DELTA GRAIN MARKETING

OUTLOOK

January 2025

Independent Brokers. Smart Advice.

<u>DELTA GRAIN OUTLOOK – *Monthly Analysis and Strategy*</u>

Introduction

The grain marketing environment for 2025 looks set to provide lots of opportunities for producers.

Queensland and New South Wales growers have a large surplus of grains, oilseeds and pulses left to be sold and we can see good potential in their values over the coming months if our analysis and global view of demand are correct.

Feed grains will be beneficiaries of strong demand and lower stocks, following smaller harvests across much of the Northern Hemisphere in 2024. Much has been made of Chinas slowing economic growth, but to date their demand for food and feed remain very strong.

The Australian crop production has enjoyed five good seasons in a row of 30+million tonnes with a few exceptions in some regions of course. We have seen strong export surpluses and relatively strong prices. Long may it continue!

The wheat quality from Queensland, Northern and Central New South Wales was some of the best we have seen, with record volumes in many areas producing grain weights of 80+ kg/hl, with APW/H2 protein average. Aided by a near perfect run of weather, the result of which is large stocks of quality milling grade wheat suitable for almost any purpose.

The weather damage to southern crops appears to have been greatly exaggerated by a notable bulk handler, but the small discounts to SFW1 tells us all we need to know, as estimates close to 400,000 tonnes of SFW1 were delivered in total. Demand for SFW1 into Asian feeders is very strong.

Canola prices continue to gyrate in a $70/t range ($730 to $800 track), as focus moves back and forth from a soft Canadian GM product to a very strong non-GM European market. It has made price forecasting a nightmare, with large servings of humble pie consumed in the process.

Chickpeas continue to be well supported, though the bulk trade to India is some $50/t or more over the container trade to Pakistan, Bangladesh and the UAE. An extension of the Indian trade opportunity would surely give the local chickpea market a big boost.

Wheat Outlook

INTERNATIONAL

- The global wheat outlook for 2024/25 is for slightly larger supplies, lower consumption, reduced trade, and higher ending stocks.
- Supplies are raised 0.4 million tons to 1,060.7 million as higher production for Syria and Pakistan more than offsets a reduction for Uruguay.
- Global consumption is lowered 0.6 million tons to 801.9 million, primarily on reductions for Turkey partially offset by Ukraine.
- World trade is 1.7 million tons lower at 212.0 million on decreased exports for Russia and Ukraine.
- Russia's exports are forecast at 46.0 million tons, down 1.0 million from last month and well below last year's record of 55.5 million.

- Projected 2024/25 global ending stocks are raised 0.9 million tons to 258.8 million, primarily on increases for Russia, Brazil, Nigeria, and Ukraine more than offsetting reductions for Turkey, China, and Indonesia.
- *Source: USDA WASDE Report*

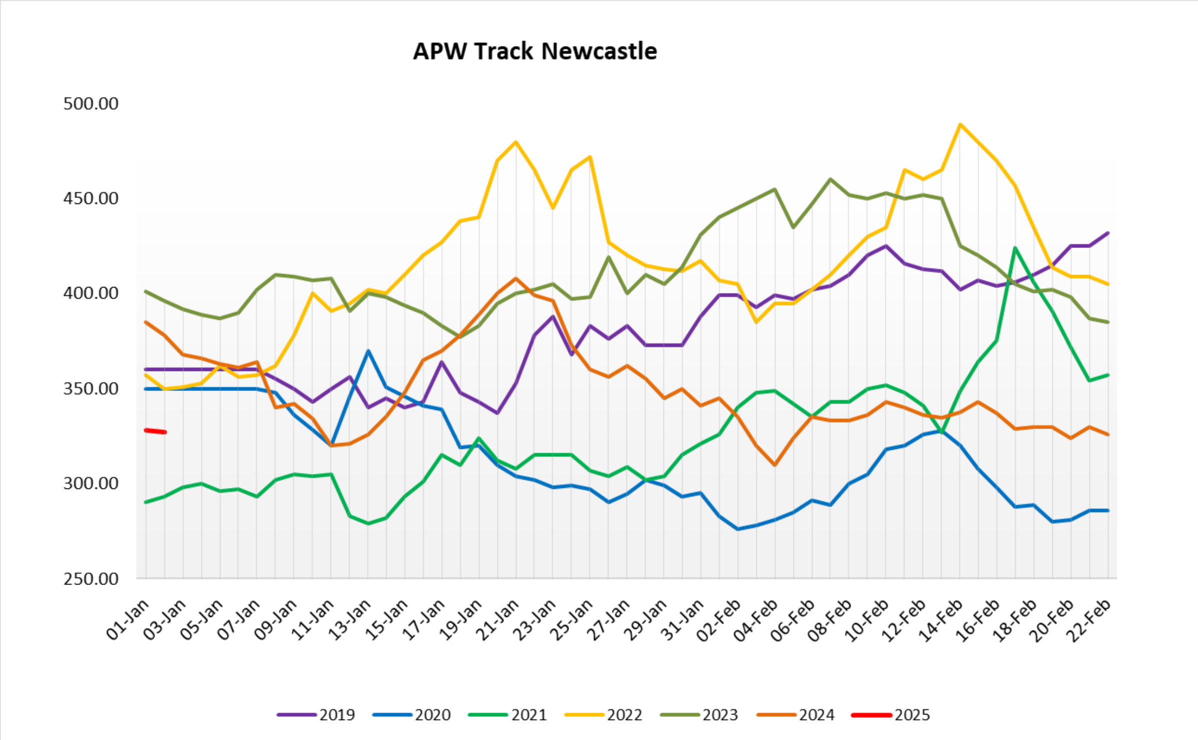
INTERNATIONAL

The USDA lowered the US corn and soybean production as we will discuss later in the Outlook, but the wheat ignored the gains in beans and corn. Markets are not always rational, but the depth of the selloff in US wheat futures seems to ignore the build in demand for feed grains generally as well as wheat offering the human food use as well. The selloff can partly be explained by the poor quality US crop in 2024, but we think the funds are not giving enough thought to the winding back of exports in Russia and the Ukraine for the second half of the marketing year. Global supplies of wheat will get very tight if there is any switching from corn to wheat in the ration.

Interestingly, the wheat/corn price spread has narrowed over the past few months from about $80/tonne to just $15/tonne. The spread very seldom gets this narrow. We believe there will be switching from corn to wheat by feeders in the US, especially for off-grade wheat, and the tightness in the milling grade balance sheet should provide upward pressure.

Overall, we see that the current price environment will just add to an already tight milling wheat balance sheet, leaving some opportunity for a rally in international wheat values over the coming months.

