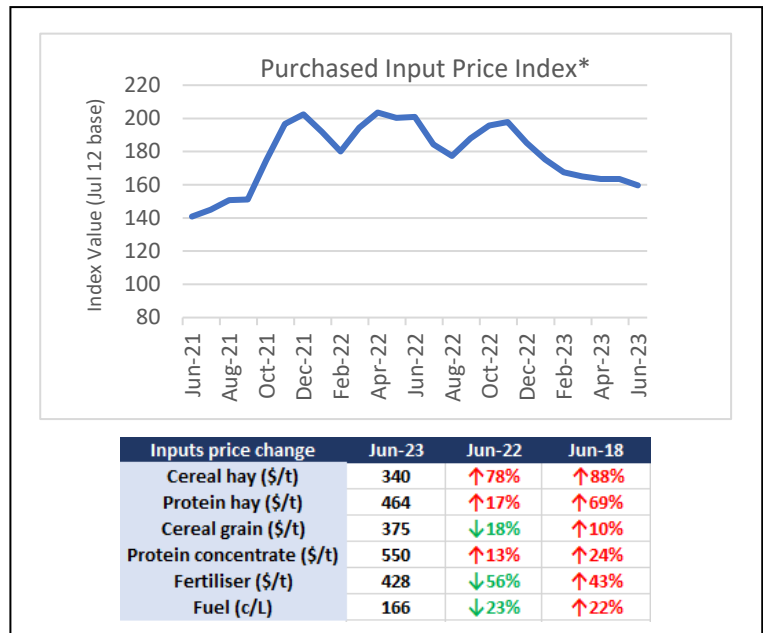


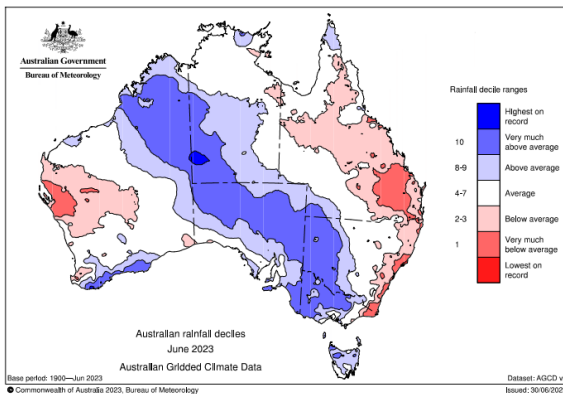
PRODUCTION INPUTS MONITOR

Issue 208 – June 2023

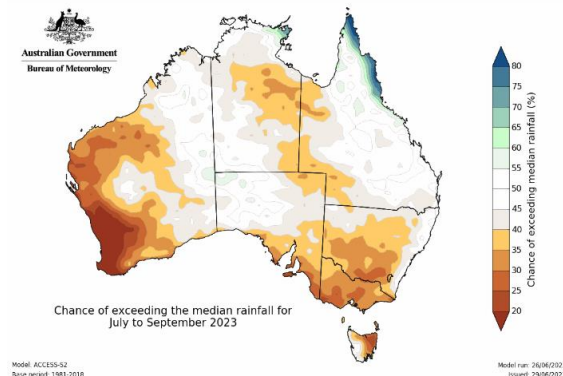
Many southern regions recorded above average rainfall in June, contributing to rising water levels in most monitored storages. Temporary water prices held steady and opening seasonal determinations for the 2023/24 season have been announced. Demand for hay is increasing over winter, however, both fodder and grain prices remain relatively steady. Indicative fertiliser prices continue to fall. Cull cow values continue to trend down in line with beef prices.



Climate and seasonal outlook



Similar to the month prior, rainfall patterns varied across the country over June. Some areas of central Australia, western New South Wales (NSW) and Victoria all recorded above average rainfall, whereas in most other regions, conditions were substantially drier. In those areas where below average rainfall continued, soils are drying considerably, as temperatures were also warmer both throughout the day and night in most regions. As has been the case for many months, water storages remain close to full in most southeastern catchments, while in isolated drier pockets, water levels are beginning to fall below 50% of capacity.



The forecast shifts for July, with above average rainfall now expected for large areas throughout the month. Looking further ahead though, the Bureau of Meteorology expects unusually dry conditions through to early spring. This is especially likely for both the southwest and southeast corners of the country, and therefore many key agricultural regions. The change back to drier conditions remains primarily driven by an impending El Niño event. Additionally, warmer than usual day and nighttime temperatures are likely through to September.

