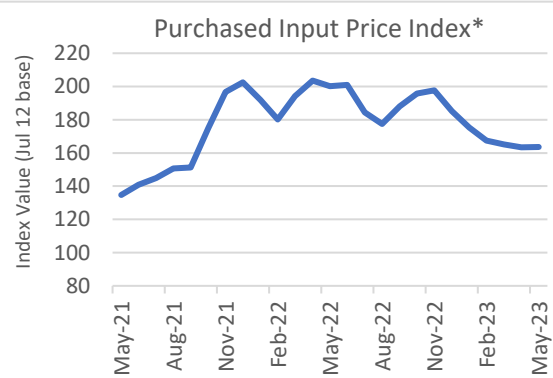


PRODUCTION INPUTS MONITOR

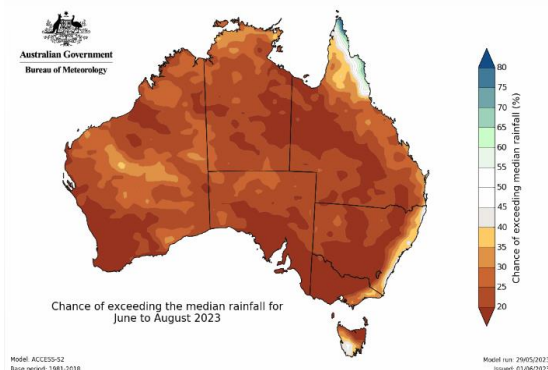
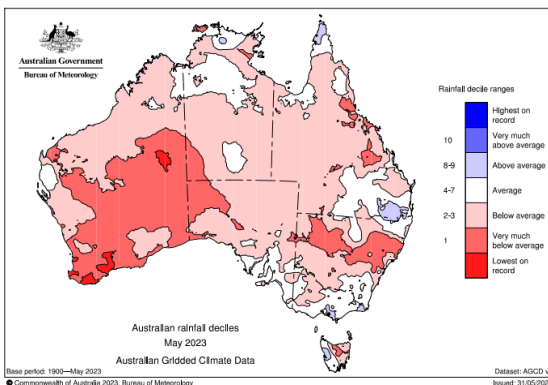
Issue 207 – May 2023

May was one of the driest on record, leading to soils continuing to dry in some areas. In line with this, water levels in monitored storages remain relatively steady. Temporary water prices continue to ease, despite sharp increases in the volume traded on last month. Current carryover reserves will support strong seasonal determinations next season. Sowing is nearing completion across eastern Australia, while fertiliser prices trend closer to historical averages. Cull cow values fell further.



Inputs price change	May-23	May-22	May-18
Cereal hay (\$/t)	343	↑83%	↑151%
Protein hay (\$/t)	466	↑18%	↑74%
Cereal grain (\$/t)	373	↓17%	↑18%
Protein concentrate (\$/t)	550	↑13%	↑31%
Fertiliser (\$/t)	495	↓51%	↑68%
Fuel (c/L)	166	↓14%	↑20%

Climate and seasonal outlook



May brought a contrast of drier conditions to the end of autumn, after above average rainfall in March and April in many areas. Such conditions contributed to this May being one of the driest on record, with this clearer weather also driving cooler than usual day and night-time temperatures. Both soil moisture and water storage levels have been topped up again in some areas, however in other regions, such as the Murray Darling Basin (MDB) and eastern Queensland (QLD), soils continue to dry out considerably.

As has been forecast for the last few months, the Bureau of Meteorology's (BOM) long range forecast indicates that large parts of the country have an increased chance of unusually low rainfall this winter. This is being exacerbated by their El Niño-Southern Oscillation (ENSO) outlook being upgraded from El Niño 'WATCH' to El Niño 'ALERT,' as the likelihood of its formation continues to increase. Accompanied by signs that a positive Indian Ocean Dipole (IOD) event may also develop, this dynamic will likely intensify El Niño's drying effect. Additionally, clearer, drier conditions over the winter may bring an increased risk of frosts for southern 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

In line with minimal rainfall throughout the month, there were only slight water level changes in monitored storages across Victoria. Waranga Basin and Lake Glenmaggie saw increases of 11% and 6% while all other storages held steady. With the exception of Waranga Basin and Lake Glenmaggie, all other storages remain above 90% capacity.

