

Australian Oilseeds Federation

Crop Report



July 2010

Canola 2010/11

	2009/10 Final		2010/11 July Estimate	
	Area Planted (hectares)	Production (tonnes)	Area Planted (hectares)	Production (tonnes)
NSW	227,000	261,000	315,000	505,000
Vic	234,000	391,000	260,000	415,000
SA	184,000	259,000	200,000	300,000
WA	745,000	986,000	875,000	1 065,000
Total	1 390,000	1,897,000	1,650,000	2,285,000

Source: Industry Estimates. 09/7/2010

With continuing favourable conditions in NSW, and finally some good rains across the WA canola belt, confidence in the crop forecast has lifted, bolstered by additional late plantings in some areas of NSW. At 1.65million hectares, this season is shaping up to be one of the largest canola crops on record.

Most areas of **NSW** now have sufficient sub-soil moisture to carry the crop through to harvest, which will be the first time in many years such conditions have existed in this state. Some late plantings in the state have seen a boost to estimated areas, while the favourable moisture conditions have served to boost confidence in yield to 1.6t/Ha, well above the 10 year average of 1.36t/Ha. While some frosts in the Central West in late July have held back some crop development, the impact is not expected to be material, with most crops at a good 'ground cover' stage. In the South West, which has experienced very dry conditions over the last few years, the rainfall to date has set the crop up well for the rest of the season. Locusts have impacted some crops in the more marginal western areas, with reports of up to 4000 Ha of juncea having been destroyed (and not replanted) during May/June. Locust activity has subsided significantly now the cool weather has arrived, although they remain a major threat to all winter crops once spring arrives.

There have been reports of quite a degree of grazing of canola in the Central and South West amongst early planted crops, which has proved a beneficial source of feed, as frosts in a number of places have hit pastures.

Given the favourable conditions so far in NSW, there is the potential for nitrogen top dressing, so there is possible upside

on yield, although the costs of top dressing could be a limiting factor for a number of growers.

The Bureau of Meteorology is predicting above average rainfall for NSW up to August, which serves to further build confidence in the outlook for this state.

In **Victoria**, the situation remains mostly unchanged, with reasonable rainfall across most growing districts, and more rain forecast in the near future. The slightly warmer than average temperatures in the first few months of the growing season, which gave an accelerated start to crops, has now been reversed with cooler weather kicking- however, crops are marginally more advanced than the long term average for this time of the year. No change in estimates for Victoria

South Australian estimates remain the same, with May/June rainfall being on average. Crops in the South East and Eyre Peninsula are doing well, with forecast rains expected to continue the promising outlook. In the low rainfall areas, there have been reported some crop losses, but these have been offset with some late plantings in the more promising areas.

In **Western Australia**, recent rain across the canola belt was gratefully received, with forecast rain in the coming week serving to further build confidence. The area has been lifted from prior forecasts as the recent rain has saved some crops which had been expected to fail. While still relatively dry in the north, the more favourable conditions in the south, where most of the canola is grown, is serving to produce an overall long term average yield of 1.2t/Ha.

Soybean 2009/10

	2008/09 Final		2009/10 Estimates	
	Area Planted (hectares)	Production (tonnes)	Area Planted (hectares)	Production (tonnes)
NSW	21,900	52,300	17,215	46,800
Qld	22,500	48,000	13,475	16,400
VIC	400	1,200	300	750
Total	44,800	101,500	30,990	63,950

Source: Industry Estimates 12/07/10

North Coast **NSW** crops have seen higher than expected yields with the late rains in Feb/March contributing to much of their gains. Generally seed size has been larger than usual and

welcomed by seed processors. Seed protein has averaged well over 40% for coastal crops. Crops from inland irrigation areas and the tablelands have all performed well. Yield and seed quality have been above predictions.

In **QLD**, the northern crops, particularly the coastal areas of Mackay, Proserpine and the Burdekin, produced quite exceptional crops this year despite the wet weather hampering weed and insect control. Grain quality has been good, with high test weights, high protein and large seed size being a feature of the crops from these areas. The regular growers have indicated they will be planting again next season, with final area dependent on sugar and soybean prices during September, when cropping decisions are being made. Despite area planted being down significantly from last year on the Darling Downs, the yields and quality of crops harvested have been pleasing. All growers have done an excellent job with weed and insect control. The only issue has been low seed moisture at harvest, which not only reduces yield but also causes shattering issues during processing. There may be a training opportunity for improved harvest management and defoliation techniques. The crops from Brisbane and Lockyer Valley's and the Fassifern have all yielded above predictions and overall quality has been high despite the wet finish to the growing season.

Global Snapshot

Canola production in Canada will be severely restricted this year due to very wet conditions preventing planting, with only around 10million tonnes. Oilworld is forecasting canola/rapeseed stocks down by 4% largely on the back of the Canadian crop. As a result, canola prices remain firm with January ASX canola futures trading at \$A475/t.

Despite improved soybean prospects in the US due to an upward revision in area, strong demand from (especially) China and India in coming months will serve to provide a firming action under soy prices.

Meanwhile, Palm Oil production in both Indonesia and Malaysia is expected to boost stocks, and result in a softening for palm oil, in particular, in relation to soy. This is despite a 10-15 % increase in palm demand by the EU, driven through biofuel demand.

In total, combined world supplies of major oilseeds are generally up on last year by 4-5%, providing a natural ceiling to any firming in prices.

Meal prices are expected to soften over the medium term, as oil consumption is forecast to exceed production.

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

What's Ahead...

"Australian Grains Industry Conference"

The Australian Grains Industry Conference is the premier annual grains industry event. A number of issues will be covered, including: Global grains outlook and marketing; Australian grains industry supply chain consolidation; Review of the industry post deregulation; Volatility/risk management; Global issues - climate change, food security, biotechnology, etc; and specific sector, issue and commodity sessions.

Crown Promenade, Melbourne July 26-28, 2010

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

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