



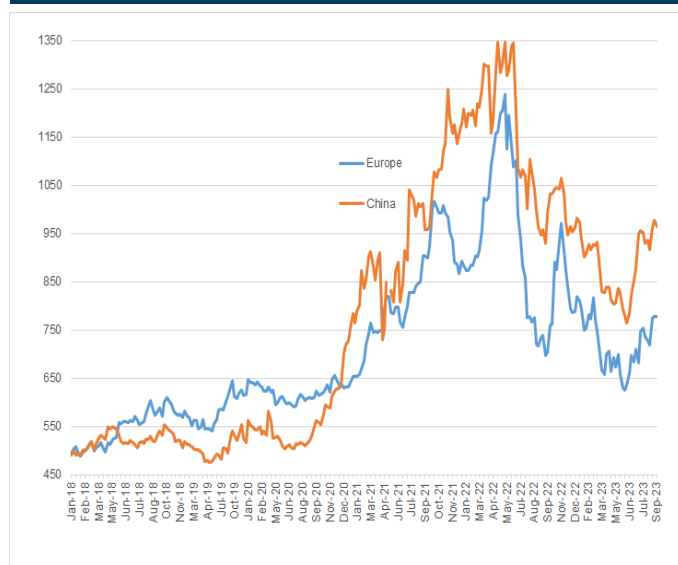
# MARKET WIRE

The Two-Tier Effect

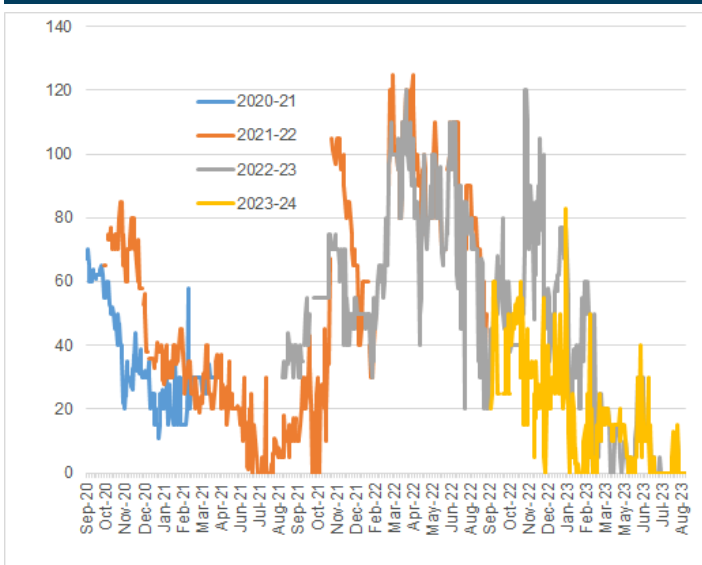


# GM CANOLA DATA DASHBOARD

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



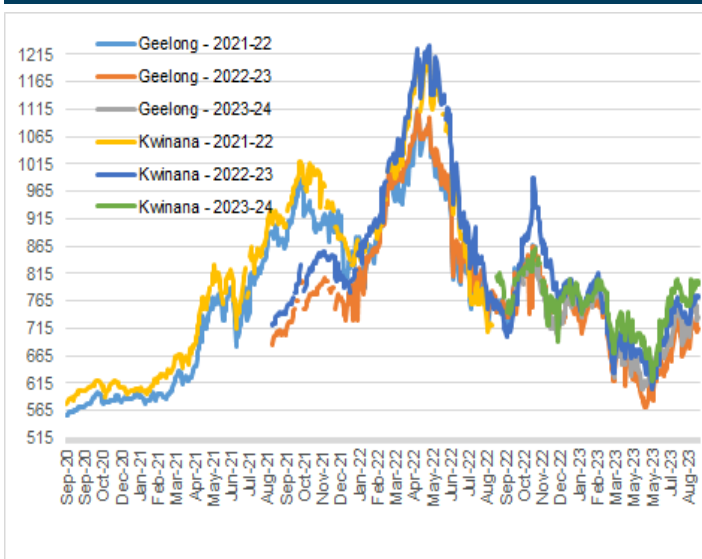
## KWINANA GM SPREAD (\$AUD)



## 2023/24 EXPORT MATRIX ('000 t)

	Australia	Canada	Ukraine	Total
Bangladesh	150	-		300
China	410	3,550	-	3,960
EU-28	2,370	400	2,500	5,500
Japan	940	1,300	-	2,240
Mexico	200	900	-	1,100
Pakistan	175	50	330	705
UAE	475		330	1,005
Other	165	300	40	705
<b>Total</b>	<b>4,885</b>	<b>6,500</b>	<b>3,200</b>	<b>15,515</b>

