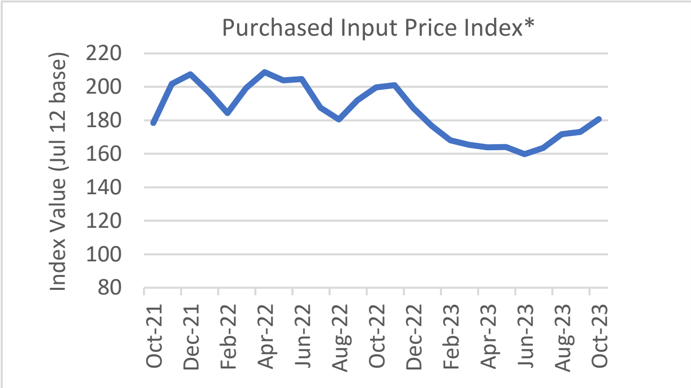
PRODUCTION INPUTS MONITOR

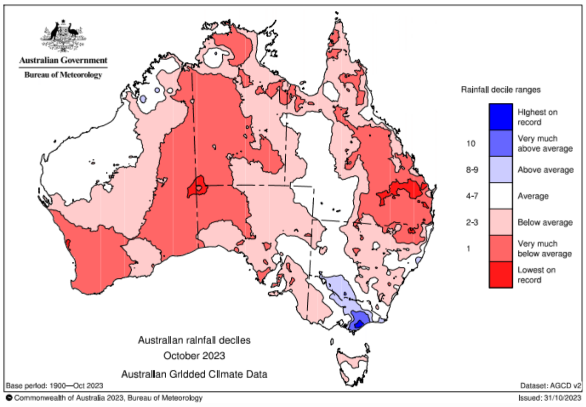
Issue 212 – October 2023

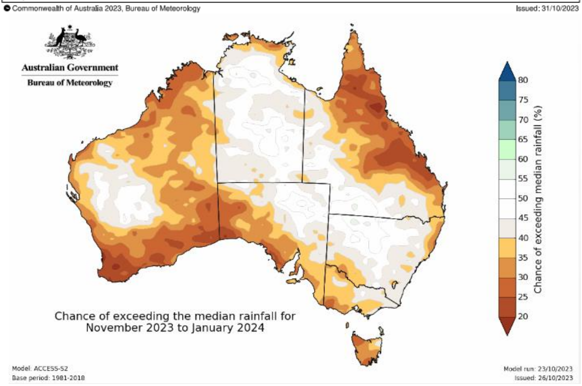
Dry conditions continued in October for many areas. Warmer than average temperatures accelerated the drying of soils and declines in storage water levels in some regions. Despite this, monitored storages in Victoria remain close to 100% capacity. Temporary water prices rose across Northern Victoria but softened in the Murray Irrigation system. New season hay trade is picking up, and grain harvest is well underway across the country. Indicative fertiliser prices increased slightly in October. Cull cow sales were 53% below last year.



Inputs price change	Oct-23	Oct-22	Oct-18
Cereal hay ($/t)	298	↑53%	↓19%
Protein hay ($/t)	396	↓2%	↓26%
Cereal grain ($/t)	385	↓3%	↓13%
Protein concentrate ($/t)	563	↑2%	↑1%
Fertiliser ($/t)	648	↓35%	↑71%
Fuel (c/L)	205	↑34%	↑96%

Climate and seasonal outlook





Dry conditions continued in October for almost all of the country, with parts of Victoria the exception, receiving above average rainfall for the month. Much of southwest Western Australia (WA) and eastern Australia were especially dry, receiving below average rainfall. Additionally, daytime temperatures were above average across the entire country, which further accelerated the drying of soils and decline in storage water levels in those drier areas. Such conditions also led to bushfires in some areas.

Looking ahead into the next few months, day and nighttime temperatures are expected to remain above average for almost the entire country, alongside a high likelihood of below average rainfall, especially for southwest WA and much of southern Australia. While still inline with previous expectations, the extent of this dry outlook has lessened for the period of November-January. The positive Indian Ocean Dipole (IOD) is tipped to move back toward neutral at the end of spring, while the current El Niño event is likely to persist through to early autumn. As such, streamflows are forecast to drop below average for most locations.

