

AUSTRALIAN CROP UPDATE



Winter crop production to exceed

53

million tonnes in 2016/17

ENSO is forecast to remain

neutral

at least until the end of autumn

World wheat production to reach record

752

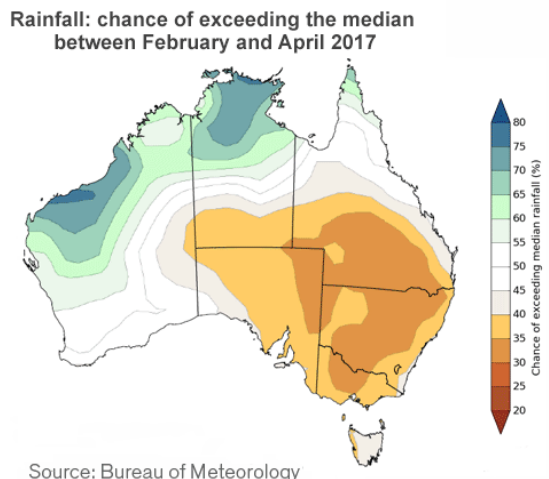
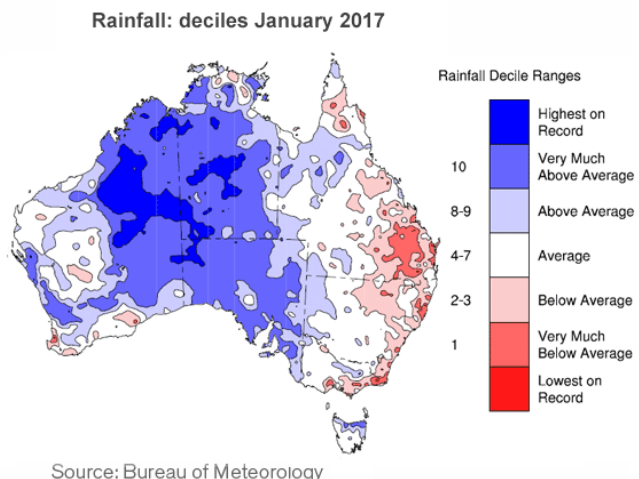
million tonnes in 2016/17

The 2016/17 crop is nearly all in the bin, except for Tasmania where harvest is not expected to be completed until late March owing to a wet winter and delayed sowing. Generally, excellent winter and spring rainfall across Australia has delivered a record harvest, estimated to be 53 million tonnes, 34% higher than last season and a national record. Attention is now focused on marketing the crop and planning for next season.

Large volumes and low prices are prompting many growers to sell grain in portions and sales are expected to be stretched out over months ahead. Few growers are willing to accept current prices for feed barley being well below the 20th percentile. On the other hand, legumes are being

sold quickly with prices only recently falling below their five-year average.

The Bureau is forecasting a drier than normal summer, except for the eastern cropping regions of Western Australian where rainfall may exceed the median for the January to March period. Autumn rainfall is still too far away to predict, except to say that the El Niño-Southern Oscillation (ENSO) remains neutral and this is expected to persist until early autumn. This means there is a lower likelihood that eastern Australia's climate will be considerably wetter or drier than normal.

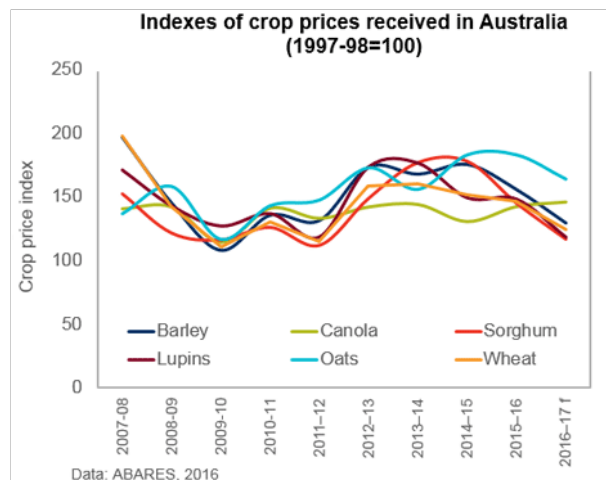
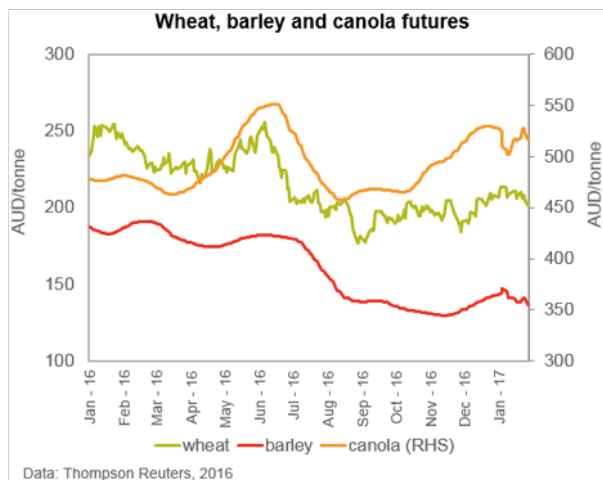