## GEELONG/KWINANA PRICE (\$AUD/t)



## PRODUCTION MATRIX

Canola (mmt)	2022/23	2023/24	GM %
Australia	8.085	5.309	46%
EU-28	20.679	20.468	0%
Canada	18.272	17.474	97%
Ukraine	3.700	4.205	0%
<b>Major Exporters</b>	<b>50.738</b>	<b>47.456</b>	<b>41%</b>

## TOTAL CANOLA ESTIMATES

2023/24	WA	SA	VIC	NSW	National
Area (kha)	1,802	276	586	811	3,477
Yields (t/ha)	1.24	1.64	2.23	1.61	1.53
Production (kt)	2.239	0.453	1.306	1.310	5.310

# GM CANOLA MARKET REPORT



## GM CANOLA SITE BIDS 2022-23

2022-23 Delivered Bids	GrainCorp	AWB	Viterra	CHS Broadbents	Riordan	LDC
Ardrossan		\$ 649.78	\$ 659.78			
Arno Bay		\$ 657.30				
Balaklava		\$ 655.40				
Barnes Crossing		\$ 648.75				
Bellata		\$ 621.75				
Berrigan		\$ 643.70			\$ 625.00	
Berrybank	\$ 679.50					
Boggabri		\$ 630.00				
Boort				\$ 659.00	\$ 630.00	\$ 638.25
Bordertown		\$ 634.64	\$ 644.64			
Boree Creek		\$ 634.25				
Burrumbuttock					\$ 610.00	
Caroona		\$ 637.25				
Charlton		\$ 648.00				\$ 636.25
Coleambally		\$ 635.75				
Coonalpyn		\$ 642.50	\$ 652.50			
Coonamble		\$ 619.25				
Croppa Creek		\$ 611.00				
Cummins		\$ 663.24	\$ 673.24			
Curban		\$ 625.00				
Deniliquin		\$ 644.00				
Donald						\$ 636.75
Dookie		\$ 650.25				
Dunolly		\$ 653.25				
Edenhope					\$ 620.00	
Edillilie		\$ 663.70				
Elmore		\$ 654.25				
Gilgandra		\$ 627.00				
Gunnedah		\$ 633.00				
Hamilton	\$ 672.00					
Henty		\$ 636.50				
Horsham					\$ 625.00	
Howlong		\$ 639.00			\$ 630.00	
Kimba		\$ 645.41				
Laharum					\$ 625.00	
Lakaput				\$ 688.00		
Lake Bolac		655.5		\$ 688.00	640	
Lara					\$ 680.00	
Mathoura		\$ 647.25				\$ 644.50
Milbrulong		\$ 633.50				
Mitiamo		\$ 650.50				
Moama		\$ 649.25		\$ 660.00	\$ 630.00	
Moree		\$ 617.25				
Murchison East		\$ 655.25				\$ 648.75
Narromine		\$ 623.75				
Nea		\$ 634.50				
Nevertire		\$ 618.75				
Nyngan		\$ 613.00				
Oaklands	\$ 657.25	\$ 641.25				\$ 626.25
Owen		\$ 656.80	\$ 666.80			
Piangil		\$ 637.50				
Premier		\$ 633.00				
Quambatook		\$ 644.25				

NB\* Bids from the market as of 05/09/2023  
Refer to bid provider for delivery terms and conditions

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# GM CANOLA MARKET REPORT



## GM CANOLA BIDS 2022-23 - Cont

2022-23 Delivered Bids	GrainCorp	AWB	Viterra	CHS Broadbents	Riordan	LDC
Rand		\$ 637.50				
Rudall		\$ 655.01	\$ 665.01			
Tatyoan North		\$ 657.50			\$ 640.00	
Telford		\$ 645.25		\$ 658.00	\$ 630.00	\$ 649.25
Temora		\$ 688.75				
The Rock		\$ 634.00				
Tocumwal		\$ 646.00				\$ 640.38
Trangie		\$ 621.25				
Tumby Bay		\$ 664.00	\$ 674.00			
Walbundrie					\$ 615.00	
Waverley		\$ 637.25				
Werneth		\$ 662.50			\$ 650.00	\$ 651.25
Werris Creek		\$ 638.00				
Westmere	\$ 673.00					
Willow Tree		\$ 641.25				
Winchelsea					\$ 650.00	
Woorinen		\$ 639.50				
Wycheproof		\$ 645.75				
Yarrawonga		\$ 645.25				

## GM CANOLA PORT BIDS 2022-23

2022-23 Bids	AWB	GrainCorp	Viterra
Albany	\$ 720.00	\$ 765.00	\$ 755.00
Esperance	\$ 690.00		\$ 755.00
Geraldton	\$ 725.00	\$ 775.00	\$ 755.00
Kwinana	\$ 720.00	\$ 775.00	\$ 755.00
Port Adelaide	\$ 667.00		\$ 685.00
Port Adelaide Market Zone	\$ 675.00		
Port Giles	\$ 636.69		
Port Lincoln	\$ 675.00		\$ 685.00
Port Lincoln Market Zone	\$ 675.00		
Port Neill	\$ 659.90		
Port Pirie	\$ 653.33		\$ 663.33

