

Briefing Note

Agricultural Commodities

March Quarter 2012

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Introduction

This Briefing Note is a summary of the Australian Department of Agriculture, Fisheries and Forestry (ABARES) "Agricultural commodities" March quarter report. It provides an overview of those sections relevant to irrigated agriculture.

This Briefing Note does not seek to independently verify the data contained within it. All data presented is reproduced from the ABARE publication. This Briefing Note does not in any way constitute advice, it is provided solely as a service.

The full ABARES March quarter report is available from the link:

http://adl.brs.gov.au/data/warehouse/agcomd9abcc004/agcomd9abcc004201203/AC2012.V2.1_AgCommoditiesV1.0.0.pdf

Additional data relevant for ABARES March quarter report is available at:

http://daff.gov.au/abares/publications_remote_content/publication_details?fid=pe_agcomd9abcc004201203_11a.xml

Global Economic Outlook:

- World economic growth is assumed to moderate to 3.5% in 2012, following an estimated growth rate of 3.8% in 2011.
- Emerging economies, particularly China and India, are expected to remain the main drivers of world economic activity, although growth rates in these economies are assumed to moderate.
- Concerns over the financing of government debt in advanced economies are expected to slow economic growth in the OECD region, especially in the short term.

Australia's Economic Outlook:

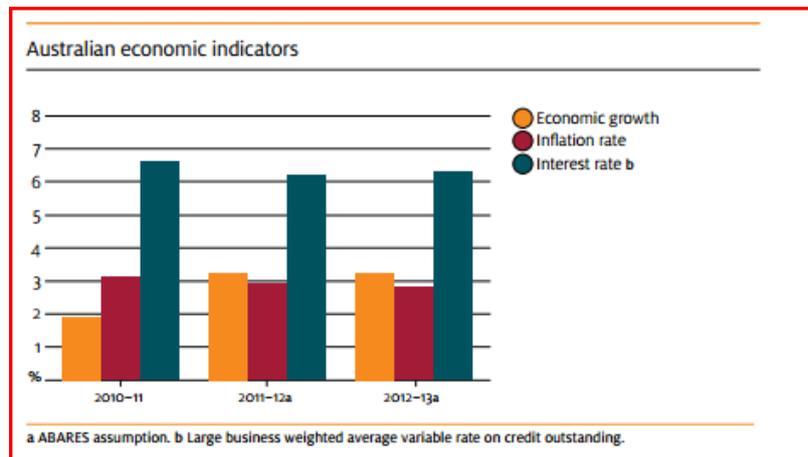
- Overall economic growth in Australia is assumed to average 3.25% in 2011-12 and 2012-13.
- Uncertainty about global economic growth poses a downside risk for commodity demand, export earnings and investment spending.
 - **Inflation:**
 - The consumer price index rose year-on-year by 3.1% in the December quarter 2011. Inflation pressures in Australia is expected to remain moderate, with the inflation rate assumed to average 2.9% in 2011/12 before easing slightly to 2.8% in 2012/13.

- **Exchange rate:**

- The Australian dollar remained strong in the second half of 2011 against both the USD and on a trade-weighted basis. For the first 8 months of 2011/12, the Australian dollar averaged around US103 cents.
- In the short term, the value of the Australian dollar is assumed to remain relatively high due to strong commodity demand (i.e. mineral export) and high Australian interest rates.

- **Interest rates:**

- After lowering the cash rate in November 2011, the RBA decided to leave the cash rate unchanged in March at 4.25%. Depending on domestic demand over the year there might be further monetary easing (source: RBA)



