

APRIL 2017

# AUSTRALIAN CROP UPDATE



Winter crop production revised up

**59**

million tonnes in 2016/17

The SOI is forecast to remain

**neutral**

until the end of autumn

Wheat prices remain below the 5-year

**20<sup>th</sup>**

percentile

With a record 2016/17 harvest completed Australian cropping farmers are now planning the 2017/18 season. Front of mind will be low wheat and coarse grain prices, historically low but rising fertiliser prices, high global stocks and the likelihood of a drier than normal season ahead. The 2017/18 winter crop is likely to see an increase in canola and legume plantings. Recent rain has provided good soil moisture content and many popular lines of canola seed have sold out early. Barley plantings are expected to be lower this year.

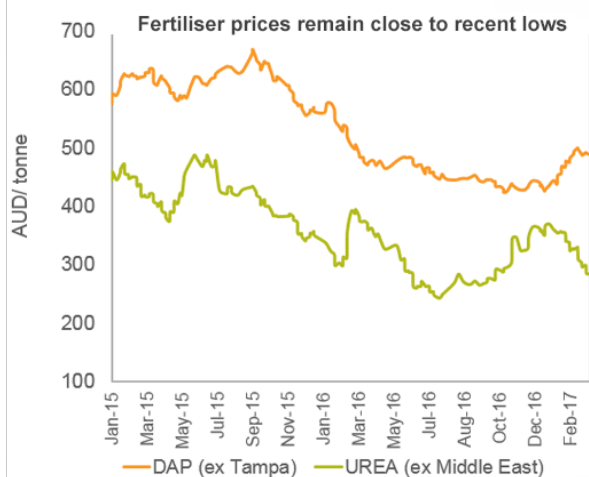
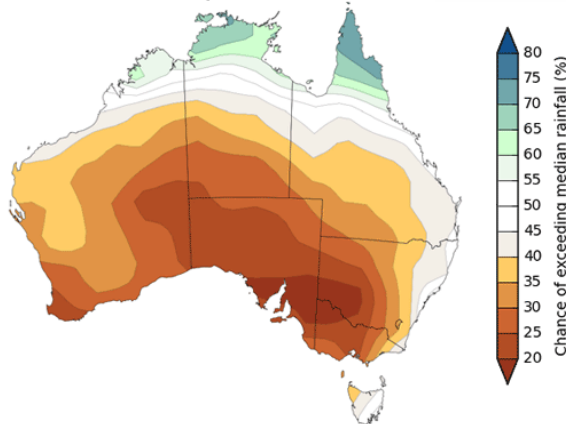
By early March, most crop forecasters had upgraded their production estimates for the 2016/17 winter crop. National production

estimates range between 56 and 59 million tonnes.

Wheat and coarse grain prices are likely to remain historically low reflecting strong world production and stocks. Similarly, after a rise in price heading into harvest canola values have been lacklustre, also reflecting strong world production and stocks.

The Southern Oscillation Index (SOI) is currently neutral. Forecast models are indicating a drift to an El Niño setting later this year. In the west the Indian Ocean Dipole (IOD) has come back to neutral and is likely to move to a negative setting this year.

Rainfall: chance of exceeding the median between April and June 2017

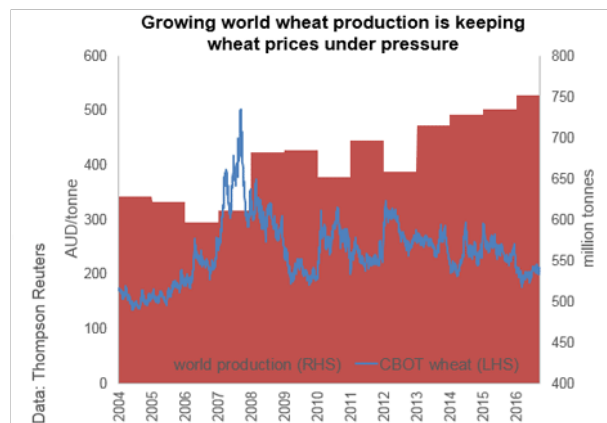
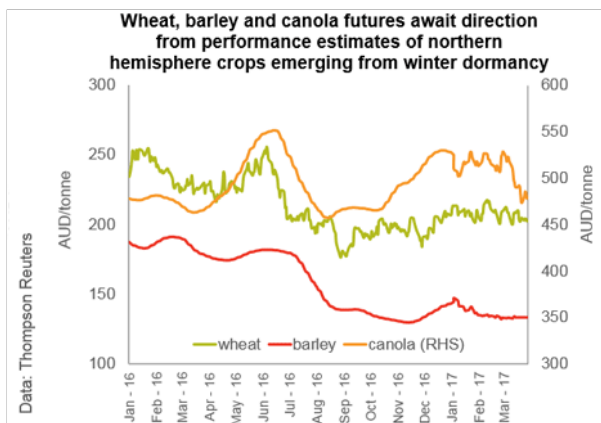


