Dairy Australia

DAIRY SITUATION AND OUTLOOK

SEPTEMBER 2021

SEVEN KEY DRIVERS

OF THE AUSTRALIAN DAIRY INDUSTRY

Global supply

Situation Outlook

The global milk pool continues to expand, albeit at a steady pace. The US and NZ remain the key contributors, with further increases expected this year. Meanwhile tighter milk flows in Europe are keeping global supply in check, with growth rates tracking close to previous projections.

Australian market

Situation Outlook

With more people back in lockdown, demand for dairy through foodservice outlets has slowed. Whilst consumers spend more time at home, the panic-buying of dairy products associated with last year's restrictions has not come to fruition. Instead, sales of both fresh and long-life milks stabilised, as shoppers reverted to long-term purchasing trends.

Global demand

Situation Outlook

The spread of the COVID-19 'Delta' strain slowed dairy demand this winter in several countries. New lockdowns have seen some buyers temporarily exit the market with dairy commodity values easing as a result. This price slide seems to be stabilising as underlying demand remains intact.

Inputs

Situation Outlook

Demand for supplementary feed remains relatively subdued and fodder prices steady, however grain and fertiliser costs have increased. Forecasts suggest more rain ahead which is expected to support water availability and pasture growth this spring. While mice, disease and labour shortages may impact crops, yield estimates for the upcoming harvest are strong.

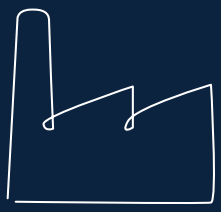
Global economy

Situation Outlook

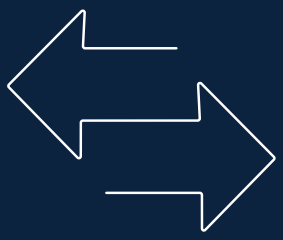
Recurring lockdowns and slower than anticipated vaccination rollouts across the world continue to weigh on global economic growth. While the International Monetary Fund (IMF) estimate of 6% growth this year remains unchanged, economic projections for developing countries have been revised lower as the pandemic takes its toll.

Australian production

Situation Outlook



A wet start to the season slowed milk flows in July, however, drier weather has since helped to improve production conditions heading into spring. Dairy Australia's initial forecasts suggest a 0% to 2% increase this year, which would equate to a national milk pool of 8.8 to 9 billion litres.



Exchange rates

Situation Outlook

As the US begins to recover from the COVID-19 pandemic, rising inflation and the anticipation of a change to monetary policies have strengthened the $US. In response, most major exporter currencies have depreciated against the $US. A weaker $AU improves the cost-competitiveness of Australian dairy exports.

Positive Neutral Negative

EXECUTIVE SUMMARY

Australia's dairy industry has been able to dodge most curveballs thrown by the COVID-19 pandemic and conditions on farm remain relatively favourable. Comparatively strong farmgate milk prices and subdued input costs have allowed farmers to focus their attention on calving and the spring flush. In contrast to the 'business as usual' situation on most farms, a surge in infection rates has resulted in new lockdowns both in Australia and overseas, creating disruptions in the broader dairy market.

In light of COVID-19 volatility, input markets have continued to offer stability for the industry this winter. Temporary irrigation water prices remain subdued in northern Victoria and southern New South Wales (NSW), and with current forecasts predicting above average rain this spring, water costs are expected to remain under pressure. Fodder prices are also lower than this time last year across the country, given the substantial amount of last season's hay still available. Finding good quality cereal hay, however, is more challenging, with a lot of weather damaged product around. Tighter global supply has seen fertiliser costs increase, while droughts in the northern hemisphere have caused grain prices to rally. This has enticed more farmers to capitalise on higher global values and as a result, Australia's grain harvest is predicted to be reasonably large this season.

Many regions are on track to produce a significant amount of feed this season, however, above average rain during winter did create some challenges. Waterlogged paddocks reduced windows for spraying and fertilising which has caused concern for the quality of grain and fodder crops, especially in Tasmania, Gippsland and Western Australia (WA). Excess water is also causing a concern in parts of NSW, however, given the large amount of feed produced last year, many farmers still have ample supply remaining. In comparison, some farmers in western Victoria are hoping for additional moisture to further improve crops, but all in all, conditions remain favourable for the production season ahead. Whilst rain did delay planting, crops are also in comparatively good condition in South Australia (SA) and northern Victoria. Warmer temperatures this spring are expected to boost pasture growth in these regions. Meanwhile in Queensland, wet weather has helped to improve soil moisture levels which is expected to support feed availability this year.

This wet start to the season slowed milk flows and production fell 3.5% in July, although milk output at this point of the year only represents about 7% of overall production. Drier weather since has helped to improve production conditions. As such, milk flows are expected to pick up heading into the spring flush. Dairy Australia's current production forecast suggests a 0% to 2% increase this year, which would equate to a national milk pool of 8.8 to 9 billion litres.

