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Report Highlights:

Australia is expected to produce a third consecutive big grain crop in marketing year (MY) 2022/23 after a record setting winter crop and strong summer crop production in MY 2021/22. Another broadly favorable set of conditions around the time of winter grain planting and the early growth phase across most production regions bodes well for wheat and barley production in MY 2022/23. Wheat production is forecast at 31 million metric tons (MMT), down from the record-breaking MY 2021/22 crop of 36.3 MMT but still the fourth largest in history. Similarly, barley production is forecast at 11 MMT, down from the previous year's 13.7 MMT record. Sorghum production is forecast for another big production year in MY 2022/23, but will also decline, after making big gains in MY 2021/22 and achieving record yields. Rice production in MY 2022/23 is forecast to continue to grow for the third successive year with an increase in planted area with grower confidence rising of ample irrigation water availability.

EXECUTIVE SUMMARY

Grain production in Australia is set for a third consecutive big crop in MY 2022/23. Another broadly favorable set of conditions around the time of winter grain planting and the early growth phase across most production regions of Australia bodes well for wheat and barley production in MY 2022/23. However, production is expected to be down from last year's huge harvests with the crops in Western Australia in a more precarious position. With low soil moisture, follow up rains are needed and the warmer-than-usual June period has advanced the crops and increased the risk of frost damage. The eastern states have generally had average to above-average rainfall to date and the forecast is for above-average rainfall in the August to October 2022 period, setting these crops up for above-average yields. Wheat production is forecast at 31 million metric tons (MMT), down from the record-breaking MY 2021/22 crop of 36.3 MMT and similarly barley production is forecast at 11 MMT, down from the previous year's 13.7 MMT record production. Exports of wheat and barley from the MY 2021/22 crop, although high, are challenged by capacity constraints which will result in a build up of stocks leading into the forecast year.

Sorghum production in MY 2022/23 is forecast for another good year. Soil moisture in the sorghum producing areas is plentiful and above-average rains are forecast in the coming months. If realized, this will establish a positive start to the upcoming production season with planting commencing in October 2022. However, at this early stage, production is still forecast to decline to 1.9 MMT from an estimated 2.7 MMT in MY 2021/22, which achieved a record average yield.

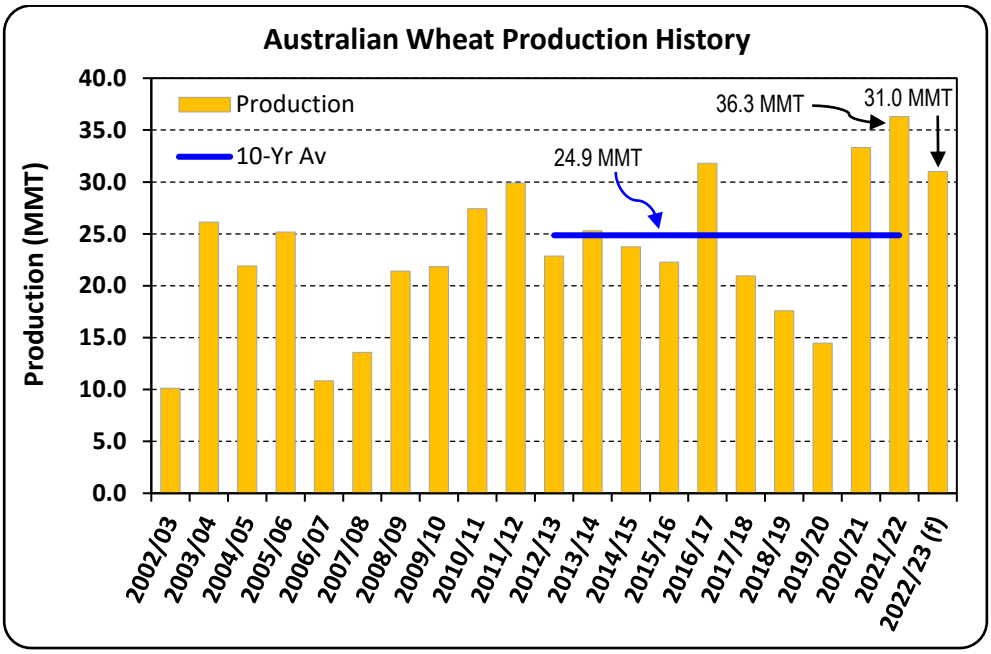
For rice, irrigation water storages are already at or near capacity providing growers with confidence that there will be ample water availability for the forecast crop when planting commences around October 2022. With this confidence, expectations are that rice growers will increase their planted area and drive further growth in production to 575,000 metric tons (MT) in MY 2022/23, from an estimated 485,000 MT in the prior year. Imports of rice are forecast to decline to 170,000 MT, around the typical pre-drought levels and ending stocks are also expected to build up and reach normal levels.

WHEAT

Production

FAS/Canberra forecasts Australia's MY 2022/23 wheat production at 31 MMT after a generally good start at planting and the subsequent early growth phase. This forecast is 25-percent higher than the previous 10-year average and 1 MMT higher than the official USDA forecast. If realized, this would be 5.3 MMT lower than the record-breaking MY 2021/22 wheat crop but still would be the fourth highest on record for Australia (see Figure 1). The eastern states have had above-average rainfall to date and the forecast is for above-average rains in the coming months which will support a strong overall national wheat crop. Western Australia has also had a good start to its production season, but soil moisture is now below average and forecast rains are at around average over the coming months.

Figure 1 – Australian Wheat Production History

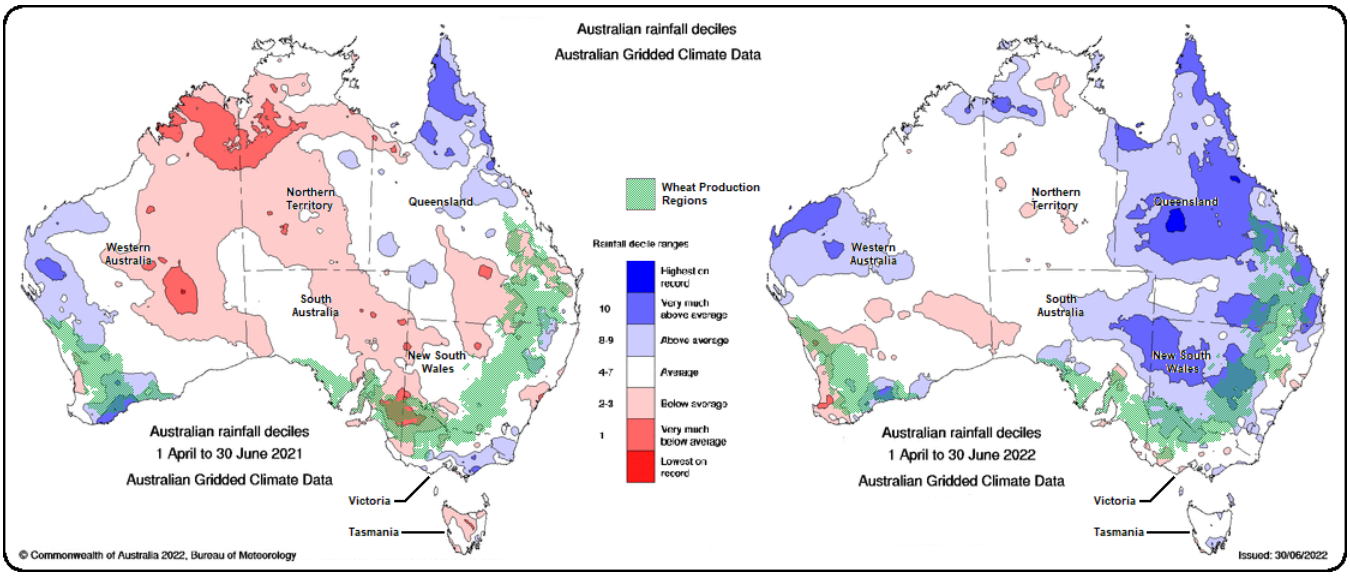


Source: PSD Online / FAS/Canberra

The harvested area is forecast at 13.2 million hectares for MY 2022/23, relative to the 13 million hectares for last year's record-breaking production. Despite increases in crop production input costs for the MY 2022/23 crop, the high world wheat prices have encouraged a slight increase in production area.

