



# MARKET WIRE

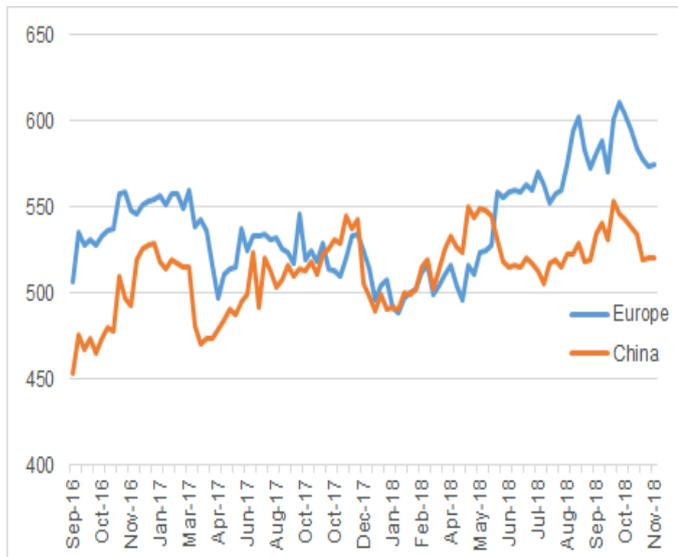
---

Time to follow wheat?

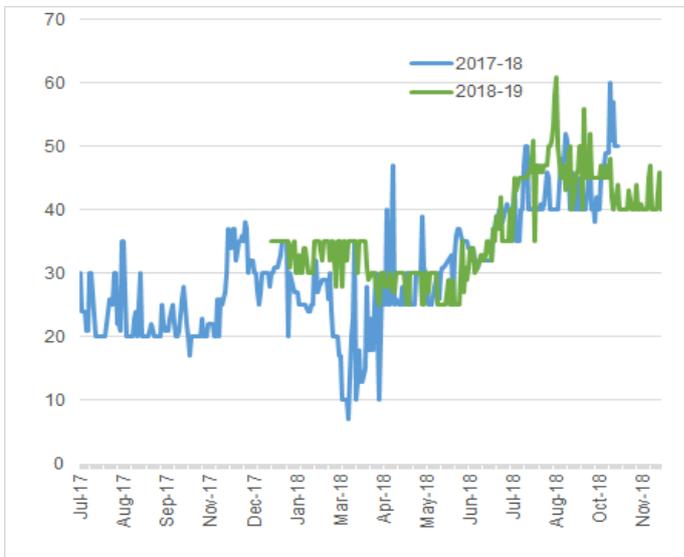


# GM CANOLA DATA DASHBOARD

## EU-CHINA PRICES (A\$ TRACK EQ.)



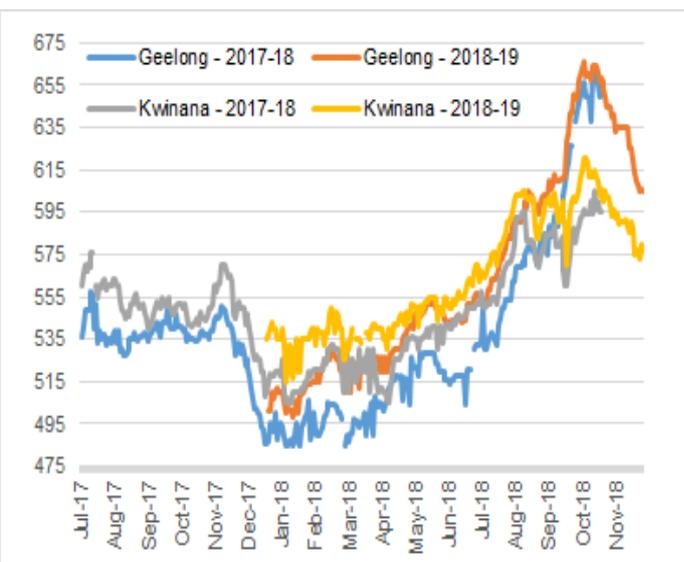
## KWINANA GM SPREAD



## 2018/19 EXPORT MATRIX ('000MT)

	Australia	Canada	Ukraine	Total
Bangladesh	3	100	10	113
China	10	4,200	0	4,210
EU-27	1,265	800	2,100	4,200
Japan	228	2,250	0	2,478
Mexico	0	1,550	0	1,550
Pakistan	0	600	140	800
UAE	0	820	130	950
Other	82	580	20	752
<b>Total</b>	<b>1,588</b>	<b>10,900</b>	<b>2,400</b>	<b>15,053</b>

