

Briefing Note

Australia Crop Report - September

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Introduction

This Briefing Note is a summary of the Australian Department of Agriculture, Fisheries and Forestry (ABARES) "Australian Crop Report" for September 2012. It provides an overview of those section that are relevant to irrigated agriculture in NSW.

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

The full ABARES "Australian Crop Report" is available under:

<http://www.nswic.org.au/pdf/Commodity%20and%20Climate/120614%20-%20Crop%20Report.pdf>

Contents

Overview	3
Crop production	4
Climate and agronomic conditions	4
Winter crop production	7
Summer crop production.....	8
NSW Forecast	9

Overview

- Winter crop production across the country face mixed prospects heading into spring, reflecting varied winter rainfall and soil moisture conditions.
- The seasonal outlook from the Bureau of Meteorology points to an increase in the probability of a dry spring across south-eastern Australia. In cropping regions of northern NSW and Queensland, there is an approximately 50% chance of exceeding average rainfall.
- Relative upper layer soil moisture at the end of August 2012 was predominantly below average for most of the Australian cropping region. Relative lower layer soil moisture at the end of August 2012 was largely above average in the eastern states.

	Winter Crop Production (forecast)		Summer Crop Area (forecast)
Wheat	24% lower	Grain Sorghum	24% higher
Barley	19% lower	Cotton	14% lower
Canola	2% lower	Rice	11% higher

- Yield prospects remain above average in NSW due to abundant supply of subsoil moisture, particularly for early sown crops in northern NSW. However, cold weather and frost delayed development of many crops in southern NSW and some areas in central NSW are beginning to show early sign of moisture stress. Timely and sufficient rainfall during the spring growth phase will be crucial to realising prospective yields.

Crop production

Overall, winter crop production is forecast to be lower than the record harvest of last season which is reflected by dry conditions in Western Australia and parts of south-eastern Australia. In contrast, conditions have been more positive in NSW and Queensland, where crops are forecast to achieve above average yields.

In the cropping regions of Victoria, South Australia and southern NSW, crops are in reasonable condition ahead of the critical spring period. Although rainfall over winter was generally average to below average, lower level soil moisture has generally been above average, which has aided crop development.

In northern NSW and Queensland, conditions were favourable for crop development and there are good prospects for above average yields. Rainfall over June and July was average to above average and crops were planted into good soil moisture.

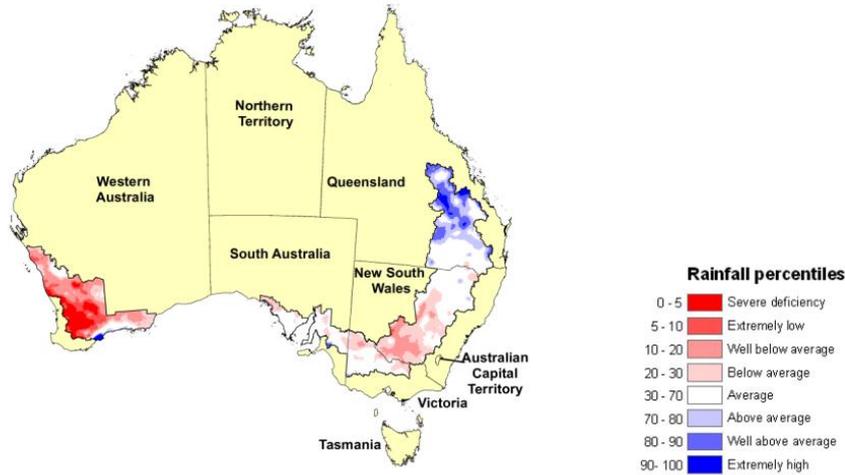
Climate and agronomic conditions

The seasonal outlook from the Bureau of Meteorology (22nd August 2012) points to an increase in the probability of a dry spring across south-eastern Australia. In contrast, a wetter than average season is likely to occur in Western Australia but even if this eventuates, it is unlikely to assist crops in many areas achieving average yields. In cropping regions of northern NSW and Queensland, there is an approximately 50% chance of exceeding average rainfall.

