

What about that Weather!

Recent rains across most of the state in the last few days have slightly eased the worry of a dry August. The possibility of more to come this weekend will certainly be well received and avert the feeling of déjà vu. High winds, associated with the fronts may well have caused some crop damage with reports from the west coast, of canola crops having flowers stripped. It is probably too early to tell as yet but with the associated moisture, most canola crops will have the ability to reset flowers and kick on. Some of the rainfall events of the last 7 days are listed below.

Town	Rainfall	Town	Rainfall
Cleve	13	Minlaton	20
Lock	12	Walleroo	6
Cummins	10	Freeling	20
Kimba	14	Saddleworth	22
Tumby Bay	14	Loxton	6
Booleroo	13	Eudunda	19
Wirrabara	11	Keith	21
Crystal Brook	6	Bordertown	20
Bute	19	Lameroo	13
Gladstone	10	Murrayville	8
Redhill	11	Horsham	16

Soil Moisture Probe Update

Rural Directions Agronomic Services team have installed a network of soil moisture probes, with ten situated through the lower and mid north and two at Coomandook and Coonalpyn. The probes have been installed as part of a Farm Ready funded project to investigate the adaptation of this technology to aid decision making in broadacre farming systems.

The probes are equipped with automatic rain gauges ensuring rainfall and soil moisture data can be accessed at any time.

According to Rural Directions agronomic consultant Tony Craddock, this week's rainfall (between 5 and 20mm) has been very effective in slowing the rate of moisture consumption by crops. However, the rainfall has not been sufficient to penetrate beyond 20cm depth at most sites.

Prior to this last rainfall event, crops were consuming soil moisture at a rapid rate. This has been accelerated by a couple of unseasonably warm, windy days, with many crops accessing soil moisture beyond 50cm deep.

Although the slowing of the rate of moisture consumption is positive, we would have liked to

have seen a lift in deeper soil moisture levels to give our crops a buffer in a tight finish.

We are hoping that the rain forecast this weekend, on top of what has already been received this week, will be sufficient to replenish deeper moisture reserves. If this occurs, it will improve yield potential and perhaps ensure better grain quality as we move into the "business end" of the season.

Overseas Markets

The USA spring wheat harvest is well under way now with 22% harvested. Overall 72% of the crop is rated good to excellent condition. This translates into higher yields compared to last year and puts further pressure on world wheat prices as the world surplus grows. There appears to be no events globally to change the direction of falling prices.

Reports from Europe suggest France and Germany will have above average crops this year and again no predominate weather issues in any European countries.

Worldwide there have been no climate events that will have an impact on wheat prices in Australia. India is experiencing a below average monsoon season this year, however this will affect legume prices as soy beans and lentils are the major monsoon crops. This may help with increasing canola, pea and lentil prices in Australia, but have little or no affect on cereal prices.

Recommendations

- Clean up old season grain stocks.
- Set realistic target prices that address business risk.
- With the absence of worldwide or local weather shocks we believe that wheat prices will continue to grind lower. Review your position and continue with smaller volume sales. Remember the average at the end of the day is what counts. Even at today's lower wheat values, around \$225, we remain sellers of small parcels. You have to be comfortable with your production risk.
- Monitor the USD/AUD exchange as any movement closer to parity (dollar for dollar) will have a major impact on wheat prices in Australia.

Weekly Snapshot

Currency

\$A/US: 0.8342

\$A/CA: 0.9063

Wheat Futures (USc/bu)

Dec 09 498.75c/bu

July 10 543.5c/bu

Canola Futures (CAD/mt)

Jan 10 430.2cad/mt

July 10 441.7cad/mt

ASX Futures (Jan 10)