The Australian dairy industry has again proved adaptable to changing conditions, as supply chains flex from foodservice towards retail in the face of new lockdowns. While consumers are spending more time at home, the panic-buying of dairy products associated with last year's restrictions has so far not come to fruition. Instead, sales of both fresh and long-life milks decreased on last year's inflated levels, down 1.4% and 7% respectively, as shoppers reverted to long-term purchasing trends. In comparison, sales of plant-based beverages (PBB) grew in the past year and it is becoming more common for consumers to try these products. This does not mean that Australians are shunning dairy; in fact, a vast majority of households (98%) continue to regularly purchase milk.[1]

Meanwhile, global dairy demand has been put to the test as the COVID-19 'Delta' variant spreads across the world. Whilst a mid-year market lull is common, this year's was exacerbated by new lockdowns implemented in key regions, for example in parts of southeast Asia and some provinces in China. This saw commodity values for most dairy products trend downwards; however, this price slide now seems to be stabilising. Overall, dairy demand has successfully managed to navigate this bumpy ride, seeing purchasing interest pick up again, especially in southeast Asia and the Middle East/North Africa (MENA) region. In

1 NielsenIQ Homescan based on a continuous panel of 10,000 households; excludes non-private dwellings and businesses, non-permanently occupied households and out-of-home/impulse purchasing. DAIRY AUSTRALIA calculation based in part on data reported by NielsenIQ through its Homescan Service for the dairy category for the 52-week period ending 08/08/2021, for the total Australian market, according to the NielsenIQ standard product hierarchy. Copyright (c) 2021, Nielsen Consumer LLC.

the last twelve months to July, Australian exports have grown 12% by tonnage. Despite new lockdowns, global demand looks fairly well supported going forward.

As dairy demand moves back into a growth phase, freight challenges are becoming increasingly prominent as shipping congestion worsens. Extended delays, bottlenecks, surging exporting costs and ships bypassing scheduled ports altogether are now a standard feature of international trade. With new lockdowns and temporary terminal closures, this is projected to remain a challenge for anyone exporting (or importing) products for the foreseeable future.

At the same time, milk supply from the major exporting regions continues to expand at a slow but steady pace. The United States (US) and New Zealand (NZ) remain the key contributors to this growth, despite mounting feed costs in the US. To combat these price hikes, the US government has launched a new subsidy scheme; with this backing, milk output in the US is set to increase 2.2% this calendar year. NZ produced another record amount of milk last season; improved soil moisture further sustained this momentum, with milk intakes lifting 6.6% this July (on a tonnage basis). Forecasts suggest additional growth ahead, as increases in per-cow yield are expected to boost volumes in NZ in spite of 'peak cow' being achieved. In contrast, hot weather in Europe has seen production falter during the summer months. This has helped keep global supply in check, with growth rates tracking close to previous projections.

With global supply expected to continue its current growth trajectory, solid ongoing demand will be of paramount importance. To date, underlying global demand has proved sufficiently strong and adaptable. Nevertheless, rising COVID-19 cases demonstrate that even agile supply chains and strong fundamentals cannot completely offset the impact from consumers facing a new period of prolonged restrictions. While Australia's dairy farmers look set to benefit from a wet spring and ongoing profitability this season, the industry more broadly will be keeping an eye out for further curveballs as the pandemic continues to unfold.

INPUTS

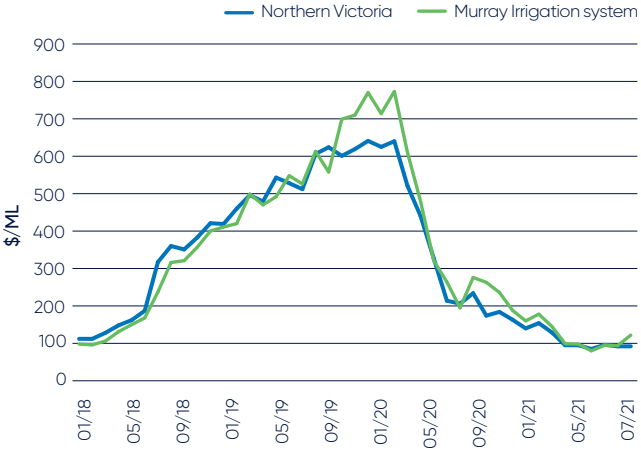
CLOUDY WITH A HIGH CHANCE OF PROFIT

Directly or indirectly, the value of each farm input is rain dependent. Last year was a textbook illustration of this; following good rainfall, demand for feed and water dropped at a time of ample supply. Right now, the Bureau of Meteorology (BOM) is forecasting above average rain over the September to November period for most of the country. So, while rainy days often feel gloomy, the outlook for dairy inputs appears to be anything but.

The main contributor to this forecast is the negative Indian Ocean Dipole (IOD). Expected to persist over spring, this event raises sea surface temperatures around northern Australia, increasing the chance of above average rain for southern and eastern parts of the country. Alongside this, BOM climate models suggest water temperatures in the tropical Pacific are likely to cool – a precursor for establishing a La Niña event. Currently the El Niño-Southern Oscillation is neutral, however some models predict temperatures may drop low enough to reach La Niña levels in spring or early summer. Regardless, cooler tropical Pacific temperatures support the above average rainfall outlook. While the duration of a potential La Niña event is yet to be determined, the negative IOD phase is estimated to subside in December.