** The PIPI 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 close to 100% capacity. With the eastern two thirds of the state recording high rainfall totals in October, most storages held relatively steady, while levels in Lake Glenmaggie and Waranga Basin both increased. Lake Eildon, Waranga Basin and Lake Glenmaggie are the only storages with water levels higher than last year, while Lake Eppalock, Dartmouth and the Hume Dam continue to track below.

Seasonal determinations increased in the Goulburn, Loddon, Broken and Campaspe systems in October. After the dry start to spring, rainfall in early October boosted some major storages. Additionally, increased demand for water in August and September made some space for inflows, supporting increased access to allocations. Seasonal determinations in the Murray system remain unchanged, with allocation to low reliability water shares (LRWS) still hinging on a water shortfall.

Across Northern Victoria, temporary water prices rose again in October, climbing another 17% from last month. Over the same period, the volume of water traded fell 34%, which is likely a reflection of softening demand after the drier conditions throughout August and September. Conversely, both temporary water prices and traded volumes decreased from last month in the Murray Irrigation system, falling 17% and 57% respectively. Despite this, current prices and traded volumes in both systems are substantially above last year, signifying a much drier spring this season compared to last.

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 16th October)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	-	0%
Broken	100%	-	100%
Goulburn	100%	-	19%
Campaspe	100%	-	74%
Loddon	100%	-	19%
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	Oct-23	Oct-22	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	$150	$35	+329%
6 Hume to Barmah	$140	$22	+526%
7 Barmah to Nyah	$190	$45	+322%
Volume traded (ML)	178,046	67,740	+163%
Average price ($/ML)	$174	$41	+327%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	16,874	5,540	+205%
Average price ($/ML)	$89	$8	+969%

Contact: Isabel Dando Phone: 03 9694 3876 Email: Isabel.Dando@dairyaustralia.com.au

Feed, fertiliser and cull cow prices

Spot prices	Oct-23	Change (from Sep-23)	Change (from Oct-22)
Feed wheat (av. $/t del Goulburn/Murray Valley)	$385	-$3	-$11
Cereal hay (av. $/t del Goulburn/Murray Valley)	$298	-$15	+$103

Source: AFIA, Profarmer

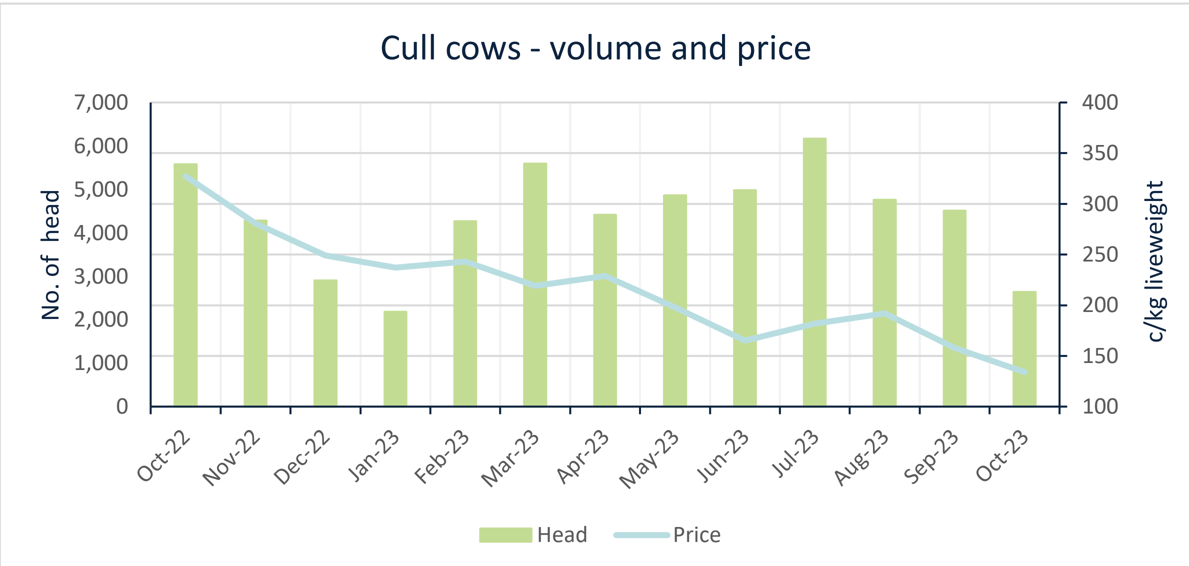
Hay trade is increasing as the new season starts to pick up across the country, however most bales moved are old season stock or very small amounts of newly cut hay. A lot of this hay continues to move north to meet demand within the drier parts of the country, keeping current pricing steady for most fodder lines. Exporters are actively looking for high quality oaten and cereal hay, with most of this demand being met by contracted growers. In general, comments suggest on-farm fodder stores are reasonable due to favourable conditions over the last few years, however, in some southern regions, pasture growth is beginning to diminish.

