



PRODUCTION INPUTS MONITOR

Issue 180 – November 2020

Overview

Spot prices	Nov-20	Change (from Oct-20)	Change (from Nov-19)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$281	- \$2	- \$89
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$205	\$0	- \$54
Irrigation (Northern Victoria) \$/ML	\$160	-\$28	- \$610
Irrigation (Murray Irrigation System) \$/ML	\$140	-\$23	- \$289

Source: AFIA, Profarmer, Victorian Water Register, Murray Irrigation Ltd

The hay making season has all but wrapped up for the year. Favourable weather has resulted in a surge in grain production this season. Forecasts suggest wet weather this summer, which if realised will continue to support water storage levels, with the cost of temporary water decreasing again this November. The price of cull cows continued to increase but the number of cows passing through saleyards decreased as some farmers are retaining stock.

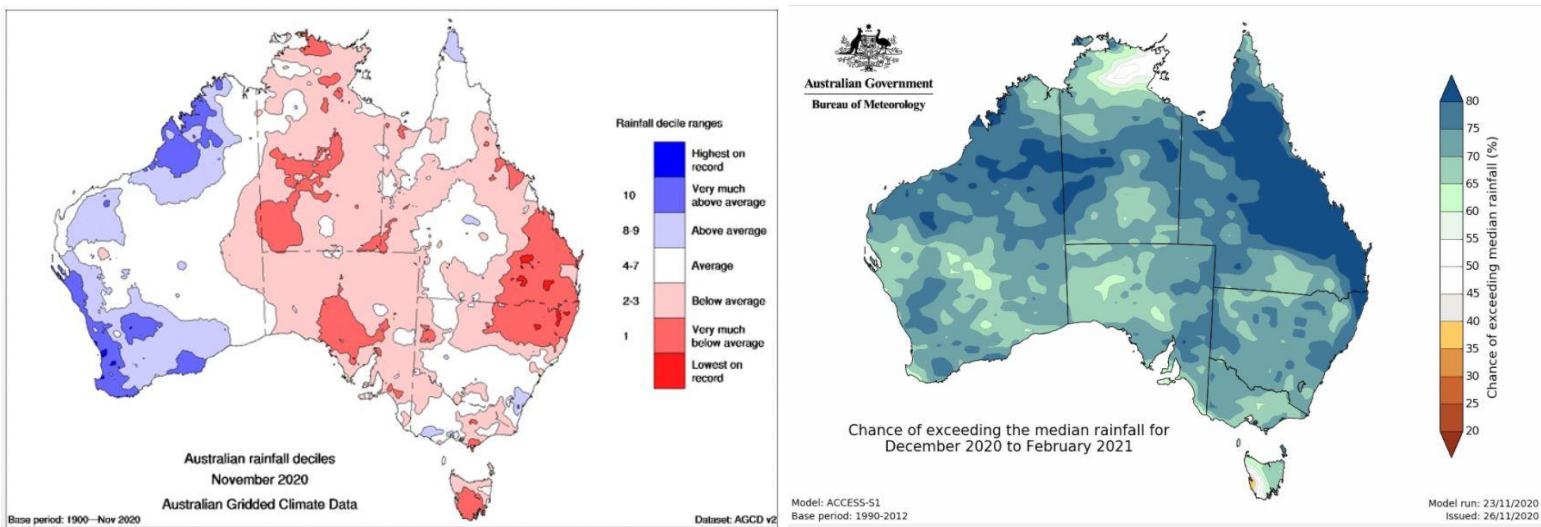
Feed and fertiliser prices

Following warmer days and rain, the hay making season has wrapped up in most regions across Australia. As weather conditions have been ideal over spring, the hay harvest has been substantial this season. With most farmers across the country utilising homegrown fodder and feed for stock, demand is limited and consequently fodder prices remained steady in November. Whilst demand for purchased fodder is expected to remain subdued for some time, weather damage to new season hay may increase prices for higher quality products.