For the three-month growing period to the end of June 2022, the wheat producing areas in the eastern states have generally had above-average rainfall, and significantly better when compared to the same period in the prior year (see Figure 2). However, for much of Western Australia, rainfall has been at or below average and below that for the same period in 2021. Western Australia is a major wheat area, generating on average 37 percent of the national production over the last five years. The wheat production outcome in this state has a substantial bearing on Australia's overall production.

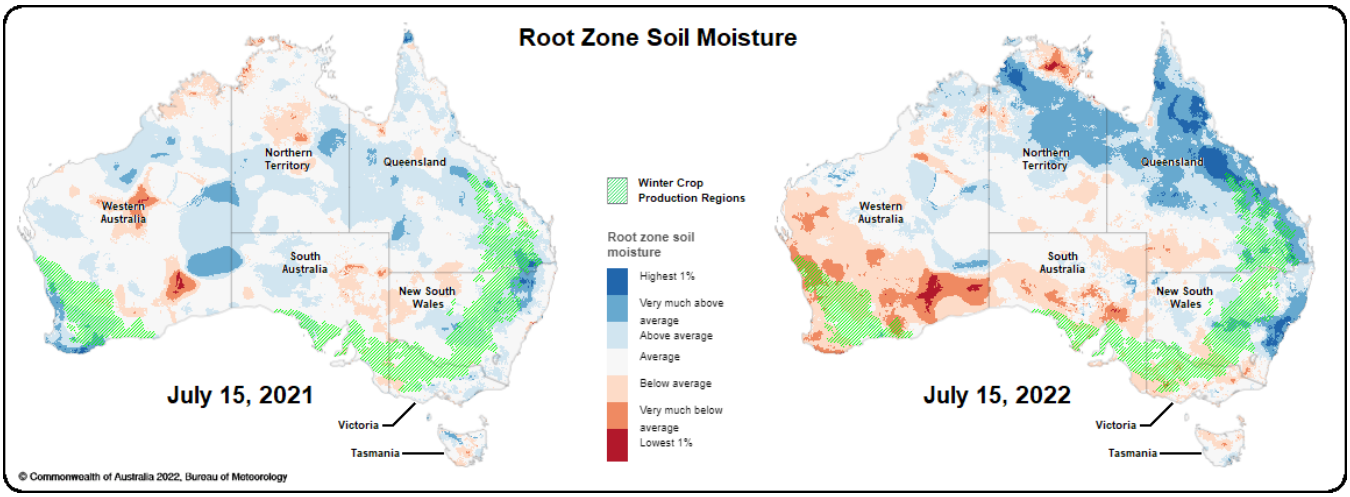
Figure 2 - Australia Rainfall Deciles – April, 1 to June, 30, 2021 & 2022



Source: *Australian Bureau of Meteorology / FAS/Canberra*

Rainfall across the April to June 2021 period in the grain growing regions of the eastern states has generally been above average and with this soil moisture as at mid July 2022 is also generally at or above average (see Figure 3). In Western Australia soil moisture is generally below average and significantly below that at the same time in 2021.

Figure 3 - Australia Root Zone Soil Moisture – as at July 15, 2021 & 2022

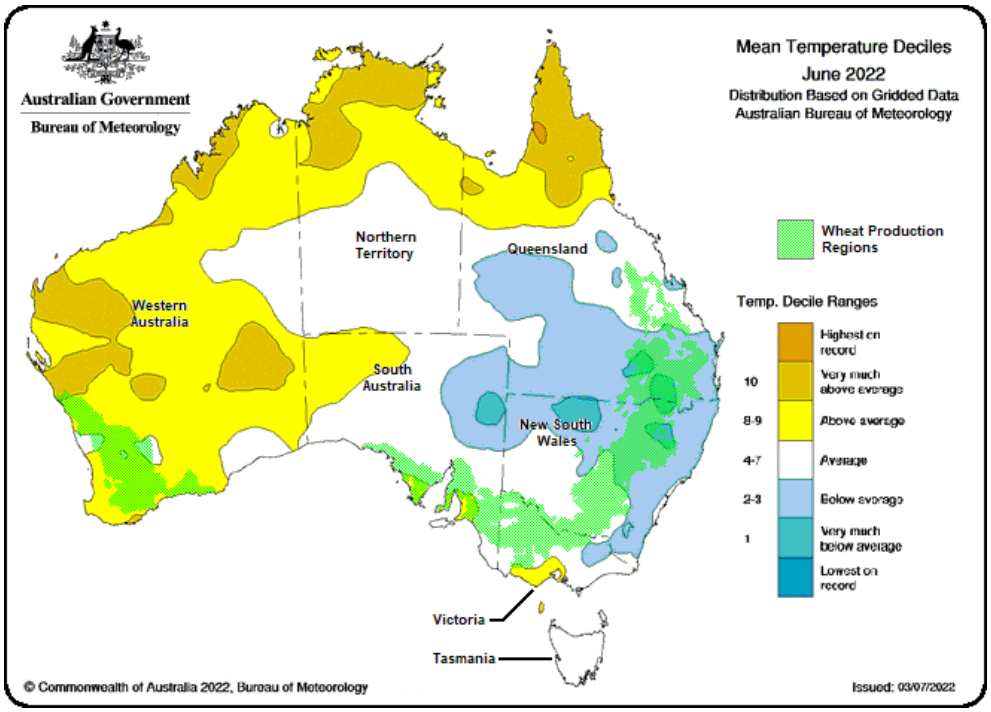


Source: *Australian Bureau of Meteorology / FAS/Canberra*

A key influence in the below-average soil moisture conditions in Western Australia is that median temperatures in June 2022 have been above average which has promoted crop growth beyond normal expectations and with this a greater than usual drawdown of soil moisture. This has also, to a lesser degree, occurred in the southern parts of the eastern states (see Figure 4). An important consequence of

the advanced crop growth, particularly in Western Australia, is that flowering will occur sooner and coincide with a period of higher risk of frost events, which could cause frost damage.