Grain harvest is well underway across the country, with mixed reports between regions. Across WA, yield downgrades are becoming increasingly apparent due to the dry conditions, while South Australian wheat yields are tipped to reach just above the five-year average. With the focus of many growers now turning to harvest, local markets and sales volumes are expected to remain quiet in the coming weeks. However, there are also expectations that some selling pressure will appear once significant tonnes roll in. Around the world, cheaper Black Sea grain continues to price out Australian exports, adding further downside pressure to prices.

Global indicative diammonium phosphate (DAP) and urea prices rose 2% and 10% respectively, over September, while the price of muriate of potash (MOP) decreased slightly. While there has been minimal price movement in recent months, indicative values remain significantly below last year. Reports suggest this is unlikely to change in the short-term, as production across both Europe and China remains on track. As such, domestic stores in China are likely to fill quickly, and there are expectations that exports will return over the longer-term as a result. Nevertheless, fertiliser prices hinge on global energy markets that are facing significant threats from global conflicts.

The number of cull cows passing through the saleyards was 41% below September, and 53% below last year. Additionally, prices have fallen 59% over the same yearly period, tracking 4% below the five-year average.

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

Contact: Isabel Dando Phone: 03 9694 3876 Email: Isabel.Dando@dairyaustralia.com.au

	Oct-23	Monthly % change	Sep-23	Aug-23	Jul-23
Cereal hay			Source: AFIA		
Northern Australia ($/tonne)	319	-3%	329	330	357
Southern Australia ($/tonne)	298	-5%	313	314	328
Western Australia ($/tonne)	290	-1%	292	288	300
Wheat			Source: Profarmer		
Northern Australia ($/tonne)	418	+5%	399	384	379
Southern Australia ($/tonne)	385	-1%	388	378	371
Western Australia ($/tonne)	386	-1%	390	368	361
Futures prices (ASX)			Source: ASX		
Wheat (av. $/t Jan-24 east coast)	389	-4%	405	410	404
Barley (av. $/t Jan-24 east coast)	323	-7%	347	347	322
Fertiliser			Source: World Bank (global indicative prices converted from US$/tonne to A$/tonne)		
DAP (A$/tonne)	842	+2%	822	815	682
Urea (A$/tonne)	648	+10%	591	595	497
MOP (A$/tonne)	538	-2%	548	544	507
Irrigation			Source: Victorian Water Register, *Murray Irrigation Ltd		
Northern Victoria					
Volume traded (ML)	178,046	-34%	271,144	384,887	305,082
Average price ($/ML)	174	+17%	149	106	83
Murray Irrigation system*					
Volume traded (ML)	16,874	-57%	39,422	21,124	53,008
Average price ($/ML)	89	-17%	107	58	47
Relative soil moisture (*percentile rank averaged between reference river regions listed).*			Source: The Bureau of Meteorology (BOM)		
Northern Australia *(Clarence River, Logan Albert Rivers)*	0	-1%	1	9	8
Southern Australia *(Goulburn River, Murray Riverina)*	53	+165%	20	71	72
Western Australia *(Busselton Coast, Albany Coast)*	9	-75%	36	34	34
Cull Cows			Source: NLRS (saleyards within Vic, NSW, QLD, SA, WA)		
Sales volume (head)	2,640	-41%	4,510	4,762	6,169
Average price (c/kg lwt)	134	-15%	158	192	182
	YTD 2023/24	% change	YTD 2022/23	YTD 2021/22	YTD 2020/21
Sales volume (head)	18,081	-23%	23,355	30,083	21,564
Average price (c/kg lwt)	172	-43%	302	301	241

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

Hay report

Grain report

Contact: Isabel Dando Phone: 03 9694 3876 Email: Isabel.Dando@dairyaustralia.com.au