Favourable weather has resulted in a surge in grain production this season. Grain analysts are estimating a high wheat yield this season, with the harvest in most states yielding better than originally anticipated. Clear days in the last two weeks of November allowed growers to make steady progress on harvest. This has put pressure on the domestic grain market, with wheat, barley and canola prices easing in most regions. Globally, wheat prices are increasing, as strong demand from China and Pakistan continue to support prices.

In November, fertiliser markets remained steady, with minimal movement in DAP prices, up just 0.7% to US\$360/tonne. Similarly, urea prices and MOP prices remained steady. As weather conditions have been favourable in Australia, India and North America, global demand remains relatively subdued, with fertiliser prices forecast to rise in the new year if global demand recovers.

For a comprehensive overview of the market and indicative pricing for hay and feed grains, including canola meal, for key dairy regions across Australia, see Dairy Australia's Grain & Hay Report. Published most weeks: <https://dairyaustralia.com.au/industry/farm-input-and-costs/hay-and-grain-report-overview>



Climate

Like most months this year, November proved warmer than average, with the national mean temperature for Australia reaching a new record. Overall, rainfall in November was 43% below average across the country, with significant variations between states. Near-average rainfall was reported in southern parts of Australia, compared to very dry conditions in Tasmania, northeast New South Wales and parts of southeast Queensland. Average to above average rain fell across parts of Western Australia, particularly in Kimberley, Pilbara and the South West Land Division.

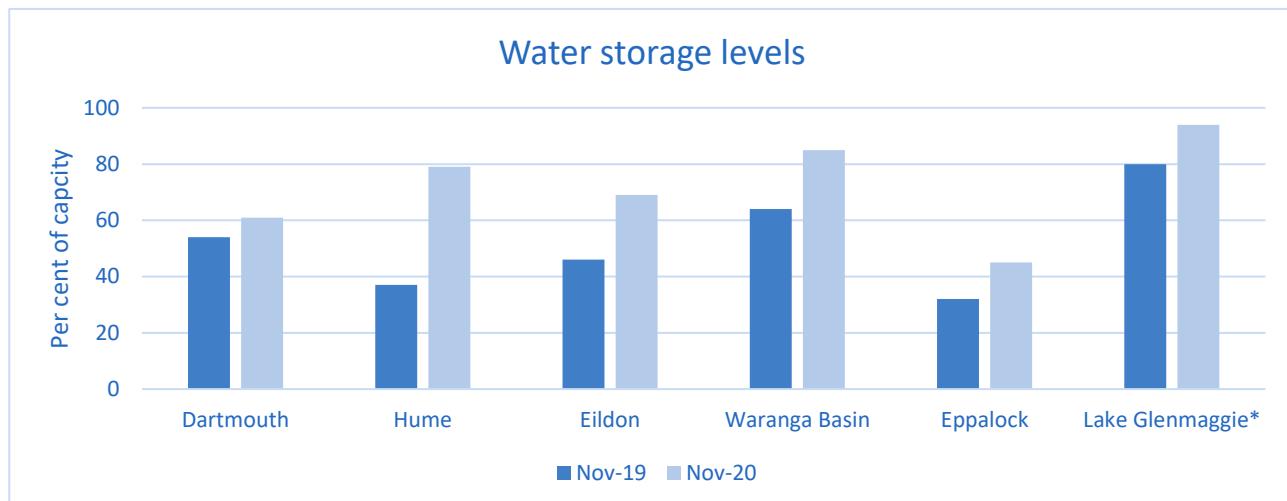
The persistence of warm and dry November days in eastern Australia has resulted in drier than average soil moisture levels. In comparison, increased rain across Western Australia has improved soil moisture, to above average levels.

Seasonal Outlook

The Bureau of Meteorology's (BOM) seasonal outlook for December – February continues to suggest wetter than normal conditions across the country. The well-established La Niña event continues in the Pacific Ocean and is estimated to persist throughout summer, continuing to influence seasonal weather forecasts. The La Niña event is expected to ease towards the end of February 2021. The La Niña event and warm waters around the north of Australia are likely to increase the chance of rainfall over summer. As strong winds moving towards Antarctica are likely to draw weather systems further south, the existing positive southern annular mode (SAM) is anticipated to result in increased rainfall in southeastern Australia. Forecasts suggest high to near-median streamflows are likely, but strong streamflows coupled with above average rainfall events, have increased the likelihood of widespread flooding across eastern Australia this summer.

