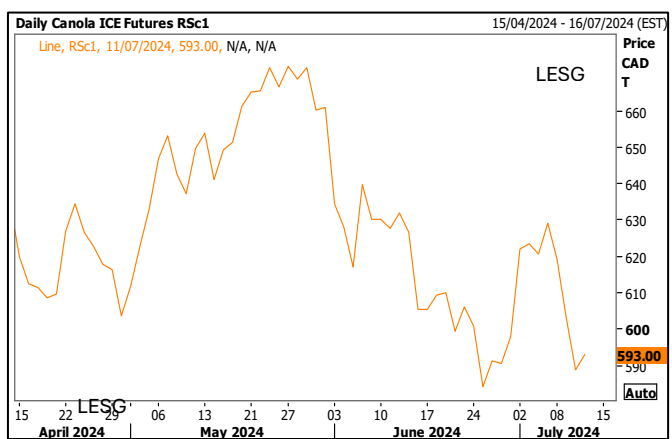
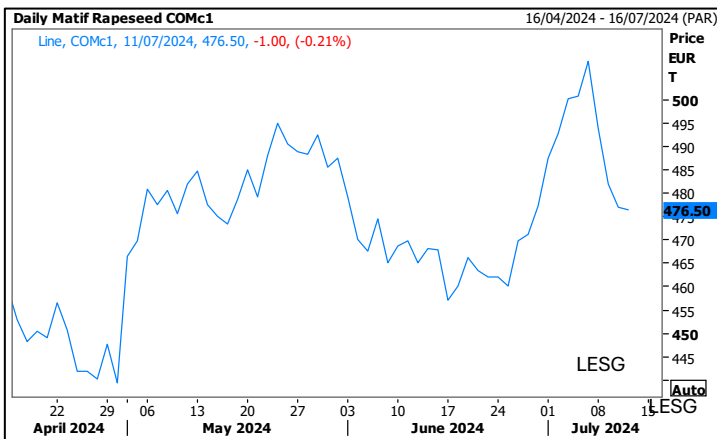


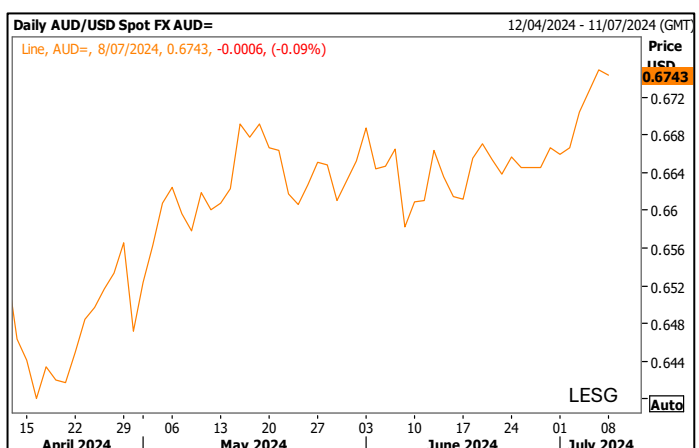
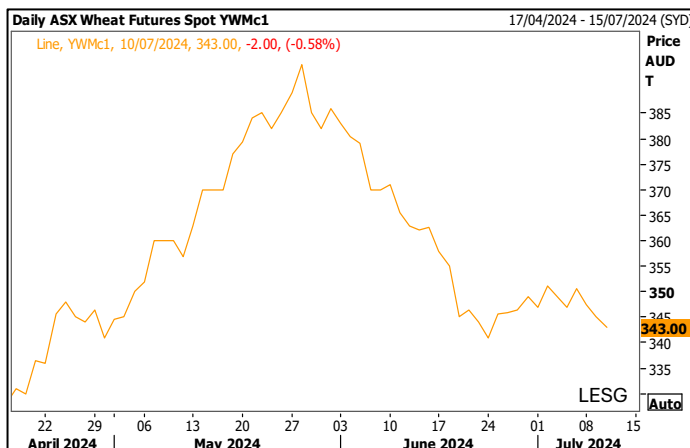
Market Report

