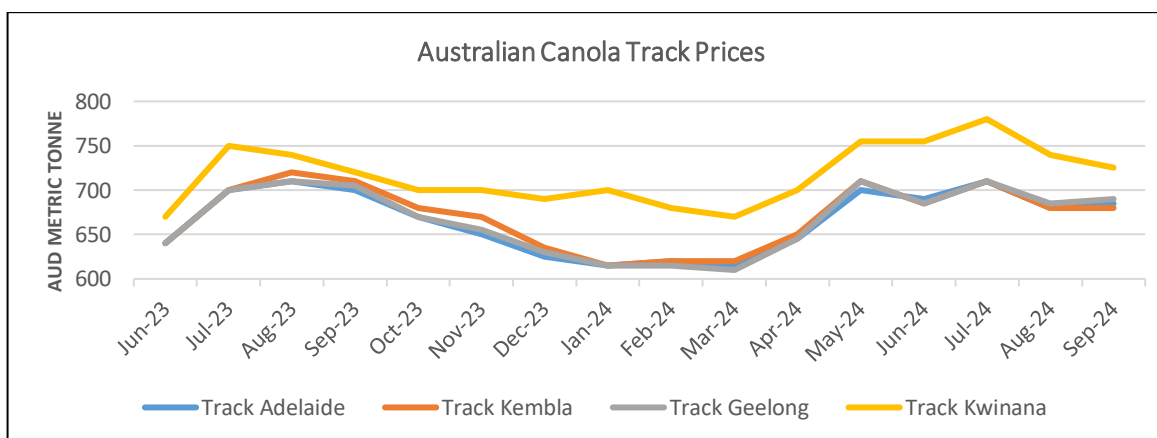
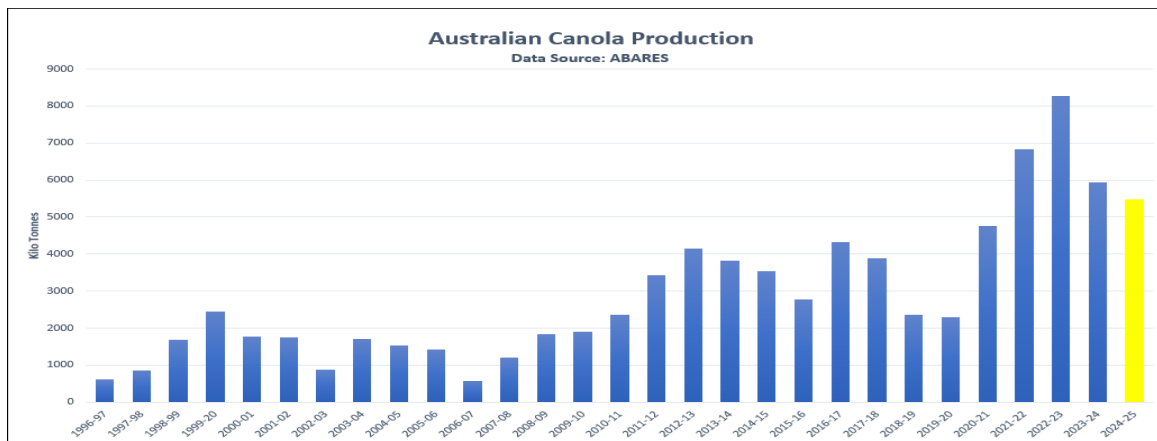


