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Australia

Grain and Feed

Grain Update - January 2005

2004

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Report Highlights:

Australia's 2004/05 wheat and barley crops are forecast at 20.5 MMT and 6.5 MMT, respectively, unchanged from Post's previous forecasts, but significantly lower than the revised estimates of last season's record crops. Record 2005/06 sorghum production is expected due to record area and favorable weather conditions. ABS has released revised area estimates that indicate substantially more area dedicated to most crops last growing season.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1]
[AS]

GRAIN UPDATE**2004/05 Winter Crop Harvest Winding Down**

Australia's 2004/05 wheat and barley crops are forecast at 20.5 MMT and 6.5 MMT, respectively, unchanged from Post's previous forecasts (see GAIN Report #AS4040, dated 12/06/04), but significantly below the revised estimates for last year's record harvests. Lower forecast production in New South Wales is expected to be offset by slightly improved production prospects in Western Australia. The winter grain harvest is virtually complete in South Australia, Western Australia, Queensland and northern New South Wales, while harvesting continues in southern NSW and Victoria. The winter grain harvest will be complete by the early part of 2005.

Most of the grain growing areas in eastern Australia received heavy rainfall in December. The rains, however, were mostly too late to benefit yields in more northern cropping areas, where much of the crop had already been harvested. In southern NSW, Victoria and South Australia, the heavy rains provided some benefit for maturing grain crops, but also damaged more mature crops nearing harvest. Numerous reports have been received highlighting the downgrading of grain quality that resulted from these rains and other adverse weather episodes during the growing season.

Preliminary "receivals" by Australia's major bulk handlers provide a similar perspective on year-to-year forecasted production changes for wheat and barley.

Cooperative Bulk Handling, the major procurer of "grain" in Western Australia, had received slightly more than 10 MMT of winter grain as of December 20, 2004. CBH's current forecast for receivals in Western Australia is 10.5 MMT, which is up slightly from their prior forecast of 9.8 MMT, but sharply lower than the 15 MMT of grain received last winter season.

GrainCorp, the major bulk handler in eastern Australia, reported on December 16, 2004, that winter "grain" receivals in their area of operation (Queensland, New South Wales and Victoria) reached 7 MMT, with a total receival forecast for the season of 9.5 MMT. This 9.5 MMT forecast is down 1.0 MMT from their November forecast, and reflects the impact of inclement weather that has caused damage and quality deterioration. GrainCorp received about 13 MMT of grain from last season's winter crop.

Note: These "grain" receival figures include the total of grain, oilseeds and pulses. Also, receival figures do not equate with production, as other marketing options exist other than the major bulk handlers. Particularly this year, when increased quantities of lower quality grain may be retained on farm, or enter alternative marketing channels. Overall, however, receival data by these bulk handlers is considered to be an indicator of crop size.

Rains Improve Summer Crop Outlook; Record 2005/06 Sorghum Crop Expected

Australia's grain sorghum production in 2005/06 is forecast at a record 2.4 MMT, up from Post's previous forecast of 2.23 MMT and last season's revised estimate of 2.1 MMT. The increased production forecast is due to excellent soil moisture in key growing regions of northern New South Wales and southern Queensland. Sorghum planting for the 2005/06 crop will continue into the early part of 2005. The previous record sorghum crop was the 2.2 MMT produced in 2000/01.

December 2004 weather was generally very favorable for summer crops. Much of northern NSW and central and southern Queensland, the primary summer crop producing areas, received heavy, widespread rains during the month. The rainfall boosted soil moisture

profiles and irrigation water supplies, benefiting sorghum, sunflower and cotton. The heavy rain did some damage to established crops, but this was offset by the overall benefits of the added moisture. Crop areas in southern NSW also received above-normal December rainfall, which benefited rice, cotton and sorghum grown in the region.

The record expected sorghum crop in 2005/06 will help boost feed supplies and should provide sufficient quantities of grain to push exports to near-record levels, as well as provide additional quantities for intensive livestock industries. Post forecasts MY 2005/06 (Mar-Feb) sorghum exports at 775,000 MT, 35 percent higher than the revised export projection for MY 2004/05.

Revised Grain Area and Production Estimates

The Australian Bureau of Statistics (ABS) has published preliminary area and production estimates for principal field crops for 2004, which includes the 2003/04 wheat, barley crops and cotton crops, and the 2004/05 sorghum crop. These figures are contained in ABS's Principal Agricultural Commodities, dated November 30, 2004. The estimates are based on information obtained from the annual Agricultural Survey.

These ABS estimates for last season's grain crops are significantly higher than current estimates by the Australian Bureau of Agriculture and Resource Economics (ABARE) and Post's previous estimates (see GAIN Report #AS4040). Typically, Post adopts historic figures from the ABS, as they are released, as does ABARE.