Figure 4 - Australia Mean Temperature Deciles – June 2022

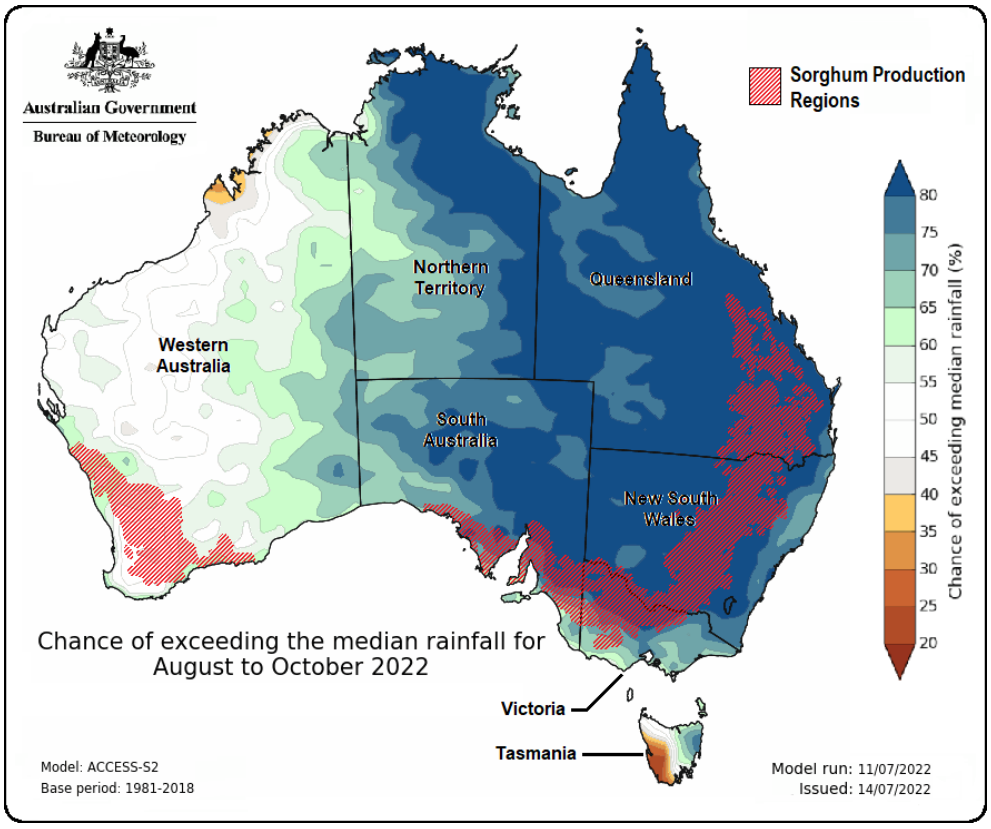


Source: Australian Bureau of Meteorology / FAS/Canberra

The Bureau of Meteorology forecast for the August to October period (see Figure 5) indicates expectations of around average rainfall across Western Australia. When combined with the current advanced crop drawing on soil moisture at a greater than usual at this time of year, and the currently generally below-average soil moisture levels, the amount and timing of subsequent rainfall will be crucial to grain fill. Although the wheat crop in Western Australia currently is in good shape, it is also in a precarious position. At the present stage it is expected to produce an average to above-average crop but well below the record-busting crop from the previous year.

The wheat crop in the eastern states is currently in a very good position for another big production year. This area has had average to above-average rainfall in the early production period and similar or better soil moisture than at the same time last year. But most importantly, the Bureau of Meteorology is forecasting a strong chance of above-average rainfall over the August to October period (see Figure 5). If this is realized, not only will frost risk be reduced (more cloudy days and rain reduces the chances of frost) but there should be ample moisture to optimize grain fill and generate above-average yields in the east.

Figure 5 - Australia Rainfall Forecast – August to October 2022



Source: Australian Bureau of Meteorology / FAS/Canberra

The wheat production estimate for MY 2021/22 is 36.3 MMT, and in line with the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimate now around six months after the completion of harvest.

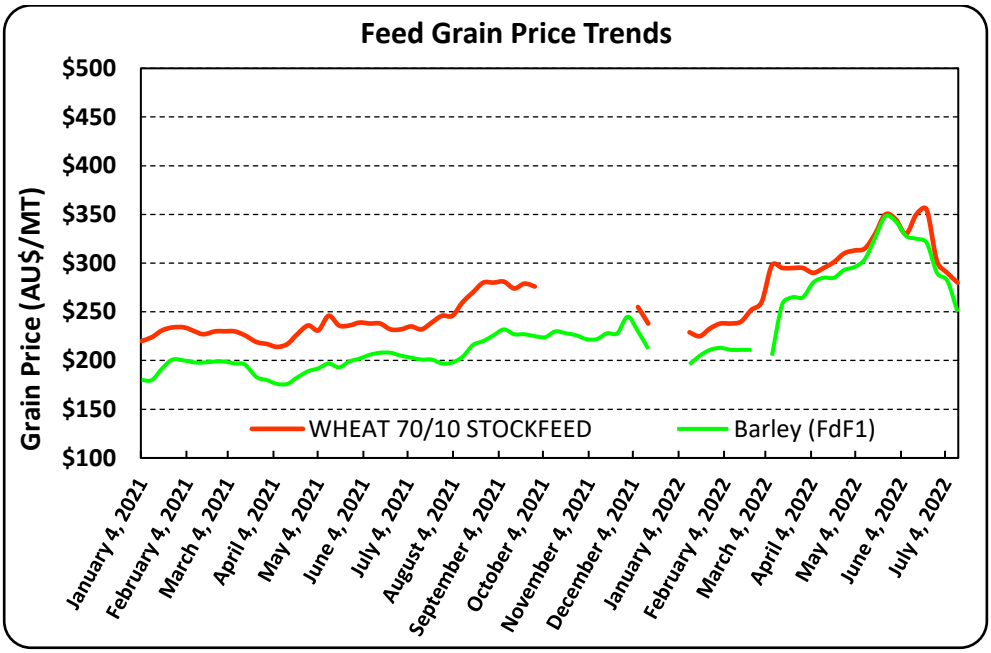
Consumption

FAS/Canberra forecasts domestic consumption of wheat at 8.5 MMT in MY 2022/23, almost 1 MMT higher than the official USDA forecast. This is due to FAS/Canberra forecasting higher feed industry demand at 5 MMT while the official USDA forecast is 4 MMT.

The beef cattle industry is a major feed wheat consumer and has broadly been enjoying very good pasture production over the last two years, enabling a herd rebuild which resulted in improvement in feedlot cattle numbers in MY 2021/22. With positive pasture production conditions in 2022 so far, and a positive rainfall forecast in the coming months, strong pasture production is expected to carry through into MY 2022/23. This will encourage continued grassfed cattle production and is expected to limit the growth in feedlot cattle numbers in MY 2022/23. As a result, a similar feed wheat consumption of 5 MMT is anticipated for the forecast year as estimated for MY 2021/22.

A further important impact on the demand for wheat from the livestock sector has been that across 2022 the price gap between feed wheat and barley has shown a premium of around AU$20 to AU$40 (see Figure 6). With ample supply of feed grain in Australia after two big production years, and another big year shaping up in MY 2022/23, there is no expectation that there will be any reason for a significant change in the price premium for the preferred feed wheat over barley in the forecast year. With this, it is unlikely that the livestock feed industry will substitute one feed grain over another in the forecast year.

Figure 6 – Feed Wheat and Barley Price Differential



Source: The Land newspaper

Domestic consumption for flour milling is expected to remain unchanged from recent past years at 3.5 MMT in MY 2022/23. Consumption of wheat for flour has typically only been increasing with population growth which is expected to remain relatively flat in the short term.

FAS/Canberra's wheat consumption estimate for MY 2021/22 remains unchanged at 8.5 MMT and is in line with the official USDA estimate.

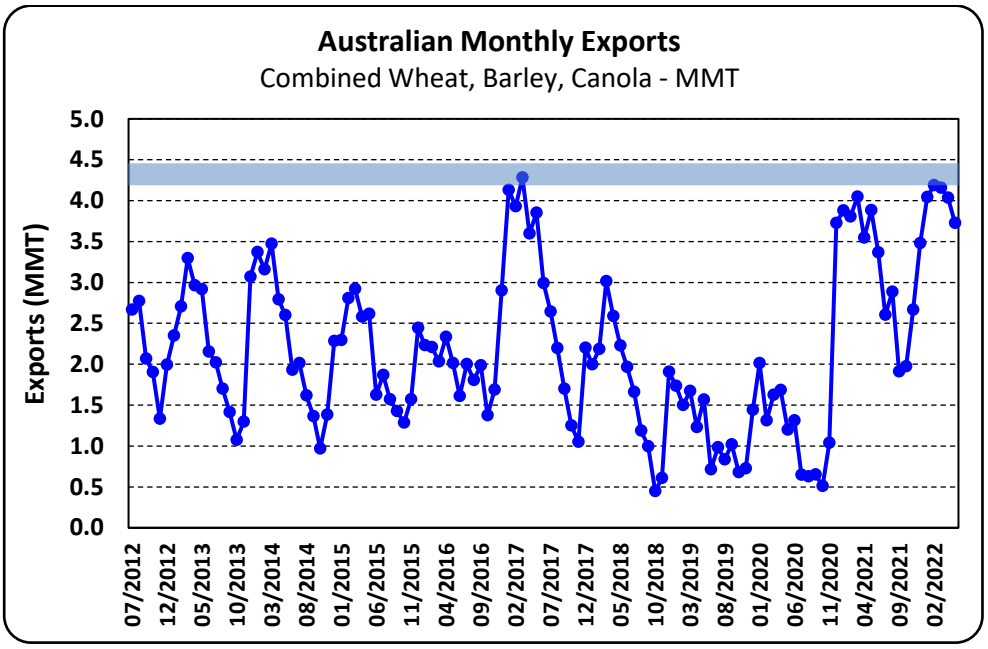
Exports

FAS/Canberra forecasts another big year of wheat exports in MY 2022/23 at 24 MMT, down by 3.5 MMT from the prior year record export estimate, but if achieved it would still be the third highest on record.