# Market Report

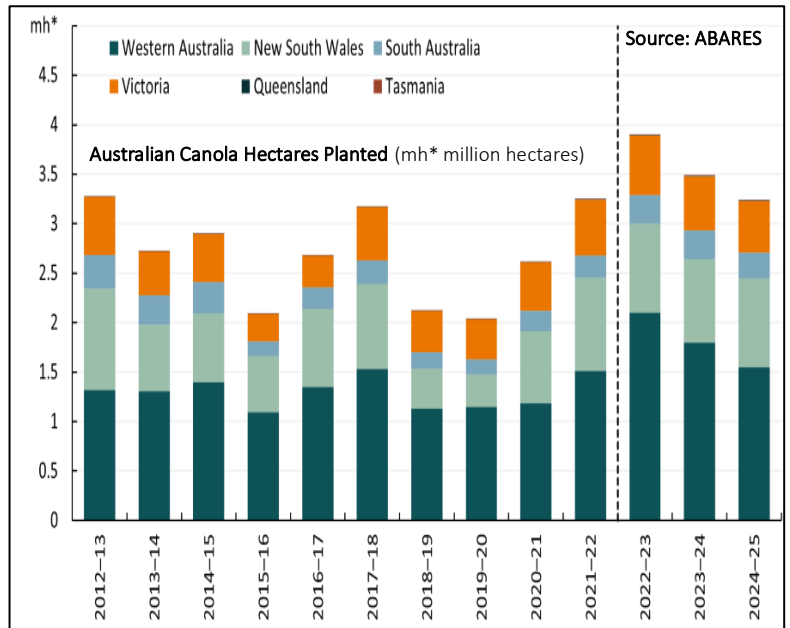
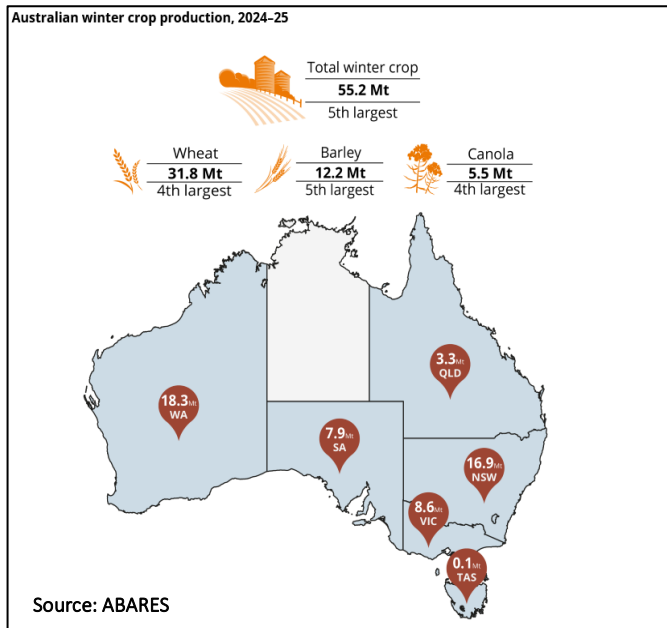
## September 2024

**HARVEST 2024** MSM will again be buying canola in the central west and up the Macquarie valley. In addition, we will also be utilising our private storage network at Cowra, Canowindra, Eugowra, Goolagong and the leased Graincorp sites at Gunningbland and Cumnock. There will be a grower information evening hosted by MSM at Bogan Gate pub on October 9th, 2024, and we will send out some text messages to advise details. Please make sure to contact us for your pricing requirements, be it forward sales, warehouse or ex farm. Laura Ousby and Pete Mac Smith will be handling pricing, please feel free to contact them to seek pricing on any given day.

**AUSTRALIAN CANOLA MARKET** Canola values have remained relatively range bound over recent weeks compared to the high volatility back in July 2024 and early August 2024. Export pace remains brisk with 387,000 mt exported in the month of July 2024 which brings total exports year-to-date to just under 5.4 mmt. We expect exports to total between 5.6 mmt and 5.8 mmt this season which will leave ending stocks at their lowest levels for some years. The GM discount to non GM canola continues to widen and is reflected in the EU CFR values with the widening margin influenced by the fact that this year Canada is a competitive exporter of canola again. Virtually all Canadian canola is GM varieties. Dry weather in South Australia, and to a lesser extent in Victoria has also led to canola trading at price premiums in these two states over NSW, where crop conditions are excellent. Today track Kembla canola is sitting at around AUD665/mt for September 2024, while new crop prices at AUD685/mt for December 2024. ABARES September 2024 report revised the national canola crop estimate up to 5.5 mmt from previous of 5.4 mmt. We feel that this number could be on the high side as South Australia will likely have less tonnage than ABARES forecast, and Victoria will also need a very good spring to realise their expected production estimate. A recent 'cold snap' has seen some areas experience temperatures falling well below zero resulting in frosts across NSW, SA and Victoria. Frost damage to canola crops is likely with the full extent unknown for approximately another ten days according to agronomists.

