



November 2003

Canola 2003/04

Better than expected yields in WA has offset losses in NSW to leave estimated canola production around 1.4 million tonnes

State	2002/03	2003//04 Planting Intentions	
	Production (Tonnes)	Area Planted (Hectares)	Production (Tonnes)
NSW	100,000	193,000	251,000
Victoria	180,000	230,000	345,000
SA	180,000	180,000	280,000
WA	330,000	400,000	540,000
Total	790,000	1,003,000	1,416,000

Source: Canola Association of Australia, 14/11/03

The **NSW** crop has been revised downwards due to continuing dry conditions and frost damage. In the north, crops are all windrowed and in some areas harvest is complete. Yields have been variable. The full impact of the frosts in late September is now evident and there were also some lighter frosts in late October/early November. The cool conditions throughout October has helped offset the impact of the continuing dry conditions. However, some further acreage has been lost. In the Central West, frost has had a significant impact and yields are also highly variable. Oil contents are also well below average, in particular, for the earlier maturing varieties. In the south conditions vary, with crop prospects improving as move further south. However, yields are below average and oil contents low. There has been some pest problems, but this is not expected to have a substantial impact, likewise there has been some disease incidence but not significant. Overall, area has been reduced by 3,000 hectares and yields revised downwards.

There has been no change to the estimates for **Victoria**. Generally crops look good across the State, with the excellent conditions in the Wimmera likely to offset any below average performance in other parts of the state. The mild October has helped the crops.

Similarly for **South Australia**, crops generally look very good and have been assisted by the mild October conditions. Crops are being windrowed in the north. There has been some incidence of Blackleg in some varieties and small presence of Diamond Back Moth. Crops are expected to yield above average and the average yields have been raised for the state.

Conditions across most of **Western Australia** have been excellent, with perhaps the high rainfall area expected to fair worst due to the cold, wet conditions through October. Crops in the medium rainfall areas are performing well above average in terms of both yields and oil contents. Oil contents are averaging around 45% but in some areas are significantly better than this. Around 10% of the crop has been delivered. The average yield has been revised up for the state.

Sunflowers 2003/04

While it is estimated that there will be some recovery in sunflower plantings this year, the continued dry conditions in Queensland has prevented the early plant from occurring. It is estimated that there is only 2,000 hectares of sunflowers currently planted in Queensland and around 15,000 in NSW. If conditions improve before the late plant window, the forecast recovery in plantings should still occur, with current predictions for a late plant of 64,000 hectares in Queensland and 35,000 hectares in NSW. This would see a total plant of around 115,000 hectares, which given average yields would see the industry be able to meet domestic demand for the first time in several years. Monounsaturated sunflowers are expected to account for just over half the crop.

	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, 14/11/03

Market Comment

International soybean values have continued their recent meteoric rise which has seen Chicago soybean futures skyrocket by 50% in little over three months. Continued strong demand by Chinese importers has resulted in US soybean exports being already one third higher than the previous years total soybean exports. Chinese soybean imports hit a record 20.3 million tonnes in 2002/03, nearly double their 2001/02 imports of 10.4 million tonnes. This growth is even more remarkable where considering that China's soybean imports in 1997/98 were only 2.9 million tonnes or 14% of current imports. Canola values have also been pushed along by the strength in soybeans but to a lesser extent which reflects China's rapidly increasing demand for protein meal to feed livestock. There have been reports that China has bought up to 300,000 tonnes of Canadian canola in the past month.

Canola harvest has commenced in NSW with mixed reports on both quality and yields. Areas of Northern NSW have seen good yields and high oil contents reflecting the favourable weather conditions experienced east of Moree. However early harvest reports from central west of NSW have indicated below average yields and some oil contents below 35%. Harvest is not far enough advanced to provide a reasonable indication of yields or quality, but dry conditions during September and October combined with limited subsoil moisture levels have taken a toll on late developing crops in many areas of the state. These conditions have resulted in the NSW Department of Agriculture making some significant reductions to their production forecasts for the state; wheat down 23% to 4.4 Mt, barley down by 5% to 962kt and canola down by 18% to 260kt. The declining canola production is likely to result in NSW canola harvest being less than domestic demand for the second consecutive year.