DOMESTIC

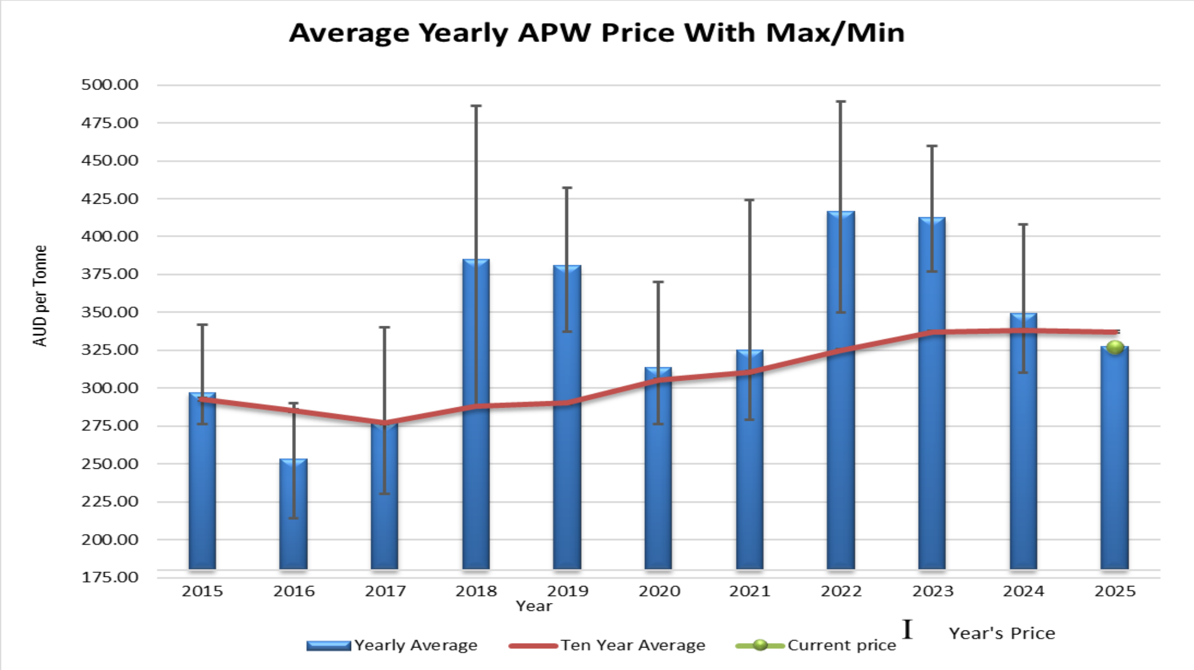


Local values have been incredibly stable considering the huge New South Wales crop. We expected that the weight of such a large crop in Northern and Central New South Wales and Southern Queensland would subdue rallies, but we think the rally is more likely to lift offshore and gradually lift export demand.

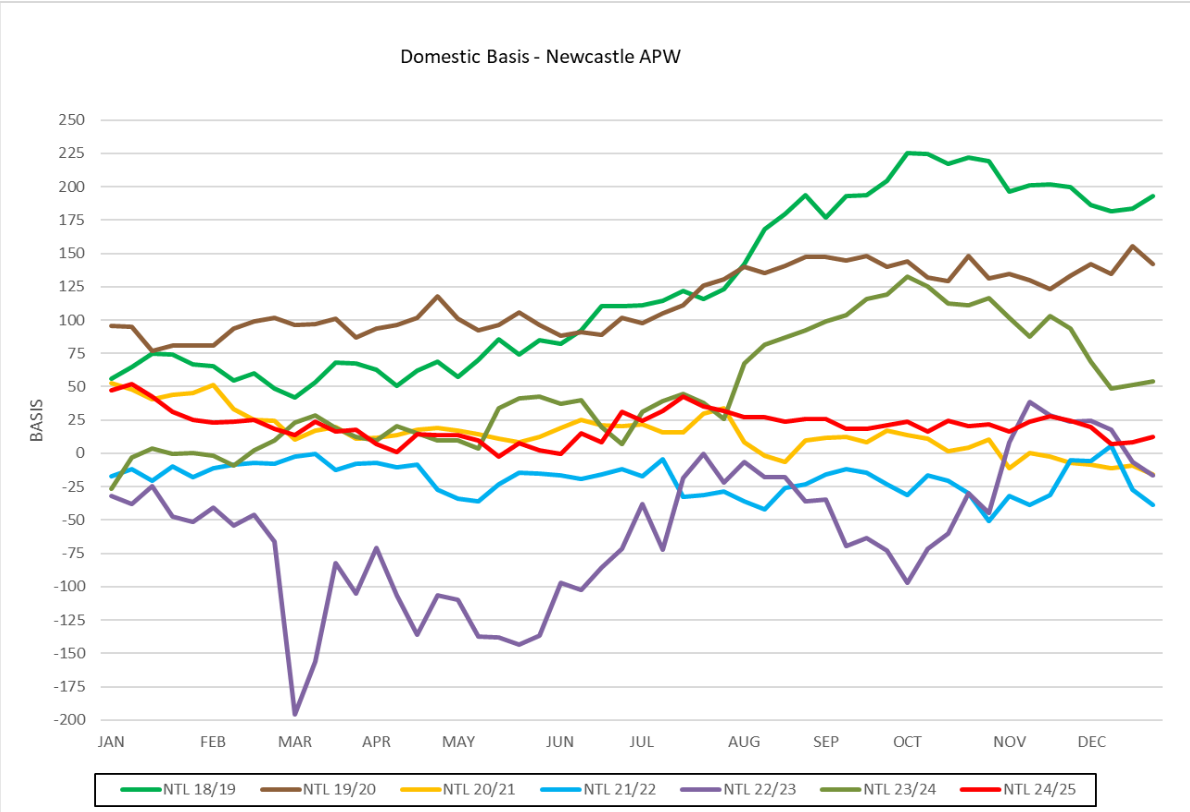
It would be incorect to say that demand has been poor because there were some weeks of solid harvest selling which did not put a dent in the buying appetite. At one stage we were concerned about the bulk handlers getting short of liquidity purely on the volume of canola and chickpeas as well as high value forward sales of wheat which all required payment over a couple of months. Through it all, buyers kept buying.

The dust has settled now that harvest is complete and while we expected a serious holiday lull, the market has been quite active. Buyers have been prepared to pay well over the published bids for larger parcels of milling grade wheat, particularly H2 and APH2. In the past week or so we are seeing some solid demand for SFW1 and ASW1, either in Rail sites or increasingly on a Delivered to the Port basis.

There is nothing to suggest this activity will not continue and if the internatioanl market starts to firm like we think it will, it will be a very interesting January and February, as growers return from their summer break.



Average Yearly APW Price With Max/Min
AUD per Tonne
500.00
475.00
450.00
425.00
400.00
375.00
350.00
325.00
300.00
275.00
250.00
225.00
200.00
175.00
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Year
Yearly Average
Ten Year Average
Current price
Year's Price



Domestic Basis - Newcastle APW
BASIS
250
225
200
175
150
125
100
75
50
25
0
-25
-50
-75
-100
-125
-150
-175
-200
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
NTL 18/19
NTL 19/20
NTL 20/21
NTL 21/22
NTL 22/23
NTL 23/24
NTL 24/25

Wheat Strategy

CENTRAL QLD

A relatively small wheat crop in CQ, as a result of a big sorghum planting in the summer and a large chickpea planting through the winter, means that most of the crop will be absorbed in the local feedlots or onto the Northern Downs.

Wheat delivered into the GrainCorp system should start to see some renewed demand over the next few weeks as traders evaluate their export programs. We are inclined to keep some wheat to sell after the chickpea program is completed.

SQLD/NSW

We see some good value in protein spreads, especially in the southern markets like Port Kembla and Melbourne. Newcastle Zone and Southern Queensland Zones are starting to see demand building, with bidding on the improve, especially in rail sites and ex-farm. We expected demand would build through January, and it is.

We suggest selling a third of unsold wheat by the end of January, because while we see some upside in global prices, domestic basis is higher than normal for such a large East Coast crop, such that the local market may underperform an offshore rally.

If in doubt, do not hesitate to call us to discuss the options.

Canola Outlook

- U.S. oilseed production for 2024/25 is estimated at 128.5 million tons, down 2.7 million or 2% from the previous report.
- Lower soybean, peanut, rapeseed, and sunflower seed crops are partly offset by higher cottonseed.
- Foreign 2024/25 oilseed production is lowered 0.3 million tons to 551.9 million, mainly on lower rapeseed production for India, Russia, and Uruguay, and lower soybean production for Russia and China.
- Partly offsetting is higher sunflower seed production for Russia and higher cottonseed production for China and Australia.
- Global soybean exports are unchanged while global soybean crush is raised 1.9 million tons to 349.3 million.
- Crush is higher for Brazil on strong first-quarter soybean meal exports.
- The Iraq soybean balance sheet was also added to the database as soybean imports have risen over the past few years, which contributed to higher month-over-month global crush.
- Global soybean ending stocks are forecast at 128.4 million tons, down 3.5 million, mainly on lower stocks for the United States and Brazil.
- *Source: USDA WASDE Report*

INTERNATIONAL

The latest WASDE report was quite supportive for oilseed pricing as it has revised U.S. soybean production for the 2024-25 season down 2% from the previous December estimate. Ending stocks have also decreased, dropping by 90 million bushels to 380 million, which is below market expectations.

