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Australia

Grain and Feed

Grain Voluntary Updates June Lockup 1999

Prepared by:

Randolph H. Zeitner

U.S. Embassy

Drafted by:

Scott Turner

Report Highlights:

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1], AS

In its latest crop report, the Australian Bureau of Agriculture and Resource Economics (ABARE) released its first detailed forecast of wheat and barley area and production for the 1999-2000 season.

Australian wheat acreage is forecast to increase by three percent to 11.96 million hectares, when compared to the 1998-99 crop, which is forecast to result in production of 21.84 MMT.

The production forecast is four percent higher than 1997-98 and would be the third largest crop on record behind the 23.7 MMT crop in 1996-97 and the 22 MMT crop in 1983-84. The ABARE forecast was produced by incorporating their in-house forecasting model with data on current seasonal conditions and long term averages.

Dry weather conditions during April and May led to many farmers dry sowing winter crops in anticipation of rain. Rain in recent weeks has enabled widespread planting to begin. While rain has been received it is interesting to note that in N.S.W. and Queensland rainfall has not reached the levels expected given the high level of the SOI index earlier in the season. If this pattern continues, and bearing in mind that the SOI has recently fallen close to zero, the outlook for Queensland and N.S.W. will deteriorate.

Post largely concurs with the ABARE state numbers. However, at this stage it believes that the following minor adjustments should be made: good subsoil moisture in N.S.W. has the potential to increase production; yields in South Australia, Queensland and Western Australia could be lower if the season approaches the historical average; and, while Victorian cropping areas have generally low levels of subsoil moisture, yields should approach the long term average if continued planting rains are received and if average rainfall is received for the remainder of the season. Thus post's production forecast is 21.78 MMT.

Long term weather forecasts expect Western Australia, South Australia and Victoria to receive average rainfall for the season. Clearly rain over the next month and then the amount and timing of rain throughout the season will be crucial to the production of the 1999-2000 crop.

The forecast large wheat acreage reflects the relatively poor prospects for alternative grain crops such as feed barley, and the continued depressed outlook for the wool industry.

The wheat area is forecast to increase in all states. Rain will be needed in the next four to six weeks if the forecast planted area is to be reached.

ABARE's new forecast is more optimistic than the latest AWB forecast of between 18-20.00 MMT. This forecast factors in the possibility of problems during the season. It is expected that this forecast will be increased if good planting rains are received.

At the Australian Wheat Board's current benchmark forecast return of A\$175 to A\$185 a tonne, the crop is likely to be worth around A\$3.9 billion. The low value of the Australian dollar has helped to offset depressed world prices.

The Australian Wheat Forecasters recently released an estimate of 22.50 MMT for the 1999-2000 season.

The 1999-2000 barley crop is forecast to fall eight percent to 4.82 MMT due to a seven percent reduction in acreage. While poor prospects for feed barley will see its production fall sharply, malting barley production is forecast to increase due to better price prospects and the release of better varieties. If adequate planting rain is not received for the wheat crop during the next month more barley may be planted. This reflects the longer planting window for barley.

