DELTA
GRAIN MARKETING

OUTLOOK

December 2024

Independent Brokers. Smart Advice.

DELTA GRAIN OUTLOOK – *Monthly Analysis and Strategy*

Introduction

The 2024 winter crop is in the closing stages of harvest and while the rains across Southern New South Wales damaged quality, overall, the crop was taken off in a very timely fashion. Quality on the east coast is extremely high with the majority being milling grade with seed weight of mid 80kg/hl, low screenings, but variable protein levels where very high yielding crops were difficult to get to 12% protein. Even for the southern growers with rain affected crops, their yields we broadly higher than expected and the discounts received are being cushioned by the good quality elsewhere.

West Australia's crop is also yielding better than expectations, though it is difficult to account for the increase except that September and early October rains clearly saved the crop. Wheat quality is low however, with much of it making just 8.5-9.5% protein. They are surely in for a heavy fertilizer campaign next Autumn.

Global instability with war in the Middle East set to spread, while the Russia Ukraine conflict continues. Overall, the Ukraine and Russian war has not upset their ability to grow and export crops anywhere like what was expected early on in the skirmish. Ukraine has pushed the grain out through the Baltic States to great effect, while Russia continues to export to Egypt and Africa in huge volumes. It will be the weather which will eventually disrupt their ability to move such volumes, after a series of record-breaking seasons, a run which looks likely to be disrupted after a dry Autumn and early winter this year.

Canola has been a surprise after a large Canadian crop put a lot of downside pressure on global prices in the first half of 2024, but an extremely wet winter disrupted European crops, with prices surging in Q4 of this year. We think this is a fabulous selling opportunity at what are excellent price levels, despite lower yields due to frost combined with a dry Spring in the south.

Barley and feed wheat both look undervalued at current price levels, especially with such a low Australian Dollar so we expect China to be back in the market with some gusto in 2025. The question is will they chip away slowly, or swoop in and buy it up in the first half of 2025? Grain values are definitely on the low side in US Dollar terms, but the USD strength continues to weigh on US grain futures. There are no guarantees in markets, but we think Russia' attempts to wind back exports, combined with their drier winter, sets the stage for an interesting marketing year ahead.

Chickpeas has to be the world's least transparent market? Demand rises and falls with almost no commentary from India, other than they are likely to extend their tariff holiday, but its only hearsay. Prices have been in a $200/tonne range through 2024, and we are now back to just $60 off season highs. Buying is sporadic so it takes some fortitude to wait for better values than these.

Sorghum demand is building and prices are improving just as the early crop is starting to mature. Nice timing and should make for some happy growers in Q1 of 2025.

We are very pleased to see harvest 2024 wrapping up and while it caused a lot of heartache for some, the general rain sets the cropping zone up nicely for 2025 Winter crop with what is a full profile for many growers.

Wheat Outlook

INTERNATIONAL

- The global wheat outlook for 2024/25 is for lower supplies, consumption, and trade and slightly higher ending stocks.
- Supplies decline 0.6 million tons to 1,060.4 million, as larger beginning stocks are more than offset by lower global production.
- Production is forecast lower for the European Union, down 1.3 million tons to 121.3 million, on harvest data showing lower production for several member states. Brazil's crop is also forecast lower on updated harvest data.
- Global trade is forecast down 1.0 million tons to 213.7 million tons as reductions for EU and Russia exports more than offset higher U.S. and Ukraine exports.
- Exports are forecast down 1.0 million tons to 47.0 million for Russia, despite a strong start to the marketing year, as the imposition of an export quota is expected to constrain exports for the remainder of the marketing year.
- Projected 2024/25 global ending stocks are raised 0.3 million tons to 257.9 million but are still the lowest since 2015/16.
- *Source: USDA WASDE Report*

Russia's customs sub-commission reported that it had approved a wheat export quota of 11 million metric tonne for the second part of the marketing year from February 15 to June 30, 2025, down from 29MMT in the same period last year. In a separate communiqué, Russia's agriculture ministry raised the wheat export duty by about US$6 per metric tonne.

Late last month, respected Black Sea commentator SovEcon reduced its 2024/25 wheat export forecast by 1.8MMT to 44.1MMT based on the expectation of a tight export quota. That would put this year's program well behind last season's record 52.4MMT task but still ahead of the five-year average of 40.9MMT.

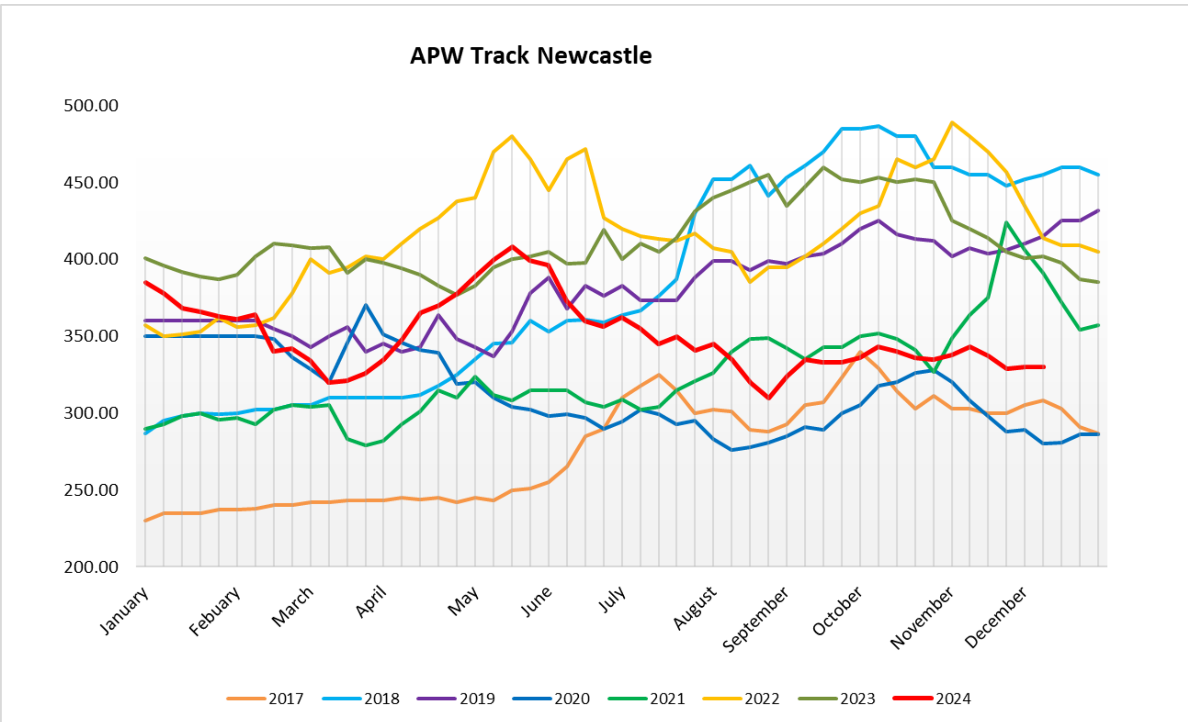
SovEcon has also been reporting a sharp reduction in wheat inventories held in farm storage across the country compared to last season. As of November 1, SovEcon reported total on-farm stocks at 21.8MMT, down 20 per cent year-on-year.

The USDA's December supply and demand update had Russian exports at 47MMT, down just 1Mmt. It also creates a global supply gap with the European Union and other Black Sea origins likely to fight for a share of North African and Middle Eastern wheat demand in the first half of 2025 and Australian and Argentinian exporters to compete for a greater share of the Asia pie.

The frustration of low wheat prices, poor yields and heavy losses this year also has the Russian farmer looking for more profitable cropping alternatives moving forward. The area planted to wheat has reportedly decreased in the current seeding program, with a swing to more niche commodities such as peas, lentils and sunflowers reported.

Below, the chart illustrates the market's lack of direction at what are relatively low levels. We would like to say it looks strong, but unfortunately the short term points to more of the same. As we have explained above, the Russian picture is supportive of values, but we really want to see a positive change to the direction of world prices before getting more excited about the prospects of the 2025 marketing year.

