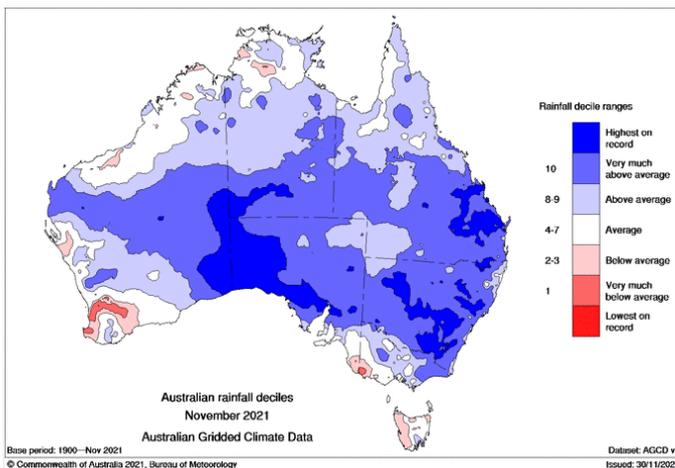




# PRODUCTION INPUTS MONITOR

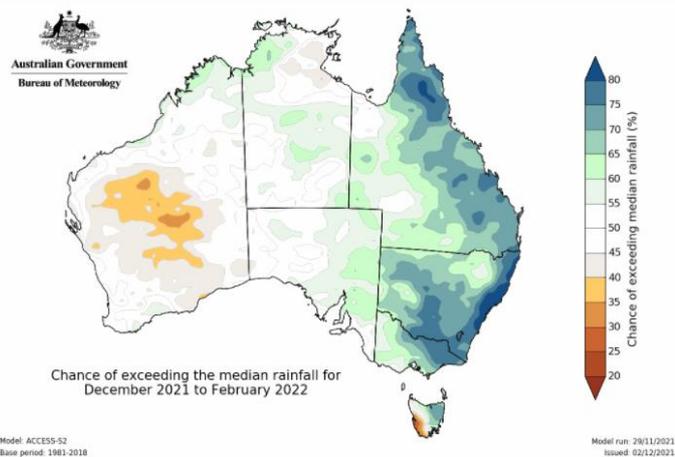
## Issue 191 – November 2021

*The Bureau of Meteorology (BOM) has officially declared a La Niña event in the tropical Pacific. Above average rain fell across many regions of Australia, particularly in the east, causing flooding in New South Wales (NSW) and Queensland (QLD). Wet weather continued to support water availability; seasonal determinations remained unchanged whilst temporary irrigation prices decreased further. Fodder prices also remain subdued, however, grain and fertiliser values have continued to rise. Cull cow values are still elevated despite a slight drop in November.*



### Climate and seasonal outlook

A wetter than average spring brought flooding to many regions across Australia in November, notably NSW where the state recorded its wettest November in 100 years. Above average rain resulted in some regions recording more than triple their average monthly rainfall. The rain also relieved some drought-affected areas in QLD. Soil moisture levels are now above average for most of the country; while this bodes well for the summer cropping season, the risk of widespread flooding remains with high streamflows likely to persist.



After much anticipation, a La Niña event was officially declared by the BOM in late November. In addition to this event, the Southern Annular Mode (SAM) remains in a positive phase. In combination with the La Niña and a fading negative Indian Ocean Dipole (IOD), wetter than average rainfall can be expected this summer. As such, the BOM's seasonal outlook for December to February suggests rainfall is likely to be above average for eastern Australia, particularly in QLD. The BOM estimates that some regional towns of NSW may triple their 2019 rainfall totals over the year. Temperatures are also forecast to

be warmer than average for most of the country. While this is likely to support crop and pasture growth this summer, there is a high bushfire risk in central NSW and southwest Western Australia (WA).

## Water availability and prices

Further deductions were made to Murray spillable water accounts in November, as releases from the Hume Dam continued in anticipation of additional rainfall. In light of the weather outlook, many expect this will continue this summer. Above average rain in November continued to fill water storages and levels in all monitored sites remain elevated compared to last year. The Waranga Basin and Lake Glenmaggie are both close to full, with storage levels currently at 95% of capacity.