AUSTRALIA BARLEY: State-level Statistics												
(Million Hectares; Tons Per Hectare; Million Tons)												
											ABARE EST.	POST EST.
	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	1999/2000
Queensland											Jun	Jun
Area	0.174	0.187	0.128	0.189	0.232	0.080	0.185	0.194	0.145	0.120	0.100	0.100
Yield	2.241	2.053	0.547	1.508	1.129	0.662	1.027	2.335	1.614	1.583	1.820	1.820
Prod	0.390	0.384	0.070	0.285	0.262	0.053	0.190	0.453	0.234	0.190	0.182	0.182
New South Wales												
Area	0.391	0.447	0.497	0.560	0.623	0.421	0.570	0.673	0.572	0.487	0.450	0.450
Yield	1.734	1.761	1.489	1.864	2.103	0.572	1.544	2.242	2.026	1.951	2.024	2.024
Prod	0.678	0.787	0.740	1.044	1.310	0.241	0.880	1.509	1.159	0.950	0.911	0.911
Victoria												
Area	0.487	0.426	0.522	0.551	0.639	0.486	0.680	0.596	0.590	0.550	0.490	0.490
Yield	1.413	1.423	1.674	2.025	2.712	0.792	1.765	1.671	1.515	1.364	1.604	1.604
Prod	0.688	0.606	0.874	1.116	1.733	0.385	1.200	1.217	0.894	0.750	0.786	0.786
South Australia												
Area	0.889	0.947	0.991	1.023	1.115	0.911	1.050	1.024	0.997	0.897	0.875	0.875
Yield	1.907	1.599	1.877	1.813	1.999	1.250	1.810	1.920	2.010	2.136	1.977	1.977
Prod	1.695	1.514	1.860	1.855	2.229	1.139	1.900	1.966	2.004	1.916	1.730	1.730
Western Australia												
Area	0.419	0.494	0.551	0.611	0.799	0.590	0.700	0.908	0.946	0.740	0.660	0.660
Yield	1.492	1.494	1.623	1.736	1.728	1.602	1.857	1.794	1.844	1.959	1.600	1.600
Prod	0.625	0.738	0.894	1.061	1.381	0.945	1.300	1.629	1.744	1.450	1.208	1.208
Total												
Area	2.360	2.501	2.689	2.934	3.408	2.488	3.185	3.395	3.250	2.794	2.575	2.575
Yield	1.727	1.611	1.650	1.827	2.029	1.111	1.717	1.995	1.857	1.881	1.871	1.871
Prod	4.076	4.029	4.438	5.361	6.915	2.763	5.470	6.774	6.035	5.256	4.817	4.817
Estimates based on historical Australian Bureau of Agricultural and Resource Economics reports.												

AUSTRALIA WHEAT: State-Level Statistics											
(Million Hectares; Tons Per Hectare; Million Tons)											
										ABARE	POST EST.
	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	1999/2000
Queensland										Jun	Jun
Area	1.113	0.482	0.800	0.555	0.596	0.627	0.997	1.000	1.250	1.275	1.250
Yield	1.867	0.714	0.875	1.000	0.372	0.829	1.984	1.493	1.760	1.767	1.700
Prod	2.078	0.344	0.700	0.555	0.222	0.520	1.978	1.493	2.200	2.253	2.125
New South Wales											
Area	2.182	1.499	1.800	1.978	1.492	2.328	3.419	3.025	3.131	3.180	3.180
Yield	1.890	1.530	2.333	2.571	0.512	1.936	2.522	1.948	1.916	1.916	1.950
Prod	4.123	2.294	4.200	5.086	0.764	4.508	8.622	5.893	6.000	6.094	6.200
Victoria											
Area	0.867	0.678	0.950	0.780	0.854	0.853	1.003	0.895	0.950	1.000	1.000
Yield	1.651	1.760	2.526	2.592	1.052	2.252	2.425	1.736	1.474	1.495	1.750
Prod	1.431	1.193	2.400	2.022	0.898	1.921	2.432	1.554	1.400	1.495	1.750
South Australia											
Area	1.462	1.289	1.550	1.216	1.469	1.519	1.551	1.400	1.750	1.850	1.850
Yield	1.382	1.652	1.729	1.744	1.026	1.793	1.836	1.917	1.943	1.949	1.838
Prod	2.020	2.129	2.680	2.121	1.507	2.724	2.847	2.684	3.400	3.605	3.400
Western Australia											
Area	3.611	3.235	4.000	3.852	3.974	3.892	4.356	4.100	4.500	4.650	4.650
Yield	1.499	1.461	1.550	1.737	1.422	1.754	1.768	1.899	1.800	1.805	1.785
Prod	5.414	4.725	6.200	6.689	5.652	6.827	7.702	7.784	8.100	8.395	8.300
Total											
Area	9.235	7.183	9.100	8.381	8.385	9.219	11.326	10.422	11.581	11.955	11.930
Yield	1.631	1.488	1.778	1.966	1.078	1.790	2.082	1.863	1.822	1.827	1.825
Prod	15.066	10.685	16.180	16.473	9.043	16.500	23.581	19.417	21.100	21.842	21.775