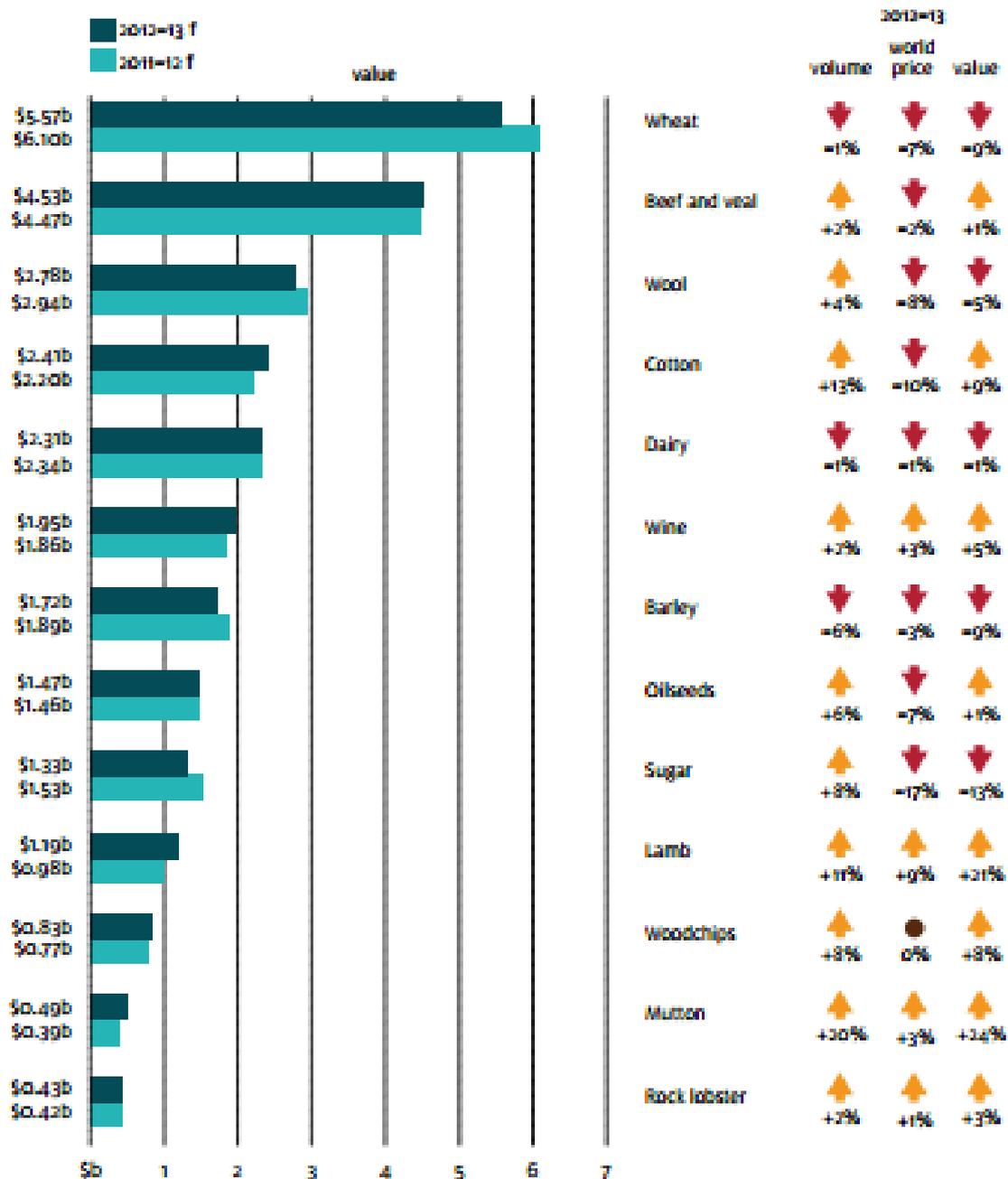
Australian agricultural exports figures:

- Total volume of farm production is forecast to increase by around 1% in 2012/13.
- The index of unit returns for Australian farm exports (in aggregate) is forecast to decline by 4.1% in 2012/13. This forecast decline reflects expected lower world prices for wheat, soybeans, cotton, dairy products, sugar, wool and rice.
- Earnings from farm exports are forecast to be around \$35.1 billion in 2012/13, marginally lower than last year. Farm commodities for which export earnings are forecast to be higher in 2012/13, include canola (2%), raw cotton (9%), grain sorghum (12%), wine (5%), beef and veal (1%) and sheep meat (22%).
- Export earnings for crops are forecast to be around \$19.8 billion in 2012/13, compared with \$20.7 billion in 2011/12. The export value of livestock and livestock products is forecast to increase by 3.6% in 2012/13 to \$15.3 billion.