For the week ending January 2, U.S. soybean export sales hit a marketing-year low of 288,700 tonnes. In addition, 114,900 tonnes of old crop soymeal, 1,100 tonnes of new crop soymeal, and 34,600 tonnes of soyoil were also sold.

Globally, soybean world ending stocks were reduced by 3.5 million tonnes, now totalling 128.37 million, as a result of lower final production numbers from both the US and Brazil . Brazil suffered from extreme flooding at the end of the last season in southern parts of Brazil, which damaged many hectares just prior to harvest.

The latest report did not include specific updates on Canadian canola, though StatsCan's December report revised final stocks downward by 1.1 million metric tonnes. As a result, Canadian canola futures have strengthened over the past month, with the January contract rising from C$598 to C$636.

European futures have also gained ground, driven by a smaller crop in 2024 and downward revisions in both soybeans and Canadian canola. MATIF futures have increased from €510 to €542 in the past two weeks.

Attention is now turning to South American soybean production, particularly in Brazil, where a substantial crop is expected this season. The forecasted Brazilian soybean production of 169 million metric tonnes represents an increase of 16 million metric tonnes over 2024. Argentina is also projected to produce a larger crop, with the USDA forecasting 52 million metric tonnes, up from 48 million metric tonnes last year. However, conditions in Argentina have been less favourable than in Brazil, with prolonged hot and dry weather potentially impacting yields. Harvest is only just around the corner so the question will be how much damage will there be to yield or quality.

Meanwhile, there is plenty of geo-politics going on in the world that can affect canola markets, between China investigating the Canadians of canola-dumping violations, to the threat of Trump tariffs on imports in 2025. However, with the US putting a ban on used cooking oil imports from China, you would think this would favour canola oil imports, especially when the US are looking to increase the bio-fuel industry.

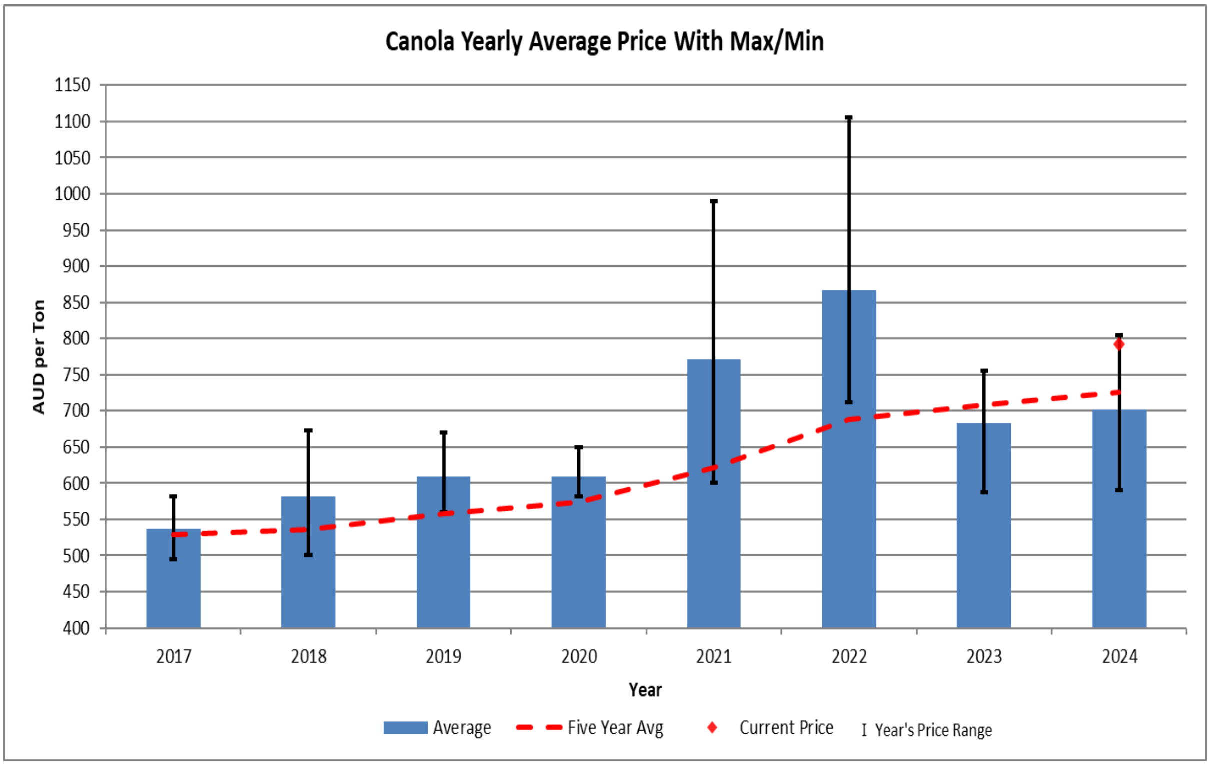
DOMESTIC

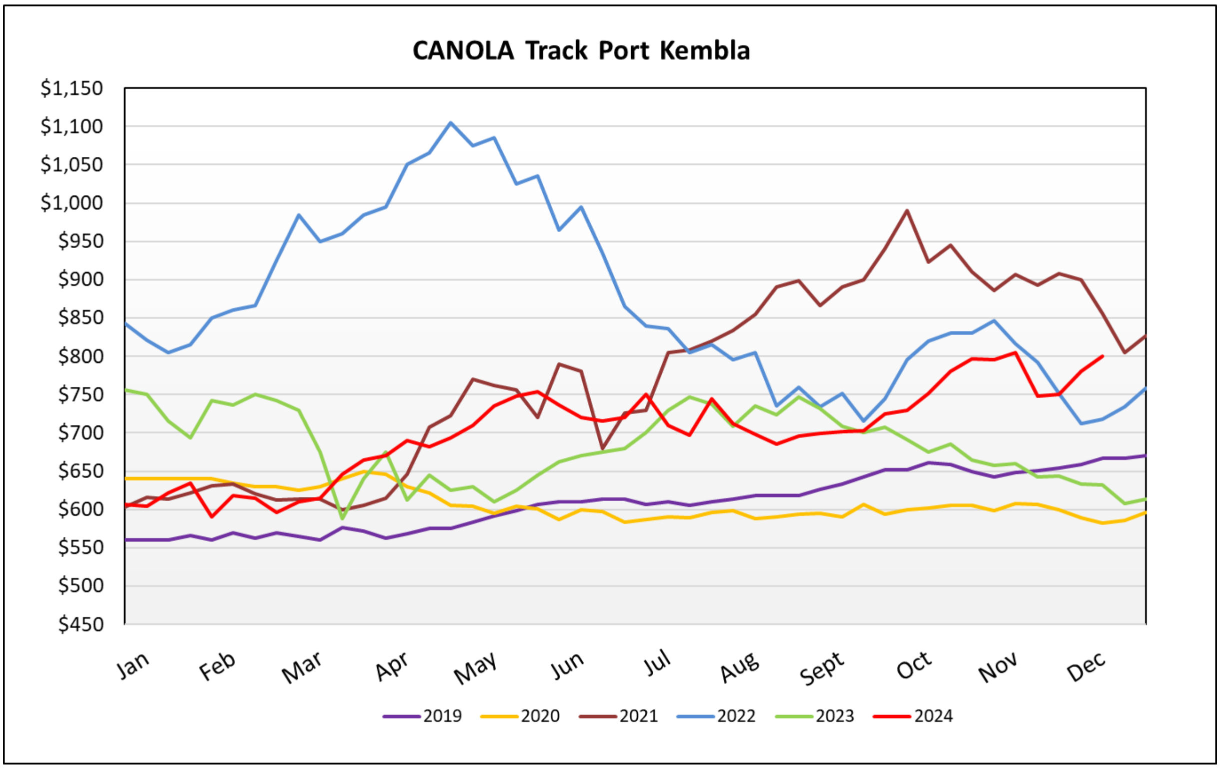
ABARE estimated Australian canola production falling 8% to 5.6MMT in their December report, and this is largely due to dry conditions and damage caused by frost in mid-September. Yields varied widely across the growing area, but broadly we estimate the damage equated to approximately 20% from average yields across New South Wales. On the SW Slopes we saw a lot more light test weight canola resulting from heavy harvest rainfall, which fortunately only suffered a minor $10/t discount to full weight canola.

