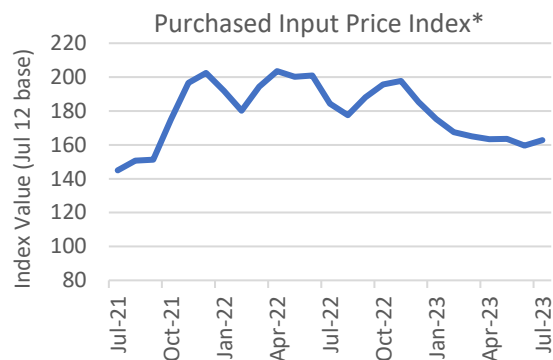


PRODUCTION INPUTS MONITOR

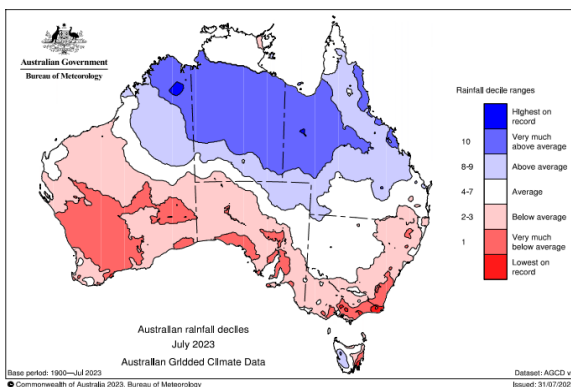
Issue 209 – July 2023

July was a dry and warm month for much of Australia, however streamflows and monitored water storages remain high. The long-term rainfall outlook remains unchanged, with El Niño conditions likely on the way. Temporary water prices have 'reset' with the start of the 2023/24 water season, while fodder prices are trending down. Both grain and fertiliser values rose this month. Cull cow sales jumped in line with higher prices.

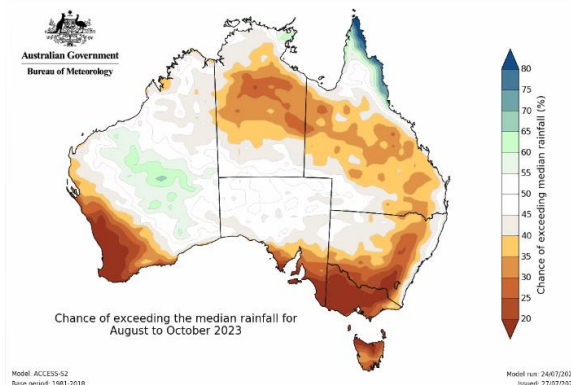


Inputs price change	Jul-23	Jul-22	Jul-18
Cereal hay (\$/t)	328	↑68%	↑42%
Protein hay (\$/t)	443	↑11%	↑33%
Cereal grain (\$/t)	371	↓8%	↑6%
Protein concentrate (\$/t)	550	↑13%	↑24%
Fertiliser (\$/t)	497	↓43%	↑46%
Fuel (c/L)	171	↓15%	↑25%

Climate and seasonal outlook



Drier conditions have begun to set in across parts of southern Australia, and areas in northern New South Wales (NSW) and southern Queensland have been facing below average rainfall for some months now. After a warm June, temperatures were also above average for many areas, with Tasmania experiencing its warmest July on record. Soil moisture levels across the country are reflective of recent rainfall patterns, continuing to dry across the eastern states. Despite this, many storages and streamflows, even within these areas, remain high after three years of wet conditions.



With the Bureau of Meteorology's (BOM) outlook holding at 'El Niño ALERT,' the long-term forecast through August to October remains relatively unchanged, with an increased chance of below average rainfall for much of the country. There is also a heightened chance of warmer than usual temperatures across many regions, which is typically a feature of El Niño events. While likely, an El Niño declaration hinges on the alignment of warmed ocean temperatures in the tropical Pacific Ocean and the atmosphere above, which is yet to occur.

* 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

Despite below average rainfall across much of Victoria in July, Lake Eildon was the only monitored storage site to record a decline (albeit marginal), while water levels in both Waranga Basin and Lake Glenmaggie rose 10% and 23% respectively. Except for Lake Glenmaggie (81%), levels in all other storages are above 90% capacity, with Lake Eppalock now 103% higher than last year.

