

**WAFarmers WheatPool, managed by Emerald.**

**CHICAGO BOARD OF TRADE (CBOT) AND CURRENCY**

Last week saw CBOT continue its stronger tone with December wheat closing the week approx 40 cents per bushel up from the previous week. However, at the same time, the Australian Dollar (AUD) rose around three cents taking some of the shine of any direct price increase here in Australia.

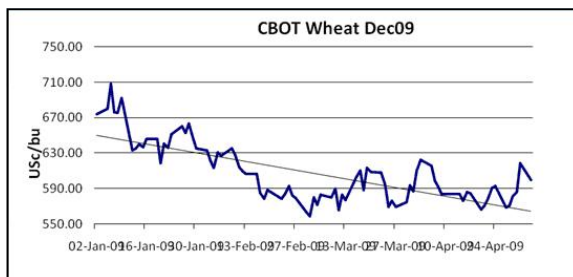
Remembering that for every one cent rise or fall in the AUD, this equates to around \$3/mt for your wheat. Since March this year, the AUD has risen from around 65 cents to about 76 cents. This 11 cent difference equates to \$33/mt for wheat if the futures market remained stable.

CBOT futures' strong run of late comes as the US new crop spring wheat is well behind in its planting progress. Further to this, some concern for crop size and production is being fuelled by crop scouts who are reporting only average to below average yields through the US Hard Red Wheat (HRW) belt. The trade and forecasters had been working on average to above average yields for this season HRW crop.

Putting the two together makes for a supportive story for US protein wheat's as both new season production forecasts for HRW and spring wheat feel a little too high given current crop conditions.

- Further supporting US wheat futures is the US and global soybean complex with further downward revisions in South American new crop soybean production, narrowing the markets' focus on US production levels. It will now be a wait and see scenario on intended US wheat plantings, with a report due out this month. This will give some indication as to whether US farmers will swing out of spring wheat and corn plantings and into soybeans. Volatility will be a feature until these acres are realised.

Domestically, we have seen new crop prices improve marginally as foreign exchange fluctuations haven't been able to totally negate US futures rises. This, along with a strengthening basis due to dry and limited grower selling here in Australia, has seen new crop prices firm around \$10/mt over the last week and Emerald's 2009/2010 crop pool forecast stay where they are.



**WORLD WHEAT PRODUCTION**

World wheat production is expected to fall around three per cent as yields decline and fewer acres predicted to be planted. Farmers took advantage of high prices last year with 626 million tonnes of wheat produced. World stock levels seem to be adequate for now to meet demand.

This is the time of the year that weather conditions in Russia and the Ukraine are particularly important to their crop production (as we saw last season when the wet weather damaged large volumes of barley). Current weather conditions are dry with concerns over wheat and barley crops. They will begin harvesting in July and August and so WA waits with anticipation over the next two months as weather conditions continue to unravel.



Ground Floor, 28 Thorogood St  
Burswood WA 6100  
PO Box 6291  
EAST PERTH WA 6892  
T: (08) 9486 2100  
F: (08) 9361 3544  
E: [info@wheatpool.com.au](mailto:info@wheatpool.com.au)  
W: [www.wheatpool.com.au](http://www.wheatpool.com.au)



WAFarmers aims to provide members and the Western Australian farming community with benefits and outcomes that positively assist their farming activities, and believes that the WAFarmers WheatPool assists in this goal.

*Insight*

*Flexibility*

*Rewards*