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Australia

Grain and Feed

February Grain Lockup

2009

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Report Highlights:

Total wheat production for 2008/09 is forecast at 20.15 MMT, unchanged from Post's previous forecast. This is slightly above average according to historical data provided by the Australian Bureau of Agricultural and Resource Economics (ABARE). Harvest is now virtually complete, although very small pockets of wheat are yet to be harvested in high rainfall areas that traditionally do not normally grow wheat. Wet conditions throughout December and November frustrated the 2008/09 harvest and damaged significant quantities of wheat. In extreme cases, harvested was delayed considerably. Total barley production for 2008/09 is forecast at 7.013 MMT, unchanged from Post's previous forecast.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Quarterly Report
Canberra [AS1]
[AS]

SECTION ONE: SITUATION AND OUTLOOK**Wheat****Production**

Total wheat production for 2008/09 is forecast at 20.15 MMT, unchanged from Post's previous forecast. This is slightly above average according to historical data provided by the Australian Bureau of Agricultural and Resource Economics (ABARE).

Harvest is now virtually complete, although very small pockets of wheat are yet to be harvested in high rainfall areas that traditionally do not normally grow wheat. Wet conditions throughout December and November frustrated the 2008/09 harvest and damaged significant quantities of wheat. In extreme cases, harvest was delayed considerably.

Post has revised estimated production upwards for 2007/08 to 13.838 MMT in line with recently-released Australian Bureau of Statistics (ABS) figures. Despite this increase, this figure remains well below the ten-year-average of 18.98 MMT according to ABARE's historical data. Planted area has also been revised upwards slightly to 12.7 million hectares in line with the recent ABS report.

Exports

Total wheat exports for 2008/09 are forecast at 13.0 MMT, up on the previous year's drought-reduced figure of 7.502 MMT. Increased production due to a return to more favorable weather conditions is expected to see exports increase, but remains below pre-drought levels.

Exports for 2006/07 have been downward slightly to 8.369 MMT in line with recently provided Australia Government data. Post advises that the publication of wheat export data has been subject to change recently to coincide with regulatory reform in the Australian wheat industry. ABARE and ABS will now be responsible for publishing wheat export data rather than the mandated wheat export body.

Marketing

Despite the sharp increase in forecast grain production in 2008/09, some industry sources suggest that less grain was marketed during the harvest period of the 2008/09 crop than for the same period of the previous year.

Historically low production in 2007/08 combined with high demand meant that inventories were at very low levels throughout the value chain prior to the 2008/09 harvest. Unutilized storage, combined with export deregulation, has given grain producers unprecedented options in marketing their grain.

Recent deregulation of the Australian wheat marketing has created more marketing options for growers and many have been encouraged to harvest and store their wheat privately prior to marketing. This decision was also supported by a sharp decline in cash prices prior to harvest. Pooling wheat was also popular as many pool prices were valued on "estimated returns" and speculated that some pool sales would occur at levels higher than harvest cash prices.

In summary, the 2008/09 Australian wheat crop has shown a substantial increase in production over the previous year, however some cash buyers of wheat believe that the

recent harvest offered less cash purchase opportunities for wheat than the previous drought reduced harvest.

Barley

Production

Total barley production for 2008/09 is forecast at 7.013 MMT, unchanged from Post's previous forecast. This forecast remains well above the current ABARE forecast but remains in line with industry forecasts. Post's forecast for 2008/09 is underpinned by the states of Western Australia and NSW which increased production sharply over the same period for the previous year. Production is reported to be down slightly in Victoria and South Australia.

Total barley production for 2007/08 is forecast at 7.191 MMT. This figure has been revised upwards substantially from Post's previous estimate and is in line with recently released ABS figures.

Total area planted to barley in 2008/09 has been revised downwards only slightly to 4.506 million hectares in line with ABARE's area number. Area planted for 2007/08 has been revised upward to 4,932 million hectares.

Exports

Total Barley exports for 2008/09 are forecast at 3.7 MMT. This figure represents an increase on the previous year but remains well below the ten-year-average of 4.38 MMT using ABARE's historical data.

Estimated exports for 2007/08 remain unchanged at 3.5 MMT.

Sorghum

Production

Total sorghum production for 2009/10 is forecast at 2.4 MMT, up significantly on Post's previous estimate which relied on normal rainfall conditions. Above-average rainfall for November and December is expected to increase sorghum yields substantially. Post has assumed a sorghum yield of 3.0 MT per hectare which is considered above average but remain under the record of 3.4 MMT per hectare achieved in 1999/2000. Post believes there remains scope for a further increase in yield.

Sorghum production for 2008/09 has been revised upward significantly to 3.072 MMT, an all time record for Australian sorghum production. A recent preliminary ABS report put this crop at 4.012 MMT, however many sources remain skeptical of this level of production given the previous record of 2.115 MMT. ABS is expected to revise this number in May.

Exports

Total sorghum exports for 2009/10 are forecast at 0.6 MMT. Post has revised the estimate for 2008/09 upwards to 0.9 MMT, in line with the revised increase in the production estimates. Industry sources suggest exports could be as high as 0.92 MMT with the majority of these shipments going to Japan.