Major Australian Agricultural, Fisheries and Forestry Commodity exports

Major Australian agricultural, fisheries and forestry commodity exports

Wheat, cotton, sugar and oilseeds are world indicator prices in US\$. All other commodities are export unit returns or domestic prices in A\$. For export value, annual forecasts are the sum of quarterly forecasts. As a result, annual export values do not necessarily reflect variations in export volumes, world prices and exchange rates.



FABARES forecast.

Grains

Global Outlook

Wheat:

- World wheat indicator price (US hard red winter, fob Gulf) is forecast to fall by 7% in 2012/13 to average around US\$275 a tonne.
- World wheat production is forecast to fall by 2% to around 682 million tonnes. This forecast reflects an assumed return to average yields following the record production achieved in the 2011/12 season.
- World consumption of wheat is forecast to increase marginally to 681 million tonnes in 2012/13. This increase is largely driven by growth in human consumption, in line with world population growth. Consumption of feed is forecast to remain relatively high given the rise in corn prices.

Coarse grains:

- World coarse grains indicator price (US corn, fob Gulf) is forecast to decrease by 7% in 2012/13 to US \$258 a tonne. The world indicator price for barley (French Rouen feed) is expected to fall by 10% to US \$248 a tonne. These price forecasts reflect expected increases in world coarse grain supplies.
- World coarse grain production is forecast to rise by 4% in 2012/13 to a record of almost 1.2 billion. This reflects an expected increase in corn production in the US and China, as well as an increase in barley production in major producing nations. World corn production is forecast to increase by 3% in 2012/13 to a record 887 million tonnes, reflecting an expected increase in harvested area.
- World consumption of coarse grains is forecast to increase by 2% in 2012/13 to 1.2 billion tonnes.

Oilseeds:

- World oilseeds indicator price (soybeans, cif Rotterdam) is forecast to decrease by 7% in 2012/13 to US \$495 a tonne.
- World oilseed production is forecast to increase by 4% in 2012/13 to a record 467 million tonnes. A forecast recovery of the US soybean crop and continued high production of canola in Canada and sunflower in the Black Sea region are the main drivers for this forecast.
- World oilseed consumption is forecast to rise by 3% in 2012 to 469 million tonnes. Population growth and rising incomes in developing countries (especially China and India) as well as sustained growth in industrial demand are driving this forecast increase.

Canola:

- World canola indicator price (cif Hamburg) is forecast to decrease by 8% in 2012/13 to US\$580 a tonne. A forecast recovery of the European rapeseed/canola crop combined with expected high production from Canada.
- World canola production is forecast to increase by 7% in 2012/13 to 64 million tonnes, reflecting a recovery in the European Union as a result of improved seasonal conditions.

Australian Outlook

- Australian wheat production is forecast to fall by 13% to around 26 million tonnes in 2012/13, reflecting a return to average yields and expected smaller planting area. Australian wheat exports are forecast to remain largely unchanged at around 21 million tonnes in 2012/13.
- The area planted to canola is forecast to increase by 5% in 2012-13, reflecting favourable prices and strong global demand for high-bearing oilseeds. Production is forecast to be 5% higher at around 2.9 million tonnes.
- The area planted for barley is forecast to increase by 3% in 2012/13 reflecting relatively favourable prices and high world demand for feed grain. Assuming favourable seasonal conditions production is forecast to rise by 5% to 9 million tonnes. Export value is forecast to decrease by 1%.

