



December 2003

Canola 2003/04

Prospects improve slightly on back of better yields in WA and Victoria.

State	2002/03	2003/04 Planting Intentions	
	Production (Tonnes)	Area Planted (Hectares)	Production (Tonnes)
NSW	100,000	195,000	245,000
Victoria	180,000	230,000	368,000
SA	180,000	180,000	270,000
WA	330,000	400,000	580,000
Total	790,000	1,005,000	1,463,400

Source: Canola Association of Australia, 12/12/03

In **NSW** harvest is nearing completion. The combination of hot, dry finishing conditions and low subsoil moisture levels has resulted in below average yields and oil contents (mid to low 30% range common).

The later finish in **Victoria** allowed crops to benefit from general rains in October resulting in better than expected yields in most areas. Harvest is nearly finished in the Mallee while the Wimmera and Western Districts are just commencing. Some small areas in the central north of the state missed these late rains and yields have suffered. Most areas including the Mallee, Wimmera and Western Districts will exceed earlier forecasts.

In **SA** evidence of some frost damage in the Mallee and a dry finish with wind damage and hail to some windrowed crops in the upper North has resulted in variable yields and lower oil contents in these areas. This has been partly offset by good yields in crops in the South East, lower North and some areas in the Eyre Peninsula.

Approximately 90% of the **WA** canola harvest is complete and yields continue to surpass earlier expectations. Oil contents are well above historical averages.

Planting intentions 2004/05

- NSW - good soil moisture reserves prior to planting will be a key factor if the planted area is to return to recent state averages
- VIC - good yields this year are likely to result in larger plantings
- SA - expected to be steady
- WA - area likely to increase in light of the good results this year, subject to summer rain and an early start to the season

Soybeans 2003/04

Prospects for the soybean crop are considerably improved on last year. In **Queensland**, recent rain has boosted interest and the intended area is estimated to be around 50% planted. There has been considerable interest from the sugar areas and in cotton areas where water was not available for planting. There are some additional plantings in the sugar areas but these will not be harvested for grain.

Australian Oilseed News is provided free due to the support of the Oilseed Development Fund (ODF).

Cargill Oilseeds Australia
Ridley Agriproducts
Noble Grain

Meadow Lea Foods
Bartter Enterprises
Graincorp

Unilever Australasia
Grain Pool WA
Elders

Peerless Holdings
MarketLink
Toepfer

Riverland Oilseed Processors
Louis Dreyfus

Area on the north coast of **NSW** has rebounded significantly and it is estimated that around 9000 hectares will be planted of which 70% is light hilum types. Prospects for the NSW northern slopes and tablelands is firm but only around 2/3 planted at this stage. Around 3200 hectares is expected to be planted in the Riverina with this predominantly light hilum varieties with a small area of black hilum and some organic.

Wet weather in **Victoria** is disrupting planting as it is prolonging harvest of the winter crop. The late start, along with a scarcity of light hilum seed will limit the Victorian plant.

State	Area Planted (Hectares)	Production (Tonnes)
Queensland	11,450	25,900
NSW	17,180	40,455
Victoria	475	950
Total	29,105	67,305

Source: Industry Estimates, 15/12/03

Sunflowers 2003/04

Good rains across southern Queensland may see some upside in late plantings. However, the majority of production is dependent on rain in Central Queensland to allow planting to occur in this region. Forecasts remain unchanged from last month at this stage.

	Est. Area Planted Early Crop (hectares)	Est. Area Planted Late Crop (hectares)
Monounsaturated sunflower		
Queensland	2,000	23,000
NSW	15,000	20,000
Polyunsaturated sunflower		
Queensland	0	40,000
NSW	0	15,000
Total	17,000	98,000

Source: Industry Estimates, 15/12/03

Market Comment

Domestic canola values came down below the \$400 dollar level during November as a result of the firming Australian dollar and an easing in Winnipeg canola futures. Australian canola harvest and the resultant increase in hedging activity on Winnipeg canola futures are also keeping pressure on this market. In U.S. dollar terms, international canola values have lost ground against soybeans during late November which should assist in finding further export demand. Tight stocks and continued strong demand are keeping soybean values very firm despite forecasts for a record Brazilian soybean crop of 60 million tonnes.

From all at AOF, we wish you a very happy Christmas and all the best for a safe, happy and prosperous 2004.

Upcoming Meetings

GRDC Advisor Updates will be held on:

- Wagga 10 & 11 February
- Dubbo 17 & 18 February
- WA & SA 18 & 19 February
- Victoria 25 & 26 February

For further information contact GRDC on 02 6272 5525

Agriculture Australia 10 and 11 August, Sydney. For further information contact Liz Walker 03 9573 9816

AOF Industry Forum and Annual General Meeting 6 and 7 October 2003, Melbourne. For further information contact Liz Walker 03 9573 9816

Industry News

US soy foods sales grew to \$US3.65 billion in 2003

A recent study of the soy foods category in the US found that retail sales of soy foods reached an estimated \$US3.65 billion. The increased awareness by consumers of the connection between diet and health and the increasing popularity of low-carb, high protein diets are the main drivers for this growth. Sales of energy bars, meat alternatives, soymilk beverages and cold cereals with soy were the primary contributors to growth.

For further information, Soytech has recently released a report – Soyfoods: The US Market 2003 – providing a comprehensive overview of the industry.

Argentine sunflower production to fall

According to reports in Oil World, rain has come too late to allow sunflowers to be planted under optimal conditions. While farmers will still attempt to plant sunflowers, Oil World has forecast that sun seed plantings could fall to as low as 1.94 Mn Ha, down from 2.38 Mn Ha last year.

On a January-December basis, this could see sunflower production fall from 3.5 Mn T in 2003 to 3.0 Mn T in 2004. This will reduce export availabilities.

US breeders develop a new soybean to reduce trans fats

A new soybean variety developed at Iowa State University may assist food manufacturers to remove unhealthy trans fats from their products (The US FDA has given food manufacturers until 2006 to include trans fat information on package labels). The new soybeans produce oil that does not need to be hydrogenated. The oil has passed critical laboratory tests for frying and flavour stability and is now being made available to food companies for evaluation.

Manufacturers currently hydrogenate soybean oil to reduce its content of unsaturated fatty acids, particularly linolenic acid, which can cause food to become stale or rancid. Soybeans typically produce oil with 7% linolenic acid, while the new soybean oil has only 1% linolenic acid. The new soybean was developed through conventional breeding practices.

Soybeans currently account for 81% of the US food industry's edible oils and fats. It is estimated that around 40,000 acres of the new soybean will be planted in 2004 in order to enable large scale commercial production to occur in 2005.

Stats Canada puts Canadian crop at 6.67 million tonnes

Statistics Canada has revised its estimates for this year's canola crop up to 6.67 Mn T (previously 6.34 Mn T). However, strong export demand has reduced Canadian supplies.

World exports of rapeseed/canola are expected to be 5.09 Mn T according to Oil World up from 4.87 Mn T in 2003/03. Canada will contribute significantly to this with exports up from 2.41 Mn T to 3.37 Mn T and Australia up from 0.61 to 1.03 Mn T (note on our latest forecasts, Australia's exports could exceed this).

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