In a slight change from previous months, increases in seasonal determinations announced August 1st were mostly a result of the redistribution of available resources and deductions from spillable water accounts. As such, increased access to allocations occurred in the Murray and Campaspe systems only, rising to 90% of high reliability water shares (HRWS) in the Murray and 100% HRWS and 62% of low reliability water shares (LRWS) in Campaspe respectively. Also in the NSW Murray, general security allocations have reached their maximum of 110% of entitlement for 2023/24, due to rainfall over recent weeks. There were no changes to determinations in the Broken, Goulburn, Loddon, and Bullarook systems, which is likely a result of minimal rainfall over these catchments during the past month.

With July signalling the start of the 2023/24 water season, there was again a price 'reset' on the temporary water market, with prices jumping 24% (\$10/ML to \$83/ML) across northern Victoria and 6561% (\$0.70/ML to \$47/ML) in the Murray Irrigation system from last month. Additionally, the volume of water traded across the Murray Irrigation system jumped 92% on last year, due to higher demand and minimal rainfall in comparison. This differed from northern Victoria, with the volume traded dropping 55% compared to a year ago.

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 1st August)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	90%	+10%	0%
Broken	53%	+4%	0%
Goulburn	100%	-	0%
Campaspe	100%	-	62%
Loddon	100%	-	0%
Bullarook Creek	100%	-	100%
MID	100%	-	0%
NSW – Murray Irrigation Ltd	Allocation		Change
Class C-General Security	110%	+55%	-

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

Temporary water trades	Jul-23	Jul-22	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	\$70	\$65	+8%
6 Hume to Barmah	\$75	\$50	+50%
7 Barmah to Nyah	\$95	\$80	+19%
Volume traded (ML)	305,082	690,069	-56%
Average price (\$/ML)	\$83	\$67	+24%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	53,008	27,610	+92%
Average price (\$/ML)	\$47	\$46	+3%

Feed, fertiliser and cull cow prices

Spot prices	Jul-23	Change (from Jun-23)	Change (from Jul-22)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$371	-\$4	-\$33
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$328	-\$13	+\$133

Source: AFIA, Profarmer

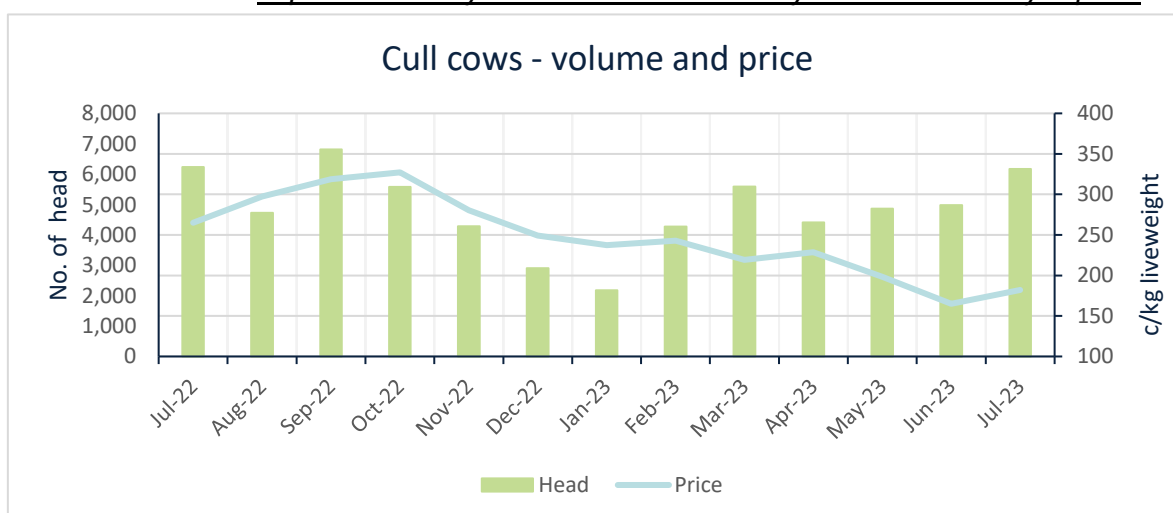
Prices of most fodder types have been following a downward trend over recent weeks, with increased demand out of the northern states being balanced by the volume of lower quality hay being sold at lower price points. Such demand continues to be driven by rising livestock numbers kept on-farm and in feedlots; for those in the northern regions, a need to source product further afield is inflating transport costs; pushing prices up for product at the higher end of the market. In the southern states however, green feed availability continues to mitigate local demand, especially in parts of Victoria and South Australia.