Wheat

Outlook for wheat		2009	2010	2011	2012	2013	2014	2015	2016
	unit	-10	-11	-12 f	-13 f	-14 z	-15 z	-16 z	-17 z
World									
Area	million ha	222	218	221	223	223	224	224	224
Yield	t/ha	3.05	3.00	3.13	3.05	3.09	3.11	3.13	3.14
Production	Mt	679	653	693	682	690	695	700	705
Consumption	Mt	652	656	679	681	687	693	698	704
Closing stocks	Mt	199	195	209	210	213	215	217	218
Trade	Mt	128	126	135	136	137	138	139	140
Stocks-to-use ratio	%	30.5	29.8	30.8	30.9	31.0	31.0	31.1	31.0
Price a									
- nominal	US\$/t	209	317	295	275	268	270	270	276
- real b	US\$/t	219	325	295	270	258	255	250	250
Australia									
Area	'000 ha	13 881	13 645	14 058	13 700	13 600	13 560	13 530	13 500
Yield	t/ha	1.57	2.04	2.10	1.87	1.90	1.92	1.94	1.96
Production	kt	21 834	27 891	29 515	25 675	25 800	26 000	26 200	26 400
Export volume c	kt	13 725	18 431	21 200	21 000	19 900	19 500	19 250	19 050
Export value c									
- nominal	A\$/m	3 692	5 516	6 095	5 570	5 225	5 300	5 365	5 460
- real d	A\$/m	3 915	5 673	6 095	5 419	4 959	4 908	4 847	4 812
APW pool return e									
- nominal	A\$/t	249	346	268	257	257	264	270	280
- real d	A\$/t	264	356	268	250	244	245	244	247

a US hard red winter wheat, no. 2, feb Gd#, July-June. b In 2011-12 US dollars. c July-June years. d In 2011-12 Australian dollars. e Free on board Estimated Pool Return (EPW) for APW1 and APW2. f ABARES forecast. z ABARES projection.
Sources: ABARES; Australian Bureau of Statistics; International Grains Council

Coarse grains

Outlook for coarse grains									
	unit	2009	2010	2011	2012	2013	2014	2015	2016
		-10	-11	-12 f	-13 f	-14 z	-15 z	-16 z	-17 z
World									
Area	million ha	309	307	315	320	319	319	320	320
Yield	t/ha	3.61	3.55	3.61	3.70	3.79	3.84	3.90	3.97
Production	Mt	1 114	1 092	1 140	1 184	1 210	1 224	1 248	1 270
Consumption	Mt	1 107	1 126	1 145	1 169	1 191	1 219	1 239	1 265
Closing stocks	Mt	196	165	153	168	186	192	201	205
Trade	Mt	123	114	115	131	134	154	157	165
Stocks-to-use ratio	%	18.17	14.39	13.97	14.35	15.65	15.75	16.19	16.16
Price a									
- nominal	US\$/t	163	277	276	258	241	238	232	230
- real b	US\$/t	171	285	276	253	232	224	214	208
Australia									
Area									
barley	1000 ha	4 422	3 740	4 038	4 157	4 273	4 320	4 368	4 415
oats	1000 ha	850	832	1 003	983	953	925	897	870
triticale	1000 ha	350	330	330	323	317	311	307	305
sorghum	1000 ha	498	674	632	649	654	658	661	665
maize	1000 ha	59	61	77	58	57	58	58	60
total	1000 ha	6 179	5 637	6 080	6 171	6 255	6 271	6 291	6 315
Production									
barley	kt	7 865	8 145	8 572	9 010	9 101	9 379	9 662	9 950
oats	kt	1 162	1 142	1 734	1 717	1 673	1 631	1 594	1 560
triticale	kt	545	685	580	599	588	577	576	570
sorghum	kt	1 508	2 068	2 331	2 210	2 272	2 327	2 382	2 435
maize	kt	328	351	422	333	327	340	343	350
total	kt	11 408	12 391	13 639	13 868	13 961	14 253	14 557	14 865
Domestic use c	kt	6 132	6 205	6 903	6 969	6 953	7 148	7 368	7 585
Export volume	kt	4 974	5 337	7 217	6 883	7 039	7 145	7 236	7 332
Export value									
- nominal	A\$/m	1 280	1 493	2 123	1 994	1 996	2 002	2 014	2 020
- real d	A\$/m	1 358	1 535	2 123	1 940	1 894	1 854	1 820	1 780
Price - nominal									
barley e	A\$/t	172	207	184	186	183	182	180	180
grain sorghum	A\$/t	196	217	193	204	199	194	190	187
Price - real d									
barley e	A\$/t	183	213	184	181	174	168	163	159
grain sorghum	A\$/t	208	223	193	198	189	180	172	165

a US corn, fob Gulf, September-August. b In 2011-12 US dollars. c Includes changes to stocks. d In 2011-12 Australian dollars. e Gross unit value of production. f ABARES forecast. z ABARES projection.
Source: ABARES, Australian Bureau of Statistics; United States Department of Agriculture

