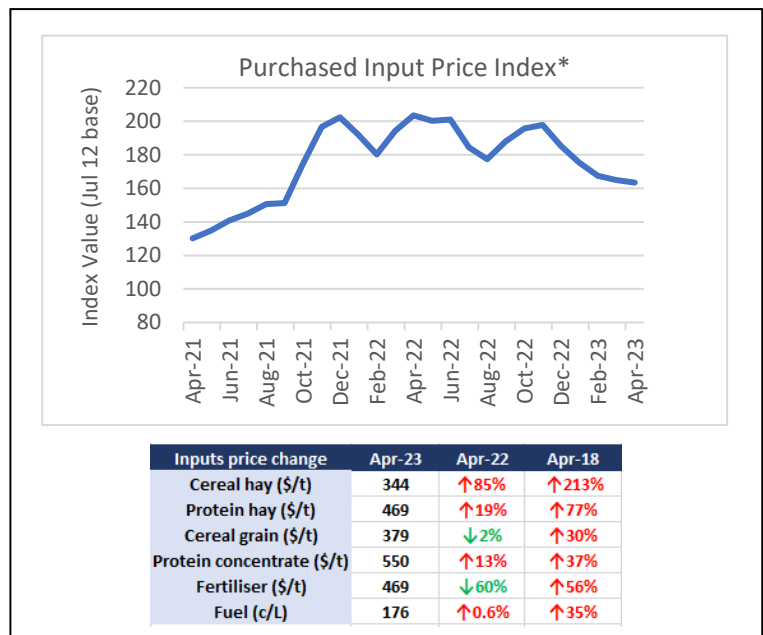


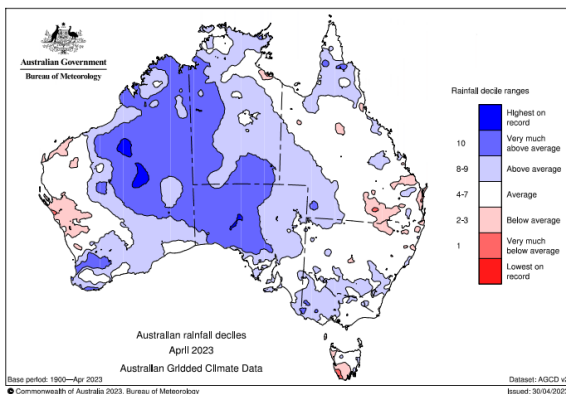
PRODUCTION INPUTS MONITOR

Issue 206 – April 2023

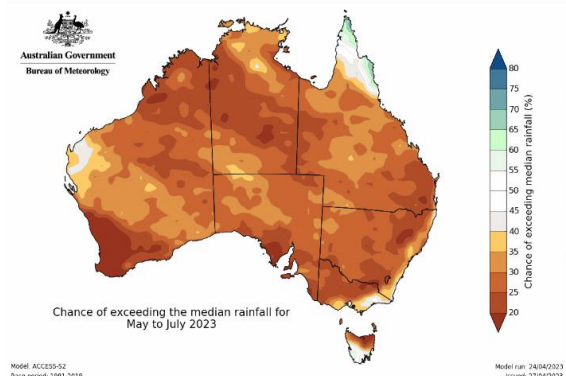
April provided an optimal autumn break. Most monitored storages in Victoria held steady over the last month. Temporary water prices have stabilised at current levels and high opening seasonal determinations are expected coming into the 2023/24 water year. Pasture growth and opportunistic hay production have supported many through autumn, and grain prices are under pressure from softening demand. Falling fertiliser prices have slowed; and cull cow values jumped slightly on lower sales.



Climate and seasonal outlook



While there was some worry about drier conditions preventing a good autumn break for many cropping regions, rainfall throughout autumn put many minds at ease. Widespread falls across South Australia (SA), Victoria and parts of New South Wales (NSW) were a result of Tropical cyclone Ilsa moving southeast. At the same time, other parts of eastern Australia continued to endure below average rainfall. In those areas that received rainfall, soil moisture is again well above average, however across northern inland NSW, soils continue to dry considerably.