Summer days are expected to be warmer than average for parts of southeast Australia, coastal Queensland and the most western parts of Western Australia. As conditions for grass growth have been favourable this spring, grass fire risk is prominent in parts of New South Wales, while bushfire risk remains relevant for most of the country.

Water storage levels (2020/21 at 9th December)



Source: G-MW, *SRW

Below average rain in November resulted in marginal decreases to storage levels in Lake Eppalock and Lake Glenmaggie, with levels in Waranga Basin declined 9%. Despite this, water levels in these storage sites still remain above last year. Whilst the usual water filling season typically concludes at the end of October, current weather forecasts suggests above average summer rain, potentially increasing water storage sites in southern Australia.

Victorian Irrigation Allocations (2020/21 at 1st December)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	83%	+6%	0%
Broken	100%	0%	100%
Goulburn	100%	+7%	0%
Campaspe	100%	0%	0%
Loddon	100%	+7%	0%
Bullarook Creek	100%	0%	100%
MID	100%	0%	0%

Despite warm and dry days this November, seasonal determination for the Goulburn and Loddon sites increased by 7%, to 100% high-reliability water shares (HRWS). The Murray system saw a 6% increase of HRWS from 77% to 83%. Weather forecasts predict continued wet weather and high streamflows over summer.

New South Wales Irrigation Allocations (2020/21 at 1st December)

Class C-General Security	+40%	+4%

For further details see www.g-mwater.com.au, www.srw.com.au or www.murrayirrigation.com.au

The New South Wales General Security allocation increased to 40% in October, up 4% from previous month. For more information on the latest Water Allocation Statement, please visit: https://www.industry.nsw.gov.au/__data/assets/pdf_file/0005/337235/WAS-Murray-20201201.pdf.

Temporary water trades

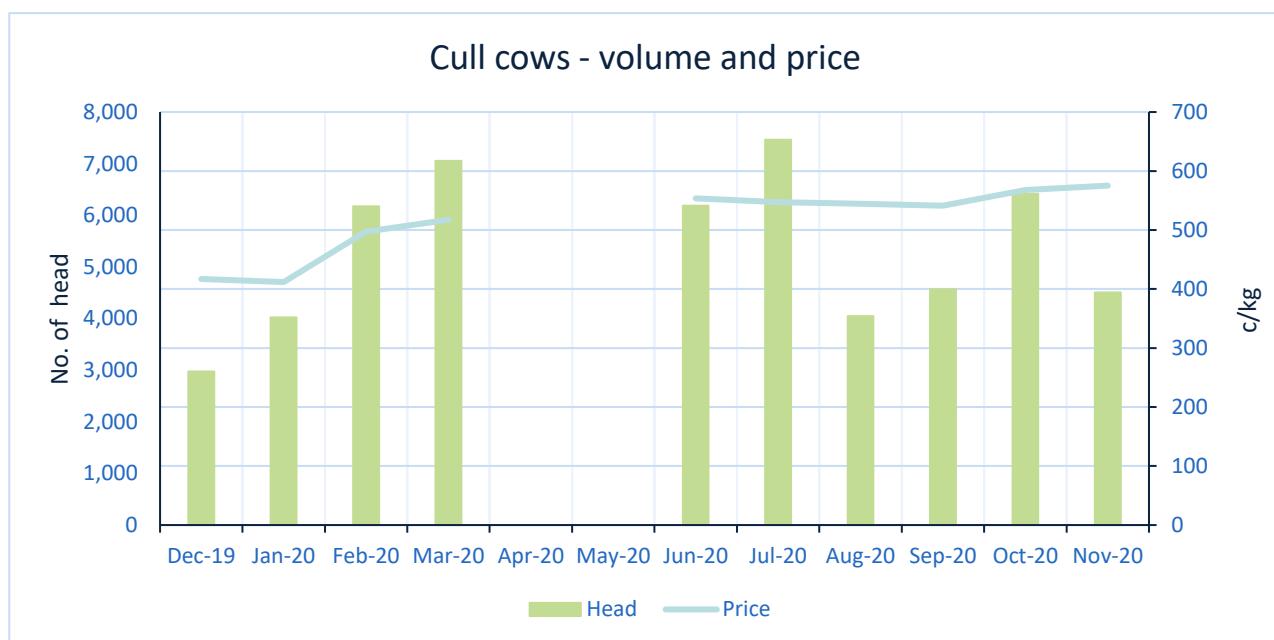
	Nov-20	Nov-19	% Change
Northern Victoria			
Volume traded (ML)	141,879	79,897	+78%
Average price (\$/ML)	\$160	\$770	- 79%
Murray Irrigation System*			
Volume traded (ML)	13,668	4,418	+209%
Average price (\$/ML)	\$140	\$429	- 67%

