Issue 182 – February 2021

Overview

Spot prices	Feb-21	Change (from Jan-21)	Change (from Feb-20)
Feed wheat (av. $/t del Goulburn/Murray Valley)	$288	-$2	-$63
Cereal hay (av. $/t del Goulburn/Murray Valley)	$205	$0	-$118
Irrigation (Northern Victoria) $/ML	$99	-$46	-$511
Irrigation (Murray Irrigation System) $/ML	$95	-$34	-$426

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

Demand for hay remains subdued and subsequently prices for supplementary feed are down on last year. Above average rain is expected to continue over autumn, and temporary water prices have continued to decrease throughout February. The price of cull cows has dropped slightly as the number of cows passing through saleyards continued to increase, however, culling rates are well down compared to previous years.

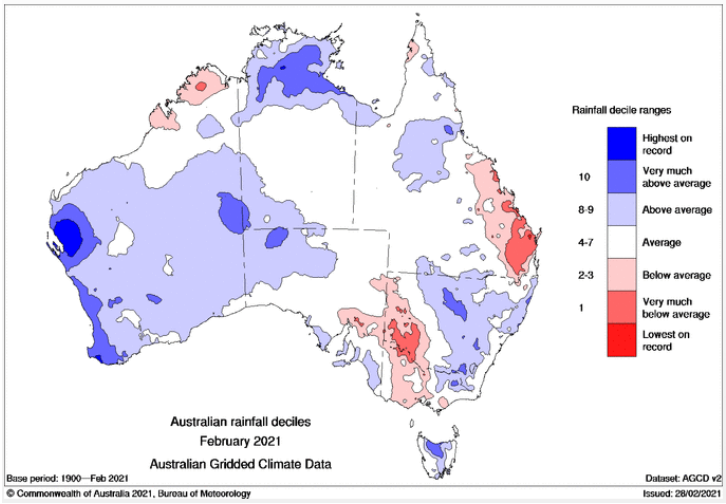
Feed and fertiliser prices

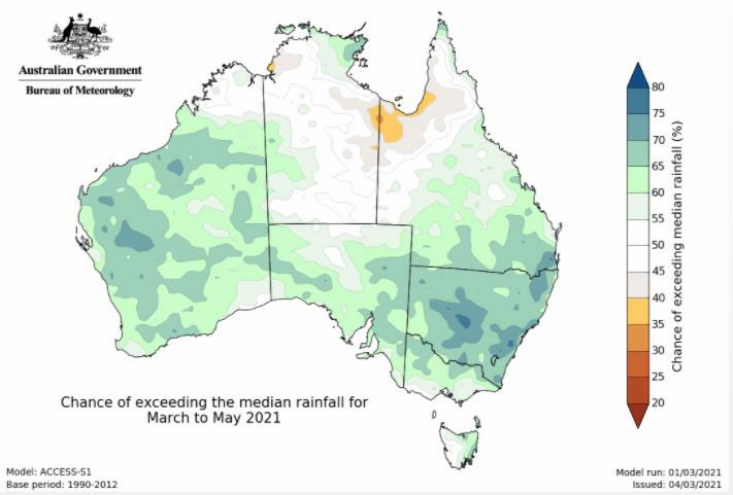
Hay prices remain subdued compared to last year, as ideal weather conditions over summer continued to support pasture growth and lowered demand for purchased fodder. Wet weather during the hay making period did however impact quality, with reports suggesting it is difficult to source good quality hay, particularly in southern and eastern Australia. Additionally, some farmers have reported damages to bales stored on-farm during the current 'mice plague' in Queensland and New South Wales.

Grain prices are also down compared to last year as domestic demand for grain remains relatively subdued following favourable weather. However, with low grain stocks in the EU, increased corn imports into China and Russia increasing their wheat export tax to reduce local prices, analysts predict local grain prices may rise in response to firmer international prices.

Whilst MOP prices continue to trade at US$203/mt, international fertiliser prices have surged in February, up 26% for both DAP and Urea. In the midst of a global fertiliser shortage, prices are expected to rise further, as demand in Australia increases leading into the autumn fertiliser applications season.

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

After a generally wet and cool summer, rainfall through February remained above average, with southern Queensland the only dry region during the month. Above average temperatures were recorded in Queensland and along the west coast of Western Australia. In comparison, all other regions experienced one of the coolest months on record since 2011/12. Soil moisture levels have improved in most parts, however, soils have reportedly dried in southern Queensland after warm summer temperatures. After a dry winter to summer period causing bushfires in southwest Western Australia, the continuation of these conditions is expected to maintain an elevated bushfire risk.