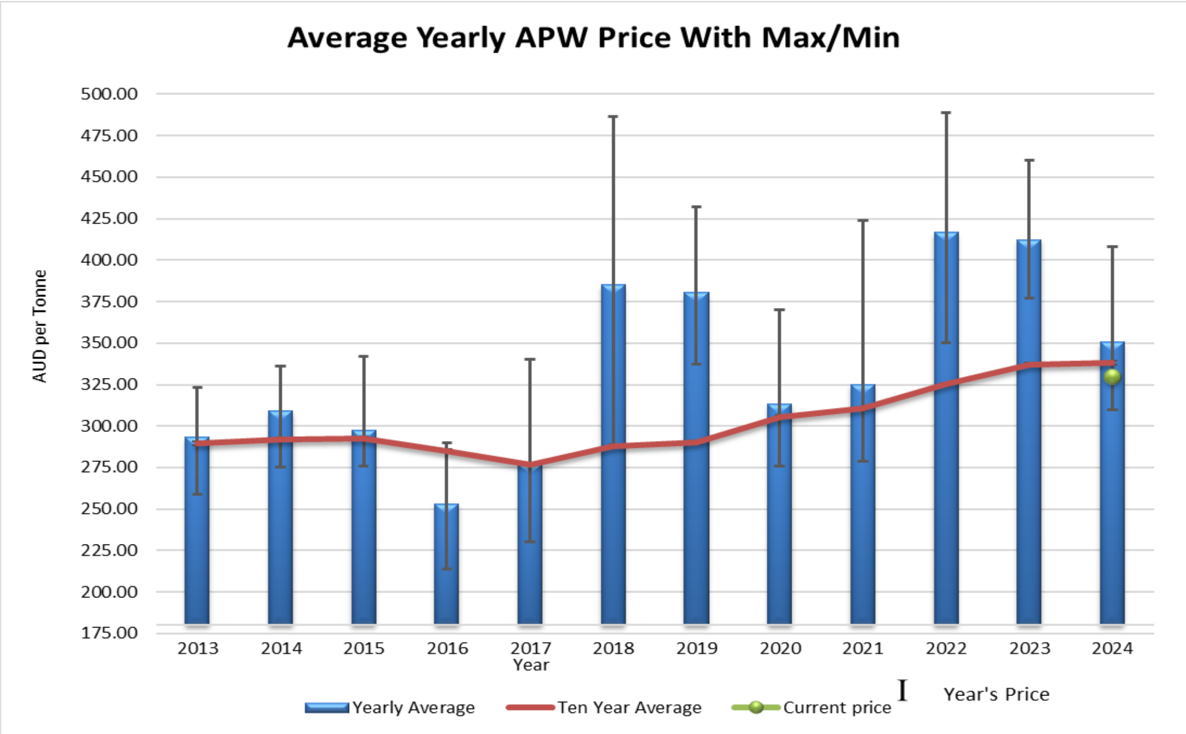
DOMESTIC



Local values have been remarkably stable considering the huge New South Wales crop. We expect the weight of such a large crop in Northern and Central New South Wales and Southern Queensland will subdue any rallies over the coming few months. It is not to say the wheat market cannot rally, but as export demand improves, there will be a line of growers looking to sell the bounce.

Secondly, growers will not have unlimited patience given a wet summer, the subsequent cost of weed control and the cost of money which is more expensive that it was a couple of year ago. We are heartened by the strength in West Australia's wheat market, which is a solid $60/t over their east coast cousins. Perhaps $25/t of that premium can be explained by the lower cost of rail freight, cheaper fobbing costs and no storage costs for growers and traders.

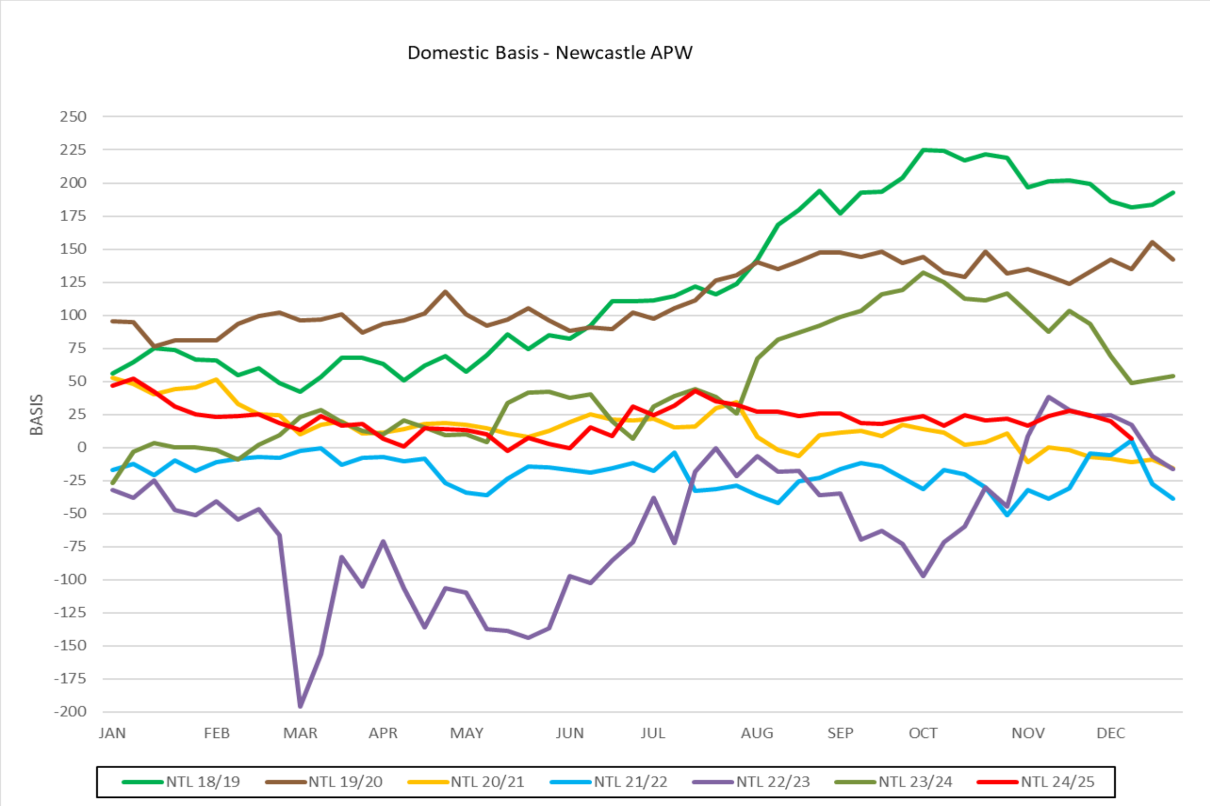
The graph below provides a clear illustration of the large price ranges we have seen over the past seven years, with droughts, the Russia Ukraine conflict, and potentially a tightening supply in global stocks over the coming year. In absolute price terms, we are looking pretty cheap especially when considering such a low Australian Dollar, currently just under 64 US cents.



The Basis chart (next page) remained incredibly stable until the heavy rains on the south west slopes and plains damaged their crops quality. Fortunately, the dip from ASW to SFW is "only about $18/tonne", but the pain is certainly felt for those growers who were seeing H2 and are now delivering SFW losing the best part of $50/tonne. The fact that it has impacted perhaps 10% of the crop is no consolation for those effected, though it is helping the level of discount because there was so little feed wheat across the rest of the state.

Values have dipped under the 10year rolling average (see above), but for most growers their cashflow needs have been largely met by a combination of canola, chickpeas, faba beans and forward wheat sales. As such, many are not in a hurry to sell more wheat until the New Year. This is just as well because export demand has been as tepid as we have seen for a few years, with few buyers really looking for product.

Fortunately, QUBE has been an exception to this rule and continues to seek grain to keep their storages, trains and port facilities humming. Graincorp try to operate on a similar principle though there seem to be more barriers between the logistics and trading arms of the business. Manildra and CHS Broadbent have also been very active in attracting grain to their sites, with competitive tension occurring when more than one of these entities operate in the same locale.



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 may have to wait until February onwards to see any export demand. We are inclined to keep some to sell after the chickpea program is completed.

SQLD/NSW

We see some reasonable value in protein spreads, especially in the southern markets like Port Kembla and Melbourne. Newcastle Zone has some bright spots too but selling in Queensland is difficult while chickpeas hog a lot of the logistics capacity. We expect that this situation will start to improve through January, but we will be watching the shipping stem for signs of a changing of the guard.

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 and offshore rally, and more offshore downside is still possible.