Oilseeds

Outlook for oilseeds									
	unit	2009	2010	2011	2012	2013	2014	2015	2016
		-10	-11	-12 f	-13 f	-14 z	-15 z	-16 z	-17 z
World									
Oilseeds									
Production	Mt	442	452	448	467	481	493	505	520
Consumption	Mt	423	442	454	469	484	497	512	525
Closing stocks	Mt	72	78	75	79	82	82	83	85
Indicator price a	US\$/t	429	560	535	495	475	415	414	413
- real b	US\$/t	450	576	535	486	457	391	382	374
Protein meals									
Production	Mt	239	253	258	267	276	283	292	300
Consumption	Mt	236	249	256	269	285	300	316	330
Closing stocks	Mt	7	8	10	10	11	12	13	15
Indicator price c	US\$/t	391	418	321	284	265	270	313	312
- real b	US\$/t	410	429	321	279	254	254	289	282
Vegetable oils									
Production	Mt	139	146	152	159	167	174	181	185
Consumption	Mt	138	151	152	158	166	171	177	185
Closing stocks	Mt	12	9	9	10	11	13	16	20
Indicator price d	US\$/t	924	1 299	1 746	1 716	1 636	1 529	1 431	1 429
- real b	US\$/t	969	1 335	1 746	1 683	1 573	1 442	1 322	1 295
Australia									
Total production	kt	2 609	3 782	4 459	4 621	4 722	4 801	4 898	4 996
Winter	kt	1 933	2 397	2 788	2 937	3 015	3 090	3 168	3 246
Summer	kt	676	1 385	1 671	1 683	1 707	1 711	1 730	1 750
Canola									
Area	1000 ha	1 712	2 093	1 705	1 786	1 822	1 858	1 895	1 933
Production	kt	1 920	2 382	2 775	2 925	3 001	3 077	3 154	3 233
Export volume e	kt	1 187	1 530	1 995	1 950	2 178	2 245	2 314	2 457
Export value e									
- nominal	\$m	553	908	1 208	1 133	864	872	901	1 080
- real g	\$m	586	934	1 208	1 102	820	807	814	952
Price h	A\$/t	440	557	529	449	418	403	395	387
- real g	A\$/t	466	572	529	437	397	373	357	341
Sunflowers									
Area	1000 ha	27	29	40	42	44	45	46	47
Production	kt	41	44	47	50	53	38	39	40
Exports i	kt	3	1	4	6	5	5	5	6
Price j	A\$/t	550	605	563	478	445	429	421	412
- real g	A\$/t	583	622	563	465	422	397	380	363

a Soybean, cf Rotterdam, October-September basis. b In 2011-12 US dollars. c Soybean meal, cf Rotterdam, 45 per cent protein. d Soybean oil, Dutch, fob ex-mill. e Marketing year: November-October. f ABARES forecast. g In 2011-12 Australian dollars. h Delivered Melbourne, November-October. i Marketing year, April-March. j Delivered Sydney, April-March. z ABARES projection.
Source: ABARES, Australian Bureau of Statistics; United States Department of Agriculture

Cotton

Global Outlook

- The world indicator price for cotton (Cotlook 'A' index) is forecast to fall by 37% in 2011/12 to average US103 cents a pound. This forecast price decline reflects the significant increase in world cotton supply.
- World cotton production is forecast to increase by 7% in 2011/12 to a record 26.9 million tonnes. The forecast increase in world production is in response to the record high world cotton price.
- World cotton consumption is expected to decrease by 4% in 2011/12 to 24 million tonnes due mainly to the economic downturn in some major apparel consuming markets (US and EU). Additionally, the gap between cotton and polyester prices, while narrowing, is expected to persist in the short-term, placing continued downward pressure on the demand for cotton.

