

May 2008

U.S. Beef to Hit Korean Markets in June

U.S. beef imports will likely hit Koreans' dinner tables some time in early June. Official announcement of negotiation terms by the agriculture ministry is expected early this week.

This will give the go-ahead to a quarantine inspection on 5,300 tons of U.S. beef cuts that have been waiting in the nation since last October. Korean inspectors who left for the U.S. to look into quarantine measures there about two weeks ago will make their final report Monday.

The new beef deal signed last month allows more beef parts with the exception of specified risk materials into the Korean market. Letters between the two nations' top trade officials, with additional clarifications, will be added as supplementary provisions to the original agreement.

In the letters, the U.S. recognizes that materials considered risky will be held to the same standard for import to Korea as for its domestic market. And they add that Korea has the right to ban imports in case of a health threat due to a mad cow disease outbreak in the U.S. (Arirang News)

West Australia Grain Areas to Get Rain, East to Stay Mostly Dry

Grain-growing areas in Western Australia, the nation's biggest wheat producer, may get more rain this week, adding to recent falls, while southern and eastern parts will mostly remain dry.

Western Australia's cropping regions may get as much as 25 millimeters (1 inch) of rain, Shoni Dawkins, a climatologist at the National Climate Center, said today by phone from Melbourne. South Australia and Victoria states will mostly be dry this week, while an upper-level trough may bring isolated showers and thunderstorms to New South Wales and Queensland states, he said.

New South Wales, usually the nation's second-largest grain grower, hasn't yet had enough rain to sow crops and needs as much as 1 1/2 inches for planting, AgRisk Management Pty said last week. Drought spread in the state and rain was "crucial" within three weeks, New South Wales' agriculture minister said May 12.

"Unlike Western Australia which seems to be receiving the cold fronts and the low-pressure systems in the past week and again this week, we're just not seeing those features over the eastern part of the country," Dawkins said.

The south-east of South Australia state and Victoria may get isolated showers today or tomorrow, Dawkins said. South-east Queensland state may get as much as 10 millimeters of rain later in the week, he said. (Bloomberg)

Ridley board rejects Graincorp offer

The board of agribusiness company Ridley Corporation has rejected a takeover offer from GrainCorp. The offer, made late last week, values Ridley at \$415 million dollars.

Ridley chairman, Dr John Keniry, says the offer is opportunistic, and a number of major Ridley shareholders don't support it.

He is not surprised there is some jockeying in the grain trade after the demise of AWB limited's single desk for export wheat.

But Dr Keniry says the government should stop companies getting too big and powerful in the grain sector.

"When you start to get people aggregating back up to the dominant position that AWB used to have, then it's appropriate for the competition regulators to ask what's going on here." (ABC Rural)

Cotton finds a new home in the far north

The first commercial area of cotton in the Burdekin in North Queensland is approaching picking but it has already been heralded as a success considering the abnormally wet season.

With a dozen growers producing about 850 hectares this year, defoliation is expected to commence in coming weeks, with the pickers to begin rolling from mid-June onwards.

The DPI&F's Paul Grundy is one of the leaders of the project, after a recent move to Ayr from Biloela as part of a three-year Cotton Catchments Communities and QDPI&F funded project.

With extensive trials at the local research station and on farm, he and those like him are hopeful that the crop has a long-term future and that eventually a gin will be built.

His current trials are assessing four different planting dates by five different varieties, in a bid to ascertain the impacts of the wet season, which usually occurs in January and February.

Climate variability is the biggest challenge in the north; but in an inverse way to the south. Too much water and cloud cover is their problem. (Stock & Land)

Canola plantings soar

Western Australia's grain handler says there has been a massive increase in canola plantings along the south coast this year.

Co-operative Bulk Handling says grain plantings are expected to rise by 20 per cent across the state with growers keen to cash in on high prices.

Albany zone manager Richard Simonaitis says good rainfall on the south coast has allowed growers to sow canola crops early and most will finish seeding within the next week.