In the final months of the 2022/23 water year, seasonal determinations are tipped to be between 70% and 100% high reliability water shares (HRWS) across all systems at the opening of next season. This is creating a generally positive outlook for 2023/24 in the lead up to July 1st, with most monitored storages in a supportive position on the back of estimated carryover reserves. Future inflow conditions into storages will remain a key determinant of further improvements post July.

Despite a 223% and 91% jump in the volume of water traded across both northern Victoria and in the Murray Irrigation system, temporary water prices continued to soften again this month, falling a further 31% and 40% respectively, to \$10/ML and \$2/ML. This reflects a significant jump in demand for water, likely a result of drier conditions experienced by many throughout May. This sustained softening of prices, despite increased usage, indicates that increased demand has little material impact within the current market conditions.

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	May-23	May-22	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	\$10	\$23	-57%
6 Hume to Barmah	\$9	\$10	-10%
7 Barmah to Nyah	\$10	\$25	-60%
Volume traded (ML)	223,356	95,413	+134%
Average price (\$/ML)	\$10	\$22	-56%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	19,163	20,022	-4%
Average price (\$/ML)	\$2	\$3	-13%

Feed, fertiliser and cull cow prices

Spot prices	May-23	Change (from Apr-23)	Change (from May-22)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$373	-\$6	-\$76
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$343	-\$1	+\$155

Source: AFIA, Profarmer

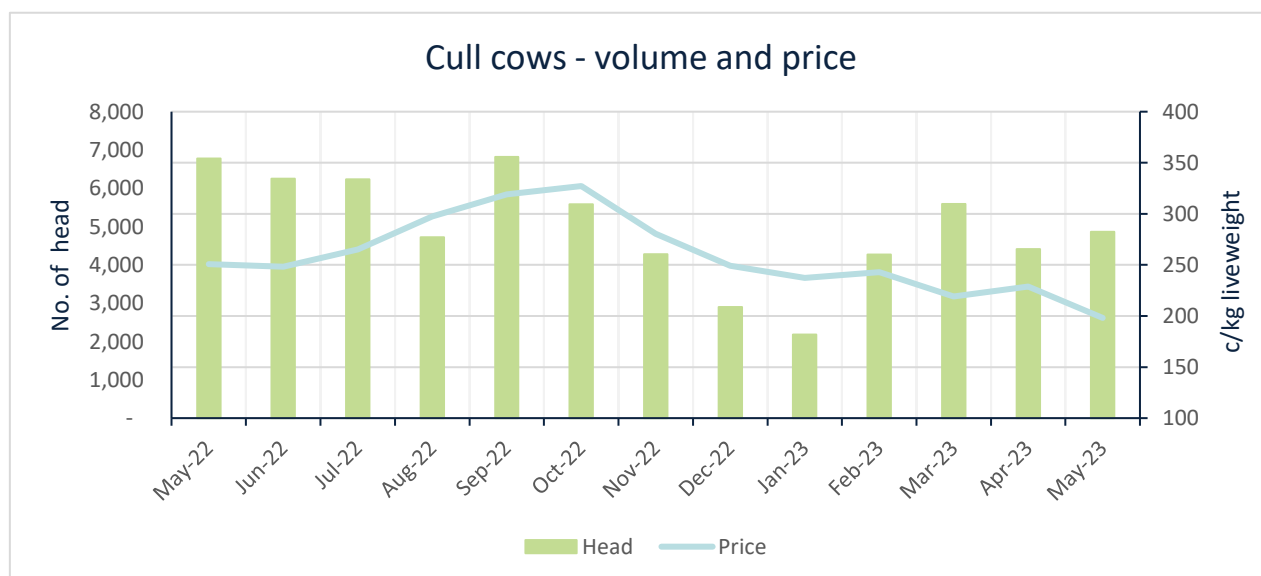
Pastures are still supplying quality green feed in some regions, which is providing a buffer against the need to re-supply fodder supplies for some farmers. This has allowed many extra time to finalise feed production plans, with reports of protein hay type plantings taking priority. Fodder trade is beginning to pick up as the colder weather sets in across the country, with demand increasing from farmers who have seen limited rainfall and sunshine, those looking to lock in winter feed supply and those who are holding onto livestock longer due to falling saleyard prices. Fodder prices remain relatively steady; however, the quality of available hay is quite varied, and with a lot of mid-grade hay being purchased, this is lowering average price points.

