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Australia

Grain and Feed

November Lockup

2004

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Report Highlights:
Australia's 2004/05 wheat production is forecast at 21.5 MMT, down from the previous 22.9 MMT forecast, while barley production in 2004/05 is forecast at 7.0 MMT, down from 7.3 MMT. The 2004/05 production forecasts for wheat and barley are now 14 percent and 19 percent, respectively, lower than last season's record harvests. The lowered production prospects for 2004/05 are mostly due to persistent drier than average conditions and hot temperature episodes, which have lowered forecast yield potential. The grain harvest has just commenced in major producing areas.

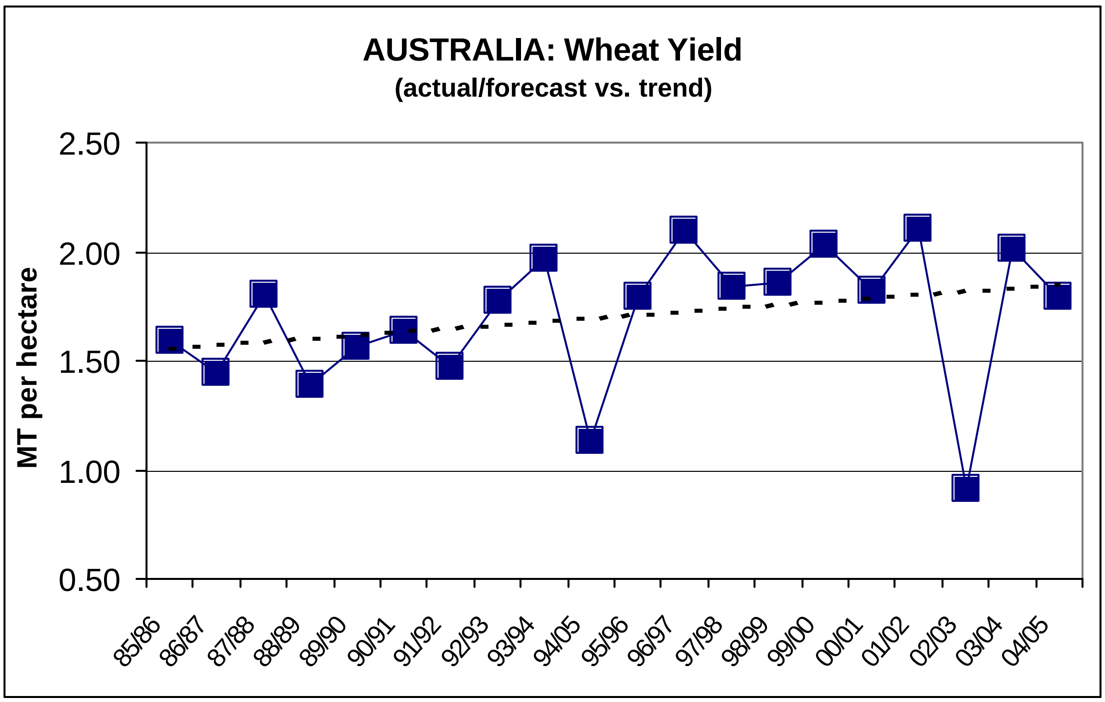
Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1]
[AS]

WINTER GRAIN UPDATE

Production

Australia's 2004/05 wheat production is forecast at 21.5 MMT, down from Post's previous 22.9 MMT forecast (see GAIN report #AS4030, dated 9/21/04), and well under the record 2003/04 harvest of 25 MMT. Barley production in 2004/05 is forecast at 7.0 MMT, down from the previous 7.3 MMT (see GAIN report #4011, dated 3/19/04) and last year's revised record of 8.63 MMT. Lower expected wheat and barley production prospects in 2004/05 are mostly attributed to persistent dry conditions and some hot temperature events that have trimmed yield prospects.

The national average wheat yield in 2004/05 is forecast at 1.79 MT/ha, down from the previous forecast of 1.90 MT/ha and 11-percent below last season's 2.02 MT/ha. The national barley yield in 2004/05 is forecast at 1.96 MT/ha, 14-percent below last season's 2.27 MT/ha.



Weather during October has been mixed, but generally unfavorable for maturing grain crops. Overall, October precipitation has been average to below average in most major grain growing areas. A bout of high temperatures earlier in the month also had a detrimental impact on yields. Despite the damaging spike in temperatures, cool temperatures and some favorable rainfall events characterized the remainder of the month. This cool weather and some well-timed rainfall helped to avoid an even greater deterioration in yield potential.

Drier than normal conditions over an extended time period have resulted in very limited subsoil moisture across many grain-growing regions. Given this, crops are very susceptible to hot temperature episodes, high winds and periods of dryness as the season progresses. For some of the more advanced crops, added precipitation would not necessarily be beneficial.

The grain harvest has just commenced in major grain-growing areas. The harvest will continue through to the end of the year.

Other Forecasts

Major institutions that follow crop developments in Australia have mostly been lowering their expectations of winter production prospects in 2004/05. Notably:

The Australian Bureau of Agriculture and Resource Economics (ABARE), in their September 7, 2004, Australian Crop Report, forecast the 2004/05 wheat crop at 22.25 MMT, down from their previous forecast of 23.25, while the barley crop was forecast at 7.3 MMT, down from their previous 7.8 MMT. The declines were attributed by ABARE to lower estimated area and slight declines in expected yields. ABARE's next forecast of the 2004/05 winter grain crops is due out on November 30, 2004.

