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Report Highlights:

Australian winter crops have had very challenging seasonal conditions for MY 2024/25, including low soil moisture at planting, below-average rainfall, and frost damage. Despite these difficulties, wheat production is expected to be above-average, while barley is forecast slightly below-average. The sorghum summer crop is off to an excellent start across all growing regions. Good soil moisture reserves and warmer-than-usual temperatures have led to an early start to planting. The weather outlook also encourages a higher-than-expected crop area and supports an expectation of well above-average yields for MY 2024/25. Despite generally favorable seasonal conditions leading up to planting and good irrigation water availability, rice production is projected to decline significantly. This decline follows the decision by the major entity responsible for processing and marketing the majority of Australia's rice crop to impose a disincentive to limit production to a targeted level.

EXECUTIVE SUMMARY

The northern winter crop production areas of Queensland and northern and central New South Wales have experienced excellent seasonal conditions for MY 2024/25, resulting in well above-average wheat and barley yields. In contrast, the main wheat and barley-producing regions further south—including southern New South Wales, Victoria, South Australia, and Western Australia—faced challenging conditions, with a dry start, below-average in-crop rainfall, and frost in parts of Victoria and South Australia. However, some rains in October during the grain fill phase are expected to support yields. Despite these challenges, wheat production is forecast to exceed the previous 10-year average by seven percent, while barley production is expected to be slightly below average.

The sorghum summer crop is off to an excellent start across all growing regions. Good soil moisture reserves and warmer-than-usual temperatures have led to an early start to planting. The weather forecast also encourages a higher-than-expected crop area and supports an expectation of above-average yields for MY 2024/25.

For rice, despite favorable conditions to support a lower but substantial crop for MY 2024/25, a strong disincentive to produce above a targeted level has been implemented by the entity that processes and markets around 95 percent of all the rice produced in Australia. At the time, this was due to the above-optimal levels of unprocessed rice in storage that are above process capacity, and concerns about increased medium-grain rice supply from the Northern Hemisphere, likely putting downward pressure on prices and grower returns. However, by the early stages of planting, rice seed sales were lower than expected, and the production restrictions were lifted. While the late removal of restrictions limits the response, it is expected to result in a modest increase in rice planting.

Wheat production is forecast at 28.5 million metric tons (MMT), 1.9 MMT below the previous 10-year average. Barley production is forecast at 11.0 MMT, around 300,000 metric tons (MT) below the previous 10-year average. Wheat exports in MY 2024/25 are forecast to reach 20.0 MMT, exceeding the 10-year average of 19.2 MMT. Barley exports are forecast at 5.0 MMT for MY 2024/25, significantly below the previous 10-year average of 6.4 MMT, following strong demand from China in MY 2023/24 after China removed tariffs on Australian barley in August 2023.

Sorghum production in MY 2024/25 is forecast to reach 2.6 MMT, far exceeding the previous 10-year average of 1.7 MMT and ranking among the highest on record after a great start to the season and a positive rainfall outlook. With increased production, sorghum exports are forecast to rise to 2.3 MMT in MY 2024/25, driven by strong export demand and low domestic consumption.

Rice production is forecast at 375,000 MT of milled rice, approximately in line with the earlier targeted production when restrictions were in place. Imports of rice are forecast to decline to 225,000 MT, marginally below the previous two years, and exports are forecast to increase slightly to 250,000 MT, around the same as the highest since MY 2014/15.

WHEAT

Production

FAS/Canberra forecasts Australia's wheat production for MY 2024/25 at 28.5 MMT. This revision is 3.5 MMT lower than the estimate made three months earlier due to depleted soil moisture, insufficient rainfall, and frost damage in September 2024, which significantly reduced crop yield potential. Despite the challenging conditions, this forecast remains seven percent above the previous 10-year average of 26.6 MMT.

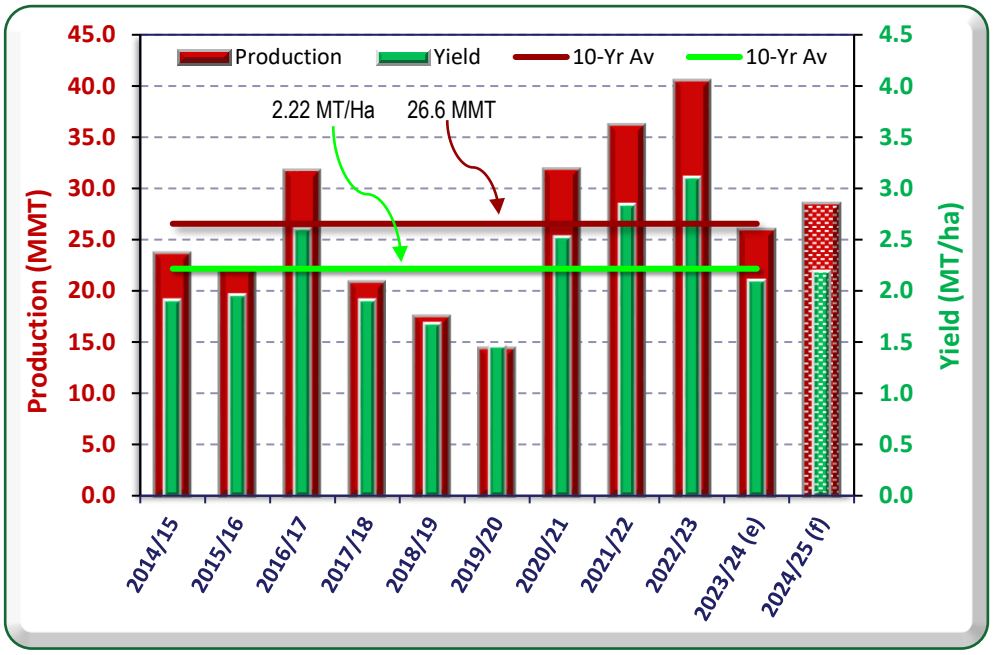
Harvesting has already begun in the northern production regions of Queensland and northern New South Wales. In the more southern regions, some October 2024 rainfall could still aid the grain fill phase and support yields.

The above-average production estimate for MY 2024/25 is driven by a higher-than-average planted area, forecast at 13.0 million hectares. This is among the highest in the last decade. The expansion is not due to favorable planting conditions, but poor conditions that discouraged canola planting. In some cases, failed canola crops were replanted with wheat, contributing to the larger wheat area.

Given the difficult seasonal conditions in many major wheat-growing regions, the average yield forecast of 2.19 MT/hectare (Ha) is relatively high at slightly below the 10-year average (see Figure 1). According to Grains Industry Western Australia (GIWA), much of the increase in Western Australia's planted area (which typically accounts for about 40 percent of national wheat production) occurred on fallow land. This land had higher root-zone soil moisture at planting, and GIWA notes that the higher yields from this area - representing 17 percent of the total wheat area - will help offset the decline in overall yield potential.

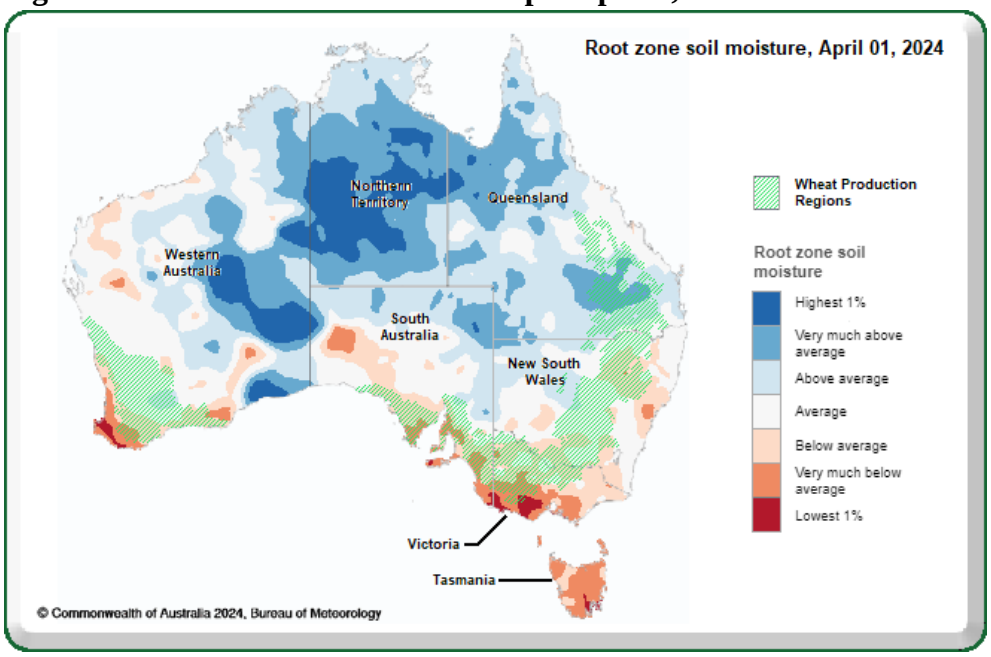
At the start of the MY 2024/25 season, farmers in the more southern regions were concerned by the lack of soil moisture at planting (see Figure 2). In contrast, Queensland farmers enjoyed good soil moisture conditions, though Queensland typically contributes only about 5 percent of national wheat production. Central and northern New South Wales, which play a larger role in national production (the entire state of New South Wales averages almost 30 percent of total wheat production), had near-average soil moisture levels at the start of planting.

