

Falling dollar helps Japanese beef sales, but Russia holds back 31 Oct 08

Export beef is proving good value in one of the country's key overseas markets after recent falls in the Australian dollar.

Meat and Livestock Australia's Japan regional manager, Samantha Jamieson, says the Japanese yen has appreciated up to 40 per cent against the Aussie dollar making it cheap for importers to buy Australian beef.

She says that, despite the presence of more expensive Australian product lingering on the market, customers can get some good deals.

"They still want to buy quality but they want to buy product that they feel offers them better value for money," she says.

"I think particularly with the exchange rate appreciation of the yen, it's going to find that Australian beef is going to be even better value for money."

At the start of this year, Russia was the next big market for Australian beef exports.

But the global financial crisis has turned that around, with buyers in Russia, as well as in the US, Korea and Japan, all backing away.

Peter Weeks, from Meat and Livestock Australia, while agreeing the falling Aussie dollar is good for exports, says it's fallen too fast.

"What that's created is a lot of buyers are now holding off, waiting to see where the bottom is going to be found," he says.

"But they've also found themselves with some pretty dear product that they've contracted earlier.

"They've got to clear that before they're going to come back in the market." (ABC Rural)

Japan queries quality 31 Oct 08

Japanese flour millers and some graingrower organisations fear Australia's traditionally high quality standards for wheat may not be maintained in a deregulated market.

A delegation representing four Japanese flour mills, which account for about 80 per cent of the Japanese market, aired their concerns at a meeting in Sydney on Monday with representatives of four Australian farmer organisations.

They are in Australia to assess the impact the new marketing arrangements will have and to gain first hand information on the likely size of the crop.

The meeting was organised by Mitsubishi Australia which runs cattle feedlots in Australia and has been granted a bulk wheat export licence in the wake of AWB Ltd's loss of its single desk wheat export powers. Mitsubishi subsidiary, Riverina Australia, based at Rockdale feedlot near Leeton, will open an office in Perth to accumulate grain for the noodle market.

Delegation leader and president of Nitto Fujo Flour Milling Co, Kazui Kondo, said more than 80pc of the one million tonnes of wheat Japan imported annually from Australia was noodle wheat.

But with AWB's single desk wheat export power now "almost disappeared" Japanese millers wanted to know if they would be obtaining the same high quality noodle wheat as they had in the past.

Mr Kondo said the biggest concern for Japanese end users under a deregulated market was who would be checking the quality of noodle wheat destined for Japan. (The Land)

Wheat piles up at docks because of financial crisis 30 Oct 08

Wheat is piling up beside ports in south America and the Black Sea as grain buyers struggle to secure credit.

It's because of the global economic crisis, as well as the drop in grain values, which is seeing banks hold onto their money more tightly.

While Australian companies say they're not worried about selling this year's harvest, it seems local farmers and grain analysts aren't so sure.

Anthony Temple is a grain marketing expert in Vancouver and says Australian companies will be affected.

"I think all grain companies will be affected, but I have a lot of confidence in the grain business in finding ways that they will protect themselves," Mr Temple says.

"Things like performance bonds, and indeed they'll be very careful about checking credit." (ABC Rural)

Barley crop quality fears as SA estimates downgraded 30 Oct 08

South Australia's barley crop estimates are likely to be substantially downgraded after another extremely dry month.

Only a few millimetres of rain fell in most areas around the State in October.

On the Yorke Peninsula, Warooka recorded only 4.4 millimetres, while in the South East Naracoorte has had 6 for the month. Over on the Eyre Peninsula, Cleve had 2.2mm and in the Murray Mallee Loxton had 4.4.

September's crop and pasture report, put together by Primary Industries and Resources SA, estimated this season's SA crop to be 5.45 million tonnes, close to the drought-affected five-year average of 5.56mt.

October's report will be released early next week and Rural Solutions SA consultant Peter Fulwood said a

downgrading was very likely.