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# GM CANOLA MARKET REPORT



## GM CANOLA SITE BIDS 2023-24

2023-24 Delivered Bids	GrainCorp	AWB	Bunge	CHS Broadbents	Riordan
Ardrossan		\$ 666.78			
Arno Bay		\$ 674.30			
Arthur River			\$ 800.00		
Balaklava		\$ 672.40			
Bellata		\$ 626.75			
Berrigan		\$ 658.70			\$ 640.00
Berrybank	\$ 702.50				
Boort				\$ 680.00	\$ 645.00
Bordertown		\$ 651.64			
Burrumbuttock					\$ 625.00
Caragabal		\$ 640.00			
Charlton		\$ 663.00			
Condobolin		\$ 629.25			
Coolamon		\$ 639.75			
Coonalpyn		\$ 659.50			
Coonamble		\$ 624.25			
Cootamundra		\$ 645.75			
Croppa Creek		\$ 616.00			
Cummins		\$ 680.24			
Cunningar		\$ 650.75			
Dimboola		\$ 662.50			
Donald		\$ 662.00			\$ 645.00
Edenhope					\$ 675.00
Edillilie		\$ 680.70			
Elmore		\$ 669.25			
Gilgandra		\$ 632.00			
Grong Grong		\$ 635.25			
Gunnedah		\$ 638.00			
Hamilton	\$ 702.00				
Horsham					\$ 655.00
Howlong					\$ 645.00
Junea		\$ 642.25			
Kimba		\$ 662.41			
Kukerin			\$ 800.00		
Laharum					\$ 655.00
Lakaput				\$ 700.00	
Lake Bolac				\$ 700.00	\$ 660.00
Lara					\$ 695.00
Mathoura				\$ 686.00	
Milvale		\$ 645.75			
Moama		\$ 664.25		\$ 688.00	\$ 645.00
Moree		\$ 622.25			
Narrandera		\$ 633.00			
Narromine		\$ 628.75			
Nea		\$ 639.50			
Nevertire		\$ 623.75			
Nyngan		\$ 618.00			
Oaklands	\$ 682.25	\$ 656.25			
Owen		\$ 673.80			
Parkes		\$ 640.25			
Premier		\$ 638.00			
Quandialla		\$ 641.25			

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# GM CANOLA MARKET REPORT



## GM CANOLA SITE DELIVERED 2023-24

2023-24 Delivered Bids	GrainCorp	AWB	Bunge	CHS Broadbents	Riordan
Red Bend		\$ 638.00			
Rudall		\$ 672.01			
Tabbita		\$ 633.25			
Tatyoan North					\$ 660.00
Telford				\$ 686.00	\$ 645.00
Temora		\$ 643.75			
Trangie		\$ 626.25			
Trundle		\$ 634.25			
Tumby Bay		\$ 681.00			
Walbundrie					\$ 630.00
Waverley		\$ 642.25			
Werneth					\$ 665.00
Werris Creek		\$ 643.00			
Westmere	\$ 698.00				
Willow Tree		\$ 646.25			
Winchelsea					\$ 665.00

## GM CANOLA PORT BIDS 2023-24

2023-24 Bids	AWB	GrainCorp
Albany	\$ 740.00	\$ 800.00
Esperance	\$ 720.00	
Geraldton	\$ 760.00	\$ 800.00
Kwinana	\$ 740.00	\$ 800.00
Port Adelaide	\$ 684.00	
Port Adelaide Market Zone	\$ 692.00	
Port Giles	\$ 653.69	
Port Lincoln	\$ 692.00	
Port Lincoln Market Zone	\$ 692.00	
Port Neill	\$ 676.90	
Port Pirie	\$ 670.33	

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# Local market update

We have revised our 2023-24 production forecast down 0.3 mt to 5.30 mt reflecting the dry conditions throughout the northern half of NSW and parts of northern and central WA. Despite this, conditions have been much better than expected, particularly in southern cropping zones, with winter rainfall to date being much higher than what was forecast/expected. As we head into warmer weather, moisture will be critical to keep current yield potential from slipping. The threat of a widespread frost event is also one to watch.

ABARES have revised their canola production forecast up 0.3 mt to 5.2 mt, in the September Crop Report.

The BOM outlook for spring released on 28 August, notes that spring rainfall is likely to very likely (60% to greater than 80% chance) to be below average for most canola growing regions and that unusually low spring rainfall is at least two times as likely for most of southern Australia. The BOM also predicts that most canola growing regions will see unusually high spring temperatures.