Supported by a wet weather outlook, high water storage levels and carryover volumes from the previous season, seasonal determinations have rapidly increased these past two months. For example, the Bullarook system achieved both 100% high reliability and low reliability water shares only two weeks into the new season. The current outlook suggests seasonal determinations for high reliability water shares could reach 100% for all southern water systems as early as mid-December. There is also the likely price impact. Reduced demand for temporary water during favourable conditions saw prices remain around $100/ML for both northern Victorian and Murray irrigation systems between February and August. The current outlook for spring is likely to see a similar trend continue, even more so if wet conditions persist into summer.

Figure 1 Indicative temporary water prices

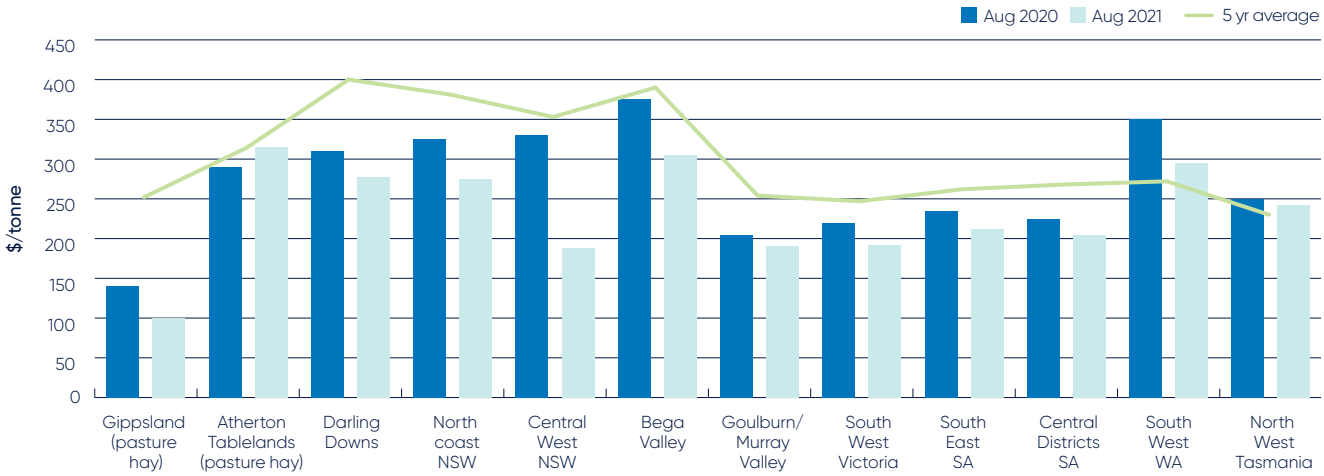


Source: Victorian Water Register, Murray Irrigation Ltd

With rain often comes good pasture availability and subsequently less demand for purchased feed. This was a common theme last year, with reports suggesting many farmers still have substantial amounts of fodder and silage stored on farm. As such, there appears to be a significant backlog of last season's product still available. Though the market is inundated with weather damaged fodder, good quality cereal hay is scarce in some regions.

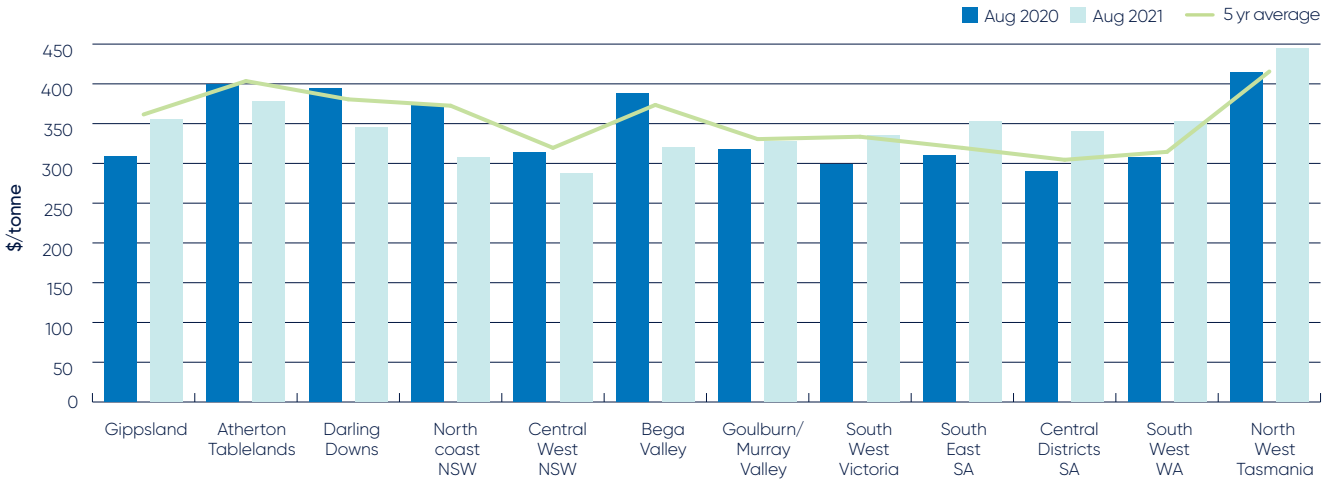
Concerns surrounding market access for fodder exports have seen growers plan to produce less hay this season (particularly in SA and WA), as global grain prices offer an attractive alternative. An extended period of subdued domestic demand has also acted as a deterrent for hay production, with many growers still struggling to sell last season's product. However, despite lower production expectations, overall availability is likely to remain strong.

