

Australian Oilseeds Federation Crop Report



May 2011

Canola 2011/12

	2010/11 Interim Final		2011/12 May Estimate	
	Harvested Area (hectares)	Production (tonnes)	Area Planted* (hectares)	Production (tonnes)
NSW	310,000	610,000	395,000	630,000
Vic	240,000	440,000	370,000	600,000
SA	200,000	360,000	245,000	375,000
WA	845,000	705,000	830,000	830,000
Total	1,595,000	2,115,000	1,840,000	2,435,000

Source: Industry Estimates: 13/5/2011

Welcome to the first AOF Crop Forecast for the 2011/12 season. After an extraordinary season last year, with harvesting continuing well into February, the expectation is for more typical seasonal conditions, with reports that La Niña is on the wane.

The legacy of last season continues, however, with very good sub-soil moisture throughout most of the eastern states, and dry conditions remaining in the west. At this early stage, the outlook is very positive, despite the conditions in WA, with preliminary forecasts being for a record canola crop this year.

In **NSW**, with a very full sub-soil moisture profile, and prices favouring oilseed over wheat or feed grains, there is the possibility of an increase in area to be planted. In the north of the state, some of the sowing has been delayed awaiting some rain as the top 10-15cm is dry (despite good sub-soil profile). Last year's issues with chick peas is encouraging many in this region to switch to canola as the rotation option. Towards the south of the state, some paddocks are still too wet from recent rains to enable sowing, but overall, 50-70% of the state will be sown by now. The presence of mice is the primary concern at this stage, with some areas already having to be re-sown due to mice damage. There is heavy baiting present in many areas. While the recent cooler weather will help to reduce mice numbers, the concern is that mice numbers will increase rapidly in spring. Elsewhere, particularly in the wetter paddocks, there is moderate damage from slugs, slaters and crickets.

The situation in **Victoria** is very similar to that of NSW, with there being a very full moisture profile. Planting is well underway in the lower rainfall areas, making use of the soil moisture and warmer conditions during late April. In the Western District, which suffered last year from heavy rainfall, some paddocks are still too wet to enable sowing to commence. In the Wimmera, the top soil is beginning to dry out, with growers awaiting some forecast light rain to commence sowing. Sub soil moisture remains good in this district. In the Mallee, canola has been dry-sown on the expectation of on-coming rain, with the good sub-soil moisture encouraging a significant increase in area in the Mallee this season. In the central and north east areas, the situation is good, with there being some upside in area yet to be planted, although wet and showery condition have slowed planting to date. Overall in Victoria, the yields are expected to be strong, although a conservative approach is being taken in this forecast at 1.6t/ha at this stage. Mice are also a problem in Victoria, and are being managed by baiting. Cricket damage, sometimes attributed to mice, is significant in some areas, especially where there is a high level of stubble remaining (providing a good refuge for the insects).

In **South Australia**, the situation is also good, with good sowing rains on the Eyre Peninsula, and crops in also on the York Peninsula and in the mid north. The Mallee and south east is still awaiting decent rains to trigger planting, despite good sub soil moisture levels. As with the other states, mice are a problem, with snails, slugs and earwigs a problem in the wetter areas.

Western Australia presents a total contrast to the rest of the country, with the drying impact of La Niña still taking its toll. As each day passes without rain, confidence in all winter grains is declining, particularly with higher risk crops such as canola. The lack of rain is holding back weed emergence, which is also tempering the growth of Roundup® ready canola. In the south-east, reasonable coastal rain during April/May has triggered sowing, but 50km from the coast, it remains quite dry, which is holding back canola planting. In the Kwinana and Albany zones, it remains very dry, and growers are holding back their canola planting in the hope of receiving good rain.

Global Snapshot

Inflation concerns in China (+5%), combined with bullish production estimates for Canola in Canada (>13mln t), soybean from the US (in light of lower corn plantings), and sun from Russia and Ukraine, have seen oilseed prices come back in recent weeks. This is despite Canadian plantings held back by rain, and drier weather in southern US potentially impacting soybeans.

Looking further out, last week's WASDE issued by the USDA indicated strong ongoing Chinese demand for soy, with US ending stocks 2011/12 projected to be down on current, on the back of stronger Chinese demand. Brazilian biodiesel mandate increase to 7% will also place pressure on soy exports, providing longer term price support for oilseeds.

Meanwhile, drier conditions in Europe are expected to impact rapeseed yields, which could once again place Australian canola in the right place at the right time (provided it is at the right price) come harvest time at the end of the year.

Upcoming Events

International Rapeseed Congress:

June 5-9, Prague

Details at: <http://www.irc2011.org/>

Australian Grains Industry Conference:

July 25-27, Melbourne

Details at: <http://www.ausgrainsconf.com/>

Canadian Canola Council:

July 26 -28. Saskatoon

Details at:

<http://www.canolacouncil.org/convention/default.aspx>

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