



Australian bulk wheat stocks – August 2010

Yesterday the ABS released the Australian bulk wheat stocks data up to 31st August. In recent months the drawdown in bulk wheat stocks had accelerated because of improved export opportunities, linked directly to reduced supplies in other exporting nations. Yet this month, bulk wheat stocks were more burdensome than we were expecting. This implies that consumption in the month of August was not as strong as previously observed.

Nationally, there were 6.7 million tonnes (mt) of wheat in the bulk handling system at 30th August, down from 7.9mt in July. But this is still nearly 50% higher than the 4.5mt in store a year earlier. Inventories remain most burdensome in WA and SA, reflective of big crops in 2009/10. Old crop supplies in the NSW and Qld bulk handling system remain comparatively tight.

Figure 1: Australian bulk wheat stocks (mt)

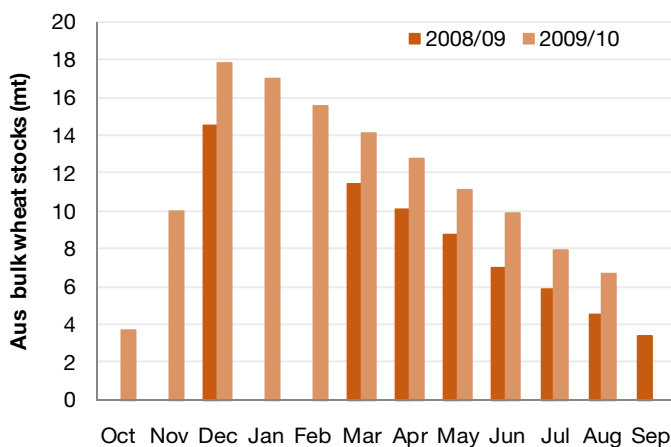
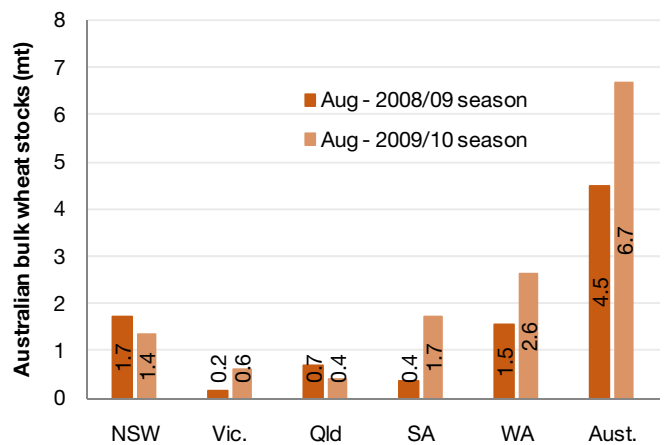


Figure 2: Bulk wheat stocks by state (mt)



This implies that there was a 1.2mt drawdown in wheat from the bulk handling system in August. This was a surprisingly low result, as it was well below the July drawdown of nearly 2mt and below the prior 4 month average drawdown of 1.5mt. We were expecting another above average result because of the improved Australian export outlook and anecdotal reports of strong demand. Based on the official statistics, this was not the case.

There was significant divergence in drawdown rates around the country. Drawdown remained strong in SA and WA, reflective of supply availability and an export bias. On the other hand, drawdown rates collapsed in NSW from 546kt in July to only 100kt in August. Total east coast disappearance in August was only 235kt vs. 1,005kt in July.

We expect total drawdown to pick up significantly in September (final month of the marketing year) as the bulk handlers clear storage for the upcoming harvest. If the national drawdown picks back up to 1.6mt this month, total bulk ending stocks will come in at 5mt. This is around 42% above the 2009 ending stock position.

