

WEEKLY MARKET REPORT

WEATHER

Thunderstorms hit the region last week and brought with it heavy rain in generally a very short space of time. The forecast is remaining ominous again with rain at times this week before another front is tipped to move through the region later in the weekend. Much of NSW is expected to receive a decent soaking.

TOWN	WEEKLY	November	2011
Narrandera	36mm	2mm	504.7mm
Cowra	25mm	25.2mm	454.6mm
Hillston	26.4mm	29.6mm	374.4mm
West Wyalong	17.6mm	19.4mm	440.4mm
Oaklands	40.6mm	40.6mm	510.7mm

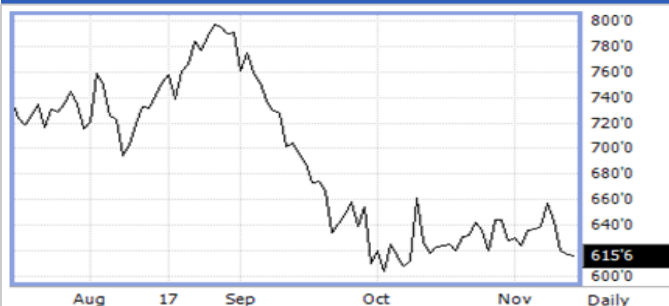
LOCAL

Harvest continues to build momentum within the zone. Canola harvesting has progressed well despite last week's rain. Yields and quality have been better than average, with most crops extracting a premium with +42% oil. A significant portion of the barley crop is falling into malt specification whilst western wheat has been averaging APW1 to H2. Preference towards cash selling has been evident in canola, whilst a mixture of cash and warehousing has been seen in wheat and barley. At this stage cash sales are yet to significantly impact on local basis and cash values. For all those with Early Order Premium Pool contracts a reminder to lodge your Personal Pricing Strategy (PPS) nomination by the Friday deadline. For all new pool contracts PPS strategies are nominated at the time of contracting (excludes spot deliveries at the silo). Contact the office for further detail.

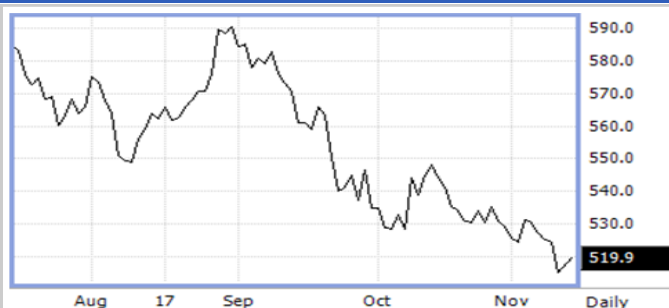
GLOBAL

The situation in Europe continues to dictate terms at the moment and the uncertainty surrounding what the near future holds is one of the major reasons prices remain soft. Consumers will therefore continue to take a hand-to-mouth approach for the time being as firstly margins are generally sound and secondly they remain reluctant to extend themselves too much financially in the current environment. The USDA report last week provided no huge surprises despite the corn yield being cut to below the average expectation, as lower domestic demand offset the change. Reports are suggesting US domestic consumers are importing South American feed wheat due to the lower cost, and this combined with some poor US export data for all commodities is keeping futures soft. The drought in southern parts of the US and the talk of strong demand from China are the main stories providing some support, although weather in Australia is also of some concern.

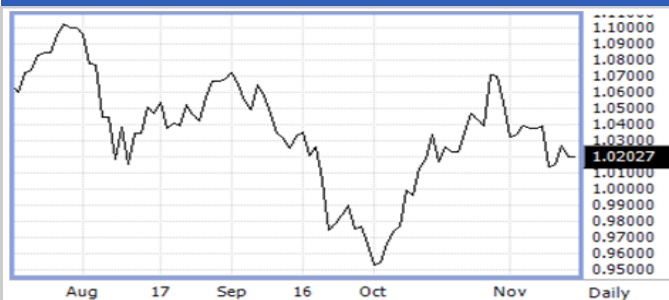
DEC '11 CBOT WHEAT



JAN '12 WCE CANOLA



AUD/USD



CONTRACT	LAST	DAILY	WEEKLY	MONTHLY	YEARLY
CBOT Dec 11 Wheat	USc 615.75	↓ -1.00	↓ -4.2%	↓ -1.1%	↓ -21.7%
CBOT Dec 11 Corn	USc 633.50	↓ -5.00	↓ -3.4%	↓ -1.0%	↑ 22.1%
CBOT Jan 12 Beans	USc 1,178.25	↑ 2.75	↓ -0.6%	↓ -7.8%	↓ -1.6%
ICE Jan 12 Canola	AUD 519.90	↑ 4.40	↓ -0.9%	↓ -5.2%	↑ 1.5%
ASX Jan 12 Wheat	AUD 216.00	→ 0.00	↓ -4.2%	↓ -4.4%	↓ -24.6%
ASX Jan 12 Barley	AUD 185.00	→ 0.00	↓ -1.1%	↓ -8.0%	↓ -19.2%
ASX Jan 12 Canola	AUD 550.00	→ 0.00	→ 0.0%	→ 0.0%	↑ 6.6%
AUD/USD spot rate	1.0204	↑ 0.00	↑ 0.6%	↓ -1.3%	↑ 3.6%
AUD/CAD spot rate	1.0373	→ 0.00	↓ -0.1%	↓ -0.6%	↑ 4.3%
ASX/CBOT Wheat basis	-AUD 6.47	↑ 1.25	↑ 1.91	↓ -9.40	↑ 0.53
ASX/ICE Canola basis	AUD 47.43	↓ -5.94	↑ 4.69	↑ 24.95	↑ 46.58

