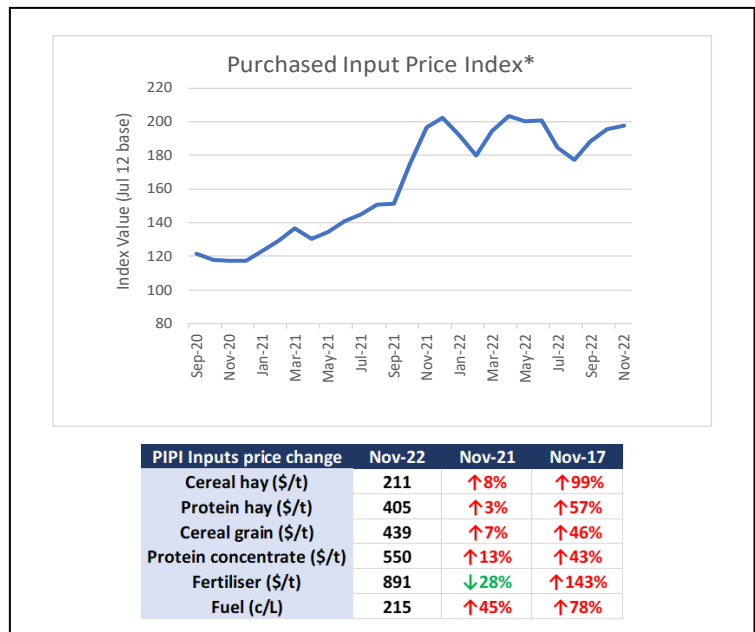


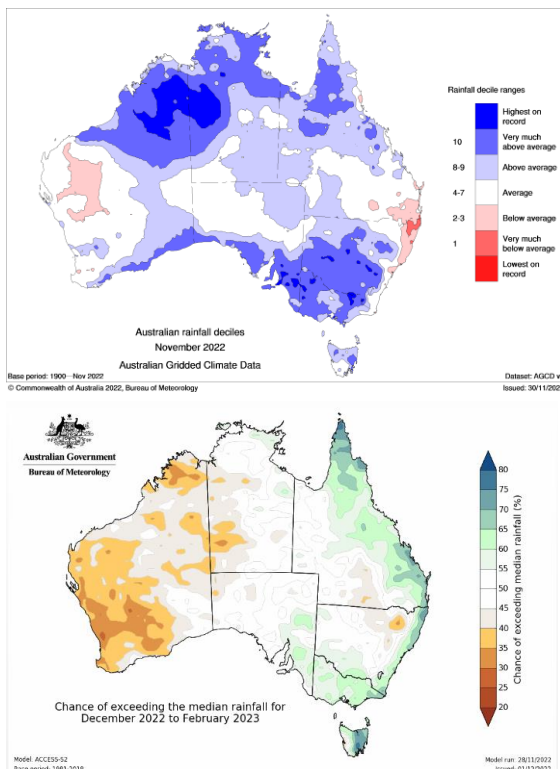
# PRODUCTION INPUTS MONITOR

## Issue 202 – November 2022

*Further rainfall in November brought an end to the wettest spring on record for many regions. Hay prices are beginning to rise as supply shortages become clear. Harvest is underway, with a large feed grade crop expected. Water availability continues to improve alongside record inflows into storages. While still above average, fertiliser prices are trending down.*



### Climate and seasonal outlook



A wet November for much of eastern Australia led to Victoria and New South Wales (NSW) recording their wettest spring on record. Continued rainfall caused further flooding across inland areas of the eastern states and parts of South Australia (SA). With soils already very wet, a limited capacity to absorb further rainfall has led to record inflows in these areas, with many storages now full or spilling. This continues to contrast with persistently dry conditions and below average streamflows in southwest Western Australia (WA) and western Tasmania. Additionally, over the past month, most of the mainland experienced cooler than average daytime temperatures.

While the current La Niña event and negative Indian Ocean Dipole (IOD) have defined the wet conditions over the past twelve months, this may start to shift over summer. In addition to the negative IOD weakening over recent weeks, climate models from the Bureau of Meteorology (The Bureau) indicate that the La Niña event may start to ease in early 2023. In the meantime, warm ocean waters around Australia also increase moisture within weather systems and are contributing to a wet start to summer for eastern Australia, alongside an elevated flood risk.