PRICES

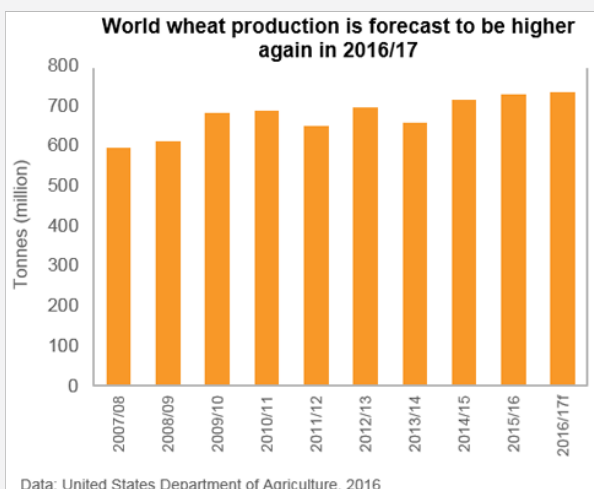
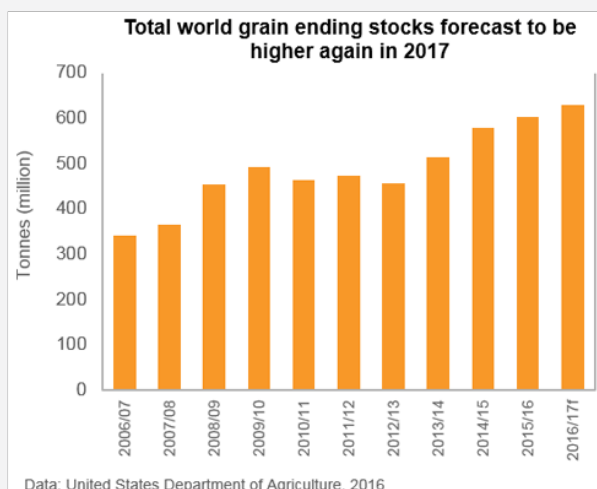
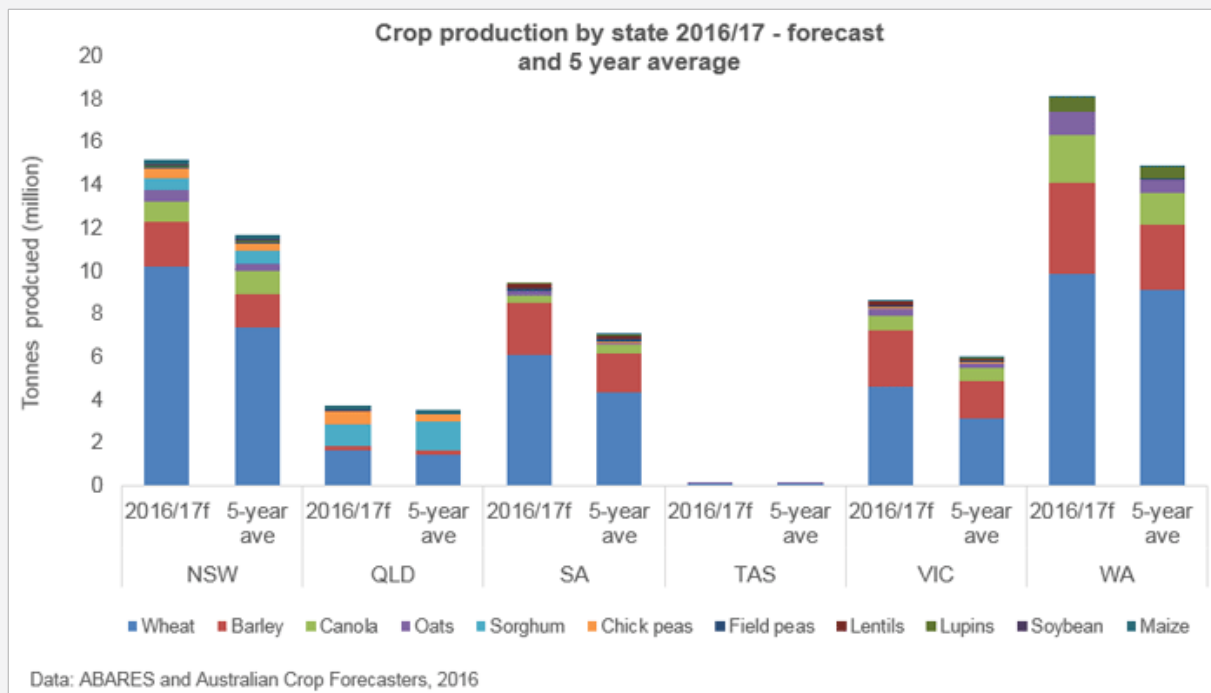
	Current (7 Feb)	February 2016	Five-year average	80th percentile	20th percentile
Wheat (APW1 delivered to port)					
NSW	224	278	283	310	257
QLD	232	273	289	323	251
SA	213	255	263	286	245
TAS (SFW1)	210	280	266	284	250
VIC	208	278	257	295	257
WA (APW2)	238	281	288	317	260
Barley (malt delivered to port)					
NSW	169	275	266	308	230
QLD	202	278	244	272	202
SA	160	289	252	287	213
TAS	240	320	289	320	265
VIC	163	269	255	279	235
WA	171	303	270	298	239
Canola (delivered to port)					
NSW	531	535	525	550	493
SA	508	518	514	541	481
TAS	485	482	513	550	482
VIC	524	529	521	550	487
WA	572	551	540	573	507
Australian dollar					
AUD/USD	0.76	0.70	0.88	1.03	0.75

