

Wed 29<sup>th</sup> Oct 08

A\$0.6459 ↑ 0.0446

Crude Oil 64.72 ↑ 1.50

CLOSING FUTURES		
Contract	Close	Change
<b>CBOT – WHEAT</b>		
Dec-08	514.00	-15.50
Jul-09	560.50	-14.75
Dec-09	598.50	-14.25
Dec-10	628.50	-14.75
<b>CBOT – CORN</b>		
Dec-08	390.75	+ 5.50
May-09	420.00	+ 6.25
May-10	470.75	+ 8.50
<b>CBOT – SOYBEANS</b>		
Nov-08	878.75	-14.25
May-09	909.75	- 7.00
<b>CBOT – SOYBEAN MEAL</b>		
Jul-09	277.60	- 6.20
<b>CBOT – SOYOIL (UScts/lb)</b>		
Jul-09	33.49	+0.19
<b>WCE – CANOLA</b>		
Nov-08	415.50	- 5.20
Nov-09	461.30	- 4.30
<b>NYCE – COTTON</b>		
Dec-08	46.67	-0.43
May-09	52.24	-0.34
May-10	62.74	+0.06
<b>ASX FUTURES</b>		
MW Jan09	272.00	-12.00
FB Jan09	210.00	+ 6.50
SG May09	221.00	+ 3.50
CN Jan09	631.00	0.00
<b>SWAPS ON ASX (Bank Bid)</b>		
MW Jan09	255.50	-18.00
FB Jan09	196.50	0.00
SG May09	200.05	0.00
CN Jan09	596.00	0.00

**Costs Falling but Being Offset by Low A\$**  
Fert prices in US\$ have more than halved in last 2 months, however in A\$ terms this fall has not been as great.

Ocean freight rates also crashing, with some talk of ships being docked and ship owner's struggling to "stay afloat" (excuse pun!)

**USDA Revised Data**

As expected corn and soybean supply was lowered. It appears traders had already factored most of this into yesterday's prices.

**Where to From Here?**

Expect a period of consolidation set amongst continued volatility. Corn likely to be the price leader in '09 as stocks to use now below 9%. A fight for acres will be on again, despite any reduction in demand. We may see 3-5 months of consolidation before any rallies, but we expect prices in late autumn '09 will emulate '08 prices at that time ie 600c/bu corn and 800 c/bu wheat.

**WHEAT Int'l –**

- Wheat finished weaker on reports that the US winter wheat crop is 64% good to excellent, compared to the same time last year at 55%.
- Wheat, like other grains, started the day sharply higher, Dec08 reaching US549.50c/bu.
- The rally was in sympathy with thoughts that the revised reports would be bullish.
- The USDA's revised report released last night made no changes to wheat.
- Rumours that the Canadian Wheat Board are trying to make sales at a large discount to the rest of the world.
- Egypt announced another tender for optional origin wheat, no specified tonnage. This will add to their open book of 1.4mmt.

**WHT LOCAL- ↓ East Coast ↓ WA**

- Wheat lower with international markets.
- DURUM-**
- Durum fell with DR1 \$385/mt (-\$5/mt), DR2 \$355 (-\$5/mt), DR3 \$325/mt (-\$5/mt) and



DRFeed at \$188/mt (-\$42/mt).

**FEED BARLEY- ↓ East Coast ↓ WA**

- Barley fell on the back of weakness in international markets and stronger A\$.

**↑ CORN –**

- Corn rallied at the open with Dec08 reaching US407c/bu, before profit taking.
- The USDA's revision should have been bullish, however the market had already factored in most of the move; harvest & financial market uncertainty pressured.
- USDA revised their Oct 10 report to US planted acres lower by 1 million acres.
- Corn prod lowered 4.24mmt to 305.65mmt.
- US end stocks cut 1.67mmt to 27.636mmt.
- Offsetting the reduced supply was a cut in US corn exports, down 1.27mmt to 49.5mmt because of slacker demand.
- Locally, new crop Feed Corn, #1 Feed maize, irrigated, \$260/mt ex farm LPP April, \$3.50/mt carry for May and June. Please call the office for enquiries.