Buyers are still actively chasing canola into ports and this export demand has been competing with the domestic crush market, with buyers paying over the published bids regularly when offered a parcel. We did see a lull over the Christmas period which was largely due to futures also dropping over the festive break. With most growers capturing good prices at around $750-$780 track or better, there are not many tonnes left to market.

Prices have now hit $800 Track Port Kembla with Melbourne trading $10 higher. So for the small amount remaining unsold, growers are now in a fortunate position to choose when to sell remaining tonnes at very good prices.

MATIF FEBRUARY 25 WEEKLY DATA





Canola Strategy

NEW CROP 2024/25: There have been some questions already raised about 25/26 season canola prices, which the buyers are not willing to bid on just yet. However, with the recent rally and current crop prices sitting above $800 track, it would be worthwhile to keep raising the question in order to capture some good pricing opportunities if they arise. For now, we will keep asking the trade for opportunities and let you know over the coming weeks/months.

For those with canola left to sell we still see current values as an opportunity to sell, but for those willing to spin the wheel and see where this rally goes then we will keep watching and waiting for more spikes on which to sell.

Barley Outlook

INTERNATIONAL

- This month's foreign coarse grain outlook is for greater production, reduced trade, and higher ending stocks.
- Foreign corn production is forecast higher with increases for China, Ghana, and Russia.
- China corn production is raised to a record 294.9 million tons WASDE-656-2 based on the latest data from the National Bureau of Statistics.
- Corn production is higher for Russia based on the latest information from Rosstat.
- Major global coarse grain trade changes for 2024/25 include lower corn exports for the United States and Brazil.
- Corn imports are raised for Turkey but lowered for China, South Korea, and Japan.
- Foreign corn ending stocks are higher mostly reflecting an increase for China. Global corn stocks, at 293.3 million tons, are down 3.1 million. *Source: USDA WASDE*

International Coarse Grain Market

The January USDA WASDE report is historically a market mover, and this year was no exception. US corn yield came in 3.4 bu/ac below most analyst expectations, one of the largest air swings in recent memory. Crops in the north of the country were in the main, well below forecast with Minnesota and Indiana/ Nebraska all well below expectations. Overall yield failed to break above the 180 bu/ac mark, and we saw the 7th straight month in a row of declining corn carryout in the States. This is the longest streak of declines in 20 years. March corn has bumped over 4% to 476 c/bu.

Corn	2022/23	2023/24	2024/25 Proj	2024/25 Proj	Change
39.36		Est	Sept	Oct	
				Million Metric tonne	MMT
Area Planted (mil. acres)	88.2	94.6	90.7	90.7	
Area Harvested (mil.acres)	78.7	86.5	82.7	82.7	
Yield (bushels/acre)	173.4	177.3	183.6	183.8	
Beginning Stocks	34.98	34.55	44.72	44.79	0.08
Production	346.82	389.79	384.73	377.72	-7.01
Imports	0.99	0.76	0.64	0.64	0.00
Supply Total	**382.77**	**425.10**	**430.08**	**423.15**	-6.94
Feed & Residual	116.51	146.72	147.99	146.72	-1.27
Food, Seed & Industrial	166.62	173.78	175.05	175.05	0.00
Ethanol & by-products	131.50	138.47	139.74	139.74	0.00
Domestic Demand Total	**306.02**	**321.27**	**323.04**	**321.77**	-1.27
Exports	42.20	57.16	62.88	62.25	-0.64
Use, Total	348.22	377.67	385.92	384.02	-1.91
Ending Stocks	**34.553**	**47.434**	**44.16**	**39.13**	-5.03
Avg.Farm Price ($/bu)	$4.53	$6.00	$4.75	$4.25	

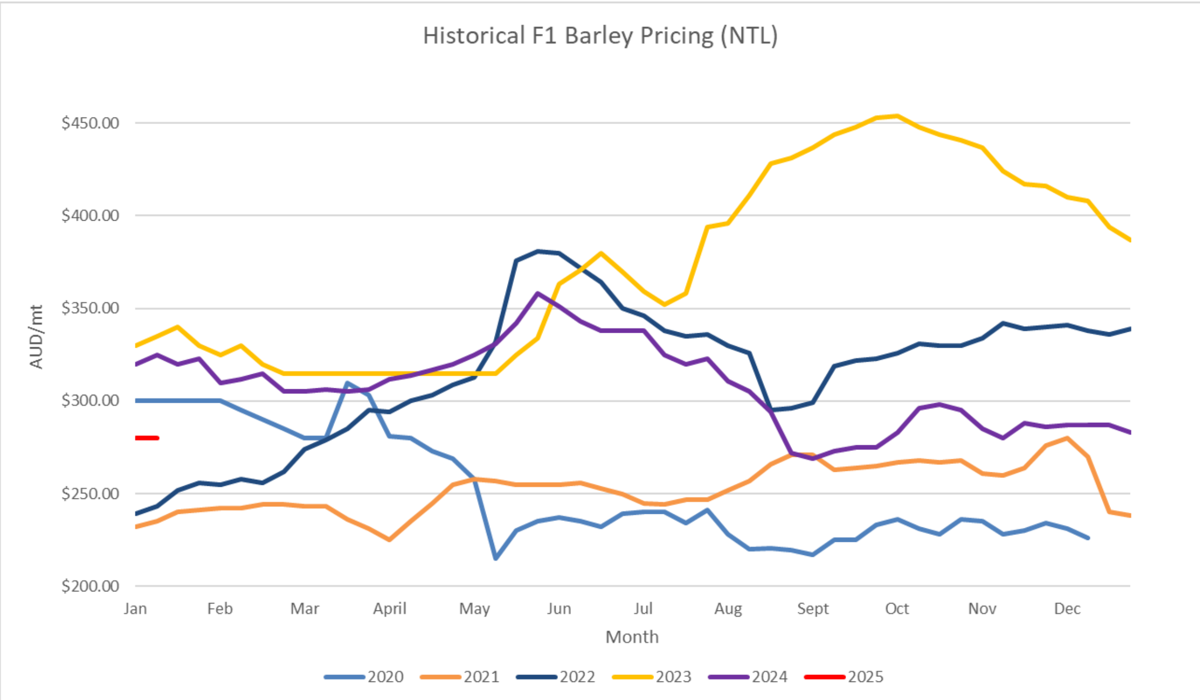
US CORN WEEKLY CHART

US corn futures has been trending upwards since October last year. Demand for US corn has been very solid over this time. Mexico, Japan and China have all contributed to the demand through high imports and sales. The US election only further increased the demand as countries tried to maximise imports before any tariff regime is applied by the Trump administration. The US have exported 40 MMT of corn so far this year which is an 30% increase YOY. Once the USDA lowered production by 7MMT and Carryout by 5 MMT the market had nowhere to go but up and fast.