Seasonal Outlook

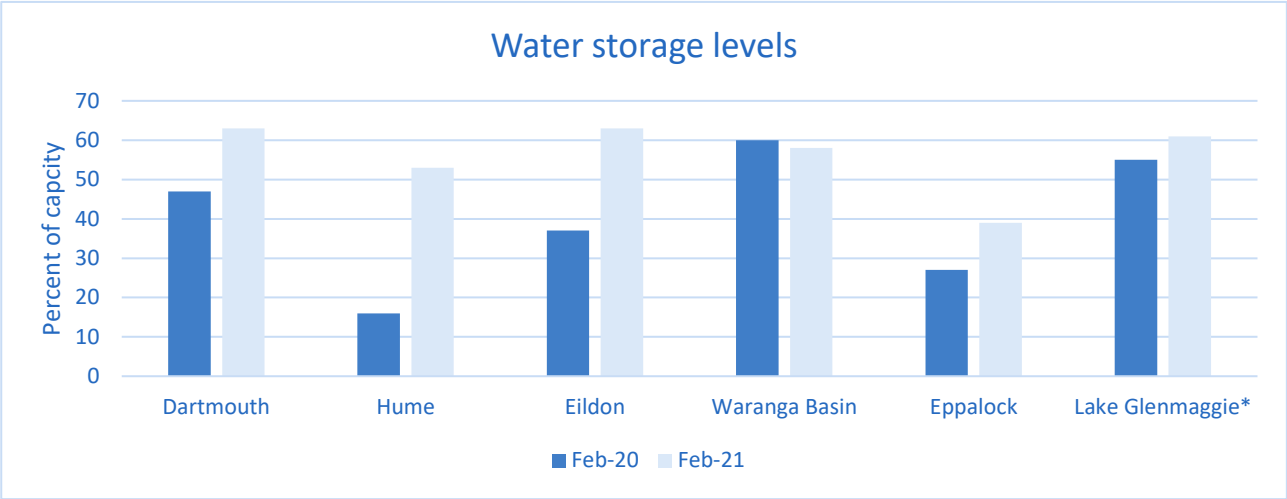
The Bureau of Meteorology's (BOM) seasonal outlook for March to May, indicates, despite La Nina being past its peak, above average rain will continue across most regions of Australia, particularly in March and April. As the La Nina event slowly disintegrates, less rain and more average weather is expected later in the season. Temperatures in autumn are expected to be warmer than average across northern Australia, Tasmania and Western Australia, with some parts of New South Wales predicted to be slightly cooler than usual.

High to near median streamflows are likely to continue, with improved soil moisture and catchment levels. Forecast above average rain also brings increased risk for floods in parts of eastern and northern Australia. Bushfire risk remains high for southwest Western Australia and in some parts of coastal Queensland where conditions remain warm and dry.

The BOM estimates that Australia's temperature and rainfall variability are influenced by the effects of global warming. In recent decades, the BOM has recorded increased rainfall during the October to April months, with high intensity and short duration rainfall events. For more information on climate change within Australia, please visit: http://www.bom.gov.au/state-of-the-climate/.

Contact: Eliza Redfern Phone: (03) 9694 3762 Email: eliza.redfern@dairyaustralia.com.au

Water storage levels (2020/21 at 2nd March)



Source: G-MW, *SRW

Despite above average rain, water storage levels for most sites decreased in February. Waranga Basin and Lake Glenmaggie water capacity decreased by 15% and 18%, respectively. Storage capacity across most of the sites remain above last years' levels, and as weather forecasts suggest above average autumn rain, this may continue to support storage levels.

Victorian Irrigation Allocations (2020/21 at 15th February)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	+3%	0%
Broken	100%	0%	100%
Goulburn	100%	0%	0%
Campaspe	100%	0%	0%
Loddon	100%	0%	0%
Bullarook Creek	100%	0%	100%
MID	100%	0%	20%

A wet summer boosted rain flows into the Murray system, causing high reliability water shares (HRWS) to increase by 3%, reaching the milestone of 100% HRWS. The last time all Victorian water systems offered 100% HRWS was in 2017/18. Both the Broken and Bullarook systems continue to sit at maximum seasonal determinations, with more rain needed to increase low reliability water shares in other systems.

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

NSW – Murray Irrigation Ltd	Allocation	Change
Class C-General Security	50%	+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 50% in February, 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/0003/354036/WAS-Murray-20210301.pdf

Contact: Eliza Redfern Phone: (03) 9694 3762 Email: eliza.redfern@dairyaustralia.com.au

