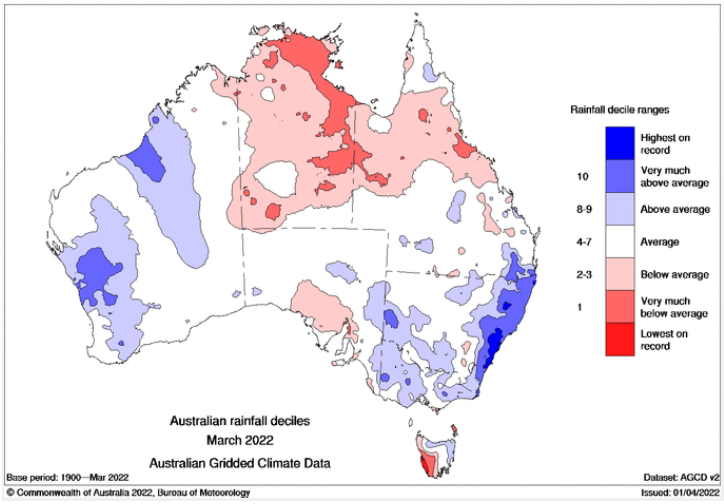
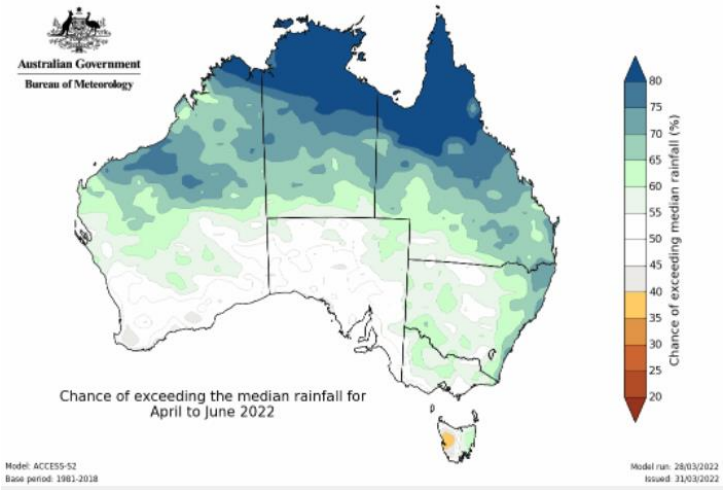
Issue 194 – March 2022

Following on from further flooding in New South Wales (NSW) and Queensland (QLD), the Bureau of Meteorology (BOM) suggests that April is likely to be the wettest month on record for many regions. Despite drying conditions in northern Victoria and some water storage levels declining, water availability remains strong and temporary water prices subdued. Fodder prices also remain subdued, whilst grain and fertiliser values continue to rise from strong global pressures. Cull cow prices remain above last year and the four year average.





Climate and seasonal outlook

Above average rainfall continued to wreak havoc in March, with further flooding in several regions of NSW and QLD. Sydney recorded its wettest March on record whilst rain and continuous cloud cover result in below average temperatures for NSW's east coast. In Western Australia, Ex tropical cyclone Charlotte created above average rain, supporting soil moisture levels. In southeast Australia, soil moisture has remained above average since November, however, warm and dry conditions over much of northern Australia dried out soils in these regions.

The La Niña event in the tropical Pacific Ocean continues to influence Australia's climate, despite it beginning to weaken. It is estimated a neutral El Niño Southern Oscillation (ENSO) phase will be reached during late Autumn. Whilst the La Niña event persists, waters around Australia are water and in addition to a higher chance of above average rainfall, there is heightened risk of tropical cyclones. As such, the BOM forecasts above average rainfall for northern and eastern Australia between April and June. With strong rainfall, wet soils and high streamflows predicted in many locations, the risk of flooding remains heightened in eastern Australia. Over this region, daytime temperatures are likely to be cooler than average, whilst warmer than average temperatures are forecast for the rest of the country.

