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Australia

Grain and Feed

Grain Update - October 2004

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Report Highlights:

Post forecasts Australia's 2004/05 wheat crop at 22.9 MMT, three percent below the previous forecast, while barley production in 2004/05 is forecast at 7.3 MMT, unchanged. Recent weather conditions have been largely favorable for winter grain. Although crops are currently in mostly good condition, a continuation of normal weather will be required for further crop development.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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WINTER GRAINS

Post forecasts Australia's 2004/05 wheat production at 22.9 MMT, three percent lower than the previous forecast of 23.5 MMT (see GAIN Report #AS4011, 03/19/04). Lower forecast wheat output is attributed to a downward revision in estimated area, from 12.4 million hectares to 12.05 million hectares. No change has been made in the forecast national average wheat yield of 1.90 MT/hectare. The lower estimated wheat area reflects recently revised estimates published by the Australian Bureau of Agricultural and Resource Economics (ABARE).

Post forecasts 2004/05 barley production at 7.3 MMT, unchanged from the previous forecast (GAIN Report #AS4011).

Recent weather conditions have been largely favorable for winter grain. Favorable, well-timed rains in August and early September benefited grain crops in many of the chronically dry areas of eastern Australia and in major growing areas of South and Western Australia. Unfavorable weather conditions in Queensland are expected to lead to a poor winter grain harvest in this relatively minor producing state.

A relatively good wheat crop is expected in Western Australia, although dry conditions at planting and recent frosts are expected to reduce production to a level well under last season's record.

Although winter grain crops are currently in mostly good condition, a continuation of normal weather will be required for further crop development as warmer seasonal conditions commence. Grain crops are very susceptible to sharp yield reductions if dry weather, hot temperatures, and/or winds occur during the months of September and October and into the harvest period, which normally commences in earnest in November. This is particularly true this year as subsoil moisture is limited in many of the major wheat producing regions.

ABARE, in their September 7, 2004, Australian Crop Report, forecast the 2004/05 national wheat crop at 22.252 MMT and the barley crop at 7.29 MMT, both of which were below their previous forecasts. These adjustments were mostly attributed to lower estimated area, with only slight downward adjustments made in forecasted yields. In the September Report, ABARE estimated wheat area at 12.03 million hectares and barley area at 3.572 million hectares.

GrainCorp Ltd., the major bulk grain handler on Australia's east coast, is expecting a large winter grain harvest in their areas of operation in New South Wales, Queensland and Victoria. In an August 26 press release, GrainCorp forecast receivals of winter grain (wheat, barley, canola, lupins) in 2004/05 at 13 MMT, higher than the 11.8 MMT received in 2003/04, which also included summer-grown crops (sorghum, rice and other miscellaneous crops).

Wheat export figures from the Wheat Export Authority (WEA) show Australia's July-June 2003/04 wheat exports totaling 14.6 MMT, based on unpublished Australian Bureau of Statistics data, up sharply from the 10.6 MMT exported in July-June 2002/03. The quantities shipped during July-June 2002/03 and 2003/04 to major export destinations are presented in the table at the end of this report.

Based on data for the first nine months (Oct-June) of marketing year (MY) 2003/04 (Oct-Sep), Australia's wheat exports totaled 12.7 MMT, versus only 7.0 MMT during the comparable nine-month period in MY 2002/03.

Post's forecast of Australia's total wheat exports is 17.2 MMT in MY 2004/05 and 16.46 MMT in 2003/04, unchanged from previous forecasts.

According to trade reports, Australia has made some recent sales of wheat to Iraq and Pakistan. Reportedly, Pakistan awarded 300,000 MT of wheat to Australia during a recent tender that totaled 442,000 MT. Shipments are to be made between the first week of October and the middle of December 2004. This would be the first exports of Australian wheat to Pakistan in a number of years. A sale of wheat to Pakistan earlier this year was rejected by Pakistan due to alleged quality concerns. The trade is also reporting that Australia was recently awarded 800,000 MT of wheat for Iraq. Neither of these reports has yet been confirmed by AWB.

SUMMER GRAINS

Post forecasts the major summer-grown grain crops of rice and grain sorghum at 700,000 MT (rough basis) and 2.2 MMT, respectively, in 2005/06. This rice forecast is substantially lower than the previous forecast, while the sorghum forecast is unchanged (GAIN Report #AS4011). The actual outcome of these harvests is critically dependent on near-term rainfall patterns and the status of irrigation water supplies at planting. Rice is normally planted beginning in November, while sorghum planting normally commences in October and extends into the first part of the year.

