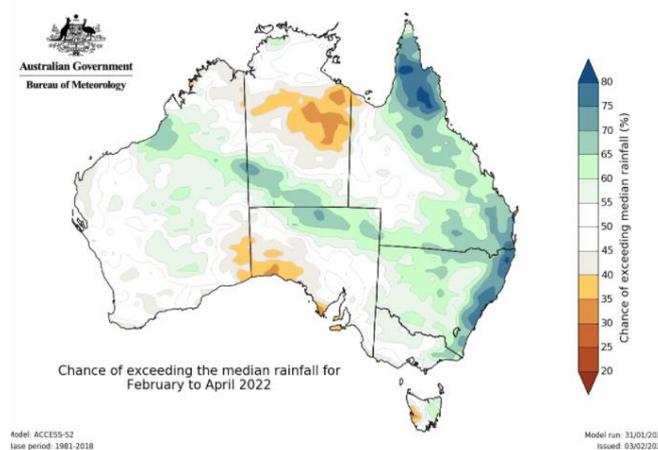
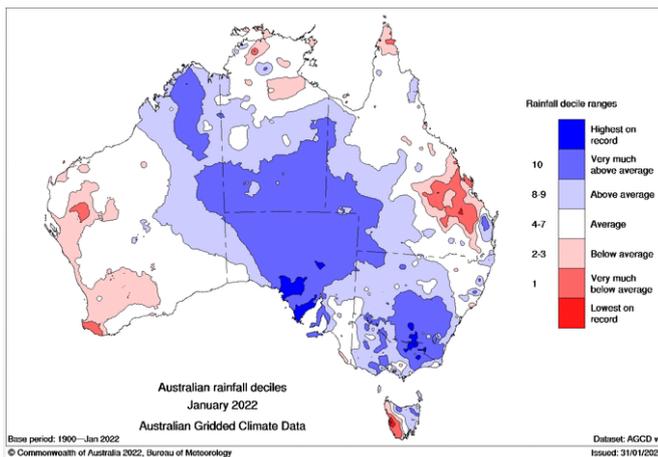




PRODUCTION INPUTS MONITOR

Issue 192 – January 2022

January proved to be another wet month across the eastern seaboard with warmer than average temperatures. Whilst storage levels decreased on most monitored sites this month, water availability is strong and prices remain historically low. Many are still reporting an abundance of homegrown feed and as such, fodder prices are subdued. In comparison, relatively tight global supply continues to pressure grain and fertiliser markets. While cull cow prices decreased in January, they remain elevated and culling rates are also up compared to last year.



Climate and seasonal outlook

A warm start to the year saw northern Australia, Western Australia (WA) and northwest Tasmania experience drier than average conditions in January. Temperatures were warmer than average across most regions and as such, soils have begun to dry in parts of the country, particularly in WA. In comparison, parts of South Australia, Victoria and New South Wales experienced several thunderstorms and flooding this month. This helped to preserve soil moisture in these regions, despite warmer days.

The La Niña event in the tropical Pacific Ocean remains, with analysts claiming it is near or at its peak. La Niña continues to contribute to a wetter than average weather outlook but is expected to return to a neutral phase in early autumn. As such, the Bureau of Meteorology’s (BOM) climate outlook for February to April suggests above average rainfall for eastern Australia, with high streamflows projected. For southeast Australia, temperatures are forecast to be cooler than average, whilst the rest of the country is expected to experience warmer than average days. The Southern Annular Mode (SAM) is currently in a positive phase; whilst

contributing to above average rainfall across eastern Australia, it also creates drier conditions for western Tasmania. The BOM warns there may be further heatwaves of varying severity throughout this summer.

Water availability and prices

While January was warm, above average rainfall across eastern Australia helped to prevent significant losses in water storage levels. Most storage sites reported declined levels, with the Waranga Basin recording the most notable drop (-16%) since December. Despite this, all monitored storage sites, with the exception of Waranga Basin, are substantially fuller than last year. Releases from the Hume dam continue, to create airspace and actively mitigate flooding risk as climate models forecast more rain ahead.