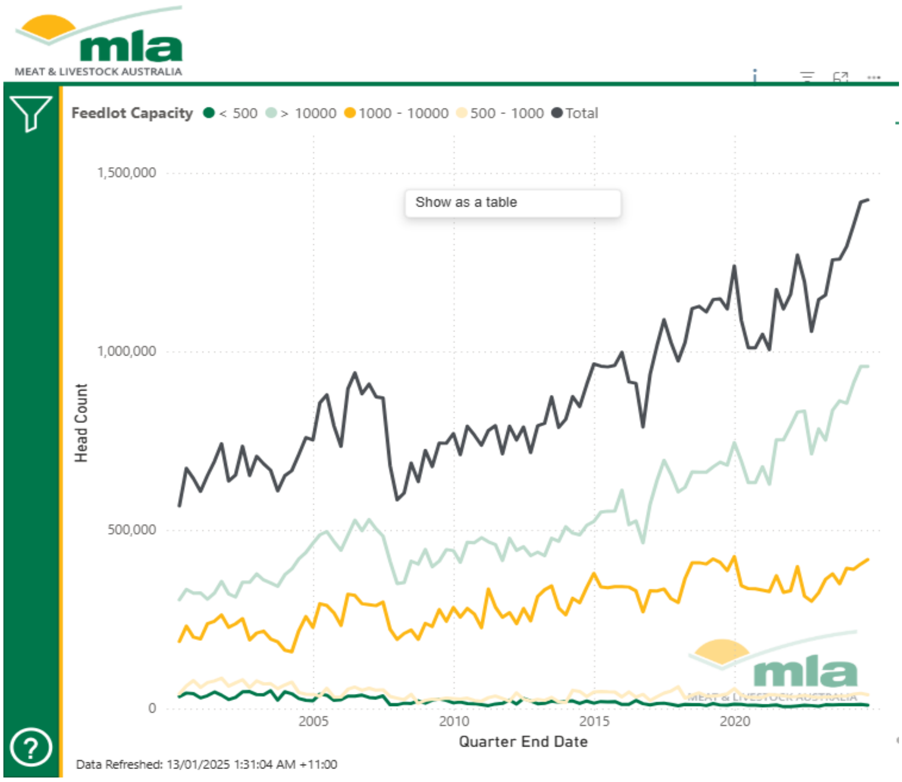
Export barley demand remain solid ex WA and Port Kembla/Melbourne at present. Nov/Dec shipments were consistently strong with 1.5 MMT loaded with 90% going to China. January demand is also very strong with at least 300,000mt of barley boats booked. Outside China, demand has been solid for Malt barley into Central and South America while more malting demand is also expected from Japan and Thailand.

DOMESTIC

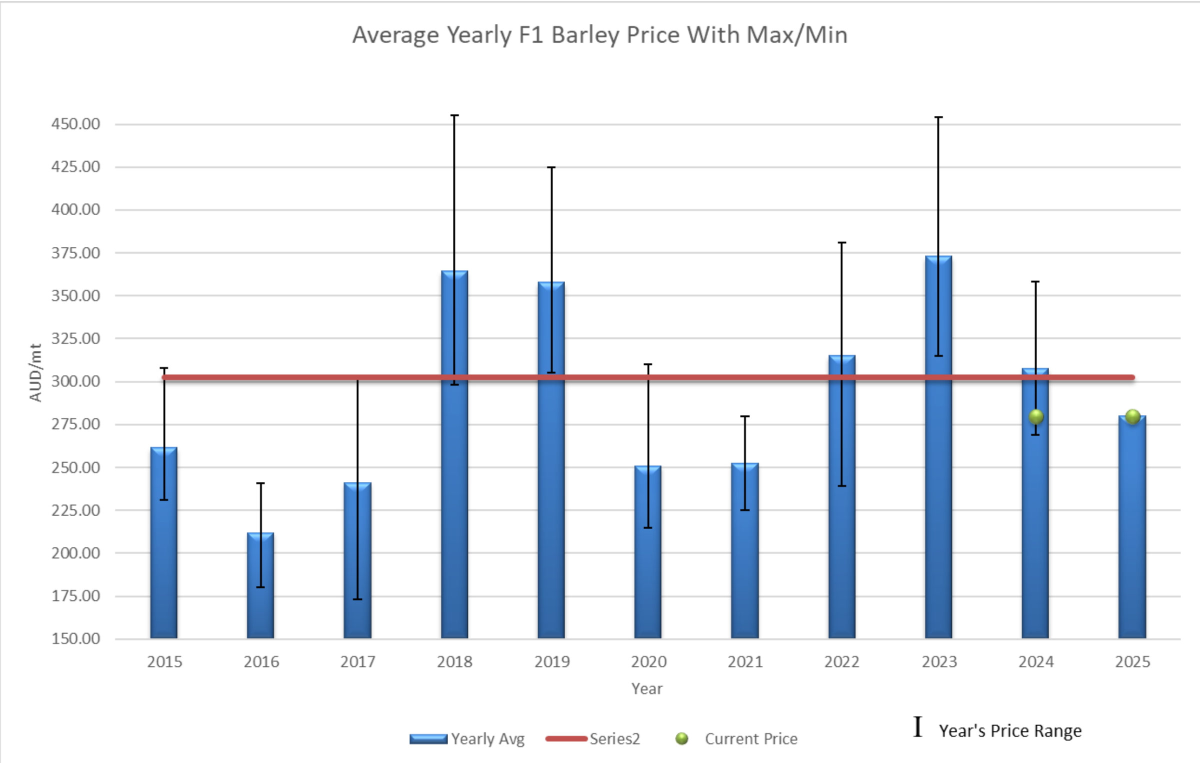
Domestic barley markets appear to be in a relative state of equilibrium with values remaining within a narrow range both delivered and track. The holiday period combined with short term cover from buyers is not all that unexpected for this time of the year. Prices are lower than average on the East Coast and do not present any value to Growers. We are a long way off the $400 delivered Downs market we saw this time last year when supply was still trying to catch up to demand. There is currently plenty of wheat competing with barley for both feed and export capacity. Most of the nearby barley demand is being met from Northern/Central NSW where yields were high and surplus storage capacity meant that Growers were forced to sell barley to make room.



The ability of the trade and consumer to source Bar1 further out into Autumn is not yet a given and we would expect the export demand to start to pick up pace again over this period. This is particularly the case if international corn pricing continues to rally. The Northern Hemisphere Spring will also have a big effect on values.



Feedlot numbers are also set to remain strong with the number approaching 1.5 million. Both live and boxed beef export demand seems to be strong into both US and Asian markets. This will provide another base in prices for barley into the feedlot sector moving into the new year



As we can see values are well below the long term average and have eroded further towards the low point for the year. Historically values tend to rise from March on and we expect this to be the case this year.

Barley Strategy

Central and Northern NSW

The market is currently lacking momentum. Consumers are comfortable and are happy to see values slide. The market should start to turn around as demand picks up moving out of Summer and as exports pick up pace again. Hold for now.

SNSW and the Riverina

Port Kembla and Melbourne Track numbers are still the highest on the East Coast. Exports are competing with feed demand from SA/Vic. Values still below $300 Port feel cheap in comparison with WA values at $335.00/mt. Hold until we see demand filter through over the next month or two.

Sorghum Outlook

INTERNATIONAL

There was a good revision higher for the US sorghum crop from the USDA with carry in raised 54,000 mt and production raised 622,000 mt off the back of both an increase in yield and harvested acres. Again, as has been the tradition with the January report they have also increased usage by about the same amount with domestic demand increased by 676,000mt. Exports remain the same at just under 6 MMT.

US SORGHUM	2022/23	2023/24 Est	2024/25 Pro	2024/25 Proj		
			Dec	Jan		
	Million Bushels				Mt	
Area Planted (mil. acres)	6.3	7.2	6.3	6.3		
Area Harvested (mil.acres)	4.6	6.1	5.3	5.6		Change
Yield (bushels/acre)	41.1	52	60.8	61.3		MOM
Beginning Stocks	47	24	31	33	893,341	54,142
Production	188	318	321	344	9,312,398	622,631
Imports	0	0	0	0	0	0
Supply Total	**235**	**342**	**351**	**377**	**10,205,739**	703,844
Feed & Residual	42	50	75	80	2,165,674	135,355
Food, Seed & Industrial	59	25	25	45	1,218,192	541,419
Domestic Demand Total	102	75	100	125	3,383,866	676,773
Exports	109	245	220	220	5,955,604	0
Use, Total	**211**	**320**	**320**	**345**	**9,339,469**	676,773
Ending Stocks	24	22	31	32	**866,270**	27,071
Avg.Farm Price ($/bu)	$5.94	$4.90	$4.10	$4.25		

US sorghum prices have reduced further since the last report with FOB numbers now $219.00/mt US at Texas. As with the corn market the US are trying to get as much sorghum on the boats to China as quickly as possible before the Trump administration takes over on Jan 20th.