Figure 2 Average cereal hay prices



Source: Australian Fodder Industry Association (AFIA)

Figure 3 Average wheat prices



Source: Profarmer

Above average rainfall over much of the past year has boosted soil moisture levels in key crop growing regions. Despite a relatively dry autumn in the Wimmera and Mallee regions, and waterlogging in southwest WA, the yield potential for this harvest remains strong. Droughts in the northern hemisphere, particularly in the US, Canada, and Russia, have caused global grain prices to rally, with inflated shipping costs adding to these values. This is especially the case for wheat and canola, and in many states of Australia the planted area of these crops has surged as growers look to capitalise on higher prices. With the country on track for another record season, Australia's surplus will become attractive to overseas buyers, helped along by a depreciating $AU. Nonetheless, plentiful homegrown feed will likely assist in tempering domestic demand, and consequently prices, across most states.

While the wet weather has provided favourable conditions for most, growers around the country have reportedly had difficulty applying fertiliser at the right time. In WA, waterlogged paddocks have limited ground access, and surging demand for crop dusters has caused delays and the risk that some growers may miss the window entirely. The cost of fertiliser has also become an issue, increasing in response to skyrocketing global prices. Lower fertiliser production and tighter supplies are one key factor. In particular, as the world's largest exporter of urea and diammonium phosphate (DAP), limited domestic production in China has seen the country hold onto a vast majority of stocks for domestic use. India, the biggest importer of urea, completed several tenders between March and August, pushing global urea prices 106% higher over the past year. Since then, overall demand has been relatively quiet; prices are likely to stay elevated unless the supply situation improves.

Aside from fertiliser challenges, warmer days leading into spring saw mice begin to resurface and crop disease warnings ramp up. Both can damage crops, stored and standing feed, carrying the potential to negatively impact yields and quality. There are also concerns among growers regarding the logistics of harvesting a large crop this year. As the COVID-19 pandemic continues, avenues to secure labour are limited by domestic and international restrictions, with some worried they may not have enough hands-on-deck to manage the task ahead. Additionally, the short supply of shipping containers and consequential export delays are also of concern, particularly as some ports may already have reached booking capacity before harvest has begun. On top of this, the timeliness of rain could be an added complication for harvest proceedings – equally as problematic for grain, hay and silage production.

In short, wetter than average conditions are likely to support a robust supply of purchased and homegrown feed over the coming months. Input costs are projected to remain steady or ease in response to subdued demand for feed and water, however, global influences are expected to maintain upward pressure on fertiliser prices. Difficulties surrounding fertiliser applications, the risk of damage to feed from disease and mice and the uncertainty surrounding logistics, could all weigh on this season's harvest. Whilst these factors cast clouds over the inputs outlook, the sun looks set to keep shining for dairy farmers a little while longer.

SO WHAT?

Signs are pointing towards most input costs remaining steady, at least in the short term as favourable conditions persist. An above average rainfall outlook for spring is likely to support homegrown and purchased feed availability, while favourable conditions decrease demand for feed and water. As these inputs typically represent the largest costs incurred in a dairy operation, the prospect for continued profitability remains strong.

DOMESTIC MARKETS

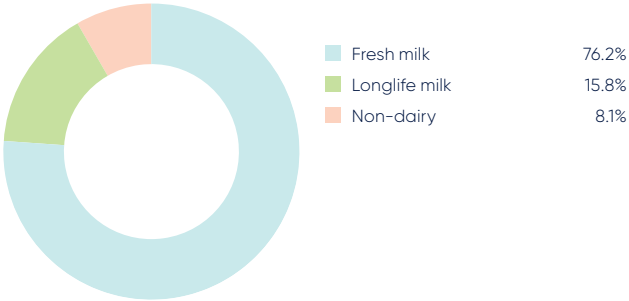
IMITATION, BEST FORM OF FLATTERY?

In the world of plant-based beverages (PBB), there appears to always be a new player trying to grab the attention of consumers.

Long gone are the days when soy was the key option and most people bought these products due to food intolerances. Drinking PBB seems to be the new vogue, with more consumers opting to try the ever-expanding list of dairy alternatives available. With potato, pea, oat, almond and even algae drinks making an appearance in an already cramped supermarket chiller, one must wonder what this could mean for dairy demand.