July 2024

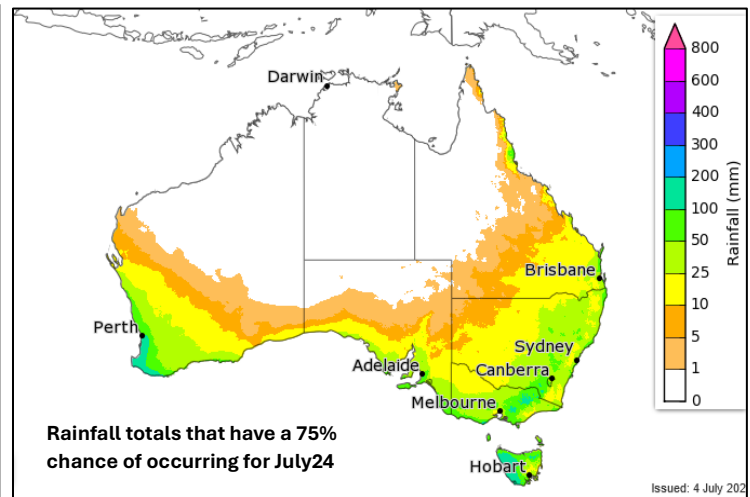
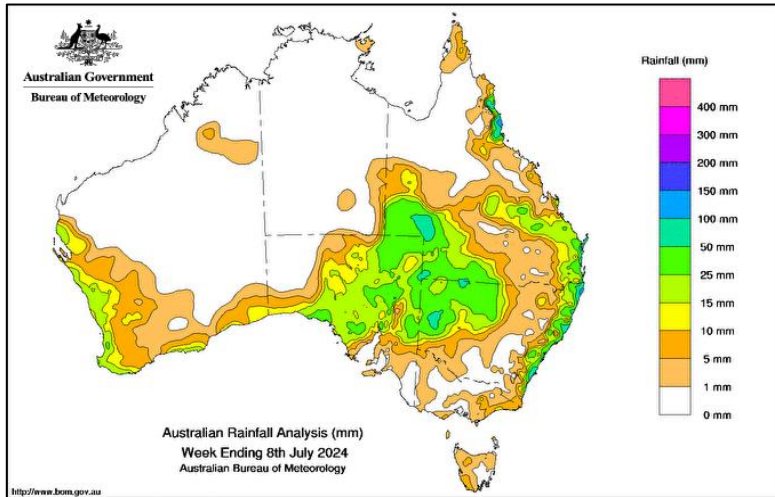
AUSTRALIAN CANOLA MARKET Australian canola values have been volatile over the past two weeks. Matif rapeseed futures rose EUR50/mt and ICE canola also up CAD40/mt, before falling a near similar amount this week. Australian canola values have followed suit. Current crop values for NSW canola sitting at AUD695/mt track port July 2024, while new crop closer to AUD715/mt track port December 2024. The spread between current crop and new crop canola sitting at around AUD35/mt which is reflecting more than just the cost of carry for the period. Australia's canola export program remains robust with 680,000mt exported in the month of May. This takes canola exports year-to-date to 4.52mmt and on current pace canola exports will total well over 5mmt this season leaving stocks tight at year end. Globally canola production pegged between 87-88mmt for this season. The Canadian crop is in good shape and expected to be over 20mmt. In Europe the rapeseed crop is smaller and forecast to be less than 18mmt this season. Rapeseed harvest underway in Europe with early yields in both Europe and the Ukraine below average, but reportedly getting better as harvest goes. We still expect the canola crop in Australia to be under 5mmt, due to smaller crops in Western Australia and South Australia. However, NSW is on track for a larger crop than last year owing to the excellent wet start to the season.



AUSTRALIAN GRAIN MARKETS Wheat and barley values have been relatively steady versus a volatile canola market over the past two weeks. Wheat values have fallen approximately AUD40/mt since the beginning of last month with APW wheat now at approximately AUD340/mt track Kembla. Feed barley values closer to AUD310/mt track Kembla for July 2024. Sorghum values have slipped this week and are sitting at AUD324/mt track Brisbane July 2024. Cottonseed values remain steady at AUD510/mt delivered Darling Downs July to August 2024. Cattle on feed numbers sitting at record highs of close to 1.4 million head due to good feeding margins. New crop canola values firming and recent retracement of wheat values have seen canola values now over 2 times the value of new crop wheat.