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

Canola Outlook

- Global oilseed production for 2024/25 is raised this month mainly on higher soybean production partly offset by lower rapeseed.
- Soybean production is raised 1.7 million tons to 427.1 million on higher area for Argentina and Bolivia and higher yields for Canada.
- Canola production is reduced 1.1 million tons mainly on a lower yield for Canada based on the latest Statistics Canada report.
- Global sunflower seed production is nearly unchanged, with higher production for Ukraine and Russia mostly offset by a lower crop for the European Union.
- The global 2024/25 soybean outlook includes higher production, exports, crush, and ending stocks.
- Exports are raised for Canada and Bolivia on higher supplies, and imports are raised for Algeria and Zimbabwe.
- Global soybean oil exports are raised 0.6 million tons to 12.6 million on higher exports for Argentina, Brazil, and the United States.
- Higher shipments of soybean oil are offset by lower exports of palm oil, down 1.4 million tons to 46.6 million, due to reduced supplies and lower production for Indonesia in 2023/24 and Malaysia in 2024/25.
- Global vegetable oil ending stocks are reduced to 27.9 million tons, down 2 percent from last month and 7 percent from 2023/24
- *Source: USDA WASDE Report*

INTERNATIONAL

In the latest WASDE report, the USDA maintained its projection for 2024/25 U.S. soybean ending stocks at 470 million bushels. However, it slightly increased the estimate for global soybean stockpiles to a record 131.87 MMT (4.84 billion bushels), up from 131.74 MMT. Soybean production is raised 1.7 million tons to 427.1 million on higher area for Argentina and Bolivia and higher yields for Canada.

Over the past month, US Soybean futures have been trading in a sideways pattern and remain in the lower end of the range trading under $10/bu, due to pressure from large cropping areas just being sown in South American regions like Argentina, Brazil and Boliva. Brazil is ahead of schedule and are 95% planted compared to 91% the prior season, they have received widespread heavy rain which has led to excellent establishment and has filled their profiles, bolstering prospects for next year's harvest. With China favouring South American soybeans over US soybeans, this will only add to pricing pressure on US oilseed futures.

Malaysia's palm oil stockpiles fell in November for the second straight month, hitting their lowest November level in four years due to a sharper-than-expected production drop. This decline could further boost benchmark futures, which are already at their highest in 2.5 years, and has most likely been part of the catalyst recently for the upward trend in European futures.

In Canada domestic production was just announced by Statscan to fall by 1.1mmt, which was anticipated by industry experts in Canada and has been the main reason for an upward trend on both MATIF and ICE this past month. ICE futures have lifted C$50/t and MATIF around €40/t.

The new estimate is 17.8 million tonnes, compared to 19.2 million tonnes of canola grown last year. Canadian farmer selling has been lacklustre. Growers see the current C$620/t up country as too low and are targeting levels of $650/t or more according to some local commentary. There is however the threat of import tariffs into the US, added with the Canadians battle with China's anti-dumping investigation, which may put downward pressure on values if demand from China wanes.

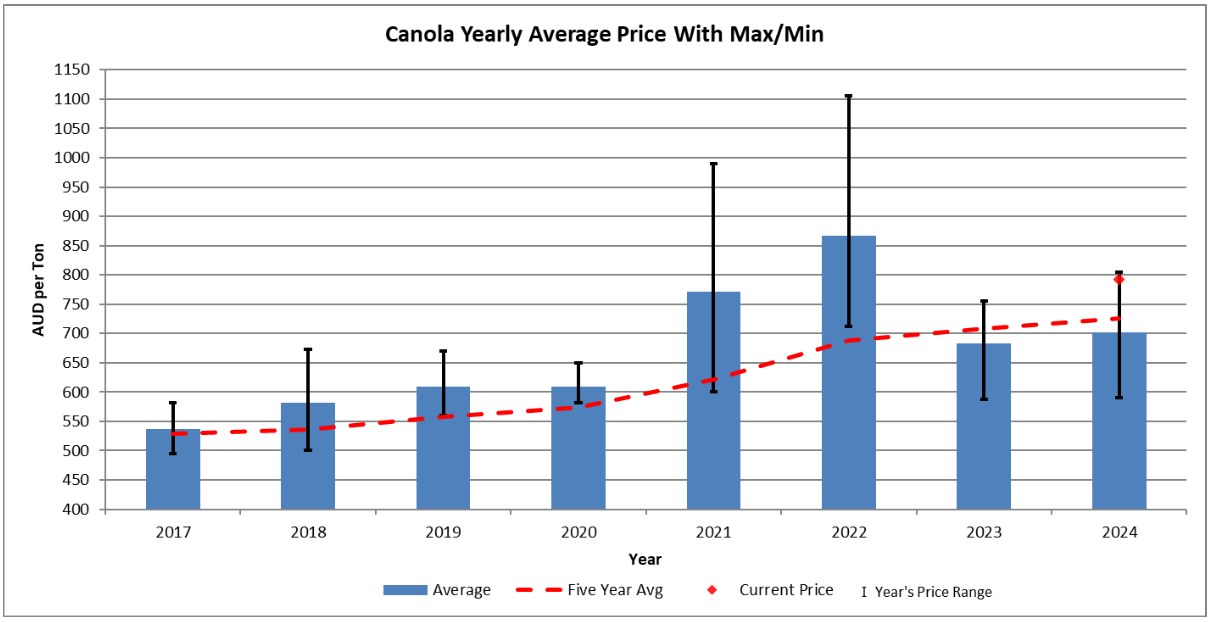
DOMESTIC

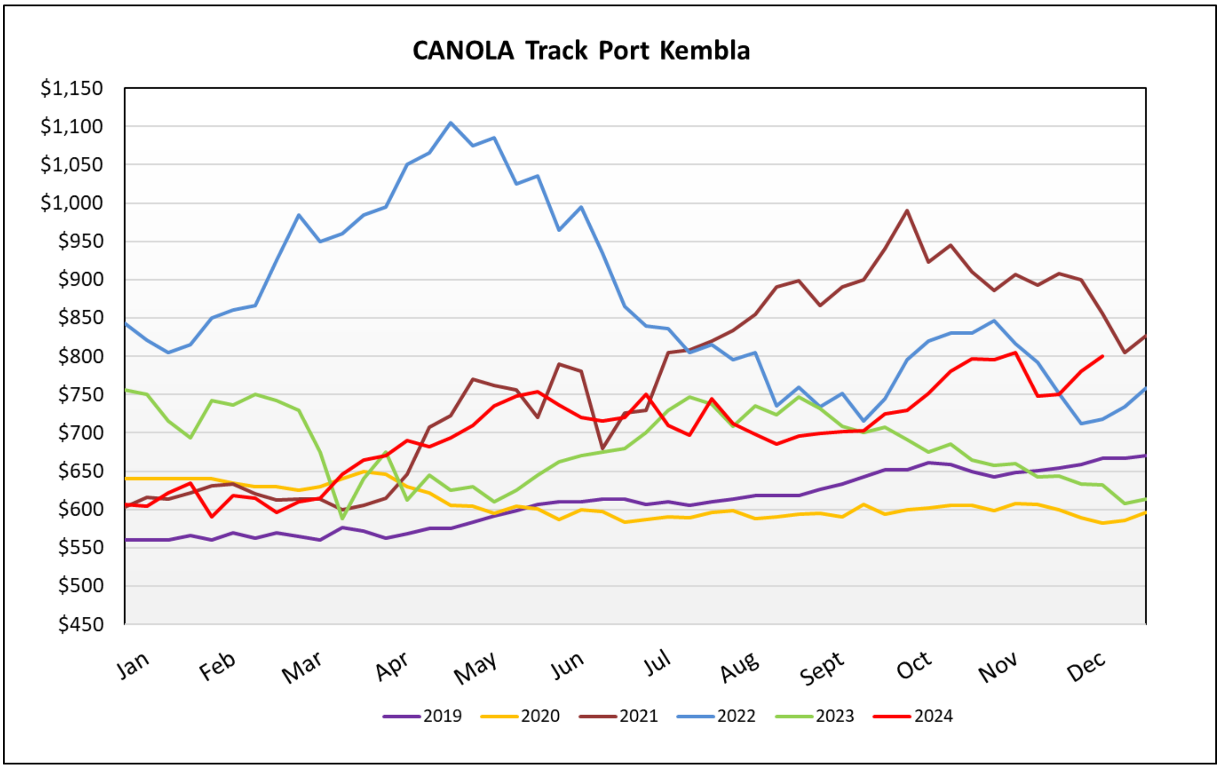
Following the November USDA report, a big sell off in rapeseed international futures saw local prices fall around $60-$70/t very quickly. The catalyst were fears arising from potential US tariffs. Despite a very solid forward sales program this season, we estimate as much as 70% of the crop was unsold at the time. Thankfully it was a false break and the market quickly recovered.