**↑ SORGHUM –**

- Old crop sorghum strengthened with basis also strengthening.

**↓ SOYBEANS-**

- Soybeans weakened over the session but not before rallying, with Nov08 reaching a high of US943c/bu.
- One report indicated that fear was greater than the report; with futures falling once the report was released.
- USDA revised their Oct10 forecast down 1.1million acres for planted area; they had found 2.2mmt in Oct 10 report.
- Prod lowered 1.225mmt to 80.013mmt.
- Soybean exports are now projected lower by 816,459mt to 27.759mmt.

- Brazil to increase biodiesel production, which will limit soybean exports from Brazil.

**↓ CANOLA –**

- Canola fell slightly over the session on the back of weaker soybeans.
- Canola was stronger at the beginning of the session however when soybeans fell, so did canola.
- Weaker CAD supported.

**→ CHICKPEAS & FABA'S -**

- Fixed chickpeas jumped \$25/mt to \$410/mt delv Narrabri.
- Faba's POA
- ↓ ↓ SUNFLOWERS –**
- 08/09 mono's fell \$52/mt to \$660/mt fixed tonnage delv Nbri and Newc. Ha contracts fell \$44/mt \$620/mt delv Nbri and Newc.
- 08/09 fixed tonnage fell \$43/mt to \$561/mt and ha Poly fell \$43/mt to \$521/mt delv Nbri and Newc. Both Ha & Fixed tonnage contracts May delv.

**↓ COTTON -**

- Cotton was sharply higher at the beginning of the session, along with grains and US financial market.
- As the US financial markets retreated off their highs and the USDA released their revised report, cotton weakened.

**↑ A\$ -**

- Yen took its biggest hit in years, which proved to be supportive for A\$, rising over 4cts against US\$ & others.
- With Japanese int rates so low, they have little room to manoeuvre.
- Expectation that the Fed will announce a rate cut of 50 basis points tonight.
- Dow Rallied 889.35 to 9,065.12; second biggest points gain.
- Gold strengthened 2.60 to 745.50
- CRB strengthened .83 to 258.16.

Swap Bankbid	Wht Dec08	Wht Jul09	Wht Dec09	Corn May09	Corn Jul09	Can Nov08	Cott May09	Cott Jul09
Swap A\$/mt	300.50-25.00	325.50-29.00	349.25-28.25	264.00-12.00	271.25-12.50	503.50-28.50	401.00-31.80	415.25-31.55
Swap US\$/mt	195.00-1.50	207.50-3.75	220.50-2.25	165.00+3.00	170.00+5.00	416.50 -3.00	253.50 -5.50	261.50 -4.75

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☎ 02 6747 1590  
[info@marketag.com.au](mailto:info@marketag.com.au)

MultiG WHEAT 08/09 – East Coast			
	Newc	PtKemb	Gee
Base APW1	264 -17 LouisD	266 -19 Elders	290 -10 Elders
Newc MultiG Port Basis (Dec08)UScts -52			
FIS FREQ – GST EX – West Coast			
MultiG 08/09 FREQ		297 -15 Cargill	
FIS Basis (Dec08)		+6	
BARLEY – FEED/MALT			
F1 Fixed - Newc 08/09		200 -5 AWB	
Malt1 Fixed Newc 08/09		285 -3 Brooks	
Malt1G Newc 08/09		POA	
F1 Fixed – Freq 08/09		227 -11 AWB	
Malt1 Fixed -Freq 08/09		310 -5 Agracorp	
Malt1G – Freq 08/09		215-17/300-5 Elders/Agra	
NEWC SORGHUM			
S1 07/08 AWB		200 +7	
Port Basis (Dec08)		-64	
S1 08/09 Elders		220 0	
Port Basis (Jul09)		-77	
CANOLA			
08/09 Newc		618 -29 Cargill	
Port Basis (Nov08)		+89	
08/09 Freq		584 -22.65 ABB	
Port Basis (Nov08)		+52	
COTTON – ex Gin			
2009		439 -38 Cargill	
Ex Gin Basis (May09)		+328	
2010		484 -41 Cargill	
Ex Gin Basis (May10)		-22	