The 2005/06 rice production forecast reflects a harvest well under the longer-term average level, but up somewhat from the sharply reduced harvests in 2003/04 and 2004/05. In 2002/03, Australia harvested 1.25 MMT of rough rice, or nearly double the forecast for 2005/06.

Post has also revised the 2004/05 sorghum production estimate downward to 1.9 MMT, which is roughly in-line with the most recent ABARE estimate. (The harvest of this crop was finished earlier this calendar year.)

ABARE's September Crop Report forecasts the 2005/06 rough rice crop at 550,000 MT and the 2005/06 grain sorghum crop at 2.05 MMT.

**WHEAT EXPORTS BY MAJOR DESTINATIONS,
2002/03 & 2003/04 (July-June), TMT**

COUNTRY	2002/03	2003/04
Egypt	602	2,534
Indonesia	1,578	2,494
Japan	1,123	1,236
Iraq	1,037	1,109
Korea, Rep.	1,013	1,064
China	38	746
Malaysia	369	703
Sudan	333	676
Thailand	284	408
Vietnam	253	337
Italy	168	325
Turkey	50	308
New Zealand	296	291
Kuwait	175	259
South Africa	48	247
Iran	1,064	0
Others	2,166	1,906
Total	10,597	14,643
of which in bulk	10,468	14,415
of which in bags	8	11
of which in containers	120	217

Source: WEA from unpublished Australian Bureau of Statistics trade data. Totals may not add due to rounding.

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	12400	12500	12050	(1000 HA)
Beginning Stocks	8048	6803	3142	1661	4937	3661	(1000 MT)
Production	10132	10059	24920	25000	23500	22900	(1000 MT)
TOTAL Mkt. Yr. Imports	286	299	75	0	75	0	(1000 MT)
Jul-Jun Imports	284	299	75	0	75	0	(1000 MT)
Jul-Jun Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	18466	17161	28137	26661	28512	26561	(1000 MT)
TOTAL Mkt. Yr. Exports	9146	9100	17500	17200	17000	16461	(1000 MT)
Jul-Jun Exports	10946	10597	15096	14643	17000	16700	(1000 MT)
Feed Dom. Consumption	3453	3600	3000	3000	2900	2900	(1000 MT)
TOTAL Dom. Consumption	6178	6400	5700	5800	5600	5700	(1000 MT)
Ending Stocks	3142	1661	4937	3661	5912	4400	(1000 MT)
TOTAL DISTRIBUTION	18466	17161	28137	26661	28512	26561	(1000 MT)

PSD Table Rice, Milled							
	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	38	38	65	65	65	75	(1000 HA)
Beginning Stocks	766	720	604	479	347	272	(1000 MT)
Milled Production	280	279	383	393	400	501	(1000 MT)
Rough Production	392	390	536	550	559	701	(1000 MT)
MILLING RATE (.9999)	7150	7150	7150	7150	7150	7150	(1000 MT)
TOTAL Imports	88	70	65	70	65	70	(1000 MT)
Jan-Dec Imports	94	70	60	70	60	70	(1000 MT)
Jan-Dec Import U.S.	2	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1134	1069	1052	942	812	843	(1000 MT)
TOTAL Exports	150	210	325	290	350	300	(1000 MT)
Jan-Dec Exports	141	150	300	260	350	290	(1000 MT)
TOTAL Dom. Consumption	380	380	380	380	380	380	(1000 MT)
Ending Stocks	604	479	347	272	82	163	(1000 MT)
TOTAL DISTRIBUTION	1134	1069	1052	942	812	843	(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	673	625	570	700	797	(1000 HA)
Beginning Stocks	69	92	54	67	49	100	(1000 MT)
Production	1465	1541	1850	1850	1900	2231	(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	1633	1904	1917	1949	2331	(1000 MT)
TOTAL Mkt. Yr. Exports	75	87	400	417	350	500	(1000 MT)
Oct-Sep Exports	75	50	300	400	500	530	(1000 MT)
Feed Dom. Consumption	1400	1475	1450	1396	1500	1696	(1000 MT)
TOTAL Dom. Consumption	1405	1479	1455	1400	1505	1700	(1000 MT)
Ending Stocks	54	67	49	100	94	131	(1000 MT)
TOTAL DISTRIBUTION	1534	1633	1904	1917	1949	2331	(1000 MT)