Rice

Production

Total rice production is forecast for 2009/10 at 73,000 MT, up significantly on the 60,000 MT previously forecast by post. Increased availability of water and improved seasonal conditions has improved the outlook for rice production. Despite this improvement in production outlook, the forecast level of production is only a fraction of the 10-year average of 784,000 MT, using historical ABARE data.

Industry sources advise that in 2008/09 has also been planted outside traditional growing areas of southern NSW in 2009/10 and a proportion of this has been grown under "dry land conditions" rather than in the traditional rice paddy. Post has revised total area sown to rice in 2009/10 upwards to 9,000 hectares to account for increased plantings.

Post has revised estimated rice production for 2007/08 upwards to 23,000 MT. Despite this increase, this represents the lowest level of production since 1929 (rice production began in Australia 1923). Severe and prolonged drought across Australia, has depleted irrigation water supplies. Recent rainfall has seen improvement although industry sources suggest that full recharge of water storages may take more than a decade to occur.

Exports

Total rice exports for 2009/10 are forecast at 20,000 MT, unchanged from Post's previous forecast. This level of exports would be considered to be a record, or near-record, low level in decades. Record low production has depleted the exportable surplus of Australian rice to a point where imports of rice are now consistently higher than exports, making Australia a net importer of rice.

Estimated exports for 2008/09 have been revised upwards sharply to 92,000 MT in line with a recent ABARE report. This upward revision has required ending stocks to be cut to record low levels in line with anecdotal evidence.

Total exports for 2006/07 remain unchanged at 200,000 MT.

SECTION TWO: STATISTICAL TABLES

PSD Table										
Wheat										
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin	2006/2007			2007/2008			2008/2009			MM/YYYY
Area Harvested	11,798	11,624	11,798	12,345	12,300	12,700	13,000	13,437	13,000	(1000 HA)
Beginning Stocks	9,620	9,618	9,620	4,406	4,224	4,765	3,853	3,199	4,651	(1000 MT)
Production	10,822	10,641	10,822	13,039	13,100	13,838	20,000	25,000	20,150	(1000 MT)
MY Imports	92	93	92	110	75	82	75	75	75	(1000 MT)
TY Imports	94	94	94	110	75	82	75	75	75	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	20,534	20,352	20,534	17,555	17,399	18,685	23,928	28,274	24,876	(1000 MT)
MY Exports	8,728	8,728	8,369	7,502	8,000	7,502	13,000	15,400	13,000	(1000 MT)
TY Exports	11,241	11,241	11,241	7,470	8,000	7,421	13,000	15,500	13,000	(1000 MT)
Feed Consumption	4,700	4,700	4,700	3,500	3,500	3,832	3,750	5,300	4,704	(1000 MT)
FSI Consumption	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,900	2,700	(1000 MT)
Total Consumption	7,400	7,400	7,400	6,200	6,200	6,532	6,450	8,200	7,404	(1000 MT)
Ending Stocks	4,406	4,224	4,765	3,853	3,199	4,651	4,478	4,674	4,472	(1000 MT)
Total Distribution	20,534	20,352	20,534	17,555	17,399	18,685	23,928	28,274	24,876	(1000 MT)
Yield	1.	1.	0.9173	1.	1.	1.0896	2.	2.	1.55	(MT/HA)

PSD Table										
Barley										
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		11/2006	11/2006		11/2007	11/2007		11/2008	11/2008	MM/YYYY
Area Harvested	4,182	4,098	4,182	4,405	4,350	4,932	4,200	4,524	4,506	(1000 HA)
Beginning Stocks	2,682	2,682	2,682	1,289	1,208	1,355	559	1,158	1,896	(1000 MT)
Production	4,257	4,176	4,257	5,920	5,900	7,191	6,500	8,500	7,013	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	6,939	6,858	6,939	7,209	7,108	8,546	7,059	9,658	8,909	(1000 MT)
MY Exports	1,900	1,900	1,900	3,500	2,300	3,500	3,000	3,700	3,700	(1000 MT)
TY Exports	1,927	1,927	1,927	3,377	2,300	3,377	3,000	3,000	3,000	(1000 MT)
Feed Consumption	2,850	2,850	2,784	2,200	2,700	2,200	2,450	2,900	2,900	(1000 MT)
FSI Consumption	900	900	900	950	950	950	950	1,000	1,000	(1000 MT)
Total Consumption	3,750	3,750	3,684	3,150	3,650	3,150	3,400	3,900	3,900	(1000 MT)
Ending Stocks	1,289	1,208	1,355	559	1,158	1,896	659	2,058	1,309	(1000 MT)
Total Distribution	6,939	6,858	6,939	7,209	7,108	8,546	7,059	9,658	8,909	(1000 MT)
Yield	1.	1.	1.0179	1.	1.	1.458	2.	2.	1.5564	(MT/HA)

