

Sorghum

The Sorghum market has settled into a stable trading range with prices high for those how can deliver in July. (delivered Brisbane \$335 to \$343/mt and Newcastle \$335 to \$338/mt). Moisture is still an issue with most growers making sure of moisture levels before delivering to the port. There seems to be very few homes for high moisture Sorghum so be careful you don't go over.

Chickpeas

Good rain in previous weeks across most Chickpea growing areas has firmed up the potential of a big crop in Australia. This has meant that traders have pulled back prices and are happier to wait for the Chickpeas to come to them. We are seeing trade buyers less willing to move on price and am finding them out of the market for longer periods of time as they bring positions back to neutral.

The Southern growers and a few areas in Northern NSW are starting to have moisture problems as young Chickpea crops struggle in high moisture conditions.

Many traders are getting nervous about an Indian monsoon that is on track to be "average", not "below average" as previously forecast. This could mean that the shipping period between Oct to Jan will become imperative as any shipping delays could leave Australian traders in a default situation looking head-on into a big inverse market.

- **Be careful of your counterparty in this market!** (A big priced contract may not be worth the paper it is printed on if you get the counterparty wrong).

Wheat

The wheat market has really moved in the last week with CBOT Wheat Dec 15 contract up close to US\$1.00/Bu above its May lows. This is all on the back of weather concerns in the Northern hemisphere with very wet conditions in the US Mid-West and Dry conditions in France, Canada and Eastern Europe. Our domestic prices have had a good rally as a result with export dependant states such as Western Australia and South Australia seeing the best results with wheat up more than \$30/mt on delivered port values. The northern markets have seen less change due to its big domestic influence with the market delivered Downs \$10/mt to \$12/mt higher.

The recent futures rally is equivalent to over AU\$40/mt rally but domestic prices are up \$30 to \$12/mt. This means that basis has been the big loser in this market potentially dropping \$10/mt to \$30/mt. For those familiar with future markets generally this is how it goes futures up basis down. I think that this is a good opportunity to sell into this market either selling physical or if you are still concerned about production and want to take advantage of the market rally selling futures or swaps and fixing basis at a later date closer to harvest.

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