Unfortunately, there has been some collateral damage from waterlogged paddocks and canola just sitting in windrows through heavy rain, waiting to be picked up. This meant that quality was affected, with test weight falling under the required 62kg's. Thankfully the bulk handlers set up a separate segregation as CNTW, which is lightweight canola down to 58kg's, at a discount only -$10/t. At 58kg's canola is still exportable so buyers are happy to buy.

Most growers are now at least 80% sold on canola, with many 100%. This small balance of crop should be supportive for Basis, especially if buyers are short and need to buy to complete a vessel. We also believe that yields were lower than anticipated, even after the frost in September, with average yields coming in under 2t/ha.

MATIF FEBRUARY 25 WEEKLY DATA





Canola Strategy

NEW CROP 2024/25: This week the market hit the "ultimate target" price of $800 Track Port Kembla, a level we think represents great value for those who have enjoyed rising prices through harvest. If only we were seeing the same trend in wheat and barley!

For those with a smaller balance and an interest in seeing how high the market can go, use a trailing stop at $20/t below the high, at least that will save you missing these strong values.

Broadly though, we think it is time to sell canola and look toward marketing the cereals.

Barley Outlook

INTERNATIONAL

- Global coarse grain production for 2024/25 is forecast 0.6 million tons lower to 1.499 billion.
- The 2024/25 foreign coarse grain outlook is for lower production, trade, and ending stocks relative to last month.
- Foreign corn production is cut with declines for the EU, Mexico, and Indonesia partially offset by an increase for Ukraine.
- EU corn production is down reflecting reductions for Italy, Romania, Croatia, and Austria that are partially offset by increases for Poland, Spain, and France.
- Mexico corn production is reduced reflecting lower winter corn area expectations.
- Foreign barley production is slightly higher with increases for Canada and Ukraine partially offset by reductions for Australia and the EU.
- Corn exports for 2024/25 are raised for the United States and Canada but lowered for the EU.
- Corn imports are higher for Bangladesh, the EU, Iran, and Mexico but cut for China.
- Foreign corn ending stocks are reduced based on declines for China, the EU, and Indonesia.
- Global corn stocks, at 296.4 million tons, are down 7.7 million. *Source: USDA WASDE*

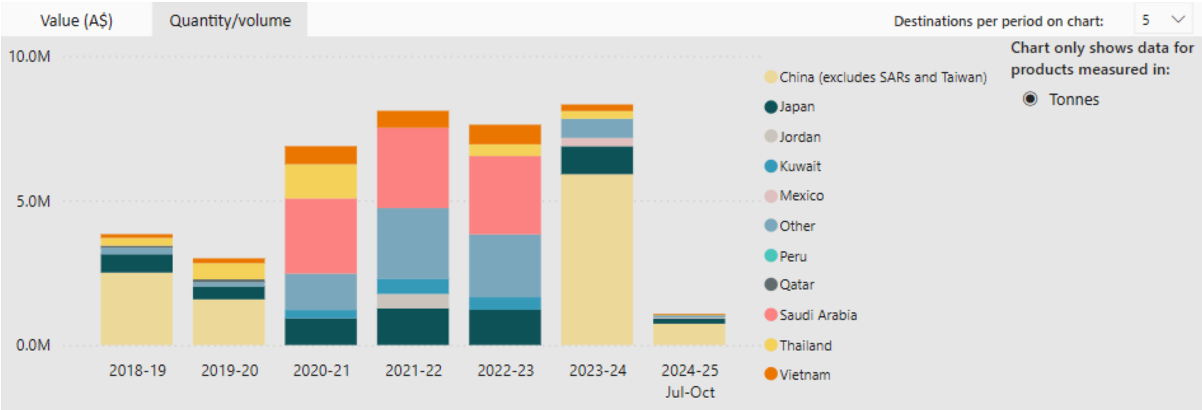
International Barley Markets

US lowered corn carry out by 5 MMT in this month's WASDE report and this was higher than the forecasts but not totally unexpected as it reflected the huge export program the US has seen in recent times. The lower US number was the main contributor to world stocks being lowered by 7.7 MMT, adding to a very tight stocks to use ratio and the overall feeling in the market that there is some upside potential from here.

Current demand for barley into China continues to outpace supply with Chinese buyers approaching exporters on a weekly basis. Both feed and malt are being priced up with China approaching Australia, Canada, France and Argentina to supply their needs. World cumulative stocks of exportable barley are historically tight after a less than impressive Northern Hemisphere season.

WA barley has been moving with plenty of sellers as producers and trade elect to sell early rather than deal with the uncertainty. Prices have been higher in the west as well which has been enough of a premium for to get growers to part with barley over harvest.

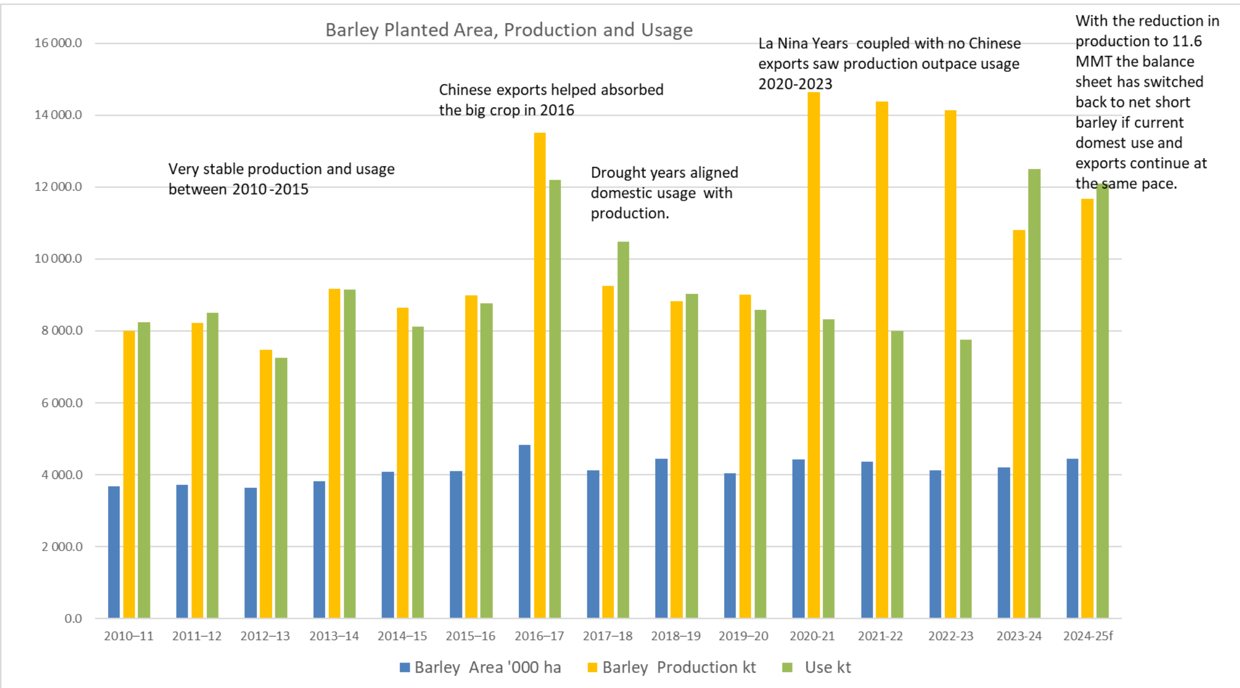
Trump is another factor that may swing some feed grain demand our way if retaliatory tariffs are introduced by China on feed imports especially sorghum. If this was to play out this would put more pressure on the already tight Australian barley S&D.



