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Australia

Grain and Feed

Wheat and Rice Update - November Lockup 2003

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Report Highlights:

Australia's 2003/04 wheat crop forecast is raised by 700,000 MT, to 23.5 MMT, based on favorable yield outlook in South and Western Australia. Wheat harvest is about to commence in earnest. Water availability for the upcoming (2004) rice crop is much improved from last year, but is still expected to constrain rice area. Rough rice production in 2004 is forecast at 900,000 MT.

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

WHEAT UPDATE

Australia's wheat production in 2003/04 is forecast at 23.5 million metric tons (MMT), up 700,000 MT from Post's previous forecast (see GAIN report #AS3034, 9/30/03), and sharply higher than the drought-reduced 2002/03 harvest. The production increase from Post's previous forecast is attributed to better than expected yield prospects in the States of Western and South Australia, where bumper wheat crops are forecast. In major growing areas of New South Wales, dry conditions at planting, and now bouts of frost, and hot, windy weather have trimmed expected yields. Dry conditions have also reduced estimated production in the state of Queensland. Wheat harvest is about to commence in earnest.

Cooperative Bulk Handling Ltd., which procures much of the Western Australian grain crop, is expecting receivals (of winter-grown grain, oilseeds and pulses) in the state of more than 14 MMT, which would be a record quantity. In the September 2003 Crop Report by the Australian Bureau of Agriculture and Resource Economics (ABARE), Western Australia's winter crop production was forecast at 13 MMT, marginally below the record 13.3 MMT produced in 1999/2000.

The higher wheat production forecast by Post is expected to permit additional quantities of wheat to be exported in marketing year 2003/04 (October-September). Australia's 2003/04 wheat exports are forecast at 16.2 MMT, up 700,000 MT from the previous forecast and up sharply from the 9.0 MMT projected in 2002/03.

In October 2003, Australia and Thailand announced the completion of negotiations on a bilateral free trade agreement (FTA). Reportedly, the FTA, which will be signed in the early part of 2004 and will go into effect in 2005, will provide Australia preferential access for wheat and wheat products in the Thai market. As part of the agreement, Thailand will immediately eliminate the current 1 baht per kilogram tariff (ad valorem equivalent of 12-20 percent) on Australian wheat. The Thai tariff on wheat gluten (31 percent) will also be eliminated immediately and the tariff on wheat flour (32.6 percent) will be reduced to zero by 2010. Australia exported 283,302 MT of wheat in bulk to Thailand in 2002/03 (July-June).

RICE UPDATE

Australia's rough rice production in 2004 (marketing year 2004/05 – Mar-Feb) is forecast at 900,000 MT, down 200,000 MT from Post's previous forecast (see GAIN report #AS3006, 3/10/03), but up sharply from the estimated 390,000 MT produced in 2003. According to ABARE, the smallest Australian rice crop since 2003 was grown in the early 1970's and the record crop was the 1.6 MMT produced in 2001. Sharply reduced irrigation water supplies led to the steep reduction in area devoted to rice last year. This year, while water supplies are much improved over last year, water availability is still expected to constrain rice area for the 2004 crop. Rice planting is currently ongoing in the principal growing areas near the Murrumbidgee and Murray Rivers in southern New South Wales.

Reservoir levels (percent full) that supply irrigation water for major rice growing areas of New South Wales are summarized in a table included in this report.

As noted in Post's last Grain Update (AS3034), there are divergent views on the size of the upcoming 2004 rice crop. In their September 2003 Crop Report, ABARE projected the national crop at 440,000 MT (rough basis), down from their June forecast of 500,000 MT. Rice industry sources currently have the crop ranging from 750,000 to 900,000 MT.

Post has revised estimates/projections for MY 2003/04 and estimates for MY 2002/03 based on newly available figures. The Rice Marketing Board for the State of New South Wales estimates rough rice production in 2003 (MY 2003/04) at 390,079 MT from 38,356 hectares, while production in 2002 (MY 2002/03) is estimated at 1,241,710 MT from 147,268 hectares. Rice yield in 2003 was at a record level of 10.2 MT/hectare according to these figures. The MY 2002/03 rice export figure of 530,000 MT reflects export figures contained in a September ABARE report. Timely official export data for rice are not publicly available.

RECENT POST REPORTING ON GRAIN

Grain Update – October Lockup, AS3034, 9/30/03
 ABARE September Crop Report, AS3029, 9/09/03
 Grain Update – September Lockup, AS3027, 9/02/03
 Grain Update – August Lockup, AS3024, 8/01/03
 Grain and Feed Annual, AS3006, 3/10/03

Australia Wheat							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2001		10/2002		10/2003	MM/YYYY
Area Harvested	11592	11597	10831	11031	12000	12000	(1000 HA)
Beginning Stocks	4537	4308	7630	7431	2265	1630	(1000 MT)
Production	24854	24854	9385	10000	24000	23500	(1000 MT)
TOTAL Mkt. Yr. Imports	75	0	500	299	10	0	(1000 MT)
Jul-Jun Imports	75	0	350	299	150	0	(1000 MT)
Jul-Jun Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	29466	29162	17515	17730	26275	25130	(1000 MT)
TOTAL Mkt. Yr. Exports	16409	16304	9000	9000	17500	16200	(1000 MT)
Jul-Jun Exports	16494	16406	10946	10850	15000	14200	(1000 MT)
Feed Dom. Consumption	2700	2700	3525	4300	3500	3200	(1000 MT)
TOTAL Dom. Consumption	5427	5427	6250	7100	6200	6055	(1000 MT)
Ending Stocks	7630	7431	2265	1630	2575	2875	(1000 MT)
TOTAL DISTRIBUTION	29466	29162	17515	17730	26275	25130	(1000 MT)

Australia Rice, Milled							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		03/2002		03/2003		03/2004	MM/YYYY
Area Harvested	150	147	38	38	60	100	(1000 HA)
Beginning Stocks	435	429	651	479	416	141	(1000 MT)
Milled Production	912	888	280	279	358	644	(1000 MT)
Rough Production	1276	1242	392	390	501	901	(1000 MT)
MILLING RATE (.9999)	7150	7150	7150	7150	7150	7150	(1000 MT)
TOTAL Imports	57	52	50	52	60	60	(1000 MT)
Jan-Dec Imports	57	52	50	52	60	60	(1000 MT)
Jan-Dec Import U.S.	1	1	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1404	1369	981	810	834	904	(1000 MT)
TOTAL Exports	375	530	185	250	200	300	(1000 MT)
Jan-Dec Exports	360	530	175	250	250	300	(1000 MT)
TOTAL Dom. Consumption	378	360	380	360	380	360	(1000 MT)
Ending Stocks	651	479	416	200	254	244	(1000 MT)
TOTAL DISTRIBUTION	1404	1369	981	810	834	904	(1000 MT)

Southern New South Wales Reservoir Levels (percent full)				
Region/Dam	11/1/01	11/1/02	10/1/03	10/27/03
Leeton/Griffith/Murrumbidgee Valley				
- Blowering Dam	64.5%	20.1%	51.3%	54.9%
- Burrinjuck Dam	50.8%	29.7%	35.6%	42.3%
Aubury/Murray Valley				
- Hume Dam	75.9%	23.4%	64.3%	72.7%
Source: NSW Department of Land and Water Conservation.				