For almost all of the country, the Bureau of Meteorology (BOM) have forecast a continuation of below average rainfall through May to July. This being largely driven by a gradual shift toward an El Niño event later this year. While suppression of winter and spring rainfall is expected for eastern Australia, the likely formation of a positive Indian Ocean Dipole (IOD), may extend the drying effect further across the country. Additionally, warmer than average days are likely over the winter, and higher than average streamflows are forecast to continue across most of eastern Australia.

* 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

After a drier few months, above average rainfall across parts of Victoria contributed to most monitored storages holding relatively steady in April, with only slight decreases and increases recorded. Waranga Basin was the exception however, with water levels jumping 15% from last month. Water levels in Hume Dam and Lake Glenmaggie remain below last year, while all other storages continue to hold above; especially Lake Eppalock, rising 90%.

In the approach to the 2023/24 water season, very wet conditions throughout 2022/23 have underpinned expectations of high opening seasonal determinations. When the new season opens in July, between 75-100% allocation to high reliability water shares (HRWS) is anticipated for all systems across Victoria. Any further improvements very much hinge on inflow conditions through winter and spring. This includes increasing allocation to HRWS as well as any access to low reliability water shares (LRWS).

With temporary water prices holding at historically low levels, they continue to soften. This was more evident within the Murray Irrigation system, falling 16% this month compared to a more modest 2% across northern Victoria. This was coupled with a significant drop in the volume traded, falling 59% across northern Victoria and 75% in the Murray Irrigation system. Minimal demand from water users remains a key driver, especially with recent rainfall over the autumn break, and many placing their trades earlier in the year.

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/0016/524320/WAS-Murray-20220815.pdf

Irrigation allocations (2022/23 at 15th December)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	-	100%
Broken	100%	-	100%
Goulburn	100%	-	100%
Campaspe	100%	-	100%
Loddon	100%	-	100%
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	Apr-23	Apr-22	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	\$15	\$42	-64%
6 Hume to Barmah	\$11	\$20	-45%
7 Barmah to Nyah	\$15	\$65	-77%
Volume traded (ML)	69,196	91,618	-25%
Average price (\$/ML)	\$14	\$51	-72%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	10,016	16,423	-39%
Average price (\$/ML)	\$4	\$7	-46%

Feed, fertiliser and cull cow prices

Spot prices	Apr-23	Change (from Mar-23)	Change (from April-22)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$379	-\$7	-\$10
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$344	+\$3	+\$158

Source: AFIA, Profarmer

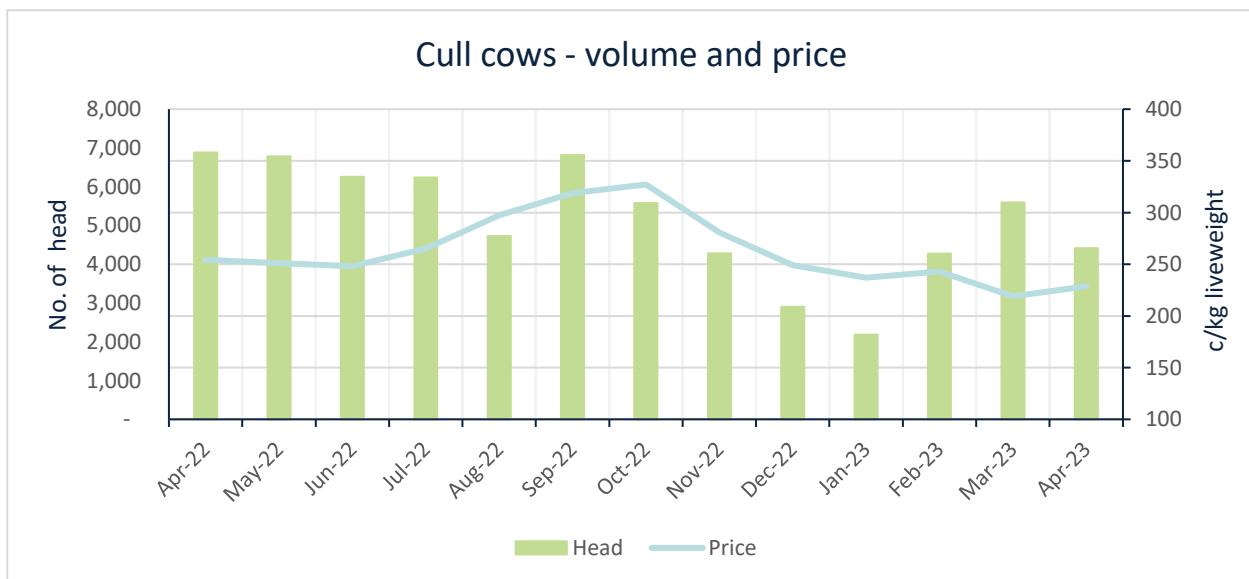
There are very much mixed signals within fodder markets at the moment, with demand falling in some regions while increasing in others. However, prices remain pressured by supply shortages stemming from last season. Demand is increasing from those seeking winter feed options, as well as some livestock producers holding onto stock longer than anticipated, due to falling beef and lamb prices. However, optimal pasture growth conditions through autumn, and opportunistic hay produced at the beginning of this year continues to carry some through the short to medium term. This is keeping fodder trade steady in most regions.

