



July 2002

Canola 2002/03

Overall both yields and area have been reduced by around 7% on last month's estimates. The largest reduction has occurred in NSW, followed by WA with Victoria and South Australia remaining unchanged.

State	2001/02	2002/03 Planting Intentions	
	Production (Tonnes)	Area Planted (Hectares)	Production (Tonnes)
NSW	600,000	320,000	464,000
Victoria	372,000	220,000	319,000
SA	214,500	145,000	210,250
WA	421,200	287,000	344,400
Total	1,607,700	972,000	1,337,650

Source: Canola Association of Australia, 11/07/02

Whilst 66% of **NSW** has been 'drought declared', the northern half of the state is worst affected. This is reflected in the canola crops where southern areas are progressing okay, whilst northern crops are in a poorer state. Overall it is estimated that area planted is down by around 10% on last month. Soil moisture is low and good spring rain will be essential to secure the estimated production. It is expected that only about 10% of the crop will achieve above average yields. There has been a range of insect problems experienced and, in some areas, Western Yellow Virus is appearing as a problem. The cool weather is helping the crop and, if good spring rain is received, prospects may improve.

All areas in **Victoria** have now completed sowing. Dry conditions have prevailed, although rainfall figures improved in June and good rain occurred across the Wimmera this week. This is expected to have considerably improved the outlook in this region which accounts for 50% of Victoria's crop. Crops are progressing okay, but will need good spring rain. The Mallee has missed out on rainfall to date and is only expected to achieve average yields at best.

Crops in **South Australia** are progressing well, particularly in the mainstream canola growing regions. The Mallee, like Victoria, is dry and further rain is needed.

The area planted in **Western Australia** has been revised downwards, but some of this is likely to be offset by better yields i.e. the reduction has been on the eastern fringe where conditions are not as good, whilst crops in the western areas have experienced more favourable conditions and are looking good. Crops in the Great Southern region are good. There has been some impact from wind erosion in the south, but this has mainly affected late sown crops. In the Central region, early sown crops are doing best, but patchy in some areas. There have been some insect problems, but no aphid or diamond back moth damage at this stage.

Soybeans & Sunflowers 2001/02

Final production estimates for soybeans are shown below. The Central Queensland sunflower harvest is about 30% complete and, at this stage, production estimates are unchanged from last month.

	Soybeans	Sunflowers
	Production (tonnes)	
Queensland	19,760	27,700
New South Wales	50,759	43,050
Victoria	1,840	-
Total	72,359	70,750

Source: Industry Estimates, 15/6/02

Market Comment

The canola market continues to be a 'weather market' with everyone watching North America. There has been volatility in both canola and soybean futures, although canola has moved higher since last month. The Canadian canola crop prospects are not looking positive. Scattered showers have kept the crop going, but the CWB estimates continue to reduce the crop size, with latest estimates at around 4 million tonnes (with further downside possible). The US soybean crop still looks okay at this stage, but August will be the critical month. Thus, overall oilseed values, and particularly canola, look stronger. However, Australian and Canadian canola is trading at a \$25-30 premium over Europe and an issue for the industry is whether Australian and Canadian canola is over valued or whether European product is under valued.

Upcoming Meetings/Conferences

- 13-15 August 2002, Sydney Australian Agriculture & AOF Forum contact 02 6257 3299 for details
- 27 August 2002, Wagga Wagga CAA workshop on Pests and Diseases of Canola
- 28 August 2002, Wagga Wagga CAA meeting
- The Canola Association of WA has organized a bus tour of relevant locations in the state for September. There are also crop walks of seven trial crops being organized over the growing season.
- 12th Australian Soybean Conference will be held in Toowoomba on Wednesday 5th and Thursday 6th of March 2003, with a research meeting on the 4th of March.
- 8th September 2003, Tamworth ARAB 13 conference

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VALE MEGGITT

Bill Meggitt, grandson of the founder of the Australian linseed crushing industry at Parramatta NSW in 1908, passed away on 2 July 2002.

Bill, specifically, was the last of the family which was directly involved in the oilseed crushing industry. His father Harold Meggitt, left Meggitt Limited and founded Harold Meggitt Pty Ltd oilseed crushing mill at Gladesville in 1923 following his father's death, and was subsequently joined in the business by his two sons Clive and Bill.

