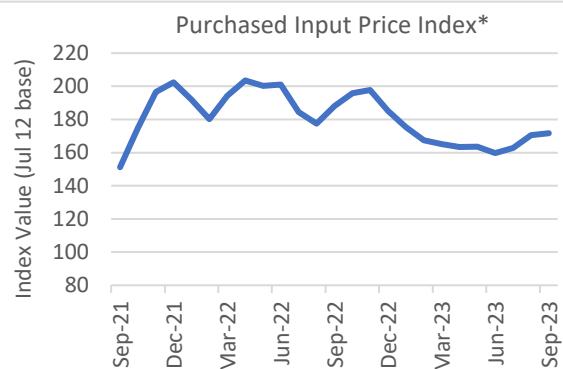


PRODUCTION INPUTS MONITOR

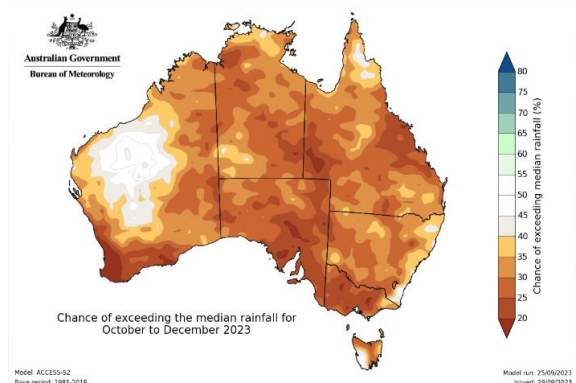
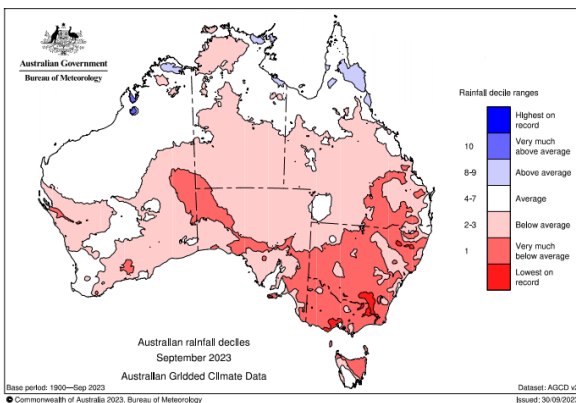
Issue 211 – September 2023

This September was Australia's driest on record. El Niño has officially been declared. All monitored storages remain well above 90% capacity and seasonal determinations in all Victorian catchments are now at 100% HRWS. Temporary water prices increased from August. New season hay is being contracted off the paddock; and crop production estimates continue to be cut. Global indicative fertiliser prices held steady. Cull cow prices fell 18%.



Inputs price change	Sep-23	Sep-22	Sep-18
Cereal hay (\$/t)	313	↑60%	↓22%
Protein hay (\$/t)	416	↑3%	↓17%
Cereal grain (\$/t)	388	↑6%	↓9%
Protein concentrate (\$/t)	541	↑3%	↑11%
Fertiliser (\$/t)	591	↓42%	↑59%
Fuel (c/L)	207	↑8%	↑43%

Climate and seasonal outlook



Coming out of one of the driest and warmest winters on record, this September was Australia's driest on record. Overall, rainfall was close to 70% below average, with regions in the Murray Darling Basin remaining especially dry. This was in addition to temperatures across the southern half of the country also being well above average. The combination of dry weather and above average temperatures contributed to further depletion of soil moisture throughout large areas, especially across much of New South Wales (NSW).

With the Bureau of Meteorology (BOM) officially declaring that an El Niño event is now underway, the long-range temperature and rainfall forecast remains relatively unchanged, with warm conditions and below average rainfall expected for much of the country through to the end of the year. This outlook remains primarily driven by this El Niño and the reinforcing relationship with the positive Indian Ocean Dipole (IOD) also underway – both of which are bringing an increased chance of unusually dry conditions for many areas.

* The PPI is created using data collected from the Dairy Farm Monitor Project (DFMP) alongside our monthly reporting and reflects the cost movement of the following grouped inputs: fodder, feed concentrates, fertiliser, and fuel.