The MY 2021/22 wheat export estimate is unchanged at 27.5 MMT and in line with the official USDA estimate. Although demand is strong for Australian grain and supplies are plentiful, logistical constraints are limiting even higher export volumes. Australian wheat, barley and canola typically are exported

through the same ports and at similar times. Although typically Australian export and port capacity is more than sufficient to meet export requirements, the combination of strong global demand and record production from last season for all three of these crops is resulting in sales bumping up against logistical export capacity. The main bottleneck is transporting grains from the production regions to the grain ports, and generally not a lack of sufficient ports storage and handling capacity. In the past, between 4-4.5 MMT of monthly exports of these crops was the peak that could be shipped (see Figure 7), and in January and February this level had already been reached.

Figure 7 – Australian Monthly Exports – Combined Wheat, Barley and Canola



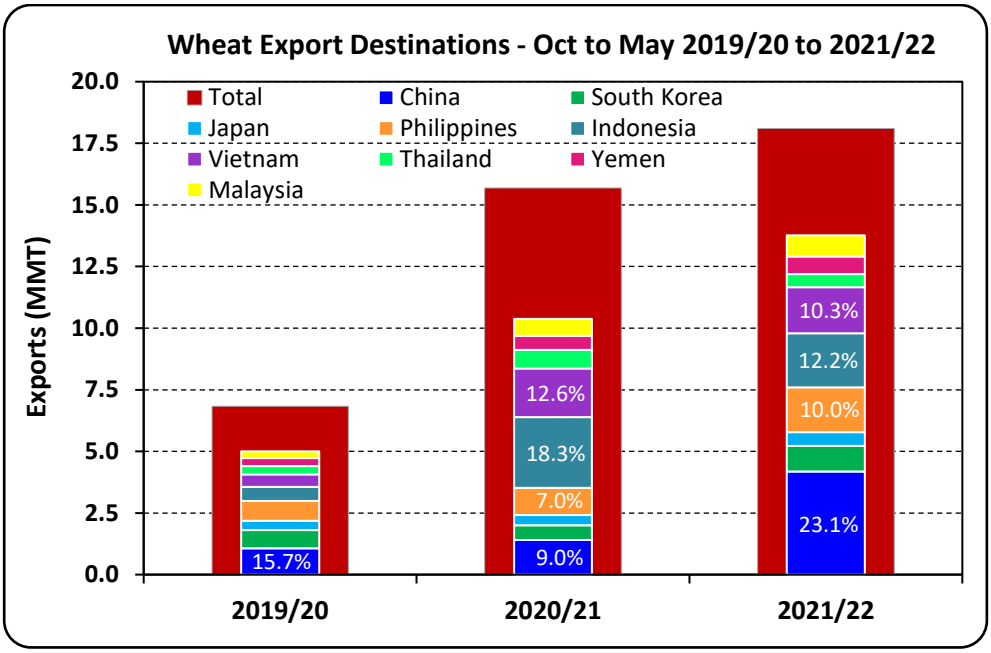
Source: *Australian Bureau of Statistics*

Because of this pent-up demand, Australian shipments of grain (especially wheat) are continuing at or near peak levels longer than is usual for an export season. Typically, export volumes start to fall in June through to November (leading up to the start of the new season harvest), but this year they are likely to remain high throughout the marketing year. If the MY 2021/22 estimate of 27.5 MMT is realized, this would surpass the previous record set in MY 2011/12 by a big margin of 12 percent. Australian wheat exports in MY 2021/22 have been extremely strong with 18.1 MMT exported in the marketing year to date (October 2021 to May 2022). With the expectation that exports will not tail off in the lead up to the new grain harvest, Australia is on track to achieve total exports of 27.5 MMT in MY 2021/22 which is in line with the FAS/Canberra and official USDA forecasts.

Australia has for many years had over 50 wheat export destinations and of these there are nine core customers that over the last five years have consistently accounted for 70 to 75 percent of all exports. China has not been particularly significant until the current marketing year. So far for MY 2021/22 (October 2021 to May 2022), 23 percent of overall wheat exports have been to China with 4.2 MMT of

the 18.1 MMT exported so far (see Figure 8). During this period China has increased its import of wheat from Australia by 2.8 MMT, up almost 200 percent compared to the same period in the previous year. Of the other major wheat export destinations, they all have mostly maintained or increased their volumes so far in MY 2021/22 relative to the same period in the previous year. Indonesia is the exception with a decline from 2.9 MMT to 2.2 MMT.

Figure 8 – Wheat Exports Destinations – October to May 2019/20 to 2021/22



Source: *Australian Bureau of Statistics*

Notably, there are numerous nations outside of the nine key export destinations who have significantly increased their imports of Australian wheat in MY 2021/22. These include Bangladesh, Sudan, Taiwan, Mozambique and Iraq. This is largely attributed to the shortage of wheat supply from the northern hemisphere.

Imports

FAS/Canberra forecast imports of wheat in MY 2021/22 at 200,000 MT, in line with the estimate for MY 2020/21. Imports primarily consist of wheat products and pasta and volumes for this purpose have been relatively stable in Australia.

Stocks

Australia's ending stocks of wheat in MY 2022/23 are expected to decline slightly after a lower forecast production compared to the record breaking MY 2021/22 season, which resulted in a build-up of stock. As mentioned previously the build-up of stocks is mainly due to the limitations in exporting capacity. Although another big production year is forecast, the anticipated export volume will be within Australia's capacity which is expected to result in a decline in ending stocks in MY 2022/23.

FAS/Canberra's estimate of the MY 2021/22 ending stock of wheat is 4.9 MMT, slightly higher than the official USDA estimate of 4.8 MMT.

Wheat	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
Australia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	12900	12900	13000	13000	13200	13200
Beginning Stocks (1000 MT)	2678	2678	4332	4403	4832	4903
Production (1000 MT)	33300	33300	36300	36300	30000	31000
MY Imports (1000 MT)	200	198	200	200	200	200
TY Imports (1000 MT)	464	464	200	200	200	200
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	36178	36176	40832	40903	35032	36103
MY Exports (1000 MT)	23846	23773	27500	27500	24000	24000
TY Exports (1000 MT)	19720	19720	26250	26000	25000	25000
Feed and Residual (1000 MT)	4500	4500	5000	5000	4000	5000
FSI Consumption (1000 MT)	3500	3500	3500	3500	3550	3500
Total Consumption (1000 MT)	8000	8000	8500	8500	7550	8500
Ending Stocks (1000 MT)	4332	4403	4832	4903	3482	3603
Total Distribution (1000 MT)	36178	36176	40832	40903	35032	36103
Yield (MT/HA)	2.5814	2.5814	2.7923	2.7923	2.2727	2.3485
(1000 HA) ,(1000 MT) ,(MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023						

BARLEY

Production

FAS/Canberra forecasts Australia's MY 2022/23 barley production at 11 MMT, 2.7 MMT below the MY 2021/22 estimate of 13.7 MMT, but unchanged from the USDA official forecast. The MY 2021/22 crop was the highest on record.

The year-on-year reduction in production is in part due to a forecast decrease in area from 4.35 million hectares to 4.1 million hectares. This is due to the particularly high canola and wheat prices in the lead up to planting resulting in growers substituting some of their typical barley planting area for wheat and canola. Had growers been able to source more canola seed there would have been an even lower barley planted area.