Cooperative Bulk Handling, which procures most of the Western Australia grain crop, continues to trim their expected receivals (procurements) for the 2004/05 winter harvest. In an October 18, 2004 update, CBH expected grain receivals at 9.8 MMT, down from their September 23 forecast of 10.4 MMT and well under the approximately 15 MMT received in 2003/04. The lower expected receivals in 2004/05 is attributed to a lack of rain during the crucial September/October period and earlier frosts, which negatively impacted yields. CBH "grain" receival figures include wheat, barley, canola and lupins.

ABB Grain, the major procurer of the South Australian grain crop, expects grain receivals in South Australia for 2004/05 to be at or just below the five-year average of 6.5 MMT. According to an ABB Grain October update, hot weather in mid October trimmed yield potential, but more recent cool weather has helped to constrain a further drop in yield.

GrainCorp, the major bulk grain handler in eastern Australia, has trimmed their harvest receival forecast for 2004/05 in their area of operations (New South Wales, Queensland, Victoria and part of South Australia.) GrainCorp, in an October 21 update, announced that they are now expecting 2004/05 winter crop receivals at 11.5 MMT, down from the September projection of 13 MMT and a long-term average of 12 MMT. (GrainCorp receivals in their operating region in 2003/04 totaled 13 MMT.) The decline in the 2004/05 receival forecast is attributed to extreme hot weather and dry conditions during October. Winter grain yields in 2004/05 are expected to be below average in parts of central, western and southern New South Wales and into Victoria.

Winter Crop Production/Procurements, 2003/04 and 2004/05 (MMT)

Entity	2003/04	2004/05 (F)	% change
ABARE	39.39	34.94	-11%
Cooperative Bulk Handling	15.0	9.8	-35%
ABB Grain	n/a	=/< 6.5	n/a
GrainCorp	13.0	11.5	-12%

Sources: ABARE, September 7 Crop Report; CBH, October 18 update; ABB Grain, October 19 update; GrainCorp, October 21 update.

Note: ABARE figures include production for all major and minor winter grain crops, the remainder are receivals, or procurements. Winter "grain" receivals for the three bulk grain handlers include wheat and barley, but other winter-grown grains, oilseeds and pulses. Also, receival figures do not equate with production, as other marketing alternatives exist besides these major bulk handlers. Overall, however, receivals (expected and actual) by these major bulk handlers are considered to be good indicators of production.

Also of note, the Australian Oilseeds Federation (AOF) in an October 2004 report forecast the 2004/05 canola crop (winter-grown) at 1.34 MMT, down from their September forecast of 1.59 MMT. According to AOF, canola production in 2003/04 totaled 1.612 MMT. In their September Crop Report, ABARE forecast the 2004/05 canola crop at 1.55 MMT, down from the year-earlier 1.62 MMT.

Grain Trade

Barley: Marketing year (November-October) 2004/05 barley exports are forecast at 3.6 MMT, down from the previous forecast of 4.1 MMT and 40 percent lower than the revised projection for MY 2003/04. This downward revision is mostly attributed to lower expected barley production in 2004/05.

For MY 2003/04, barley exports are projected at 6.0 MMT, based on year-to-date (November-August) preliminary export data. Actual recorded exports from November 2003 through August 2004 totaled 5.38 MMT, of which malting barley totaled 1.91 MMT.

STATISTICAL TABLES

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	3772	3800	3800	3800	3572	(1000 HA)
Beginning Stocks	1763	1557	926	873	1351	548	(1000 MT)
Production	3865	3865	8625	8625	7600	7000	(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	9498	8951	7548	(1000 MT)
TOTAL Mkt. Yr. Exports	1902	1984	5000	6000	4000	3600	(1000 MT)
Oct-Sep Exports	2285	2159	5000	6000	4000	3500	(1000 MT)
Feed Dom. Consumption	1800	1600	2200	2000	2550	2200	(1000 MT)
TOTAL Dom. Consumption	2800	2600	3200	2950	3550	3150	(1000 MT)
Ending Stocks	926	873	1351	548	1401	798	(1000 MT)
TOTAL DISTRIBUTION	5628	5457	9551	9498	8951	7548	(1000 MT)

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	4637	3661	(1000 MT)
Production	10132	10059	24920	25000	23500	21500	(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	17161	28137	26661	28212	25461	(1000 MT)
TOTAL Mkt. Yr. Exports	9146	9100	17800	17200	17000	16200	(1000 MT)
Jul-Jun Exports	10946	10597	15096	14643	17000	16700	(1000 MT)
Feed Dom. Consumption	3453	3600	3000	3000	2900	3100	(1000 MT)
TOTAL Dom. Consumption	6178	6400	5700	5800	5600	5700	(1000 MT)
Ending Stocks	3142	1661	4637	3661	5612	3261	(1000 MT)
TOTAL DISTRIBUTION	18466	17161	28137	26661	28212	25461	(1000 MT)