However, Mr Simonaitis says a dry start to the month in the south-eastern Wheatbelt has forced many growers to delay seeding programs.

"Up around Hyden, Lake Grace, Newdegate, you'd expect those guys to be locked into their rotations and would not change a hell of a lot," he said.

"Whereas the further south and west you go, I'd see more and more canola going in and potentially bigger barley programs as well." (ABC News)

Some wheat growers continue to fight for single desk

A new wheat growers action group, WAG, has pledged to fight the Federal Government in its plans to deregulate the industry.

It strongly opposes the new Wheat Export Marketing legislation that will change the way wheat is exported and marketed.

Spokesman for WAG, Peter Cannon, says the idea that the legislation creates a free market is a furphy. He says Australian wheat growers will be competing against heavily subsidised, corrupt markets dominated by the US and the EU.

Mr Cannon says surveys show more than 80 per cent of wheat growers want the single desk retained, and they are being ignored.

"We need a voice that speaks the mind of the grassroots wheat growers," he said.

"We want to see this wheat export bill thrown out and the 08/09 wheat marketing pool to continue.

"We want to be given time to negotiate with government, so that they will listen to what the grain growers want, not just what government wants." (ABC Rural)

Big lift in profit for AWB

AWB has reported a profit increase of nearly 90 per cent, posting a net profit after tax of \$22.3 million dollars.

The result was driven by a strong performance by its rural services division, Landmark, where fertiliser,

chemical and merchandise sales were strong.

Managing director Gordon Davis says international commodity prices have also helped the result.

"The Australian commodity business, which is our core traditional business, returned to profitability," he said.

"In the corresponding period last year, we exited some business with some associated write-offs.

"This year it's been a more normal profile, and it's performed more strongly.

"We've seen wheat prices increase by close on 40 per cent.

"Clearly, as we trade those commodities globally, that affects the revenue line." (ABC Rural)

Argentine farmers to suspend strike

Argentine farmers announced plans Monday to suspend a 13-day strike and resume grain sales, paving the way for talks with the government to end contentious export restrictions.

Farmers will resume shipments of wheat, soybeans, sunflower seeds and other grains beginning Wednesday at midnight (0300 GMT), said Mario Llambias, head of the Confederation of Rural Argentine producers. The coming truce promises another lull in an on-again, off-again battle between the government and farmers, who have bitterly protested increased export taxes for weeks.

President Cristina Fernandez imposed the measure in mid-March, raising export duties on soybeans from 35 percent to as high as 45 percent. Similar increases were tacked onto other grains in a bid to boost the nation's tax revenue while world commodity prices are high.

Argentina is the world's second-largest exporter of corn and third-largest of soy, according to the U.S. Department of Agriculture.

Farm leaders on Monday said they expected talks to resume shortly with Fernandez's government, which had vowed not to negotiate until growers ended their ban on grain sales.

"We hope the government won't disappoint us," protest leader Eduardo Buzzi said.

The protest has deprived the government of increased tax income, but has not caused renewed food shortages, as many had feared. Farmers blockaded key highways for 21 days in March, causing stores in Buenos Aires and other cities to run low on staples like beef and vegetables.

Fernandez called for unity in a conciliatory speech last week, but offered no specific proposal. Her office did not immediately react late Monday to news of the strike's suspension.

Her government has refused to re-examine farmer's central demand that it roll back soybean export taxes and other restrictions. The farmbelt rebellion is the first large domestic crisis to confront Fernandez's five-month-old government and triggered the recent departure of her first economy minister. (Associated Press)

Government moves to calm Japanese over grain shipment contamination

The Federal Government is trying to ensure Australia's grain export market to Japan is not threatened by a recent insecticide contamination in a barley shipment.

The 20,000 tonne shipment, owned by Western Australia's Cooperative Bulk Handling, has been stalled by the Japanese Government for recording higher than acceptable insecticide levels.

The Federal Government is trying to reassure the Japanese that it's safe to continue importing grain and barley from Australia.

