

Briefing Note

Australian Crop Report - December

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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 December 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://adl.brs.gov.au/data/warehouse/aucrpd9abcc003/aucrpd9abcc003201212/AustCropReport20121204_v1.0.0.pdf

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Overview

Crops have held up better than expected in many winter cropping regions, given the dry conditions experienced in the past few months.

In south-eastern Australia seasonal conditions were generally consistent with the spring seasonal outlook that the Bureau of Meteorology issued on 22 August 2012. Queensland and northern NSW received very little rainfall, but the favourable lower layer soil profiles in many areas allowed crops to continue developing over spring.

Harvesting of winter crops is largely complete in Queensland and northern NSW and is underway in Western Australia, South Australia, southern NSW and parts of Victoria. However, widespread harvesting of cereal crops is yet to begin in southern Victoria.

The seasonal outlook that the Bureau of Meteorology issued on 21 November 2012 indicates an approximately 50:50 chance of exceeding average rainfall for the remaining months of the harvest period in the winter cropping regions of south-eastern Australia, where the harvest is yet to be completed. In southern parts of the Western Australian grains belt, there is an approximately 65% chance of exceeding average rainfall over summer. The outlook points to an increase in the probability of above average rainfall in summer cropping regions.

Total winter crop production is forecast to be around 35.1 million tonnes in 2012-13 which is a 23% fall from the record production of the previous year (and around 1.1 million tonnes or 3% lower than forecast in September). Production is forecast to fall in all states with the largest fall expected in Western Australia.

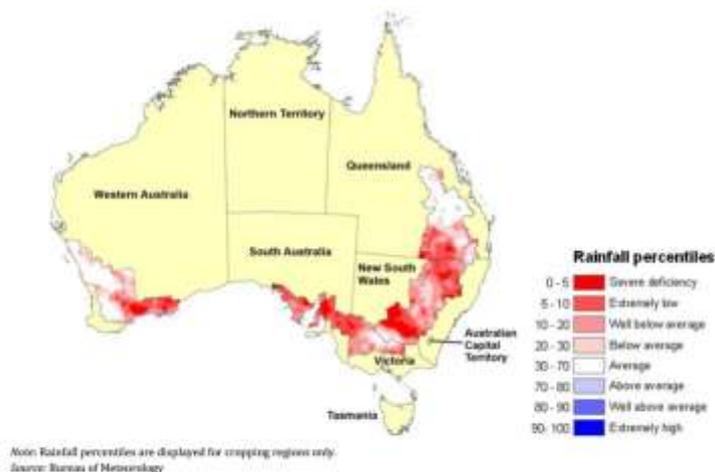
Despite favourable lower layer soil moisture in Queensland and northern NSW where cotton and grain sorghum are grown, upper layer soil moisture has generally been dry and this slowed the planting progress for summer crops.

The area planted to summer crops is forecast to fall by 2% to around 1.56 million hectares, which largely reflects an estimated 26% fall in the area planted to cotton.

	Production		Area planted (forecast)
Wheat	22 million tonnes	Cotton	442 000 hectares
Barley	6.9 million tonnes	Grain Sorghum	762 000 hectares
Canola	2.6 million tonnes	Rice	121 000 hectares

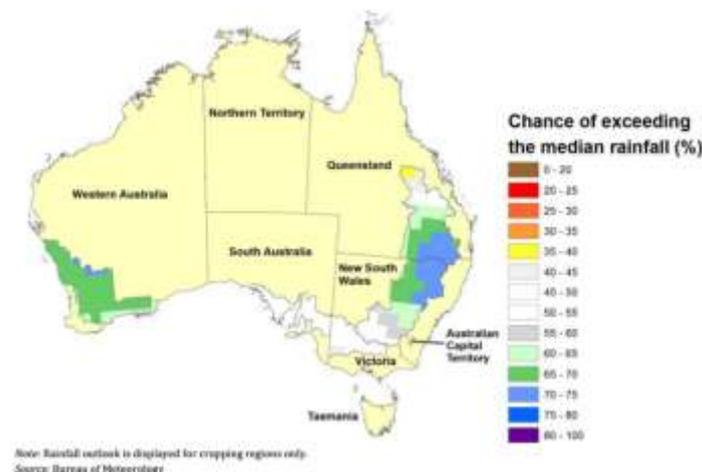
Climate and Agronomic Conditions

During September and October 2012 most winter cropping regions in NSW, Victoria, SA southern Queensland and southern WA, received extremely low to below average rainfall. Some cropping regions in central Queensland and northern parts of the Western Australian grains belt received close to average rainfall during this period.