APW1 \$233.3

F1 Barley \$165.5

Canola \$491.5

Shares

ABB Grain \$9.02

AWB Ltd \$1.36

Elders Ltd \$0.41

GrainCorp \$7.55

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Cash Prices	ABB Grain 1800 018 205	Aust Grain Exports 08 8832 2800	AWB Ltd 1800 054 433	Glencore 1300 453 626	Cargill 08 8408 8400	CBH Grain 1800 107 759	Centre State 1800 244 211	Elders 08 8821 2900	Grain Corp 03 5431 1236	Louis Dreyfus 08 9316 1125	QLD Cotton 07 3250 3391	River City 08 8531 0622	Pent AG 07 4639 5555
2008/2009 GST Exclusive													
** All prices are indicative and are subject to change at merchant's discretion **													
H1 Wheat	230				223			235	208				204
H2 Wheat	230				223			235	206				202
APW Wheat	230				213			230	200			215-225xf	200
AUH2 Wheat	222								170				195
ASW Wheat	225				208			230	170			205-15xf	190
AGP Wheat	222				204			220	155			205-15xf	175
AUW Wheat	200												
FED1 Wheat								220	140			200-10xf	
DR1 Durum													
FL1 Barley	175												
GA1 Barley	175												
SL1 Barley	150												
SC1 Barley	150												
Feed 1 Barley	150								131			130-40xf	
Feed 2 Barley	142											125-35xf	
Feed 3 Barley	137											120-25xf	
Feed 4 Barley	130												
CANO - full oil 42%	448	(c)	452		460				463				
PEAK Peas			315									300-10xf	
NUG1 Lentils (Pt Ade / Two Wells)			880										
NOR1 Lentils (Pt Ade / Two Wells)			900										
FIE1 Beans			235									300-10xf	
LUPN Lupins												340-50xf	
2009/2010 GST Exclusive													
APW Wheat (FG)			228						205				
Wheat APW MG	219		224		218	225		224	210	200	222		210
Wheat APW MM	221			214									
Durum MG			360										
FL1 Barley	205					205					191		
GA1 Barley	200				200	205		200			196		
SC1 Barley	190					200		200					
MLT1 Barley					200	205		200					
Feed 1 Barley	153		150	150	150	150			145	150	145		147
Feed Barley MG	153		148					150					
Malt Barley MG					195	200		197			191		
CANO - full oil 42%	488	(c)	480	485	485	487		489.0	483				
PEAK Peas	315		315			320							
NUG1 Lentils	875		880								850		
NOR1 Lentils	910		900								850		
FIE1 Beans	240		242										

Swaps								Futures						
Wheat SWAPS				Canola SWAPS				Today			Yest	Change		
CBA		NAB		CBA		NAB		CBOT Wheat (US c/bu)						
USD/t	AUD/t	USD/t	AUD/t	CAD/t	AUD/t	CAD/t	AUD/t	Dec-09	Jan-10	Mar-10	May-10			
Dec-09	179.70	226.60	180.00	217.00	Nov-09	419.50	464.70	418.00	463.00	498.75	499.25	-0.50		
Mar-10	186.30	233.30	186.50	227.00	Jan-10	422.80	470.80	421.00	468.50	518.25	518.75	-0.50		
Jul-10	193.90	238.90	194.00	238.50	Nov-10	417.20	481.30	389.50	445.50	531	531.75	0.75		
Foreign Exchange				Basis - Port Adelaide				Winnipeg Canola CAD/t						
Today	Yest	Change	Wheat			Canola			Nov-09	Jan-10	Mar-10			
AU/US spot	0.8340	0.8380	Dec-09			Jan-10			426.20	430.20	433.1	427.60	431.70	434.7
AUD/USD July 09		-0.0040	Mar-10						431.20	433.1	434.7	-1.40	-1.50	1.6
AU/US Dec 09	0.8245	0.8285	Canola						ASX Grain Futures (AUD/t) Jan 10					
AU/CA spot	0.9063	0.9010	Jan-10						APW1	223.30	219.00	4.30		
AU/CA Mar 10		0.0053							F Barley	165.50	167.00	-1.50		
									Canola	491.50	491.50			

Pools										
Pool Prices	ABB Pool		AWB Pool		GrainCorp Pool		Emerald Pool		CBH Pool	
	FOB	Cash Equiv	FOB	Cash Equiv	FOB	Cash Equiv	FOB	Cash Equiv	FOB	Cash Equiv
2008/09 No 2 Pools										
Canola					533*	454	550*			
Malt barley	235*				310*	231				
Feed barley	190*	143			209	139	225			
2008/2009 No 1 Pools										
APW 10.5%	313*	257	335*	272	328*	258	328*		335*	268
Canola	530*	461			563*	518	610*			
Malt barley	325*	278			318*	250	290*			
Feed barley	246*				222*	153	240*			
Durum			510*	435					435*	362
Grade Spreads										
	ABB		AWB		GrainCorp		Emerald		CBH	
H1	12		20		20		17		12	
H2	6.5		10		10		9		7	
APW 10.5%	base		base		base		base		base	
ASW	-15		-15		-25		-18		-12.5	
AGP	-25		-25		-30		-20		-15.5	
FED	-100		-90		-80		-103		NA	
Increments	Flat		Protein Only		Pro, Moi, Scr		Pro, Moi, Scr, TW		Pro, Moi, Scr	

Cash Equiv = Cash Equivalent Estimate, * = pool closed

A = Adelaide, W = Wallaroo, Sad = delivered Saddleworth, Ros = delivered Roseworthy, Bow = Bowmans, Bal = delivered Balco XF = Ex Farm, Pack = delivered Adelaide Packer, (F) flat price, (Pro) protein only, (c) capped oil content (AGEx 43%), MG = Multi Grade, MV=Multi Variety, FG = Fixed Grade, OS = Out of Spec.

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