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FOCUS—WEATHER IN AUSTRALIA BECOMING INCREASING FOCUS

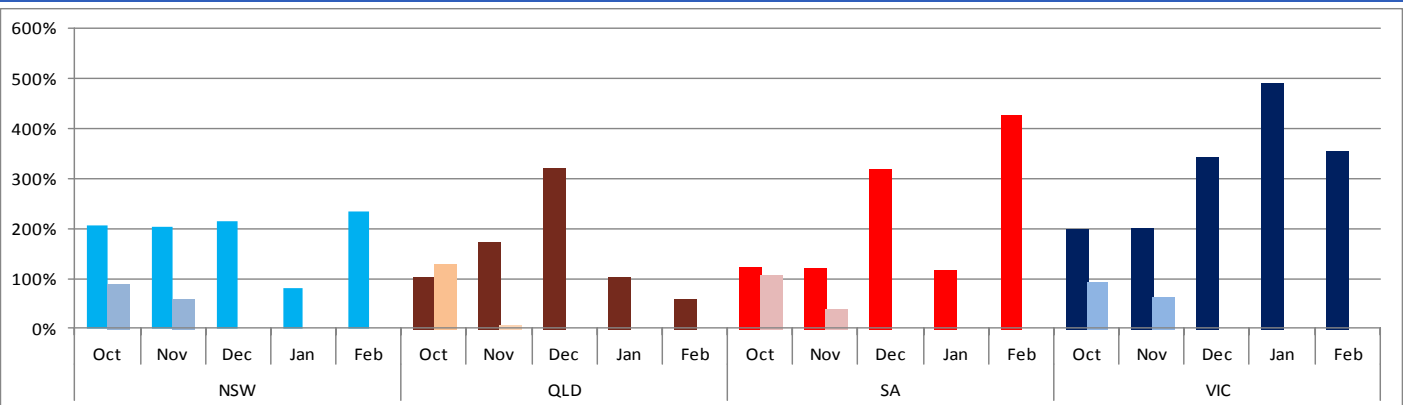
We touched on the weather in Australia two weeks ago where the relevant indicators were suggesting conditions were trending towards a weak La Nina event, and those indicators are still currently hovering around similar levels. Last week we saw some heavy thunderstorms push through southern NSW and northern Victoria in particular and while its impact on the crop has reportedly not have been too severe, the forecast for the next month or two is of increasing importance. Unsettled weather is forming through NW Australia and pushing through the centre into the eastern states, and the forecast is for further rain this week and into the weekend for NSW in particular.

While some may have a sense of déjà vu it is worth comparing the current situation to that of last year. If we start with October there are only a small number of regions in the eastern states, notably southern QLD and northern NSW, that have received higher rainfall in 2011 compared to last year. In southern NSW and a lot of Victoria many areas were receiving 2-3 times the monthly average in 2010 while in 2011 southern NSW in particular only recorded half of their normal rainfall. November rainfall to date has been high in a handful of areas, mainly in parts of NSW and Victoria following the recent storms, however we would need to see some large totals this week in order to match last year. The central and northern areas of NSW recorded 100+mm's for November in 2010 and we would need to receive 80+mm's in the next couple of weeks to match these numbers.

In 2010 though the rain didn't stop in November. Many areas of NSW and Victoria recorded around 100mm's for December last year while QLD continued to get hit hard, averaging 270mm's in the cropping regions. As the chart below shows no region was really spared through the east of the country and big follow up rains in the first quarter of 2011 for Victoria and southern NSW in particular compounded existing quality issues. In the southern areas most growers managed to get canola off and generate some strong returns, however it really was these later rains that impacted the barley and wheat and caused large amounts of feed grain to be produced.

So despite the forecast looking a little ominous for the remainder of November we are still a long way off what occurred last year. Canola harvest is well underway in many areas and it is likely to be sold pretty hard by growers given where current prices are at in comparison to wheat and barley. It is then this period following the canola harvest that will have a significant bearing on the quality profile of the Australian crop, particularly through the southern regions. There have been a number of reports of nitrogen leaching from the soil as a result of the floods last year and therefore the protein levels of this year's crop could come in below average. But whether some of this grain falls into an ASW or a FED1 category will depend upon the upcoming weather and for now we bide our time and see what Mother Nature has in store for us.

OCT '10-FEB '11 & OCT-NOV '11 RAINFALL (% OF AVGE)



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