"The yield has been extremely variable, depending on soil types and when the crops were sown," he said. "There has been a three to four fold difference in yield even between paddocks."

Areas that are doing reasonably well include the central Yorke Peninsula and Lower North, and some parts of the Mid North.

"The South East has certainly slipped back, because they depended on rain in October," he said.

ABB operations manager - storage and handling - Andrew Hannon said receivals were now happening at sites around the State, with the exception of the Murray Mallee and South East.

"There is a lot more grain starting to come in, unfortunately the quality is letting us down," he said.

"What we're seeing is a lot of barley going into feed grades.

"At the moment 50 per cent is going to F1/F2 and the other 50pc F3/F4." (Stock & Land)

Farmers brace for another frost 29 Oct 08

Tasmanian farmers are bracing themselves for another possible frost this morning after last week's frost wiped out millions of dollars worth of crops.

The full cost of the damage is unlikely to be tallied until later this week, but crops like barley wheat and poppies in the Midlands were affected, as well as wine grapes and stone fruits in the south.

Ian MacKinnon, who farms near Conara, lost a year's income when his entire canola crop and most of his barley was wiped out.

He says the frost has been particularly devastating for many farmers who have been feeling the effects of three very dry years.

"There's an enormous loss of income all over the state," Mr MacKinnon said. "It's not just restricted to this Midlands area.

"The loss of income will stretch from Cressy in the north up the Fingal Valley, down into the Coal River Valley, down through the Midlands.

"This frost was so extensive it will have not only affected cereal crops and canola crops and those sort of crops, but it will also have affected probably the poppy industry to some degree," he said. (ABC News)

Tough conditions on international beef markets 28 Oct 08

Beef traders in Korea, the United States and Japan are all reporting difficult market conditions due to the uncertainty created by the global financial turmoil, according to Meat and Livestock Australia.

It reports that beef demand in Korea has been declining due to the currency fluctuations between US dollar and Korean won, and food safety concerns among Korean consumers.

In the US, MLA says a doom and gloom sentiment prevails, with considerable uncertainty remaining due to volatile currency movements and expectations of a significant decline in beef demand.

And in Japan, MLA reports that Australian beef export prices (in US dollars) fell substantially last week, with a 13pc decline in grassfed fullsets and 6pc in shortfed fullsets, in a slow trading market that is adjusting to recent falls in the Aussie dollar.

First to Korea, where MLA says wholesale prices for US product decreased last week.

Korean importers stated that some US product has been sold at low prices because of decreased beef demand and increasing stock levels.

Australian wholesale prices fluctuated last week due to the volatile purchasing behaviour from Korean importers.

But MLA says that in light of the continuing food safety concerns of Korean consumers, the positioning of Australian beef under the Hoju Chungjung Woo label (meaning Australian beef clean and safe) remains highly relevant.

In the US imported beef market prices were also on the decline last week, with trading positions remaining short as buyers take a hand-to-mouth approach and scale back interest in forward trading.

MLA says that while there is much concern within the US cattle industry of the extent to which domestic cattle prices will decline, particularly fed cattle, the lower value manufacturing beef trade is likely to fare better.

And in Japan, MLA says stocks of frozen Australian beef – particularly trimmings that had been bought at peak prices – are reportedly high in Japan, resulting in reduced inquiry.

Rather than creating greater demand, the fall in the Aussie dollar has so far triggered procrastination in the Japanese wholesale market, as end-users wait for Australian beef prices to come down further.

Chilled wholesale beef prices were mostly unchanged or slightly down from last week, while frozen brisket prices reduced 3pc from last week. (Stock & Land)

Harvest off to a shaky start 28 Oct 08

This year's harvest is set to kick off in southern NSW and northeast Victoria for most growers, despite below-average rainfall in September penalising yield potential. As a result some growers made the decision to cut crops for hay and silage.

