

## Chickpeas

Chickpeas have softened dramatically in the last week as we see growers starting to sell again putting pressure on the handful of buyers left.

\$730/mt delivered Downs, \$680 delivered Trangie and \$730/mt delivered Brisbane, \$750 Brisbane Track.

- The Indian Monsoon is around 15% down on average with Chickpea growing area light on moisture but the next 10 to 14 days there has been encouraging forecasts of rain in those areas. These forecasts have put big pressure on price forcing buyers to stand aside waiting for a result either way.
- We have seen real weakness in the Chickpea market domestically as a large number of merchant stand aside giving no real support to the market.
- The weakness in Chickpeas is not all to do with lack of buying interest. We are seeing that delivered to packer homes are drying up. Traders are finding it hard to get enough containers to guarantee Sub-continent buyers that they can deliver chickpeas on time (Before Indian Harvest March 2016).
- We are still seeing Track Brisbane homes as bulk shipments still need volume to cover shipments but this also will start to close up.
- Hold on to your chairs this could be a bumpy ride we could see this market trade in a \$250/mt range in the next few months depending of planting conditions in India.

## Wheat

The Wheat market has taken a breather from its downward slide with the CBOT futures rallying around 40 cents in the last week. This may be a good opportunity to sell leading up to harvest.

Delivered Down Oct/Nov \$282, Brisbane Track APW \$289, Newcastle Track APW \$285, Port Kembla APW \$284.

- From what I am seeing this rally is not based on Australian supply it is based on Corn and Soybean production in the U.S.
- A down grade in yield expectation for Corn & Soy has surprised the market.
- The problem is that world wheat stocks are still big which will continue to weigh on the market.
- We are still looking down the barrel of a big Wheat crop in NSW & Sth Qld we are still seeing large areas across NSW that look great and may take a major disaster to destroy.
- We are looking at 2 scenarios:
- We get a dry hot finish and the crop goes from big potential to just a good.
- We get some finishing rain and the crop turns into a monster.

I know that it is a hard decision to sell at level below \$300/mt port but I know also that most time "big crops get bigger"!

## Cottonseed

I will make this brief! Cottonseed prices for 2016 are the following:

Moree ex-gin: \$390 Downs ex-gin: \$415 MIA ex-gin: \$350

Factors to think about.

- Cottonseed prices are high historical especially this far away from harvest!
- Cottonseed Del Down for 2016 is around \$420/mt Wheat Delivered downs 2016 \$276. This is approx. \$144/mt spread.
- Most feedlots believe that \$80 spread from cottonseed to Wheat is getting a little high (feedlot likely to reduce Seed in feed ration).
- Soy oil prices are very low @ 26.50 USc/lb. (Crush Margin low)
- I think it is a good time to start your cottonseed marketing for new crop if you haven't already.

