

Advance Opening Calls are meant to give you a place to start your price discovery. It is how Advance sees the Australian market opening today and is a subjective opinion based on overseas markets, currency and our understanding of the Australian market.

Wheat: Old crop milling wheat **is expected to be up \$1-\$3/mt**

Barley/ Feed wheat **is expected to be up \$1-\$3/mt**

Canola: New Crop Canola **is expected to be up \$1-\$2/mt**

Commentary

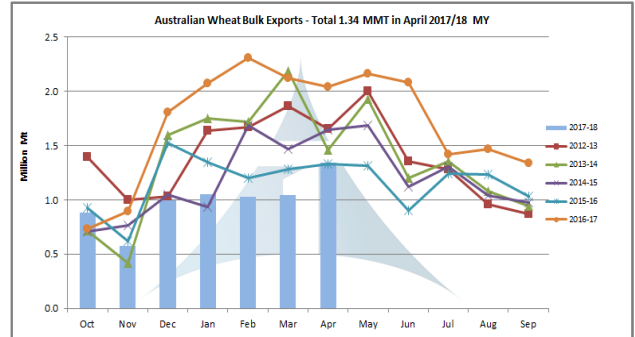
A lot of Twitter buzz on freeze damage across Kansas ahead of next week's Wheat Quality Council tour. Dryness concerns continues across Australia, where rainfall since early Feb is at multi-year lows, and the forecast into the opening day of May provides no real change in ongoing dryness. As mentioned earlier, grain growers will be hesitant to release tonnes to the trade until they are confident of a sowing program.

Domestically – We expect cash prices to be firmer today. The Aussie dollar continues to trade lower and is currently at \$0.7574.

Wheat

- Jul 18 CME wheat is up 14 ¼ cents at \$4.99 cents per bushel - CME A\$ wheat swap Jul '18 midpoint is A\$242.00/mt.
- Another strong session for the wheat markets. July Chicago wheat tried to close above \$5.00 but fell just short settling at \$4.99.
- Continued challenges with the HRW crop, planting delays in the HRS region, dryness in Australia and parts of the EU and Russia all supported the market today.
- The focus next week will be on the Wheat Quality Council tour and the quality of the Kansas crop. There seems to be more trade chatter regarding the freeze damage from last week than concerns with the dryness. Maybe because the drought has been well documented over the past month or two.
- Other production concern for US wheat is the slow planting progress for spring wheat. Per USDA no spring wheat was planted last week and is the slowest seasonal pace in the last 20 years.
- Across the Northern Plains this month will rank as one of the coldest Aprils on record. Spring wheat yields following the 20 coldest Aprils in the Northern US Plains only exceeded trend yield twice.
- In Chicago, the wheat/corn spread has been on a wild ride the past two days – trading nearly a 25-cent range (yesterday's low to today's high). It settled at \$1.03¼ premium wheat.
- Chicago wheat spreads were mixed Wednesday. The K/N managed to relax a bit, trading out to 13¼ cents carry after narrowing into 11½ yesterday. The July forward spreads narrowed further with the N/U at 16¼ cents and the U/Z at 23 cents. For the N/U this is the narrowest we have been in roughly a month.
- South Korea booked 63kmt of feed wheat at \$220/mt C&F for late Sept arrival. The lowest offer in their corn tender was nearly identical at \$220.97/mt C&F.
- Russia's wheat market continues to find record demand, which along with minor logistical issues has kept fob offers there some \$30/mt above last year. Australia, too, should find demand at current prices given the recent fall in the AUD dollar.

- The month of April shows that Australia will export 1.34 MMT – the largest monthly shipment in 2017/18 MY.



Feed Grain

- Jul 18 CME corn is up 5 ¾ cent at \$3.95 ¾ cents per bushel. CME A\$ corn swap Jul '18 midpoint is A\$205.63/mt.
- Corn futures firmed up 5-6 cents into the mid-day. July corn closed up 5¼ @ \$3.95¾.
- Wheat was the leader last night with corn and beans following.
- After a near record cold April, the mkt is adding a little weather premium as we debate the forecast.
- The southern 1/3+ of the Brazilian safrinha crop continues to miss rains which is building concerns that the winter weather (dry season) has started early. If dry weather persists, world coarse grain stocks tighten and it sets the stage for US exports to benefit this summer and well into 18/19.
- Warm weather for the corn belt with limited moisture until next Tues/Wed should allow for substantial corn planting progress.
- Current forecasts call for ¾ - 1½" of rain across the central part of corn belt May 1-4th and less on the wings. Still plenty of time to get the crop in knowing the US farmer can put in ½ the crop in an open week.
- South Korea's FLC did not make a purchase in their tender for Sep 15 arrival, with the lowest offer at \$220.97/mt CNF.

Oil seed

- Matif Aug 18 canola market is up €3.75 at €345.25/mt. A\$ swap May - 18 midpoint is \$547.13/mt.
- ICE Canada canola futures settled lower as a short-covering and technical buying rally fizzled and investors looked ahead to a government plantings report later this week that is expected to show record canola seedings this year.
- Soybean futures closed firmer 5-6c through SX18.
- China also reportedly cancelled 2 cargoes of soybeans from the US as they've accelerated their purchases of Brazil & Canadian soybeans.
- China crush margins for US boats are down \$6 to -\$4 and Brazil down \$5 to -\$7.
- SBO import margins are still -\$89 and Palm oil -\$5. Reuters put out today that Brazil into China are approx. \$467/MT vs. US at \$435/MT—usual spread is \$10/MT.
- Market still waiting on news for negotiations to happen as Trump had flashed that the US has a very good chance of a deal with China just yesterday as Treasury Sec. Munchin gears up to head over to China in the next few days. Until then it's all about weather, US planting, and South American harvest.

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