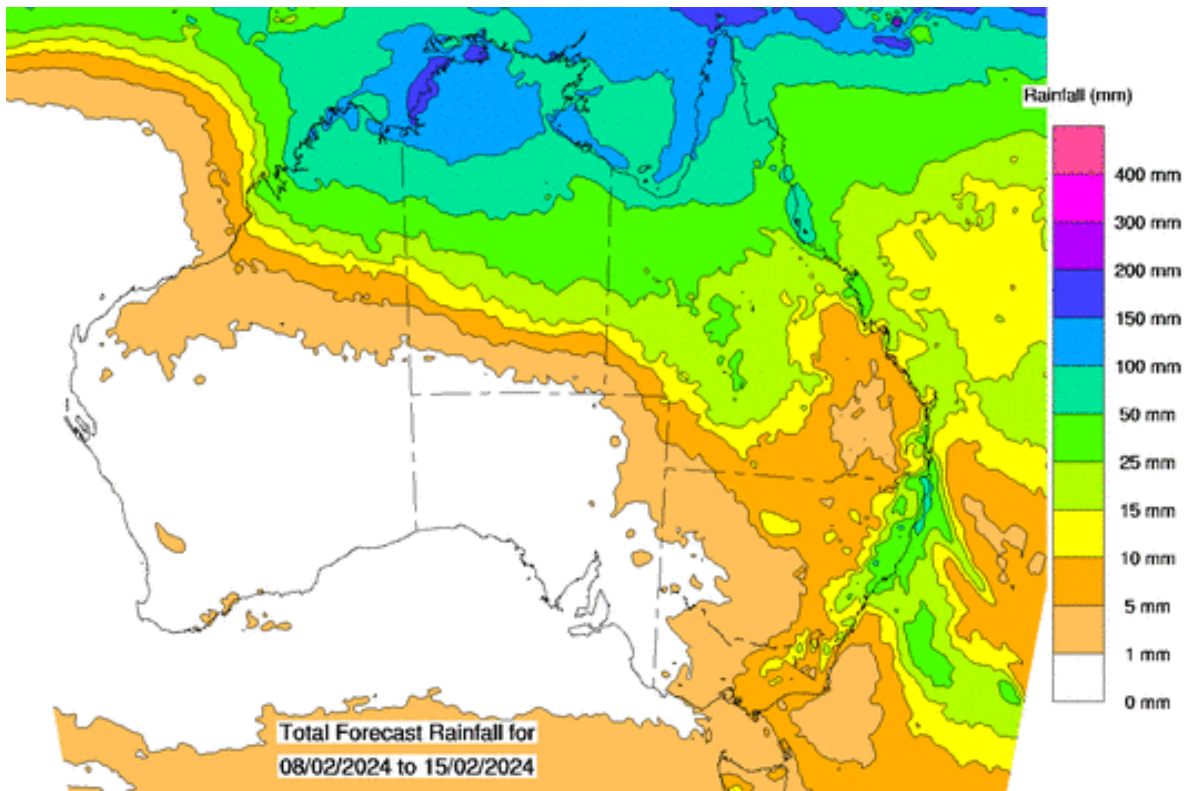
Market/Commodity (\$/mt)	SFW1 Wheat	Barley 1	Sorghum	Cottonseed
Downs	370	380	355	
LLP	360	355	350	
Newcastle	372		365	
Griffith Market Zone	335	325		
Melbourne	365	340		
Moree				
Namoi Valley				
Macquarie Valley				
Namoi Valley				