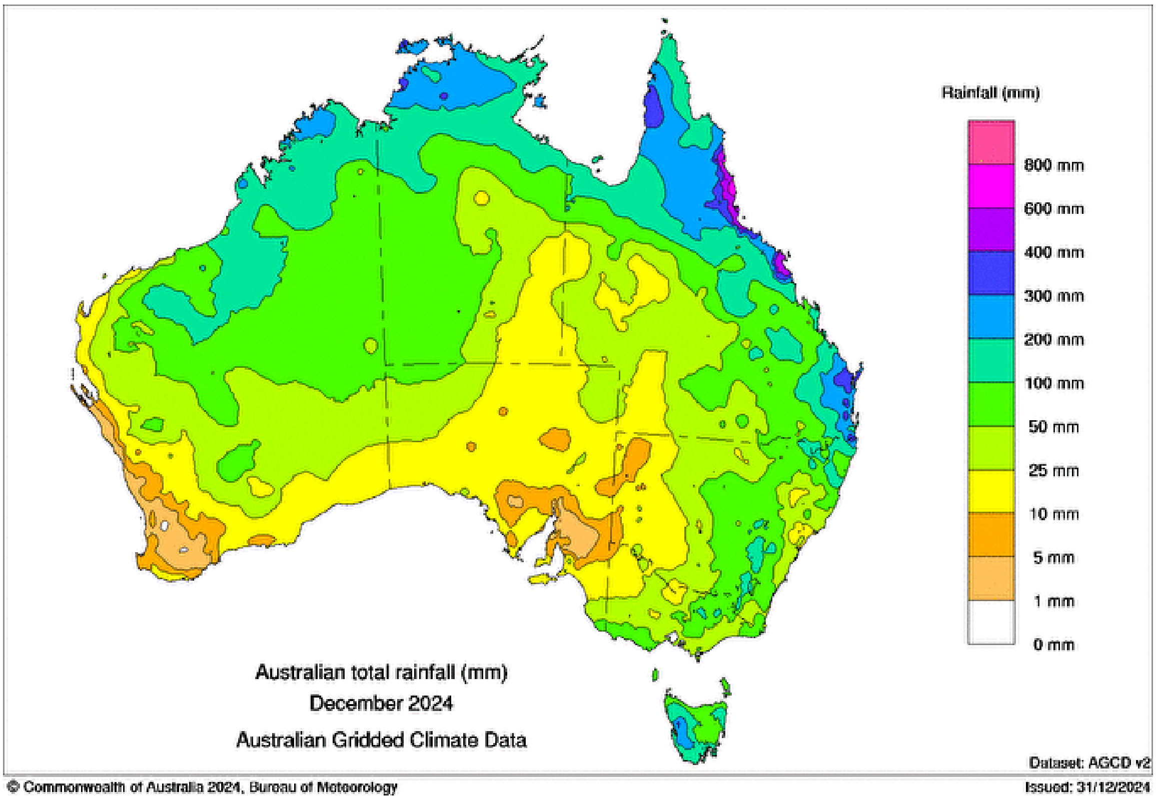
	US FOB Texas	Aussie dollar	Brisbane Track March 25	FOB Cost	Aussie Dollar Value	Basis
onth	Price					
Jan	$219.00	0.615	$320.00	$50.00	227.55	$8.55
Feb	$219.00	0.6156	$320.00	$50.00	227.55	$8.55
Mar	$219.00	0.6156	$320.00	$50.00	227.55	$8.55

Basis to US sorghum is still low with the depreciation of our dollar keeping us well within the " best value" price range for Chinese buyers. This should keep our sorghum in demand from the Chinese over the next 6 months. Quality will be the main driver of exports this year with the Chinese looking for Sorghum 1 to fit the alcohol production.

Argentina is still in line for a record crop despite some dry weather over the past month. Initial forecasts have the crop at 3.6 MMT with 850, 000 Ha planted to sorghum this year. Argentinian sorghum may put a cap on values later in the year if their crop comes off without quality issues.

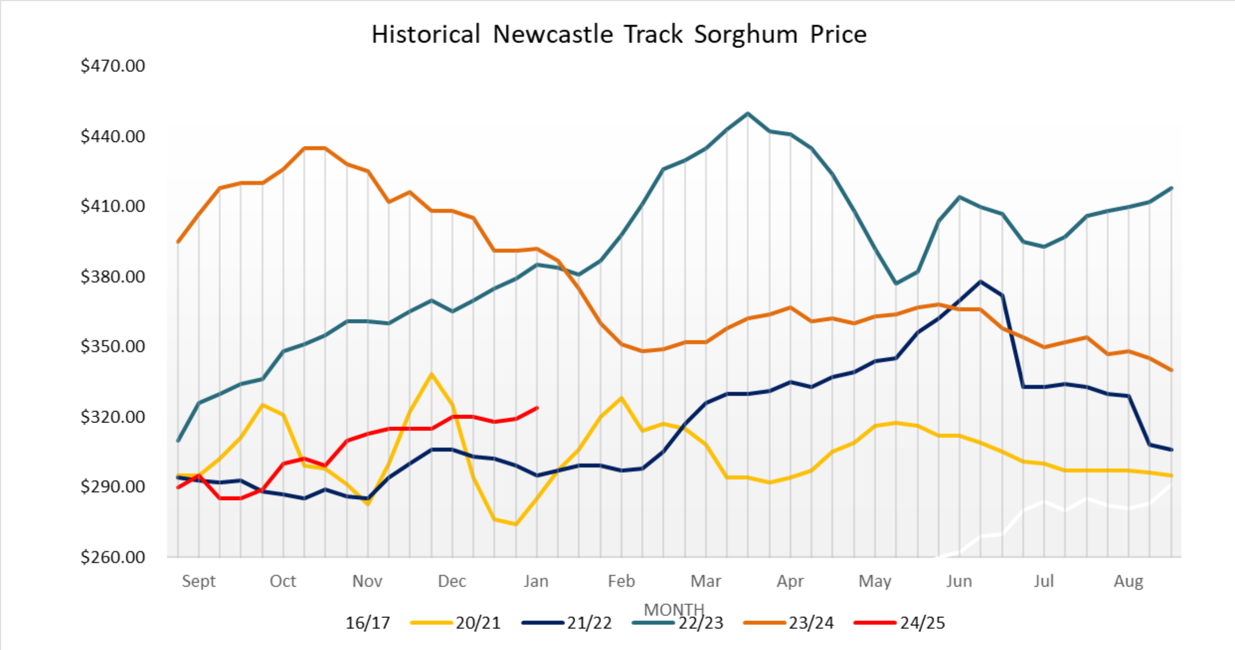
DOMESTIC

The Summer cropping season remains on track with rain events across much of the sorghum production area either finishing early crops or adding yield to the mid-season planting. These events have generally been consistent over the past 4 months and are setting up a crop that may beat expectations. Temps have ramped up, but most heat waves have been followed by a wet and mild period and at this stage most crops look like they will reach full potential. Late planted sorghum on the Liverpool Plains has benefited from storms over the past week.



