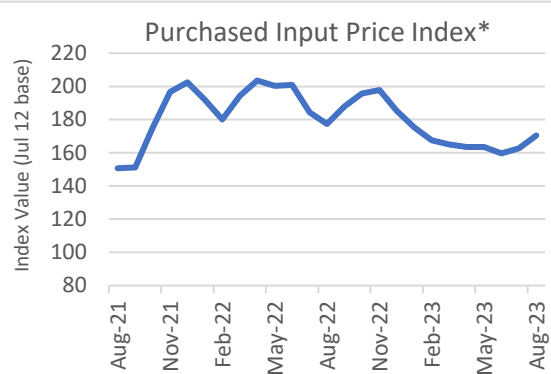


PRODUCTION INPUTS MONITOR

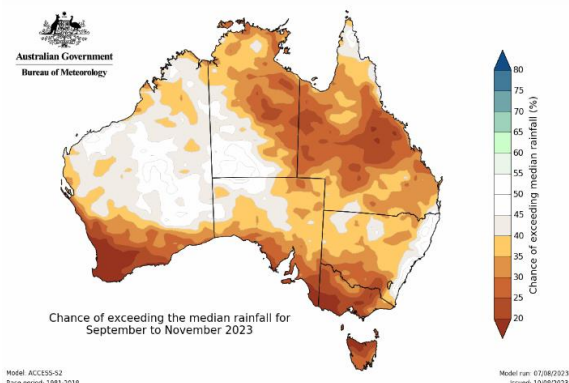
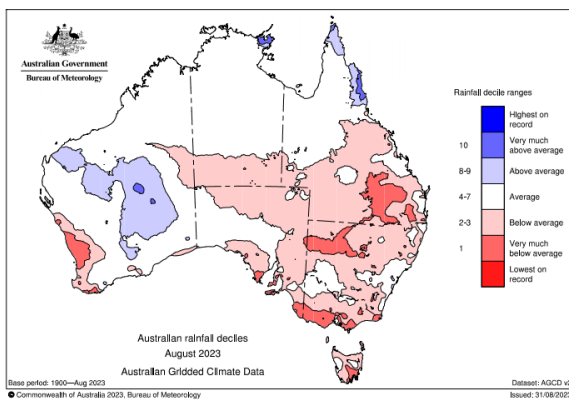
Issue 210 – August 2023

This winter was one of the warmest and driest on record. Due to dry conditions, streamflows are expected to move back to median. Nevertheless, there has been little change to irrigation water availability; temporary water prices continued to increase from July. Fodder prices remain relatively steady across most types and grain prices are rising in response to the dry outlook. Global indicative fertiliser prices also increased, and cull cow prices rose slightly, up 5%.



Inputs price change	Aug-23	Aug-22	Aug-18
Cereal hay (\$/t)	314	↑59%	↓16%
Protein hay (\$/t)	421	↑4%	↓10%
Cereal grain (\$/t)	378	↓1%	↓17%
Protein concentrate (\$/t)	550	↑13%	↑24%
Fertiliser (\$/t)	595	↓30%	↑68%
Fuel (c/L)	197	↑7%	↑42%

Climate and seasonal outlook



This winter was one of the warmest and driest on record. During August, below average rainfall was a common feature across much of the mainland, especially in the southwest corner of Western Australia (WA) and eastern half of the country. Coupled with above average temperatures, soils continue to dry out in these areas. As a result, water levels in some storages across New South Wales (NSW) and Queensland are beginning to drop below 50%, while many others, especially in Victoria, are still at around 90% capacity.

An El Niño event remains very likely over the coming months, with sea surface temperatures in the tropical Pacific forecast to keep warming above El Niño thresholds. Combined with the Indian Ocean Dipole (IOD) index within positive thresholds, this likely interaction continues to drive the longer-term forecast of unusually dry conditions for much of the country through to November. Due to this long-term rainfall outlook and soils already drying considerably in many areas, a return to median streamflows are forecast for most sites.

* 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

With minimal rainfall throughout August, flows into storages have remained steady, and therefore water levels in all monitored Victorian storages either held steady or increased marginally this month. Lake Glenmaggie recorded the largest increase of 9%. Despite the drier winter conditions compared to last year, levels in all storages are at similar capacities, except for Lake Eppalock, which is 52% higher than last year.