Contact: ABARES.AgTrade@aff.gov.au. **Note:** Excludes adjustment for ABS confidentiality restrictions. ABARES Agricultural Commodities contains trade data as collected historically and adjustments for confidential data. This dashboard provides the latest version of trade data from the Australian Bureau of Statistics back to 1988. **Source:** Data sources Bulk download

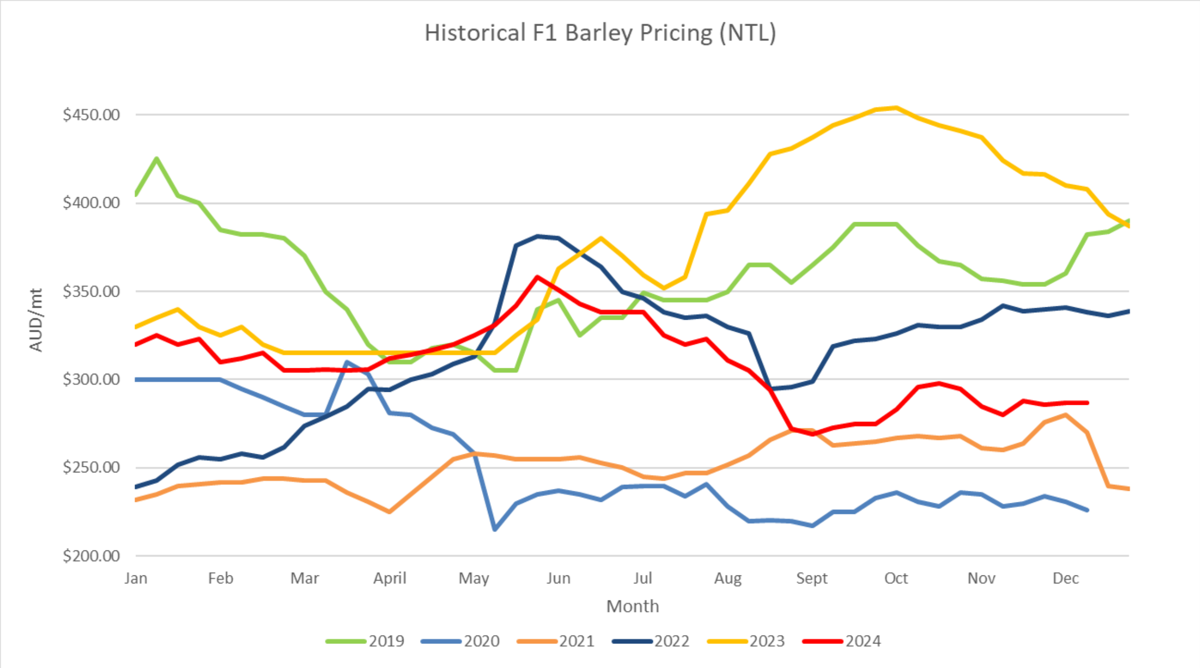
DOMESTIC

The latest ABARES December crop report has barley production forecast to increase by 8% from last year to 11.65 million tonnes in 2024–25, 3% above the 10-year average to 2023–24. This forecast reflects an estimated 6% increase in area and above average national barley yields. Although higher than last year, production is forecast 500,000 mt lower than the September report as dry weather and frost clipped the yields in Western Victoria and SA.

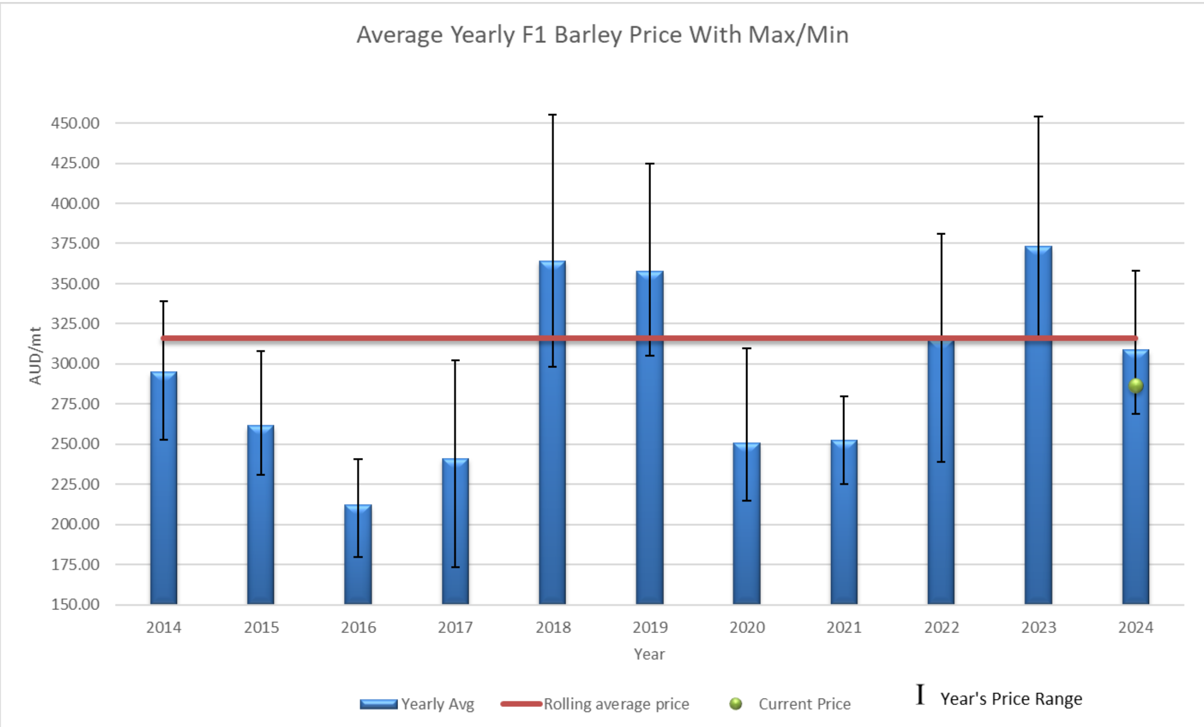


The net result of this is that the balance sheet has swung back to a very tight situation as reflected in the chart above. Two years in a row, production does not look like it will cover demand as Chinese exports drive both export pace and price.

We have been saying for quite some time that barley had the potential to rally significantly in 2025 and we are still firmly in that opinion. The fast pace of WA exports will eventually swing demand back to East Coast ports especially Port Kembla which has the most potential to take advantage of export demand.



From a current price perspective, values are surprising robust given that we are at peak supply across the country. The big demand is lurking in the background. Values have been very flat over the last 4 weeks, and we interpret this as being bullish given that harvest has been cranking out some big yields in northern NSW and central NSW. Growers are listening to the market signals on the East Coast with offers few and far between, especially in the North. This is keeping a base in levels.



Prices have picked up some value over the past 2 weeks and are moving back towards the long-term average. In recent weeks we have even seen Melbourne touch $300 Track which is significant. The Victorian market was always going to be a front runner as harvest was never going to be impressive in Victoria.

In summary, exportable supplies on the East Coast will be down significantly year on year if the current trend continues. Carryout will remain very tight. Fortunately, the 50% reduction in Victoria barley production has been offset somewhat by the 50% gain in NSW but this can only cover the short fall in the next few months before stocks get tight again.

Export demand will continue to put pressure on, and the current price is not behaving in a way to deter it. Especially considering the potential for increased domestic demand, taking note of the recent cattle on feed numbers and potential for a swing into hot dry weather over the back end of Summer. So, we feel there could be a point where both the domestic and offshore buyers come together at the same time and push pricing up.

Barley Strategy

Central and Northern NSW

Harvest is completed, bunkers and silos are full, and Growers are thinking of the beach. Ex-farm prices have crept up over the past week but most of the market is covered for at least the next 4-6weeks so while firmer they do not present any real value. What happens into the New Year will be interesting, but we think that there is little point in pricing up barley here unless you need cash flow. Hold for now.

SNSW and the Riverina

Barley harvest also nearing completion in the south with a run of dry weather this past week tidying up any loose ends. Melbourne demand will be the best indicator of where the market is for the short term and if exports continue at pace, we expect track number to push above the $300 mark. Ex farm and delivered homes focusing on wheat in the short term but barley will come back into favour as we head into Autumn. Hold for now.