Figure 1 – Australian Wheat Production and Yield History



Source: *PSD Online / FAS/Canberra*
Note: *(e) = estimate, (f) = forecast*

Figure 2 – Australia Soil Moisture Map – April 1, 2024

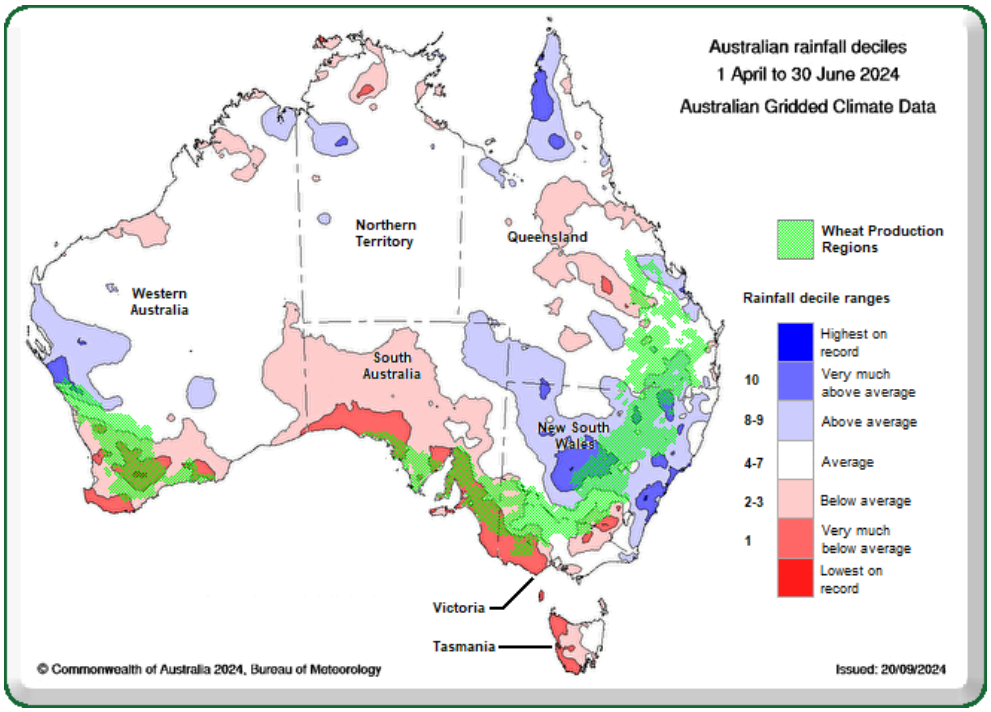


Source: *Australian Bureau of Meteorology / FAS/Canberra*

The wheat-producing regions of Queensland, central, and northern New South Wales, which started the season with average or above-average soil moisture, also received above-average rainfall from April to

June 2024 (see Figure 3), providing a strong start to the production season. In Victorian, there was some rain in April, which gave the early planted crops a good start, but rainfall was well below average for the April to July period, which, hindered later planted crops. Meanwhile, South Australia and Western Australia experienced below-average rainfall during the main planting period (April to June), coupled with below-average soil moisture, creating a challenging start to the season.

Figure 3 – Australia Rainfall Deciles – April to June, 2024



Source: Australian Bureau of Meteorology / FAS/Canberra

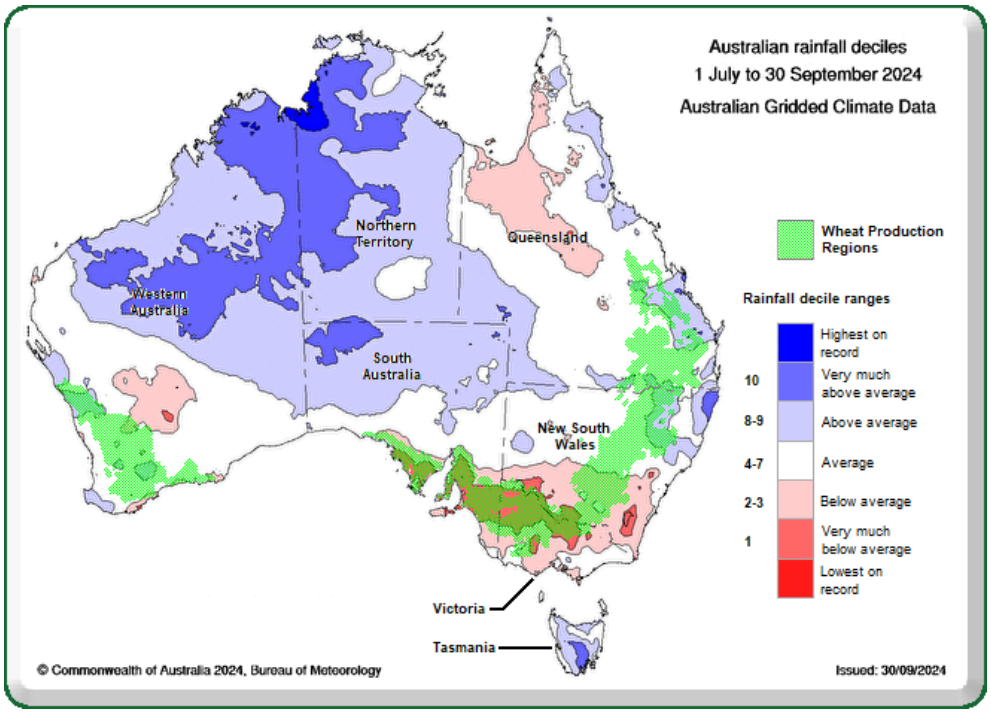
Growers in Queensland and northern and central New South Wales, who had a great start to their wheat production season, experienced average rainfall from July to September 2024 (see Figure 4). With harvest underway in Queensland and northern New South Wales, reports indicate that wheat yields are nearly double the average.

After a very slow start to the West Australian wheat production season, rainfall improved considerably and the July to September period was around average. Warmer-than-usual temperatures during this period also accelerated crop growth, leading to reports of slightly above-average yield potential by early September. However, below-average rainfall in September caused a decline in yield expectations. Fortunately, around 17 percent of the wheat area in Western Australia was planted on fallow ground with higher stored soil moisture, which will help prop up the state's overall yield.

For South Australia and Victoria, below-average rainfall persisted from July to September (see Figure 4). Additionally, parts of South Australia, Victoria, and southern and central New South Wales experienced frost events in mid-to-late September, adversely affecting the crop yield potential. Barley

was impacted more severely by the frost than wheat, as barley was in the flowering stage during the event, while wheat tends to flower slightly later. In response to the frost, depleted soil moisture, and lack of recent rainfall, some early-planted wheat crops with greater bulk and higher moisture demand were cut for hay. However, wheat crops in eastern Victoria, which receives higher rainfall, are expected to produce above-average yields this season. Additionally, irrigated wheat along the Victoria-New South Wales border is also expected to yield strongly, helping to stabilize the overall yield in Victoria.

Figure 4 – Australia Rainfall Deciles – July to September, 2024

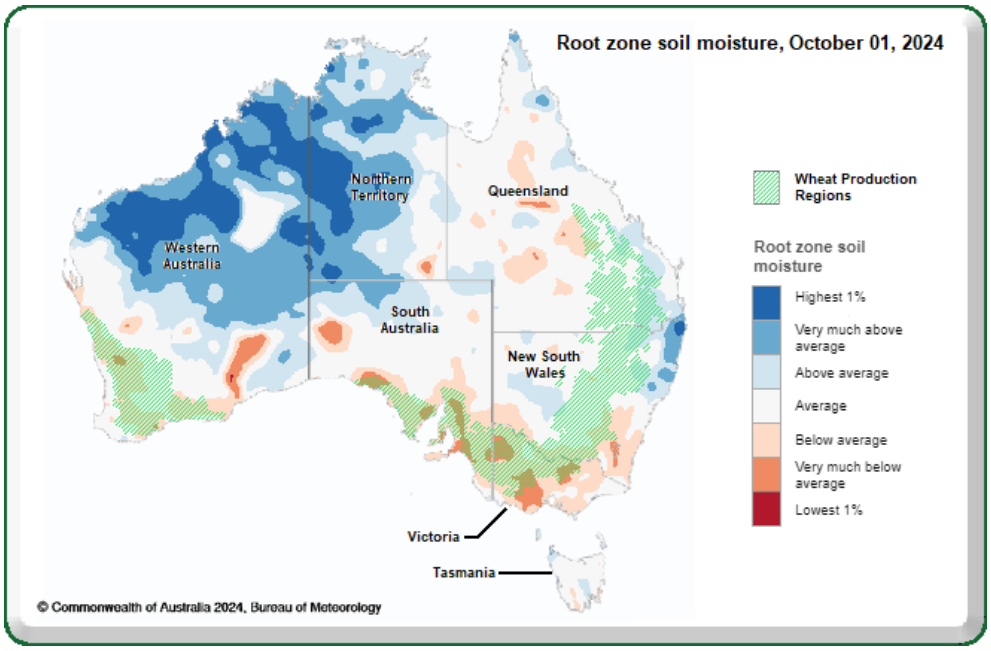


Source: Australian Bureau of Meteorology / FAS/Canberra

As of early October 2024, soil moisture levels in the southern wheat production areas were still below average (see Figure 5). Since this period typically coincides with flowering and the early stages of grain fill, additional rainfall in mid-to-late October would boost wheat yields.