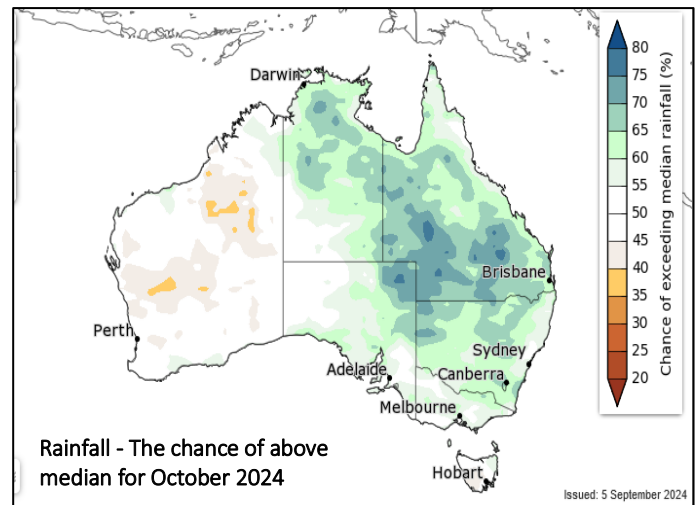
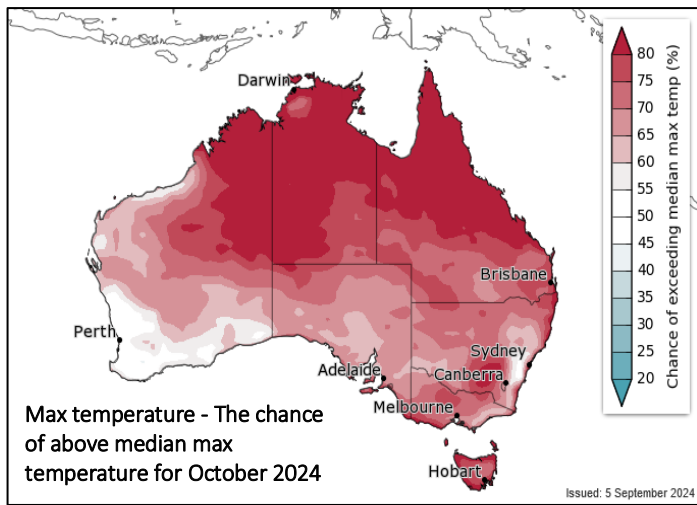


**AUSTRALIAN GRAIN MARKET ABARES** September 2024 report revised the national crop production estimates for the coming season with wheat at 31.8 mmt, up 2 mmt from the previous estimate, barley 12.2 mmt, up from previous 11.5 mmt and canola at 5.5 mmt, up from a previous 5.4 mmt. These revisions put the Australian national winter crop production at 55.2 mmt for 2024-2025, 17% above the 10-year average. CSIRO's mid-season forecast of the 2024 Australian national wheat harvest includes a median expectation for national average yields of 2.29 mt per hectare which is above the 15-year national average yield. For NSW the yield outcomes for wheat are expected to be 3.05 mt per hectare. Lentil production is forecast to increase by 7% to 1.7 mmt 2024-25, and chickpea production forecast to increase by 171% to 1.3 mmt in 2024-25 (more than double the 10-year average to 2023-2024). Winter crop conditions remain excellent across northern NSW and southern QLD. Victoria as mentioned will need rain over the spring to keep crops on track while South Australia crop, we think in trouble. Western Australia is generally in good shape but will also need a favourable spring. Western Australia has had a dry start to September 2024 like much of NSW however WA does not have the subsoil moisture that NSW has available to draw on.



