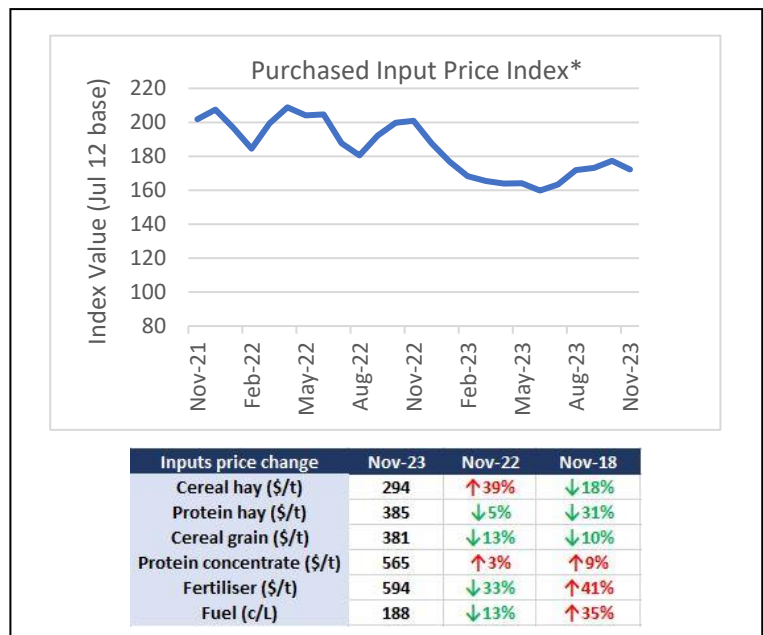


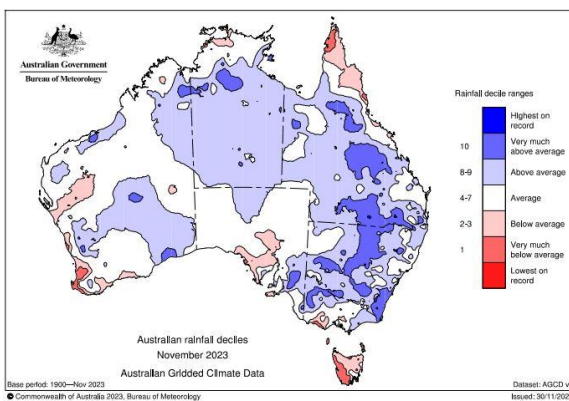
PRODUCTION INPUTS MONITOR

Issue 213 – November 2023

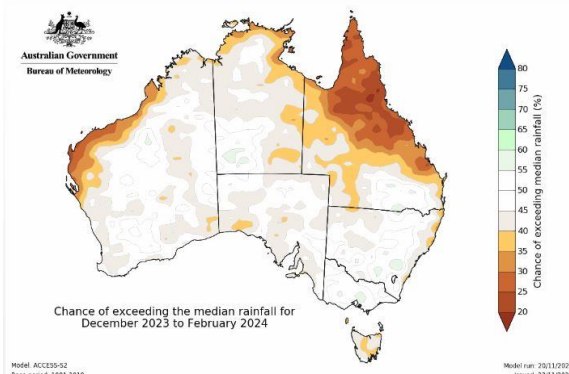
Despite rainfall across many regions in November, most states experienced a dry spring. The current El Niño is expected to persist through to autumn, while the positive IOD is likely to weaken over early summer. Seasonal determinations for low reliability water shares (LRWS) increased in all Northern Victorian systems. Temporary water prices softened. Hay prices are reflecting new season hay and harvest supply is pressuring grain prices down. Low demand saw fertiliser prices also fall, while cull cow values lifted 6% from October.



Climate and seasonal outlook



Spring came to a close in a different way to how it started, with storms in November lifting rainfall totals across northern and eastern Australia.. Despite this, national rainfall was around 23% below average between September to November. This coincided with above average temperatures for most regions in November, contributing to most states being on track for a dry spring within the top ten of records, with some areas already being impacted by bushfires. Soil moisture increased in some parts in line with rainfall, however soils remain drier than average across southeastern Australia especially.