## GEELONG/KWINANA PRICE



## PRODUCTION MATRIX

Canola (MMT)	2017/18	2018/19	GM %
Australia	3.57	1.99	22%
EU-27	22.14	19.60	0%
Canada	21.33	20.75	97%
Ukraine	2.21	2.70	0%
<b>World</b>	<b>75.06</b>	<b>70.97</b>	<b>29%</b>

## TOTAL CANOLA HECTARES

2018/19	WA	SA	VIC	NSW	National
Area (kha)	1,202	244	410	432	2,290
Yields (t/ha)	1.11	0.86	0.76	0.31	0.87
Production (kmt)	1,341	210	310	134	1,997

# GM CANOLA MARKET REPORT

## GM SITE BID SHEET 2018/19

Site	ADM	AWB	Bunge	CBH	Riordan	Riverina	ROBE	Sudima
Albany	520	-	515	525	-	-	-	-
Berrigan - delivered	-	-	-	-	-	557	-	-
Bunbury	-	-	525	-	-	-	-	-
Central Victoria - ex farm	-	-	-	-	-	559	-	-
Esperance	-	-	510	525	-	-	-	-
Geraldton	-	-	505	525	-	-	-	-
Goulburn Valley - ex farm	-	-	-	-	-	567	-	-
Griffith - buyers call	-	-	-	-	-	592	-	-
Grong Grong	-	557	-	-	-	-	-	-
Howlong - delivered	-	-	-	-	-	556	-	475
Kwinana	530	532	520	532	-	-	-	-
Lakaput - delivered	-	-	-	-	-	544	-	-
Lara - delivered	-	-	-	-	550	-	-	-
Mallee - ex farm	-	-	-	-	-	558	-	-
Melbourne - buyers call	-	-	-	-	-	590	-	-
Moama - delivered	-	-	-	-	-	550	-	-
Newcastle - buyers call	-	-	-	-	-	632	-	-
Riverina NSW - ex farm	-	-	-	-	-	583	-	-
Southern NSW - ex farm	-	-	-	-	-	549	-	-
Sydney - buyers call	-	-	-	-	-	622	-	-
Telford - delivered	-	-	-	-	-	556	-	-
Temora - delivered	-	-	-	-	-	562	-	483
Wagga Market Zone	-	-	-	-	-	-	593	-
Werneth - delivered	-	-	-	-	-	545	-	-
Wimmera - ex farm	-	-	-	-	-	559	-	-

## PORT EQUIVALENT BID SHEET 2018/19

Port	ADM	AWB	Bunge	CBH	Riordan	Riverina	ROBE	Sudima
Albany	520	-	515	525	-	-	-	-
Berrigan - delivered	-	-	-	-	-	557	-	-
Bunbury	-	-	525	-	-	-	-	-
Central Victoria - ex farm	-	-	-	-	-	559	-	-
Esperance	-	-	510	525	-	-	-	-
Geraldton	-	-	505	525	-	-	-	-
Goulburn Valley - ex farm	-	-	-	-	-	567	-	-
Griffith - buyers call	-	-	-	-	-	592	-	-
Grong Grong	-	602	-	-	-	-	-	-
Howlong - delivered	-	-	-	-	-	556	-	475
Kwinana	530	532	520	532	-	-	-	-
Lakaput - delivered	-	-	-	-	-	544	-	-
Lara - delivered	-	-	-	-	550	-	-	-
Mallee - ex farm	-	-	-	-	-	558	-	-
Melbourne - buyers call	-	-	-	-	-	590	-	-
Moama - delivered	-	-	-	-	-	550	-	-
Newcastle - buyers call	-	-	-	-	-	632	-	-
Riverina NSW - ex farm	-	-	-	-	-	583	-	-
Southern NSW - ex farm	-	-	-	-	-	549	-	-
Sydney - buyers call	-	-	-	-	-	622	-	-
Telford - delivered	-	-	-	-	-	556	-	-
Temora - delivered	-	-	-	-	-	562	-	483
Wagga Market Zone	-	-	-	-	-	-	593	-
Werneth - delivered	-	-	-	-	-	545	-	-
Wimmera - ex farm	-	-	-	-	-	559	-	-

\*NB Riverina ex-farm pickup "Buyers Call" prices are for delivery between January and June, 2019  
Wagga Market Zone prices are for delivery in January, 2019

# GM CANOLA MARKET REPORT

## LOCAL MARKETS

With a lot of weather interfering with various parts of the country it has not been a rapid harvest so far, however we are making some progress. Almost 70% of the canola crop in WA has been harvested, with yields performing a little better than expected. This will result in an increase in the WA production estimate in next week's Lachstock Consulting SND update. SA is around 50-60% harvested, with mixed results. NSW is drawing to a close with a lot of crop results having lower than originally expected yields and quality. VIC harvest will really ramp up over the next week when the Western Districts begins harvesting. Western District yields are below average but crops have generally performed reasonably well in what has been a tough season.