In November, rainfall was below average across much of eastern Australia, and above average in Western Australia. The Bureau of Meteorology's latest rainfall outlook for summer indicates an increased chance of wetter than normal conditions across cropping areas in Queensland, NSW and Western Australia. The chances of receiving above median rainfall over summer are more than 60% in most cropping areas in Queensland, Western Australian and most of NSW.

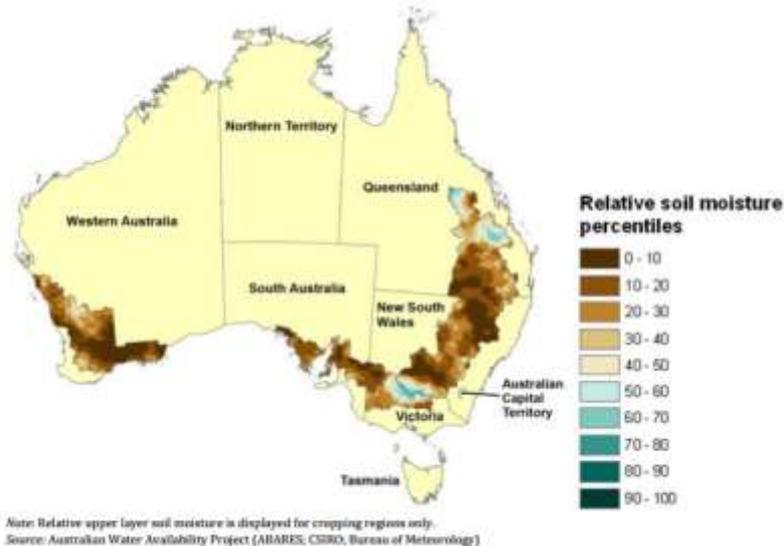
The outlook for maximum and minimum temperatures over summer (December 2012 to February 2013) indicates a chance of warmer than average daytime and night-time temperatures over parts of northern and Western Australia, while cooler daytime temperatures are favoured for north-east NSW and southern Queensland. Cooler than average night-time temperatures are likely across Victoria, southern NSW and south-eastern parts of SA over the next three months.



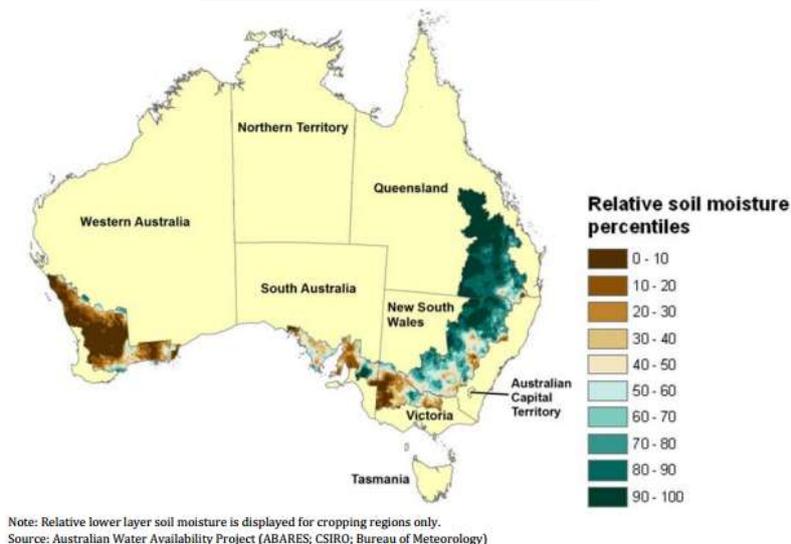
Relative upper layer soil moisture at the end of October 2012 for the Australian cropping regions was extremely low to below average, which reflects insufficient rainfall received during September and October 2012. There are some small areas of average to above average upper layer soil moisture in parts of southern NSW, northern Victoria and the central Queensland cropping region.

Relative soil moisture in the lower layer at the end of October 2012 was largely average to well above average in Queensland and NSW cropping regions, following above average rainfall received in these areas during early 2012. Above average lower layer soil moisture will provide a deep store for summer crops in these areas, meaning producers will be less reliant on in-crop rainfall.

Upper Layer Soil Moisture



Lower Layer Soil Moisture



Winter Crop Production

Crops have held up better than expected in many winter cropping regions, given the dry conditions experienced in the past few months.