The current El Niño event is expected to linger through to the autumn, while the influence of the positive Indian Ocean Dipole (IOD) is expected to weaken from early summer. This has contributed to the dry outlook lessening somewhat, with the tropical north and most of Western Australia (WA) maintaining a high chance of reduced summer rainfall. Nevertheless, low streamflows are expected for most forecast locations over the same period.

* 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 rainfall across many parts of Victoria in November, above average spring temperatures contributed to water levels in all monitored storages decreasing slightly from last month. While all are still above 90% capacity, levels in all storages, apart from Lake Glenmaggie and Waranga Basin, have now fallen below last year.

Seasonal determinations increased in the Murray, Goulburn, Loddon, and Campaspe systems this month. As such, there is now access to low reliability water shares (LRWS) in all Victorian systems (except the Macalister Irrigation District). Recent rainfall helped to secure the Murray system reserves for 2024/25, therefore filling the shortfall that was preventing determinations for LRWS. This was in addition to higher-than-expected flows into both Murray and Goulburn storages.

This additional resource filtered through to temporary water prices during November, with prices falling 31% and 37% from October across Northern Victoria and the Murray Irrigation system respectively. Over the same period, the volume of water traded increased across both systems, jumping 54% across Northern Victoria and 2% in the Murray Irrigation system. Despite this, prices remain 549% and 442% above last year, again reflecting the vastly different market and environmental conditions this season.

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 November)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	-	16%
Broken	100%	-	100%
Goulburn	100%	-	40%
Campaspe	100%	-	83%
Loddon	100%	-	40%
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	Nov-23	Nov-22	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	\$140	\$20	+600%
6 Hume to Barmah	\$110	\$16	+588%
7 Barmah to Nyah	\$151	\$25	+502%
Volume traded (ML)	273,414	76,113	+259%
Average price (\$/ML)	\$146	\$23	+549%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	17,282	3,647	+374%
Average price (\$/ML)	\$56	\$10	+442%

Feed, fertiliser and cull cow prices

Spot prices	Nov-23	Change (from Oct-23)	Change (from Nov-22)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$381	-\$4	-\$58
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$294	-\$3	+\$84

Source: AFIA, Profarmer

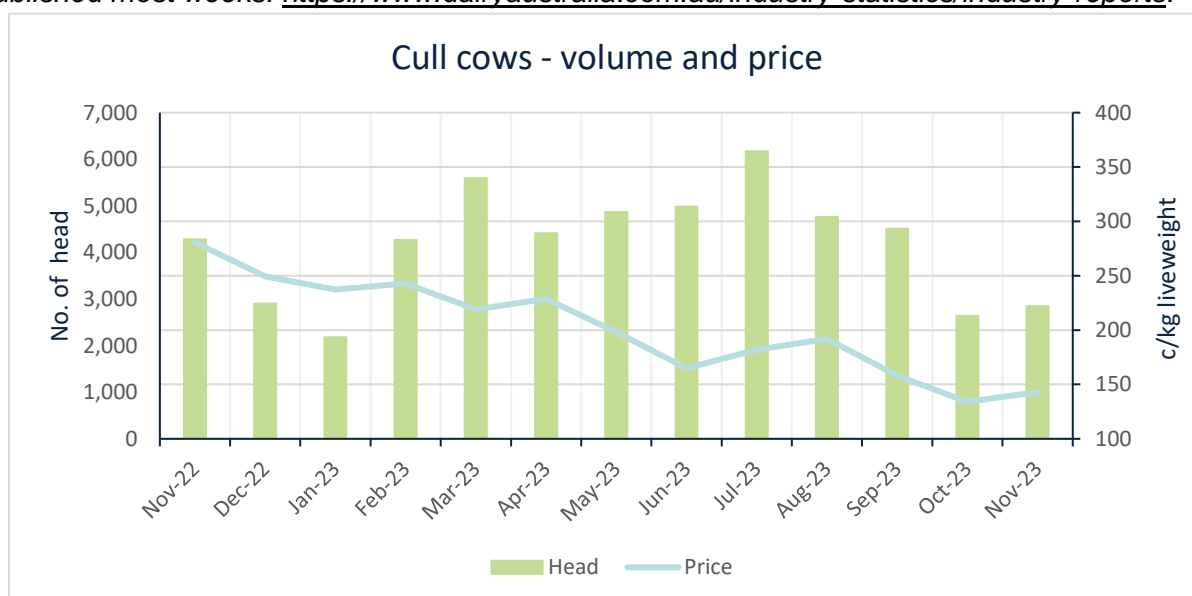
Demand for hay remains strong out of northern Australia, despite recent rainfall. With a pasture response tipped to take some time, growers will continue to meet demand in the meantime. This demand is keeping prices steady at higher price points, especially for cereal hay, with relatively strong export demand providing additional price pressure. With most older hay supplies having been sold, pricing is now primarily driven by new season hay. Additionally, with transport costs still high, there are reports of buyers sourcing product as close to home as possible, amidst other 'over the fence' selling as silage and hay production continues.

