

# OVERVIEW

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**W**elcome to the 2008 issue of the *Grain Yearbook*. This is *Australian Grain* magazine's fifteenth edition of

the Yearbook – a publication which enjoys a long established reputation for its accurate, uncluttered presentation of up-to-date reference information on key aspects of Australian and international grain production, marketing and research.

With timely opening rains in autumn, the 2007–08 winter crop was away in many regions with, literally, a wet sail. The area planted to wheat, barley and canola increased on the previous season by around 10 per cent. With the best start in years, it looked like the droughted national crop of 06–07 was about to be well and truly consigned to the bad memories department. And to add to the general air of optimism, historically low global grain stocks and increasing consumption were pushing world grain prices to unprecedented levels. As we progressed towards spring, many growers took out forward contracts to lock-in attractive prices – others were happy to ride the market wave through to harvest. And what a harvest it was going to be!

Then the tap was turned off. Isolated areas in all states received some spring showers to keep crops on track towards reasonable yields, but the desperately needed day or two of general rain across the national grainbelt didn't arrive. Hopes of a bumper season evaporated along with the soil moisture reserves. And many growers scrambled to cover their forward sale positions as the nation limped through to harvest a winter crop of just over 22 million tonnes – well below the five year average of 35 mt.

But the highest real grain prices in decades helped soften the blow. Wheat price effectively doubled during the growing season as world grain stocks, particularly wheat, hit all time lows. The global grain market was on a bull-run as low supplies, increasing world demand

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and less than average seasonal prospects for the northern hemisphere, saw wheat charge through the US1000 cents per bushel barrier. The price of corn and other coarse grains followed suit. And thanks to a wet summer, which in many cases doubled average summer crop yields, northern region grain growers were able to cash-in on sorghum prices in excess of \$250 a tonne on-farm.

The 2007–08 summer crop is still being harvested but we are on track towards 3 mt – the nation's biggest for many years.

All up, the Australian grain industry will produce around 25.7 mt for the 2007–08 season. This is one of our smaller crops for the past decade but thanks to excellent grain prices, its gross value to the Australian economy is around \$8.5 billion – or about \$1 billion more than the average for the past 10 years.

## We farm in interesting times

As we enter the 2008–09 winter cropping season, it's fair to say that the Australian industry has never before been faced with so much change – and opportunity – in how it goes about its business. Here's just a few new issues to add to the mix:

- World grain prices at their highest prices ever – and likely to be particularly volatile in a high price band for at least the medium term;
- A new export wheat marketing system – without a single desk – about to be implemented;
- GM crop technology arrives with Victoria and NSW growers now able to grow glyphosate-tolerant canola;
- New water management arrangements being drawn up for the Murray Darling Basin; and,
- Sky-rocketing input costs and a strong Aussie dollar.

This all adds up to a few years of immense farming expectation and opportunity.