Roughly 1.5 billion litres of milk beverages were sold in Australian retail stores in the 12 months to the 8th of August. Fresh milk is by far the most popular, making up 76% of total volume sales while long-life variants hold a 16% market share. Sales of both fresh and long-life milks decreased in the past year, down 1.4% and 7% respectively, as the panic-buying of 2020 subsided, and shoppers reverted to long term purchasing trends. At the same time, consumers bought 8.1% more PBB than the year before, with oat products especially gaining traction, up 105%, albeit off a very low base. In contrast, coconut and rice products dropped in popularity, highlighting how new PBB entrants tend to primarily increase competition within the alternative space.[2]

Figure 4 Volume share of retail milk market



Source: NielsenIQ[2]

When looking at the percentage growth of various beverages it is easy to assume plant-based alternatives are overtaking milk as consumers' drink of choice. It has become more common for shoppers to buy these products, seeing sales increase strongly. However, the market for PBB remains something of a niche, accounting for 8% of total sales volume (with oat variants at 0.9%).[3] In the past year, 41.6% of households in Australia bought PBB, up 4.1% from 2019.[4] Shoppers also tend to purchase dairy alternatives more often and buy larger volumes when visiting retail stores. Buyers of these products typically consist of younger shoppers; sales are heavily weighted towards millennials without kids, and families with either very young or teenage children. These households tend to have lower disposable incomes, which could explain why more than 37.1% of the value of all non-dairy sales comes from products sold at a discount. This is significantly higher than the value obtained from price promotions on fresh milk products (15.4%).[5]

2 NielsenIQ Homescan based on a continuous panel of 10,000 households; excludes non-private dwellings and businesses, non-permanently occupied households and out-of-home/impulse purchasing. DAIRY AUSTRALIA calculation based in part on data reported by NielsenIQ through its Homescan Service for the dairy category for the 52-week period ending 8/08/2021, for the total Australian market, according to the NielsenIQ standard product hierarchy. Copyright (c) 2021, Nielsen Consumer LLC.
3 Ibid
4 NielsenIQ Homescan based on a continuous panel of 10,000 households; excludes non-private dwellings and businesses, non-permanently occupied households and out-of-home/impulse purchasing. DAIRY AUSTRALIA calculation based in part on data reported by NielsenIQ through its Homescan Service for the dairy category for the 52-week period ending 08/08/2019, for the total Australian market, according to the NielsenIQ standard product hierarchy. Copyright (c) 2021, Nielsen Consumer LLC.
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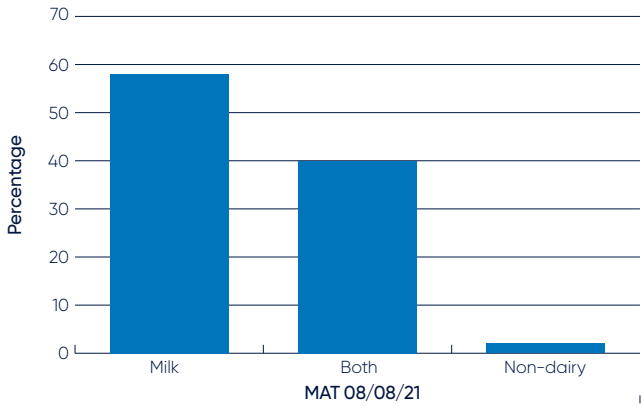
While more shoppers choose to purchase PBB, Australian consumers are not shunning dairy. A vast majority of households, 98%, regularly purchase milk and only 2% of buyers exclusively turn to dairy alternatives. Instead, the more commonly seen practise is to buy both types of products, with 40% of households choosing this approach.[6]

Figure 5 Buyer exlusivity and duplication



Source: NielsenIQ[2]

Dairy alternatives are also becoming more common across a number of product streams. Last year, retail yoghurt sales increased 2% (12 months to the 12th of June), with sales of plant-based products increasing 19.1%. Despite this growth, these yoghurts only account for 2.8% of total sales.[7]

Curiosity appears to be an important catalyst for this growth, with over 40% of consumers only purchasing these products once. In comparison, 96.8% of consumers chose to buy fresh milk more than once.[8]

As plant-based alternatives continue to grow in popularity, it is prudent to understand why consumers choose to buy them. Many companies retailing PBB have spent significant resources on marketing their products as healthy alternatives to dairy. This seems to have gained traction amongst shoppers. In the latest consumer tracking survey, 49% of consumer chose to buy these products believing they are the healthier option. Whilst 61% of consumers acknowledge that milk is more natural than plant-based variants, a third of the population believe these products offer the same nutritional benefit. Sustainability is another important factor, with many people buying dairy alternatives with the belief that they are better for the environment. A third of Australians have suggested that they are changing eating habits to be more sustainable, with 9% indicating this has meant a decrease in dairy consumption.

Dairy alternatives have been around for a long time but have increased in popularity in recent years. Although more shoppers are opting to try these products, consumers are not abandoning dairy. It seems like many people view PBB as complementary to milk, rather than as a substitute for it, and find room for both in their shopping basket.

SO WHAT?