Australian grain production estimates for this season remain relatively unchanged from last month, with a mixed seasonal status across the country offsetting cuts and increases within particular regions. Yield cuts have been most prominent across northern NSW, due to low rainfall totals so far this growing season. While the risk of a dry end to the year is at the forefront of minds, especially around new crop sales, local market activity has picked up recently, with many looking to finalise old crop sales as prices climb again. This recent rise in global prices has been driven by renewed uncertainty of supply out of the Black Sea region and downgraded winter crop yield estimates out of Canada and parts of Europe, due to dry conditions.

Difficulties sourcing urea are becoming more widespread across the country, and there are reports that prices are rising in response to both the perceived shortages and the wait for new imports. Globally, supply remains relatively steady, however demand is increasing and placing some upward pressure on international values. There are reports of United States' urea inventories being significantly tighter than last financial year, which will likely increase their buying presence in the global market. As such, indicative prices of all three key fertiliser products showed marginal increases this month.

Cull cow prices increased 11% from June, and with this, the number of cows passing through the saleyards also rose 24%. Additionally, despite prices currently sitting 31% below last year, year-to-date sales figures are tracking steadily alongside July last year and only 3% 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

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	Jul-23	Monthly % change
Cereal hay		
Northern Australia (\$/tonne)	357	-13%
Southern Australia (\$/tonne)	328	-4%
Western Australia (\$/tonne)	300	-6%
Wheat		
Northern Australia (\$/tonne)	379	-2%
Southern Australia (\$/tonne)	371	-1%
Western Australia (\$/tonne)	361	0%
Futures prices (ASX)		
Wheat (av. \$/t Jan-24 east coast)	404	+1%
Barley (av. \$/t Jan-24 east coast)	322	0%
Fertiliser		
DAP (A\$/tonne)	682	+1%
Urea (A\$/tonne)	497	+16%
MOP (A\$/tonne)	507	+4%
Irrigation		
Northern Victoria		
Volume traded (ML)	305,082	-54%
Average price (\$/ML)	83	+735%
Murray Irrigation system*		
Volume traded (ML)	53,008	+175%
Average price (\$/ML)	47	+6561%
Relative soil moisture (percentile rank averaged between reference river regions listed).		
Northern Australia (Clarence River, Logan Albert Rivers)	8	-47%
Southern Australia (Goulburn River, Murray Riverina)	72	0%
Western Australia (Busselton Coast, Albany Coast)	34	-24%
Cull Cows		
Sales volume (head)	6,169	+24%
Average price (c/kg lwt)	182	+11%
	YTD 2023/24	% change
Sales volume (head)	6,169	-1%
Average price (c/kg lwt)	182	-31%

	Jun-23	May-23	Apr-23
Source: AFIA			
410	420	420	
340	343	344	
319	314	308	
Source: Profarmer			
385	385	387	
375	373	379	
361	350	350	
Source: ASX			
400	381	382	
322	326	318	
Source: World Bank (global indicative prices converted from US\$/tonne to A\$/tonne)			
677	767	953	
428	495	469	
489	560	609	
Source: Victorian Water Register, *Murray Irrigation Ltd			
656,252	223,356	69,196	
10	10	14	
19,281	19,163	10,016	
0.70	2	4	
Source: The Bureau of Meteorology (BOM)			
15	N/A	N/A	
72	42	75	
45	20	71	
Source: NLRS (saleyards within Vic, NSW, QLD, SA, WA)			
4,982	4,865	4,413	
165	198	229	
YTD 2022/23	YTD 2021/22	YTD 2020/21	
6,234	8,152	7,031	
265	262	239	

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

Hay report ▶

Grain report ▶

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