Water availability and prices

Water levels in all monitored storages across Victoria remain well above 90% of capacity. This is despite below average rainfall across the state in September. Water levels in Dartmouth Dam, Lake Eildon and Lake Glenmaggie all rose slightly in the last month, up 2%, 4% and 6% respectively. With this, Lake Eildon and Lake Glenmaggie are the only storages with levels currently above last year.

Seasonal determinations increased only in two systems this month; access to high reliability water shares (HRWS) and low reliability water shares (LRWS) in the Broken systems rose to 100% and 20% respectively, and 65% of LRWS in the Campaspe system. Despite being below average for this time of year, recent rain has bolstered the volume of water available for allocation through increased flows into both major storages and downstream tributaries.

Temporary water prices rose sharply again this month, climbing another 41% from August across northern Victoria and 84% in the Murray Irrigation system. A likely reflection of the continued warm and dry conditions in those areas, and therefore increased demand for irrigation water. Following this trend and the stark contrast to spring last year, the volume of water traded across northern Victoria and the Murray Irrigation system jumped 202% and 225% respectively over the same period.

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/0003/569109/WAS-statewide-regulated-rivers-20230701.pdf

Irrigation allocations (2023/24 at 15th October)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	-	0%
Broken	100%	+8%	20%
Goulburn	100%	-	0%
Campaspe	100%	-	65%
Loddon	100%	-	0%
Bullarook Creek	100%	-	100%
MID	100%	-	0%
NSW – Murray Irrigation Ltd	Allocation		Change
Class C-General Security	110%	-	-

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

Temporary water trades	Sep-23	Sep-22	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	\$149	\$40	+273%
6 Hume to Barmah	\$130	\$35	+271%
7 Barmah to Nyah	\$180	\$55	+227%
Volume traded (ML)	271,144	89,763	+202%
Average price (\$/ML)	\$149	\$46	+225%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	39,422	12,115	+225%
Average price (\$/ML)	\$107	\$15	+613%

Feed, fertiliser and cull cow prices

Spot prices	Sep-23	Change (from Aug-23)	Change (from Sep-22)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$388	+\$10	\$22
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$313	-\$2	+\$117

Source: AFIA, Profarmer

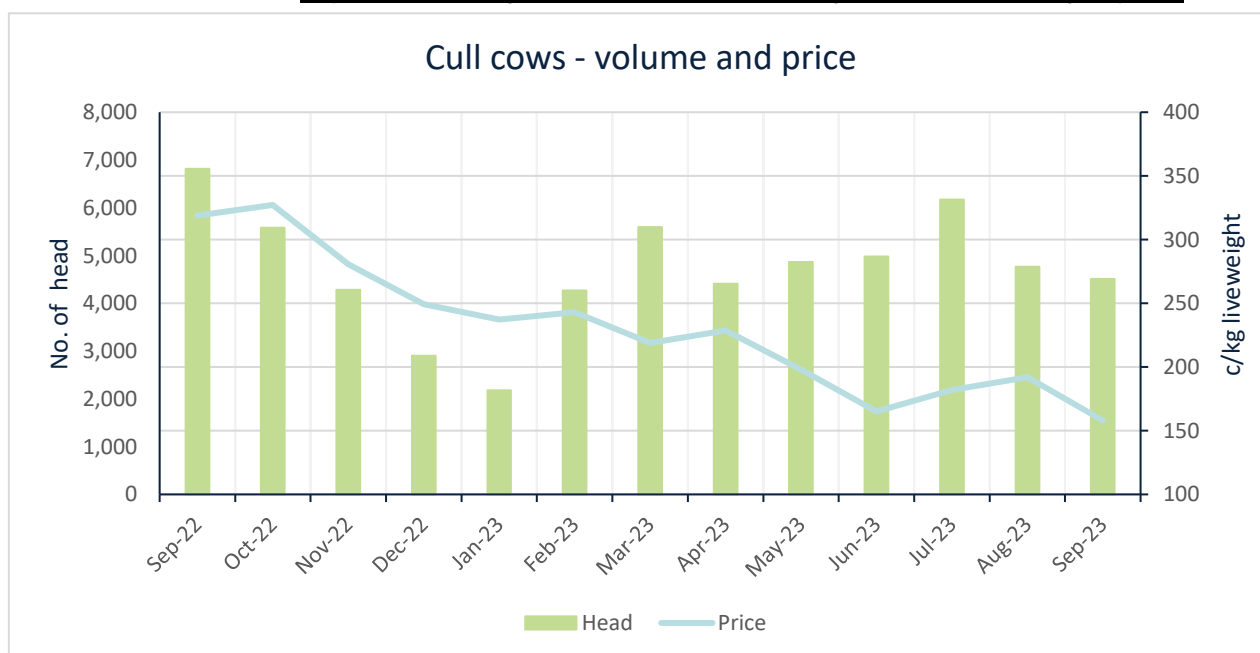
Hay continues to move into the drier regions of southern Queensland and NSW, with this extending now to new season hay being contracted straight from the paddock. Locally produced hay is also moving quickly within these areas, considering the significant freight costs associated with moving fodder long distances. Despite this, most pricing is still reflective of old season hay, with significant volumes of varied quality product also moving out of sheds. This has brought prices down for some fodder types, especially as hay production is yet to ramp up.