Josh Roberts, a senior trading manager with CBH, says it's confident a positive outcome can be reached.

"The Japanese Government, the ministry has announced that this particular cargo is going to be rejected on the basis of the rules, rules that have been in place for some time. At the same time there are other cargoes of barley that are on the water and we don't expect any ongoing problem." (ABC Rural)

Rain in northern Vic lifts breeder cattle prices

Widespread rain in the northeast of Victoria before the Wangaratta monthly store cattle sale on Friday saw keen competition for breeding cows with young calves at foot, with prices \$50-\$80 dearer.

Competition was steady for steers and unjoined heifers.

Prices for cow and calf outfits saw a top price of \$1180 for these units.

Joined females, on the point of calving made to \$900, up by \$40/head on the previous sale.

Later calving heifers were, however, harder to sell.

And unjoined heifers met weaker competition, especially those backward in condition and unsuitable for immediate feedlot entry. (Stock & Land)

Australia key wheat growing state misses out on rain

Good weekend rainfall in southern and southeastern Australia has triggered full-scale wheat planting there, but the key eastern growing region mostly missed out, farm analysts and weather officials said on Monday.

Farmers in the eastern state of New South Wales, which normally produces about 30 percent of the country's wheat crop, were anxiously waiting for rain to begin to plant a forecast record wheat crop, after two years of drought-devastated crops.

"New South Wales has been pretty disappointing," said Ron Storey of private group Australian Crop Forecasters.

Australia is the world's second-largest wheat exporter after the United States.

Around 20 millimeters (0.8 inch) of weekend rain fell over western parts of Victoria state and in southeastern South Australia.

"That would have got the tractors going," said Andrew Watkins, senior climatologist at the National Climate Centre of the Australian Bureau of Meteorology.

Farmers contacted by Reuters in the Mallee wheatgrowing area of Victoria state said on Monday they were starting full-scale planting.

But rain in New South Wales had been generally light at less than 10 millimeters.

Storey said he was maintaining his forecast for a record Australian wheat crop of 27 million tonnes because of the encouraging downpours in South Australia and Victoria. (Reuters)

Rice growers get a better price for next year's harvest

Rice growers will be paid \$100 a tonne more for their crop next season after the smallest harvest in 80 years.

The Sunrice company, in the New South Wales Riverina, wants to harvest 120,000 tonnes next year, and will pay growers \$550 a tonne.

Chairman Gerry Lawson says there is enough water to meet that target.

"I think there's a significant amount of water being held by people who are carrying it over from their small amount of water last year," he said.

"Significant quantities of water are in Coleambally, there are significant amounts of water held by bore license holders." (ABC Rural)

Japan cancels purchase of unsafe Australian barley

Japan cancelled the purchase of 20,000 tonnes of Australian food barley after the shipment was found to contain too much pesticide, Japanese health and farm ministries officials said on Wednesday.

"We have found pesticides that exceeded our standard for the (barley) shipment which arrived last month," a farm ministry official said.

The farm ministry official said the ministry decided to cancel the purchase of the Australian barley as

the shipment failed to meet Japan's food safety standard under the contract.

The imported barley will not be distributed in the market as food, the official said.

The Japanese government controls all imports of wheat and barley by holding purchase tenders.

The official said this is the first time Japan has cancelled the purchase of wheat or barley.

He added that the shipment of barley which arrived last month was from a tender that was held in February.

On Feb. 28, the farm ministry conducted a tender under the simultaneous buy and sell (SBS) system, in which it bought 20,000 tonnes of barley from Australia. (Reuters)

South Korea delays U.S. beef imports

South Korea will delay the resumption of U.S. beef imports in the face of mounting public concern over the safety of the product, the farm ministry said on Wednesday.

South Korea, once the third-largest importer of American beef until a U.S. outbreak of mad cow disease in 2003, had been scheduled to start quarantine inspections from Thursday. That would have led to its first full imports of U.S. beef in more than four years.