Australian Outlook

- Australian cotton production is forecast to increase by around 20% in 2011/12 to a record 1.1 million tonnes. The forecast increase reflects a combination of high cotton prices at planting time and a second year of good supplies of irrigation water.
- The average storage level of public irrigation dams serving the Australian cotton growing regions, at 13 Feb. 2012, was 99% of capacity which is far higher than the 51% average at 13 Feb. 2010. This level of stored irrigation water is expected to provide support for maintaining cotton production in 2012/13.
- Returns at the gin gate to Australian cotton growers are forecast to decrease by 25% in 2011/12 to \$551 a bale of lint. In 2012/13, the return to Australian cotton growers is forecast to fall by \$26 a bale and average \$524 a bale, reflecting the forecast decline in world cotton prices.
- Australian cotton exports are forecast to increase by 89% in 2011/12 to a record 955 000 tonnes. This forecast is driven by strong export demand and forecast record cotton production in 2011/12. Cotton exports are forecast to increase by a further 12.5% in 2012/13 to a record 1.1 million tonnes. If realised, Australia would become the third largest cotton exporter in the world (behind US and India).

Outlook for cotton

	unit	2009 -10	2010 -11	2011 -12 f	2012 -13 f	2013 -14 z	2014 -15 z	2015 -16 z	2016 -17 z
World a									
Production	Mt	22.08	24.95	26.90	25.52	26.99	27.78	27.89	28.66
Consumption	Mt	25.78	25.37	24.00	25.41	26.54	27.57	28.41	29.08
Closing stocks	Mt	9.64	9.26	12.60	12.93	13.62	14.08	13.81	13.66
Stocks-to-use ratio	%	37.4	36.5	52.5	50.9	51.3	51.0	48.6	47.0
Costock 'A' index									
- nominal	USc/lb	78	164	103	93	90	91	101	107
- real b	USc/lb	81	169	103	91	87	86	93	97
Australia c									
Area harvested	'000 ha	208	590	600	525	530	536	541	546
Lint production	kt	387	898	1 080	1 075	938	849	748	784
Value of production									
- nominal d	A\$m	828	2 818	2 621	2 553	2 240	2 079	1 994	2 178
- real e	A\$m	879	2 898	2 621	2 484	2 126	1 925	1 802	1 920
Export volume	kt	395	505	955	1 075	1 022	899	803	749
Export value									
- nominal	A\$m	755	1 367	2 204	2 412	2 292	2 053	1 985	1 918
- real e	A\$m	800	1 406	2 204	2 346	2 176	1 901	1 793	1 690
Export unit value									
- nominal	Ac/kg	191	271	231	224	224	228	247	256
- real e	Ac/kg	202	279	231	218	213	211	223	226

a August–July years. b In 2011–12 US dollars. c July–June years. d Includes cottonseed value. e In 2011–12 Australian dollars. f ABARES forecast. z ABARES projection.

Source: ABARES; Australian Bureau of Statistics; United States Department of Agriculture

Horticulture

Global Outlook

- The value of Australia's diverse horticulture industry is projected to increase to \$9.3 billion in 2011/12. The key drivers of this projected growth are population and income growth in Australia, production from emerging fruit and tree nut industries and growth in global demand for fruit and vegetables, especially from China.
- Growth in the horticulture industry is expected to be relatively strong in the next few years, supported by abundant supplies of irrigation water.
- The value of Australia's net trade in fruit and vegetables is closely related to movements in the Australian exchange rate, especially against the USD. With the presently high value of the Australian dollar against major international currencies, Australia's net surpluses (in real value terms) of fresh fruit and vegetables are forecast to reach record lows in 2011/12.
- Strong growth is projected in world demand for fruit, nuts and vegetables over the medium-term, driven by world population and income growth (especially China and India).