Mostly, these ABS estimates reflect higher grain area than current ABARE and previous Post figures indicate. For example, the ABS wheat area estimate for 2004/05 is 13.024 Mha, about 600,000 hectares higher than ABARE's current estimate of 12.401 Mha. Similarly, the ABS barley area estimate for 2003/04 is 4.404 Mha, up from ABARE's current estimate of 3.8 Mha; the ABS sorghum area estimate is 761,000 hectares, versus ABARE's current 570,000 hectares. (See table below that summarizes the differences between the ABS estimates and the current ABARE estimates.)

Post's PS&D tables for wheat, barley and sorghum have been revised to reflect these new ABS figures.

ABARE is scheduled to release revised crop estimates and forecasts in their next Australian Crop Report due out on February 15, 2005.

Recent Post Grain Reports

Grain and Feed Annual, AS4011, 3/19/04
Grain Update – October, AS4030, 9/21/04
Grain and Feed, November Lockup, AS4036, 10/26/04
Grain Update – December, AS4040, 12/06/04

AUSTRALIA: CROP AREA AND PRODUCTION

(Winter and Summer Seasons)

SEASON	2002/03 ABS	2003/04 ABARE	2003/04 ABS
Winter Crops			
Wheat			
-- area (1000 hectares)	11,170	12,041	13,024
-- production (1000 MT)	10,132	24,920	26,231
Barley			
-- area (1000 hectares)	3,864	3,800	4,404
-- production (1000 MT)	3,865	8,625	10,287
Summer Crops			
Sorghum			
-- area (1000 hectares)	667	570	761
-- production (1000 MT)	1,465	1,850	2,108
Cotton (lint)			
-- area (1000 hectares)	245	198	222
-- production (1000 MT)	364	339	292

NOTE: the 2003/04 sorghum crop corresponds to USDA marketing year 2004/05

SOURCE: ABS, Principal Commodities, November 30, 2004;

ABARE, Australian Crop Report, November 30, 2004.

PSD Table							
Wheat							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Area Harvested	11045	11045	12401	13024	12200	12050	(1000 HA)
Beginning Stocks	8048	6803	3142	1708	5459	4612	(1000 MT)
Production	10132	10132	24920	26231	21500	20500	(1000 MT)
TOTAL Mkt. Yr. Imports	286	299	75	0	75	0	(1000 MT)
Jul-Jun Imports	284	299	71	0	75	0	(1000 MT)
Jul-Jun Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	18466	17234	28137	27939	27034	25112	(1000 MT)
TOTAL Mkt. Yr. Exports	9146	9126	18031	17827	17000	16000	(1000 MT)
Jul-Jun Exports	10946	10814	15096	15025	17000	16800	(1000 MT)
Feed Dom. Consumption	3453	3600	1947	3000	2900	3500	(1000 MT)
TOTAL Dom. Consumption	6178	6400	4647	5500	5600	6000	(1000 MT)
Ending Stocks	3142	1708	5459	4612	4434	3112	(1000 MT)
TOTAL DISTRIBUTION	18466	17234	28137	27939	27034	25112	(1000 MT)

PSD Table							
Barley							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		11/2002		11/2003		11/2004	MM/YYYY
Area Harvested	3772	3864	3800	4404	3800	3572	(1000 HA)
Beginning Stocks	1763	1557	926	873	601	1760	(1000 MT)
Production	3865	3865	8625	10287	7000	6500	(1000 MT)
TOTAL Mkt. Yr. Imports	0	35	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	34	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	5628	5457	9551	11160	7601	8260	(1000 MT)
TOTAL Mkt. Yr. Exports	1902	1984	6000	6250	3300	3750	(1000 MT)
Oct-Sep Exports	2285	2159	6000	6250	3300	3750	(1000 MT)
Feed Dom. Consumption	1800	1600	2000	2150	2200	2300	(1000 MT)
TOTAL Dom. Consumption	2800	2600	2950	3150	3150	3150	(1000 MT)
Ending Stocks	926	873	601	1760	1151	1360	(1000 MT)
TOTAL DISTRIBUTION	5628	5457	9551	11160	7601	8260	(1000 MT)

PSD Table Sorghum							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		03/2003		03/2004		03/2005	MM/YYYY
Area Harvested	673	667	625	761	700	850	(1000 HA)
Beginning Stocks	69	92	54	70	49	103	(1000 MT)
Production	1465	1465	1850	2108	2000	2400	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1534	1557	1904	2178	2049	2503	(1000 MT)
TOTAL Mkt. Yr. Exports	75	87	450	575	350	775	(1000 MT)
Oct-Sep Exports	75	50	400	575	500	775	(1000 MT)
Feed Dom. Consumption	1400	1396	1400	1495	1650	1595	(1000 MT)
TOTAL Dom. Consumption	1405	1400	1405	1500	1655	1600	(1000 MT)
Ending Stocks	54	70	49	103	44	128	(1000 MT)
TOTAL DISTRIBUTION	1534	1557	1904	2178	2049	2503	(1000 MT)