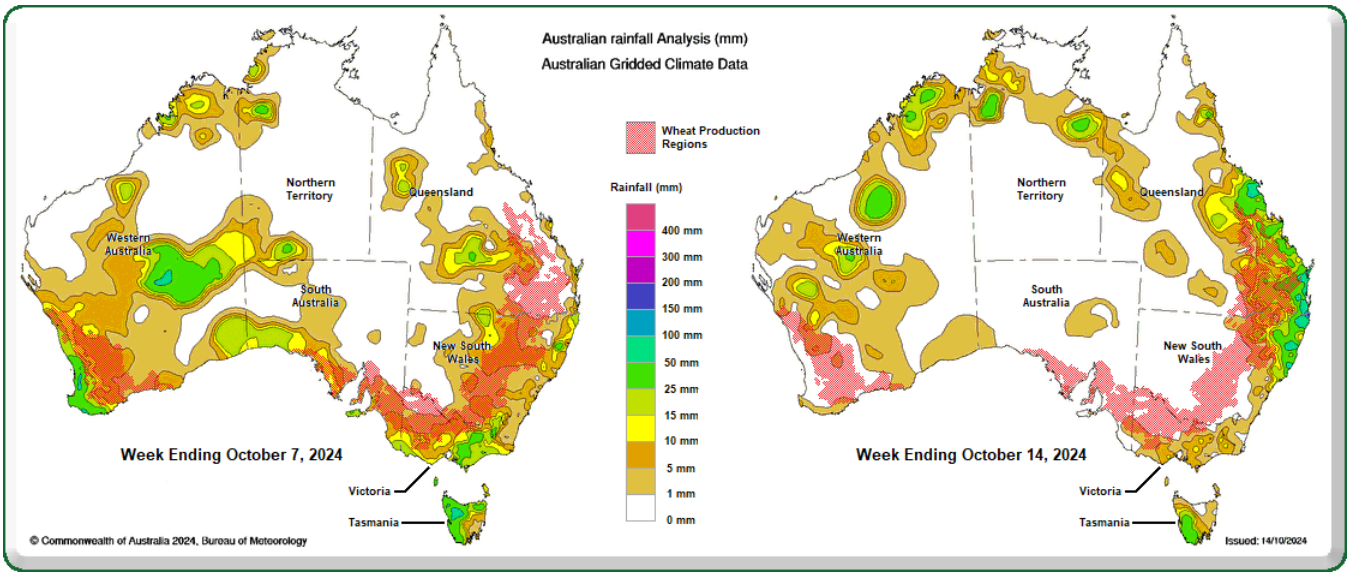
Rainfall in the first two weeks of October 2024 (see Figure 6) provided much-needed relief to the southern wheat-producing regions. More significant rainfall is anticipated in the third week of October, further supporting wheat yields.

Figure 5 – Australia Soil Moisture Map – October 1, 2024



Source: Australian Bureau of Meteorology / FAS/Canberra

Figure 6 - Australia Rainfall – Weeks 1 and 2 of October 2024



Source: Australian Bureau of Meteorology / FAS/Canberra

For MY 2023/24, the wheat production estimate stands at 26.0 MMT, consistent with the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimate, now about nine months after the completion of the harvest. FAS/Canberra anticipates a potential upward production revision in the coming months, mainly if strong export results are recorded for September 2024.

Consumption

FAS/Canberra forecasts domestic wheat consumption at 8.0 MMT for MY 2024/25, an increase of 250,000 metric tons from the previous year. The main feed grains Australia's livestock industries use are wheat, barley, and sorghum. This rise in consumption is primarily attributed to modest growth in feed grain demand, driven by increasing poultry production and a rise in cattle numbers in beef feedlots.

The 250,000 MT increase in wheat feed demand is expected to return to the level seen in MY 2022/23 after a temporary decline in MY 2023/24 caused by substituting wheat with sprouted sorghum. The sorghum crop in MY 2023/24 was affected by heavy rainfall during harvest in southern Queensland and northern New South Wales. As a result, exporters struggled to find markets for the sprouted sorghum grain, causing prices to plummet. This led to its direct use on farms.

About half of Australia's feed grain demand comes from the beef feedlot sector. The dairy and poultry industries each account for around 15 percent, while the pork industry consumes about 10 percent.

Changes in feed wheat consumption are largely influenced by the beef cattle feedlot industry. Typically, during drought conditions, the beef cattle industry reduces stocking rates on grazing properties, which increases the number of cattle in feedlots, driving up feed demand. Despite below-average rainfall in fall and winter 2024 in Victoria and South Australia - regions that are not major beef-producing areas - there is no expectation of a substantial increase in cattle numbers in feedlots that would significantly raise feed demand in MY 2024/25.

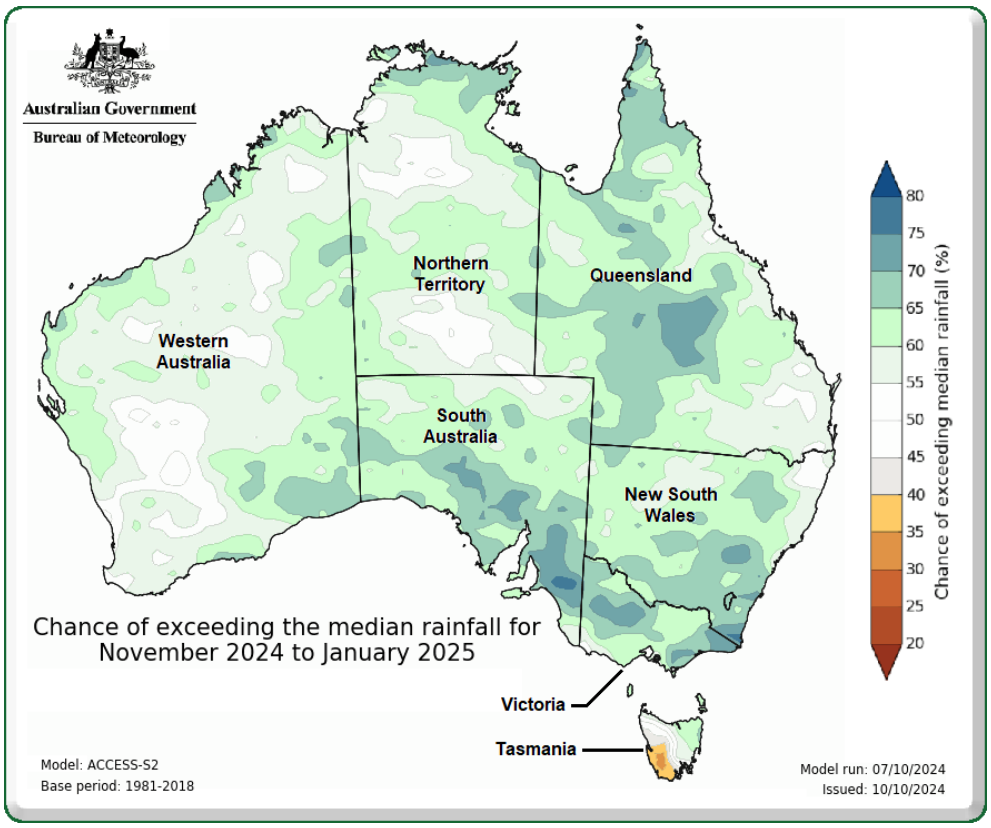
The dairy industry, particularly concentrated in Victoria, could see increased feed demand if the below-average rainfall continues. However, since dairy only accounts for around 15 percent of total feed grain demand, any rise in dairy-related feed consumption would have a limited effect on overall demand. According to the Australian Bureau of Meteorology, the November 2024 to January 2025 forecast predicts an above-average chance of exceeding median rainfall for most of the country (see Figure 7). Based on this outlook, no significant increase in feed grain demand is expected for MY 2024/25.

Domestic wheat consumption for flour milling is expected to remain steady at 3.5 MMT in MY 2024/25, consistent with recent years. However, Australia's population growth has recently outpaced the norm, which could spur increased production capacity and wheat demand for milling in the future.

Since early 2023, Australia's population growth rate has exceeded the pre-COVID-19 pandemic average of just over 1.5 percent. By late 2022, the growth rate had consistently surpassed the five-year pre-pandemic average, and by the end of 2023, the annualized rate had climbed to about 2.5 percent (see Figure 8). This surge has been driven mainly by record levels of immigration. Although the federal government has indicated plans to moderate immigration, record numbers were reported in January and February 2024, suggesting strong population growth will continue throughout the year. Measures aimed

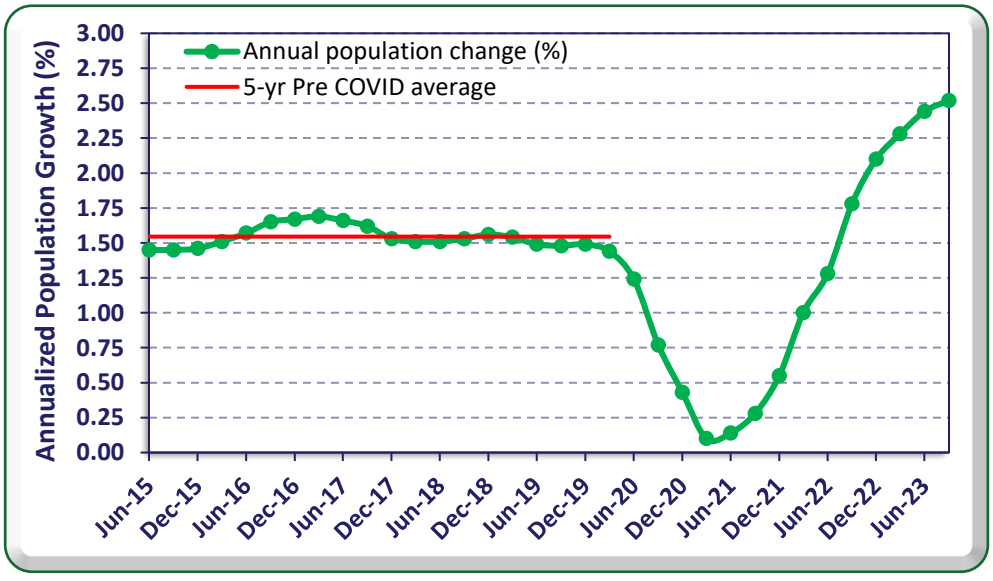
at curbing university student migration may have an impact in 2025, but population growth is expected to remain well above pre-pandemic levels.