Crop prices will remain under pressure domestically and abroad while supply remains strong. Expect prices to stay within recent ranges until the northern hemisphere crops break dormancy and the picture for 2017 supply becomes clearer. Canola prices are faring better

due to a drop in European supply. This is expected to continue at least until estimates of the 2017 crop become available. With Australian production now known, grain and oilseed markets are now looking to the next northern hemisphere crop for performance direction.



PRODUCTION



Record global wheat production is forecast for 2016/17. Global barley production is close to average and global canola will be 5% lower than the record high set three years ago. World wheat ending stocks are forecast to set a new record in 2016/17. Barley ending stocks are forecast to be just below their long term average and canola oil and seed stocks have been trending lower over the past two years, coming off record levels.

Locally, most crops are recording above average yield. The Western Australian crop will be a record despite concerns about frost damage late in the growing season. In all states, the 2016/17 harvest will easily eclipse the five-year production average. In southern mainland areas harvest will be complete within a week.

TRADE

Cereal grain exports
expected to exceed

30

million tonnes
in 2016/17

Hay and chaff exports
were valued at

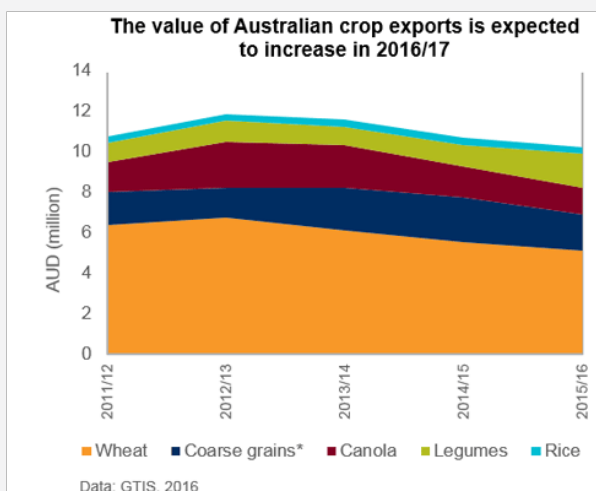
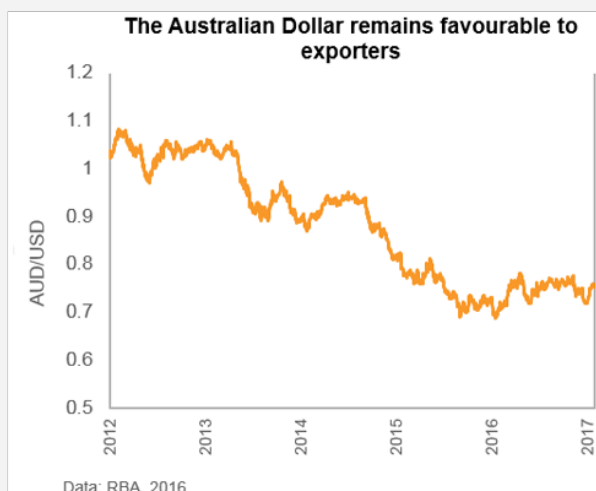
\$368

million in 2015/16

The European Union
imported

84%

of Australia's canola
exports in 2015/16



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