\* The PIPI 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

With more rainfall across Victoria in November, water levels in most monitored water storages either held steady or decreased on account of controlled releases. Current water levels remain higher than last year, rising 16% and 15% in Dartmouth Dam and Lake Eildon respectively, and Lake Eppalock showing the greatest increase of 74%. With the exception of Lake Glenmaggie and Waranga Basin, where levels hold steady at 94% and 90% respectively, all other monitored storages are either at capacity or are being actively managed through controlled releases.

Record inflows into storages underpin improved seasonal determinations throughout northern Victoria and the Murray in NSW. In the Murray system, seasonal determinations increased to maximum allocation, with low reliability water shares (LRWS) rising to 100% this month. There was also a marked increase in seasonal determinations for both the Goulburn and Loddon systems, with LRWS surging to 77%.

A high volume of available water on the market has kept prices stable over the past month, with many water users covered by own allocations or supported by ongoing rainfall. Across northern Victoria, prices fell 43% while the volume of water traded increased 12%. In contrast, within the Murray Irrigation system, temporary prices increased slightly from \$8/ML to \$10/ML while the volume of water traded decreased, dropping 34% on last month. With the volume of water traded sitting 63% and 78% below last year across northern Victoria and the Murray Irrigation system, it is evident recent wet conditions, and a longer-term wet outlook are minimising demand for water on the market.

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/0016/524320/WAS-Murray-20220815.pdf](https://www.industry.nsw.gov.au/__data/assets/pdf_file/0016/524320/WAS-Murray-20220815.pdf)

### Irrigation allocations (2022/23 at 15<sup>th</sup> November)

Victoria	HRWS	Change (HRWS)	LRWS
Murray	100%	-	100%
Broken	100%	-	100%
Goulburn	100%	-	77%
Campaspe	100%	-	100%
Loddon	100%	-	77%
Bullarook Creek	100%	-	100%
MID	100%	-	0%
<b>NSW – Murray Irrigation Ltd</b>	<b>Allocation</b>		<b>Change</b>
Class C-General Security	110%	-	-

Further details [www.g-mwater.com.au](http://www.g-mwater.com.au), [www.srw.com.au](http://www.srw.com.au), [www.murrayirrigation.com.au](http://www.murrayirrigation.com.au) or [www.waterfind.com.au](http://www.waterfind.com.au)

Temporary water trades	Nov-22	Nov-21	% Change
Northern Victoria	Source: Victorian Water Register		
1A Greater Goulburn	\$20	\$80	-75%
6 Hume to Barmah	\$16	\$85	-81%
7 Barmah to Nyah	\$25	\$105	-76%
Volume traded (ML)	76,113	207,718	-63%
Average price (\$/ML)	\$23	\$90	-75%
Murray Irrigation System	Source: Murray Irrigation Ltd		
Volume traded (ML)	3,647	16,290	-78%
Average price (\$/ML)	\$10	\$63	-84%

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## Feed, fertiliser and cull cow prices

Spot prices	Nov-22	Change (from Oct-22)	Change (from Nov-21)
Feed wheat (av. \$/t del Goulburn/Murray Valley)	\$439	+\$43	+\$75
Cereal hay (av. \$/t del Goulburn/Murray Valley)	\$211	+\$16	+\$14

Source: AFIA, Profarmer

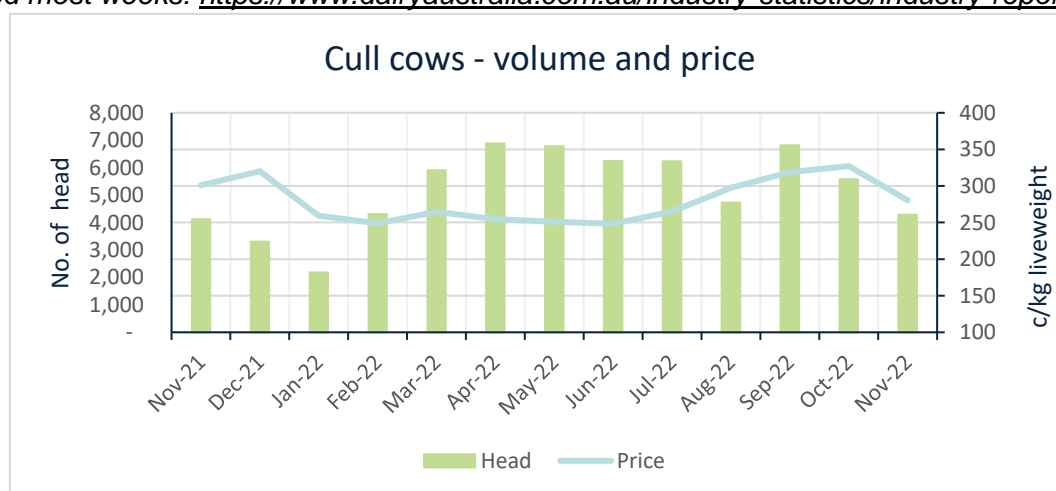
Sporadic rainfall continues to disrupt hay production programs across the eastern states, with many growers out in paddocks whenever conditions allow. With widespread crop losses or quality downgrades, there are reports that growers may even struggle to service longer term contracts, even when given priority over the open market. High protein hay shortages are expected. In regions where accurate supply assessments have been possible, prices are beginning to rise quickly. Additionally, while the potential for considerable pasture growth remains in less affected areas, reduced quality of in-paddock feed in others is likely to add to the already high demand for hay.