More consumers are drinking plant-based alternatives than ever before while per capita consumption of dairy remains strong. Increasing sales of dairy alternatives have not resulted in a significant drop in demand for dairy. Whilst it seems that PBBs are not always in direct competition with milk, the consumer perception that they are healthier than dairy is a challenge for the industry. Therefore, ensuring consumers understand the superior nutritional benefits of milk is key to maintaining dairy demand in the future.

6 Ibid
7 NielsenIQ Homescan based on a continuous panel of 10,000 households; excludes non-private dwellings and businesses, non-permanently occupied households and out-of-home/impulse purchasing. DAIRY AUSTRALIA calculation based in part on data reported by NielsenIQ through its Homescan Service for the dairy category for the 52-week period ending 12/06/2021, for the total Australian market, according to the NielsenIQ standard product hierarchy. Copyright (c) 2021, Nielsen Consumer LLC.
8 NielsenIQ Homescan based on a continuous panel of 10,000 households; excludes non-private dwellings and businesses, non-permanently occupied households and out-of-home/impulse purchasing. DAIRY AUSTRALIA calculation based in part on data reported by NielsenIQ through its Homescan Service for the dairy category for the 52-week period ending 8/08/2021, for the total Australian market, according to the NielsenIQ standard product hierarchy. Copyright (c) 2021, Nielsen Consumer LLC.

DAIRY'S NUTRITIONAL BENEFIT

The dairy food group is one of the five food groups recommended by the Australian Dietary Guidelines. A wealth of research supports the role of milk, cheese and yoghurt as an important part of a balanced diet and consumption is associated with many health benefits including strong bones, reduced risk of heart disease, stroke, high blood pressure and type 2 diabetes.[i]

A few decades ago, the word 'milk' had a similar meaning for most people. It was a trusted and unquestioned staple in the Australian diet, with everyone generally consuming the same variety: cow's milk. However, the last decade has seen an increasing number of beverages marketed as 'milk alternatives' and these products have now extended beyond beverages into products marketed as alternatives to cheese, yoghurt, ice cream, sour cream and butter. Consumer attitudes towards dairy foods have become more diverse and concerns around dairy's essentiality in diets means that some consumers are considering reducing consumption; this is concerning when only 10% of Australians are getting enough milk, cheese and yoghurt in their diet every day.[ii]

Nutrition appears to be the main driver of consuming plant-based products.[iii] While some plant-based beverages may be fortified with nutrients such as calcium and protein, research has shown that many of these products are poor sources of important micronutrients.[iv]

It is vital to remember that there is a lot more to foods than just the nutrients on the label. Foods consist of lots of different nutrients and components that sit within complex physical structures. The term 'Food Matrix' describes a food in terms of both its physical structure, its nutrient content and how these interact together. It is important to consider the impact of the entire Food Matrix as these complex structures will ultimately affect nutrient bioavailability, absorption, digestion and health.

This is especially true when it comes to milk, cheese and yoghurt. Dairy foods naturally contain calcium, B vitamins, high-quality protein, iodine, magnesium, potassium, carbohydrate, various fatty acids and bioactive components. While plant-based products often receive a health halo, there is currently very little research to determine whether or not these products are nutritionally adequate as dairy replacements or if they possess the same, well established health benefits.

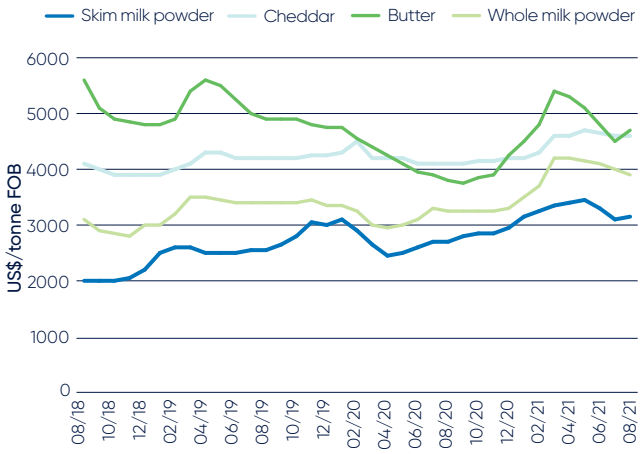
With scientists and nutritionists now recognising that the effects of dairy foods go beyond the benefits of the individual nutrients they contain, it is difficult to replicate the natural nutrition that milk, cheese and yoghurt provide.

[i] National Health and Medical Research Council 2013. Australian Dietary Guidelines. Canberra Commonwealth of Australia.
[ii] Australian Bureau of Statistics. 4364.0.55.012. Australia Health Survey: Consumption of food groups from the Australian Dietary Guidelines, 2011-2012. Canberra 2016.
[iii] Dairy Australia, Dairy Australia Trust Tracker 2020
[iv] Zhang YY et al. Got Mylk? The Emerging Role of Australian Plant-Based Milk Alternatives as A Cow's Milk Substitute. Nutrients. 2020;12(5):1254.