As mentioned earlier for wheat, rainfall and soil moisture conditions have broadly been favorable to date. However, conditions in Western Australia are somewhat precarious with low soil moisture, after a warmer than usual June (see Figure 4), promoting greater growth than normal and the rain forecast for the coming months is at around average. With advanced barley crops at this stage, this brings a higher risk of frost damage and if average rainfalls occur in the coming months, then the timing of rainfalls and temperatures around the grain fill period will be very important to the yield outcome of the crop. The eastern states, particularly the more northern areas, have had good rainfalls to date and are holding good

soil moisture (see Figure 3) at this stage with forecasts of well-above-average rainfall (see Figure 5) in the coming months. With this there is a strong prospect of a big barley crop in the eastern states.

FAS/Canberra's MY 2022/23 yield forecast of 2.7 MT per hectare is significantly above the 2.4 MT per hectare average over the previous 10-years, but below the 3.15 MT per hectare achieved in the MY 2021/22 record-breaking production year. The higher yields in recent years are in part due to a shift by farmers from malting barley to higher-yielding feed barley and also as mentioned the favorable seasonal conditions. Based on seasonal conditions to date and the forecast rainfall in the coming months, the yield forecast is a reasonable expectation. However, if conditions in Western Australia remain positive for the remainder of the growing season there is potential for further upside in the overall yield and production expectations for MY 2022/23.

FAS/Canberra's barley production estimate for MY 2021/22 is 13.7 MMT, and in line with the official USDA estimate. Now around six months after the completion of harvest, the estimate is in line with the ABARES estimate.

Consumption

FAS/Canberra forecasts MY 2022/23 barley consumption at 5.5 MMT and in line with the MY 2021/22 estimate. Domestic consumption for malting purposes is relatively stable with livestock feed consumption being the primary variant from year to year.

Similar to feed wheat, the beef cattle industry is a major feed barley grain consumer. The beef cattle industry has broadly had very good pasture production over the last two years, enabling a herd rebuild which resulted in improvement in feedlot cattle numbers in MY 2021/22. Based on current conditions and rainfall forecasts in the coming months strong pasture production is expected to carry through into MY 2022/23. With this, grassfed cattle production is expected to expand as cattle numbers continue to recover from the earlier drought (2017 to 2019), and this is anticipated to limit the growth in feedlot cattle numbers in MY 2022/23. On this basis a similar feed barley consumption of 4 MMT is anticipated for the forecast year.

A smaller component of domestic barley consumption of around 1.5 MMT is mainly for malting. This volume of consumption has remained relatively stable over recent years.

FAS/Canberra's consumption estimate for MY 2021/22 remains unchanged at 5.5 MMT, and in line with the official USDA estimate. This also falls in line with the MY 2020/21 outcome.

Exports

Australia's barley exports for MY 2022/23 are forecast at 6 MMT, 200,000 MT below the official USDA forecast and down 2 MT from the revised MY 2021/22 estimate of 8 MMT. This is driven by a

2.7 MMT-forecast reduction in barley production while domestic consumption is forecast to remain stable.

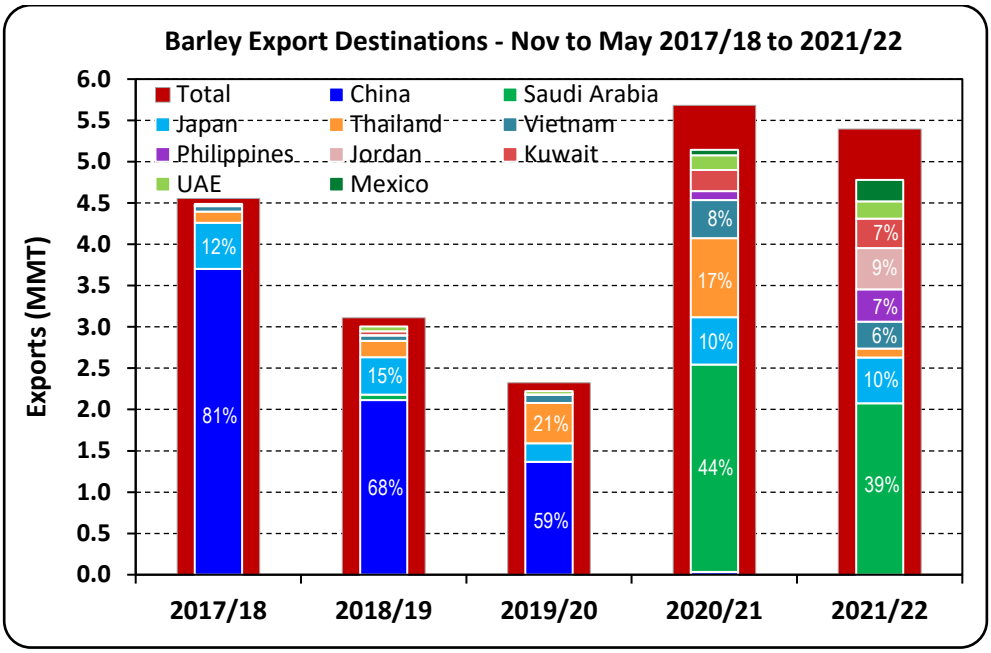
Barley is not traded in high volumes on the world export market and there are only six nations that consistently export any significant volumes. Ukraine is a significant exporter at around 15 percent of world barley trade. With significant disruption to production, transport and port logistics due to the Russian invasion of Ukraine, the reduced supply is expected to have a significant bearing on world trade in the forecast MY 2022/23 and the current MY 2021/22.

Australia over the last five years has been the second largest exporter of barley behind the European Union and ranges from 10 to 30 percent of world trade, mainly due to the large variance in production caused by drought-impacted years. Despite the expected reduced supply from Ukraine, and the continued strong world demand for feed gains, Australia's export capacity is limiting further increases to Australia's barley exports in MY 2021/22.

In past years, China has been a major importer of barley from Australia, dominating the trade at 60 to 80 percent of overall exports. After China imposed tariffs on Australian barley imports in May 2020, there were concerns as to Australia's capacity to find alternate markets. As a result of drought conditions in the northern hemisphere in MY 2020/21, Saudi Arabia stepped up as a major importer of Australian barley, but in that year still almost 80 percent of exports were to only four nations. However, so far for MY 2021/22 (November to May) there has been a substantial further diversification of barley exports. Some 89 percent of exports has gone to nine nations with the likes of the Philippines, Jordan, United Arab Emirates and Mexico stepping up their interest in Australian barley (see Figure 9).

Barley exports for the first seven months of MY 2021/22 (November 2021 to May 2022) have been very strong, reaching 5.4 MMT, a little below the 5.7 MMT for the same period in the previous MY 2020/21 (which achieved a full marketing year result of 8.3 MMT). After accounting for expectations that the tail end of the export season is expected to be stronger than usual the full year barley export estimate has been revised down by FAS/Canberra to 8 MMT from the official USDA estimate of 9 MMT.

Figure 9 – Barley Exports Destinations – November to May 2019/20 to 2021/22



Source: *Australian Bureau of Statistics*

Stocks

Australia's ending stocks of barley are forecast to remain relatively low and stable at around 1.7 MMT in MY 2021/22 but is some 500,000 MT higher than the official USDA forecast. This is mainly driven by FAS/Canberra's revised 1 MMT decrease in exports in MY 2021/22, resulting in higher ending stocks in that year flowing into the MY 2022/23 forecast. As explained, strong MY 2021/22 stocks are a result of export logistical capacity constraining even further increases to export volumes.