# PRICES

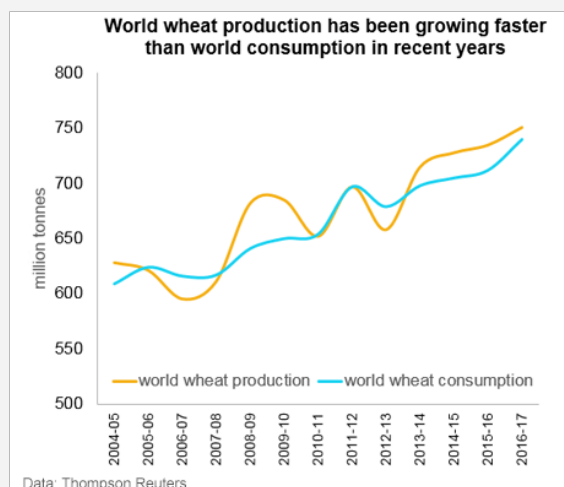
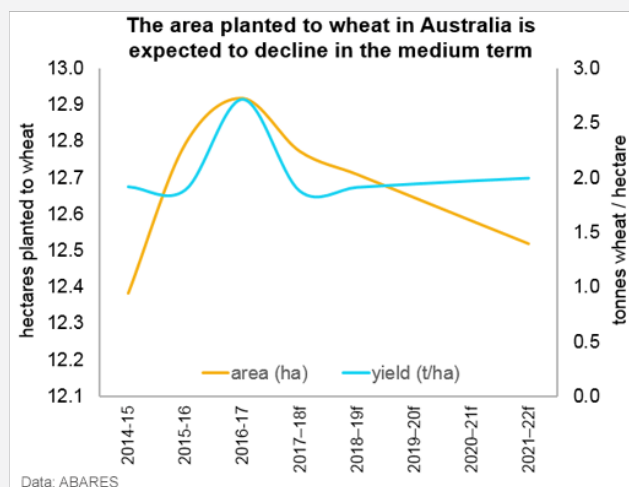
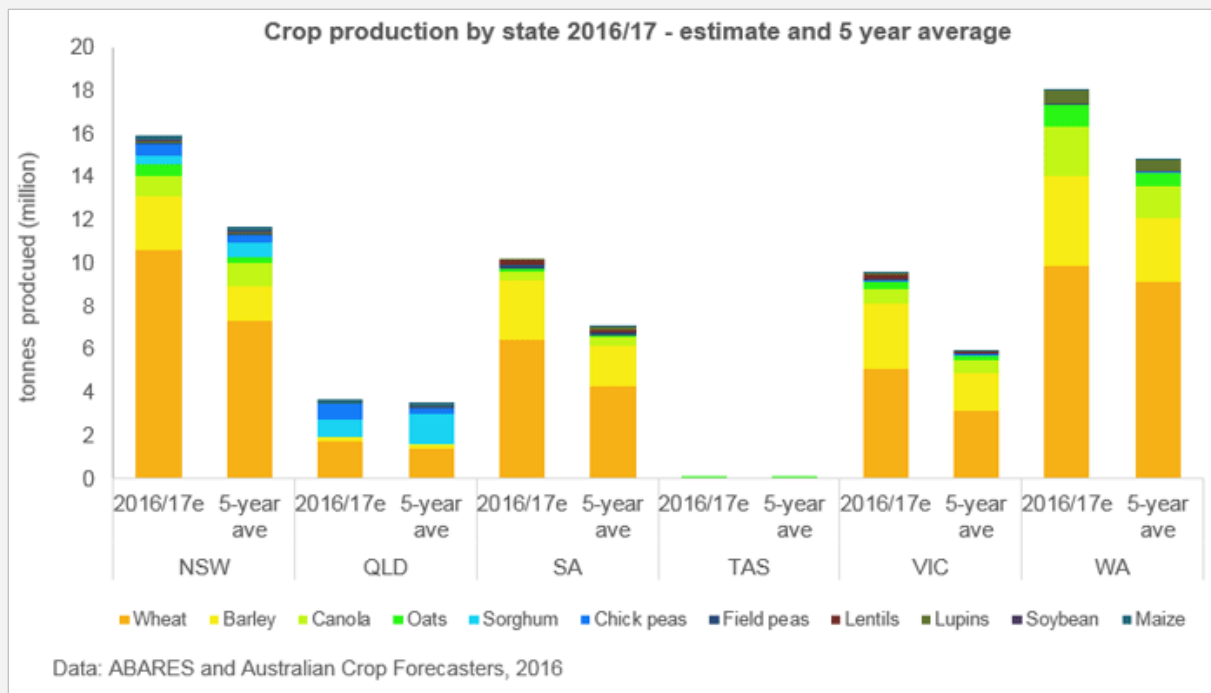
	Current (10 April)	April 2016	Five-year average	80th percentile	20th percentile
<b>Wheat (APW1 delivered to port)</b>					
NSW	224	255	284	310	257
QLD	232	255	291	323	254
SA	205	249	264	286	244
TAS (SFW1)	210	260	264	284	247
VIC	209	266	273	295	256
WA (APW2)	235	271	288	317	259
<b>Barley (malt delivered to port)</b>					
NSW	178	255	265	308	226
QLD	209	221	268	306	230
SA	160	249	252	273	228
TAS	265	300	290	320	265
VIC	175	241	252	278	225
WA	171	275	270	298	239
<b>Canola (delivered to port)</b>					
NSW	527	536	526	550	494
SA	496	498	515	541	481
TAS	485	443	513	550	485
VIC	506	528	522	550	487
WA	522	520	542	575	508
<b>Sorghum (delivered to port)</b>					
NSW	235	216	265	308	226
QLD	251	213	269	306	230
<b>Chick peas (delivered to port)</b>					
NSW	1038	1092	948	1129	791
QLD	1055	1092	980	1145	824
<b>Australian dollar</b>					
AUD/USD	0.75	0.76	0.87	1.01	0.75