Winter crop sowing is in full swing along the east coast and across southern Australia, after favourable autumn rainfall in many cropping regions. This rainfall has therefore boosted the sentiment of many growers, after some initial worry around how the long-range rainfall forecast may eventuate throughout the year. This is expected to translate to an increase in planted areas. Internationally, there has been a slight drop in demand for Australian grain, due to increased export competition out of the Black Sea region. Coupled with quietening demand domestically, this has contributed to easing prices in recent weeks.

While global indicative prices remain above average, they have significantly eased from the highs of 2022, with urea, DAP and MOP now 29%, 50% and 11% below last year, respectively. In April, global indicative fertiliser prices stayed steady for urea, while diammonium phosphate (DAP) values increased 5% and muriate of potash (MOP) fell a further 10%. This was primarily driven by returning demand around the world, while rumours circulate of loosening export restrictions out of China.

The number of cull cows passing through the saleyards decreased from last month, with prices picking up slightly as a result. While this decrease mostly eventuated from having fewer working days in April (due to the public holidays), this still represents a 36% decline in the number of head sold and a 10% fall in price compared to April last year.

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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	Apr-23	Monthly % change
Cereal hay		
Northern Australia (\$/tonne)	420	+1%
Southern Australia (\$/tonne)	344	+1%
Western Australia (\$/tonne)	308	+1%
Wheat		
Northern Australia (\$/tonne)	387	-1%
Southern Australia (\$/tonne)	379	-2%
Western Australia (\$/tonne)	350	-1%
Futures prices (ASX)		
Wheat (av. \$/t Jan-24 east coast)	382	-5%
Barley (av. \$/t Jan-24 east coast)	318	-4%
Fertiliser		
DAP (A\$/tonne)	953	+5%
Urea (A\$/tonne)	469	0%
MOP (A\$/tonne)	609	-10%
Irrigation		
Northern Victoria		
Volume traded (ML)	69,196	-59%
Average price (\$/ML)	14	-2%
Murray Irrigation system*		
Volume traded (ML)	10,016	-75%
Average price (\$/ML)	4	-16%
Cull Cows		
Sales volume (head)	4,413	-21%
Average price (c/kg lwt)	229	+5%
	YTD 2022/23	% change
Sales volume (head)	46,999	-17%
Average price (c/kg lwt)	272	-5%

Mar-23	Feb-23	Jan-23
Source: AFIA		
418	415	388
342	332	305
305	296	286
Source: Profarmer		
390	404	401
387	385	391
354	353	346
Source: ASX		
400	405	405
332	328	347
Source: World Bank (global indicative prices converted from US\$/tonne to A\$/tonne)		
907	888	907
469	518	638
678	816	809
Source: Victorian Water Register, *Murray Irrigation Ltd		
167,318	211,629	113,409
15	18	34
40,073	13,288	17,363
5	7	12
Source: NLRs (saleyards within Vic, NSW, QLD, SA, WA)		
5,594	4,269	2,181
219	243	237
YTD 2021/22	YTD 2020/21	YTD 2019/20
56,799	49,136	57,710
287	241	206

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

Grain report 

Hay report 

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