"I think we need a week to 10 days," Agriculture Minister Chung Woon-chun told parliament.

South Korea reached a deal with the United States last month to open its market wider to American beef. Prior to the agreement, it only allowed in boneless beef from cattle under 30 months of age.

The delay may irritate U.S. lawmakers who have said Congress would not approve a sweeping free trade deal with South Korea unless Seoul fully opened its market to U.S. beef.

The level of public anger over the deal -- which was meant to be a high point of President Lee Myung-bak's visit to the United States last month and his first trip abroad since taking office -- has clearly taken the government by surprise.

Last week, the prime minister and other top officials apologised on national television over the issue and promised to reimpose the ban if there was a fresh outbreak of mad cow disease in the United States.

South Korea imposed a blanket ban on U.S. beef imports for about three years after an outbreak of the disease there in late 2003. Before then, it imported around 199,000 tonnes worth \$850 million of the product a year.

Exports from Australia have taken up much of that gap. (Reuters)

ABB cautious about grain export growth

ABB Grain expects to expand its bulk wheat business after Australia's export arrangements are liberalised from July 1, but it is not about to bolt for volume growth, according to managing director Michael Iwaniw.

ABB Grain plans to apply for accreditation as a bulk wheat exporter in an expansion Mr Iwaniw described as complementary to its current business of marketing, storing, handling and exporting grains other than wheat, and manufacturing malt.

"A lot of people who buy barley buy wheat," he told Dow Jones Newswires, adding that the company planned to use the relationships it had built with buyers by exporting up to 15,000 tonnes of wheat monthly in containers this year.

Under legislation yet to be debated in federal parliament, the federal government plans to accredit multiple exporters, ending a protected system under which AWB or its predecessor, the Australian Wheat Board, had an export monopoly or, more recently, dominated exports.

At stake is a share in an annual export trade that has in the past reached nearly \$5 billion in value and almost 18 million tonnes of wheat, or more than 15 per cent of the annual world wheat trade.

ABB Grain planned to buy bulk export wheat for cash from farmers, operating in the market on its own behalf while also offering farmers collective sales pools -- details of which had not been finalised, Mr

Iwaniw said. Like other Australian grain companies that are also likely to win market share from AWB, ABB Grain is assessing its capital needs and how much to allocate to marketing but "there isn't going to be a bottomless pit of money".

JPMorgan has warned that liberalising wheat export arrangements will affect the working capital needed to market the Australian crop.

An Australian wheat export crop usually had a market value of about \$5.6 billion based on current wheat prices, so the grain industry would need to source a large amount of fresh capital to fund this change, JPMorgan's Australian research unit said in a note late last week. (The Australian)

Doubt slows barley sales: CWB chief

Barley sales by Western Canadian farmers are a little slower than normal due to uncertainty over government legislation to end the Canadian Wheat Board's monopoly, the chief executive of the CWB said on Tuesday.

"With the issues in the market place, we're not seeing quite the level of take up on the sales side as we would normally see," Ian White, chief executive of the CWB, told Reuters after appearing before a parliamentary committee.

But White said he expected sales to pick up over the next couple of months, adding that they're "still relatively on track."

"There is some uncertainty ... I'm not saying anything other than things are a little slow," he said.

The Conservative government introduced a bill in Parliament in March to end the CWB's barley monopoly by August 1. But the legislation has yet to be debated and is seen as unlikely to win the required support from opposition parties.

White has said in the past it would be difficult for the CWB to forward-sell barley for the upcoming market year, which begins August 1, until the government provides clarity on its mandate.

The farmer-controlled CWB is one of the world's largest grain sellers with annual revenue of about C\$5 billion. (Reuters Canada)

Fonterra joins battle for Dairy farmers

Fonterra has confirmed it is trying to buy Dairy Farmers by requesting regulatory approval to bid for the Australian dairy company.

The New Zealand co-operative has asked the Australian Competition and Consumer Commission to indicate whether it has any concerns that would need to be overcome before a bid was assessed by the board of Dairy Farmers.

