



April 2002

## Soybeans 2001/02

Soybean production has been revised down yet again to now be just under 70,000 tonnes. Estimates for Queensland remain unchanged following recent rain. There is some charcoal rot occurring on the Downs and lucerne stem borer in Central Queensland.

NSW estimates are down following hot dry conditions across the northern slopes and tablelands. Irrigated crops are still looking good. Hot conditions are also affecting crops in the Lachlan and Macquarie regions. In Victoria, the finish to the season has been excellent and yields are unchanged.

State	2000/01	2000/01F	
	Prod'n (tonnes)	Est. Area (hectares)	Est. Prod'n (tonnes)
Queensland	12,460	9,400	18,830
New South Wales	44,155	23,355	46,768
Victoria	1,800	800	1,600
Total	58,415	32,555	67,198

Source: Industry Estimates, 12/4/02

The Soybean Conference that was planned for September 2002 has been postponed til March 2003.

## Sunflowers 2001/02

Estimates for Central Queensland have been revised downwards again, leaving the industry with a shortage of sun seed. Crops in NSW are virtually finished and yields have been reasonable, but did suffer from lack of finishing rain.

State	2000/01	2001/02F	
	Prod'n (tonnes)	Est. Area (hectares)	Est. Prod'n (tonnes)
Queensland			
-monounsaturates	20,200	10,695	11,387
-polyunsaturates	22,900	18,900	16,090
New South Wales			
-monounsaturates	8,340	21,000	19,500
-polyunsaturates	12,320	14,600	15,410
Total	63,760	65,095	62,387

Source: Industry Estimates, 15/4/02

## Canola 2002/03

There has been no change to last month's estimates, however, the next two weeks will be critical, especially for WA.

In **NSW** seed sales are just starting to pick up following good rain, particularly in the north. **Victoria /SA** still have 6-8 weeks before the critical time for planting, however, **WA** will see a drop off in potential area if rain is not received in the next two weeks.

State	2001/02	2002/03 Planting Intentions	
	Production (Tonnes)	Area Planted (Hectares)	Production (Tonnes)
NSW	600,000	400,000	640,000
Victoria	372,000	250,000	375,000
SA	214,500	140,000	203,000
WA	421,200	400,000	400,000
Total	1,607,700	1,190,000	1,618,000

Source: Canola Association of Australia, 12/4/02

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## Market Comment (as at 12 Apr)

Canola marketing appears to be caught in a low price lull with a stronger \$A, lack of strong export demand and a USDA report confirming record levels of world oilseed production all helping keep prices down. Local trading is piecemeal and farmers holding canola will have to carry long term for any chance of better prices. NSW port values were down \$5 to \$360. New crop values fell \$3-\$5 last week to \$388-\$392 at most ports.

Near-term, the US oilseed market is expected to be the driving factor behind WCE canola prices. We are still awaiting the final result from the US farm bill, but either way there is bound to be a lot of soybeans grown in the US this year. We can also expect a decent soybean crop out of South America, although there is the potential for a slightly smaller crop than originally expected. The bottom line is that prices are expected to remain relatively weak near-term. It will be very difficult for canola prices to rebound without help from the US market.

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# Industry News

## Europe looking to lupins to replace soy as non-GM protein source

Lupins are grown throughout much of Europe, largely for grain production, and in England an estimated 15,000 acres were harvested last year.

However, it was a successful trial on the Scottish Agricultural College's farm at Craibstone, near Aberdeen, last year which persuaded the Scottish executive's environment and rural affairs department that lupins should be eligible for support in 2002 for the first time, north of the border under the Arable Aid Payments Scheme.

As an ingredient of animal compound feeds, lupins are seen as a direct replacement for soy. With a large proportion of soy grown worldwide now being genetically modified, lupins are seen as a crop with a real future. The fact that the area in England last year was 10 times greater than in 2000 is testimony to that.

## Palm oil

Malaysia continues to lead the world as the largest producer and exporter of palm and palm kernel oil. Total combined output (mainly palm oil and palm kernel oil) rose to 13.5 MMT in 2000/01. The palms have shown signs of biological stress after three years of high production. Post forecasts CPO production to decline to 11.5 MMT in 2001/02 and rebound to 12.3 MMT in 2002/03. In tandem, PKO output is expected to decrease to 1.5 MMT in 2001/02 and rebound to 1.6 MMT in 2002/03.

With an expected exportable surplus of over 9.6 MMT of palm oil and 700 TMT of palm kernel oil in 2001/02, Malaysia will remain a formidable competitor in the world vegetable oil market. Demand from Pakistan, India, China and Egypt will likely continue to be strong in 2001/02.

Malaysia is estimated to produce about 15 percent of the global consumption of vegetable oils.

## Outlook for rapeseed and canola

A significant increase in rapeseed/canola plantings is likely to occur in Europe this year, given normal weather conditions. Oil World estimates that EU-15 rapeseed production will reach 9.85 Mn T, a 3-year high and up 10% from last year. This estimates allows for a recovery in average yields and relatively better growing conditions in 2002.

Rapeseed/canola plantings are also expected to be up in the US this year (to around 940,000 tons) and in China, up 5% to a record 12.2 Mn T

However, for Australia, Canada is the major player and planting prospects here are still uncertain, with considerable concern that insufficient moisture will again prevail in 2002 for the third consecutive year. Soil moisture levels are low.

Oil World is currently estimating that Canadian canola area will increase by 10%, however, this appears to be the upper limit. This could see production of 6.0 Mn T as compared to last year's 5.06 Mn T and 7.1 Mn achieved two years ago.

## Canola segregation test

The issue of segregation is becoming more topical in the canola industry given the likelihood of release of genetically modified canola and development of special purpose canola varieties e.g. for bio-diesel production. The Grain Pool of WA has decided that it will conduct a test to see how secure delivery and supply chain systems are. To do this it is using a new canola variety that will be commercially grown this year in Western Australia for the first time. The variety is Eyre.