Sorghum Outlook

INTERNATIONAL

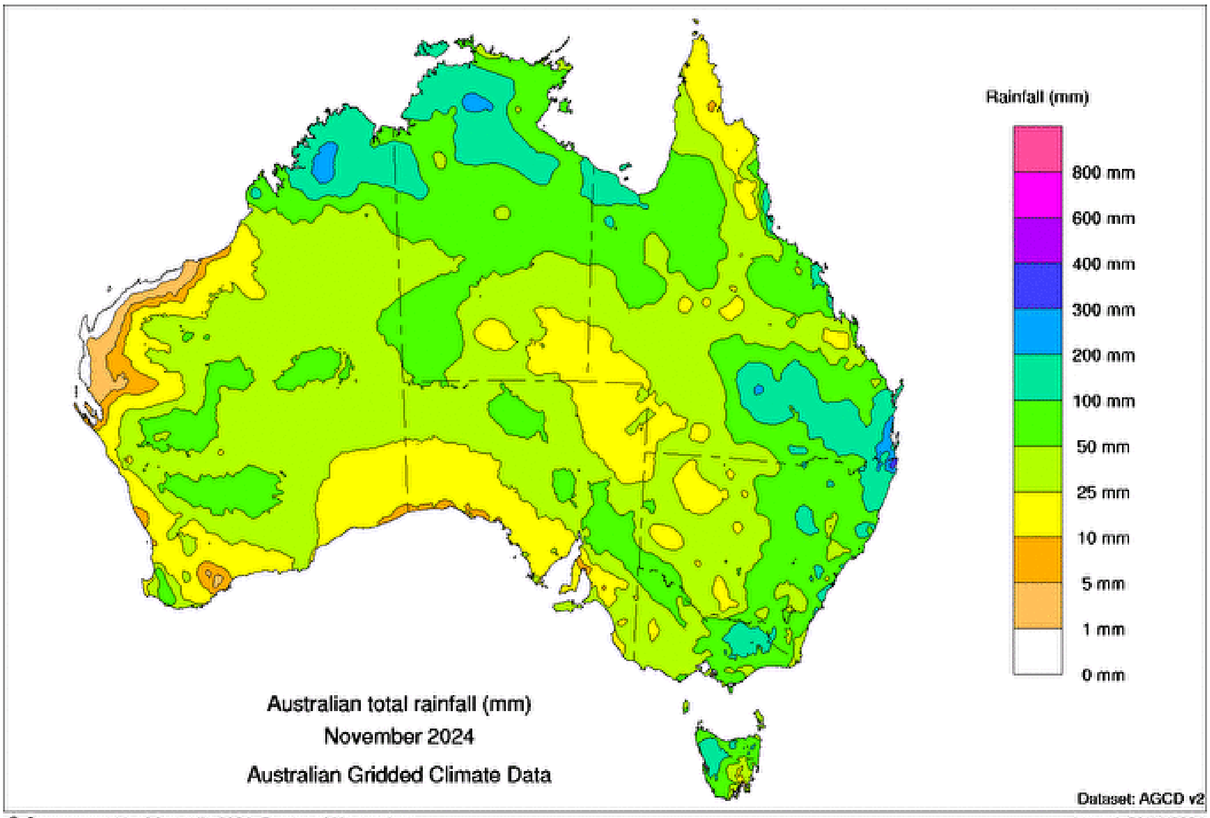
No change in the US sorghum S & D this month but we have seen the FOB prices pull back significantly as they look to clear stocks. Chinese demand has picked up a touch as US discounting kicked off, and with the Trump inauguration only a few weeks away the US grower is keen to sell and ship as much as possible in the short term.

	US FOB Texas	Aussie dollar	Brisbane Track March 25	FOB Cost	Aussie Dollar Value	Basis
Month	Price					
Jan	$222.43	0.6369	$320.00	$50.00	235.653	$13.22
Feb	$222.43	0.6364	$320.00	$50.00	235.653	$13.22
Mar	$222.43	0.6371	$320.00	$50.00	235.653	$13.22

The net effect is that basis has lifted a touch over the past month, but we would argue that this is not going to impact our exports given the potential demand from China once Trump comes to power.

DOMESTIC

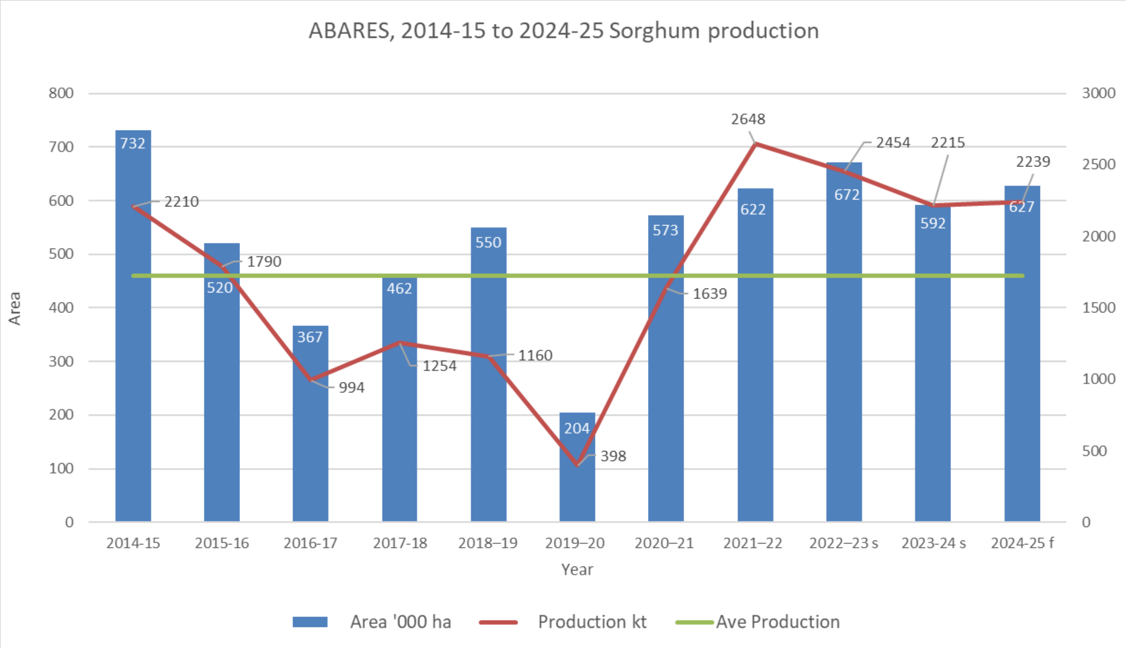
From a domestic standpoint the crop could not of had a better start with rain events across much of the summer cropping belt. These events have generally been consistent over the past 3 months. Temps have also been relatively mild up until the start of December, and most crops look like they will reach full potential this year. Especially in the early planted areas. Sowing is on-going on the Liverpool Plains.

