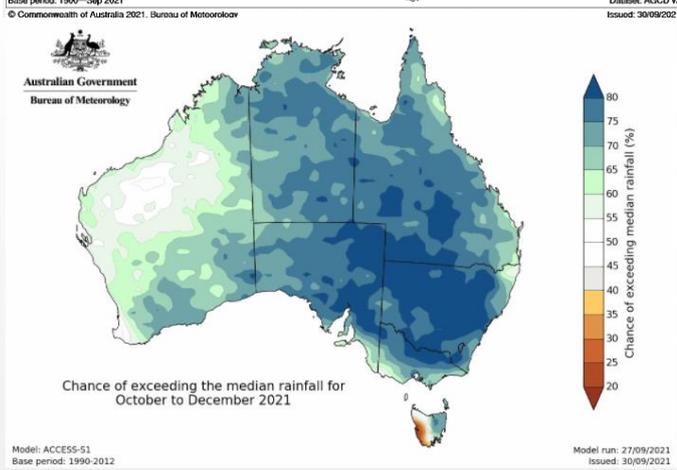
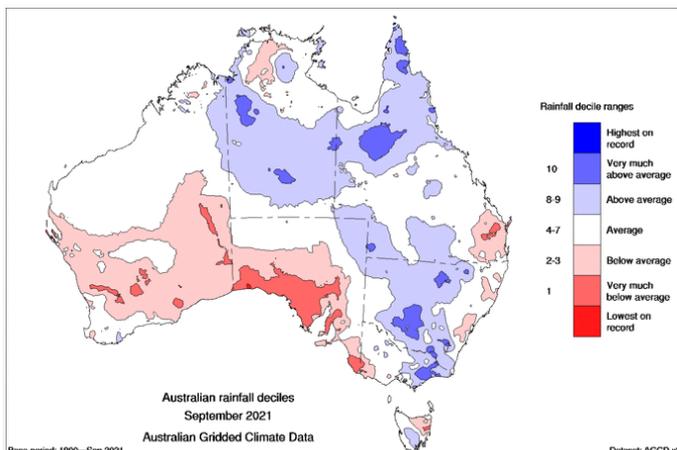


PRODUCTION INPUTS MONITOR

Issue 189 – September 2021

According to the Bureau of Meteorology (BOM), Australia can expect wet weather for the next few months. Above average rainfall through September supported water storage levels and increased seasonal determinations for all systems. Grain prices continued to rise, propelled by global market developments, while the value of fodder remained steady and fertiliser prices elevated. Supported by strong demand for beef and cattle, cull cow prices increased further.



Climate and seasonal outlook

Rainfall through September was average to above average for most of northern and eastern Australia. Temperatures were also warmer than average for most of Australia, however, there were reports of significant frost in Western Australia (WA). Soil moisture levels remain strong in southwest WA, Victoria and New South Wales (NSW), which continue to support crops in key growing regions. In comparison, soils are drier across South Australia (SA) and southern Queensland.

According to the BOM's climate outlook for October to December, most of the country can expect wetter than average conditions for the rest of the year. The chance of ocean temperatures in the tropical Pacific reaching La Niña thresholds has risen in the past few months, and as such, the El Niño-Southern Oscillation (ENSO) outlook was updated to La Niña watch this September. This indicates a 50% chance of a La Niña forming towards the end of spring. While the cooling of waters in the tropical Pacific contributed to the wet weather outlook, the negative Indian Ocean

Dipole (IOD) has started to transition to neutral levels. Additionally, the Southern Annular Mode (SAM) has been in a positive phase over the last month, which is forecast to continue into summer. This is likely to increase the rainfall over eastern Australia but may create drier conditions for western Tasmania. While the rain over spring is anticipated to support plant growth, especially in light of warmer temperatures, the risk of flooding remains, particularly in southeast Australia.

Water availability and prices

September rain continued to fill water storages, and levels are now above last year's for all monitored sites. Given consistent and heavy rain, water releases from the Hume dam continued, to manage airspace and flood risk. However, these releases exhausted the rules-based accounts, resulting in a deduction of 89GL from spillable water accounts. The releases also repaid the NSW's remaining Barmah-Millewa Environmental Water Allowance balance.

As such, NSW general security allocations increased to 55%, while all Victorian systems reached 100% high reliability water shares (except for the Murray). In the Broken system, low reliability water shares increased to 85%. Above average rainfall over eastern Australia has supported the quick rise of seasonal determinations this water season, particularly as less water has been required by users.