In south-eastern Australia seasonal conditions were generally consistent with the spring seasonal outlook the Bureau of Meteorology issued on 22nd August. Queensland and northern NSW received very little rainfall, but the favourable lower layer soil profiles in many areas allowed crops to continue developing over spring. In SA, Victoria and southern NSW, warm daytime temperatures and below average rainfall in spring are expected to have continued to a fall in yield from the highs of last season for all major crops.

Total Australian winter crop production is forecast to be around 35.1 million tonnes in 2012-13, which is a 23% fall from the record production of the previous year and around 1.1 million tonnes (3%) lower than forecast in September. Production is forecast to fall in all states, with the largest fall expected in WA.

For the major winter crops, wheat production is forecast to fall by 26% in 2012-13 to around 22 million tonnes, barley production is forecast to fall by 18% to around 6.9 million tonnes and canola production is forecast to fall by 16% in 2012-13 to around 2.6 million tonnes.

Table 2 Winter crop production, Australia

Year	New South Wales	Victoria	Queensland	South Australia	Western Australia	Australia
	kt	kt	kt	kt	kt	kt
2002-03	3 487	1 947	830	4 223	6 813	17 370
2003-04	10 797	6 965	1 451	7 360	16 677	43 324
2004-05	10 715	4 219	1 392	5 298	12 979	34 681
2005-06	11 984	6 271	1 435	7 518	13 946	41 236
2006-07	3 796	1 751	925	2 793	8 279	17 588
2007-08	4 001	4 695	1 195	4 706	10 762	25 423
2008-09	9 441	3 890	2 327	4 864	13 786	34 386
2009-10	7 789	5 893	1 618	7 036	12 944	35 352
2010-11	14 786	7 629	1 822	9 317	8 045	41 681
2011-12 ^s	11 648	7 471	2 213	7 487	16 727	45 624
2012-13 ^f	10 595	5 312	2 207	6 452	10 442	35 079
% change 2011-12 to 2012-13	-9	-29	-0	-14	-38	-23

^f ABARES forecast. ^s ABARES estimate.

Note: Includes barley, canola, chickpeas, faba beans, field peas, lentils, linseed, lupins, oats, safflower, triticale and wheat. Estimates for 2011-12 include preliminary Australian Bureau of Statistics estimates for grains and pulses, where available.

Summer Crop Production

The area planted to summer crops is forecast to fall by 2% to around 1.56 million hectares, which largely reflects a forecast 26% fall in the area planted to cotton to 442 000 hectares. The forecast fall in the area planted to cotton is largely driven by an expected large reduction in the area planted to dryland cotton. A rise in the area planted to grain sorghum and rice is forecast to almost offset the fall in the area planted to cotton.

Grain sorghum crops, once established are expected to benefit from a favourable lower layer soil moisture profile, which reflects above average winter rainfall in northern NSW and southern Queensland. Additionally, favourable grains prices and falling cotton prices have made grain sorghum a more attractive option to producers than dryland cotton. The area planted to grain sorghum is forecast to rise by 16% to 762 000 hectares. Planting is presently being delayed by the dry opening to the summer crop season and the dry upper layer soil moisture profile. Assuming sufficient rainfall is received for planting intentions to be largely realised, and average yields are achieved, grain sorghum production is forecast to increase by 6% in 2012-13 to around 2.4 million tonnes.

The area planted to cotton is estimated to have fallen by 26% in 2012-13 to 442 000 hectares. It is estimated the area planted to irrigated cotton has fallen by 7% to 419 000 hectares and the area planted to dryland cotton has fallen by 85% to 23 000 hectares. Average yields are assumed to increase by around 7% in 2012-13 due to an increase in the proportion of higher yielding irrigated cotton in total plantings. Production is forecast to fall by 21% in 2012-13 to 945 000 tonnes of cotton lint and around 1.3 million tonnes of cottonseed.

The area planted to rice is forecast to rise by 12% in 2012-13 to around 121 000 hectares, reflecting plentiful supplies of irrigation water in southern NSW. Production is forecast to be around 1.1 million tonnes, assuming favourable seasonal conditions. If realised, this would be the highest production since 2001-02.