Barley	2020/2021		2021/2022		2022/2023	
Market Year Begins	Nov 2020		Nov 2021		Nov 2022	
Australia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	4400	4400	4350	4350	4100	4100
Beginning Stocks (1000 MT)	2711	2711	1969	1980	1169	2180
Production (1000 MT)	13100	13100	13700	13700	11000	11000
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	15811	15811	15669	15680	12169	13180
MY Exports (1000 MT)	8342	8331	9000	8000	6200	6000
TY Exports (1000 MT)	8007	8004	9000	8000	6200	6000
Feed and Residual (1000 MT)	4000	4000	4000	4000	3300	4000
FSI Consumption (1000 MT)	1500	1500	1500	1500	1500	1500
Total Consumption (1000 MT)	5500	5500	5500	5500	4800	5500
Ending Stocks (1000 MT)	1969	1980	1169	2180	1169	1680
Total Distribution (1000 MT)	15811	15811	15669	15680	12169	13180
Yield (MT/HA)	2.9773	2.9773	3.1494	3.1494	2.6829	2.6829

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Barley begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

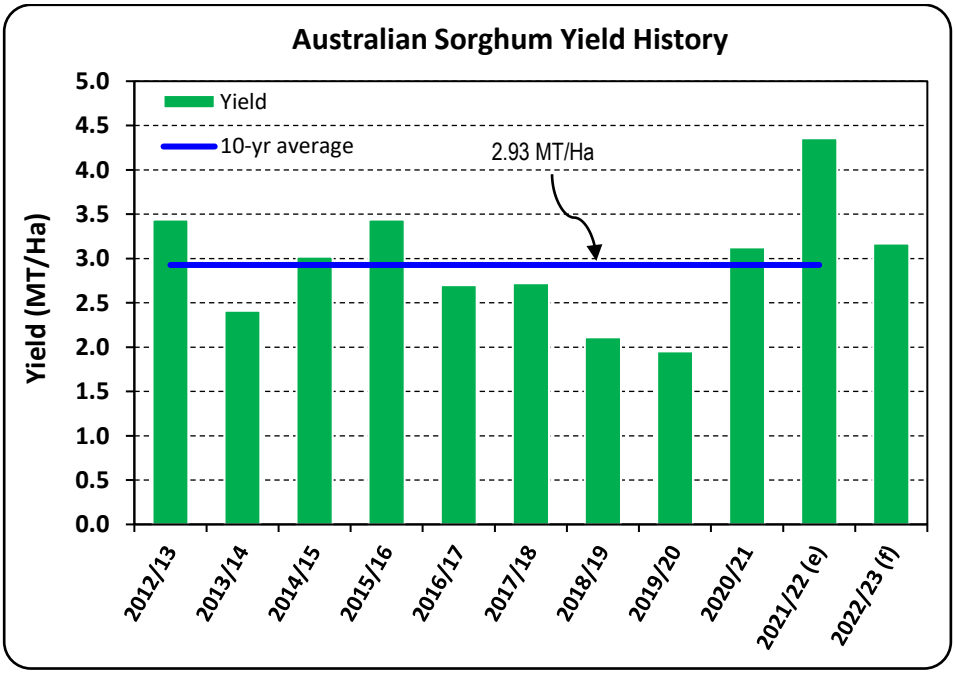
SORGHUM

Production

The FAS/Canberra sorghum production forecast for MY 2022/23 is revised up from the official USDA forecast of 1.6 MMT to 1.9 MMT, after strong winter rains, and an above-average rainfall forecast in the coming months, are expected to result in ample soil moisture reserves at planting. Harvested area is also revised up to 600,000 hectares from the official USDA forecast of 550,000 hectares due to the expected positive sub-surface moisture anticipated at planting from October 2022. The forecast yield at 3.17 MT per hectare is down from the estimated record 4.35 MT per hectare bumper crop in the previous MY 2021/22, but is still eight percent above the previous 10-year average of 2.93 MT per hectare (see Figure 10).

Queensland typically produces over two-thirds of Australia's overall sorghum production, much of which is in southern Queensland. Around one-third of the national sorghum crop is produced in northern New South Wales. In the main producing regions of southern Queensland and northern New South Wales the main planting period is from October to December, with harvest generally between March and June. The northern parts of the sorghum growing regions of central Queensland has a warmer climate which allows a greater planting window, typically from September to as late as February which gives this region a greater capacity to be more opportunistic with their planting program and improving their chances of a successful crop outcome.

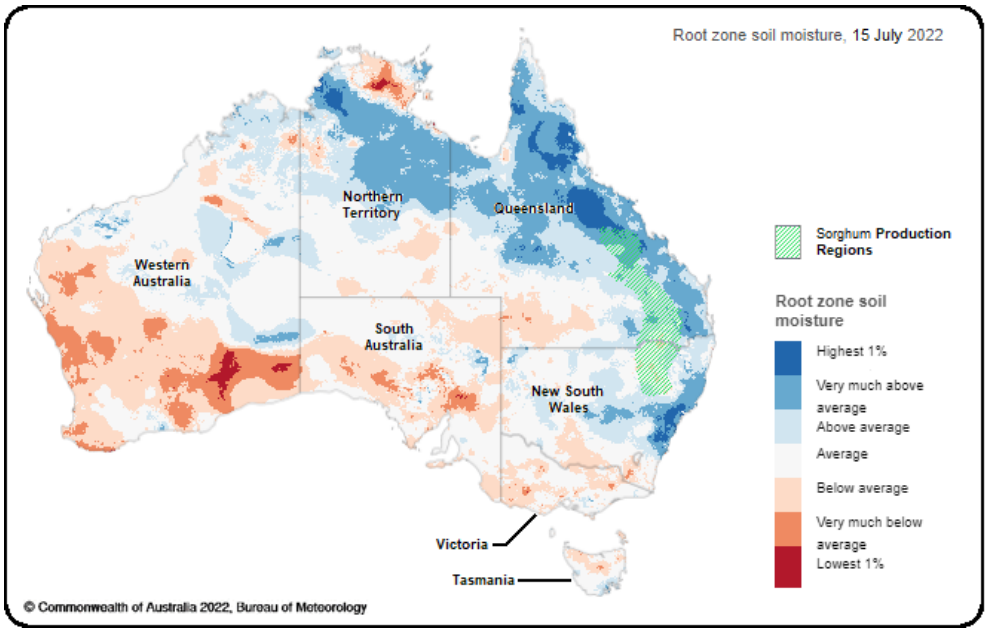
Figure 10 – Australian Sorghum Yield History



Source: PSD Online / FAS/Canberra

The sorghum producing regions have had good autumn and winter rainfalls which have built up soil moisture profiles to average to above-average levels as of mid-July 2022 (see Figure 11). This is expected to provide sorghum producers with some confidence to plan their sorghum plantings which typically commence in October.

Figure 11 – Root Zone Soil Moisture – as at July 15, 2022

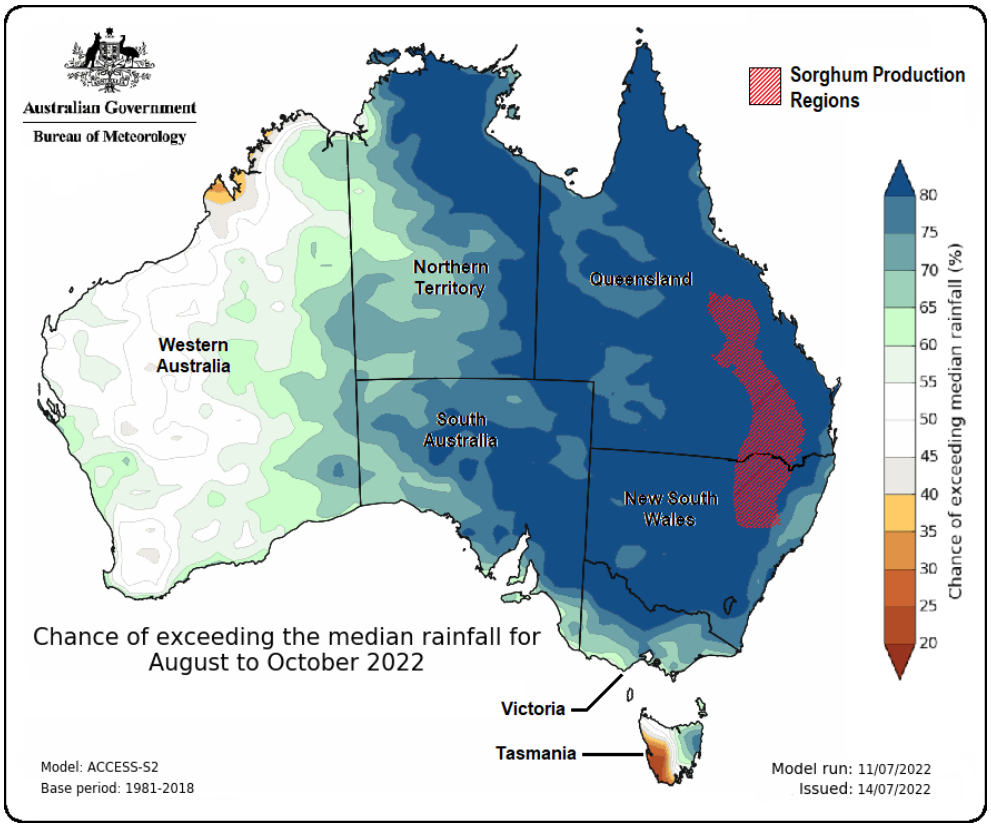


Source: Australian Bureau of Meteorology / FAS/Canberra

A further positive for sorghum growers is that in the next three months in the lead up to planting the Bureau of Meteorology forecasts indicate a very high likelihood of above-average rainfall across all of the sorghum producing areas (see Figure 12). If this is realized, sorghum producers are likely to enter the main planting period with ample stored soil moisture giving the forecast crop every opportunity to achieve above-average yields in the forecast year.

