Canola 2010/11

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:

<table>
<thead>
<tr>
<th></th>
<th>2009/10</th>
<th>2010/11 Estimates</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Production (tonnes)</td>
<td>Area Planted (hectares)</td>
</tr>
<tr>
<td>NSW</td>
<td>30,800</td>
<td>n/a</td>
</tr>
<tr>
<td>Qld</td>
<td>9,600</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>40,370</td>
<td>n/a</td>
</tr>
</tbody>
</table>

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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:

<table>
<thead>
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<td>29,200</td>
</tr>
</tbody>
</table>

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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