Figure 7 – Australia Rainfall Forecast – November 2024 to January 2025



Source: *Australian Bureau of Meteorology*

Figure 8 – Australian Population Growth Trend



Source: *Australian Bureau of Statistics*

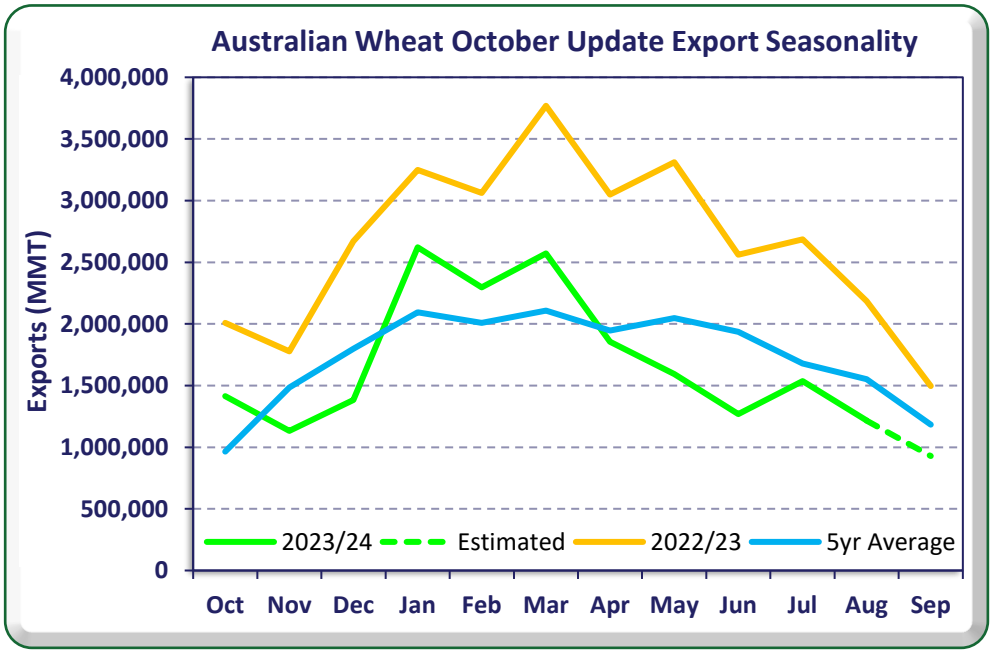
FAS/Canberra's wheat consumption estimate for MY 2023/24 remains 7.75 MMT, 250,000 metric tons higher than the official USDA estimate. This higher estimate is partly due to increased feed demand from the dairy sector, impacted by dry conditions in 2024, and a slight growth in the number of cattle in feedlots.

Exports

FAS/Canberra forecasts a slight reduction in wheat exports for MY 2024/25, projected at 20.0 MMT, down by 1.2 MMT from the previous year's estimate. However, this forecast remains slightly above the 10-year average of 19.2 MMT. The reduction is mainly due to the lower wheat production expected for MY 2024/25.

For MY 2023/24, FAS/Canberra has revised its wheat export estimate upward to 21.2 MMT, compared to the previous estimate of 20.0 MMT. If realized, this would be 33 percent below the record-high export of 31.8 MMT in the prior year but still 12 percent above the 10-year average. As of September 2024, wheat exports stand at 20.3 MMT, with only the final month's results yet to be determined. While wheat exports typically slow down between July and September, ahead of the new harvest season, there was a notable spike in July 2024 (see Figure 9), contributing to the stronger-than-expected export performance and leading to the upward revision for MY 2023/24.

Figure 9 – Australian Wheat Export Seasonality

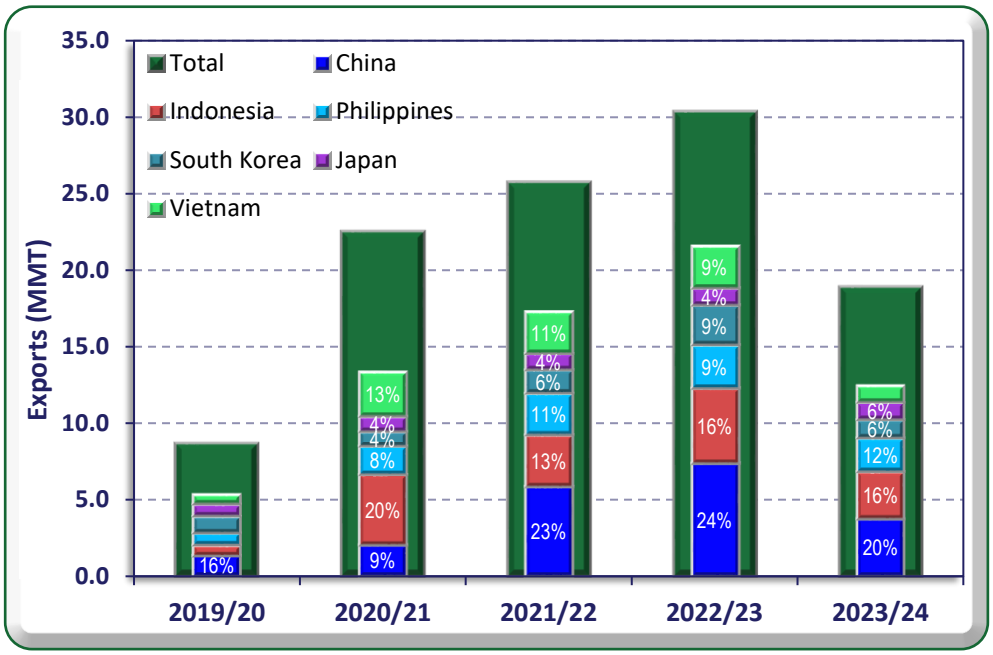


Source: Australian Bureau of Statistics

Australia has six long-term core wheat export destinations - China, Indonesia, Philippines, South Korea, Japan, and Vietnam - and has increased its share of Australia's wheat exports over the last five years.

They have grown from a little under 60 percent to around 70 percent of overall exports (see Figure 10). China and Indonesia have been the primary destinations, with China showing significant variation but remaining the largest market. Indonesia is Australia's second-largest wheat export market as it has focused on building its milling capabilities.

Figure 10 – Major Wheat Export Destinations – October to Aug 2019/20 to 2023/24



Source: Australian Bureau of Statistics

Imports

FAS/Canberra forecasts wheat imports for MY 2024/25 at 200,000 MT, slightly lower than the MY 2023/24 estimate of 215,000 MT but consistent with the MY 2022/23 levels. Wheat imports mainly consist of processed wheat products and pasta, and these volumes have remained relatively stable in Australia.

Stocks

Australia's wheat ending stocks for MY 2024/25 are expected to slightly improve, driven by a modest increase in production and a small rise in overall domestic feed demand.

For MY 2023/24, FAS/Canberra projects that ending wheat stocks will remain relatively low, mainly due to stronger-than-anticipated export demand.

Table 1 - Production, Supply, and Distribution of Wheat

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2022		Oct 2023		Oct 2024	
Australia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	13045	13045	12372	12372	13000	13000
Beginning Stocks (1000 MT)	3454	3454	4373	4371	3048	1596
Production (1000 MT)	40545	40545	25960	25960	32000	28500
MY Imports (1000 MT)	197	197	215	215	200	200
TY Imports (1000 MT)	205	205	214	214	200	200
Total Supply (1000 MT)	44196	44196	30548	30546	35248	30296
MY Exports (1000 MT)	31823	31825	20000	21200	25000	20000
TY Exports (1000 MT)	32329	32329	22504	22500	25000	19400
Feed and Residual (1000 MT)	4500	4500	4000	4250	4000	4500
FSI Consumption (1000 MT)	3500	3500	3500	3500	3500	3500
Total Consumption (1000 MT)	8000	8000	7500	7750	7500	8000
Ending Stocks (1000 MT)	4373	4371	3048	1596	2748	2296
Total Distribution (1000 MT)	44196	44196	30548	30546	35248	30296
Yield (MT/HA)	3.1081	3.1081	2.0983	2.0983	2.4615	2.1923

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries. TY 2024/2025 = July 2024 - June 2025

OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query

BARLEY

Production

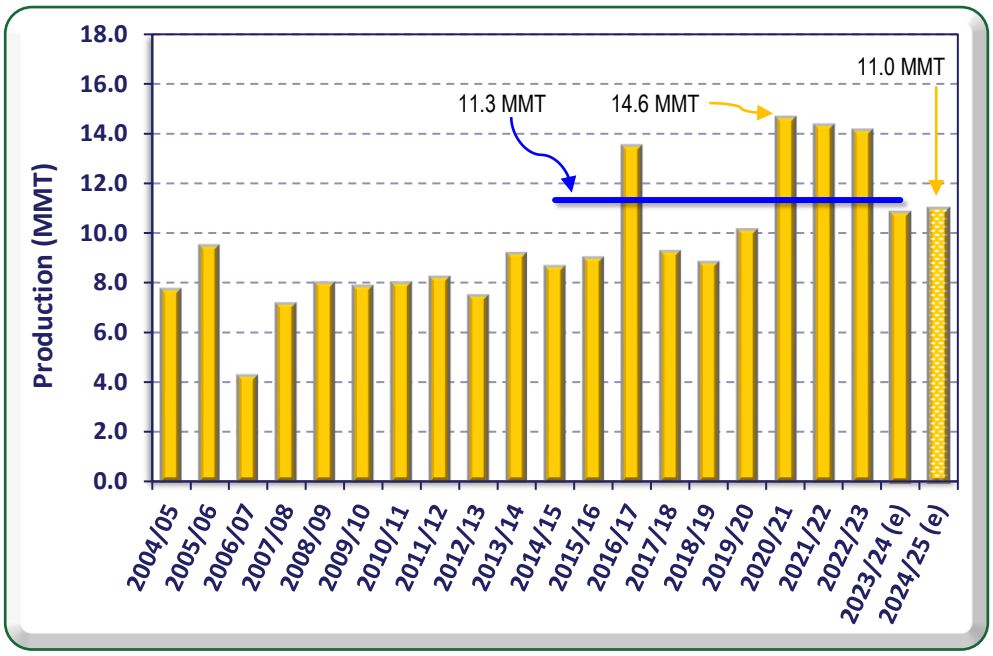
FAS/Canberra forecasts Australia's barley production for MY 2024/25 at 11.0 MMT, slightly above the MY 2023/24 estimate of 10.8 MMT. This is a 0.5 MMT reduction from the previous FAS/Canberra forecast of 11.5 MMT for MY 2024/25, made three months earlier. In that period, it appeared that the earlier forecast would need to be revised upwards after some positive rains in the winter months. However, conditions in the key southern production areas, where most barley is grown, became dry, and frost damage occurred in some regions during September 2024 (similar to wheat crops). Rains in October have supported the grain fill phase, helping to mitigate the anticipated production decline.