Outlook for horticulture

		2009	2010	2011	2012	2013	2014	2015	2016
		-10	-11	-12 ^f	-13 ^f	-14 [*]	-15 [*]	-16 [*]	-17 [*]
Gross value									
- nominal	A\$m	7 895	8 705	9 266	9 993	10 353	10 739	11 134	11 540
- real ^a	A\$m	8 372	8 954	9 266	9 722	9 826	9 944	10 059	10 171
Fruit and tree nuts									
- nominal	A\$m	3 223	3 453	3 708	3 907	4 131	4 286	4 445	4 609
- real ^a	A\$m	3 418	3 552	3 708	3 888	3 920	3 969	4 016	4 062
Vegetables									
- nominal	A\$m	3 023	3 370	3 606	3 908	4 063	4 222	4 385	4 552
- real ^a	A\$m	3 206	3 467	3 606	3 802	3 857	3 910	3 961	4 012
Other horticulture									
- nominal	A\$m	1 649	1 882	1 952	2 089	2 159	2 231	2 304	2 380
- real ^a	A\$m	1 748	1 935	1 952	2 032	2 049	2 066	2 082	2 098
Exports									
- nominal	A\$m	1 309	1 248	1 227	1 127	1 201	1 273	1 350	1 423
- real ^a	A\$m	1 388	1 283	1 227	1 097	1 140	1 178	1 220	1 254
Fruits									
- nominal	A\$m	593	463	474	420	436	449	463	474
- real ^a	A\$m	628	476	474	409	414	416	418	418
Vegetables									
- nominal	A\$m	497	561	519	420	446	470	496	519
- real ^a	A\$m	528	577	519	408	423	436	448	458
Tree nuts									
- nominal	A\$m	198	207	219	269	300	334	372	411
- real ^a	A\$m	210	213	219	261	285	309	336	363
Nursery									
- nominal	A\$m	20	17	15	19	19	19	19	19
- real ^a	A\$m	22	18	15	18	18	17	17	17

^a In 2011–12, Australian dollars. ^f ABARES forecast. ^{*} ABARES estimate.
Source: ABARES; Australian Bureau of Statistics

Dairy

Global Outlook

- World dairy product prices are forecast to fall slightly in 2012/13. While demand for dairy products is expected to remain firm in developing countries, an assumed slowdown in economic growth in the EU and weak economic growth in the US are expected to dampen demand for dairy products in these countries. Furthermore, continuing high production in key producing and exporting countries is expected to add to the downwards pressures on dairy product prices in the short term.

	Forecast prices (2012/13)
Butter	US\$3850 a tonne
Skim milk powder	US\$3300
Whole milk powder	US\$3550
Cheese	US\$4200

- In 2012/13, milk production in most major producing and exporting countries is forecast to increase as a result of further gains in milk yields, albeit at a slower rate than in 2011/12, leading to higher supplies of dairy products.

Australian Outlook

- The Australian farm-gate price for milk is forecast to fall by 3% in 2012/13 to average around 39.6 cents a litre. Forecast lower world prices for dairy products will reduce unit returns to Australian dairy exporters.
- Australian milk production is forecast to increase by 1.4% in 2012/13 to 9.55 billion litres, following a 3% rise in 2011/12. Most of the rise in milk production is expected to occur in the irrigation areas of northern Victoria and southern NSW where water availability has improved in the past two seasons.
- Relatively firm milk prices and favourable seasonal conditions resulted in dairy producers increasing their cow herds in the 12 month period to June 2011. The significant improvement in water availability for irrigation in northern Victoria and southern NSW is expected to underpin a further expansion in milk production.
- The total value of Australian dairy exports is forecast to decline by 4% in 2012/13 to \$2.3 billion, reflecting lower average world dairy product prices.