Winter crop sowing is either complete or well underway across the country, with a slight decline in total planted area expected compared to last season. While growers in some regions have had an optimal start, others in parts of South Australia and Western Australia in particular, are very much looking for follow up rainfall. Prices remain relatively steady across all grain types, with some downward pressure in line with global influences. Waning export demand as Ukrainian grain finds new homes, is a contributing factor.

Indicative fertiliser prices continue to trend back toward normalcy, in line with falling natural gas prices, increased production out of Europe and the return of Chinese exports to the market. With this, global demand has also remained quiet, and with this expected to continue into this typically slow period over the next couple of months, downward pressure on prices is likely to remain. This move back toward historical averages is being reflected through falling indicative prices of diammonium phosphate (DAP), urea and muriate of potassium (MOP), which are all now 36%, 51% and 30% below last year.

The number of cull cows sold rose sharply on last month, and with this, prices sagged further, falling another 13% from April and 21% from last year. With falling prices being a key driver, sale numbers are currently well below both the five-year average and year-to-date (YTD) figures of last 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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	May-23	Monthly % change
Cereal hay		
Northern Australia (\$/tonne)	420	0%
Southern Australia (\$/tonne)	343	-0.3%
Western Australia (\$/tonne)	314	+2%
Wheat		
Northern Australia (\$/tonne)	385	-0.5%
Southern Australia (\$/tonne)	373	-2%
Western Australia (\$/tonne)	350	0%
Futures prices (ASX)		
Wheat (av. \$/t Jan-24 east coast)	381	-0.3%
Barley (av. \$/t Jan-24 east coast)	326	+3%
Fertiliser		
DAP (A\$/tonne)	767	-19%
Urea (A\$/tonne)	495	+6%
MOP (A\$/tonne)	560	-8%
Irrigation		
Northern Victoria		
Volume traded (ML)	223,356	+134%
Average price (\$/ML)	10	-56%
Murray Irrigation system*		
Volume traded (ML)	19,163	-4%
Average price (\$/ML)	2	-13%
Cull Cows		
Sales volume (head)	4,865	+10%
Average price (c/kg lwt)	198	-14%
	YTD 2022/23	% change
Sales volume (head)	51,864	-18%
Average price (c/kg lwt)	265	-6%

	Apr-23	Mar-23	Feb-23
Source: AFIA			
420	418	415	
344	342	332	
308	305	296	
Source: Profarmer			
387	390	404	
379	387	385	
350	354	353	
Source: ASX			
382	400	405	
318	332	328	
Source: World Bank (global indicative prices converted from US\$/tonne to A\$/tonne)			
953	907	888	
469	469	518	
609	678	816	
Source: Victorian Water Register, *Murray Irrigation Ltd			
69,196	167,318	211,629	
14	15	18	
10,016	40,073	13,288	
4	5	7	
Source: NLRs (saleyards within Vic, NSW, QLD, SA, WA)			
4,413	5,594	4,269	
229	219	243	
YTD 2021/22	YTD 2020/21	YTD 2019/20	
63,579	55,543	65,415	
283	241	210	

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

Grain report 

Hay report 

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