Windrowing has started in southern NSW and is due to kick off in north east Victoria this week.

Analysis completed on early samples of canola are indicating low oil content, with levels ranging from 30-35 per cent and impurities exceeding 3 per cent maximum.

It has been another tough season in southern NSW, after receiving average fallow rain. May and June rainfall totals were well below average. Sowing programs started in April, however sub-soil moisture was limited thereafter. The majority of sowing programs were then completed throughout May and June.

Above average and consistent rainfall throughout July and August increased moisture levels at a critical point in the season however crops had endured stress throughout prolonged dry periods.

As the season draws to an end it unfortunately brings with it less than ideal weather conditions including a return to well below average rainfall, hot and at times windy conditions.

Northeast Victoria also received average fallow rain and was followed up by good falls throughout May and June which ensured crops were sown into a good profile of moisture.

July rainfall was above average however this did not extend to crops north along the river where rainfall and conditions were reflective of those in southern NSW.

These crops struggled on limited moisture for the majority of the season and as a result most have now been cut for hay.

August also saw the end of consistent rain in this region.

The majority of marketing will take place at the time of delivery and or post harvest this season. Tonnage harvested will be limited or less than originally forecast due to a dry finish to the season. Quality may also prove to be an issue of concern. Growers will need to assess, determine and make informed marketing decisions this seasons. (Weekly Times)

Grain marketers forced to take low-quality harvest 28 Oct 08

The large amount of poor grain produced in south-east Australia this harvest is forcing grain marketers to accept it.

Pools have been opened up for some of the lowest grades of barley and wheat, despite concerns whether anyone will buy it.

ABB pools manager Anthony Fitzgerald says as long as growers communicate the need for lower grade pools, ABB will keep opening them.

"As long as we know there is a reasonable volume of a downgraded commodity, there is no reason why we wouldn't act on growers behalf," he says.

"There will be a price for that and it's just a matter of taking it to market and achieving what is realistically achievable." (ABC Rural)

Late harvest cuts Canadian winter wheat area 28 Oct 08

The amount of land seeded to winter wheat this autumn in western Canada is believed to be significantly lower because of the late harvest in Alberta and Saskatchewan, according to industry sources.

"Based on early indications, it's possible winter wheat area in western Canada will be down at least 10 per cent to 15 per cent from the levels seen in the fall of 2007," said Bruce Burnett, director of the Weather and Crop Surveillance Department at the Canadian Wheat Board.

In terms of what was seeded, Burnett said the crop appears to be in generally good condition. The exception to this would be the excess rains in parts of central and southeastern areas of Manitoba.

Because temperatures have been a bit above normal and there were not any severe frost events, the crop was able to get a good start ahead of winter dormancy, he said.

While no official winter wheat acreage estimates were available, Burnett said the area seeded to winter wheat in Alberta and Saskatchewan was down significantly in comparison to the previous fall, due to the late harvest activities.

"The decline in Manitoba's winter wheat area will be less severe, as producers were able to finish harvest operations a bit sooner," he said.

Based on Statistics Canada data, the area seeded to winter wheat in western Canada in the fall of 2007 totaled 1.360 million acres, of which 550,000 were planted in Saskatchewan; 550,000 in Manitoba; and 260,000 in Alberta.

In the fall of 2006, winter wheat acreage in western Canada was only 975,000 acres, of which area in Saskatchewan was 375,000 acres; Manitoba 440,000; and Alberta 160,000.

"Last year at this time, the crops had been planted for almost a month or so. This year with the canola harvest occurring so late, producers were unable to meet the deadline for getting winter wheat into the ground in order to accommodate crop insurance," he said. (Weekly Times)

Australian wool production seen at 80-yr low 27 Oct 08

Total Australian shorn wool production is forecast to decline in the 2008-09 season, reaching an 80-year low of 387,000 tonnes despite good summer rains and improved average cut per head.