Despite the challenges facing the MY 2024/25 barley crop, the forecast production of 11.0 MMT is close to the 10-year average of 11.3 MMT. Both planted area and yield are estimated to be around the 10-year average. Other than the recent record production years (MY 2020/21 to MY 2022/23) driven by favorable conditions, the current production forecast ranks among the highest in history (see Figure 11).

As noted for wheat, growers in Western Australia, South Australia, and Victoria faced below-average soil moisture levels at planting (see Figure 2), combined with below-average rainfall from April to June 2024 (see Figure 3). In Victoria, some rains in April allowed early planted crops to emerge and get a good start. Western Australia produces about 40 percent of the national barley crop and experienced average rainfall from July to September 2024. The region avoided the frost damage that impacted South Australia and Victoria (see Figure 4). Thanks to some rainfall in October 2024 supporting the grain fill

period in the southern states, the downward revision of the FAS/Canberra production estimate was minor.

Figure 11 – Australian Barley Production History



Source: PSD Online / FAS/Canberra

FAS/Canberra's barley production estimate for MY 2023/24 stands at 10.8 MMT, which aligns with the ABARES estimate, around nine months after harvest completion. As with wheat, FAS/Canberra anticipates a possible upward revision for MY 2023/24 in the coming months, especially if the export performance for September and October 2024 is strong.

Consumption

FAS/Canberra forecasts barley consumption in MY 2024/25 at 6.0 MMT, an increase of 250,000 MT from the MY 2023/24 estimate. Domestic malting consumption remains relatively stable, while livestock feed demand is the primary variable from year to year.

The 250,000 MT increase in barley feed demand reflects a return to the MY 2022/23 feed consumption level, following a decline in MY 2023/24. This drop, similar to that seen with wheat, was due to the substitution of sprouted sorghum for wheat and barley. The MY 2023/24 sorghum crop was affected by rain during harvest in southern Queensland and northern New South Wales. Exporters struggled to find markets for the sprouted sorghum, driving its price down and attracting the interest of the livestock feed industry.

As with feed wheat, the beef cattle feedlot and dairy industries are significant consumers of feed barley. Feed wheat consumption fluctuates yearly, driven by the number of cattle in feedlots and weather

conditions impacting pasture production, especially during droughts. Although rainfall in the fall and winter of 2024 was well below average in Victoria and South Australia, these are not major beef-producing states. Therefore, no significant increase in cattle feed is expected to drive higher barley feed demand in MY 2024/25.

Victoria, home to much of Australia's dairy industry, may see increased feed demand if below-average rainfall continues in the coming months. However, the dairy sector typically accounts for only 15 percent of total feed grain demand, so any increase in dairy feed demand is unlikely to significantly impact overall consumption.

As mentioned, the rainfall forecast for November 2024 to January 2025 predicts an above-average chance of exceeding median rainfall across much of the country (see Figure 7). In this situation, no significant increase in feed grain demand is estimated for MY 2024/25.

A smaller component of domestic barley consumption, around 1.5 MMT is mainly for malting. This volume of consumption has remained relatively stable over the recent years.

FAS/Canberra's MY 2023/24 consumption estimate stands at 5.75 MMT, 250,000 MT lower than the previous year. This reduction is directly related to the increased use of sprouted sorghum, which replaced barley and wheat in livestock feed due to rain-damaged sorghum at harvest.

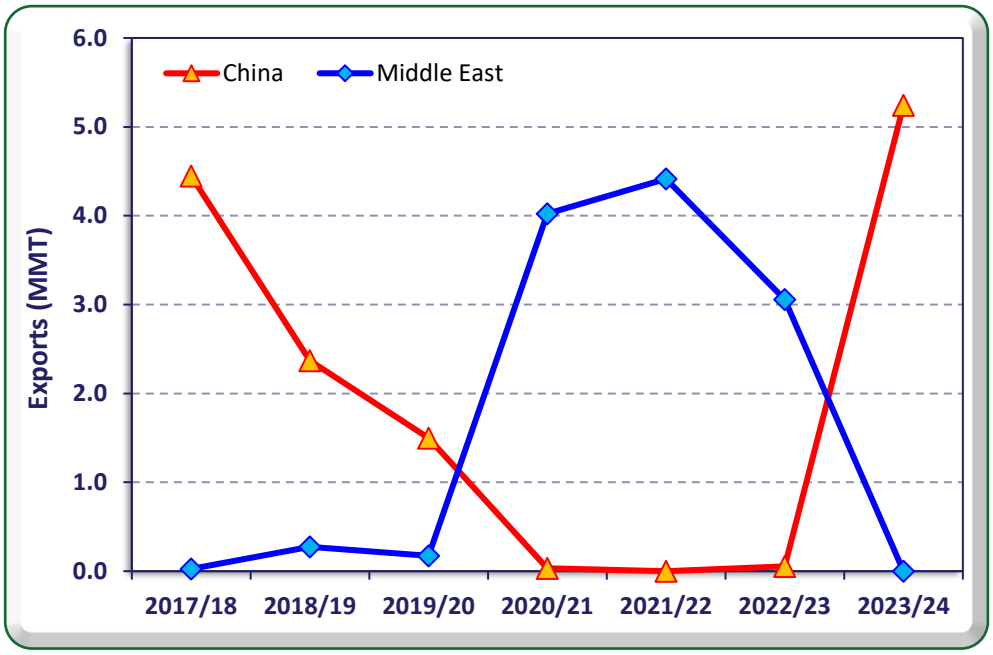
Exports

Australia's barley exports for MY 2024/25 are forecast at 5.0 MMT, a significant one-third reduction from the estimated 7.5 MMT in MY 2023/24. This sharp decline in exports for MY 2024/25 is forecast despite minimal changes in production. The larger export volume in MY 2023/24 is primarily driven by a significant decrease in stocks, fueled by strong demand from China following the removal of tariffs on Australian barley in August 2023.

Historically, China has been a dominant importer of Australian barley, accounting for 60 to 80 percent of total exports. When China imposed prohibitive tariffs on Australian barley imports in May 2020, which affected MY 2019/20 exports, there were concerns about Australia's ability to secure alternative markets. During this period, the Middle East, particularly Saudi Arabia, became a major importer of Australian barley from MY 2020/21 to MY 2022/23 (see Figure 12).

In August 2023, after the Chinese Ministry of Commerce reviewed its anti-dumping and anti-subsidy measures, China removed the 80-percent tariff on Australian barley. Since then, exports to China have surged to previous levels, while exports to the Middle East have halted.

Figure 12 – Australian Barley Exports – Nov to Aug 2017/18 to 2023/24



Source: *Australian Bureau of Statistics*

FAS/Canberra's barley export estimate of 7.5 MMT for MY 2023/24 is upward revised (from three months prior) from 7.0 MMT. Barley exports for the first ten months of MY 2023/24 (November 2023 to August 2024) have been strong, reaching 6.6 MMT. Based on typical trade seasonality for the final two months of the marketing year, the estimate is on track to reach 7.5 MMT.

Stocks

Australia's ending stocks of barley are forecast to remain stable but very low for MY 2024/25. This follows an estimated 2.5 MMT decline in stocks during MY 2023/24, driven by strong export demand from China.

Table 2 - Production, Supply, and Distribution of Barley

Barley	2022/2023		2023/2024		2024/2025	
Market Year Begins	Nov 2022		Nov 2023		Nov 2024	
Australia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	4127	4127	4200	4200	4450	4450
Beginning Stocks (1000 MT)	2848	2848	3220	3220	1120	770
Production (1000 MT)	14137	14137	10800	10800	12200	11000
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	16985	16985	14020	14020	13320	11770
MY Exports (1000 MT)	7765	7765	7100	7500	6300	5000
TY Exports (1000 MT)	7084	7084	7500	8000	6700	5100
Feed and Residual (1000 MT)	4500	4500	4300	4250	4400	4500
FSI Consumption (1000 MT)	1500	1500	1500	1500	1500	1500
Total Consumption (1000 MT)	6000	6000	5800	5750	5900	6000
Ending Stocks (1000 MT)	3220	3220	1120	770	1120	770
Total Distribution (1000 MT)	16985	16985	14020	14020	13320	11770
Yield (MT/HA)	3.4255	3.4255	2.5714	2.5714	2.7416	2.4719

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Barley begins in October for all countries. TY 2024/2025 = October 2024 - September 2025

OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query

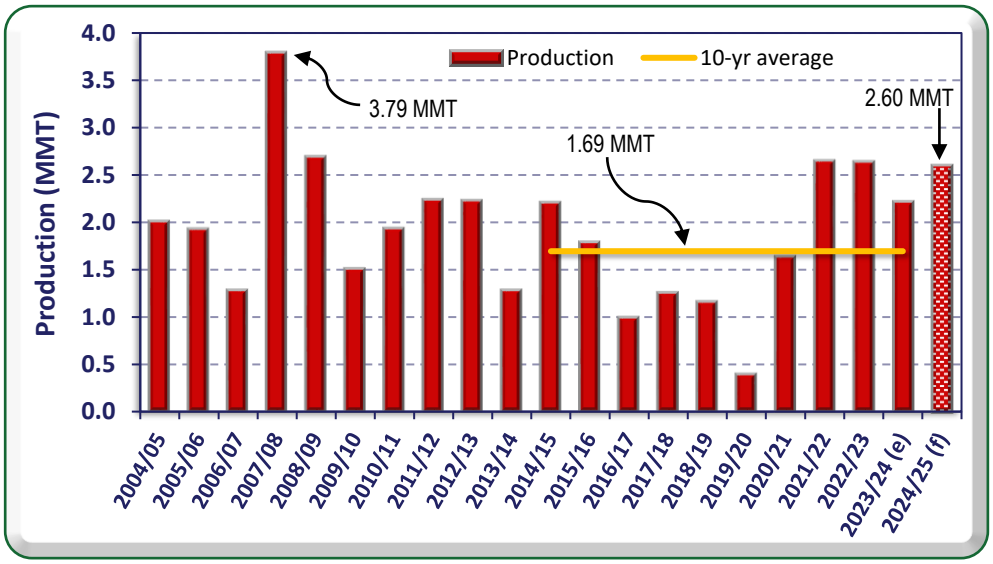
SORGHUM

Production

The FAS/Canberra sorghum production forecast for MY 2024/25 is upward revised to 2.6 MMT from the previous (three months prior) forecast of 2.2 MMT. If achieved, this would be among the highest recorded production in Australia, other than the vastly higher peak of 3.8 MMT achieved in MY 2007/08 (see Figure 13). With favorable soil moisture and higher-than-usual temperatures, sorghum planting commenced in September 2024, earlier than the typical October start. Coupled with good rainfall at the end of September, these conditions have contributed to a strong start to the sorghum season, prompting a significant increase in the production forecast. This positive start is expected to lead to a greater planted area, and with a favorable rainfall outlook, above-average yields are anticipated.

Queensland accounts for over two-thirds of Australia's sorghum production, primarily in the southern regions. Around one-third of the national crop is produced in northern New South Wales. In the main growing areas of southern Queensland and northern New South Wales, sorghum is typically planted from October to December, with harvest occurring from March to June. The warmer climate of central Queensland allows for a more extended planting window, from as early as September to as late as February. This flexibility provides growers in central Queensland with greater opportunities for a successful crop. Sorghum harvests generally take place from March to June in the major production regions, though late-planted crops in central Queensland can be harvested later.

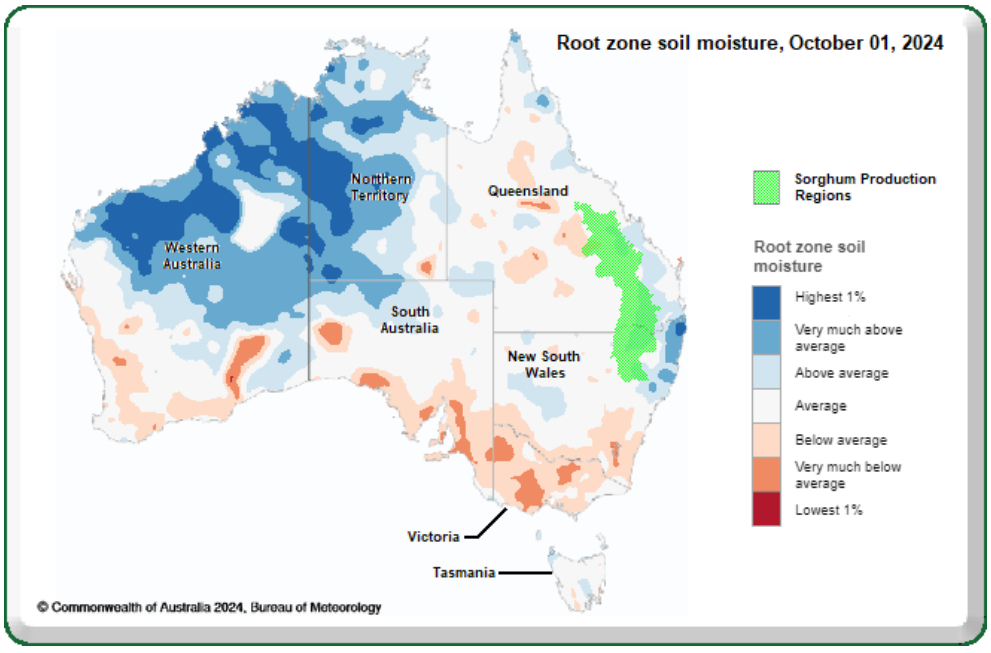
Figure 13 – Australian Sorghum Production History



Source: *PSD Online / FAS/Canberra*

Leading up to the typical planting season in October 2024, the sorghum-producing regions experienced average to above-average rainfall. Soil moisture levels at the beginning of October 2024 were also reported to be average to above average (see Figure 14). Warmer-than-usual temperatures ahead of planting had raised soil temperatures to suitable levels, allowing planting to begin in September. These favorable early conditions are expected to result in a planted area of 660,000 hectares, the largest in the past 15 years.

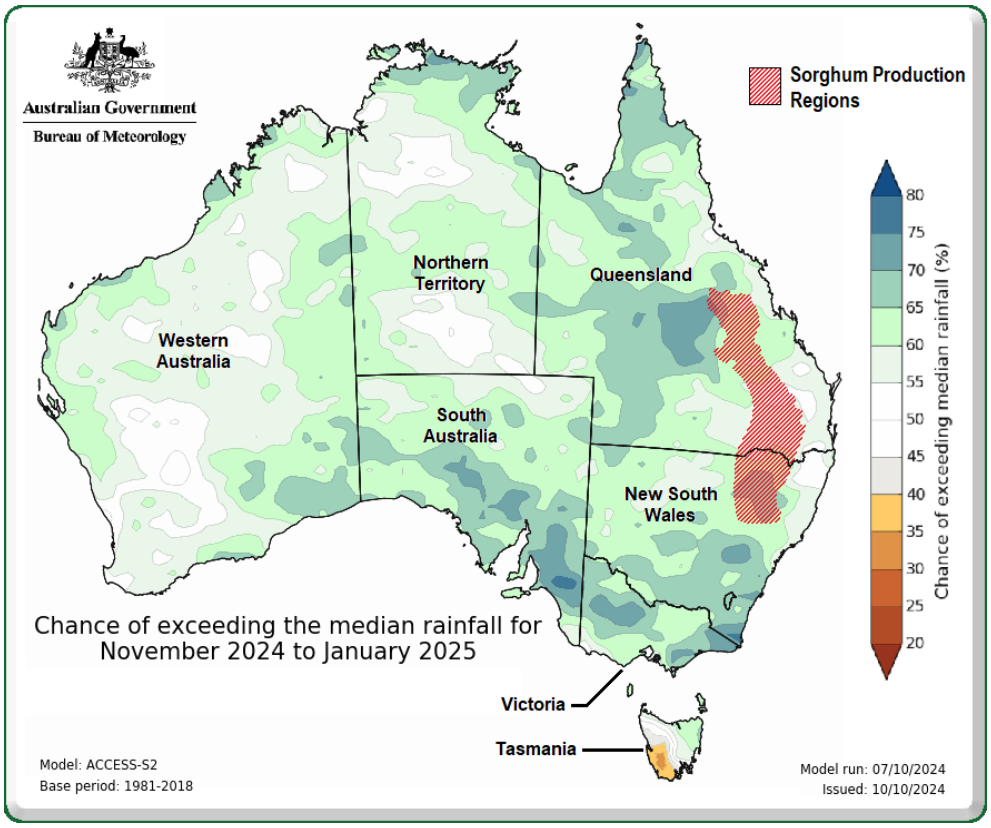
Figure 14 – Root Zone Soil Moisture – as at October 01, 2024



Source: *Australian Bureau of Meteorology / FAS/Canberra*

Another positive development for sorghum growers is the Australian Bureau of Meteorology's forecast of an above-average chance of exceeding median rainfall across most sorghum-producing regions over the next three months (see Figure 15). With a strong early start to the season and the prospect of above-average rainfall, yields are expected to be well above average. FAS/Canberra forecasts a sorghum yield of 3.94 MT/Ha for MY 2024/25, which is 29 percent higher than the previous 10-year average.

Figure 15 – Rainfall Forecast – November 2024 to January 2025



Source: Australian Bureau of Meteorology / FAS/Canberra

Cotton is the only other major summer crop competitor in the sorghum-producing areas. However, cotton is mainly grown under irrigation, whereas sorghum is typically a dryland summer crop. Cotton is usually a more profitable crop than sorghum. However, current cotton prices are softer than usual, so some dryland areas that would usually be planted with cotton may be substituted for sorghum this season.

Consumption

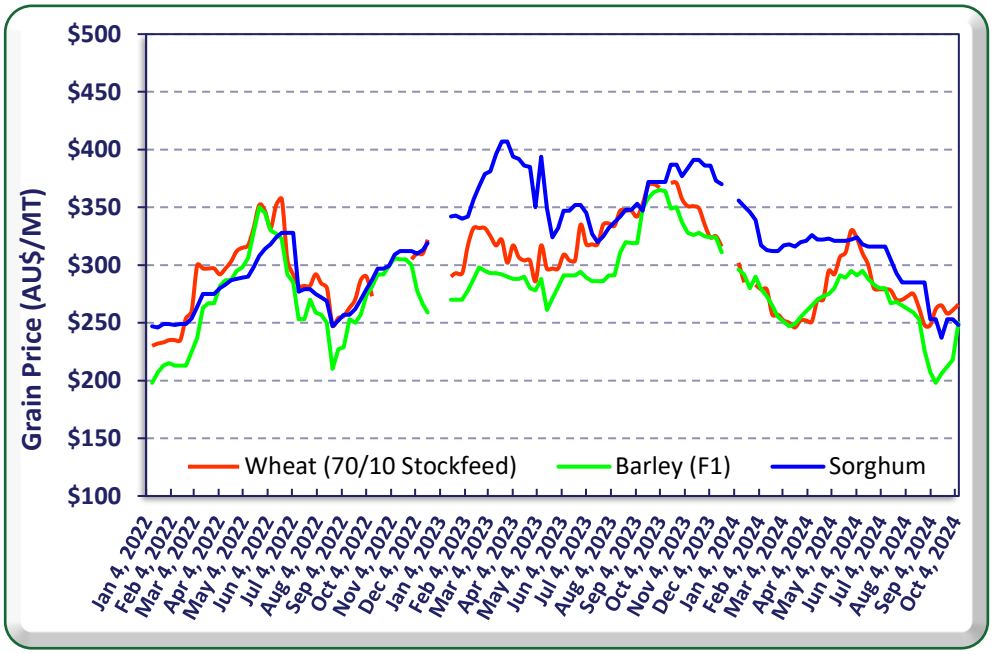
FAS/Canberra forecasts sorghum consumption in MY 2024/25 at 110,000 MT, a decrease of 300,000 MT from the previous year but in line with the level seen in MY 2022/23. Strong export demand for Australian sorghum and an ample supply of other feed grains, such as wheat and barley, for the domestic

livestock industry, has led to consistently low domestic consumption of sorghum over the past five years.