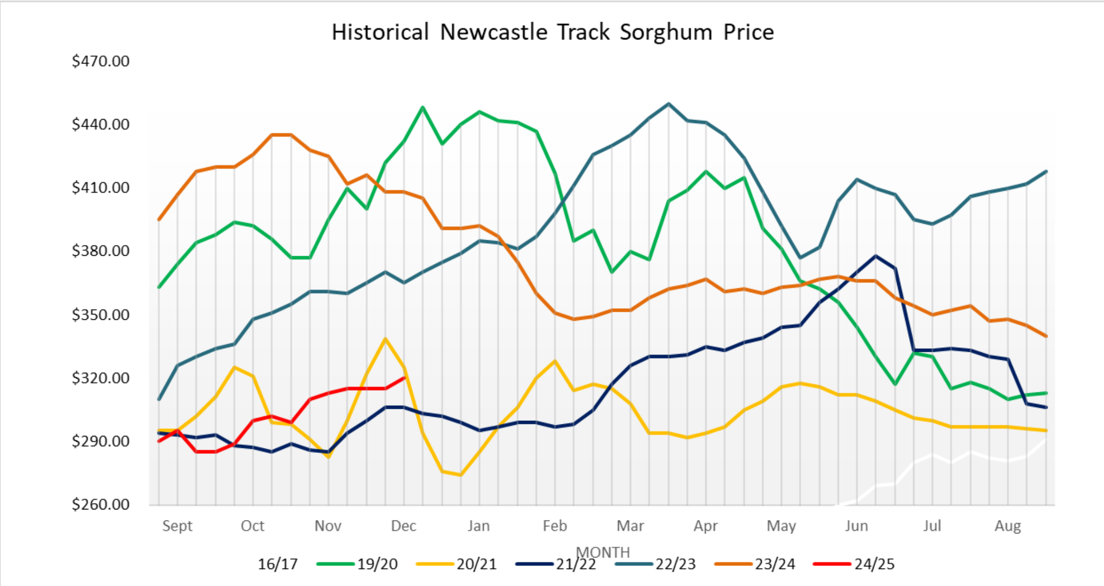


 Issued: 30/11/2024

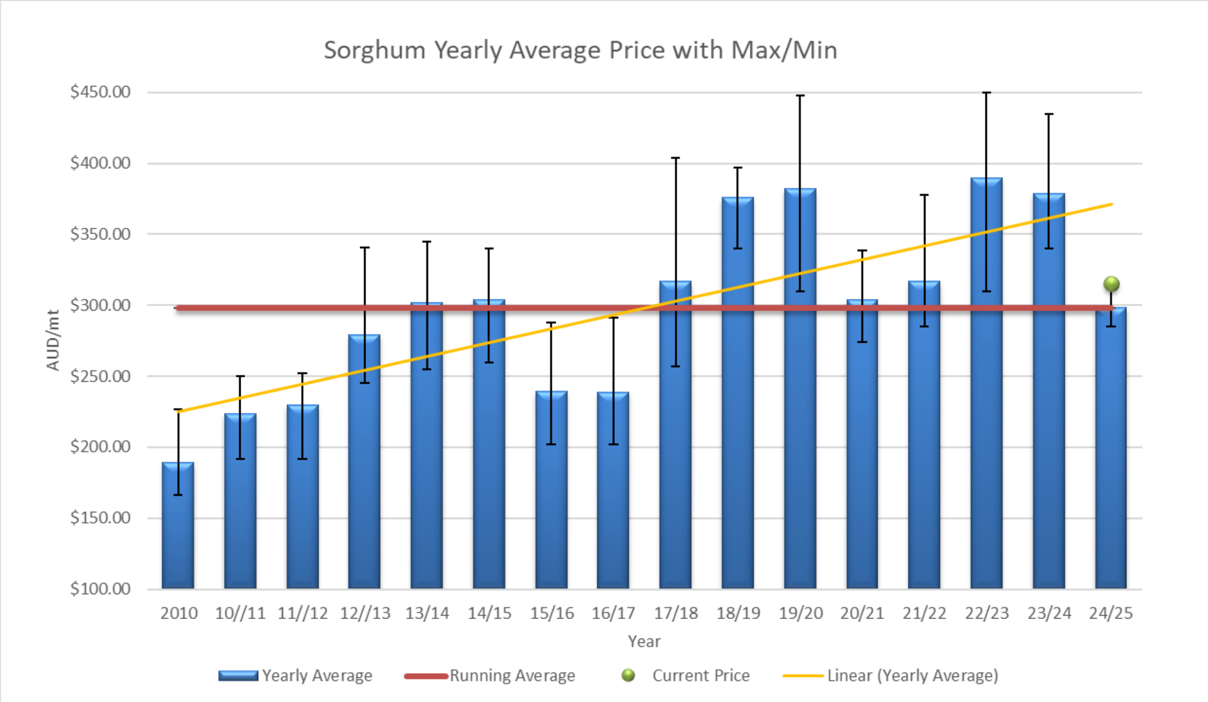
As we can see from the map above, Central Queensland was the only area that has missed out on good totals across the east coast with the Darling Downs particularly wet over November. Yields across the Darling Downs are now set to average 3.6mt/ha according to ABARES, while anecdotal evidence would suggest we are now well into the 4 mt/Ha range.

Despite the current conditions, Sorghum production is forecast to fall by 4% to 2.1 million tonnes in 2024–25 but remain well above the 10-year average to 2023–24 of 1.7 million tonnes. The fall reflects an expected 4% decline in area planted to sorghum due to a reduction in area left fallow following the large winter crop in many sorghum-growing regions. Late spring and early summer rainfall is likely to boost soil moisture levels and support the late plant though. The increased chance of above average summer rainfall and high soil moisture levels are expected to support the production potential of sorghum crops.





Prices have continued to lift despite the potential for a big crop. Again, the uncertainty around the Trump administration trade policy and the on-going demand from China for feed grain is pumping the market. Newcastle Zone seems to have the most demand with exporters lining up to shift sorghum out of both NAT and Graincorp again this year.



Add all this up and we are again at the seasonal highs for the 24/25 crop year. Values, while not at the same levels we have seen over the past 2 years, still reflect a premium for sorghum above the feed market and certainly when compared to both SFW1 and Bar1.

Sorghum Strategy

CENTRAL QUEENSLAND – Recent demand for old crop sorghum tonnes has lifted prices by about $20-$30.00/mt with ex-farm being preferred by both exporters and feed consumers. It is well worth selling into the market here as new crop sorghum will be available in January in SE QLD

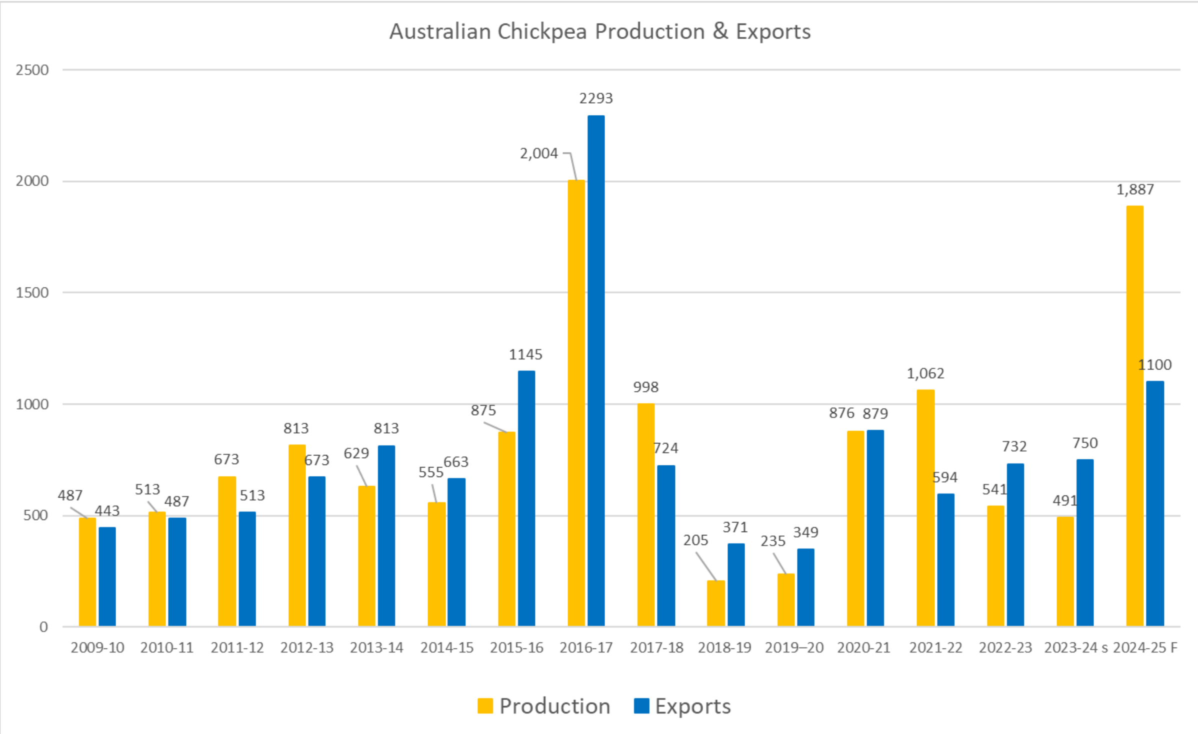
New Crop- Prices are up $5.00/mt from last month, up to $305.00/mt port level which still feels a little cheap compared to the southern zones but as is the case in CQ, sorghum is generally discounted. All eyes are on soil moisture profiles and the forecast for Summer. If the rain comes then some forward sales above the $300.00/mt mark may be warranted.

NNSW – Prices have now moved to levels that look like a sell particularly for the early Jan/Feb crop. Delivered port/packing markets look the best with Downs bid $325 while Narrabri traded at $310 delivered this week. Ex farm Liverpool Plains for March/April $305-$310 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

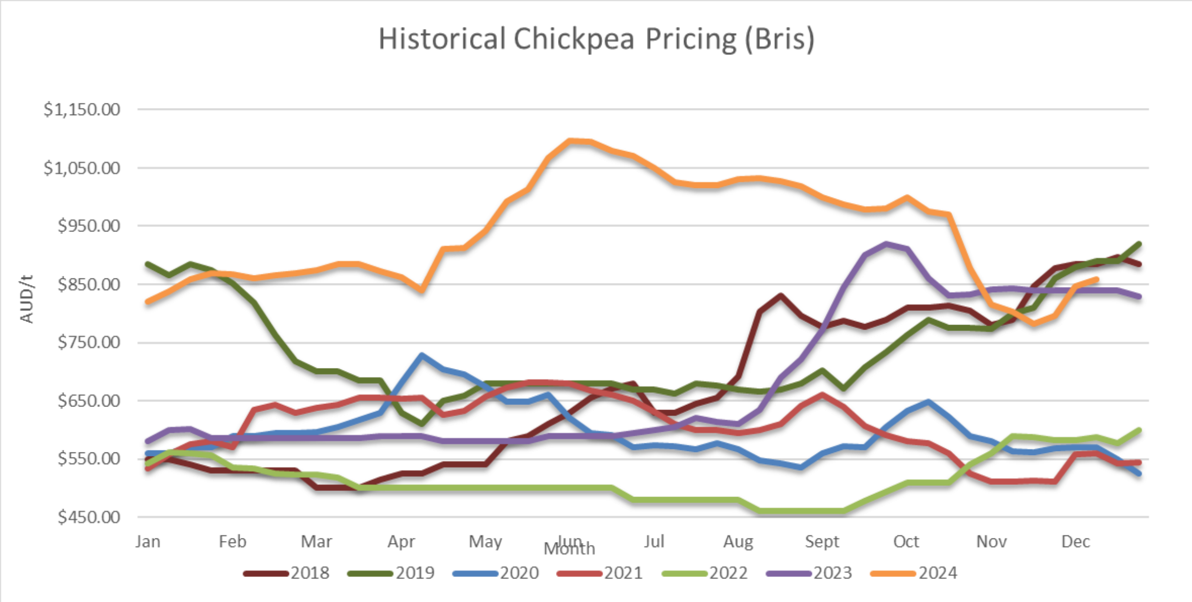
DOMESTIC

Chickpea production is forecast to increase by 284% to 1.9 million tonnes in 2024–25. This represents a 42% upward revision from the *September 2024 Australian Crop Report* and now sits 141% above the 10-year average to 2023–24. This reflects a significant expansion in area and record national yield, given optimal planting and growing conditions in New South Wales and Queensland, and favourable prices.