In 2008-09, the total supply of wool is forecast to be 424,000 tonnes of which shorn wool production will be 387,000 tonnes, 3.3 per cent lower than 2007-08, according to Abare – the Australian professionally independent Government economic research agency.

High global grain prices and continuing dry conditions in some parts of eastern Australia are contributing to a smaller size of the national flock and thus resulting in a lower overall production.

China is, and will, continue to be the largest consumer of Australian wool accounting for two-thirds of the country's wool exports. However, in 2008-09 supply constraints will lead to a slash in volume of raw wool shipments. The volume of Australian wool exports is set to decline to 459000 tonnes – a fall of 6.7 per cent from last year. Export earnings are forecast to fall by 12.8 per cent to \$2.4 billion.

Future Demand

The effects of the US economic turmoil have hit consumer sentiments in OECD economies. Expectations of weak future demand for woollen products in the US and EU are likely to lead a softening of demand for raw wool in 2008-09. This will exert a downward pressure on prices.

The price decline can be attributed to softening demand caused by the global economic downturn combined with a strong Australian dollar relative to the US dollar which made wool more expensive for the importing countries. (Business Line)

Argentina starts wheat harvest 27 Oct 08

Argentina's farmers kicked off the 2007-08 wheat harvest this week, reaping the crop from 3 per cent of the 4.4 million hectares planted this season, the Buenos Aires Cereals Exchange said in its weekly crop report last Friday.

Argentina is expected to produce 11 million tonnes this season, down 28 per cent from last season, according to the Exchange.

Yields so far are low at 0.86 tonnes a hectare, but the early harvest is taking place in the northern provinces, which suffered from drought through much of the growing season.

In addition, some fields were lost this week due to hail storms in the north of Buenos Aires province and south of Cordoba. Buenos Aires, compensating for any hail losses, the Exchange said. However, the increased moisture will help the crop in the central areas of Buenos Aires, compensating for any hail losses, the Exchange said.

Soybeans

ARGENTINA'S farmers took advantage of good soil moisture levels to press forward with early soy planting this week, with 670,000ha planted with the beans so far, the exchange said.

Argentina is expected to plant a record 18.2 million hectares with soybeans this season, according to the exchange. The area is expected to rise by 1.3 million hectares from the previous record set last season.

"The increase is due to the decreased area cultivated with wheat and less area expected to be planted with corn and sunflower seeds," the exchange said.

To date, farmers have planted 3.7 per cent of the area seen going to soybeans, down 0.8 percentage points from this point last season.

Corn

FARMERS also took advantage of the significant rainfall across the farm belt this week to surge forward with corn planting. Early planting is almost complete, except in the south of Buenos Aires province where planting generally takes place later, the exchange said.

To date, 60 per cent of the 2.7 million hectares seen going to corn have been seeded, 5.8 percentage points behind last year's pace. (Weekly Times)

Gloom over wheat export market, despite large Qld crop 22 Oct 08

Wheat is ripe for the harvest in parts of Queensland, but the global credit crunch has knocked grower confidence around.

For the first time in five years, growers in the North Burnett received sufficient rain to produce a bumper crop that's good enough for export.

But Monto Grains Co-operative chairman, Lex Dow, says sentiment has gone down since the crop was planted.

"Since then of course, with the economic crisis that's hit the world, it's been a downward spiral ever since, to the extent that at the moment we are looking at somewhere closer to \$200 than \$400 per tonne for prime hard wheat," he says.

"That means the local consumption market and local feed market is looking more attractive than the export market." (ABC Rural)

FNQ Dairy Industry wants QLD government commitment delivered 22 Oct 08

The closure of the only tropical dairy research facility in Australia will be a significant loss to the dairy community, according to the Queensland Dairyfarmers' Organisation.

The closure of the Kairi Dairy research facility and the sale of the dairy herd was announced today by Minister for Primary Industries and Fisheries, Tim Mulherin. The announcement was made along with recommendations for the restructuring of agricultural research facilities for Far North Queensland region.