Historically, Australia's beef feedlot industry was a significant consumer of sorghum. However, during the 2017-2019 drought, when sorghum supplies were depleted, the industry shifted toward using white feed grains (wheat and barley). This shift was driven by necessity, as feedlots converted their processing infrastructure to accommodate these grains, which are not as harsh on equipment as sorghum and offer higher nutritional value. As a result, there is little expectation that the industry will revert to using sorghum in the near future.

Further contributing to the continuing lower forecast sorghum consumption is that the price of sorghum compared to wheat and barley feed grains has been relatively high. In 2023 and for the first half of 2024, sorghum prices have been much higher than feed wheat and barley. Although sorghum prices have recently fallen slightly below wheat and are now similar to barley (see Figure 16), its lower nutritional value compared to white grains makes it less attractive for feedlot use. For the beef feedlot industry to consider switching back to sorghum, its price would need to become consistently lower than wheat and barley. Sorghum continues to be used in northern beef feedlots, where white grains are less available.

Figure 16 – Feed Grain Price Trends



Source: *The Land newspaper*

FAS/Canberra's sorghum consumption estimate for MY 2023/24 is 410,000 MT, a substantial increase from 110,000 MT for MY 2022/23. This surge in consumption was driven by sprouted sorghum from the MY 2023/24 crop, which was affected by rainfall at harvest. As a result, a substantial quantity of

sorghum was unsuitable for export and was sold to the livestock feed industry at heavily discounted prices.

Exports

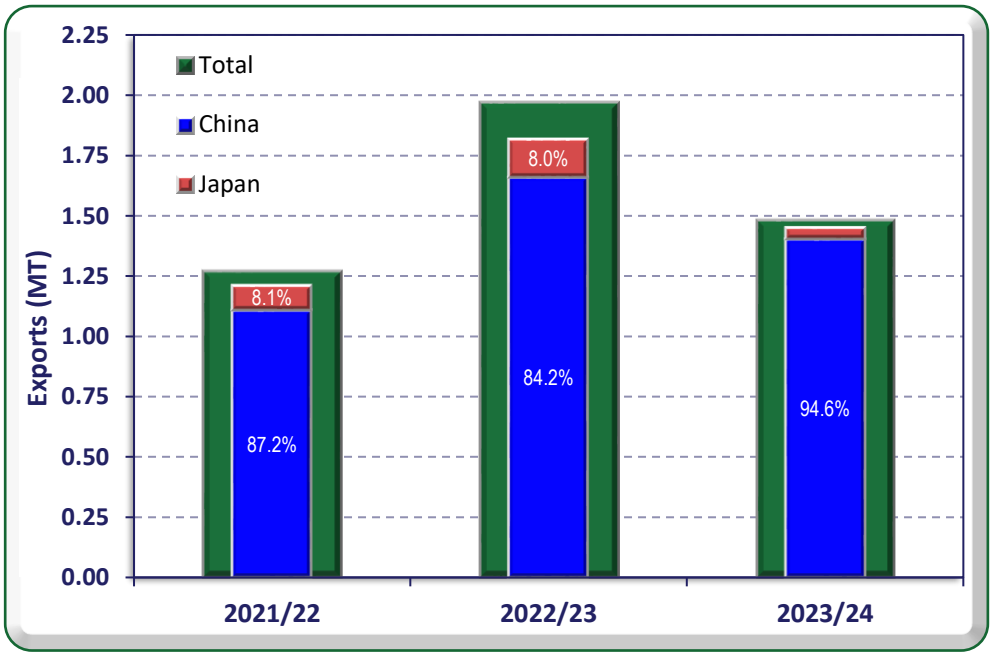
FAS/Canberra forecasts sorghum exports for MY 2024/25 at 2.1 MMT, a 21 percent increase over the estimate for MY 2023/24. The forecast export growth for MY 2024/25 is directly related to the rise in forecast production compared to the MY 2023/24 estimate.

The sorghum export estimate for MY 2023/24 stands at 1.9 MMT. During the first six months of the marketing year, exports were particularly strong, with nearly 1.5 MMT shipped. However, export volumes are anticipated to decline sharply in the latter half of MY 2023/24 as sorghum stocks become depleted.

China remains the primary destination for Australian sorghum exports. In the first half of MY 2023/24, China accounted for 95 percent of total sorghum exports, continuing its dominance. Japan, which previously held an eight percent share, has seen its portion drop to just three percent so far in MY 2023/24 (see Figure 17).

Sorghum plays a significant role as a feed grain in China, but it is also a key ingredient in the production of Baijiu, a whiskey-like white liquor. Baijiu has been produced in China for over 1,000 years and remains the most widely consumed spirit in the world.

Figure 17 – Sorghum Exports Destinations – March to August 2021/22 to 2023/24



Source: Australian Bureau of Statistics

Stocks

Socks are forecast to improve slightly but remain low in MY 2024/25 due to continued strong export demand.

Table 3 - Production, Supply, and Distribution of Sorghum

Sorghum	2022/2023		2023/2024		2024/2025	
Market Year Begins	Mar 2023		Mar 2024		Mar 2025	
Australia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	687	687	600	592	600	660
Beginning Stocks (1000 MT)	331	331	301	351	291	156
Production (1000 MT)	2638	2638	2200	2215	2400	2600
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2969	2969	2501	2566	2691	2756
MY Exports (1000 MT)	2508	2508	1800	2000	2300	2300
TY Exports (1000 MT)	2753	2753	1700	1900	2100	2100
Feed and Residual (1000 MT)	150	100	400	400	150	100
FSI Consumption (1000 MT)	10	10	10	10	10	10
Total Consumption (1000 MT)	160	110	410	410	160	110
Ending Stocks (1000 MT)	301	351	291	156	231	346
Total Distribution (1000 MT)	2969	2969	2501	2566	2691	2756
Yield (MT/HA)	3.8399	3.8399	3.6667	3.7416	4	3.9394
(1000 HA) ,(1000 MT) ,(MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Sorghum begins in October for all countries. TY 2024/2025 = October 2024 - September 2025						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

RICE

Production

FAS/Canberra forecast of milled rice production is downward revised by 12 percent to 375,000 MT (from the forecast three months prior) for MY 2024/25. This is a 16 percent decrease from the MY 2023/24 estimate of 447,000 MT. SunRice, which controls around 95 percent of the market, had implemented disincentives to limit production. In the months leading up to the planting period, typically beginning in October, growers had planned their planting programs and ordered rice seeds. However, after lower-than-expected rice seed sales, SunRice announced in early October 2024 that it would cease its previously announced pool system designed to restrict production. This change is expected to boost production toward SunRice's original target levels.

On August 1, 2024, SunRice introduced a two-pool system for medium-grain rice for the MY 2024/25 crop. Pool 1 is based on 75 percent of each grower's average production over the past three years, while Pool 2 covers any surplus production, which would be sold at a significantly lower price. The target for the SunRice pool system is to produce an equivalent of 325,000 MT of milled medium-grain rice.

Additionally, SunRice has expressed interest in producing around 35,000 MT of special varieties of milled rice. There is also a small amount of production outside of SunRice's control.

SunRice stated that due to favorable growing conditions over the previous three years, the rice crop size has exceeded their "optimal milling and storage systems". Furthermore, they anticipate increased medium-grain supply from the Northern Hemisphere, which may negatively impact expected returns for growers in MY 2024/25.

On October 09, 2024, after the start of the rice planting period, SunRice stated that rice seed sales were below expectation and would immediately cease the previously announced Pool system designed to limit production to a target of around 360,000 MT milled rice. SunRice stated additional contributing factors to their decision:

- Below-average rainfall in the preceding months to planting has resulted in much lower-than-average water inflows into irrigation storage dams.
    - "Static water allocations". Water allocations have not been increasing at the usual pace due to the much lower-than-usual water inflows into the irrigation storage dams.
    - The drier-than-usual conditions have led to irrigated winter crops requiring more irrigation water than planned, reducing the amount of irrigation water for growing rice.
- SunRice has experienced "poorer than expected" milling yields from the previous season's rice crop which has reduced their expected carryover volume.

Water allocations in the main irrigation systems that support rice production are lower than at the same time last year. However, with forecasts indicating above-average rainfall in the coming months across most of the country (see Figure 15), particularly in southern New South Wales, sufficient irrigation water supply supports SunRice's earlier production targets. Market signals from SunRice's August 1, 2024, announcement, which highlighted concerns over increased medium rice production from the Northern Hemisphere and high domestic stocks, may have influenced growers' decisions, contributing to lower-than-expected rice seed sales.

The timing of SunRice's announcement to abandon its production restrictions has caused concern among growers, making it challenging for them to pivot back to significantly increasing their rice planting. Nevertheless, industry sources suggest that some growers may respond by expanding their rice-planted area. Given favorable planting conditions and adequate water availability, the planted area will rise to levels close to SunRice's original production target of around 360,000 MT of milled rice. Including approximately five percent of non-SunRice-controlled rice production, the overall planted area for the forecast year is expected to be sufficient to achieve a total production of 375,000 MT in MY 2024/25.