* The PPI is created using data collected from the Dairy Farm Monitor Project (DFMP) alongside our monthly reporting and reflects the cost movement of the following grouped inputs: fodder, feed concentrates, fertiliser, and fuel.

Water availability and prices

Above average rainfall led to water levels increasing in most Victorian storages in June. Waranga Basin and Lake Glenmaggie recorded the largest rises of 24% and 27% respectively, while levels in Dartmouth Dam held steady. Compared to last year, the water level in Lake Eppalock has jumped 100% higher, while in the Hume Dam and Lake Glenmaggie, levels continue to track below last year.

Consistent rainfall throughout the last few months has continued to support strong water availability across Victoria, with carryover reserves from 2022/23 now underpinning opening seasonal determinations for 2023/24, announced on July 1st. All Victorian systems, as well as the NSW Murray, will start the season with substantially higher access to high reliability water shares (HRWS) compared to last season. Additionally, access to low reliability water shares (LRWS) have opened at 46% and 100% in the Campaspe and Bullarook systems, respectively. These are the highest opening determinations since 2011/12 for the Campaspe system, and since the 1990's for the Goulburn system.

Temporary water prices held steady this month, remaining around \$10/ML across northern Victoria, and reaching under \$1/ML in the Murray Irrigation system. With June signalling the end of the 2022/23 water season, the volume of water traded across northern Victoria jumped 194% from last month, with many likely re-assessing their water needs before seasonal determinations reset for 2023/24. This was less evident within the Murray Irrigation system, with trades only increasing 1% in June. Nevertheless, water trades within this system are 21% higher than last year.

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/0003/569109/WAS-statewide-regulated-rivers-20230701.pdf

Irrigation allocations (2023/24 at 3rd July)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	80%	-	0%
Broken	49%	-	0%
Goulburn	100%	-	0%
Campaspe	100%	-	46%
Loddon	100%	-	0%
Bullarook Creek	100%	-	100%
MID	100%	-	0%
NSW – Murray Irrigation Ltd	Allocation		Change
Class C-General Security	55%	-	-

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

Temporary water trades	Jun-23	Jun-22	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	\$10	\$18	-44%
6 Hume to Barmah	\$10	\$10	0%
7 Barmah to Nyah	\$10	\$18	-44%
Volume traded (ML)	656,252	651,598	+0.7%
Average price (\$/ML)	\$10	\$17	-42%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	19,281	15,918	+21%
Average price (\$/ML)	\$0.70	\$0.98	-28%

Contact: Isabel Dando Phone: 03 9694 3876 Email: Isabel.Dando@dairyaustralia.com.au

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Feed, fertiliser and cull cow prices

Spot prices	Jun-23	Change (from May-23)	Change (from Jun-22)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$375	+\$2	-\$80
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$340	-\$2	+\$149

Source: AFIA, Profarmer

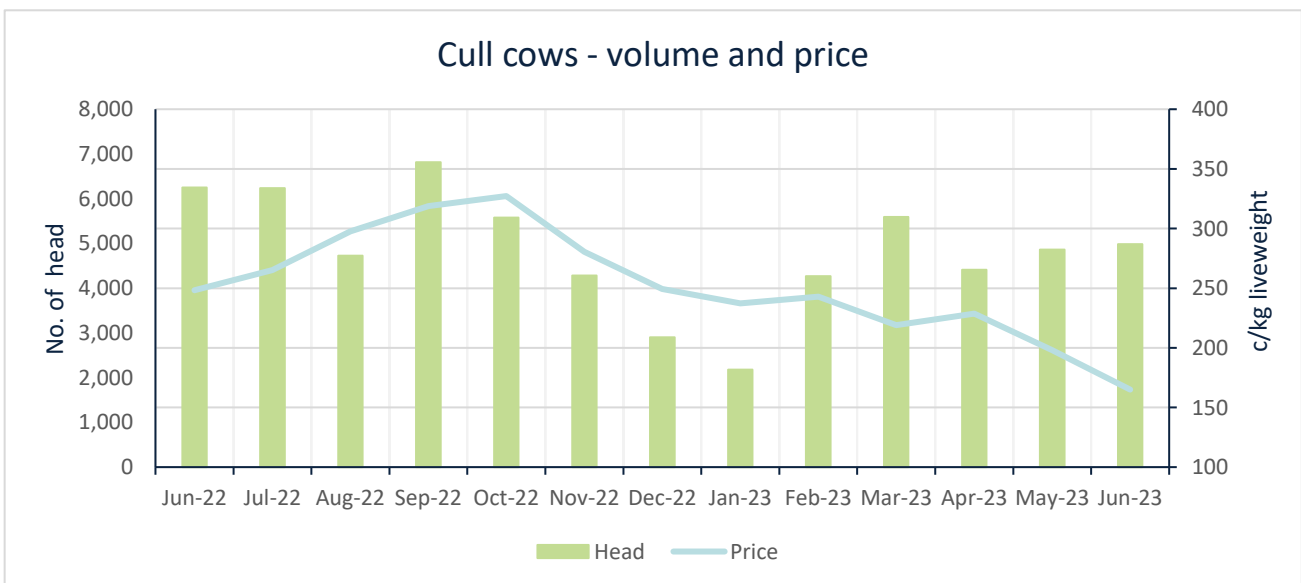
Demand for hay continues to increase during the winter season as pasture growth slows. This is occurring alongside increased demand out of the livestock sector, with larger than usual numbers on hand for this time of year. Despite this, prices remain relatively steady, as plentiful green feed options across some southern regions mitigate such demand. In these areas, a level of optimism remains with many farmers confident that current pasture growth and their on-farm fodder stocks will carry them through the short-term. Additionally, feed grain continues to fill gaps where hay quality is variable.

