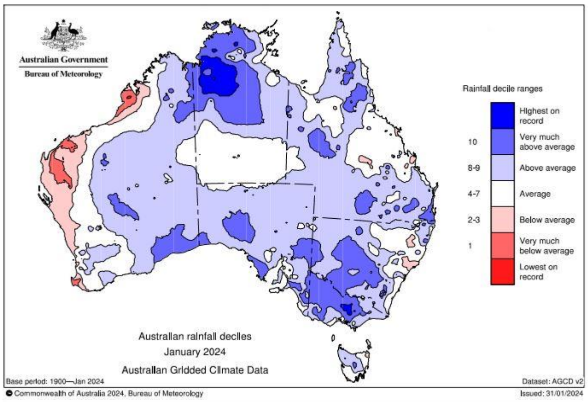
Production Inputs Monitor

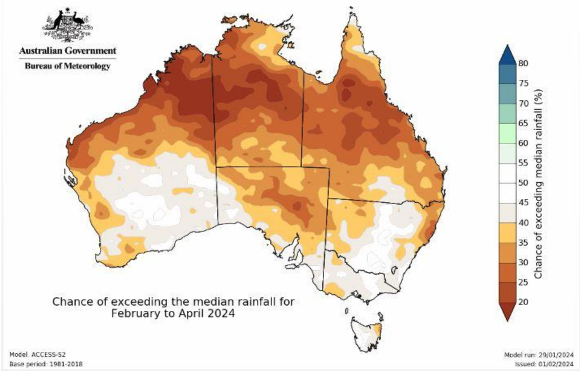
January 2024

Climate and seasonal outlook

Throughout January, temperatures across much of the country were above average. For parts of eastern Australia rainfall was also very much above average, with widespread storms bringing heavy falls and damaging winds. As such, soil moisture across much of central and eastern Australia is now above average once again. Western Australia (WA) remains the exception however, with widespread heatwaves and continued dry conditions keeping soils drier than average over the same period. Overall, total water storage volume across Australia is around 75% and streamflows are likely to remain normal to high for most areas.

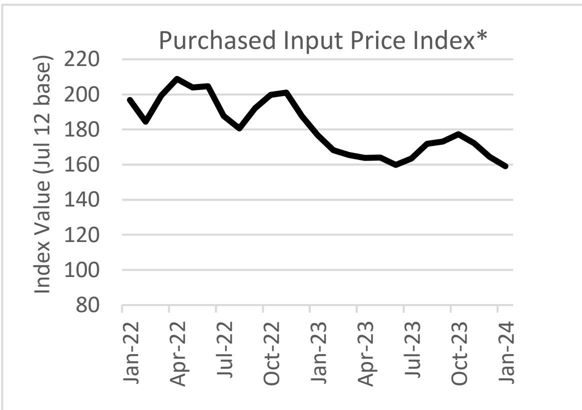
The long-term rainfall outlook for Feburary to April indicates below average rainfall is likely for northern Australia, while there is no consistent wet or dry signal for much of southern Australia and the east coast. According to the Bureau of Meteorology (The Bureau), looking at typical rainfall ranges for this time of year may provide the best guide. Both the current El Niño and positive Indian Ocean Dipole (IOD) events are easing, with an eventual return to neutral El Niño-Southern Oscillation (ENSO) conditions tipped for autumn.





Inputs wrap

Adding to an already volatile global shipping environment, the escalating tension within the Red Sea region is exacerbating the threat of longer routes, higher freight rates and longer sail times. While the impact on other commodity prices has been fairly limited thus far, the urea market is in the firing line, due to the millions of tonnes of fertiliser that move through this passage each year. The risk of further escalation into a broader regional conflict remains, and any further impacts on freight rates and sailing times will likely flow through to the end user to bear the cost. So far though, there has been minimal movement in indicative fertiliser values this month, with diammonium phosphate (DAP) prices rising slightly, while urea and muriate of potash (MOP) eased slightly, both down 5%.



DELIVERING for DAIRY

* 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.