Inching towards the start of the harvest in Australia's southern regions, some growers and farmers have been looking for extra water to finish crops and support pasture. Temporary water prices increased in September, however remaining around \$100/ML. In northern Victoria, prices were down 48% compared to last year, with a similar amount of water traded to last year. In the Murray Irrigation system, prices continued to trade below \$100/ML while the volume of water sold remained above the five year average.

For more information on the latest New South Wales general security water allocation statement, please visit: https://www.industry.nsw.gov.au/__data/assets/pdf_file/0016/472021/WAS-NSW-Murray-and-Lower-Darling-20211001.pdf

Irrigation allocations (2021/22 at 1st October)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	93%	+36%	0%
Broken	100%	+19%	85%
Goulburn	100%	+29%	0%
Campaspe	100%	+3%	0%
Loddon	100%	+29%	0%
Bullarook Creek	100%	-	100%
MID	100%	-	0%
NSW – Murray Irrigation Ltd	Allocation		Change
Class C-General Security	55%		+25%

Further details www.g-mwater.com.au, www.srw.com.au, www.murrayirrigation.com.au or www.waterfind.com.au

Temporary water trades	Sep-21	Sep-20	% Change
Northern Victoria			
1A Greater Goulburn	\$110	\$185	-41%
6 Hume to Barmah	\$109	\$200	-46%
7 Barmah to Nyah	\$140	\$290	-52%
Volume traded (ML)	117,497	113,905	+3%
Average price (\$/ML)	\$123	\$236	-48%
Murray Irrigation System*			
Volume traded (ML)	15,722	9,026	+74%
Average price (\$/ML)	\$99	\$184	-46%

Source: Victorian Water Register, *Murray Irrigation Ltd

Feed, fertiliser and cull cow prices

Spot prices	Sep-21	Change (from Aug-21)	Change (from Sep-20)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$343	+\$15	+\$40
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$190	\$0	-\$15

Source: AFIA, Profarmer

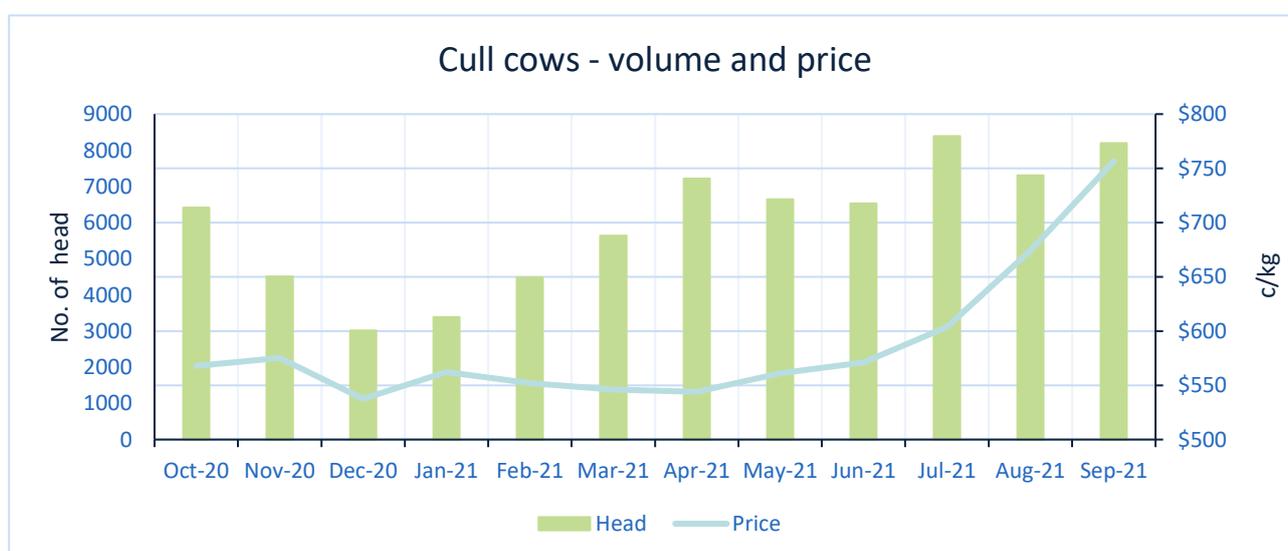
Border closures and access to labour remain a real challenge for growers across the country. Many are in the midst of cutting silage, with the hay making period tracking along well in some NSW and Queensland areas. Local sources are reporting some good quality feed is being produced in these areas, however above average rainfall has been affecting drying times, creating difficulty for those cutting hay. With a wet spring forecast, this could become a challenge for growers across several regions, potentially lowering the number of good quality bales made this season. This type of feed is already short stocked in many regions.