Figure 3: Australian bulk wheat stock drawdown (kt)

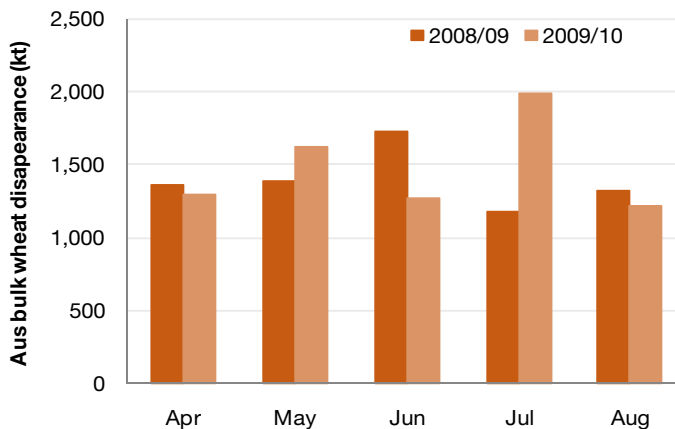


Figure 4: East coast bulk wheat stock drawdown (kt)

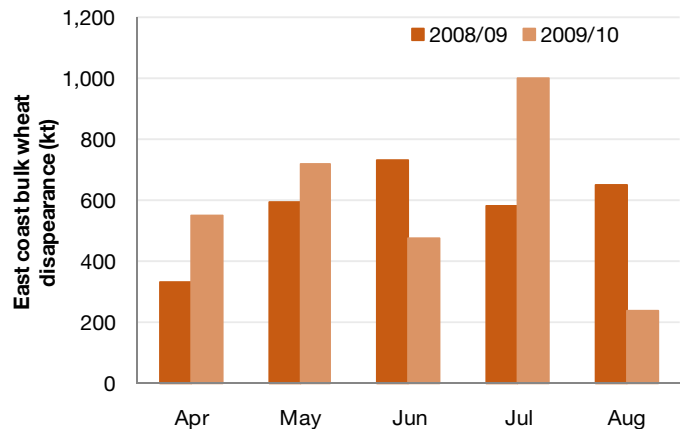




Chart Pack

Figure 5: NSW bulk wheat stocks (kt)

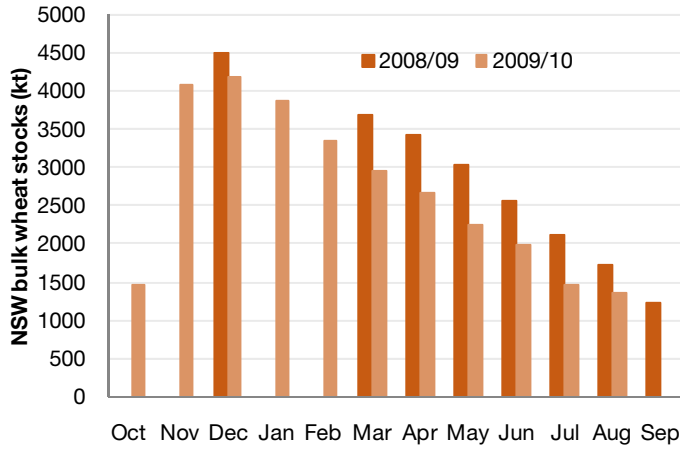


Figure 6: Qld bulk wheat stocks (kt)

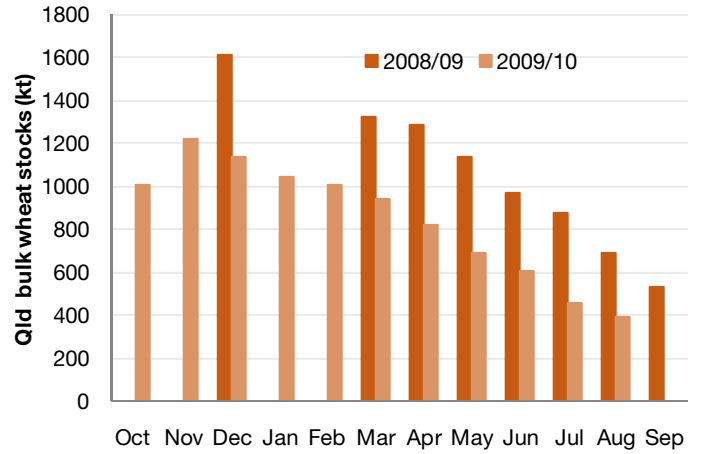


Figure 7: Vic bulk wheat stocks (kt)