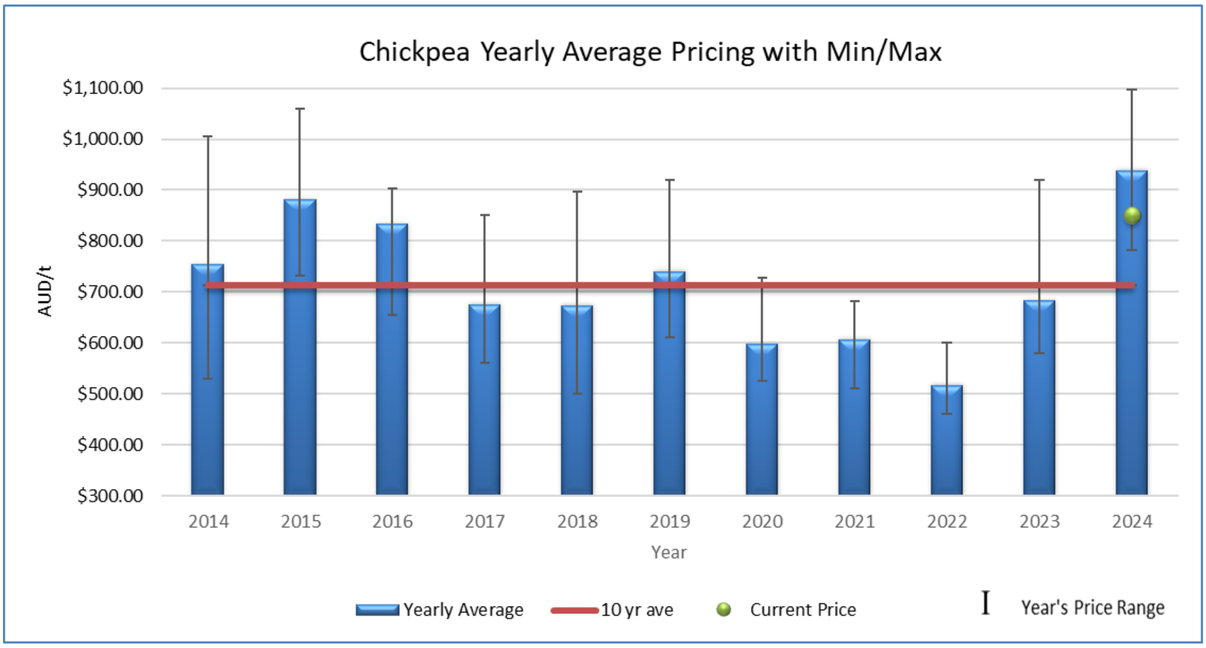
The market was expecting a revision from ABARE after the September report came in well under the trade guess on production. The new number is a lot closer aligned with much of the anecdotal evidence but still a little short of the 2.00 MMT expected. Wet weather over the past 3 weeks may have knocked some yield off the late crop and this may bring the two numbers closer in alignment, but time will tell. Either way it is a massive production year the second largest on record and shows the value of the Indian market and willingness of the Aussie grower to take advantage of record prices.

Prices have certainly been volatile over the harvest period with values correcting significantly into mid-November before recovering and peaking in the short term in early December. Timing of sales has been tricky to say the least. The mid-November price dip was purely harvest pressure, as yields held and storages struggled to receive tonnages. Since then, the combination of wet weather and the squeeze to get the peas out of country (execution shorts) before Christmas have pushed values back into good territory for many Growers.



Brisbane delivered values have certainly led the way in regards demand with prices pushing as high as $950.00/mt on the first few days of December. Buyers into other delivered destinations were forced to compete and this saw both Graincorp site and Darling Downs/ Northern NSW container packing values also push up significantly. Grower sales peaked last week and since then we have seen values sell done a touch as the demand for nearby deliveries wain.

January bids are approximately $30-$40.00/mt below the December peak. Certainly, the market feels a little tired heading into Christmas with buyers outlaying big reams of cash over the past 2 months and the early Ramadan and Indian demand now satisfied. Again, the question still remains on whether the Indian market will stay open beyond the March deadline and the actual amount of chickpeas that have been bought and sold?



Historically you could still argue we are well in sell territory given the chart above. While not in the top half of pricing for the year we are still well above the long-term average and with yields around 2-3 mt/ha well and truly in positive margin territory.

Chickpea Strategy

Central Queensland- There is still some delivered Mackay bids for December around the $900 mark but beyond that the market is very illiquid. Fortunately, there is not much left in Grower hands but for those that have some stock please give us a call to price up.

Northern NSW- As mentioned above, the market has softened a touch this week and we think that it will go into a period where there is not much activity from either side over Christmas. Prices are still in historically good territory especially for delivered tonnages. System stock is more of a challenge with Graincorp going off the bid for now. With uncertainty around the market, we think that a continued rolling sales program is best, especially if you have a large tonnage unsold.

Cotton Outlook

- The only changes to the U.S. cotton balance sheet for 2024/25 are to production and ending stocks.
- Exports, imports, domestic use, and beginning stocks are unchanged.
- The December estimate for U.S. all-cotton production is revised higher to almost 14.3 million bales, an increase of 64,000 from last month.
- The national all-cotton yield estimate is raised 3 pounds to 792 pounds per harvested acre.
- Ending stocks are raised to 4.4 million, for a stocks-to-use ratio near 34 percent.
- The 2024/25 season average upland farm price is unchanged at 66 cents per pound.
- For the 2024/25 world cotton balance sheet, production, consumption, and ending stocks are increased while beginning stocks are reduced.
- World trade is marginally higher. World production for 2024/25 is increased 1.2 million bales to 117.4 million, largely the result of a 1- million-bale increase for India's crop.
- Larger crops also are projected for Argentina, Benin, and Brazil
- **World consumption is raised 570,000 bales** due to increases in India, Pakistan, and Vietnam that more than offset a reduction for China.
- Projected exports are raised 80,000 bales.
- Ending stocks are raised 267,000 bales as increases for Argentina, United States, and Pakistan more than offset reductions for Brazil.
- Beginning stocks are reduced by 428,000 bales, primarily due to a 500,000-bale reduction for India as its 2023/24 consumption is increased 500,000 bales.
- *Source: USDA WASDE Report*

The USDA report provided little new information and certainly nothing to change the global picture for cotton. We have shown 5 years of monthly data on the chart above to highlight just how flat the global price of cotton has been over the past two years, albeit with a short sharp spike to 100c/pound earlier in the year. The low Australian Dollar is giving our local values a big boost, so we should keep that in mind when setting price targets for the current crop.

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 around $600/bale.

US COTTON 5 years of Monthly DATA

SUMMARY

Overall, it has been a very solid result for New South Wales and Queensland growers. The past five years have brought some exceptional seasons, but there has been some oscillation between the North and the South on who gets the rain. The recent rain through November and December sets up much of New South Wales and Queensland for the 2025 winter crop but of course we will need a decent Autumn break. The reason we mention the obvious is that we see the run of 5 seasons as somewhat of an anomaly, so storing some more grain than we have been accustomed to do over recent years, enjoying such high prices, seems like a very sensible strategy.

Canola, chickpeas and faba beans have the pricing signals to sell them, and maybe one could make a solid case for some milling grade wheat, but feed wheat and barley look like a great hold for the time being. We really try to sell what the market wants and hold what they are not ready or willing to take. They will come.

For any off-grade grain you need to dispatch, please don't hesitate to call us. We will do our best to find a solution to your problem.

All the best,
Mick Parry and The Delta Grain Team

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