Rainfall was variable across most of the cropping regions in eastern Australia during winter 2012. Queensland received average rainfall in the south to well above average rainfall in the north. NSW received average rainfall in the north and below average, but timely, rainfall in the south. Rainfall was largely average across Victoria and South Australia, with a few areas experiencing drier conditions.

In June 2012 rainfall was generally average for cropping regions across Australia with only southern NSW receiving below average rainfall. Most of the Queensland cropping regions received high rainfall. July 2012 rainfall was at least average across cropping regions in eastern Australia, with deficiencies across most other regions, including lowest on record rainfall in Western Australia. In August 2012 rainfall was highly variable, ranging from average to severely deficient over the winter cropping regions across Australia.

Map 3 Australian rainfall percentiles, June 2012 to August 2012

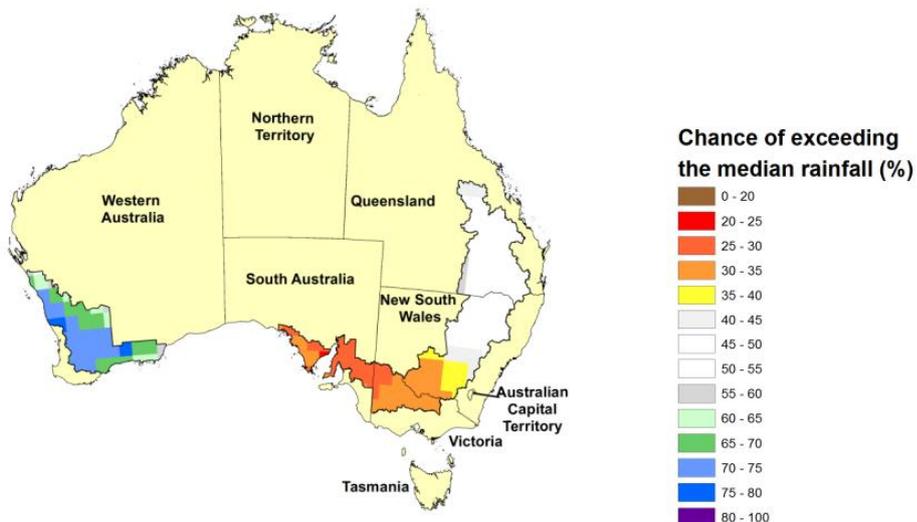


Note: Rainfall percentiles displayed for wheat-sheep zone only.
Source: Bureau of Meteorology

The Bureau of Meteorology seasonal rainfall outlook for September to November 2012 favours wetter than average conditions across Western Australia's cropping region and generally average conditions for much of NSW and Queensland. The outlook also indicates drier than normal conditions are likely for South Australia, Victoria and southern NSW.

The Bureau of Meteorology seasonal temperature outlook for September to November 2012 indicates that warmer daytime and night-time temperatures are favoured for South Australia and Victoria. The temperature outlook is variable over the rest of Australia; average daytime and warmer night-time temperatures are likely across Western Australia, warmer daytime and average night time temperatures are likely for Queensland and northern NSW.