Source: Victorian Water Register, *Murray Irrigation Ltd

Similar to last month, temporary irrigation water prices in northern Victoria have fallen, down 15% from October. Despite the lower price, volume traded dropped 63% this month (386,046ML traded in October, to 141,879ML in November). Compared to last year there is a 78% increase in volume traded. The current northern Victoria average trading price is 42% lower than the five-year average.

Temporary irrigation water prices in the Murray Irrigation system also decreased this November, down 14%. Trading has significantly increased by 209% compared to November 2019, at more economically justifiable levels for many agricultural businesses. The current temporary water price is trading \$42 lower than the five-year average of \$182/ML.

Cull cows



Source: NLRS, from saleyards within Vic

This month, the average cull cow price continued to increase, up another 1% to 575c/kg. Despite another record price, the number of cows passing through saleyards dropped dramatically, down 30% compared to October. Sources suggest there has been limited stock movement across the country. The decrease in head sold this month indicates that farmers are holding on to stock which could see a stabilisation in the national herd.

Due to the ongoing impact of COVID-19 there has been changes to the reporting mechanism of saleyard cattle which may account for some variation in reported figures. COVID-19 related disruptions to market reporting between March and June could account for a discrepancy in data.

	Nov-20	Monthly % change	Oct-20	Sep-20	Aug-20
Cereal hay					
Northern Australia (\$/tonne)	280	-6%	298	325	310
Southern Australia (\$/tonne)	205	0%	205	205	205
Western Australia (\$/tonne)	333	-4.9%	350	350	350
Wheat					
Northern Australia (\$/tonne)	255	-0.8%	257	288	394
Southern Australia (\$/tonne)	281	-0.7%	283	303	318
Western Australia (\$/tonne)	329	+3.8%	317	302	308
Futures prices (ASX)					
Wheat (av. \$/t Jan-21 east coast)	284	-4.7%	298	308	286
Barley (av. \$/t Jan-21 east coast)	218	-5.6%	231	234	217
Fertiliser					
DAP (US\$/tonne)	360	+0.7%	357	358	342
Urea (US\$/tonne)	245	0%	245	251	250
MOP (US\$/tonne)	203	0%	203	203	203
Irrigation					
Northern Victoria					
Volume traded (ML)	141,879	-63.2%	386,046	113,905	89,855
Average price (\$/ML)	160	-14.9%	188	236	263
Murray Irrigation system*					
Volume traded (ML)	13,668	+14.4%	11,952	9,026	4,417
Average price (\$/ML)	140	-14.1%	163	184	174
Cull Cows					
Sales volume (head)	4,503	-29.8%	6,416	4,566	4,044
Average price (c/kg)	575	+1.3%	568	541	545
	YTD 2020/21	% change	YTD 2019/20	YTD 2018/19	YTD 2017/18
Sales volume (head)	26,990	-30%	38,538	36,605	29,865
Average price (c/kg)	556	+19.3%	467	374	439

To access more information on the Hay and Grain report click [here](#)

Grain report 

Hay report 