Markets have continued to decline on the back of farmer selling in WA. We anticipate the same in the east as the harvest draws to a close into southern Victoria. The pressure of off-shore markets has also weighed in on local prices. Demand from Europe has picked up with 4-5 cargos trading in recent weeks. Europe has had some concerns in their upcoming crop, and the dry weather is also hampering their river logistics, making it more attractive to buy Australian canola into the ports.

**WA:** WA prices have fallen a further \$15 since the last report but we are now finding some hints of export demand. A cargo with GM seed from WA appears to have been traded to Newcastle - that will help set up Cargill for the start of their crush campaign.

**NSW/VIC:** Despite any meaningful farmer selling, and yields that are so far not proving to be anything but disappointing, the east coast market has been very sluggish. Prices continue to erode into the low \$600s in southern VIC, whilst NSW has been able to perform a little better. Some crushers seem content to sit out of the market and wait for the harvest to come in - it will be interesting to see how farmers react to the fall in prices. Decile wise, they remain strong, however compared to WA and even NSW we have seen a big drop. With wheat, barley and faba bean prices so strong it is likely that those commodities will be sold first. Perhaps canola gets stored for a short period to get out of the harvest window.

## GLOBAL MARKETS

The main story in canola globally has been the ongoing dry weather in Europe. There are some savage cuts to the upcoming production forecasts in that region coming out with the German area potentially down as much as 15-18% vs. last year and overall European forecasted estimates look to be down 10%. This will make it tough for Europe to produce a crop above 19mmt, and sets them behind the 'eight-ball' as farm and supply go for the year ahead. This augurs well for the 2019/20 Australian crop, but on the other hand, we have a Canadian situation that continues to be burdensome.

Canada is finding dribs and drabs of demand, but China really hasn't stepped up to the plate. Their ongoing discussions with the US have also stymied their willingness to take on large amounts of forward business from Canada. The talk about the US increasing their canola plantings at a rapid rate is not helping, along with the fact that the Canadian farmer and elevator network is not really set up to comply with EU ISCC requirements. As a result it means that the Canadian supply is finding it difficult to be the circuit breaker for the EU deficit.

Crop conditions and planting in the Ukraine remain on track to see a big crop. The concern around their troubles with Russia has obviously escalated, however much of the canola exported from Ukraine comes from Odessa rather than out of the Asov Sea.

We can expect politics to remain at the front of mind with various negotiations and meetings taking place before we can turn our attention to the developing South American crops.

## CASE STUDY – Time to follow wheat?

### When will the canola market kick in and show me more life like the wheat market has?

The wheat market is running its own race this year and whilst we might be seeing a lot of poor canola crops in the east its not enough for us to step out of the shadows and call canola a roaring buy. We have pressure from WA's crop and we still need to price competitively in order to get demand into Europe. We have a bearish Canadian situation but we certainly have a deficit in the east.

The trick is that it comes down to very few players in a year like this. The crushers will be balancing up the fine line of knowing it's well above export parity, that \$600 plus is still a great price for canola and farmers might sell it. Furthermore, it is going to be expensive to carry canola this season, vs. the risk of a competitor deciding to pony up and buy the crop at harvest and leave everyone else to deal with imports from the west at higher levels.

On the flip side, farmers who once had an easy decision with prices \$15-30 higher (i.e. just sell the stuff) are now thinking they might hold off and focus on other commodities. This will be the tale of the year ahead. We will go from moments post-harvest when crushers get a little nervous and farmers have tightened the belts on them, to times when price rallies and the little flood gates trickle open.

For many farmers in the east, the size of their crop doesn't warrant the stress of hanging on to it and they need cash flow (again crushers will know this). For others who want to hang out a bit then there is some hope, just don't expect prices to jump like wheat.

In the west we need to be more realistic and ensure we aren't too cheap to either Europe or the east, yet, so keep on the front foot there.