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

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

Industry News

Coastal soybeans set to expand in Queensland

Greg Mills, Principal Extension Officer - Pulses, DPI Kingaroy

Currently the declining fortunes of the Australian sugar industry are driving Queensland producers to seriously invest in alternative forms of farm income. Soybeans are at the forefront because of their inherent suitability across a wide area, their potential to generate useful positive cash flow and the major contribution the crop can make to overall farm productivity.

Several years of development work driven by the Bureau of Sugar Experiment Stations, CSIRO and QDPI's Agency for Food & Fibre Sciences has highlighted the dangers of continuing in a cane monoculture and the major advantages of growing soybeans. Queensland producers' counterparts along the NSW north coast have long recognised the benefits offered by soybean rotations in sugarcane and have become very professional growers. More recently AOF provided assistance to QDPI to develop agronomy extension programs and this is now paying dividends as growers scramble to find profitable alternatives. Already the Moreton Mill at Nambour is set to close in November with some 10,000 ha of cane production in limbo. Several mill areas are likely to decline significantly. It is hoped that substantial areas may end up under soybeans. Bundaberg, Maryborough and Mackay growers are following suit and planting macadamia nuts, corn, soybeans and peanuts. Soybeans present an easy entry-level option for grains and generate enormous benefits to cane even as a green manure crop. However, the fact that the sugar price (\$220/t) for next season is currently below the cost of production (approx \$270/t), means farmers are much more interested in viable grain harvests. Some growers are looking at significant shifts away from sugar for the longer term if grain and particularly soybeans can pay their way.

Growers are keen to access good quality seed in desirable varieties especially for the culinary trade but the reality is that the oilseed types are proven performers and will offer better weathering tolerance in the more difficult coastal climates. Coming off the back of a poor production year in Qld, seed supplies are likely to be the greater issue.

To support this development CSIRO will be releasing 6 new light hilum varieties for pre-commercial evaluation along the coast from Nambour to the far north. These varieties have the distinct advantage of allowing growers to access the more lucrative human consumption market.

For further information or access to the new varieties contact Greg Mills DPI Kingaroy on 07-4160 0742 or Andrew James CSIRO on 07-3214 2278.

US soy supply tightens

US soybean stocks are forecast to fall to their lowest level in almost 30 years (down to 3.39 million tonnes) as a result of the drought impacted crop and high export demand, primarily from China. The USDA estimates the soybean harvest to be down 1% from previous forecasts to now be 66.7 million tonnes. Soybean exports are forecast to be 24.2 million tonnes, up on last month based on strong demand from markets such as China. However, the large South American soybean crop will offset this tighter US supply position.

Biodiesel sales rise in Germany

Germany's 2003 sales of bio-diesel, largely made from rapeseed oil, are likely to reach 650,000 tonnes against 550,000 tonnes in 2002 according to the German oilseeds association. However, this is still significantly below Germany's estimated production capacity of 1.1 million tonnes.

The Association is hoping that a German government decision to permit bio-diesel to be mixed into conventional oil-based diesel will result in a substantial increase in demand in 2004. The German government plans to permit a 5% bio-diesel content in conventional diesel next year.

Sunflowers look set to recover some ground in Canada

Sunflower production in Canada has been regaining ground over the past decade with growers in Manitoba approving a sunflower checkoff (R&D levy) starting with the 2003/04 crop.

Manitoba is the largest sunflower producing province in Canada, accounting 80% of the country's production. Sunflowers have been grown Manitoba since the 1940s, but area planted peaked at 380,000 acres in 1979 and dropped substantially to 60,000 acres in the mid 1980s. This reflects the fortunes of sunflowers in other parts of the world including Australia.

However production picked up again into the early 1990s, although this was adversely impacted with the closure of a major crushing plant. Since then, production has shifted to confection types and this has driven the resurgence in sunflower acreage.

More favourable prices and improved varieties are making sunflower a viable alternative to grains in the southern part of the province. Over 150,000 acres of confection sunflower were planted this year. Total US confection sunflower acreage in 2003 is projected at about 348,000 acres, down from 460,000 last year.

Major areas of investment for newly agreed levy will be to reduce disease pressures from Sclerotinia root, stem and head rot; and to develop new weed control products.

Source: National Sunflower Association

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