Harold Meggitt Pty Ltd was purchased by Pacific Safflower Pty Ltd and in turn Meggitt Limited purchased Pacific Safflower, as a consequence of which Bill Meggitt once again became part of the Company which bore his grandfather's name.

With the cessation of Meggitt Limited operations in 1983, a major chapter in the history of the Australian oilseed industry was closed, and now, the last member of the Meggitt family, who was so directly involved for many decades, has passed on. It is hoped that this family name will long be remembered for its contribution to the oilseed industry.

Bryce Bell

Industry News

Sunflowers may benefit from new research

New research has shown that Alzheimer disease is less common in people who consume more antioxidant-rich foods, specifically those containing vitamin E. In good news for sunflowers, the USDA Nutrient Database shows that sunflower seeds are the best, whole-food source of vitamin E - almost all of which is alpha-tocopherol, the most biologically active form.

The two new studies, published in the Journal of the American Medical Association, looked at dietary intake of antioxidants and risk of Alzheimer disease. The studies found an association between people who consumed diets rich in vitamin E from foods and a lower risk of Alzheimer disease. In both studies, vitamin E from foods, not supplements, provided the beneficial effects.

It is thought that vitamin E from food differs from supplements in that supplements are typically high-dose and taken short-term, whereas food sources of vitamin E usually are consumed over a longer period of time and include a variety of other nutrients that may have additional benefits.

Vitamin E is a fat-soluble vitamin, which means that fat is needed to maximize absorption of the nutrient. Sunflower seeds provide an ideal package of vitamin E and unsaturated fat.

Palm oil continues to show its dominance

The world has become increasingly dependent on palm oil, with imports increasing from 11.95 million tons in 1997/98 to 17.4 million tons in Oct/Sept 2000/01 (Oil World). This equates to an annual average growth of 1.8 million tons, outpacing all other oils and fats.

Exports of palm oil are expected to set a new record this year of around 18.0 million tons. Palm oil exports now exceed the combined exports of soy, sun and canola/rapeseed oils. Exports of palm oil and palm-kernel oil will account for 49% of world exports this year compared with a market share of 38% in 1997/98.

2002/03 Brazil soybean crop seen as record

Early estimates put the next Brazilian soybean crop at a record 45 million tonnes. This is well above last years estimated crop of 41 million tonnes.

The increase is seen as a response to the worsening economic situation (some of the problems in neighbouring Argentina are starting to take an effect across the border) and falling Brazilian currency. Farmers are deciding to plant soybeans as a strong export crop and as a hedge against the weakening currency. They are hoping to insulate themselves against the falling currency by selling in US currency.

Canada's canola crop continues to diminish

Canola prices rose this week reflecting concerns over weather conditions. This follows forecasts for very hot, dry conditions across a major portion of the already dry regions of the Prairies. Statcom as revised its estimated to 3.7 - 4.3 million tonnes. With most of the canola crop flowering at present, the hot weather is expected to have a significant adverse impact on the crop.

Oil World forecasts declining oilseed stocks

Stocks in 2002/03 are forecast to fall given insufficient world oilseed and oil production, although meal supplies are seen to be adequate. This is expected to result in higher prices.

Oil World forecasts world production of the 10 seed oils and palm oil to rise only 2.9% in 2002/03. This is above 2.0% this season, but well below the average growth of 4.5% in the five seasons ended 2000/01. Disappearance is forecast to increase 2.7%, thus reducing stocks to 12.3 million tons next season (down from 13.2 million tons).

European oilseed crusher says soy more profitable than rapeseed

ADM owned company, Oelmuehle Hamburg, says that soybean crushing has been more attractive than rapeseed processing in the first half of 2002. This has been driven by the strong demand amongst animal feed producers for protein meal.

The profitability of rapeseed processing had stabilised in the last months according to the Company, however, soy processing retained its position as having the best profit margins in the industry.

Reflecting this Germany's bio-diesel industry has also worked below capacity since the start of this year. Utilisation of bio-diesel depends on it having an attractive price for consumers compared to conventional diesel. In recent months the price advantage for bio-diesel has diminished.