QDO President Wes Judd said the Queensland Government will need to present a major reinvestment plan that provides the same capacity to carry out tropical dairy research and development.

"We are extremely disappointed that the Queensland Government has not honoured its commitment to meet with industry to discuss any recommendations before they were announced," Mr Judd said.

"The dairy industry of Far North Queensland had formed a working group with the Department of Primary Industries and Fisheries (DPI&F) and this group had developed a discussion paper on the future research, development and extension needs of the region's dairy industry."

According to Mr Judd, during this process, the Minister appointed a panel of experts to review options for restructuring research facilities in the region and to provide recommendations for reinvestment to develop a facility that is new and better equipped.

"We have been seeking the opportunity to discuss the joint paper and the findings of the Minister's review panel, however his meeting has not been forthcoming to date.

"Now we have an announcement recommending the closure and liquidation of the Kairi Dairy Research facility, without the opportunity for industry to be able to discuss these actions and if the proposed reinvestment will meet the needs of the region's dairy industry. Mr Judd went on to say that, the decision by the Minister seems to be done in haste and may result in a sub-optimum outcome for all stakeholders. (QLD Dairy Farmers Organisation)

Govt moves to rebuild grain freight network 21 Oct 08

The Federal Government has formed a task force to develop a strategy to rebuild the grain transport network in New South Wales.

It is spending \$3 million to set up the task force that includes industry and Government representatives. The review will include an examination of cropping patterns, the likely impact of climate change on crops, market demand and the capacity of infrastructure to carry it.

The president of the New South Wales Farmers Association, Jock Laurie, says the grain freight rail network is in serious decay.

"First you've got to work out what infrastructure you need. Once you work out what you need then you sit down to work out who's going to fund it," he said.

"Now that'll all be down the track a bit. The first thing you've got to work out is what's actually needed."

Mr Laurie says the question of who pays for any future infrastructure upgrades will become an interesting debate.

"The interesting part of it, the two ministers at a federal level have taken this on ... it's not been done at a state level. That's an indication of where they see the problems lying and obviously they're wary and aware of the freight and infrastructure issues in NSW," he said.

"They've been prepared to bring this forward, the federal blokes and I think that's a good thing." (ABC News)

Indonesian beef market grows 21 Oct 08

A strong Indonesian economy is bumping up not only Australia's live cattle exports, but also the boxed beef trade to the region.

Meat and Livestock Australia has been analysing the trades, with a recent study showing rapid growth, particularly in the last 12 months.

In 2006-07, 452,000 head of cattle were exported, and in 2007-08, 547,000 live cattle were shipped.

That's a rise of nearly 100,000 cattle.

MLA chairman Don Heatley says it's one of the reasons why Indonesia has been the fastest growing market for Aussie beef in South-East Asia.

"It's forecast that boxed beef will continue to grow over the coming years and you've got an expanding population and also you've just got a general growth in the economy across the country, so South-East Asia is a very very valuable market to Australia generally."

Meanwhile, there's been a decline in numbers of cattle in feedlots, according to the Australian Lot Feeders' Association.

Numbers fell 9 per cent drop in the July to September quarter.

ALFA president Jim Cudmore says rain in Victoria, New South Wales and Western Australia meant there was more grass around for cattle to feed on, so there was no need for the cattle to be fattened up in lots. (ABC Rural)

Argentine biodiesel capacity increases greatly 21 Oct 08

Argentina jumped to third place in world biodiesel production for 2008, tripling its capacity from 2007. On Oct. 15, the Argentine Renewable Energies Chamber released a summary of its first full analysis of the Argentine biodiesel market, which includes a list of producers, analysis of present and future capacity as well as recommendations.

The Outlook for the Argentine Biodiesel Market states that Argentina will produce more than 10 percent of the world's biodiesel in 2008 making it the third largest world producer with sales in excess of \$1.5 billion.