The anticipated high soil moisture levels in the lead up to planting will encourage another good planting area following on from the MY 2021/22 planted area. Cotton is the only other major summer crop competitor in the sorghum producing areas. However, cotton is mostly grown under irrigation whereas sorghum is typically a dryland summer crop. Generally, if conditions at planting are good there is typically a strong planted area of sorghum. Producers have in the past year had the benefit of strong sorghum prices resulting from export demand which will also provide confidence for large sorghum plantings for the upcoming MY 2022/23 season despite the rise in input costs.

Figure 12 – Rainfall Forecast – August to October 2022



Source: Australian Bureau of Meteorology / FAS/Canberra

Consumption

FAS/Canberra forecasts sorghum consumption in MY 2022/23 at 510,000 MT, and in line with the official UDSA forecast but 50,000 MT higher than the MY 2021/22 estimate. The anticipated increased supply of sorghum from the much improved MY 2021/22 harvest is expected to result in higher opening stocks in the forecast year. With this and the forecast of another good production year there is an expectation that sorghum prices may decline a little further to levels similar to or below that of feed wheat, attracting a small improvement in domestic demand from the livestock feed sector.

FAS/Canberra's sorghum consumption estimate for MY 2021/22 is 460,000 MT and in line with the official USDA estimate. This is a relatively low level of domestic consumption in part due to there being virtually no industrial consumption of sorghum since the mothballing of the only fuel ethanol processing facility which used sorghum as its primary feedstock. In recent years there has also been a positive price differential for sorghum over feed wheat and barley which had resulted in the livestock industry substituting feed wheat and barley in place of sorghum.

Exports

The FAS/Canberra sorghum export forecast for MY 2022/23 is revised to 1.4 MMT from the official USDA forecast of 1.1 MMT. This is still 600,000 MT lower than the MY 2021/22 estimate, largely due to a 750,000-MT forecast reduction in production.

The rate of exports in the first three months of MY 2021/22 has been very strong with 620,000 MT exported. The strong early export has resulted in FAS/Canberra's sorghum export estimate to be revised up from the official USDA estimate by 100,000 MT to 2 MMT in MY 2021/22. This is also in part due to the increased production estimate of 100,000 MT. The pace of exports is expected to slow during the MY 2021/22 season as otherwise stocks would be run down to extremely low levels.

China is traditionally the major export destination of Australian sorghum. For the first three months of MY 2021/22, China has continued this trend with 86 percent of overall exports. Japan also accounts for 11 percent of exports over this period. These two nations account for 97 percent of exports to date for the MY 2021/22 season which was similarly the case in the prior year.

Stocks

Stocks are forecast to remain stable in MY 2022/23 after being replenished in MY 2021/22, as production in that year achieved the second highest level on record.

Sorghum	2020/2021		2021/2022		2022/2023	
Market Year Begins	Mar 2021		Mar 2022		Mar 2023	
Australia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	640	510	620	620	550	600
Beginning Stocks (1000 MT)	154	154	155	155	395	395
Production (1000 MT)	1900	2000	2600	2700	1600	1900
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2054	2154	2755	2855	1995	2295
MY Exports (1000 MT)	1689	1689	1900	2000	1100	1400
TY Exports (1000 MT)	1235	1235	1900	2000	1100	1400
Feed and Residual (1000 MT)	200	300	450	450	500	500
FSI Consumption (1000 MT)	10	10	10	10	10	10
Total Consumption (1000 MT)	210	310	460	460	510	510
Ending Stocks (1000 MT)	155	155	395	395	385	385
Total Distribution (1000 MT)	2054	2154	2755	2855	1995	2295
Yield (MT/HA)	2.9688	3.9216	4.1935	4.3548	2.9091	3.1667

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Sorghum begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

RICE

Production

FAS/Canberra forecasts milled rice production at 575,000 MT in MY 2022/23, a 19-percent increase over the MY 2021/22 estimate and, if realized, would be 42 percent above the previous 10-year average. This forecast is also unchanged from the official USDA forecast. However, the forecast production is still far below the peak of 1.175 MMT achieved in MY 2000/01. The big increase in forecast production is primarily as a result of an expected improvement in irrigation water storage levels and associated improvement in irrigation water availability for the MY 2022/23 rice crop (to be planted from October 2022).

The 19 percent increase in forecast production for MY 2022/23 is primarily due to an anticipated expansion in crop harvest area forecast to 80,000 Ha, from the MY 2021/22 estimate of 65,000 Ha. This forecast increase in area is mainly a result of a high degree of confidence that there will be a further improvement in irrigation water availability for producers compared to conditions experienced for the MY 2021/22 crop.

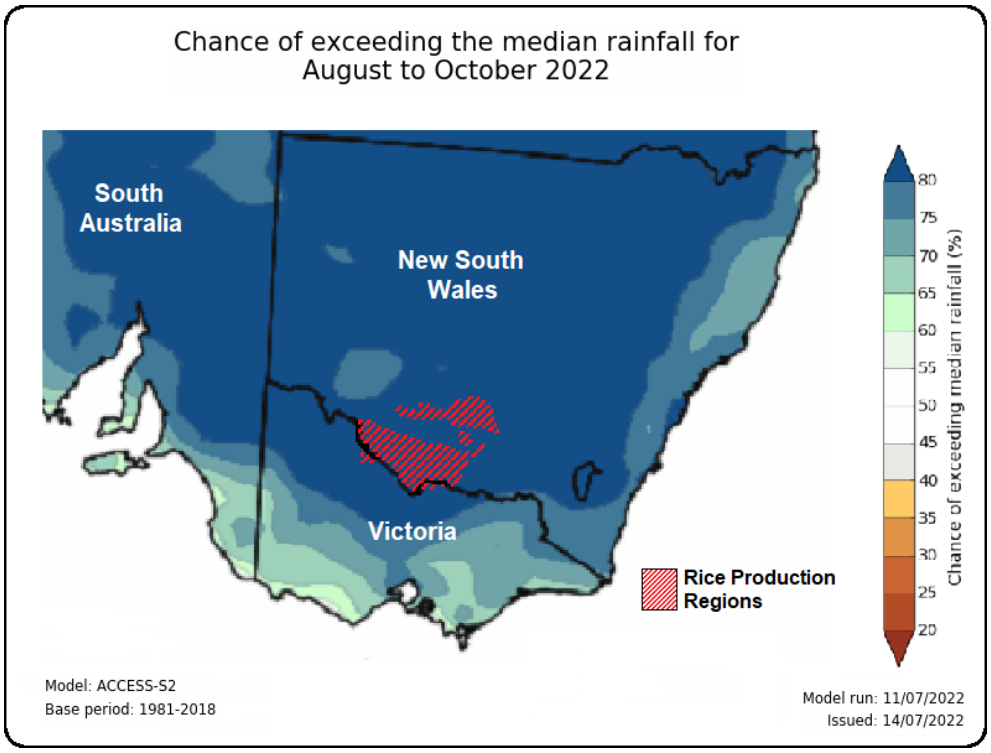
Irrigation storage dams are already at or near capacity before the spring rains which typically contribute significantly to storage levels. In fact, there are concerns that if the storage dam levels are not managed well over winter that there could be substantial spillway overflows which could cause flooding events downstream. With water levels not being a limiting factor, this will offer irrigation water authorities scope to offer much improved water allocations prior to the start of rice planting in October 2022. This will offer rice growers confidence and ample time to plan their rice cropping program for MY 2022/23.