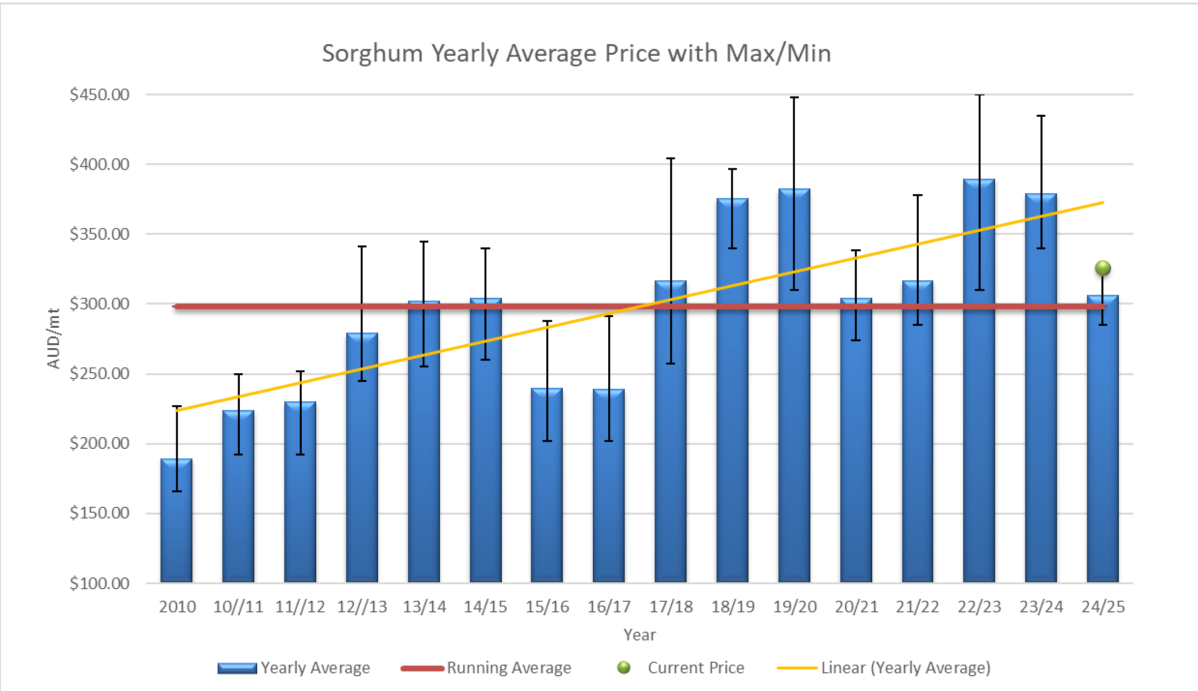
CQ has seen some good rain over the past two weeks. Probably still not enough to get all of the sorghum area planted, but with more rain on the forecast for January we should see planting progress well underway in the next week or two.

Unlike wheat and barley which have both slipped in price over the past four weeks, sorghum has been reasonably well supported and even stronger in some markets. Track numbers in Brisbane and Newcastle are currently trading flat to APW1 and we saw a definate increase in demand in Newcastle late last week with delivered values hitting $350.00/mt.



Early sorghum harvested this week is also showing a $20.00/mt premium to the generic harvest slots with container exporters happy to fill as many boxes as possible. If the harvest is strung out over a longer period and becomes a stop/start affair, this may keep prices firmer for longer especially for Sor1. In fact, the only cloud hanging over sorghum at present is the possibility of too much rain during harvest leading to downgrades in quality.

Chinese demand is fixated on good quality sorghum, and they will not take any sub-standard grades this year due to the competition from other origins such as Argentina who will be supply much of the Chinese feed sorghum demand. If we produce large amounts of Sor2/X then this will see product forced back into the domestic market adding pressure to barley and SFW1 markets.



Sorghum Strategy

CENTRAL QUEENSLAND – As the rain has fallen and the sowing window opened prices have lifted a touch in line with export demand. Track bids are nominally $310.00/mt port for June/July. Not bad probably $10-$20.00/mt under numbers that make the gross margins look respectable. Still early days so we suggest that sales hold off until the crop is up and prices lift.

NNSW – Prices continue to lift, particularly for the late Jan/Feb crop. Delivered port/packing markets look the best with Downs bid $325 while Narrabri bid at $300 delivered Jan. Ex farm Liverpool Plains for March/April $315.00 bid. These values are $20-$30.00/mt over current SFW1 numbers. With increased yield potential a 10-20% forward sale program is well worth looking at.

Chickpea Outlook

The chickpea market has continued to be volatile over the past month as the March 31st Indian deadline for zero tariff cutoff approaches. The last bulk shipments are currently being loaded in Brisbane to meet the deadline, but there is a general feeling that the tariff window might be extended. Ie It is better than 50/50 but not by much.

The Indian Government has extended the tariff free timeframe for Canadian Yellow Peas and we are hearing that wheat prices have hit new highs in India due to low stocks and a less than ideal growing season.

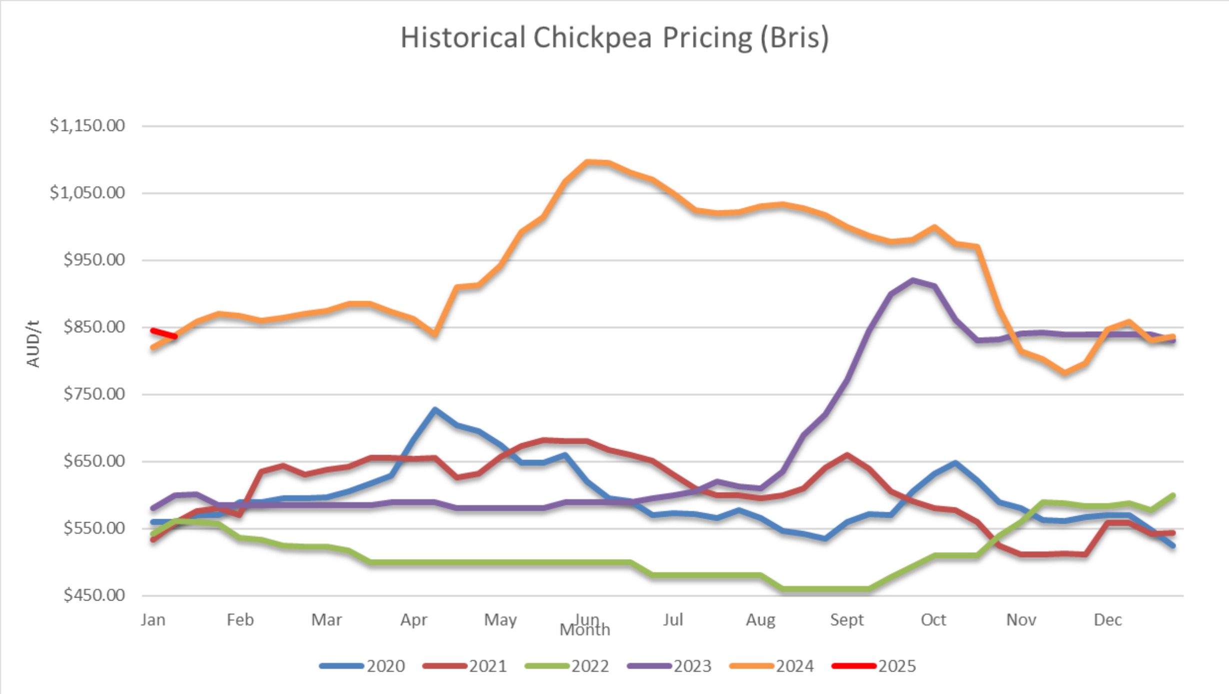
Indian chickpea supply for now seems to be ok with the bulk of the Australian exports hitting the market over the past eight weeks. It will be interesting to see if these will be enough to get the country through to their new crop which starts harvest in late February. We should have some indication of this over the next four weeks.