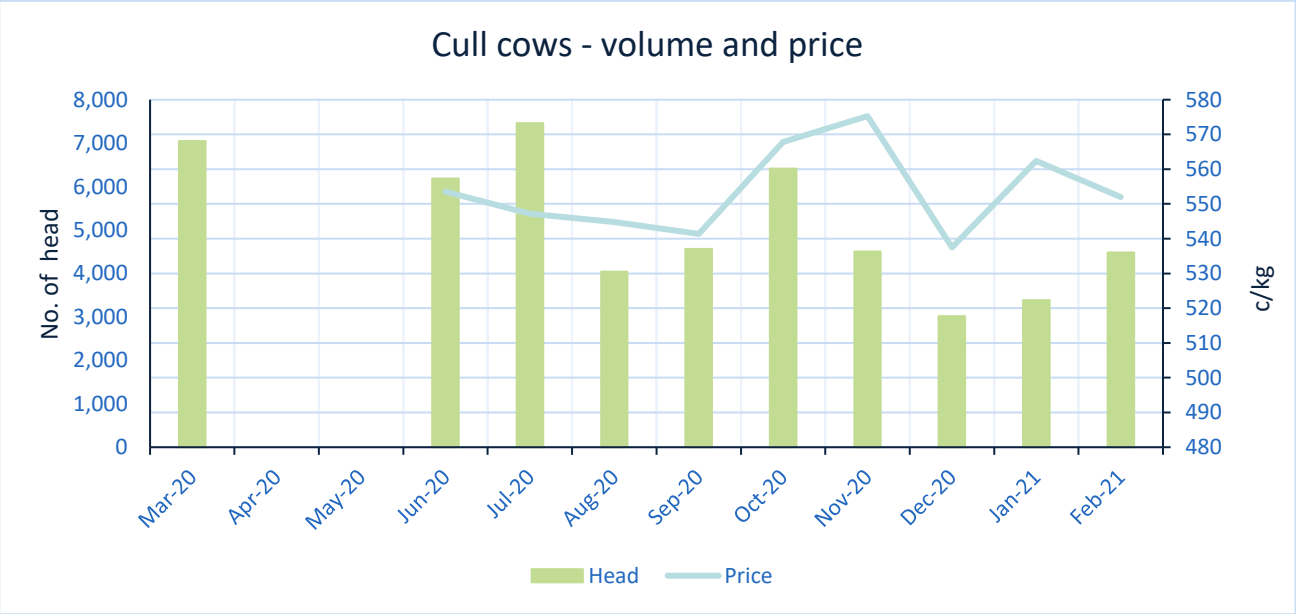
Temporary water trades

	Feb-21	Feb-20	% Change
Northern Victoria			
Volume traded (ML)	181,788	206,298	-12%
Average price ($/ML)	$99	$610	-84%
Murray Irrigation System*			
Volume traded (ML)	11,357	2,321	+389%
Average price ($/ML)	$95	$521	-82%

Source: Victorian Water Register, *Murray Irrigation Ltd

Temporary irrigation prices have continued to decrease in February, as water storage levels remain high and above average rain fell during the month. Prices in both the northern Victoria and Murray Irrigation systems are now trading below $100/ML. This is the first time prices are below $100/ML in more than 3 years. In northern Victoria, traded volumes have reduced compared to last year, however, water traded from the Murray system has surged by a further 389% this month.

Cull cows



Source: NLRS, from saleyards within Vic

Despite a marginal decrease in the value of cull cows this month to $552c/kg, prices remain elevated compared to last year. The number of cows passing through cattle yards this month have increased, however, this volume is down 44% from the five-year average. Cull cow prices are expected to remain high due to limited stock movement across the country as some farmers chose to rebuild herds.

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.

Contact: Eliza Redfern Phone: (03) 9694 3762 Email: eliza.redfern@dairyaustralia.com.au

	Feb-21	Monthly % change	Jan-21	Dec-20	Nov-20
Cereal hay			Source: AFIA		
Northern Australia ($/tonne)	275	0%	275	275	278
Southern Australia ($/tonne)	205	0%	205	205	205
Western Australia ($/tonne)	315	0%	315	315	327
Wheat			Source: Profarmer		
Northern Australia ($/tonne)	285	+6%	273	270	255
Southern Australia ($/tonne)	288	-1%	290	268	281
Western Australia ($/tonne)	335	+2%	330	300	329
Futures prices (ASX)			Source: ASX		
Wheat (av. $/t Jan-22 east coast)	346	+15%	300	287	284
Barley (av. $/t Jan-22 east coast)	244	0%	243	225	218
Fertiliser			Source: World Bank		
DAP (US$/tonne)	529	26%	421	389	360
Urea (US$/tonne)	335	26%	265	245	245
MOP (US$/tonne)	203	0%	203	203	203
Irrigation			Source: Victorian Water Register, *Murray Irrigation Ltd		
Northern Victoria					
Volume traded (ML)	181,788	+12%	161,877	108,617	141,879
Average price ($/ML)	$99	-32%	145	178	160
Murray Irrigation system*					
Volume traded (ML)	11,357	-12%	12,932	5,609	13,668
Average price ($/ML)	$95	-26%	129	155	140
Cull Cows			Source: NLRS (saleyards within Vic)		
Sales volume (head)	4,483	+33%	3,382	3,017	4,503
Average price (c/kg)	552	-2%	562	537	575
	YTD 2020/21	% change	YTD 2019/20	YTD 2018/19	YTD 2017/18
Sales volume (head)	37,872	-27%	51,713	49,364	40,955
Average price (c/kg)	555	+20%	463	366	431

To access more information on the Hay and Grain report click here

Grain report

Hay report

Contact: Eliza Redfern Phone: (03) 9694 3762 Email: eliza.redfern@dairyaustralia.com.au