A Fonterra spokeswoman said the company was bound by confidentiality and could not comment on the process.

Fonterra has a global strategy and this month bought out its major partner in Chilean company Soprole for US\$201.9 million (\$263 million).

A deal for Dairy Farmers could be worth between A\$800 million (\$985 million) and A\$1 billion.

The attempt to buy Dairy Farmers will pit Fonterra against National Foods - the company it had been prepared to pay nearly \$2 billion for in 2005 and which was eventually bought by San Miguel.

National Foods, now owned by Japanese brewer Kirin Holdings, put in a similar request to the Australian commission last month.

Dairy Farmers, which is owned by 2000 farmers and processes one billion litres of milk a year, had been planning to float its manufacturing and marketing division but signalled last year it would look at broader options.

In March Dairy Farmers said a formal process was under way to evaluate interest from third parties to buy, merge or enter into a joint venture with the co-operative.

Dairy Farmers chief executive Rob Gordon said other interested parties might initiate similar regulatory clearances. Interested parties are understood to also include Italian dairy firm Parmalat and Canadian operator Saputo.

"Any bidder that does not have existing dairy operations in Australia would not, however, be expected to seek an ACCC review at this point," Gordon said. "Such parties may be required to seek Foreign Investment Review Board approval during coming months."

Gordon said the Dairy Farmers board would meticulously assess each option before putting a recommendation to its dairy farmer shareholders. (NZ Herald)

Fonterra seeks ACCC okay for Dairy bid

DAIRY Farmers said today New Zealand dairy co-operative Fonterra Co-operative Group is seeking regulatory approval for a proposed bid.

The application for clearance from the Australian Competition and Consumer Commission follows a move by National Foods, owned by Japan's Kirin Holdings, to seek regulatory approval last month. Dairy Farmers chief executive Rob Gordon said that other interested parties may seek similar regulatory clearance processes in coming weeks.

"As stated previously, Dairy Farmers' board has requested interested bidders seek the necessary regulatory clearances, including ACCC reviews, prior to it formally assessing proposals," Mr Gordon said in a statement.

National Foods and Dairy Farmers are the second-largest and third-biggest sellers of milk.

Foreign bidders would also need the approval of the Foreign Investment Review Board, Mr Gordon said.

Other parties tipped as potential buyers include Murray Goulburn Co-operative, Italy's Parmalat and Canada's Saputo.

Goodman Fielder (ASX: GFF: quote), which had previously signalled interest in the sale, is no longer part of the bidding, a person familiar with the situation told Dow Jones Newswires last month.

The sale process is being run by Goldman Sachs JBWere. (The Australian)

Good autumn break needed for record grain crop

A record season is still a possibility for Wimmera-Mallee grain farmers if there is a good autumn break in the next few weeks.

A Department of Primary Industries (DPI) survey shows Victorian farmers are planning to plant about 3.7 million hectares of winter grains in the next few months.

The DPI's Chris Sounness says strong commodity prices are enticing farmers to plant more this season in an effort to reduce debt after years of drought.

"We need a lot of things to go right, everyone's looking for a good break in the next two to three weeks which will get the crop off to a good start and then average rain throughout the growing season will definitely set it up," he said.

"Then it's a matter of not getting any diseases, not having any frost events, just having a nice average season would be something that a lot of people dream of after the last six or seven years."

But north central region rural financial counsellor Ted Gretgrix says morale is starting to wane among farmers as they wait for the autumn break.

"Everybody was hoping for a good early break, traditionally the break does come about the middle of May, so I guess at this stage we're not even behind average, so as I said if it would rain certainly this month farmers could still have a really good year," he said. (ABC News)

Cattle trade resumes to Egypt

The Australian Government will resume trade in live cattle to Egypt, subject to strict conditions including the use of a new purpose-built feedlot and abattoir facility inspected by Australian authorities. The move comes ahead of a \$7.6 million extension to the Live Animal Trade Program, to be announced in the 2008-09 Federal Budget, to further improve animal welfare outcomes in countries importing Australian livestock and enhance Australian exports to the Middle East region.