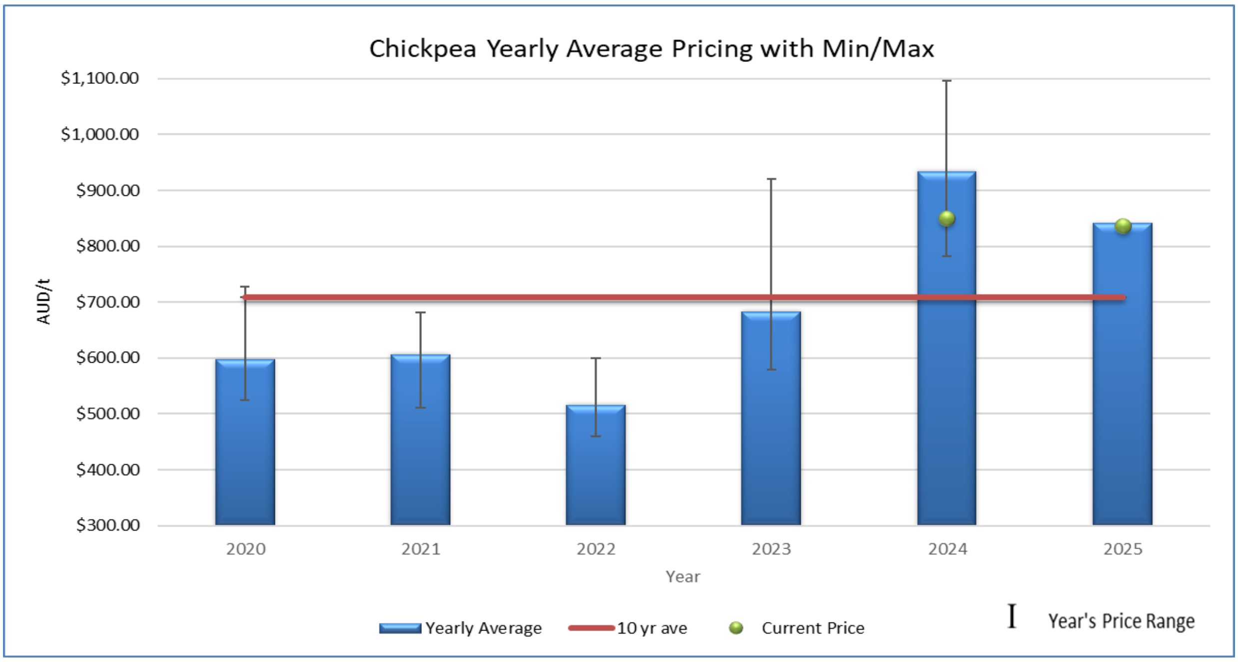
Demand from Bangladesh and Pakistan is still bubbling along for containers and this should keep a floor in values. Container bids are around $70-$80.00/mt under the delivered port bids and we are not seeing much engagement from the Grower into the container trade.

The low Aussie dollar is also having a positive effect on chickpea demand into the secondary markets with container traders more comfortable pricing chickpeas.

As we can see on the chart overleaf, values have been relatively static over the past few weeks with Brisbane Track values oscillating around the $840 mark. Delivered depot pricing has been reflecting full execution into the delivered Brisbane bulk market at $900 to $935/t delivered to port. If the Brisbane bulk vessel business does not extend beyond Feb10th, we expect to see prices revert back to the delivered container packing market which is around $70.00/mt under current Brisbane levels.

We start the year at $70.00/mt under the average for 2024. Still relatively strong if we take the last five years into account and well above the 10 year average. With time running out the market faces two scenarios. The first is the Indian Government re-imposes the tariff in March and prices fall back to the secondary markets of Pakistan, Bangladesh and the UAE. Or, they extend the timeframe and this allows exporters to compete for more bulk cargoes and prices would likely push higher to wrestle more tonnes from growers hands.





Chickpea Strategy

Central Queensland- Very little volume is left in the Central Highlands and bids are very difficult to find. Market illiquid. We are hearing talk of Growers carrying moisture over Summer to plant 2025 peas.

Northern NSW- A final push to fill a vessel in Brisbane by Jan 21st has presented some very good selling opportunities over the past month on an ex-farm and delivered direct to port at $935/mt. Another vessel is due to load Feb 10th. System stock is harder to place but prices are once again approaching $800/mt. This looks like another selling opportunity.

Cotton Outlook

- For the 2024/25 U.S. cotton balance sheet, production and ending stocks are increased while exports are reduced.
- Domestic use and beginning stocks are unchanged.
- The U.S. all-cotton production is revised upward 159,000 bales to 14.4 million as the national all-cotton yield estimate is raised 44 pounds to 836 pounds per harvested acre, reflecting a larger crop and lower harvested area.
- Most of the reduction in harvested area occurred in the Southwest while yields in numerous Southeast, Delta, and Southwest States are expected to be higher. Projected exports are lowered 300,000 bales to 11.0 million.
- Ending stocks are raised from 4.4MB (Dec) to 4.8 million bales for a stocks-to-use ratio of about 38 percent.
- The 2024/25 season average upland farm price is reduced to 65 cents per pound.

- Global production, consumption, trade, and ending stocks are raised in the 2024/25 world cotton balance sheet while beginning stocks are unchanged.
- World production for 2024/25 is increased just over 2 million bales to 119.4 million, largely the result of a 1.8- million-bale increase for China's crop.
- Larger crops are also projected for Australia and the United States while production in Pakistan is reduced.
- World consumption is raised 100,000 bales as increases in Bangladesh and Vietnam more than offset a reduction for Turkey.
- Projected exports are raised 225,000 bales as increases for Brazil, Australia, and India exceed the reduction for the United States.
- Ending stocks are increased almost 1.9 million bales as increases in China, the United States, Australia, and India more than offset the reduction for Brazil.
- *Source: USDA WASDE Report*

World ending stocks for the marketing year 2024/25 are estimated at 78Million bales against last year's 74 Million bales and 2022/23 crop year of 76million bales.

The USDA estimates Australian 24/25 cotton crop to be closely aligned to last year's crop of about 4.28Million bales.

The US cotton price continues to struggle against a larger US crop estimate and grower selling, as well as a strong US Dollar, which erodes the US crop's competitiveness against South American offerings in particular.

Globally, cotton is in the same boat as cereals, which are at the cheaper end of values in US Dollar terms. The question we ask ourselves is what is going to be the main catalyst for a boost in values over the coming year? Short of production concerns in the Northern Hemisphere summer, it is difficult to see anything to push prices a major leg higher, short of a lift in Chinese demand. As such, we remain sellers at around $600/bale.

US COTTON Monthly Data

SUMMARY

As we settle into the new year, we are pleased to see that our expectations of a lift in interest from exporters and traders is already coming to fruition. So often over the past few years, we find ourselves making the right call but the move can take months to play out. We are hopeful that this time the prices reflect the lift in demand sooner rather than later.

We love selling into strength, so chickpeas and canola are firmly in the sell zone, some wheat grades look like reasonable value to sell now (one cannot hold it all) whilst barley still looks heavily discounted.

There will be opportunities for new crop sales for pulses and oilseeds, but we will probably need a lift in US futures to provide a decent catalyst for new crop wheat, especially for system stock.

Great summer rains have once again fallen across Queensland and much of New South Wales, giving a big boost to yield potential for summer crops as well as giving confidence in the outlook for the winter crop. Southern New South Wales, Victoria and South Australia are still looking for a widespread rain event, but unfortunately for them the odds suggest that is more likely to occur as an Autumn break. Hopefully it’s early this year!

That’s it for now, please don’t hesitate to give us a call to discuss targets and prices as we are already busy. For those still on the beach, enjoy!

All the best,
Mick Parry and The Delta Grain Team

CONTACTS:

Delta Grain Armidale Office
Suite 7, 165 Beardy Street
Armidale NSW 2350
Phone: 02 6772 0000

General Manager & Grain Marketer - NNSW, CWEST & SNSW
Mick Parry
Licenced Financial Services Officer
AFSL. No: 301796
Mobile: 0414 347 330
mparry@deltaag.com.au

Grain Marketer – NNSW, Liverpool Plains, Central QLD
Tom Vanzella
Mobile: 0429 022 726
tvanzella@deltaag.com.au

Grain Marketer – SNSW Region & Riverina
Graham Martin-Dye
(Delta Ag Harden)
Graham Mobile: 0417 055 619
gmartindye@deltaag.com.au

Delta Grain Administration
Libby Parry
02 6772 0000
lparry@deltaag.com.au

DELTA
GRAIN MARKETING