There was little change to water availability this month, as weather conditions remained on par with July. With steady flows into major storages, only the Broken system had an increase to seasonal determinations, rising from 72% to 92% access of high reliability water shares (HRWS). With all other systems at 100% HRWS, any announcement around access to low reliability water shares (LRWS) in the Goulburn, Loddon and Murray systems remains barred by water shortfalls.

Temporary water prices across northern Victoria and the Murray Irrigation system continued their climb in August, jumping a further 27% and 24% respectively. In northern Victoria, this coincided with a 26% increase in the volume of water traded in July, with both likely a reflection of increased demand from the drier than average winter in many regions. Comparatively, in the Murray Irrigation system, the volume of water traded declined 60% from last month. However, the volume traded was steady against last year, despite prices now being 113% higher – a likely result of the dry outlook beginning to filter through the market.

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 September)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	+10%	0%
Broken	92%	+39%	0%
Goulburn	100%	-	0%
Campaspe	100%	-	64%
Loddon	100%	-	0%
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	Aug-23	Aug-22	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	\$95	\$60	+58%
6 Hume to Barmah	\$85	\$50	+70%
7 Barmah to Nyah	\$145	\$75	+93%
Volume traded (ML)	384,887	242,254	+59%
Average price (\$/ML)	\$106	\$69	+53%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	21,124	21,417	-1%
Average price (\$/ML)	\$58	\$27	+113%

Feed, fertiliser and cull cow prices

Spot prices	Aug-23	Change (from Jul-23)	Change (from Aug-22)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$378	+\$7	\$0
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$314	-\$17	+\$117

Source: AFIA, Profarmer

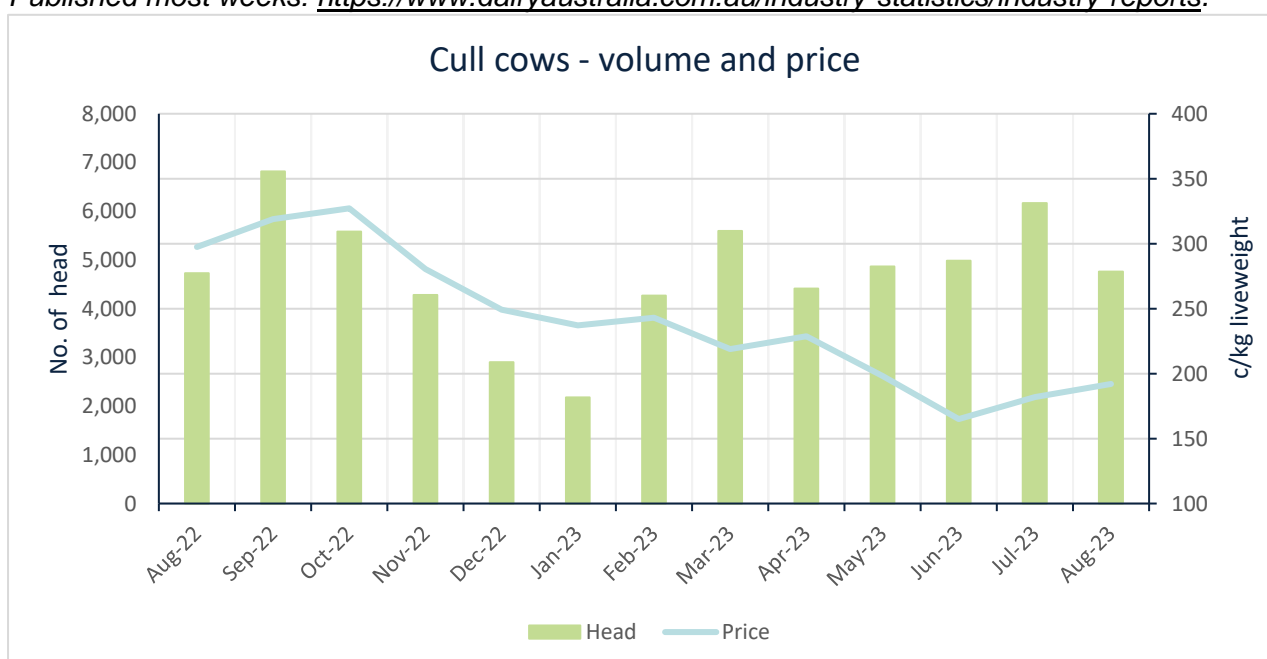
In a similar story to last month, dry conditions in parts of Queensland and throughout most of NSW continue to drive increased demand for fodder and therefore the transport of hay north out of the southern states. While this is meaning additional transport costs are being incorporated into fodder quotes, this dynamic is being supported by green feed availability tempering local demand in Victoria and parts of South Australia. Prices are being kept steady in many areas by the amount of lower-quality older hay being released into the market as growers prepare for harvest.