This will include funding upgrades of livestock facilities to meet international welfare guidelines and education and training in areas such as feedlot management and nutrition.

Minister for Agriculture, Fisheries and Forestry Tony Burke said the Australian and Egyptian governments had signed two Memoranda of Understanding on the handling and slaughter of Australian live animals.

The agreement requires the monitoring and recording of movements of Australian cattle through a 'closed system' which only permits the use of the new abattoir at the port of Ain Sokhna.

Australian officials and industry assessed the facility and were satisfied it was consistent with World Organization for Animal Health (OIE) guidelines for animal welfare.

Australia May Produce Biggest Canola Crop in 9 Years

Australia, the world's third-largest canola exporter, may produce its biggest crop in nine years, providing farmers get sufficient autumn rain for planting.

Canola output may be 1.8 million metric tons in 2008-2009, up from 1.07 million tons a year earlier, Rosemary Richards, executive director of the Australian Oilseeds Federation, said today in a telephone interview from Sydney. That would be the most since 1999-2000's record crop of 2.4 million tons, she said.

"We are still talking about planting intentions, the area is not even in the ground at this stage," Richards said today. "Particularly on the east coast, unless we get rain in the next two to three weeks, those planting intentions won't be realized."

Grain growers in Australia rely on rain at this time of year to plant their next crop for harvest starting about October. Canola prices have risen 67 percent in the past year, touching a record as prices for soybeans, soybean oil and palm oil reached all-time highs as global demand exceeded supply.

"One of the big areas of improvement comes from Western Australia," Richards said. "They had obviously an ideal start to the season as well as strong canola prices."

Canada is the world's largest canola exporter, followed by the Ukraine and Australia, according to the U.S. Department of Agriculture. (Bloomberg)

World wheat outlook rebounds

The US Agriculture Department's latest supply and demand forecast shows a global wheat recovery, but continued high wheat prices.

World Ag Outlook Board chair, Gerald Bange, says the latest USDA estimates call for a "major rebound" in world wheat production, starting with 08/09 US production of about 656 million tons.

"So that's an increase of about 8 per cent," he said.

"Canada's going to be up sharply, up 25 per cent, according to our current estimate, and Australia will be a huge recovery there, nearly double their last year's production, up to 24 million tons."

US wheat prices should hit another record average of US\$7.35 a bushel, but moderate as new production comes on market.

Meanwhile, US wheat exports are forecast to fall sharply, by 24 per cent, as other nations, including Australia, benefit from recoveries.

But a small corn harvest in the US could keep the wheat price steady.

Grains analyst Tony Smith says that, with the USDA predicting the US corn crop to be half of last year's, farmers will be forced to feed their livestock wheat, and that will keep wheat prices steady. He says a large US wheat crop was expected and much of it has already been factored into current prices.

"Wheat prices have come off dramatically in the past few months," he said.

"But then, if the Australian crop is fine, we're not only going to see a record US crop but we're going to see a record world crop so that will mean negative wheat prices, but the good thing is that it won't be as negative as prices five years ago because the floor will be put in by the corn market." (ABC Rural)

Beef exports to Russia hit record highs

Australian beef exports to Russia continued at pace during April, reaching a record 8333 tonnes (shipped weight), up from a mere 75t sent in April 2007, according to the latest figures from the Federal Department of Agriculture.

Meat and Livestock Australia says that as a result of the surge in April, beef exports to Russia during the first four months of 2008 were 13,073t – almost 30-fold shipments during the calendar year to April last year.

MLA says the boom in exports to the region has been a result of the recent sharp fall in subsidised beef exports from the EU, tight beef supplies and high prices coming out of South America, falling Russian beef production and rising domestic beef demand.