MARKET DASHBOARD

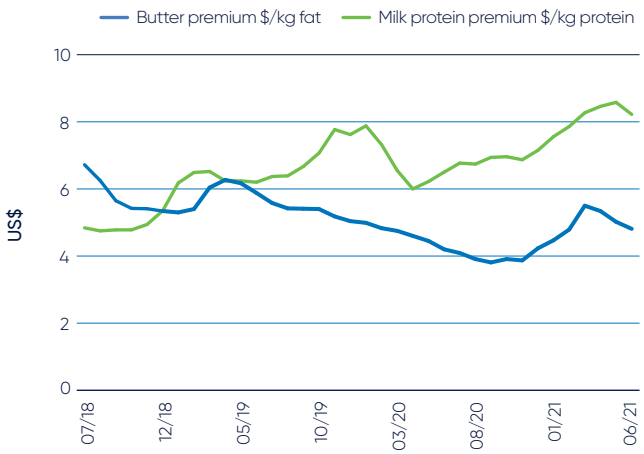
Commodity prices

Figure A1 Key dairy commodity price indicators



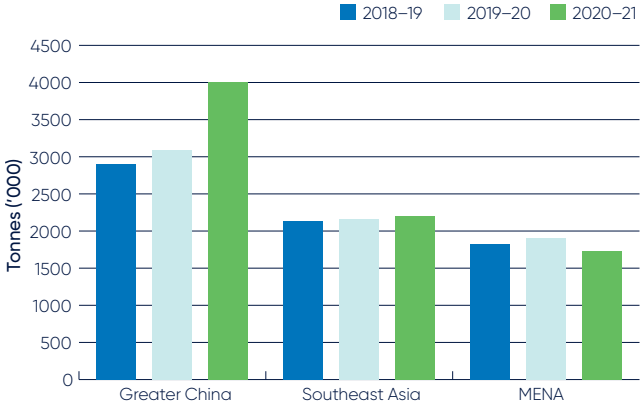
Source: Dairy Australia

Figure A2 Dairy fat and protein – pricing relative to substitutes



Source: Dairy Australia, Oil World

Figure A4 Exports to key markets



Source: Dairy Australia, TDM, Data represents 12 months to June 2021

Australian market

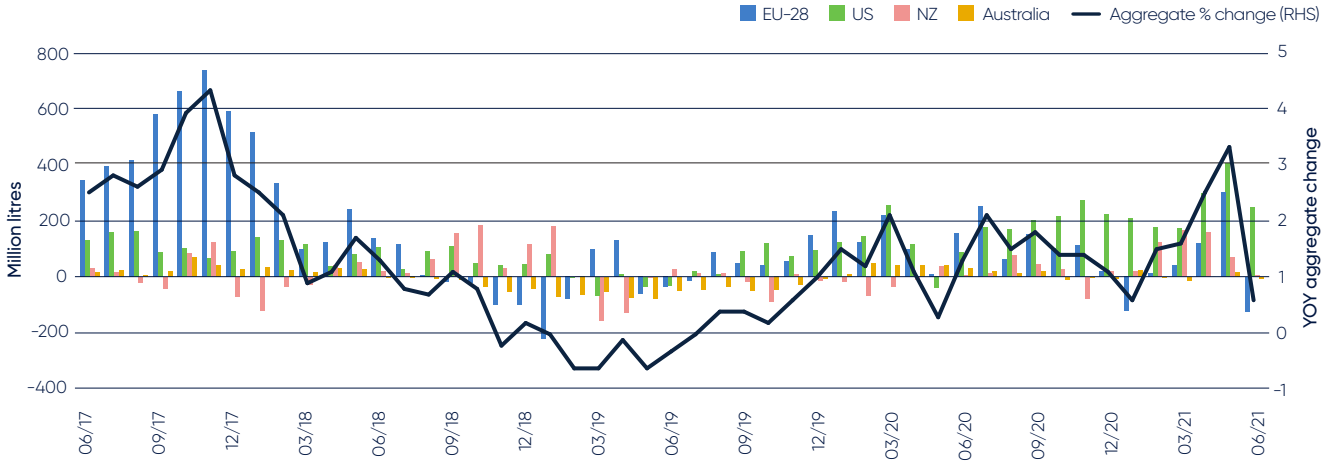
Figure A5 Australian retail sales

	Take home volume	YoY growth	Take home value $m	YoY growth
Milk *As of 8/08/21*	1,497m. L	↓ -1.7%	2,629	↑ 1.1%
Cheese *As of 12/06/21*	165kt	↑ 2.4%	2,412	↑ 7.7%
Yellow spreads *As of 8/08/21*	91kt	↓ -4.0%	818	↓ -3.0%
Yoghurts *As of 12/06/21*	171kt	↑ 2.0%	1,155	↑ 3.4%

Source: Nielsen Homescan based on a continuous panel of 10,000 households; excludes non-private dwellings & businesses, non-permanently occupied households & out-of-home/impulse purchasing. DAIRY AUSTRALIA calculation based in part on data reported by Nielsen through its Homescan Service for the dairy category for the 52-week period ending 8/08/2021 and 12/06/2021, for the total Australian market, according to the Nielsen standard product hierarchy. Copyright (c) 2021, The Nielsen Company.