"However, to guarantee the industry's full potential in Argentina — and establish itself along with Brazil as a biofuels powerhouse — the industry needs to be nurtured and protected far more than has been done

thus far," said Carlos St. James, president of the Buenos Aires-based organization, in the report. According to the report, in 2008 only Europe and the United States produce more biodiesel than Argentina. The total installed biodiesel plant capacity in Argentina will grow 150 percent from 2007 to 2008, the report states, with similar growth expected during 2009. New production capacity will increase 840,000 tons (251 million gallons) in 2008 to a record total of 1.4 million tons (419 million gallons) from 18 commercial biodiesel facilities averaging 83,000 tons per year (25 MMgy). The number of plants is expected to nearly double to 34 by the end of 2009.

A B5 mandate which will begin in 2010 is expected to create a domestic market for 625,000 tons (187 million gallons) annually. (Biodiesel Magazine)

Farmers to set up grain co-op 20 Oct 08

A group of Mallee farmers is pooling resources to set up its own grain co-operative.

Berriwillock Grains will be open in time for this year's harvest, and will operate an 80,000 tonne grain receival point and warehouse near Sea Lake.

Chairman John Clohesy says the company will allow farmers to have control over the sale of their grain after the deregulation of the industry.

He says 27 growers have invested and they are already getting inquiries from farmers in other areas.

"To put farm storage on your farm it is going to cost hundreds of thousands and so we all got together and a couple of blokes started the idea," he said.

"Then it just snowballed from there and we got a group of farmers, all put some money in, we are making a grain receival centre for warehousing grain." (ABC News)

Internet issues frustrate WA grain sellers 20 Oct 08

Western Australian grain growers are being frustrated in their attempts to market their crops.

Online marketing tool, Load Net, is supposed to allow growers to sell grain over the Internet to various buyers, like AWB or Graincorp.

However, growers say that with harvest well underway, there are many acquirers who aren't in the Load Net system, leaving them with grain in silos they can't sell or get paid for.

Load Net is the grower marketing arm of grain company Co-operative Bulk Handling, and CBH logistics manager, Tim Collins, admits there are problems.

He says it tardiness on the part of the buyers which is causing the holdups.

"A certain number of them have signed their agreements and are back with us, and as soon as those agreements are signed and back we're able to set them up as acquirers in Load Net," he says.

"But those that haven't, we're simply not in a position to do that, so for that reason, farmers who want to actually sell their grain to a particular acquirer who's not signed an agreement with us, will just have to wait until those agreements are signed off." (ABC Rural)

Feedlot numbers halved 20 Oct 08

Last year's high grain prices, a stronger dollar and restricted cattle numbers due to drought have resulted in a fall in the number of cattle on feed, with only half Australia's feedlot capacity now being used.

Stock numbers into Jindalee feedlot, NSW however have remained stable at around 17,000 head.

On the Riverina domestic market, end-user requirements have slowed the local market to a virtual standstill in the southern Riverina, NSW; old crop demand is still relatively flat, with prices around \$250 delivered end-user.

The current spread between wheat and barley prices mean it still makes financial sense for feedlots to keep using feed barley until the spread between new crop wheat and new crop barley narrows \$20 to \$40. This will vary between feedlots and the type of milling they use.

The Jindalee feedlot is currently running at a fraction under 17,000 head, consuming around 9.8kg a head a day of raw product.

We are now looking at prices around \$240/mt for most feed barley, as prices have held stable at around \$250/mt for new crop. The barley/wheat spread has come in the past two weeks from \$70/mt to \$45-50/mt.

At these kinds of levels, this starts to make it more attractive to think about switching more to wheat come harvest. We realise growers would like a clearer picture so they can sell into the feedlot.

Alternatively look to sort which grains they are going to store. At this stage we are unable to give a clear direction other than the feedlot looks like continuing to run at full capacity even with supplies of beef tighten as growers hang on to stock to breed up numbers.