Strong yields are still estimated for Australia's winter crop harvest, but global influences continue to bolster grain values. The drought in the northern hemisphere has weighed heavily on production estimates; in Canada and the US, forecast yields have decreased for most grain varieties. Despite being impacted by the warm weather, large planted areas in the EU are anticipated to help support overall production numbers. In addition to global production constraints, robust global demand for grain, shipping challenges and rising freight costs have also contributed to these increasing prices.

Growers across Australia continue to be impacted by rising fertiliser costs. Prices for natural gas, a major input in the production of fertiliser, increased in many producing countries. As a result, many factories in the EU halted production and Chinese fertiliser producers were restricted from exporting urea or phosphate, retaining these products for domestic use. This tightened global supply further, at a time when demand for these products remains robust. Towards the end of the month India announced another urea tender, placing additional pressure to prices.

Demand for cattle remains high and cull cow prices are yet to find a ceiling. The number of cows passing through the saleyards increased 12% this September, while the value continued to rise, up 40% from last year. While many farmers look to retain stock during favourable conditions, there are also reports some feedlots have been increasing stock numbers to rear and export.

For a comprehensive overview of the market and indicative pricing for hay and feed grains, including canola meal, for key dairy regions across Australia, see Dairy Australia's Grain & Hay Report. Published most weeks: <https://www.dairyaustralia.com.au/industry-statistics/industry-reports>.



Source: NLRS, from saleyards within Vic

Contact: Eliza Redfern Phone: (03) 9694 3762 Email: eliza.redfern@dairyaustralia.com.au

Whilst all reasonable efforts have been taken to ensure the accuracy of the Production Inputs Monitor, use is at one's own risk and Dairy Australia disclaims all liability for any loss or damage stemming from reliance upon it. © Dairy Australia Limited 2021. All rights reserved.

	Sep-21	Monthly % change
Cereal hay		
Northern Australia (\$/tonne)	275	0%
Southern Australia (\$/tonne)	190	0%
Western Australia (\$/tonne)	285	-3%
Wheat		
Northern Australia (\$/tonne)	315	+2%
Southern Australia (\$/tonne)	343	+5%
Western Australia (\$/tonne)	365	+3%
Futures prices (ASX)		
Wheat (av. \$/t Jan-22 east coast)	347	-1%
Barley (av. \$/t Jan-22 east coast)	270	-1%
Fertiliser		
DAP (US\$/tonne)	644	+7%
Urea (US\$/tonne)	419	-6%
MOP (US\$/tonne)	221	0%
Irrigation		
Northern Victoria		
Volume traded (ML)	117,497	-62%
Average price (\$/ML)	123	+25%
Murray Irrigation system*		
Volume traded (ML)	15,722	+24%
Average price (\$/ML)	99	+17%
Cull Cows		
Sales volume (head)	8,198	+12%
Average price (c/kg)	757	+12%
	YTD 2021/22	% change
Sales volume (head)	23,893	+49%
Average price (c/kg)	678	+24%

Aug-21	Jul-21	Jun-21
Source: AFIA		
275	269	250
190	190	190
295	300	300
Source: Profarmer		
308	295	275
328	301	307
353	338	337
Source: ASX		
350	327	292
272	250	260
Source: World Bank		
603	613	605
447	442	393
221	203	203
Source: Victorian Water Register, *Murray Irrigation Ltd		
308,309	251,949	536,263
98	122	94
12,640	17,759	12,627
85	92	92
Source: NLRS (saleyards within Vic)		
7,303	8,392	6,527
674	604	571
YTD 2020/21	YTD 2019/20	YTD 2018/19
16,071	25,116	23,316
547	473	382

To access more information on the Hay and Grain report click here

Grain report 

Hay report 

Contact: Eliza Redfern Phone: (03) 9694 3762 Email: eliza.redfern@dairyaustralia.com.au

Whilst all reasonable efforts have been taken to ensure the accuracy of the Production Inputs Monitor, use is at one's own risk and Dairy Australia disclaims all liability for any loss or damage stemming from reliance upon it. © Dairy Australia Limited 2021. All rights reserved.