

Australian Oilseeds Federation Crop Report



December 2010

Canola 2010/11

	2009/10 Final		2010/11 December Estimate		
	Area Planted (hectares)	Production (tonnes)	Area Planted* (hectares)	Harvested Area (hectares)	Production (tonnes)
NSW	227,000	261,000	315,000	320,000	610,000
Vic	234,000	391,000	260,000	240,000	440,000
SA	184,000	259,000	200,000	200,000	345,000
WA	745,000	986,000	875,000	845,000	705,000
Total	1 390,000	1,897,000	1,650,000	1,605,000	2,100,000

*Area planted as at July 2010 estimates.

Source: Industry Estimates: 10/12/2010

The earlier dire predictions for WA have not come to fruition, which have served to counter some of the recent rain related losses in the eastern states, to result in a lift in predictions to 2.1mln tonnes, up 55,000 tonnes from last month, albeit from a reduced area.

However, an as yet unknown quantity of weather affected seed (mostly sprouted) could place up to 300,000 tonnes at risk. Processors are currently assessing the implications of processing sprouted grain.

In **NSW**, where crops have been harvested, oil content and quality have been very good, with a state average yield of 1.9t/ha, versus a prior 5 year average of 1.3t/ha. Of the crop yet to be harvested, the major issue relates to sprouting seed within windrowed (swathed) crops, where moisture at the base of the windrow is causing grain to sprout. This is exacerbated this season by the larger than normal biomass, resulting in a thicker than normal windrow. In situations where headers have been able to gain access to paddocks, (and not getting bogged) direct heading is being considered as suitable option to maximise offtake. The heavy rains have resulted in the Roads and Traffic Authority prohibiting the moving of harvesting equipment by road, which will impact the harvest timing for crops in the southern half of the state.

With 60% of the crop estimated to have been harvested, the remaining crop could be up to 40%-50% weather affected, placing upwards of 100-120,000 tonnes at risk.

The situation in **Victoria** is very similar to that of NSW, with weather damage including pod shattering due to hail impacts, in addition to sprouting. However, where crops have been harvested, very good yields have been experienced, such as 1.7t/ha in the Mallee and 2.5t/ha in the Wimmera, with the expectation that oil quality will be high. With up to a third of the crop harvested, and estimates of a third of the remaining crop potentially weather damaged, up to 100,000 tonnes is at risk in

Victoria.

In **South Australia**, significant rain across much of the state has brought a halt to harvesting, with around a third of the states harvest complete. Where crops have been harvested, yields have been strong, as has oil content. As with NSW and Victoria, there are reports of seeds sprouting at the bottom of windrows, which could affect 30% of the remaining crop, placing 70,000-80,000t at risk.

In **Western Australia**, approximately 90% of the crop has been harvested, with the result becoming better than anticipated, following some late season rain. Within the Geraldton Zone, yields were 0.8-1t/ha with oil levels at around 40%, which was a positive outcome given earlier expectations. The Kwinana zone suffered most from the dry conditions achieving only 0.4-0.5t/ha, while further south and east, the Albany and Esperance zones delivered typically average results at 1.1t/ha and up to 1.7t/ha resp.

Soybeans:

	2009/10	2010/11 Estimates	
	Production (tonnes)	Area Planted (hectares)	Production (tonnes)
NSW	30,800	n/a	n/a
Qld	9,600	n/a	n/a
Total	40,370	n/a	n/a

The very wet conditions in the majority of soybean growing regions has caused serious delays in planting as growers have been unable to harvest winter crops and sugarcane and/or prepare land for summer crops. At this stage it is still too early to commence crop area predictions.

In **NSW**, while wet weather has delayed winter crop harvesting and land preparation, current predictions are that the North Coast should see an area similar to previous seasons and with favourable weather conditions, this could increase. In inland NSW the main focus is on cotton. It is unlikely any significant area will be planted to soybeans, although again dedicated growers will plant small areas in the Gwydir, Namoi, Lachlan and Macquarie Valleys.

Prior to the heavy rainfall events in early December, indications were positive for a larger area to be planted to soybeans this year. With good soybean prices and water allocations up, there is a good chance that the soybean area will be up for both the **CIA/MIA** and northern **Victoria**.

North **Queensland** is still very wet along all coastal soybean growing areas, with many sugarcane farmers struggling to cut cane or plant new season cane. With sugar prices continuing to stay firm, sugarcane is the priority and rotation crops including soybeans are not high priority. In Central Queensland, the high price for cotton combined with the recent floods indicates only a limited soybean crop will be planted this year.

In southern Queensland the focus inland has been harvesting winter cereals, with following crop being cotton. At present the indication is that a similar area to 2009 will be planted to soybeans. The wet weather has also hampered ground preparation in the Brisbane and Lockyer Valleys and indications are that the soy area will be down on 2009.

Sunflowers 2010/11:

	2009/10 Production (tonnes)	2010/11 Estimates	
		Area Planted (hectares)	Production (tonnes)
NSW	30,800	28,200	28,740
Qld	9,600	11,000	11,700
Total	40,370	29,200	40,400

Source: Industry Estimates 12/11/10

The outlook for sunflowers this season is very much shaped by the high price of cotton, the resultant cotton plantings, and the area left for sunflowers. At this stage, estimates are still short of the five year average, however with excellent soil moisture

profile and strong prices, there is some upside in estimates with more late plantings than currently anticipated.

In **NSW** the early planted sunflowers have done well on the back of good moisture at planting, and continued rain through the growing season. At this stage, the crops are at petal drop stage, with little incidence of Rutherglen, though presence of 2-3 heliothis grubs/head in some crops.

With good rainfall over recent weeks, if cooler temperatures (<30°C) are experienced over coming weeks, oil quality should be very good. The strong moisture profile has also driven interest in a late plant this season, which can be expected to be monos.

In **Queensland**, on the Darling Downs, dryland cotton and sorghum has consumed the space that may have been devoted to sunflowers, with lower sunflower prices at the time of sowing also serving to keep sunflower area low.

With stronger prices now, and good moisture retained in the soil, there is a good chance of increased area devoted to late planted sunflowers in CQ, and average area in CQ.

Global Snapshot

The USDA released the December WASDE report last week, which pointed towards continuing firmness in prices for the coming months. Soy demand from China (up a huge 40% on prior year) will serve to reduce the US stock levels, while crop concerns in South America (mainly due to the drier weather) serves to drive further concern about stock levels. This is also a driver for increased demand from China. In the US, stock reductions of both corn and cotton provides attractive price competition with soy for planting areas, further underpinning oilseed price support.

Oilworld estimate that oilseed consumption will exceed production by 2 million tonnes, reducing closing stocks by 2.5%. Consumption, however, is expected to be tempered by medium term softer demand due to very strong prices.

Source: Various on-line market reports, including Oilworld ISTA Mielke GmbH

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