Table 4 Summer crop area and production, Australia

Year	New South Wales		Queensland		Australia	
	'000 ha	kt	'000 ha	kt	'000 ha	kt
2002-03	518	1 578	541	1 231	1 074	2 835
2003-04	457	1 779	765	1 867	1 231	3 664
2004-05	521	2 020	812	1 842	1 343	3 878
2005-06	776	2 791	645	1 516	1 433	4 351
2006-07	338	1 037	545	1 099	918	2 166
2007-08	398	1 668	791	2 877	1 199	4 567
2008-09	402	1 430	746	2 350	1 156	3 794
2009-10	381	1 405	513	1 342	903	2 764
2010-11	713	2 514	790	1 901	1 514	4 446
2011-12 s	782	3 105	796	2 349	1 591	5 488
2012-13 f	730	3 059	823	2 388	1 564	5 473
% change 2011-12 to 2012-13	-7	-1	3	2	-2	-0

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, cottonseed, rice, maize, peanuts, mung beans and navy beans. Summer crop production figures include northern wet season rice and northern dry season cottonseed and rice. Estimates for 2011-12 include preliminary Australian Bureau of Statistics estimates for grains and pulses, where available.

NSW Forecast

Most winter crops in NSW were sown during the optimal planting window into excellent subsoil moisture profiles across the entire winter cropping region. Significant rainfall deficiencies between August and October adversely affected yield potential, particularly in central and south-west NSW. Additionally, a number of widespread frost events in September and October also adversely affected crops in some regions, particularly canola. Nevertheless, crops have generally performed quite well considering they received little rainfall throughout the critical growth phase, particularly early sown crops that were able to tap into lower layer soil moisture. Harvesting of winter crops is largely complete in northern NSW and is underway in southern NSW.

Total winter crop production in NSW is forecast to fall by 9% in 2012-13 to around 10.6 million tonnes. Although yields are forecast to be close to the historical average, they are not as high as the yields achieved in the previous season, reflecting below average seasonal rainfall.

Wheat production is forecast to fall 17% in 2012-13 to around 7.1 million tonnes. Below to very much below average rainfall throughout both winter and spring adversely affected yield potential, but an abundance of lower layer soil moisture supported crops able to grow roots down into this moisture. The area planted to wheat in NSW in 2012-13 is estimated to have decreased by 3% to just over 3.8 million hectares.

Barely production is forecast to rise by around 7% in 2012-13 to just over 1.5 million tonnes, which reflects a rise in the area planted and an expected reduction in yields. The area planted to barley is estimated to have risen by 23% to 840 000 hectares.

Canola production is forecast to have increased by 17% in 2012-13 to around 842 000 tonnes, largely as a result of a 52% rise in planted area to a record 600 000 hectares. However, below average winter and spring rainfall, and a number of frost events, adversely affected yield potential.

The area planted to summer crops in NSW is forecast to fall by 7% in 2012-13 to around 730 000 hectares, largely as a result of a smaller area planted to cotton. Significant spring rainfall deficiencies throughout the summer cropping regions of northern NSW have delayed the planting of summer crops and caused early planted crops to suffer moisture stress. Good supplies of irrigation water are expected to result in an increase in the area planted to irrigated crops such as rice.

The area planted to grain sorghum is forecast to rise by 3% in 2012-13 to around 230 000 hectares. Although below average spring rainfall delayed planting of grain sorghum to date a favourable lower layer soil moisture profile in key growing regions and high feed grain prices mean that if enough rainfall is received in coming weeks, grain sorghum plantings will progress rapidly. Assuming average seasonal conditions, production is forecast to reach around 771 000 tonnes.

The area planted to rice is forecast to rise by 12% in 2012-13 to around 120 000 hectares, which reflects plentiful supplies of irrigation water. Production is forecast to increase by 15% to around 1.1 million tonnes. If realised, this would be the highest volume of production since 2001-02.

Cotton production in NSW is forecast to fall by around 15% in 2012-13 to around 624 000 tonnes of cotton lint and 882 000 tonnes of cottonseed. An estimated 21% decline in the area planted to cotton is forecast to be partially offset by an assumed 7% increase in the average yield. The forecast increase in the average yield will largely be driven by an estimated rise in the proportion of the total area planted to irrigated cotton, which has much higher yields than dryland cotton. The area planted to irrigated cotton is estimated to have declined by 4% in 2012-13 to 273 000 hectares compared with dryland cotton that is estimated to have declined by around 85% to 11 000 hectares, largely in response to the expectation of higher returns from production alternatives.

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

Commodity	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	-3	-17
Barley	840	1.83	1 537	23	7
Canola	600	1.40	842	52	17

Note: Yields are based on areas planted.

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

Commodity	Area	Yield	Production	Area change from 2011–12	Production change from 2011–12
	'000 ha	t/ha	kt	%	%
Grain sorghum	230	3.35	771	3	-4
Cotton lint	284	2.20	624	-21	-15
Cottonseed	284	3.11	882	-21	-15
Rice	120	8.96	1 075	12	15
Sunflower	22	1.28	28	10	13

Note: Yields are based on areas planted.