As water availability remains plentiful, seasonal determinations were unchanged for high reliability water shares while access to some low reliability water shares (LRWS) increased. LRWS for the Murray system rose 72% since the last report, and in the Macalister Irrigation District LRWS increased 10%, the first movement in access to water shares since the start of the water season. There has been no change to NSW Murray General Security allocations.

The price of temporary water in the Murray Irrigation system continued to fall, to a historical low of \$39/ML. Many water users have been capitalising on these low prices by purchasing and trading a lot of water at present, with the volume traded increasing 55% in January. The softening of prices can also be attributed to allocation increases. In northern Victoria, temporary water prices remain steady and below the five-year average.

For more information on the latest New South Wales general security water allocation statement, please visit: https://www.industry.nsw.gov.au/__data/assets/pdf_file/0007/473713/WAS-NSW-Murray-and-Lower-Darling-20211015.pdf

Irrigation allocations (2021/22 at 17th January)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	-	72%
Broken	100%	-	100%
Goulburn	100%	-	0%
Campaspe	100%	-	0%
Loddon	100%	-	0%
Bullarook Creek	100%	-	100%
MID	100%	-	10%
NSW – Murray Irrigation Ltd	Allocation		Change
Class C-General Security	110%		-

Further details www.q-mwater.com.au, www.srw.com.au, www.murrayirrigation.com.au or www.waterfind.com.au

Temporary water trades	Jan-22	Jan-21	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	\$75	\$125	-40%
6 Hume to Barmah	\$62	\$140	-56%
7 Barmah to Nyah	\$95	\$160	-41%
Volume traded (ML)	97,564	161,877	-40%
Average price (\$/ML)	\$86	\$145	-41%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	31,188	60,782	+141%
Average price (\$/ML)	\$39	\$129	-70%

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Feed, fertiliser and cull cow prices

Spot prices	Jan-22	Change (from Dec-21)	Change (from Jan-21)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$356	-\$35	+\$70
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$190	\$0	-\$15

Source: AFIA, Profarmer

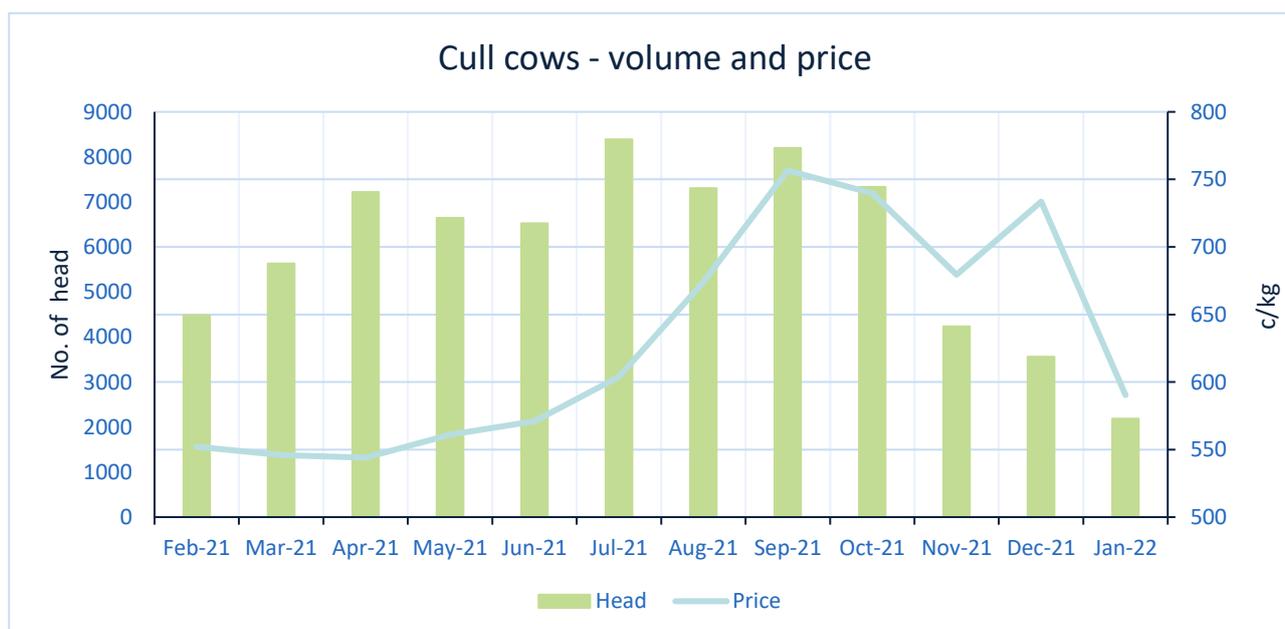
In January, harvest was complete across most of the country. WA recorded a historically large yield, with over 20 million tonnes of grain harvested, while flooding and heavy rainfall in NSW, QLD and SA saw a significant amount of wheat downgraded to feed. This has placed some downwards pressure on wheat prices, nevertheless, barley remains the feed of choice for many farmers. While Australian grain prices remain mostly above last year, the large harvest has maintained a price discount for Australian grain compared to international products.