Map 4 Rainfall outlook, September to November 2012

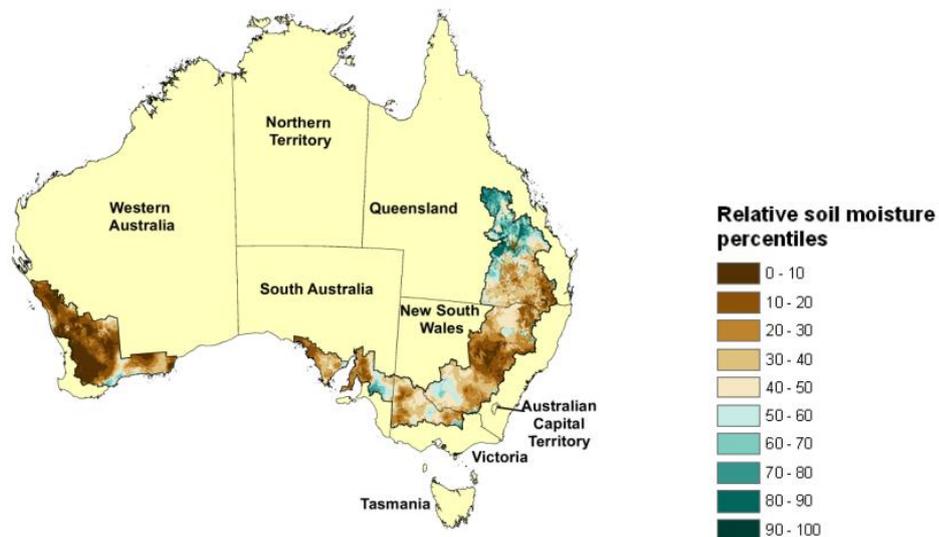


Note: Outlook displayed for wheat-sheep zone only.
Source: Bureau of Meteorology

Relative Soil Moisture

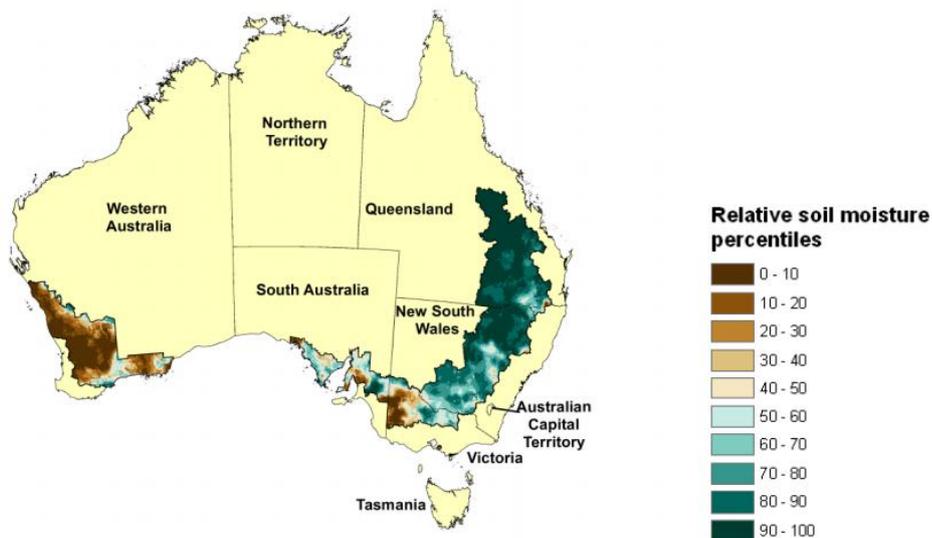
Relative upper layer soil moisture at the end of August 2012 was predominantly below average for most of the Australian cropping region. Relative lower layer soil moisture at the end of August 2012 was largely above average in the eastern states. This reflects the above average rainfall received in many areas during October 2011 to March 2012 and the average rainfall during autumn and winter 2012. Above average relative lower layer soil moisture will provide a deep store for crops in these areas, meaning producers will be less reliant on in-crop rainfall. Lower layer soil moisture deficiencies remain for cropping regions in Western Australia and parts of South Australia and western Victoria. Producers in these areas are more reliant on in-crop rainfall due to the sandy nature of the soils.

Map 5 Upper layer soil moisture, August 2012



Note: Relative upper layer soil moisture displayed for wheat-sheep zone only.
Source: ABARES; CSIRO; Bureau of Meteorology (Australian Water Availability Project)

Map 6 Lower layer soil moisture, August 2012



Note: Relative lower layer soil moisture displayed for wheat-sheep zone only.
Source: ABARES; CSIRO; Bureau of Meteorology (Australian Water Availability Project)

Winter crop production

Winter crops across the country face mixed prospects heading into spring, reflecting varied winter rainfall and soil moisture conditions. Overall, winter crop production is forecast to be lower than the record harvest of last season reflecting dry conditions in parts of south-eastern Australia, which have reduced prospects for yields in these regions. In contrast, conditions have been more positive in NSW, where crops are forecast to achieve above average yields. To realise prospective yields, sufficient and timely rainfall will still be required over the important spring growing periods.

Total winter crop production is forecast to fall by 20% in 2012-13 to around 36.2 million tonnes, which is a downward revision of 2.2 million tonnes from the ABARES June forecast.

The total area sown to winter crops fell by 1% in 2012-13 to around 22.1 million hectares. This estimated fall reflects the combined effect of a dry start to a season and lower farmgate cereal prices at the time of planting.