The Bureau of Meteorology rainfall forecast for the August to October 2022 period in the rice production regions and associated irrigation water catchment areas is for a high likelihood of above-average rainfall. This has added further confidence for rice growers to plan their upcoming rice program with a high degree of certainty of receiving a very high water allocation for the season.

Rice growers are generally mixed farmers, and in the main rice growing area of the Riverina region, cotton production is a significant alternate summer crop option for many growers. Cotton production has expanded significantly in the region over the last decade and with strong prospects for the upcoming cotton season any further expansion of rice production towards much higher past levels is unlikely in the short to medium term.

FAS/Canberra’s milled rice production estimate for MY 2021/22 has been revised up by 15,000 MT to 485,000 MT from the official USDA estimate of 470,000 MT. Now post-harvest, indications are that the crop was stronger than the previous estimate.

Figure 13 – Rainfall Forecast – August to October 2022



Source: Australian Bureau of Meteorology / FAS/Canberra

Consumption

Forecast rice consumption by FAS/Canberra in MY 2022/23 is 365,000 MT and is a modest 5,000 MT higher than the MY 2021/22 estimate. With a further increase in rice production to well above average-production providing ample domestic supply, it is anticipated that consumption will reach past average levels of around 365,000 MT. With continued relaxation of COVID-19 related restrictions, domestic and international travel restrictions are now minimal. This is expected to result in further improved food service sector demand for rice from the prior year.

FAS/Canberra's rice consumption estimate for MY 2021/22 remains unchanged at 360,000 MT and in line with the official USDA estimate.

Trade

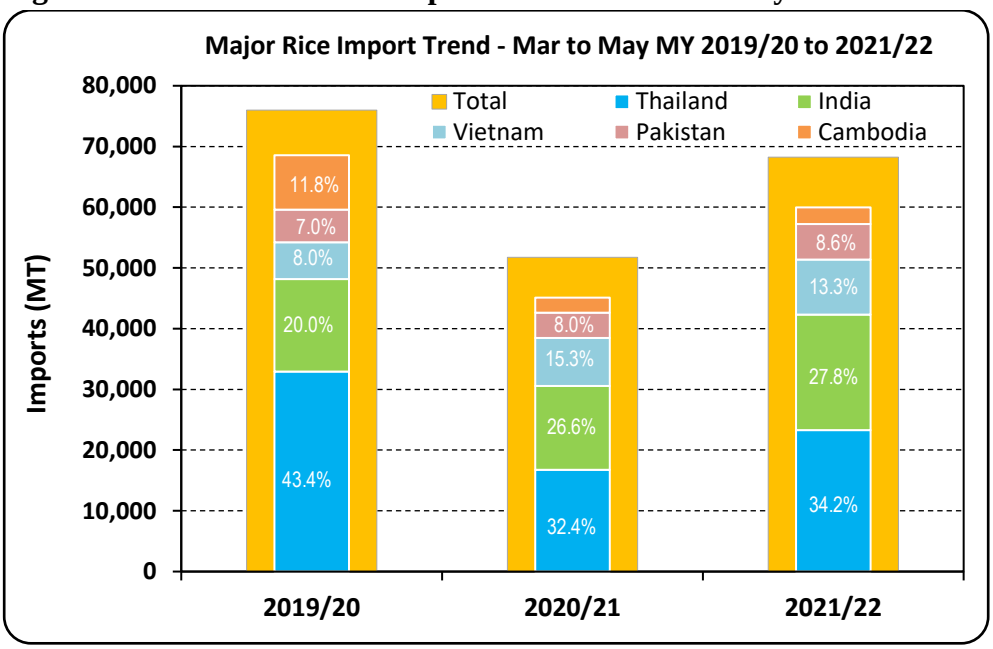
Imports

FAS/Canberra forecast's imports of 170,000 MT in MY 2022/23, a 55,000-MT (24 percent) decline from the upward revised MY 2021/22 estimate of 225,000 MT. The large decline from the MY 2021/22 estimate directly relates to the large increase in forecast rice production. With this post drought (2017 to 2019) rice production recovery, imports are forecast to return to around the 10-year average pre-drought level.

Imports for the March to May 2021 period are at 68,236 MT which is stronger than previously anticipated and has prompted an upward revision of the MY 2021/22 estimate to 225,000 MT, from the official USDA estimate of 200,000 MT. The fast initial pace of imports is expected to slow somewhat after supply from the strong MY 2021/22 rice production starts to become available domestically.

Thailand and India are by far the two largest rice suppliers to Australia consistently at over half to two-thirds of total imports over recent years (see Figure 14). The other three important sources of rice imports - Cambodia, Vietnam, and Pakistan - continue to be significant sources of rice for Australia. This has remained unchanged in the first three months of MY 2021/22. These five nations have consistently been the source of 85 to 90 percent of all rice imports by Australia over many years through high demand in low domestic production years, and during lower demand years when rice production in Australia is high.

Figure 14 – Australian Rice Import Trends – Mar to May MY 2019/20 to 2021/22



Source: Australian Bureau of Statistics

Exports

FAS/Canberra's forecast for exports in MY 2022/23 of 280,000 MT is a small increase from the upward revised MY 2021/22 estimate of 270,000 MT. The small increase is partially driven by an increase in production but also an expectation that the major rice mill will take the opportunity to rebuild their ending stocks to past levels in order to be prepared for any future production shocks that may happen.

Australia rice exports were significantly higher over the first three months of MY 2021/22. The rice harvest occurred during this period, so this volume was from rice produced in the previous MY 2020/21 smaller harvest. With larger rice production at the start of MY 2021/22 and as processing this crop

begins in earnest, FAS/Canberra anticipates that the pace of exports of rice from Australia will increase for the remaining nine months of the marketing year.

FAS/Canberra's estimate of imports of Australian rice has been revised upwards to 270,000 MT from the official UDSA estimate of 250,000 MT. This is due to the combination of upward revised production and imports, increasing the supply of rice available for exports.

Stocks

Rice stocks are forecast to recover further in MY 2022/23 on the back of a much-improved forecast rice crop production. Rice stocks were heavily depleted at the end of MY 2019/20 due to two successive years of drought affected poor production. This partially recovered in MY 2020/21 and is estimated to recover further in MY 2021/22 after successive years of improved rice production since the drought-affected period.

Rice, Milled	2020/2021		2021/2022		2022/2023	
Market Year Begins	Mar 2021		Mar 2022		Mar 2023	
Australia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	46	46	65	65	80	80
Beginning Stocks (1000 MT)	15	15	118	118	178	198
Milled Production (1000 MT)	330	330	470	485	575	575
Rough Production (1000 MT)	458	458	653	674	799	799
Milling Rate (.9999) (1000 MT)	7200	7200	7200	7200	7200	7200
MY Imports (1000 MT)	206	206	200	225	170	170
TY Imports (1000 MT)	204	206	200	240	170	180
TY Imp. from U.S. (1000 MT)	10	10	0	0	0	0
Total Supply (1000 MT)	551	551	788	828	923	943
MY Exports (1000 MT)	93	93	250	270	280	280
TY Exports (1000 MT)	72	72	250	270	280	280
Consumption and Residual (1000 MT)	340	340	360	360	365	365
Ending Stocks (1000 MT)	118	118	178	198	278	298
Total Distribution (1000 MT)	551	551	788	828	923	943
Yield (Rough) (MT/HA)	9.9565	9.9565	10.0462	10.3692	9.9875	9.9875

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2022/2023 = January 2023 - December 2023

Attachments:

No Attachments