**GLOBAL OILSEED MARKET** Strategie Grain recently reduced their EU rapeseed production estimate to 16.9 mmt, down 340,000 mt from the previous. Ukraine as previously mentioned has a smaller rapeseed crop this year. Dry conditions also prevail in Europe which is hindering planting of canola for next season, and we could see another small EU crop for 2024-2025 season. Statscan updated their Canadian crop production estimate pegging the canola crop at 19.0 mmt, but some other estimates have it lower at 18.5 mmt. Statscan also revised canola stocks as of July 2024 to 3.1 mmt, up 1.9 mmt from July 2023. Canola yields to date have been lower than expected in Canada. China announced an anti-dumping probe into Canadian canola imports. The probe will examine Canadian canola imports for the period January 2021 until December 2023. China is the major importer of Canadian canola. China imported a total of 5.5 mmt of canola in 2023 of which the majority came from Canada. The announcement is thought to be in retaliation to Canadian tariffs imposed on Chinese electric vehicle imports. EU commission has EU rapeseed imports season year-to-date July 2024 to August 2024 at 940,000 mt, however we believe this figure to be higher with Oil World putting Ukrainian exports to the EU at 1.1 mmt making the total imports so far closer to 1.5 mmt. As highlighted in previous commentary, we see the EU needing to import 7 mmt of canola this year to meet its crush demand. USDA September 2024 report pegged the 2024-2025 US corn production at 15.186 billion bushels, the second largest crop on record and slightly up from the August 2024 report. Yield rose to 183.6 bushels per acre versus 183.1 forecast in August 2024, and this went against the trade expectations that yield would decline. Soybean production in the US came in as expected with a yield of 53.2 bushels per acre matching both the market analyst predictions and the USDA's August 2024 forecast. Soil moisture in the Brazilian states of Mato Grosso and Parana, two of the three largest soybean producers in the country, is at its lowest level in 30 years, creating challenging conditions for planting, according to the EarthDaily Agro company. The two states together account for around 40% of soybean production in Brazil, the world's largest producer and exporter of the oilseed. It is also dry in Argentina which is hindering sunflower plantings at this stage. We see lower canola and sunflower crops being generally supportive of canola values, but we can't underestimate the amount of soybean tons world markets will have to absorb. Whilst some countries can swap between palm, soy and canola/sun oils based on price, in developed markets there are a lot more barriers to change such as labelling and nutritional panels.

**WEATHER UPDATE** According to the Australian Bureau of Meteorology rainfall is likely to be above average for large parts of eastern Australia. October is the start of the northern wet season. During September 2024 to November 2024, conditions across most of northern Australia are expected to shift from dry to wet. Rainfall is likely (60-80% chance) to be above average for large parts of the eastern half of Australia and across the western half of Australia and Tasmania rainfall is expected to be within typical seasonal range. Temperature forecast is for above average maximum and minimum temperatures likely to very likely (60% to greater than 80% chance) across most of Australia October 2024 to December 2024.



**FINANCIAL MARKETS** In Australia the ABS GDP figures released for the June 2024 quarter came in at 0.2% versus expectations of 0.3%. Australia's current account deficit for the June 2024 quarter widened to AUD 10.7 billion, the largest in 6 years. The US is expected to cut interest rates this week. The European Central Bank cut interest rates by 25-basis-points to 3.5%.

**US ELECTIONS** The outcome of the US elections in November 2024 will have a considerable influence on policies that will reverberate through the global markets including the Australian agricultural sector. Rabobank report if the democrats hold on to power under Kamala Harris the market will perceive this as business-as-usual agenda. Public spending on things such as energy transition will support the demand for biofuels and a continuation of the policy on biofuel will be supportive of corn and soybean prices that are key to setting general price trends in other soft commodities. High biofuel production potentially increases the byproduct of animal feed that would see increasing US exports of soybean meal. A Harris presidency is expected to see more public investment that will boost economic growth potentially at the expense of international debt that could devalue the USD and cause inflation to rise. A Trump presidency is expected to cause a devaluation in the USD and the proposed 10% to 20% import tariffs to encourage domestic industry would also potentially be inflationary. A weaker USD impacts Australia's competitiveness particularly in the Asian wheat markets as well as impacting levels of imported beef. Gold prices are hovering at near all-time highs while investors focus on US economic data that could offer additional insights into the Federal Reserve's interest rate policy decision. Markets are pricing in a 57% chance of a 25-basis-point US rate cut at the Fed's September 17<sup>th</sup>-18<sup>th</sup> 2024 meeting, and a 43% chance of a 50-basis-point cut. This would be the first interest rate cut since March 2020.

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