Vegetation Health Index



8 Day BOM Rainfall Forecast

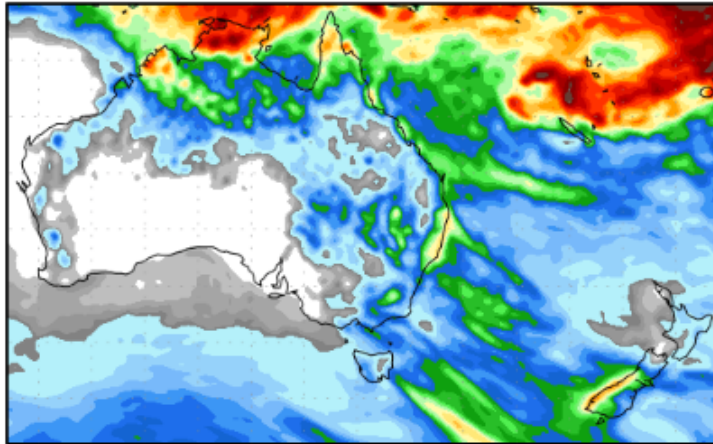


WX Maps Precipitation Forecasts

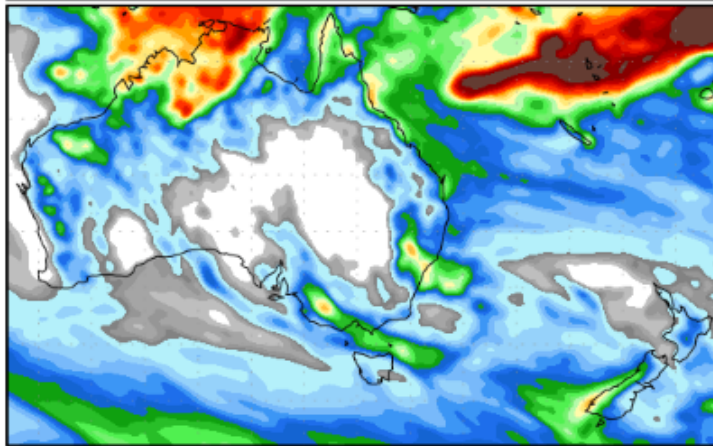
Precipitation Forecasts

Precipitation (mm)
during the period:

Wed, 07 FEB 2024 at 12Z
-to-
Thu, 15 FEB 2024 at 12Z

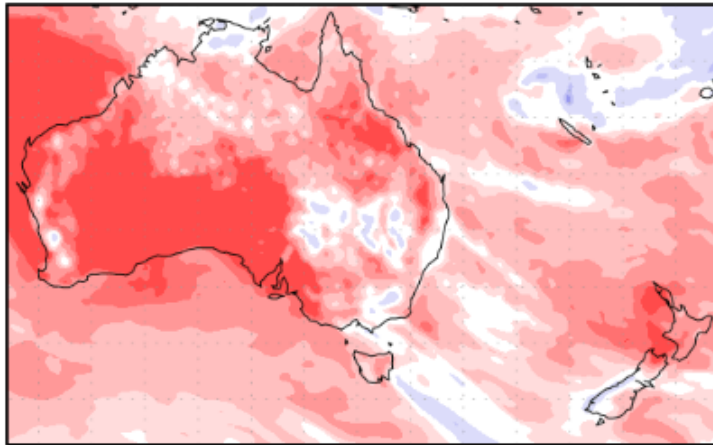
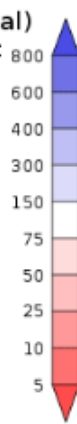


Thu, 15 FEB 2024 at 12Z
-to-
Fri, 23 FEB 2024 at 12Z

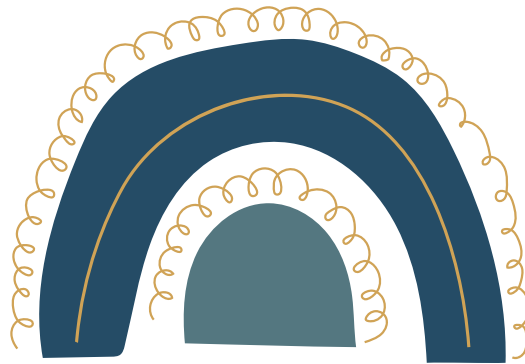


Precipitation (% of normal)
during the first period:

Wed, 07 FEB 2024 at 12Z
-to-
Thu, 15 FEB 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: 12Z07FEB2024



Bridging the Gap Between Farmers and Optimal Marketing Pathways

At Mallon AgCommodities, our primary goal is to connect farmers with the most promising marketing opportunities, while also catering to consumers who require grain for feedlotting, feed processing, or supplement feeding.

By taking on the complexities of commodity trading and logistics, we free you up to concentrate on what you do best. Contact us today for an outstanding and streamlined service experience.



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Lets chat!



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