Local feed grain prices have fallen over the harvest period, especially in the northern regions where harvest is further advanced. Greater volumes of low protein wheat have also led to lower values. Across the southern states, grain values are currently a little more stable, as some growers opt to store grain on farm until the quality profile of the crop becomes more apparent. Additionally, significant competitive pressure on exportable grain, and the strengthening Australian dollar, have also helped lower grain values.

There are renewed reports of intervention from the central Chinese government to continue restricting exportable supply of both urea and phosphate-based fertilisers. In addition to geopolitical tensions, and the risk of the Israel/Hamas war spreading into the Middle east/North Africa region, this 'new normal' of tight global supply is likely to remain in place. Nevertheless, while coupled with quiet global demand, global indicative prices of diammonium phosphate (DAP), urea and muriate of potash (MOP) dropped in November, after consecutive increases in the months prior.

The number of cull cows sold in November was 49% below last year. Year to date (YTD) figures reflect the significant downturn in prices compared to the previous season, with average price down 44%, and sales figures tracking 24% behind the 2022/23 season.

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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	Nov-23	Monthly % change
Cereal hay		
Northern Australia (\$/tonne)	313	-2%
Southern Australia (\$/tonne)	294	-1%
Western Australia (\$/tonne)	306	+6%
Wheat		
Northern Australia (\$/tonne)	411	-1%
Southern Australia (\$/tonne)	381	-1%
Western Australia (\$/tonne)	389	+1%
Futures prices (ASX)		
Wheat (av. \$/t Jan-24 east coast)	396	+2%
Barley (av. \$/t Jan-24 east coast)	330	+2%
Fertiliser		
DAP (A\$/tonne)	825	-2%
Urea (A\$/tonne)	594	-8%
MOP (A\$/tonne)	511	-5%
Irrigation		
Northern Victoria		
Volume traded (ML)	273,414	+54%
Average price (\$/ML)	146	-16%
Murray Irrigation system*		
Volume traded (ML)	17,282	+2%
Average price (\$/ML)	56	-37%
Relative soil moisture (percentile rank averaged between reference river regions listed).		
Northern Australia (Clarence River, Logan Albert Rivers)	34	+3344%
Southern Australia (Goulburn River, Murray Riverina)	29	-45%
Western Australia (Busselton Coast, Albany Coast)	0.5	-94%
Cull Cows		
Sales volume (head)	2,847	+8%
Average price (c/kg lwt)	143	+7%
	YTD 2023/24	% change
Sales volume (head)	20,928	-24%
Average price (c/kg lwt)	168	-44%

Oct-23	Sep-23	Aug-23
Source: AFIA		
319	329	330
298	313	314
290	292	288
Source: Profarmer		
418	399	384
385	388	378
386	390	368
Source: ASX		
389	405	410
323	347	347
Source: World Bank (global indicative prices converted from US\$/tonne to A\$/tonne)		
842	822	815
648	591	595
538	548	544
Source: Victorian Water Register, *Murray Irrigation Ltd		
178,046	271,144	384,887
174	149	106
16,874	39,422	21,124
89	107	58
Source: The Bureau of Meteorology (BOM)		
0	1	9
53	20	71
9	36	34
Source: NLRS (saleyards within Vic, NSW, QLD, SA, WA)		
2,640	4,510	4,762
134	158	192
YTD 2022/23	YTD 2021/22	YTD 2020/21
27,638	34,205	26,043
299	301	243

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

Hay report ▶

Grain report ▶

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