

Outlook for the '08 winter crop

With the exception of Western Australia, the majority of Australia's winter cropping regions received below average autumn rainfall. This meant many winter crops were dry sown or not sown during the optimal planting window. Widespread rainfall in early June in the eastern states allowed growers to complete intended cropping programs.

- The total area sown to winter crops in Australia is forecast to increase by nine per cent to 22.3 million hectares in 2008–09. Total winter crop production in 2008–09 is forecast to reach 37.1 million tonnes, a 65 per cent increase on the drought affected 2007–08 season.
- Of the major winter crops, the area sown to wheat is forecast to rise by 13 per cent to a record 14 million hectares, reflecting relatively high world wheat prices and the attractiveness of cropping to improve short-term cash flow.
- Assuming an improvement in yields from the 2007–08 season, total wheat production is forecast to reach around 23.7 mt in 2008–09, an increase of 82 per cent.
- The area sown to barley is forecast to increase only marginally to around 4.5 million hectares in 2008–09.
- Barley production is forecast to increase to 7.9 mt.
- The canola area sown is forecast to increase by around 16 per cent to 1.2 million hectares, reflecting a significant increase in Western Australia.
- National canola production is forecast to increase to 1.7 mt.

The 2007–08 summer crop

Total summer crop production in 2007–08 is estimated to have increased by 59 per cent to around 3.5 mt. Favourable sowing conditions and timely rainfall throughout the season resulted in an estimated grain sorghum crop of around 2.7 mt – double the previous year's harvest.

But a lack of irrigation water severely constrained the areas of rice and cotton in 2007–08. Rice production is estimated to have declined by around 88 per cent, to just 19,000 tonnes.

Cottonseed and cotton lint production are estimated to have fallen by 54 per cent to 178,000 and 126,000 tonnes, respectively.

Source: Australian Bureau of Agricultural and Resource Economics – *Australian Crop Report*, June 17, 2008.

AUSTRALIAN WINTER CROP PRODUCTION ('000 TONNES)						
	NSW	Victoria	Qld	WA	SA	Aust. Total
1996–97	11285	4599	2469	11192	5458	35071
1997–98	8558	3398	1637	12097	5360	31116
1998–99	9718	3495	2322	12232	6305	34159
1999–00	11495	5139	2222	13311	4751	36981
2000–01	10834	6232	1340	8726	7486	34696
2001–02	11171	5873	1142	12050	8927	39240
2002–03	3505	1955	836	6812	4227	17402
2003–04	10766	6941	1472	16682	7450	43386
2004–05	10724	4203	1384	12472	5849	34711
2005–06	11867	6170	1426	13922	7518	40985
2006–07	3879	1823	907	8259	2811	17613
2007–08 ^a	3067	3790	1159	9668	4858	22524
2008–09 ^f	10451	5504	1822	1209	6567	37136

State production includes wheat, barley, oats, canola, lupins, field peas, chickpeas, faba beans and lentils. Australian totals also include triticale, linseed and safflowerseed. ^aABARE forecast. ^fABARE estimate.

IGC WORLD GRAIN OUTLOOK, 2008–09

The outlook for the wheat and coarse grain supply/demand balance in 2008–09 remains tight with better prospects in China and the CIS in the past month offset by a sharp reduction in the outlook for US maize. World grain consumption is placed lower than previously, but still shows an increase over 2007–08, largely due to greater use of maize to make ethanol. Combined carryovers in the five major exporters will be particularly small. At 227 mt, wheat and coarse grains trade will be 6 mt less than in 2007–08, with a particularly sharp drop in EU imports. Drought in Near East Asia and greater food and feed use in parts of Far East Asia will increase imports there.

WHEAT: The production forecast is raised by 8 mt to a record 658 mt, 50 mt more than in 2007, with increased estimates for China, the CIS, the US, Brazil and India. While the EU crop should be much larger than last year, excessive rains in some areas may lower crop quality. In the US, despite heavy rains, winter wheat production is set to be the highest since 1998, while spring wheat prospects improved. Plantings in Argentina will be much lower, but rains in Australia may have come in time to enable sowings to increase substantially.

Projected world consumption is raised 2 mt to 634 mt, up 22 mt from last season. Tight availabilities of maize and sorghum will promote wheat feeding, especially in the US and the EU. Food use in developing countries in Asia and Africa may recover as prices ease.

World carryover stocks are now projected to increase by 24 mt to 143 mt. This is 12 mt higher than last month, mostly due to revised crop data for China, but forecast stocks in the five major exporters are reduced by 1 mt since May, to 37 mt.

The trade forecast is up 2 mt, at 111 mt, with increases in the EU, Iran and North Africa. US new season sales started strongly, but other exporters are expected to provide greater competition later in the season. Export projections for Russia and Ukraine are raised: large harvests and competitive prices will boost their shipments.

MAIZE: Production is forecast at 756 mt, 7 mt less than last month and 30 mt short of the 2007 record. Flooding in the US Midwest further delayed planting – crop damage is not yet fully assessed but the crop estimate is reduced by 17 mt, to 295 mt. Prospects in most other major producers improved, with a major revision in the figure for China, while high prices may encourage Argentine farmers to plant more.

World maize consumption is projected at a record 782 mt, 4 mt up from 2007–08. Industrial use will make up a quarter of the total (with growth in starch manufacture as well as ethanol), but high prices and better availabilities of alternatives will result in lower maize feed use, particularly in the US. World carryover stocks are forecast to decline to a 25-year low of 97 mt. A very large fall is expected in the US, to only 18 mt. Because of higher maize prices and increased availabilities of other feedgrains, world maize trade is forecast to fall by 10 mt to 90 mt.

Source: IGC Market Report, June 27, 2008