Dry conditions are starting to bite in some areas, with crop production estimates continuing to be revised. Warm dry weather through the end of winter and early spring has seen the early maturation of crops in some regions, while parts of southern Australia remain on track for average to above average yields. As such, grower selling of new season crops is becoming increasingly hesitant, as deteriorating yield prospects have started to push domestic prices higher. Around the world, the northern hemisphere harvest is meeting global demand, and cheaper Russian wheat is undermining the competitiveness of Australian grain for export.

Indicative fertiliser prices held relatively steady this month, with urea prices dropping 1% and diammonium phosphate (DAP) and muriate and potash (MOP) rising 1% from August. Supply pressures have significantly eased from last year, with exports from China continuing to flow and European production reaching close to average levels. However, threats of new export restrictions in China may drive price increases, particularly as orders from major importers, such as buyers in India, are placed.

Cull cow values plummeted again this month, falling another 18% from August. Prices are now 50% below last year – the lowest price seen since May 2019. This is despite the number of head passing through the saleyards also declining 5% over this month.

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, NSW, QLD, SA, WA

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	Sep-23	Monthly % change
Cereal hay		
Northern Australia (\$/tonne)	329	0%
Southern Australia (\$/tonne)	313	-1%
Western Australia (\$/tonne)	292	+1%
Wheat		
Northern Australia (\$/tonne)	399	+4%
Southern Australia (\$/tonne)	388	+3%
Western Australia (\$/tonne)	390	+6%
Futures prices (ASX)		
Wheat (av. \$/t Jan-24 east coast)	405	-1%
Barley (av. \$/t Jan-24 east coast)	347	0%
Fertiliser		
DAP (A\$/tonne)	822	+1%
Urea (A\$/tonne)	591	-1%
MOP (A\$/tonne)	548	+1%
Irrigation		
Northern Victoria		
Volume traded (ML)	271,144	-30%
Average price (\$/ML)	149	+41%
Murray Irrigation system*		
Volume traded (ML)	39,422	+87%
Average price (\$/ML)	107	+84%
Relative soil moisture (<i>percentile rank averaged between reference river regions listed</i>).		
Northern Australia (<i>Clarence River, Logan Albert Rivers</i>)	1	-88%
Southern Australia (<i>Goulburn River, Murray Riverina</i>)	20	-72%
Western Australia (<i>Busselton Coast, Albany Coast</i>)	36	+6%
Cull Cows		
Sales volume (head)	4,510	-5%
Average price (c/kg lwt)	158	-17%
	YTD 2023/24	% change
Sales volume (head)	15,441	-13%
Average price (c/kg lwt)	178	-40%

Aug-23	Jul-23	Jun-23
Source: AFIA		
330	357	410
314	328	340
288	300	319
Source: Profarmer		
384	379	385
378	371	375
368	361	361
Source: ASX		
410	404	400
347	322	322
Source: World Bank (global indicative prices converted from US\$/tonne to A\$/tonne)		
815	682	677
595	497	428
544	507	489
Source: Victorian Water Register, *Murray Irrigation Ltd		
384,887	305,082	656,252
106	83	10
21,124	53,008	19,281
58	47	0.70
Source: The Bureau of Meteorology (BOM)		
9	8	15
71	72	72
34	34	45
Source: NLRS (saleyards within Vic, NSW, QLD, SA, WA)		
4,762	6,169	4,982
192	182	165
YTD 2022/23	YTD 2021/22	YTD 2020/21
17,776	22,833	15,425
294	294	238

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

Hay report ▶

Grain report ▶

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