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Required Report - public distribution

Date: 1/29/2013

GAIN Report Number: AS1301

Australia

Grain and Feed Update

January 2013

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Report Highlights:

Post has revised its forecast for the 2012/13 Australian wheat crop down by 2MMT to 22 MMT. The forecast for barley has also been revised downwards by 100,000MT to 6.9 MMT. Sorghum production is expected to decline by 20 per cent on the previous estimate to approximately 1.9 MMT. Rice production for 2012/13 is forecast at 1MMT, an increase of 6 percent on the 2011/12 crop.

Post:

Canberra

Commodities:

Wheat

Barley

Sorghum

Rice, Milled

Executive Summary:

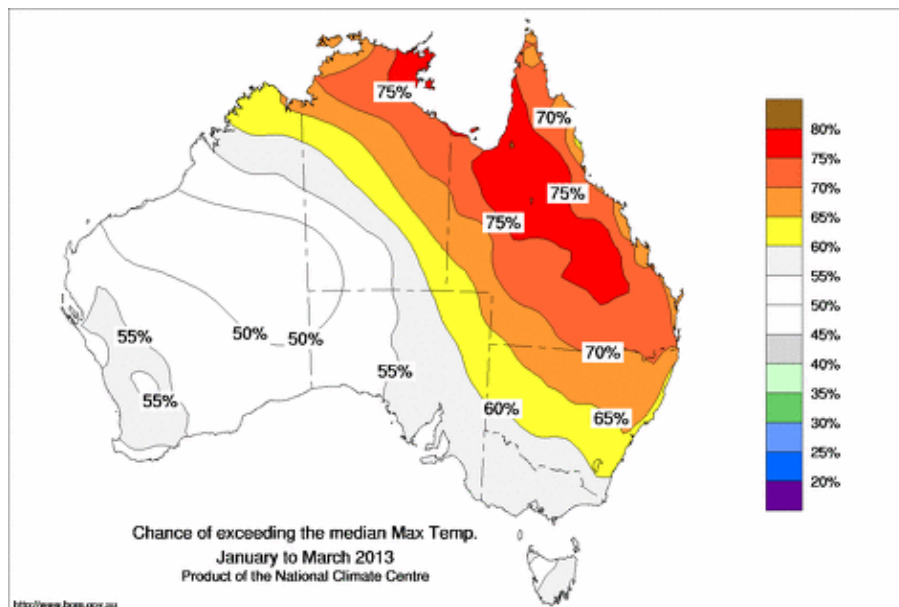
Due to dry conditions in the eastern states and untimely rainfall in Western Australia, Post has revised its forecast for the 2012/13 Australian wheat crop down by 2 MMT to 22 MMT. The forecast for barley has also been revised downwards by 100,000 MT to 6.9 MMT. The decline is predominantly driven by average to below average yields. Quality has also been below average except in Western Australia where wheat protein levels and barley malting quality has been good.

The widespread lack of summer rainfall has affected sorghum plantings which have been delayed in many areas. At this stage sorghum production is expected to decline by 20 per cent on the previous estimate to approximately 1.9 MMT but final planting areas and yields are heavily dependent on weather patterns in the next four to six weeks.

Rice production for 2012/13 is forecast at 1 MMT, an increase of 6 percent on the 2011/12 crop.

Climate Conditions

Rainfall over the first half of the summer has been below average across most of Australia with drier than normal conditions expected to continue until at least March. Record breaking high temperatures across large areas of Australia have contributed to further evaporation and delayed planting of many summer crops. Record high national temperatures have been recorded in January including the longest period over 39C (102F). Average temperatures for December and January have been at least 2 degrees higher than average across all major cropping areas. Large bushfires in New South Wales and Victoria have destroyed some cropping areas but the majority of fire damage has been in national parks and forests.



Source: Australian Bureau of Meteorology

Winter crops

Wheat

The wheat harvest is complete in Australia with a final estimate of 22 MMT for the 2012/13 year, down 26 per cent on the previous year but matching the 10-year average. Production had originally been forecast closer to the 2011/12 record (29 MMT) at 27 MMT but a lack of growing season rainfall significantly reduced yields. Prior to harvest some industry estimates had been for a total crop of less than 20 MMT but with harvested yields mostly at or only slightly below average in Queensland, New South Wales, Victoria and South Australia such concerns were somewhat alleviated. However, the dry growing conditions had prevented many farmers from applying fertilizer which led to generally low protein levels across these areas.

