Australian Oilseeds Federation
Crop Report

September 2004

Canola 2004/05

Rain turns around canola outlook with production estimates up 2%. but with more certainty.

State	2003/04 Production (Tonnes)	2004/05 Production Area Planted (Hectares)	Production (Tonnes)
NSW	282,000	301,000	451,500
Victoria	420,000	240,000	360,000
SA	310,000	180,000	270,000
WA	610,000	424,000	508,800
Total	1,622,000	1,145,000	1,590,300

Source: Industry Estimates, 10/9/04

The last month has seen dramatically improved conditions for **NSW** with 2 major rainfall events. The north has fared best with falls of 25 mm followed by falls of 50-100mm. Across the state, east of the Newell Highway has fared well, while to the west crops have been boosted but still lack subsoil moisture. The north now has enough subsoil moisture to ensure very good yields. In the central area, crops west of the Newell will still require follow up rain and in the south crops now have sufficient subsoil moisture to get through to pod fill stage. In the north crops are at late flowering and podding stage, while in the south crops vary from vegetative stage to early/mid flowering. There are very high numbers of heliothis and aphids present. There has been considerable spraying activity to control aphids and it is difficult to predict the impact from heliothis at this stage. NSW is also expected to see a locust outbreak which may impact crops. On the positive side, disease levels have been low, although the damp conditions in the south may see some incidence of sclerotinia. Given the dry conditions up till August, there has been a low level of nitrogen topdressing and this may have an adverse impact on yield and oil levels. However, overall prospects are considerably brighter and yields have been revised upwards reflecting the better outlook.

The outlook is not as optimistic in **Victoria** despite falls of around 20-40mm across the Wimmera, North East, Central and Mallee regions. Even with normal rainfall through the Spring, total moisture will be below average and this is being reflected in the crops, particularly in the Mallee and Wimmera. Crops are generally flowering and will require spring rain to secure potential. Average yield has been revised down and a good finish will be needed to secure this.

Crops in **South Australia** are generally looking good with substantial rainfalls through August. While some areas missed out on the earlier fall, this was picked up in the second fall and all areas have received good falls. At this stage yields have been left unchanged but there is potential for upside in this and this is likely to be reflected in October's forecast.

Conditions in **Western Australia** have been good throughout the growing season and crops in the northern part of the Kwinana zone and the Geraldton zone are looking excellent. The southern zone has been better than expected and area is higher than predicted earlier.

There have been some reports of blackleg but it is not expected to be a significant problem and some damage from downy mildew has been reported. The area has been revised upwards and yields left as for the August forecast.

Market Comment

It has been reported over the past few months that new crop outlook is being pressured by the large crops around the world, in particular, soybeans in the US and rapeseed/canola in Europe and Canada. However this month there is some better news with a few factors helping offset these downward price influences.

Primarily this is focused on the uncertainty with the US soybean crop and the Canadian canola crop following frosts during August. The USDA report this week has revised the US soybean crop down (to 2836 Mn bu or 77.18 million tonnes). However, while below earlier expectations, it is still a good crop. It is also expected that quality (oil content) will be lower due the very cold and wet conditions in August. Following frost damage, Oil World has reduced its estimate for the Canadian canola crop to 7.1 Mn T. It has also begun snowing which is causing further harvesting delays.

There are also less favourable prospects in Argentina and Brazil due to drought and planting delays; and world production of sunflower seed is expected to be lower in 2004/05.

Thus, overall prices are still expected to be lower this year although with not as much downside as earlier forecast. The recent spike to $400 in Australian prices has seen some increase in grower selling activity.

Upcoming Meetings

AOF Industry Forum & AGM
6 & 7 October 2004 Eden Park Hotel, Melbourne. Three global experts will share their thoughts including:

- John Goodwin IASC President - Global trends and emerging issues
- Guenther Buck Global Manager Raw Materials Unilever - Global trends in oils and fats consumption
- Lorin Debonte Cargill Canada - The specialty oil Industry in North America

Registration forms available at www.australianoilseeds.com or contact AOF on 03 9533 2623.

AOF Crop Report is provided free due to the support of the Oilseed Development Fund (ODF).

Meadow Lea Foods	Unilever Australasia
Peerless Holdings	Cargill Oilseeds Australia
Riverland Oilseed Processors	Ridley Agriproducts
Bartter Enterprises	Millmaster
Grain Pool WA	Louis Dreyfus
Noble Grain	Graincorp

Australian Oilseeds Federation GPO Box 4758UU Melbourne VIC 3001 Tel: 03 9533 2623 Fax: 03 9530 3962 Email: aof@optusnet.com.au