The decision of what grain to store or indeed as to whether to store at all is one that requires some pre-harvest discussion. (Weekly Times)

AWI promises to increase demand for wool 13 Oct 08

Australian Wool Innovation says it aims to create demand for an additional 20 million kilos of Australian

merino wool each year.

The wool marketing and research body has released a three-year strategic plan.

AWI chairman Brian Van Rooyen says that he's confident the sales goal is realistic, despite the global financial crisis.

"Yes we've got difficult economic times, but having said that, whilst retailers throughout the world are struggling they are still doing business," he says.

"And wool is only a very small percentage of the apparel fibre market, and we've got to capture some of the market share that wool has lost historically through the last three or four decades." (ABC Rural)

AWB takes in 4.35m tonnes of wheat 13 Oct 08

AWB received 4.35 million tonnes of wheat into the 2007/08 national pool, mainly from Western Australia and South Australia.

Small tonnages were received in Queensland, Victoria and NSW.

AWB said it would provide a net payment of \$571 million to wheat growers who delivered into the pool on October 15.

A final distribution to pool participants is expected in December 2008.

Estimated pool returns for all wheat grades in the AWB 2007/08 national pools remain unchanged.

AWB shares were 10 cents higher at \$2.35 today. (The Australian)

Lamb market finds support to average 350-380c/kg at major yards 8 Oct 08

After a fortnight or more of collapsing prices the lamb market found much needed support averaging 350-380 cents a kilogram at the major saleyards this week.

Numbers overall were only slightly increased as southern producers remained wary towards the quickly retreating prices. However with quality beginning to decline and less weight at the more northern yards competition has quickly focused toward the fresher types for the domestic market.

Restocker and feeder buyers also played a greater role returning to the paddock increased numbers of lighter weights as store lambs.

Payments varied broadly on weight, condition and breed with well grown second-cross lambs, dry in the skin, making \$67-\$78 while much lighter, smaller lambs including Merinos made \$30-\$65.

A major boost to recent store lamb inquiry has been the increased number of hay and cereal croppers securing stock to best utilise harvested or failed stubbles. While their competition has certainly been a bonus the production of grain and hay lost could have greater ramifications down the track if current climatic conditions are to continue. (Stock & Land)

Dairy takes a battering in New Zealand 8 Oct 08

New Zealand's future may no longer ride on the dairy cow's back.

Until recently, dairy farmers earned New Zealand millions of dollars from exports, keeping the country out of a recession.

Editor of a New Zealand dairy magazine, Glenys Christian, says while production is expected to pick up, dairy is now getting a run for its money from sheep and beef.

"There's a campaign that's been run at the moment by Federated Farmers for a \$150 lamb in five years' time," he says.

"There will be quite considerable increases in returns from overseas markets and that's certainly going to make some of those beef and sheep guys, who were looking at getting into dairying, think again." (ABC Rural)

Grain prices tumble as investors seek safehavens 7 Oct 08

Global commodity prices, including those for grains, have collapsed today as investors take their money out of higher risk markets and shift it into safehavens such as gold.

The Chicago Board of Trade's agricultural futures are down across the board, with corn and soybeans finishing limit down.

According to CBOT's daily market wrap, Commodity News for Tomorrow, traders have been spooked by outside events on the broader financial markets.

"The dominant issue is the outside markets," it quoted one trader as saying.

"I think that's just a big headwind."

According to CBOT, December '08 corn closed US30c/bu down at 424c/bu; November '08 soybeans lost 70c/bu to 922c/bu; December '08 wheat lost 45c/bu to stand at 595.2c/bu; and December '08 oats lost 20c/bu to be 294c/bu. (Stock & Land)

Lamb production hits four-year low 3 Oct 08

Australian lamb production plummeted during August, declining 25pc year-on-year, as tight supplies,

particularly of heavy lambs, underpinned historically high saleyard prices, according to the latest figures from the Australian Bureau of Statistics.