PSD Table Sorghum

	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		03/2007	03/2007		03/2008	03/2008		03/2009	03/2009	MM/YYYY
Area Harvested	613	637	613	845	800	1,029	800	763	800	(1000 HA)
Beginning Stocks	23	23	23	16	43	16	183	188	133	(1000 MT)
Production	1,283	1,367	1,283	3,072	2,500	3,072	2,000	2,000	2,400	(1000 MT)
MY Imports	0	0		0	0	0	0	0	0	(1000 MT)
TY Imports	0	0		0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0		0	0	0	0	0	0	(1000 MT)
Total Supply	1,306	1,390	1,306	3,088	2,543	3,088	2,183	2,188	2,533	(1000 MT)
MY Exports	85	42	85	500	300	900	300	200	600	(1000 MT)
TY Exports	25	17	25	335	250	800	450	250	800	(1000 MT)
Feed Consumption	1,200	1,300	1,200	2,400	2,050	2,050	1,800	1,700	1,800	(1000 MT)
FSI Consumption	5	5	5	5	5	5	5	0	5	(1000 MT)
Total Consumption	1,205	1,305	1,205	2,405	2,055	2,055	1,805	1,700	1,805	(1000 MT)
Ending Stocks	16	43	16	183	188	133	78	288	128	(1000 MT)
Total Distribution	1,306	1,390	1,306	3,088	2,543	3,088	2,183	2,188	2,533	(1000 MT)
Yield	2.	2.	2.093	4.	3.	2.9854	2.	3.	3.	(MT/HA)

PSD Table Rice, Milled

	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		03/2007	03/2007		03/2008	03/2008		03/2009	03/2009	MM/YYYY
Area Harvested	20	21	20	2	2	3	7	30	9	(1000 HA)
Beginning Stocks	515	515	515	230	182	230	73	25	11	(1000 MT)
Milled Production	163	115	163	13	13	23	48	179	73	(1000 MT)
Rough Production	228	161	228	18	18	32	67	250	102	(1000 MT)
Milling Rate (.9999)	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	7,150	(1000 MT)
MY Imports	127	127	127	200	200	200	245	245	285	(1000 MT)
TY Imports	175	175	175	200	275	200	225	225	175	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	805	757	805	443	395	453	366	449	369	(1000 MT)
MY Exports	200	200	200	20	20	92	20	70	20	(1000 MT)
TY Exports	200	200	200	40	40	100	40	40	40	(1000 MT)
Total Consumption	375	375	375	350	350	350	305	325	325	(1000 MT)
Ending Stocks	230	182	230	73	25	11	41	55	24	(1000 MT)
Total Distribution	805	757	805	443	395	453	366	450	369	(1000 MT)
Yield (Rough)	11.	8.	11.4	9.	9.	10.6667	10.	8.	11.3333	(MT/HA)

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:
<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

Report Number	Title of Report	Date
AS9002	New Support for Wheat Exporters to Develop Markets Announced	01/27/09
AS9001	Australian Government Announces Food Production Grants Programs	01/23/09
AS8061	Recent Weather & Crop Impact	12/29/08
AS8060	Dried Distillers Grain	12/29/08
AS8059	Wine	12/08/08
AS8058	December Grain & Feed Update	12/03/08
AS8057	Cotton Quarterly Update	11/26/08
AS8056	Western Australia lifts ban on GM Cotton	11/25/08
AS8055	Fresh Deciduous Fruit Annual	11/21/08
AS8053	Citrus Annual	11/14/08
AS8052	November Grain Lockup	11/03/08
AS8051	Final IRA for Chicken Meat released by Biosecurity Australia	10/31/08
AS8049	Dairy Annual 2008	10/20/08
AS8048	Grain and Feed October Update 2008	09/26/08
AS8047	Sugar Semi-Annual	09/26/08
AS8046	Exporter Guide	09/15/08
AS8044	FAIRS Export Certificate Report	09/04/08
AS8043	2008 September Voluntary Grain Report	08/28/08
AS8041	Cotton Quarterly Lock-up	08/27/08
AS8040	Competitiveness of Grocery Pricing in Australia Investigated	08/20/08
AS8039	2008 Livestock Annual	08/22/08
AS8038	FAIRS Country Report	07/31/08
AS8037	The Australian Emissions Trading Scheme NFF Policy	07/22/08
AS8036	Draft Organic Standard Released for Comment	07/22/08
AS8035	Biotechnology Annual	07/15/08
AS8033	Grain and Feed Quarterly Update	07/08/08
AS8032	Wheat Reform Legislation Passes in Parliament	06/25/08
AS8030	Grain and Feed Situation Update	06/13/08
AS8029	Response to the "Safeguards Inquiry Into The Imports of Pigeat"	06/06/08
AS8028	New Wheat Marketing Legislation Progresses Through Parliament	06/05/08
AS8027	Biofuels Annual	06/04/08
AS8026	Aust Govt Expresses Disappointment Over Farm Bill	05/27/08
AS8024	US Farm Bill: Lost Opportunity – Minister for Trade	05/19/08
AS8023	Dairy Semi-Annual	05/19/08
AS8022	ABARE Report indicates GM crops will provide economic benefits to Australian regions	05/15/08