In Western Australia expectations of an exceptional harvest were dashed by rain and, in some cases, flooding during harvest. However quality has been generally good with the exception of noodle wheat. Area planted to noodle wheat was also reduced this year due to the lack of a premium which has reduced availability of noodle wheat for export to key markets including Japan and Korea.

Production, Supply and Distribution Statistics

Wheat Australia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	13,502	13,502	13,963	14,100	13,300	13,300
Beginning Stocks	5,067	5,067	8,128	8,358	6,977	7,446
Production	27,410	27,410	29,923	29,923	22,000	22,000
MY Imports	121	121	123	124	120	120
TY Imports	120	120	124	124	120	120
TY Imp. from U.S.	2	2	0	0	0	0
Total Supply	32,598	32,598	38,174	38,405	29,097	29,566
MY Exports	18,655	18,577	24,692	24,629	16,500	18,554
TY Exports	18,477	18,515	23,041	24,629	19,000	0
Feed and Residual	2,500	2,455	3,200	3,134	3,000	3,000
FSI Consumption	3,315	3,208	3,305	3,196	3,340	3,200
Total Consumption	5,815	5,663	6,505	6,330	6,340	6,200
Ending Stocks	8,128	8,358	6,977	7,446	6,257	4,812
Total Distribution	32,598	32,598	38,174	38,405	29,097	29,566

1000 HA, 1000 MT, MT/HA

Wheat Export Regulation

On November 29, 2012 Australian Parliament passed the Wheat Export Marketing Amendment Bill. As a result the Wheat Export Accreditation Scheme and the Wheat Export Charge were abolished on December 10, 2012 and Wheat Exports Australia (WEA) was closed on December 31st, 2012. Port access requirements established by WEA will be retained until September 30, 2014 during which time they will be monitored by the Australian Competition and Consumer Commission (ACCC). A national wheat industry advisory board is also being established to review current export arrangements and determine the appropriate use of surplus funds from the Wheat Export Charge.

Barley

The 2012/13 Australian barley crop is estimated to have fallen by 18 per cent compared to 2011/12 to approximately 6.9 MMT. Similar to wheat, low rainfall during the growing season has affected yields across most areas. Quality was good in Western Australia with over 50 per cent expected to make malt grade. In the eastern states quality was much lower with a much smaller percentage expected to meet malt grade specifications.

Production, Supply and Distribution Statistics

[illegible]

Summer crops

Sorghum

Australian sorghum production for 2012/13 is forecast to be average at 1.9 MMT. This is lower than the official government estimate of 2.36 MMT which was made in December when the area planted to sorghum was expected to increase significantly to take advantage of higher prices compared to cotton. However, a severe lack of summer rainfall has delayed planting in Central Queensland (CQ) with only 5 per cent of the expected crop planted by mid-January. Despite rainfall in late January it is likely that many growers will plant corn, sunflowers, mungbeans or chickpeas instead of sorghum. Smaller than expected areas have also been planted in other major growing regions and some earlier planted crops have suffered from a lack of rain during the early stages of growth. Yields will be dependent on the impact of rain received in late January.

Production, Supply and Distribution Statistics

Sorghum Australia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Mar 2011		Market Year Begin: Mar 2012		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	633	670	657	657	760	633
Beginning Stocks	681	681	361	361	279	299
Production	1,935	1,935	2,223	2,343	2,400	1,900
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2,616	2,616	2,584	2,704	2,679	2,199
MY Exports	850	850	1,200	1,200	1,100	1,000
TY Exports	575	553	1,185	1,112	1,000	1,000
Feed and Residual	1,400	1,400	1,100	1,200	1,400	1,050
FSI Consumption	5	5	5	5	5	5
Total Consumption	1,405	1,405	1,105	1,205	1,405	1,055
Ending Stocks	361	361	279	299	174	144
Total Distribution	2,616	2,616	2,584	2,704	2,679	2,199

1000 HA, 1000 MT, MT/HA