Water availability and prices

Rain over northern Victoria was lower than expected in March and temperatures were warm. As such, water storage levels declined in some monitored sites, namely in Waranga Basin where levels have fallen over the last three consecutive months. Additionally, water was lost in Lake Eildon and Lake Eppalock with levels declining 5% and 4% respectively. Nevertheless, water availability remains strong with all storages still carrying more water compared to last year (with the exception of Waranga Basin).

Despite above average rainfall for eastern Australia forecast for the coming months, there are concerns this rainfall may not equate to strong flows into northern Victorian storages. In light of this, seasonal determinations for both low and high reliability water shares (HRWS) are unchanged this month, except in the Macalister Irrigation District, where access to low reliability water shares increased to 100%. Further water is required to ensure full HRWS access in the Goulburn system for the 2022/23 water season, and as such, access to low reliability water shares remains at 0%. The NSW Murray General Security allocations reached a maximum of 110% in October 2021; water collected since then supports strong allocations at the beginning of the upcoming water season.

Temporary water prices continued to fall in March, as overall demand for irrigation remains subdued. The value of temporary water in the Murray Irrigation system was 91% below the five year average, and the amount of water traded up 239%. In the northern Victorian system, prices were also below five year averages, down 80% whilst the volume of water traded was down 19%.

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/0007/500884/WAS-Murray-20220315.pdf

Irrigation allocations (2021/22 at 1st April)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	-	100%
Broken	100%	-	100%
Goulburn	100%	-	0%
Campaspe	100%	-	0%
Loddon	100%	-	0%
Bullarook Creek	100%	-	100%
MID	100%	-	100%
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	Mar-22	Mar-21	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	$50	$100	-50%
6 Hume to Barmah	$25	$95	-74%
7 Barmah to Nyah	$63	$98	-36%
Volume traded (ML)	153,711	179,251	-14%
Average price ($/ML)	$52	$98	-48%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	41,553	12,200	+241%
Average price ($/ML)	$15	$95	-85%

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Feed, fertiliser and cull cow prices

Spot prices	Mar-22	Change (from Feb-22)	Change (from Mar-21)
Feed wheat (av. $/t del Goulburn/Murray Valley)	$362	+$23	+$58
Cereal hay (av. $/t del Goulburn/Murray Valley)	$185	-$1	-$20

Source: AFIA, Profarmer

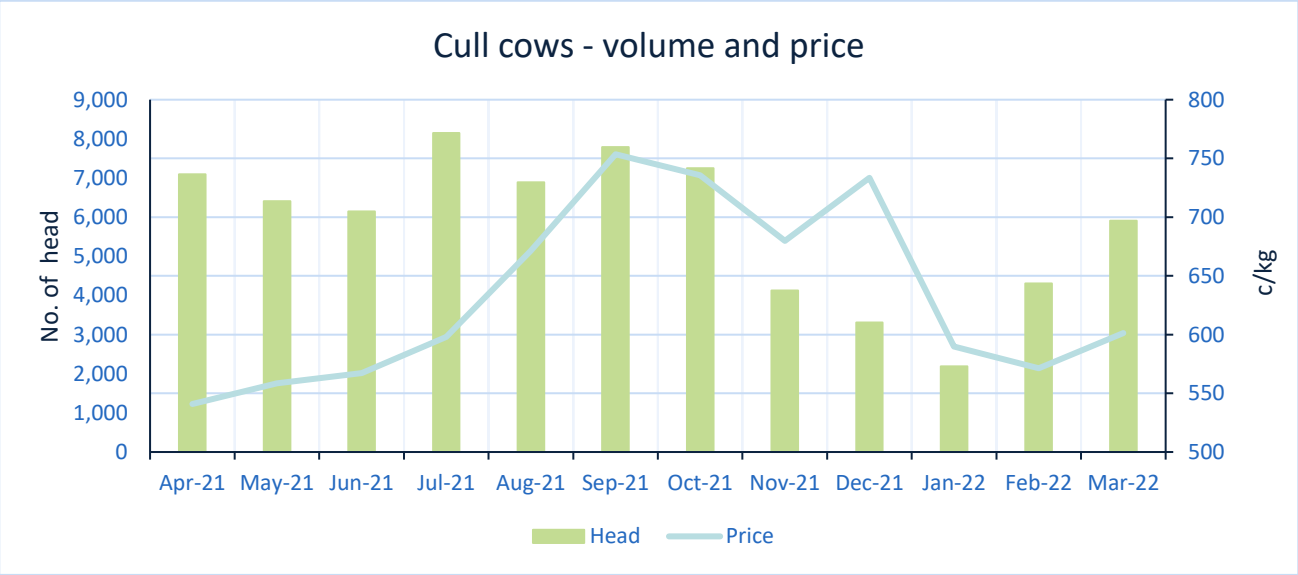
Rising input costs such as fuel, fertiliser and chemicals are expected to weigh on production plans for many growers this year. There have also been reports of fuel levies put in place by some transport companies. Demand for fodder varies in many regions; drier conditions in some have increased supplementary feeding, whilst in others rainfall has supported pasture growth. Overall, there is still ample supply of hay, with bales being donated to flood affected farms in NSW and QLD.