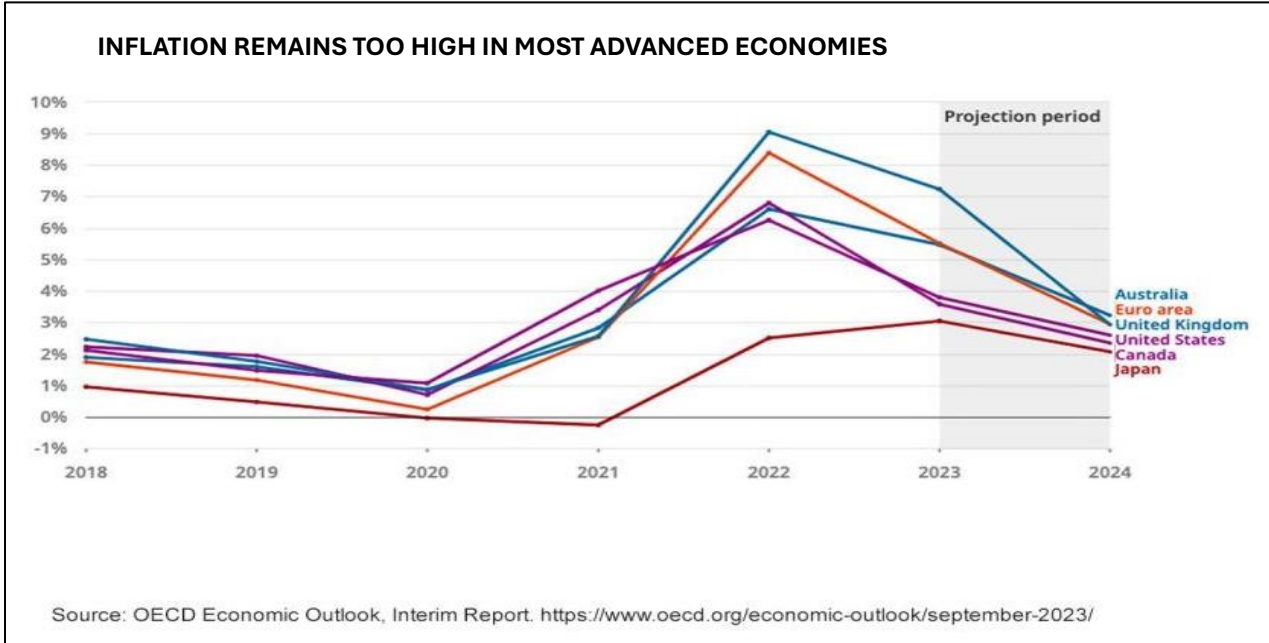
WEATHER UPDATE Western Australia has received between 30-50mm of rain over the past week, while South Australia received between 10-25mm of rain. South Australia will need more rain and any rain too late to add canola hectares but helps cereal crops. In Western Australia, the rain ideal for cereal crops, but like South Australia too late to add canola hectares. Winter crop conditions are excellent across NSW and QLD. In Victoria, crop conditions are reasonable but will need top up moisture over coming months. The rainfall outlook for July to September sees 60-80% chance of above average falls across NSW, the southern half of QLD, much of SA and the southern Northern Territory. According to the Bureau of Meteorology there is an increased chance of unusually high rainfall (defined as the highest 20% of observations for the period Jul-Sep from 1981 – 2018) for most of NSW, south-eastern QLD and parts of eastern South Australia, particularly during July. Rainfall is likely to be within typical range for the season for most of northern Australia, Victoria and Western Australia.



ROAD INFRASTRUCTURE Industry commentators have highlighted the spiking production expense of moving grain from paddock to port or to domestic buyers. According to Farmonline the estimated transport costs for the domestic grain market are AUD2.1 billion annually. The cost blow out is seen as a potential threat to Australian grain competitiveness into nearby destination markets such as Indonesia opening the door for global competitors such as Canada and the Ukraine vying for Australia’s key nearby markets despite Australia having sea transit times up to 75% faster than from these origins. Some of the problems for Australian grain transport include disjointed rail and road freight rules, poor investment in weather-proofing freight routes, and bridge weight restrictions preventing trucks using designated grain corridors. Industry advocacy group Grain Growers has spent the past 18 months developing a practical road map for governments to use to help revive the industry’s global competitiveness. The action plan includes basic strategies such as bridge upgrades for key high volume grain freight routes, upgrading rail sidings and passing loops to speed up critical grain corridor movements, and simplifying management of rail operators’ access to the network. Other long-term goals include developing plans for freight infrastructure to cope with autonomous vehicles and prioritising grain freight routes across all states. CSIRO modelling estimates that freight now represents almost one third of the cost of producing Australia’s total annual grain crop.



FINANCIAL MARKETS Australian dollar is firming against the USD. Interest rate markets expect future tightening in Australia's official overnight cash rate supporting continued appreciation of AUD against the USD. In the US speculation for rate cuts in future months with the Federal Reserve Chair Jerome Powell indicating the U.S central bank will make decisions as needed in response to questions that possible rate cuts in September could be seen as a political act ahead of the presidential election. US rate cuts together with Australian rate hikes will close the interest rate differential between the two countries potentially attracting more AUD investment as funds chase AAA rated high yielding assets. Financial Review reports Australian consumers and businesses will pay more for everything as the shipping crises in the Red Sea and Asia fuel the worst freight delays since the pandemic threatening to stoke local inflation. Australia's inflation rate is still outside the 2-3% range mandated by the RBA leaving markets vulnerable to future rate hikes.



For further information, contact:

Andrew McMaster

General Manager Seed & Grain

MSM Milling

+61 2 6364 5999

amcmaster@msmmilling.com.au

Contents of this document are general in nature and have been prepared without consideration of any specific financial situation, particular needs and/or investment objectives of the recipient. Although data has been obtained from sources considered and believed to be both reliable and accurate no responsibility is accepted for any error or omission that may have occurred herein or for any opinions based thereon. The information in this publication is intended for the person or entity to which it is addressed. If you have received this message in error, please inform the sender as quickly as possible.