PIPI inputs price change	Cereal hay ($/t)	Protein hay ($/t)	Cereal grain ($/t)	Protein conc. ($/t)	Fertiliser ($/t)	Fuel (c/L)
Jan-24	303	379	345	563	504	178
Jan-23	↓1%	↓18%	↓12%	↑2%	↓21%	↓5%
Jan-18	↓17%	↓25%	↓18%	↑17%	↑39%	↑42%

Water availability and prices

Water levels in all monitored storages across Victoria remain above 90% capacity except in the Hume Dam, where levels are below last year (at 83% capacity). Additionally, rainfall over December and January increased resources available for allocation, with seasonal determinations increasing across the Murray, Goulburn, and Loddon systems respectively. In the Goulburn system, releases were subsequently resumed to manage dam water levels.

The wet conditions have also contributed to temporary water prices continuing to soften. Prices have been trending down since October and fell a further 47% across Northern Victoria and 32% in the Murray Irrigation system over January. While prices remain above the lows of last year, they are around 70% below the five-year average across both regions. Unseasonal rainfall has not only increased resources available but has also decreased demand from irrigators and buyers alike, shifting the sentiment in the water market for the moment.

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 December)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	-	25%
Broken	100%	-	100%
Goulburn	100%	-	67%
Campaspe	100%	-	100%
Loddon	100%	-	67%
Bullarook Creek	100%	-	100%
MID	100%	-	5%
NSW – Murray Irrigation Ltd	**Allocation**		**Change**
Class C-General Security	110%	-	-

Further details www.g-mwater.com.au, www.srw.com.au , or https://www.murrayirrigation.com.au/.

Temporary water trades	Jan-24	Dec-23	Nov-23	Oct-23	Jan-23	% Change LY
Northern Victoria	*Source: Victorian Water Register*					
1A Greater Goulburn	$55	$100	$140	$150	$35	+57%
6 Hume to Barmah	$45	$65	$110	$140	$20	+125%
7 Barmah to Nyah	$60	$120	$151	$190	$37	+62%
Volume traded (ML)	133,308	149,020	273,414	178,046	113,409	+18%
Average price ($/ML)	$58	$109	$146	$174	$34	+68%
Murray Irrigation System	*Source: Murray Irrigation Ltd*					
Volume traded (ML)	21,770	26,952	17,282	16,874	17,363	+25%
Average price ($/ML)	$25	$36	$56	$89	$12	+114%

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Acknowledgement
Dairy Australia acknowledges the funding from levy payers and contribution by Commonwealth Government.

	Jan-24	Monthly % change	Dec-23	Nov-23	Oct-23
Cereal hay			Source: AFIA		
Northern Australia ($/tonne)	314	0%	313	313	319
Southern Australia ($/tonne)	303	-1%	306	294	298
Western Australia ($/tonne)	328	0%	327	306	290
Wheat			Source: Profarmer		
Northern Australia ($/tonne)	356	-5%	376	411	418
Southern Australia ($/tonne)	345	-5%	362	381	385
Western Australia ($/tonne)	401	+1%	396	389	386
Futures prices (ASX)			Source: ASX		
Wheat (av. $/t Jan-24 east coast)	376	-2%	385	396	389
Barley (av. $/t Jan-24 east coast)	314	-2%	320	330	323
Fertiliser			Source: World Bank (global indicative prices converted from US$/tonne to A$/tonne)		
DAP (A$/tonne)	896	+6%	848	825	842
Urea (A$/tonne)	504	-5%	533	594	648
MOP (A$/tonne)	445	-5%	469	511	538
Relative soil moisture (percentile rank averaged between reference river regions listed).			Source: The Bureau of Meteorology (BOM)		
Northern Australia (Clarence River, Logan Albert Rivers)	93	+48%	63	34	0
Southern Australia (Goulburn River, Murray Riverina)	99	+52%	65	29	53
Western Australia (Busselton Coast, Albany Coast)	30	+2900%	1	0.5	9
Cull Cows			Source: NLRS (saleyards within Vic, NSW, QLD, SA, WA)		
Sales volume (head)	3,274	-14%	3,802	2,847	2,640
Average price (c/kg lwt)	202	+15%	175	143	134
	YTD 2023/24	% change	YTD 2022/23	YTD 2021/22	YTD 2020/21
Sales volume (head)	28,004	-14%	32,723	39,699	32,224
Average price (c/kg lwt)	173	-41%	290	300	243

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

Hay report

Grain report

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