Winter crop sowing is now mostly complete across the country, with many growers having benefited from rainfall throughout June. A decline in production from last season is expected, and with the threat of a dry spring, there are reports of some growers looking to store grain on-farm to cover themselves in the event of a poor harvest. While domestic grain prices hold relatively steady across most regions, some downward pressure is expected in the coming months, as harvest supply out of the northern hemisphere becomes available while Ukrainian grain imports remain restricted into Europe.

Indicative prices continued to fall for urea, diammonium phosphate (DAP) and muriate of potash (MOP) this month, which are now 56% and 39% below last year, respectively. Positive signs continue to emerge around European production and the renewal of fertiliser exports out of China (albeit at conservative levels), easing global supply pressures. Despite this, the conflict in Ukraine continues to limit some exports, and higher-than-expected demand in Australia is leading to difficulties sourcing urea in some parts of the country.

With Australia's national beef herd still on-track to reach its highest level in a decade, the flow on effect of falling beef prices continues to feed through to cull cow values. Increased sales in June led to prices falling a further 17% and continuing to track well below last year and the five year average.

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, NSW, QLD, SA, WA

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	Jun-23	Monthly % change
Cereal hay		
Northern Australia (\$/tonne)	410	-3%
Southern Australia (\$/tonne)	340	-1%
Western Australia (\$/tonne)	319	+1%
Wheat		
Northern Australia (\$/tonne)	385	0%
Southern Australia (\$/tonne)	375	+1%
Western Australia (\$/tonne)	361	+3%
Futures prices (ASX)		
Wheat (av. \$/t Jan-24 east coast)	400	+5%
Barley (av. \$/t Jan-24 east coast)	322	-1%
Fertiliser		
DAP (A\$/tonne)	677	-12%
Urea (A\$/tonne)	428	-14%
MOP (A\$/tonne)	489	-13%
Irrigation		
Northern Victoria		
Volume traded (ML)	656,252	+194%
Average price (\$/ML)	10	0%
Murray Irrigation system*		
Volume traded (ML)	19,281	+1%
Average price (\$/ML)	0.70	-71%
Cull Cows		
Sales volume (head)	4,982	+2%
Average price (c/kg lwt)	165	-17%
	YTD 2022/23	% change
Sales volume (head)	56,846	-19%
Average price (c/kg lwt)	256	-8.5%

May-23	Apr-23	Mar-23
Source: AFIA		
420	420	418
343	344	342
314	308	305
Source: Profarmer		
385	387	390
373	379	387
350	350	354
Source: ASX		
381	382	400
326	318	332
Source: World Bank (global indicative prices converted from US\$/tonne to A\$/tonne)		
767	953	907
495	469	469
560	609	678
Source: Victorian Water Register, *Murray Irrigation Ltd		
223,356	69,196	167,318
10	14	15
19,163	10,016	40,073
2	4	5
Source: NLRs (saleyards within Vic, NSW, QLD, SA, WA)		
4,865	4,413	5,594
198	229	219
YTD 2021/22	YTD 2020/21	YTD 2019/20
69,830	61,686	71,402
280	242	213

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

Grain report 

Hay report 

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