For the major winter crops relative to last season: wheat production is forecast to fall by 24% in 2012-13 to around 22.5 million tonnes; barley production is forecast to fall by 19% to around 7.0 million tonnes; and canola production is forecast to fall by 2% in 2012-13 to around 2.8 million tonnes. Although wheat production is forecast to fall, the supply of wheat in Australia is forecast to remain high with stocks estimated to be around 11.5 million tonnes at the beginning of August 2012, well above stock levels at the same month in recent years, reflecting the significantly high production of the past two seasons.

Table 2 Winter crop production, Australia

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Australia
	kt	kt	kt	kt	kt	kt
2002-03	3 505	1 955	836	4 227	6 812	17 402
2003-04	10 768	6 945	1 473	7 451	16 683	43 394
2004-05	10 724	4 204	1 383	5 338	12 983	34 710
2005-06	11 983	6 270	1 435	7 520	13 947	41 236
2006-07	3 796	1 751	926	2 793	8 279	17 588
2007-08	4 007	4 700	1 196	4 706	10 761	25 422
2008-09	9 441	3 890	2 326	4 864	13 784	34 386
2009-10	7 789	5 896	1 618	7 038	12 950	35 365
2010-11	14 786	7 629	1 822	9 317	8 045	41 681
2011-12 s	11 675	6 866	2 103	7 745	16 856	45 316
2012-13 f	10 831	5 377	2 279	6 767	10 904	36 228
% change 2011-12 to 2012-13	-7	-22	8	-13	-35	-20

f ABARES forecast. s ABARES estimate.

Note: Includes barley, canola, chickpeas, faba beans, field peas, lentils, linseed, lupins, oats, safflower, triticale and wheat.

Although wheat production is forecast to fall from last year's record, the supply of wheat available for export from Australia will remain high. Stocks of wheat in Australia have been boosted by consecutive large crops in 2010-11 and 2011-12. At the beginning of August 2012, stocks of wheat held by bulk handlers in Australia were well above stock levels at the same month in 2009 and 2010.

Summer crop production

The total area planted to summer crops is forecast to rise by 6% in 2012-13 to around 1.7 million hectares. This reflects a rise in grains prices, good subsoil moisture levels in key growing regions of southern Queensland and northern NSW and plentiful supplies of irrigation water. Summer crop production is forecast to rise by 5% to around 5.7 million tonnes.

Above average winter rainfall in key growing regions of northern NSW and southern Queensland, combined with expected high grain sorghum prices and falling cotton prices, are forecast to result in a 24% increase in the area planted to grain sorghum. Assuming average yields, production is forecast to increase by 10% to around 2.6 million tonnes.

Australian cotton lint production is forecast to fall by 7% in 2012-13 to around 991 000 tonnes, driven by a fall in planted area. The area planted to cotton in Australia forecast to decline by 14% in 2012-13 to around 515 000 hectares, largely as a result of a 44% fall in the area planted to dryland cotton. In contrast, the area planted to irrigated cotton is forecast to decline by only 4%. The forecast fall in planted area reflects expected lower cotton prices and higher prices for grain sorghum. Average lint yields are forecast to increase by 8% in 2012-13 due to a higher proportion of the total area planted to irrigated cotton.

Plentiful supplies of irrigation water in southern NSW is forecast to result in an increase in the area planted to rice in Australia by 11% to around 121 000 hectares.

Table 4 Summer crop area and production, Australia

	New South Wales		Queensland		Australia	
	'000 ha	kt	'000 ha	kt	'000 ha	kt
2002-03	529	1 594	555	1 248	1 097	2 868
2003-04	455	1 787	747	1 875	1 212	3 679
2004-05	518	2 023	812	1 850	1 340	3 889
2005-06	783	2 790	639	1 500	1 434	4 334
2006-07	336	1 037	546	1 119	921	2 186
2007-08	398	1 668	791	2 877	1 205	4 583
2008-09	402	1 430	746	2 350	1 156	3 794
2009-10	381	1 405	513	1 342	903	2 758
2010-11	713	2 514	790	1 901	1 514	4 446
2011-12 ^s	745	2 894	810	2 528	1 567	5 450
2012-13 ^f	768	3 068	882	2 649	1 661	5 744
<i>% change 2011-12 to 2012-13</i>	<i>3</i>	<i>6</i>	<i>9</i>	<i>5</i>	<i>6</i>	<i>5</i>

^f ABARES forecast. ^s ABARES estimate.