Local grain markets are becoming increasingly focused on domestic weather, with prices starting to push upward in line with the potential of dry conditions to negatively impact yields. While a lack of rainfall in some regions is driving these concerns, much of southern Australia remains on track for an average grain production season. Around the world, production estimates across the United States (US) and parts of Europe also remain heavily weather dependant, and tensions in the Black Sea region continue to drive up price volatility. Additionally, northern hemisphere harvest supply has begun to undermine the price competitiveness of our exported product.

Global indicative fertiliser prices all continued their climb from July, with the price of diammonium phosphate (DA), urea and muriate of potash (MOP) rising another 20% and 7% respectively. Despite this trend back up, China's continued exporting, and a general lack of demand for fertiliser globally is likely to limit this ascent, especially over the short to medium term. Back home, there are mixed reports of urea shortages, with some farmers now able to get their hands on the product, albeit at elevated prices. Despite this, rationing of product by local suppliers continues to be reported.

Cull cow values rose 5% from last month, with a 23% decline in the number of cows passing through the saleyards. Additionally, year-to-date sales numbers are tracking steadily alongside last year, while prices are down 33% and closer to 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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	Aug-23	Monthly % change
Cereal hay		
Northern Australia (\$/tonne)	330	-8%
Southern Australia (\$/tonne)	314	-4%
Western Australia (\$/tonne)	288	-4%
Wheat		
Northern Australia (\$/tonne)	384	+1%
Southern Australia (\$/tonne)	378	+2%
Western Australia (\$/tonne)	368	+2%
Futures prices (ASX)		
Wheat (av. \$/t Jan-24 east coast)	410	+2%
Barley (av. \$/t Jan-24 east coast)	347	+8%
Fertiliser		
DAP (A\$/tonne)	815	+20%
Urea (A\$/tonne)	595	+20%
MOP (A\$/tonne)	544	+7%
Irrigation		
Northern Victoria		
Volume traded (ML)	384,887	+26%
Average price (\$/ML)	106	+27%
Murray Irrigation system*		
Volume traded (ML)	21,124	-60%
Average price (\$/ML)	58	+24%
Relative soil moisture (percentile rank averaged between reference river regions listed).		
Northern Australia (Clarence River, Logan Albert Rivers)	9	+13%
Southern Australia (Goulburn River, Murray Riverina)	71	-1%
Western Australia (Busselton Coast, Albany Coast)	34	0%
Cull Cows		
Sales volume (head)	4,762	-23%
Average price (c/kg lwt)	192	+5%
	YTD 2023/24	% change
Sales volume (head)	10,931	0%
Average price (c/kg lwt)	186	-33%

Jul-23	Jun-23	May-23
Source: AFIA		
357	410	420
328	340	343
300	319	314
Source: Profarmer		
379	385	385
371	375	373
361	361	350
Source: ASX		
404	400	381
322	322	326
Source: World Bank (global indicative prices converted from US\$/tonne to A\$/tonne)		
682	677	767
497	428	495
507	489	560
Source: Victorian Water Register, *Murray Irrigation Ltd		
305,082	656,252	223,356
83	10	10
53,008	19,281	19,163
47	0.70	2
Source: The Bureau of Meteorology (BOM)		
8	15	N/A
72	72	42
34	45	20
Source: NLRS (saleyards within Vic, NSW, QLD, SA, WA)		
6,169	4,982	4,865
182	165	198
YTD 2022/23	YTD 2021/22	YTD 2020/21
10,959	15,042	10,960
279	277	240

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

Hay report ▶

Grain report ▶

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