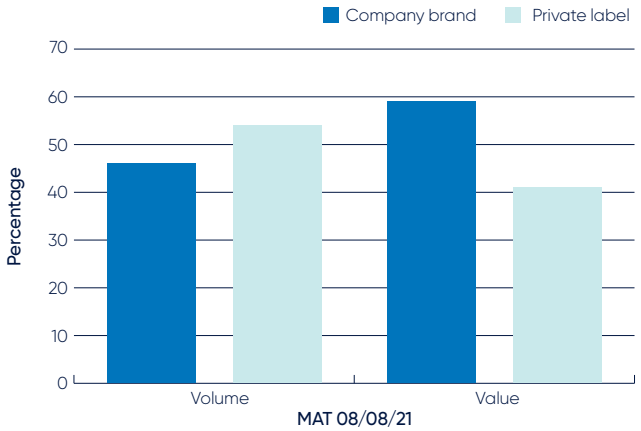
Global supply and demand

Figure A3 Milk production year-on-year changes



Source: AHDB, Dairy Australia, DCANZ, Eurostat, USDA

Figure A6 Retail sales - private label share



Source: Nielsen Homescan based on a continuous panel of 10,000 households; excludes non-private dwellings & businesses, non-permanently occupied households & out-of-home/impulse purchasing. DAIRY AUSTRALIA calculation based in part on data reported by Nielsen through its Homescan Service for the dairy category for the 52-week period ending 8/08/2021, for the total Australian market, according to the Nielsen standard product hierarchy. Copyright (c) 2021, The Nielsen Company.

Inputs

Hay and grain

Australian dairy regions			%			%
1 Atherton Tablelands*	$315	↑	9	$378	↓	-5
2 Darling Downs	$277	↓	-11	$345	↓	-12
3 North coast NSW	$275	↓	-15	$308	↓	-18
4 Central west NSW	$188	↓	-43	$287	↓	-9
5 Bega Valley	$305	↓	-19	$320	↓	-17
6 Goulburn/Murray Valley	$190	↓	-7	$328	↑	3
7 Gippsland*	$100	↓	-29	$355	↑	15
8 South-west Victoria	$192	↓	-13	$335	↑	12
9 South-east SA	$212	↓	-10	$353	↑	14
10 Central districts SA	$205	↓	-9	$340	↑	17
11 South-west WA	$295	↓	-16	$353	↑	15
12 North-west Tasmania	$242	↓	-3	$445	↑	8

Shedded cereal hay: mid-range product without weather damage, of good quality and colour

The relevant stockfeed wheat available in a region (ASW, AGP, SFW1 or FED1)

Hay quoted is sourced and delivered locally, GST exclusive unless stated otherwise. Prices are estimates in $/tonne at August 2021, compared to equivalent date August 2020. Note that all regions other than Atherton Tablelands and Gippsland is cereal hay.
**Atherton Tablelands and Gippsland is pasture hay.*
Source: Australian Fodder Industry Association (AFIA), Profarmer

Fertiliser

Urea (granular Black Sea)	DAP (US Gulf)	MOP (granular Vancouver)
442 US$/t	613 US$/t	203 US$/t
↑ +106% LY	↑ +101% LY	→ 0% LY
↑ +63% 5Y	↑ +58% 5Y	↓ -7% 5Y

Price is July 2021 average, compared to the July 2020 average (LY) and 5-year (5Y) July average.

Source: World Bank

Cows

Cull cows	
604 c/kg	64,829 head
↑ +10% LY	↓ -14% LY
↑ +35% 5Y	↓ -13% 5Y
Dairy cattle exports	↓ -4% LY
90,723 head	↑ +16% 5Y

Price is July 2021 average, compared to July 2020 (LY) and 5-year (5Y) average. Number of head is last 12 months (cull cows to July 2021, dairy cattle exports to June 2021) compared to year earlier (LY) and 5-year (5Y) average.

Source: NLRS, ABS

Water

Northern Victoria	Murray Irrigation System
122 $/ML	92 $/ML
↓ -56% LY	↓ -61% LY
↓ -52% 5Y	↓ -44% 5Y
2,414,669 ML	143,207 ML
↑ +5% LY	↑ +304% LY
↑ +8% 5Y	↑ 5% 5Y
Monthly average(12 months)	
147 $/ML	117 $/ML
201,222	11,934

Price of water traded is July 2021 average compared to July last year (LY) and 5-year (5Y) average. Volume of water is 12 month total, to July 2021, and compared to same period last year (LY) and last 5 year (5Y) average. Monthly average is the average price and volume over the past 12 months to July. Northern Victoria prices are averaged from three key trade zones, details can be found in the monthly Production Inputs Monitor report: **dairyaustralia.com.au/industry-statistics/industry-reports**

Source: Victorian Water Register, Murray Irrigation Ltd

For ongoing information and updates on farm inputs, readers can subscribe to Dairy Australia's weekly Hay and Grain Reports, or the monthly Production Inputs Monitor, found on the Dairy Australia website **dairyaustralia.com.au/hayandgrain dairyaustralia.com.au/industry-statistics/industry-reports**

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