If the forecast is realised, yield potential will start to slip away the longer it stays hot and dry. As a result, production will be lower than our current forecast, particularly in parts of WA, SA and northern NSW where they don't have subsoil moisture. In some areas of SA, southern NSW and VIC a decile two finish would most likely be enough to achieve average yields given soil moisture reserves, as long as plants are not affected by excessive heat or frost in spring.

**WA:** Canola prices have followed volatile offshore moves and are also being supported by the increasing production risk that the Aussie crop is facing. New crop is currently at the \$800/t mark for non-GM after bouncing around between \$765 - 805/t over the last couple of weeks. The GM spread remains relatively flat reflecting the extremely high price of Canadian canola.

**NSW/VIC/SA:** Prices in the east have followed the wild ride and are currently at the \$737 - 747/t mark for non- GM after falling to \$700/t two weeks ago. The GM spread is currently at a \$30 - 40/t discount. The market remains very thinly traded, with farmers continuing to hold their cards close to their chest given the production risk in front of them.

# Global market update

Canola prices have seen a lot of volatility which has been pushed higher by production concerns in Canada and a tough finish for EU crops. The Ukraine crop is expected to be a record and the Russian crop is well above average. The ongoing tit for tat attacks in the Black Sea and Ukraine's testy relationship with its Euro neighbours is making it hard to gauge what sort of volumes will be exported. Concern for the US soybean crop is also providing support, as extremely high temperatures and a lack of rainfall during the critical growth phase is expected to impact yields.

With seasonal conditions to-date so variable within regions, the range of Canadian production estimates varies from around 16 mt to 19 mt. Harvest has begun but has been interrupted by rainfall in some regions with only a small % of the crop off at this stage. Once harvest progresses and we get a better idea of yields, the production estimate range will narrow. StatsCan have pegged production at 17.56 mt, slightly higher than the average pre-report estimate but down 6% from last year and 6% below the five-year average. As flagged in an earlier update, a 521 kt upward revision was made for 2022-23 production and 496 kt was added to 2021-22 due to the higher than expected stocks held as of July 31. They will release another estimate on 13 September.

The European Commission revised its latest canola production estimate down 0.3 mt to 19.1 mt (19.5 mt previous year) after a hot dry finish to the season and Strategie Grains has cut their EU number by 0.4 mt to 18.9 mt reflecting downward revisions for yield and area.

Poland's Agriculture Minister has stated that Ukraine's five neighboring EU Member States; Poland, Bulgaria, Hungary, Romania and Slovakia, are in favour of an extension of the temporary suspension of Ukrainian grain imports until the end of 2023. They will implement their own bans if the EU doesn't support the extension (currently set to end on 15 September). The EU Ag Commissioner has said he would support the extension and suggested that the EU may subsidise transit costs.

The US soybean crop also continues to suffer from extremely hot and dry conditions. As of 29 August, 40% of soybean growing area is considered to be in drought, up 2% from the previous week with 57% of the crop rated good to excellent compared to an average of 61%.



## CASE STUDY – The Two-Tier Effect



As we work through the critical spring period in our Australian crop development, we keep one eye on when we plan on marketing our canola. This year, more than most, farmers are rightly very cautious about committing too much production away given the poor weather outlook that has been drummed in hard by the BOM. Eventually, the time will come where we are ready to take on some contracts in the lead up to harvest to balance out our cash flow, logistics and income commitments.

What we are seeing already, and will likely continue to see for a little while yet, is a very two-tiered market due to the disparity of Canadian prices compared to other places in the world.

The European market is contending with large volumes of Ukrainian and other Eastern European canola moving promptly into the marketplace, on top of their own production that was recently harvested. However, Europe doesn't have full access to all markets either. Like Australia, it is currently not supplying seed (oil is a different story) to China and hasn't supplied Japan either. Exports to Canada from Europe are happening and there are some limits in exports from Europe to the USA. Mexico has been a common market to substitute recently, as have the remaining markets in the Middle East, Asia and the subcontinent.

This lack of efficiency in the marketplace sees Japan only able to choose between Australia and Canada canola. Also, China is only in a position to take Canadian canola. For now, China will continue to pay a hefty premium for Canadian seed until it opens the door back to Australia. When our exporters sell to Japan (or the USA potentially), they are having to find a balance to maximise the number of sales going to Japan at a price that is competitive to Canada, versus knowing that the markets next in line, including the Middle East and Europe, are a long way south in price. These are markets that eventually we will have to supply. If China does resume purchases from Australia, this will balance out the two-tiered market further and see more premium sales going into China. If we can export, the exporters will largely absorb a lot of the two-tiered pricing, but if crop production does fall, they will have a lot of room in price to ensure that they meet their sales commitments to Japan and this will be something for us all to keep an eye on as they look to fill high priced and premium contracts.

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