Note: State production includes grain sorghum, rice, cottonseed, maize, sunflower, peanuts and mung beans. Total for Australia also includes small areas and volume in other states. Total for Australia includes grain sorghum, rice, cottonseed, maize, sunflower, peanuts, mung beans and navy beans. Summer crop production figures include northern wet season rice and northern dry season cottonseed and rice.

NSW Forecast

Most winter crops in NSW were sown during the optimal planting window and into excellent subsoil moisture profiles across the winter cropping region. Although winter rainfall has been variable and below average in some areas, yield prospects generally remain above average due to abundant supply of subsoil moisture, particularly for early sown crops in northern NSW. However, cold weather and frost delayed development of many crops in southern NSW and some areas in central and southern NSW are beginning to show early sign of moisture stress. Timely and sufficient rainfall during the spring growth phase will be crucial to realising prospective yields.

Total winter crop production in NSW is forecast to fall by 7% in 2012-13 to 10.8 million tonnes. The average yield is forecast to fall from that achieved last season, due to below average winter rainfall, but will remain above average. The total area planted to winter crops decreased marginally to just under 6.2 million hectares.

Wheat production is forecast to fall by 11% in 2012-13 to around 7.1 million tonnes, reflecting a decrease in the planted area and a forecast reduction in yields. The area planted to wheat in NSW (2012-13) decreased by 5% to just over 3.8 million hectares.

Barley production is forecast to fall by around 9% in 2012-13 to around 1.5 million tonnes, reflecting a decrease in planted area and an expected lower average yield. The area planted to barley in 2012-13 decreased by 5% to 840 000 hectares.

Canola production is forecast to increase by 23% in 2012-13 to around 885 000 tonnes. Despite the area planted to canola increasing by 49% to an estimated record of 590 000 hectares, seasonal conditions to date, particularly in central and southern regions where most canola is grown, have been less favourable than last year, resulting in the forecast of a lower average yield.

The area planted to summer crops in NSW is forecast to increase by 3% in 2012-13 to around 768 000 hectares. The forecast increase is an expected response to the promising subsoil moisture levels and high grains and oilseeds prices.

The area planted to grain sorghum is forecast to increase by around 24% in 2012-13 to 230 000 hectares, reflecting promising subsoil moisture levels in key growing regions and high feed grain prices. Assuming average seasonal conditions, production is forecast to increase by around 14% to 775 000 tonnes.

Cotton production in NSW is forecast to decline by 5% in 2012-13 to around 624 000 tonnes of cotton lint and around 882 000 tonnes of cottonseed, largely as a result of a forecast 12% decline in the area planted to cotton. The forecast fall in planted area is expected to be partially offset by an assumed 8% increase in the average lint yield to 2.0 tonnes per hectare, driven by an expected rise in the proportion of the total planted areas to irrigated cotton. While the area planted to irrigated cotton is forecast to decline by 5% to around 271 000 hectares, the area planted to dryland cotton is forecast to decrease by 40% to around 44 000 hectares.

The area planted to rice is forecast to rise by 11% in 2012-13 to around 120 000 hectares, which reflects plentiful supplies of irrigation water. Production is forecast to increase by 12% to around 1.1 million tonnes.

Table 5 Winter crop forecasts, 2012–13, New South Wales

	area	yield	production	area change from 2011–12	production change from 2011–12
	'000 ha	t/ha	kt	%	%
Wheat	3 820	1.85	7 067	–5	–11
Barley	840	1.83	1 537	–5	–9
Canola	590	1.50	885	49	23

Note: Yields are based on areas planted.

Table 6 Summer crop forecasts, 2012–13, New South Wales

	area	yield	production	area change from 2011–12	production change from 2011–12
	'000 ha	t/ha	kt	%	%
Grain sorghum	230	3.37	775	24	14
Cotton lint	315	1.98	624	–12	–5
Cottonseed	315	2.80	882	–12	–5
Rice	120	8.96	1 075	11	12
Sunflower	27	1.28	35	35	38

Note: Yields are based on areas planted.