Seasonal determinations for all Victorian systems remained unchanged. Before allocations for low reliability water shares increase, the focus will be to secure enough water to support seasonal determinations for the 2022/23 water season. The same applies to access to water from the NSW Murray, and General Security allocations were unchanged this November.

Temporary irrigation prices remain subdued, with the value of water in the Murray Irrigation system dropping 21% in November to \$63/ML. The volume of water traded also fell 29%, mostly due to heavy rainfall over southern NSW, however, this is still 19% more than last year. Sources suggest that farmers around this area have been building stores taking advantage of low prices and good availability. In the northern Victorian system, the volume of water traded rose 46% compared to last year, whilst temporary irrigation prices decreased 44%. The drop in prices this month can be attributed to the low spill risk announcement for the Goulburn and Campaspe systems, allowing access to water in spillable accounts and therefore increasing availability.

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/0007/473713/WAS-NSW-Murray-and-Lower-Darling-20211015.pdf](https://www.industry.nsw.gov.au/__data/assets/pdf_file/0007/473713/WAS-NSW-Murray-and-Lower-Darling-20211015.pdf)

### Irrigation allocations (2021/22 at 15<sup>th</sup> November)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	-	0%
Broken	100%	-	100%
Goulburn	100%	-	0%
Campaspe	100%	-	0%
Loddon	100%	-	0%
Bullarook Creek	100%	-	100%
MID	100%	-	0%
<b>NSW – Murray Irrigation Ltd</b>	<b>Allocation</b>		<b>Change</b>
Class C-General Security	110%		-

Further details [www.g-mwater.com.au](http://www.g-mwater.com.au), [www.srw.com.au](http://www.srw.com.au), [www.murrayirrigation.com.au](http://www.murrayirrigation.com.au) or [www.waterfind.com.au](http://www.waterfind.com.au)

Temporary water trades	Nov-21	Nov-20	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	\$80	\$115	-30%
6 Hume to Barmah	\$85	\$140	-39%
7 Barmah to Nyah	\$105	\$200	-48%
Volume traded (ML)	207,718	141,879	+46%
Average price (\$/ML)	\$90	\$160	-44%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	16,290	13,668	+19%
Average price (\$/ML)	\$63	\$140	-55%

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

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## Feed, fertiliser and cull cow prices

Spot prices	Nov-21	Change (from Oct-21)	Change (from Nov-20)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$358	+\$13	+\$77
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$197	+\$7	-\$8

Source: AFIA, Profarmer

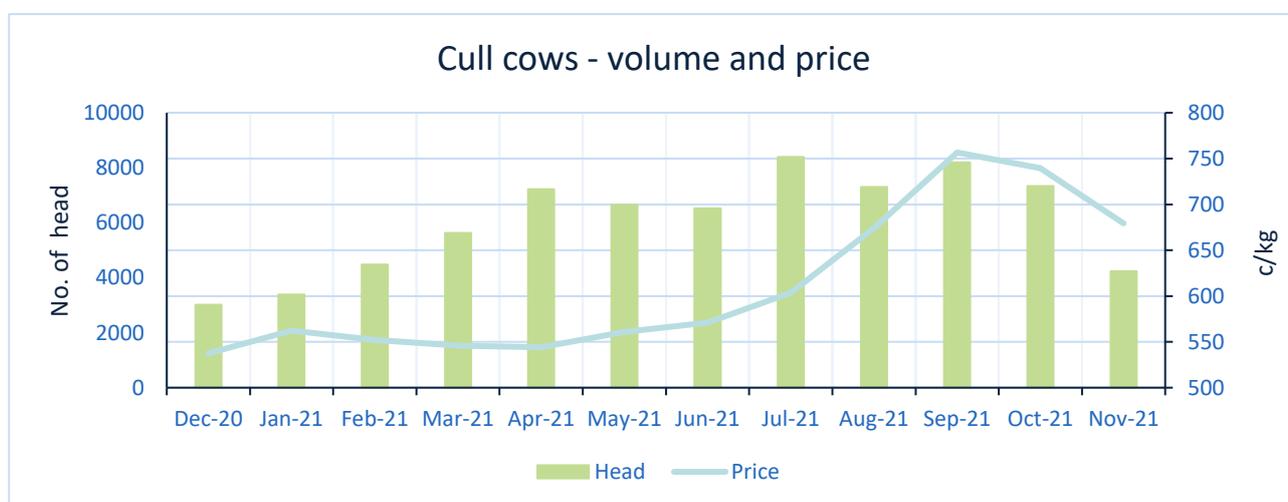
Demand for fodder has been subdued for quite some time and as wet weather supports pasture growth, it is anticipated to remain the case going forward. However, recently seasonal conditions have been affecting feed production on farm. In regions such as southern Gippsland and northwest Tasmania, demand for hay has picked up as feed stores begin to empty and cannot be immediately replenished. After the recent flooding in NSW, it is expected demand for fodder also will begin to build. Despite more farmers looking to secure hay over the next few months, increased demand is unlikely to dramatically raise prices, particularly as there are high volumes of weather damaged hay widely available in many regions.