Further rainfall across the east coast is pressuring feed grain prices, with a large stockfeed wheat (SFW1) crop expected. Harvest progress continues to vary across the country, advancing quickly across WA and parts of SA and starting to pick up in the eastern states, after a slower start. With this, an influx of harvested grain is starting to place some downward pressure on prices. Globally, supply remains tight, with dry growing conditions in the northern hemisphere being reported alongside the wider threat of industrial action at ports and logistical challenges along rivers and rail systems. This will likely keep the focus of international buyers on Australian grain over harvest.

While indicative fertiliser prices are still above long-term averages, prices have continued to follow a gradual decline since April. Diammonium phosphate (DAP) and urea values are currently 8% and 35% below last year, while potassium chloride (MOP) remains 155% higher, with no change since March. There have been reports of increased European production and the resumption of Chinese exports, albeit at lower levels, are helping ease global supply pressures. However, newly introduced export duties in Russia, may prevent this eventuating to a material and longer-term drop in prices.

After climbing over the second half of this year, cull cow values fell 14% this month. Alongside this decline, the number of cows passing through the saleyards fell 23% from October. Despite prices starting to edge down towards values seen earlier this year, they remain 19% above the four-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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	Nov-22	Monthly % change
<b>Cereal hay</b>		
Northern Australia (\$/tonne)	310	+3%
Southern Australia (\$/tonne)	211	+8%
Western Australia (\$/tonne)	261	+2%
<b>Wheat</b>		
Northern Australia (\$/tonne)	394	+1%
Southern Australia (\$/tonne)	439	+11%
Western Australia (\$/tonne)	365	+5%
<b>Futures prices (ASX)</b>		
Wheat (av. \$/t Jan-23 east coast)	381	-23%
Barley (av. \$/t Jan-23 east coast)	339	+3%
<b>Fertiliser</b>		
DAP (A\$/tonne)	1007	-12%
Urea (A\$/tonne)	891	-11%
MOP (A\$/tonne)	851	-4%
<b>Irrigation</b>		
<b>Northern Victoria</b>		
Volume traded (ML)	76,113	+12%
Average price (\$/ML)	23	-43%
<b>Murray Irrigation system*</b>		
Volume traded (ML)	3,647	-34%
Average price (\$/ML)	10	+25%
<b>Cull Cows</b>		
Sales volume (head)	4,283	-23%
Average price (c/kg lwt)	281	-14%
	YTD 2022/23	% change
Sales volume (head)	27,638	-19%
Average price (c/kg lwt)	299	-0.6%

Oct-22	Sep-22	Aug-22
Source: AFIA		
303	302	305
195	196	198
256	255	255
Source: Profarmer		
391	368	370
396	367	380
349	333	386
Source: ASX		
495	465	395
330	330	320
Source: World Bank ( <i>global indicative prices converted from US\$/tonne to A\$/tonne</i> )		
1140	1123	1077
1000	1013	850
884	840	808
Source: Victorian Water Register, *Murray Irrigation Ltd		
67,740	89,763	242,254
41	46	69
5,540	12,115	21,417
8	15	27
Source: NLRs ( <i>saleyards within Vic, NSW, QLD, SA, WA</i> )		
5,579	6,817	4,725
327	319	298
YTD 2021/22	YTD 2020/21	YTD 2019/20
34,205	26,043	35,669
301	243	203

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

Grain report ▶

Hay report ▶

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