

ABARE Crop Report

- ABARE released their domestic crop report this morning.
- ABARE surprisingly increased their estimate of east coast wheat production and seemingly shrugged off the potentially adverse impact of the excessive east coast rain currently affecting the harvest.
- The report can be accessed [here](#).

Total winter grain production

- ABARE have increased their forecast size of winter crop production by 6% to 43.2 million tonnes. This is up 22% from last year's crop and roughly in line with the 2003/04 record.
- East coast winter crop production is forecast at a record at 27.5 million tonnes, up from the September forecast of 23.2 million tonnes and above the 2003/04 record of 19.2 million tonnes. The average since 1997/98 is 16 million tonnes.

Wheat production

- ABARE (surprisingly) upgraded their 2010/11 wheat production forecast to a record 26.8 million tonnes from last month's forecast of 25.1 million tonnes. This is despite drought in WA, Australia's traditional wheat producing state.
 - The NSW, Vic and SA wheat crops are colossal and are too high in our opinion. The WA crop has been slashed to 3.6 million tonnes because of drought.
 - Our domestic wheat production forecast is 22.3 million tonnes.

Barley production

- ABARE forecast barley production at 9.8 million tonnes, up from their September forecast of 8.8 million tonne and up 24% from the 2009/10 crop.

Grain quality

- ABARE noted that recent rain on the east coast has reduced the "chance of achieving prime milling grades of wheat" for unharvested crops. Further "some of the rain affected grain will be suitable only for stockfeed purposes".
- The "wet weather will also diminish the ability of the barley crops to achieve malt grade, meaning a higher proportion of the barley crop will be feed quality."

Wheat exports

- ABARE cut their Australian wheat export target from 18.4 million tonnes to 16 million tonnes. This is still higher than our estimate of ~14 million tonnes.
- The reduction in WA crop prospects appears the key driver behind the downward revision to ABARE's export estimate.

Summer crop production

- ABARE have revised higher their summer crop production forecast because of significant east coast rain.
- Cotton lint production is now forecast at 894 thousand tonnes, up from the September forecast of 653kt and higher than 2009/10 production of 387kt.
- Sorghum production is forecast at 1.95 million tonnes, up the September forecast of 1.7 million tonnes and last year's crop of 1.1 million tonnes.



Figure 1: ABARE east coast winter crop production forecasts (million tonnes)

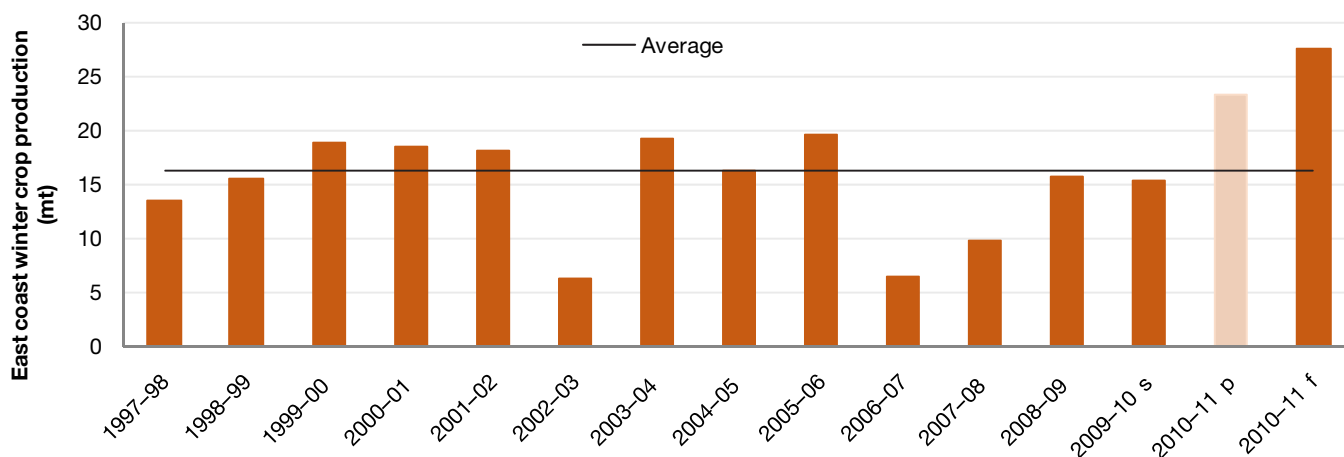


Figure 2: Australian wheat production forecasts (ABARE vs. CBA)

mt	2010/11 CBA Dec	2010/11 ABARE Dec	2010/11 ABARE Sep	2009/10	2008/09	2007/08	Avg (2000-09)	10 Yr Max	10 Yr Min		
WA	4.0	3.6	6.1	8.2	8.3	5.8	7.4	11.1	03/04	4.0	02/03
SA	4.2	5.5	4.2	4.0	2.4	2.3	3.1	4.8	01/02	1.4	06/07
VIC	3.3	4.4	3.4	3.2	1.8	2.0	2.3	3.2	09/10	0.9	02/03
NSW	9.3	11.9	9.9	5.1	7.0	2.5	5.8	8.0	05/06	2.5	02/03
QLD	1.4	1.4	1.6	1.2	2.0	1.0	1.1	2.0	08/09	0.6	02/03
AUST TOTAL	22.3	26.8	25.1	21.7	21.4	13.6	19.7	26.1	03/04	10.1	02/03

As at 7 December 2010



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