Crop prices will remain under pressure domestically and abroad while supply remains strong, particularly for wheat and barley. Expect prices to stay within recent ranges until northern hemisphere crops break dormancy and the picture for 2017 supply become clearer. Even then, given

record global production and stocks, a surge in price in the year ahead seems unlikely. On the input side, international fertiliser prices remain close to 8-year lows, despite rises in DAP in recent months and urea in the second half of last year.



# PRODUCTION



Although the 2017/18 crop is not yet in the ground, current expectations are for lower production than the record 2016/17 season. Growers are likely to respond to low wheat and barley prices by reducing the area planted and the early forecast of drier than normal conditions for the year ahead is likely affect yield. Overseas, it is early days in terms of gauging the performance of

northern hemisphere crops. Early reports suggest European and Black Sea crops are slightly better than this time last year, although a cold snap would quickly see those estimates downgraded. World stocks of major crops are at or near record levels: wheat 250 million tonnes, coarse grains 255 million tonnes and oilseeds 94 million tonnes.

# TRADE & DEMAND

World wheat consumption is growing at

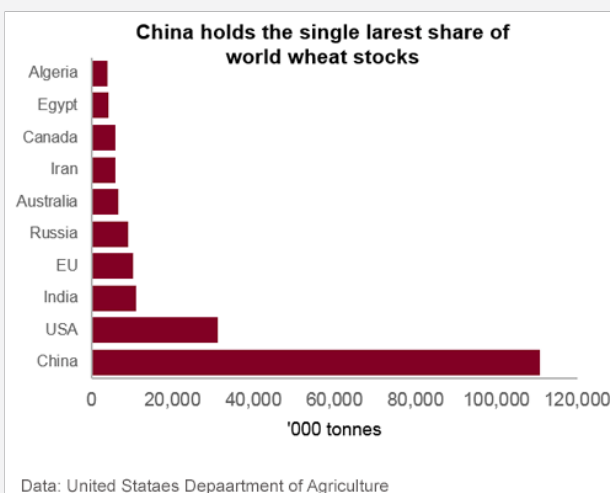
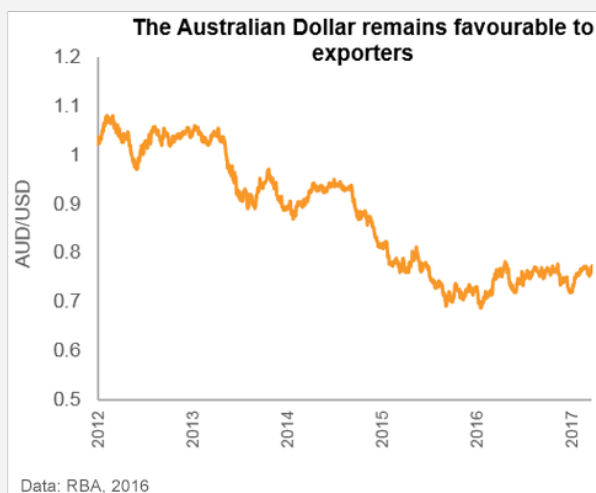
**1.6%**  
per annum

The AUD is trading at its 5-year

**20<sup>th</sup>**  
percentile

China's wheat stocks exceed

**110**  
million tonnes



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