While the grain harvest has come to a close, hay production continues after delays from wet weather earlier in the season. Warmer temperatures in January began to dry out paddock feed, and while providing an opportunity to bale hay, demand for fodder increased as a result. There is also some demand originating from those beginning to stock up feed for winter. Nevertheless, current trade of fodder remains limited in most regions and prices continue to track below five year averages.

Similarly to grain markets, tight global supplies continue to place significant strain on fertiliser prices. China's export ban remains, and some sources suggest Russia may be looking to replace quotas with a complete export ban if tension with the Ukraine worsens. The cost of gas, a key fertiliser input, remains elevated, impacting global production. As such, fertiliser prices are high, despite diammonium phosphate (DAP) and urea values decreasing 6% and 5%, respectively, this month.

Whilst cull cow values fell 20% in January, prices remain above the five year average. The number of cows passing through the saleyards have slowly eased since October, in line with seasonal trends. Nevertheless, year to date culling rates remain 23% higher compared to 2020/21.

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://www.dairyaustralia.com.au/industry-statistics/industry-reports>.



Source: NLRS, from saleyards within Vic

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	Jan-22	Monthly % change
Cereal hay		
Northern Australia (\$/tonne)	230	0%
Southern Australia (\$/tonne)	190	0%
Western Australia (\$/tonne)	275	0%
Wheat		
Northern Australia (\$/tonne)	280	-9%
Southern Australia (\$/tonne)	356	-9%
Western Australia (\$/tonne)	323	-4%
Futures prices (ASX)		
Wheat (av. \$/t Jan-23 east coast)	362	-4%
Barley (av. \$/t Jan-23 east coast)	290	0%
Fertiliser		
DAP (US\$/tonne)	699	-5%
Urea (US\$/tonne)	846	-6%
MOP (US\$/tonne)	221	0%
Irrigation		
Northern Victoria		
Volume traded (ML)	97,564	-54%
Average price (\$/ML)	86	+2%
Murray Irrigation system*		
Volume traded (ML)	31,188	+55%
Average price (\$/ML)	39	-23%
Cull Cows		
Sales volume (head)	2,189	-39%
Average price (c/kg)	590	-20%
	YTD 2021/22	% change
Sales volume (head)	41,213	+23%
Average price (c/kg)	689	+24%

Dec-21	Nov-21	Oct-21
Source: AFIA		
230	250	263
190	196	190
257	275	280
Source: Profarmer		
307	308	325
392	358	345
336	372	370
Source: ASX		
377	429	351
290	360	257
Source: World Bank		
745	727	673
890	901	613
221	221	221
Source: Victorian Water Register, *Murray Irrigation Ltd		
213,891	207,718	158,254
85	90	101
20,111	16,290	22,955
51	63	80
Source: NLRS (saleyards within Vic)		
3,563	4,234	7,334
734	679	740
YTD 2020/21	YTD 2019/20	YTD 2018/19
33,389	45,539	44,075
555	459	370

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

Grain report 

Hay report 

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