Grain prices rose further in March; in Australia, prices remain above last year and continue to be upheld by strong export demand but tempered by shipping challenges. Globally, prices are high and volatile. Peace talks between Russia and Ukraine saw grain values shift back and forth in the hope of a supply boost, however, the ongoing war is maintaining pressure on prices. In addition to Ukraine's difficulty in exporting product out of the region, concerns regarding its grain production also weighs on the market. Whilst input costs are high, there have been reports of farmers struggling to secure seed which may impact the amount of crops sown this season. The threats of war-related damage and dangers such as land mines in paddocks also remain.

Fertiliser prices surged this month, with diammonium phosphate (DAP), urea and muriate of potash (MOP) prices rising 26%, 22% and 44%, respectively. In addition to China's export ban and Russia's supply being somewhat inaccessible (whether by choice or constrained by shipping logistics), Ukraine also placed a 'zero quota' on all fertiliser products, effectively banning exports to control the domestic market. Global demand remains strong with many buyers urgent to secure product and aiming to purchase product earlier than usual.

In March, cull cow prices increased 5%, remaining above the four-year average. The number of cows passing through the saleyards were also up 7% from last year. Reports suggest lower processing capacity due to the upcoming public holidays in April could see these numbers decline next 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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	Mar-22	Monthly % change	Feb-22	Jan-22	Dec-21
Cereal hay			Source: AFIA		
Northern Australia ($/tonne)	230	0%	230	230	230
Southern Australia ($/tonne)	185	-1%	186	190	190
Western Australia ($/tonne)	263	-5%	275	275	257
Wheat			Source: Profarmer		
Northern Australia ($/tonne)	301	+9%	278	280	307
Southern Australia ($/tonne)	362	+7%	339	356	392
Western Australia ($/tonne)	383	+13%	340	323	336
Futures prices (ASX)			Source: ASX		
Wheat (av. $/t Jan-23 east coast)	395	-6%	420	362	377
Barley (av. $/t Jan-23 east coast)	289	0%	289	290	290
Fertiliser			Source: World Bank		
DAP (US$/tonne)	938	+26%	747	699	745
Urea (US$/tonne)	908	+22%	744	846	890
MOP (US$/tonne)	563	+44%	392	221	221
Irrigation			Source: Victorian Water Register, *Murray Irrigation Ltd		
Northern Victoria					
Volume traded (ML)	153,711	-32%	225,879	97,564	213,891
Average price ($/ML)	51	-21%	64	86	85
Murray Irrigation system*					
Volume traded (ML)	41,553	+39%	29,835	31,188	20,111
Average price ($/ML)	15	-35%	22	39	51
Cull Cows			Source: NLRS (saleyards within Vic)		
Sales volume (head)	5,910	+37%	4,306	2,189	3,308
Average price (c/kg)	601	+5%	571	590	733
	YTD 2021/22	% change	YTD 2020/21	YTD 2019/20	YTD 2018/19
Sales volume (head)	44,005	+5%	42,042	54,232	52,776
Average price (c/kg)	666	+21%	551	471	362

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

Grain report

Hay report

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