Cotton is a competing summer crop that has substantially encroached in the rice-growing region over the last decade. Rice and cotton have differing irrigation system needs, and industry sources indicate that no large, irrigated areas are designed for the dual purpose of growing rice or cotton. There is some risk that SunRice's actions to limit rice production for MY 2024/25 may incentivize some rice growers to convert

parts of their irrigation systems for cotton production, potentially resulting in a loss of rice production area in the short to medium term.

FAS/Canberra's milled rice production estimate for MY 2023/24 of 447,000 MT is marginally (2,000 MT) higher than the previous estimate (three months prior). The estimate, now well after harvest, is aligned with the ABARES estimate for MY 2023/24.

Consumption

FAS/Canberra forecasts rice consumption for MY 2024/25 at 410,000 MT, which is 10,000 MT (2.5 percent) higher than the estimate for MY 2023/24. With SunRice holding a larger-than-optimal stock level, ample domestic supply, and coupled with population growth driven by a robust immigration program, consumption is expected to continue growing in MY 2024/25.

As previously discussed regarding wheat, Australia's annualized population growth rate has risen to approximately 2.5 percent (see Figure 8). This increase is primarily attributed to record immigration levels, and strong population growth is likely to persist into 2025, albeit at a slower pace. The projected 2.5 percent rise in domestic rice consumption aligns with recent trends in population growth.

FAS/Canberra's rice consumption estimate for MY 2023/24 remains unchanged at 400,000 MT (from the previous forecast three months prior).

Trade

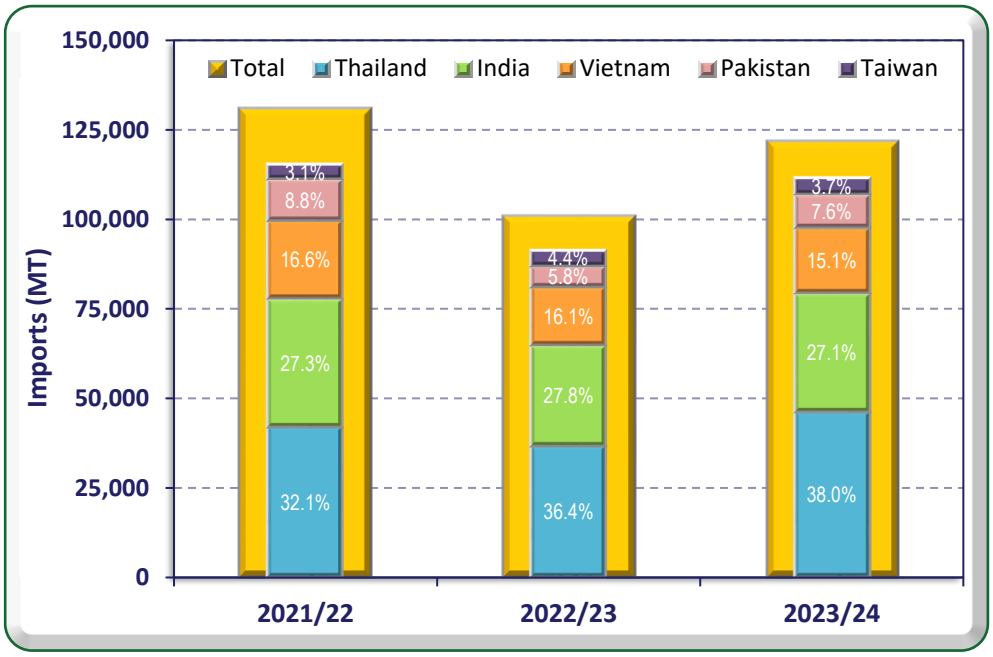
Imports

FAS/Canberra forecasts rice import of 225,000 MT for MY 2024/25, which is 10,000 MT lower than the upward revised estimate for MY 2023/24. With ample domestic supply over recent years, Australia's current import focus is on rice types not produced domestically and lower-cost products to compete with domestic rice. Australia primarily produces medium-grain rice, and imports are not expected to decrease significantly when there is a sufficient domestic supply. However, when domestic rice production is low, it can lead to a substantial rise in imports, particularly of medium grain rice.

From March to August 2024, imports totaled 122,000 MT. Over the past five years, the first six months of trade have accounted for approximately 50 percent of overall imports for the full marketing year. Given the current ample supply of domestic medium-grain rice, it is anticipated that the pace of imports will ease in the final six months of MY 2023/24.

Thailand, India, and Vietnam are by far the largest rice suppliers to Australia, consistently accounting for around 75 to 80 percent of total imports over recent years. Pakistan and Taiwan typically contribute a further 10 percent to Australia's overall rice imports (see Figure 18). Interestingly, despite Australia's higher-than-usual production resulting in a sufficient domestic supply, imports from the top four sources increased in the first six months of MY 2023/24 compared to the same period last year.

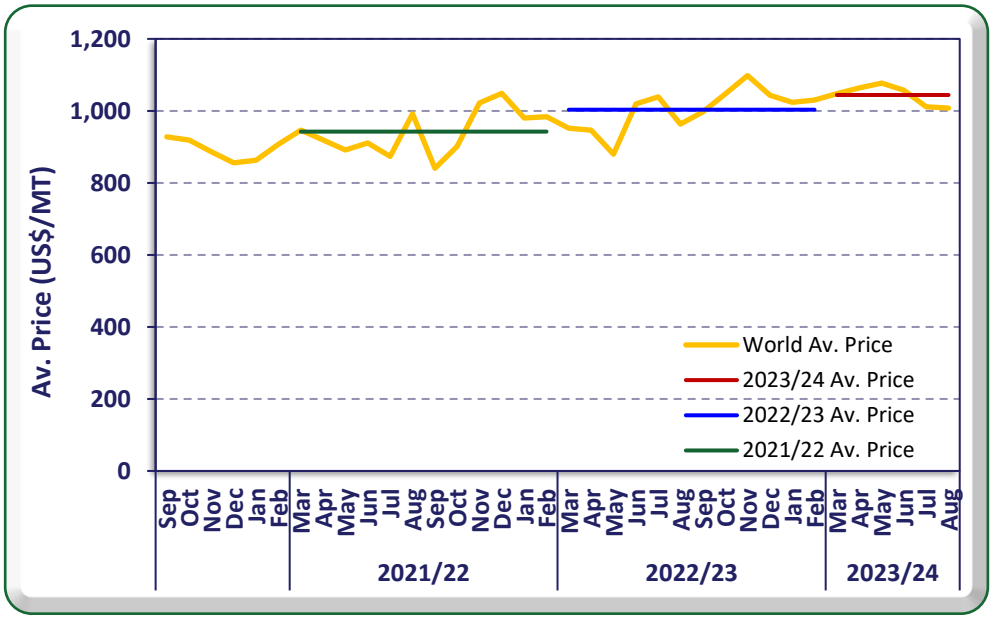
Figure 18 – Major Rice Import Sources – Mar to Aug MY 2021/22 to 2023/24



Source: Australian Bureau of Statistics

Notably, the average import price of rice has steadily increased over recent years (see Figure 19). Thus, the rise in rice imports during MY 2023/24 is unlikely due to the increased competitiveness of imported rice compared to domestically produced rice. Instead, it may indicate that Australian consumers are shifting their preferences toward specialty rice types.

Figure 19 – Average Rice Import Price – MY 2021/22 to MY 2023/24 (Feb – Aug)



Source: Australian Bureau of Statistics

Exports

FAS/Canberra's forecast for exports in MY 2024/25 is 250,000 MT, 10,000 MT higher than the downwardly revised estimate for MY 2023/24. Despite the expectation of significantly lower production, the higher-than-optimal supply of domestic rice creates an imperative to maintain a strong export program for MY 2024/25.

FAS/Canberra's estimate of exports of Australian rice for MY 2023/24 has been revised downwards to 240,000 MT from the previous (three months prior) estimate of 260,000 MT. This adjustment is due to the pace of exports in the first six months being below expectations. During this period, Australian rice exports totaled 109,000 MT. On average, over the last five years, exports in the first six months of the marketing year have accounted for 45 percent of the total annual volume. Based on the current export volume, trade is on pace to meet full-year expectations of 240,000 MT for MY 2023/24.

Stocks

Rice stocks are forecast to decline in MY 2024/25 due to the restricted production target and the expectation that exports will continue at a similar pace to recent years.

Table 4 - Production, Supply, and Distribution of Milled Rice

Rice, Milled	2022/2023		2023/2024		2024/2025	
Market Year Begins	Mar 2023		Mar 2024		Mar 2025	
Australia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	52	52	58	58	50	50
Beginning Stocks (1000 MT)	240	240	196	196	208	238
Milled Production (1000 MT)	366	366	447	447	373	375
Rough Production (1000 MT)	508	508	621	621	518	521
Milling Rate (.9999) (1000 MT)	7200	7200	7200	7200	7200	7200
MY Imports (1000 MT)	232	232	225	235	225	225
TY Imports (1000 MT)	221	221	225	240	225	225
TY Imp. from U.S. (1000 MT)	2	0	0	0	0	0
Total Supply (1000 MT)	838	838	868	878	806	838
MY Exports (1000 MT)	252	252	260	240	250	250
TY Exports (1000 MT)	248	241	260	245	250	245
Consumption and Residual (1000 MT)	390	390	400	400	410	410
Ending Stocks (1000 MT)	196	196	208	238	146	188
Total Distribution (1000 MT)	838	838	868	878	806	848
Yield (Rough) (MT/HA)	9.7692	9.7692	10.7069	10.7069	10.36	10.42

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2024/2025 = January 2025 - December 2025

OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query

Attachments:

No Attachments