Outlook for dairy

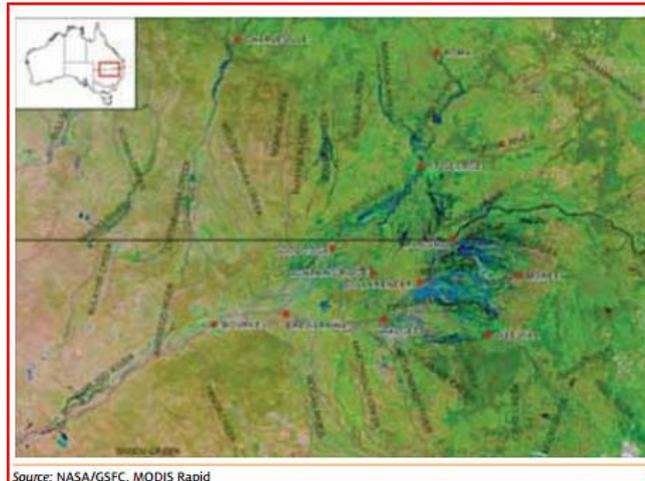
	UNIT	2009 -10	2010 -11	2011 -12 ^f	2012 -13 ^f	2013 -14 ^z	2014 -15 ^z	2015 -16 ^z	2016 -17 ^z
World									
Indicative price									
Butter									
- nominal	US\$/t	3 477	4 683	4 070	3 850	3 600	3 450	3 400	3 350
- real ^a	US\$/t	3 646	4 814	4 070	3 776	3 462	3 252	3 142	3 036
Skim milk powder									
- nominal	US\$/t	2 948	3 392	3 350	3 300	3 340	3 390	3 330	3 250
- real ^a	US\$/t	3 091	3 486	3 350	3 237	3 212	3 196	3 078	2 945
Cheese									
- nominal	US\$/t	3 748	4 221	4 340	4 200	4 200	4 240	4 230	4 180
- real ^a	US\$/t	3 930	4 339	4 340	4 119	4 039	3 997	3 910	3 788
Australia									
Cow numbers ^b	'000	1 596	1 604	1 620	1 650	1 663	1 669	1 671	1 668
Yield per cow	L	5 653	5 675	5 815	5 787	5 833	5 902	5 955	5 995
Production									
Total milk	ML	9 023	9 102	9 420	9 550	9 700	9 850	9 950	10 000
- Market sales	ML	2 269	2 316	2 368	2 417	2 464	2 510	2 556	2 604
- Manufacturing	ML	6 754	6 787	7 052	7 133	7 236	7 340	7 394	7 396
Butter ^c	kt	128	122	121	122	119	119	118	117
Cheese	kt	349	338	354	363	374	381	387	391
Skim milk powder	kt	190	222	221	220	214	215	213	213
Wholemilk powder	kt	126	151	156	155	158	162	167	168
Farmgate milk price ^d									
- nominal	A\$/L	37.3	43.2	41.0	39.6	39.5	40.3	41.0	41.1
- real ^e	A\$/L	39.6	44.4	41.0	38.5	37.5	37.3	37.0	36.2
Export volume									
Butter ^c	kt	74	56	53	53	51	51	51	50
Cheese	kt	168	163	170	173	180	183	184	186
Skim milk powder	kt	126	156	152	149	141	144	143	143
Wholemilk powder	kt	91	108	116	112	114	119	124	126
Export value									
- nominal	A\$m	2 088	2 344	2 344	2 310	2 379	2 485	2 529	2 522
- real ^e	A\$m	2 214	2 411	2 344	2 247	2 258	2 301	2 284	2 223

^a In 2011–12 US dollars. ^b At 30 June. ^c Includes the butter equivalent of butteroil, butter concentrate, ghee and dry buttermilk. ^d Includes freight from farm gate to processor in some states. ^e In 2011–12 Australian dollars. ^f ABARES forecast. ^z ABARES projection.

Sources: ABARES; Australian Bureau of Statistics; Dairy Australia

Special:

Impact on agricultural production of recent floods in Northern NSW and southern Queensland



- Widespread heavy rainfall during late 2011 and early 2012 resulted in flooding in parts of northern NSW and southern Queensland. Some regions were affected by floodwater for up to a week; the extent of damage to agricultural production is still being assessed.
- **Grain sorghum:**
 - The area of grain sorghum crops directly affected by floodwater is expected to have been small because the effects of flooding tended to be localised. The damage depends on crop maturity and the length of time it took for floodwaters to recede.
- **Cotton:**
 - While around 48% of the total area planted to cotton is in regions affected by floods, the full extent of damage to cotton crops was unclear at the time this report was prepared, with the actual damage dependent on the level of inundation and the growth stage of the plants.
- **Livestock:**
 - While some localised stock losses were reported, the overall impact on livestock production is not expected to be significant.
- **Crops outside inundated areas:**
 - In areas not inundated by floodwater, summer crop yields are expected to be above average, reflecting full moisture profiles of the subsoil.
 - The recent heavy rainfall will also recharge surface and groundwater storages in the upper Murray-Darling Basin.
 - Harvesting of winter crops was complete in southern Queensland and northern NSW before the inundation occurred.