While harvest time usually helps alleviate grain price pressure, wet weather continues to delay operations in many regions and has seen values rise. Harvest is progressing well in some parts of the country, however, despite better-than-expected canola yields decreasing values in some regions, international pressures continue to elevate domestic wheat and barley prices. Barley yields are estimated to be the largest since 2016/17, however, recent floods in NSW and QLD could impact this. In anticipation of crops being downgraded from the floods, eastern wheat and barley future markets rose 22% and 40%, as many scrambled to secure supply prior to damage.

In a similar bid to China, Russia has announced new export quotas on fertiliser products. Additionally, sources suggest that Egypt also may place protectionist action on its own supply. In November, urea and diammonium phosphate prices increased 8% and 30%, respectively, in response to restricted global supply. With fertiliser prices continuing to rise and difficulties securing product, there are now concerns for how the summer cropping season in Australia will fair.

In November, the value of cull cows dropped 8% whilst the number of cows passing through the saleyards decreased by 6% from last year. The growing national beef herd and limited cattle to markets are anticipated to continue supporting cull cow values going forward.

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](mailto:eliza.redfern@dairyaustralia.com.au)

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	Nov-21	Monthly % change
<b>Cereal hay</b>		
Northern Australia (\$/tonne)	250	-5%
Southern Australia (\$/tonne)	197	+4%
Western Australia (\$/tonne)	275	-2%
<b>Wheat</b>		
Northern Australia (\$/tonne)	307	-6%
Southern Australia (\$/tonne)	358	+4%
Western Australia (\$/tonne)	372	+0.5%
<b>Futures prices (ASX)</b>		
Wheat (av. \$/t Jan-22 east coast)	429	+22%
Barley (av. \$/t Jan-22 east coast)	360	+40%
<b>Fertiliser</b>		
DAP (US\$/tonne)	727	+8%
Urea (US\$/tonne)	901	+30%
MOP (US\$/tonne)	221	0%
<b>Irrigation</b>		
<b>Northern Victoria</b>		
Volume traded (ML)	207,718	+31%
Average price (\$/ML)	90	+30%
<b>Murray Irrigation system*</b>		
Volume traded (ML)	16,290	-21%
Average price (\$/ML)	63	-29%
<b>Cull Cows</b>		
Sales volume (head)	4,234	-42%
Average price (c/kg)	679	-8%
	YTD 2021/22	% change
Sales volume (head)	35,461	+31%
Average price (c/kg)	691	+24%

Oct-21	Sep-21	Aug-21
<b>Source: AFIA</b>		
263	275	275
190	190	190
280	285	295
<b>Source: Profarmer</b>		
325	315	308
345	343	328
370	365	353
<b>Source: ASX</b>		
351	347	350
257	270	272
<b>Source: World Bank</b>		
673	644	603
613	419	447
221	221	221
<b>Source: Victorian Water Register, *Murray Irrigation Ltd</b>		
158,254	117,497	308,309
101	123	98
22,955	15,722	12,640
80	99	85
<b>Source: NLRS (saleyards within Vic)</b>		
7,334	8,198	7,303
740	757	674
YTD 2020/21	YTD 2019/20	YTD 2018/19
26,990	38,538	36,605
556	467	374

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

Grain report 

Hay report 

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