According to DAFF, exports to Russia represented 9pc of total Australian beef exports during April (up from 2pc last year), and 5pc for the calendar year to April (1pc in 2007) – making Russia Australia's fourth largest beef market behind Japan, the US and Korea.

A surge in frozen product is behind the export boom, jumping to 12,749t during the first four months of the year (97.5pc of the total) – up from 230t exported during the same period last year. (Meat and Livestock Australia)

U.S. rice prices soar as supply worries linger

U.S. rice futures soared nearly 5 percent in early Asian trading on Friday as prospects of reduced output from cyclone-devastated Myanmar and a larger-than-expected purchase of rice by Malaysia raised supply concerns.

Other grains were slightly higher, led by corn, as slow U.S. corn plantings caused concerns about potential declines in production at a time when big corn output is needed to meet the needs of livestock, export and ethanol sectors.

Rice prices came off their highs last week after hitting a record of \$25.07 on April 24 as Asian prices stabilized on prospects of increased supply from Thailand, the world's largest rice exporter.

But prices started rising again this week, because Myanmar is likely to become a net rice importer, with trade sources saying thousands of metric tons of rice that were in storage in the country were lost and thousands of acres are now not plantable.

U.S. rough rice futures for July delivery RRN8 rose 4.9 percent, or \$1.1, to \$23.45 per hundredweight in a sixth consecutive daily gain, while September contract RRU8 rose 4.0 percent, or 81.5 cents, to \$21.165.

"Supply worries have intensified with Myanmar cyclone and the market is likely to continue to rise and probably test its record highs soon," a Seoul trader said. (Reuters)

AWB reduces 08-09 pool return

AWB has reduced its 2008-09 Estimated Pool Return (EPR) by a \$30 a tonne.

The EPR range for APW wheat pool is now \$350 - \$370 (FOB, GST exclusive) and the Western

Australian wheat noodle grade is now \$355-\$375.

AWB Australian Commodity Management Division general manager, Mitch Morison, said the latest prices reflect ongoing significant falls in international wheat futures.

"The risk premium in US wheat futures has been dramatically reduced as buyers become more confident with the outcome of the northern hemisphere winter wheat harvest," Mr Morison said.

"Northern hemisphere crops are in excellent condition, with the European Union, Russia and Ukraine set to compete aggressively in the export market when their new crop becomes available mid July onwards.

"US crop conditions remain generally good, with a very large Soft Red Winter crop expected, and although Hard Red Winter conditions have not been ideal for much of the growing season, recent moisture has put a floor under production, with additional tonnage likely given further ideal conditions.

"The Indian crop also finished well and the success of the government procurement program has made a significant import program unlikely however, Middle Eastern crops are likely to see below average yields.

"The combined result of increasing confidence in the production potential of major exporting nations and falling import demand from India has pressed wheat prices lower."

Mr Morison said the lower international wheat price in combination with the high Australian dollar has resulted in a reduction of the new crop pool estimate.

Growers are again reminded that the 2008/09 EPR is currently not supported by a hedging program and will continue to fluctuate by the price moves seen in international markets.

AWB will continue to provide regular updates on the 2008/09 season pool estimate going forward. (Stock & Land)

Long term rail grain plan needed

A long term is needed to ensure grain would continue to be hauled to port by rail, according to the NSW Farmers' Association.

The association welcomed the State Government announcement an agreement has been reached to secure the rail transport of this year's grain harvest but said there was much detail to go over secure the service.

Association president Jock Laurie said the future of grain growers across North West NSW depended on a solution.

"Rail is used to transport a significant proportion of the State's annual grain production and is part of an overall integrated transport strategy for the movement of grain," he said.

"For several years growers have been calling for an effective grain rail network and the association will continue to present their issues to all stakeholders to ensure a workable system post June 2009."

Mr Laurie said he looked forward to a meeting with Deputy Premier and Transport Minister John Watkins next week to discuss the rail line issue and would be asking what freight charges growers would pay and whether growers would be guaranteed equitable access to rail and up-country storage.

(Northern Daily Leader)