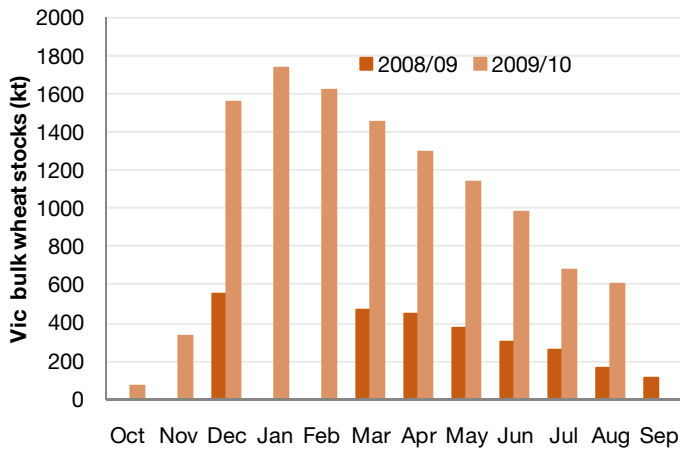


Figure 8: SA bulk wheat stocks (kt)

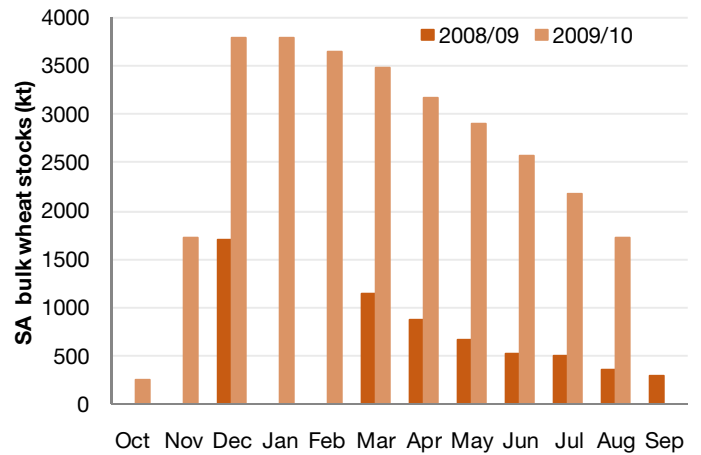


Figure 9: WA bulk wheat stocks (kt)

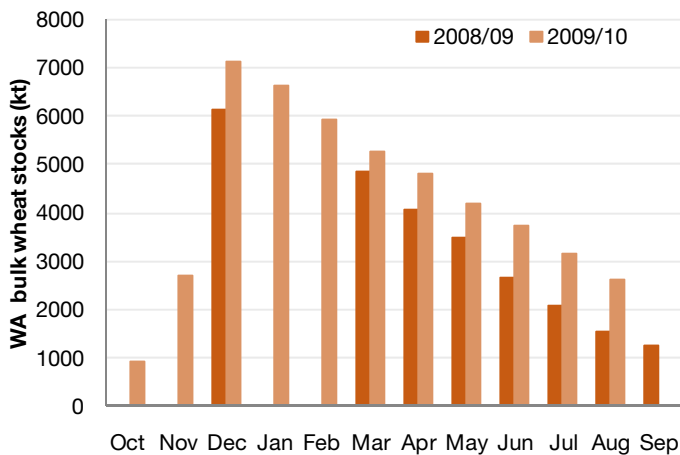
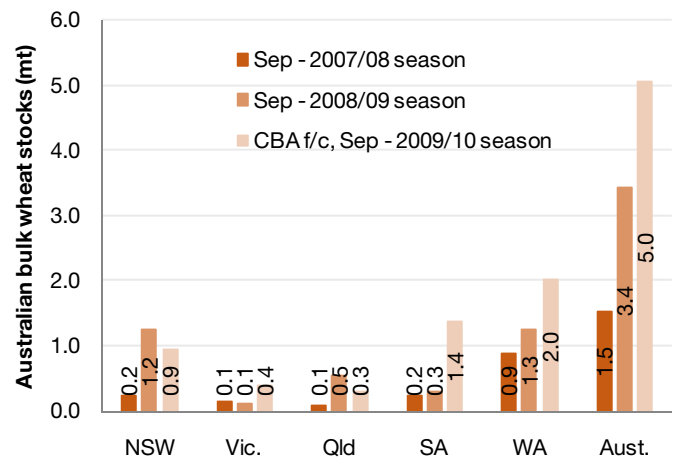


Figure 10: End of season bulk wheat stock estimates (mt)





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