Meat and Livestock Australia reports that the ABS figures show lamb production during August only reached 27,400 tonnes (carcase weight) – the lowest monthly total since September 2004 and the fourth consecutive monthly decline.

The fall in lamb production during the month was driven by a 21pc year-on-year decline in lamb slaughter, to 1.4 million head, with a 5pc fall in average lamb carcase weights to 19.6kg/head.

The sharp decline in lamb numbers into August was largely a combination of increased turnoff earlier in the year and a poorer breeding season, which saw an overall decline in the number of lambs marked.

SA recorded the largest fall in lamb production during August – dropping 52pc year-on-year, to 3,718t cwt, as welcome August rains in the south-east of SA encouraged producers to hold onto stock.

Significant falls in lamb production were also recorded in Victoria (25pc) and NSW (16pc). Lamb production in WA slipped 3pc, while production in Queensland and Tasmania increased 9pc and 19pc, respectively. (Stock & Land)

WA set for biggest harvest in years 2 Oct 08

The state's grain handler has boosted this year's harvest estimate in light of recent rainfall across the Wheatbelt.

Co-Operative Bulk Handling is expecting a 10 to 12 million tonne harvest, up from the original estimate of nine million tonnes.

CBH Operations Manager Michael Musgrave says last week's rain provided an ideal end to the season and many growers are now gearing up for the harvest.

Mr Musgrave says that if the favourable conditions continue, then Western Australia could produce one of its biggest harvests in years.

"We've had two years of drought affected crops," he said.

"The average is just over 10, so our forecast is now for an average to above average season.

"Certainly we've only had 3 seasons above 12 million tonnes, so it will be really exciting if we do get those finishing rains, and if the frost damage isn't too bad, that we do fall within that range." (ABC News)

Prime lamb price puzzle 2 Oct 08

Australia's prime lamb industry is stuck in a haze of mixed market signals for the type of lamb the industry needs, confusing producers and leaving processors frustrated.

The processors are after better shaped carcasses with increased yield, but producers are being paid on growth through hot standard carcase weight (HSCW) price grids.

In The Land recently (August 28, p61), Cowra-based processor, Chris Cummins, Breakout River Meats, hit out at the wayward direction of lamb carcasses, which he said had lost the yield and shape required for maximum profits at several levels of the production chain.

However, when it came to producing a price signal, processors had their hands tied because they couldn't determine how each carcase would yield until the boning room stage, said senior lecturer at Western Australia's Murdoch University, Graham Gardner.

"There needs to be a price signal, possibly aligned with lean meat yield, rather than simply HSCW and fat score, which are open to large variances in yield," Dr Gardner said.

Meanwhile, producers were "getting paid on growth, so why change?"

Once the great hope for whole of carcase yield measurement, the video-imaging Viascan system has proved too expensive and impractical for many processors to use.

But the search is on for new yield measures, with the science being worked on alongside economic analysis to determine its benefit to individual processors.

"People have to see the dollars in it, and until we can show that, we are fighting an uphill battle," Dr Gardner said.

"If processors can see value in this, they'll have a lean meat yield grid out as quick as you can blink." (The Land)

Grain marketing arrangements remain for 2008 harvest 1 Oct 08

The Western Australian Government has announced it will maintain WA's grain marketing arrangements for this harvest to give growers certainty.

In April, the Economic Regulation Authority recommended the Government scrap the Grain Marketing Act in Australia's newly deregulated wheat market.

The act covers exports of barley, lupins and canola.

Agriculture Minister Terry Redman says changing the marketing arrangements before this year's harvest would only create confusion and uncertainty.

"There are presently special licences that have been issued. I think there's something like 1.3 million tonnes for barley and 350 000 tonnes for canola, and given that those arrangements are in place, we think it appropriate to maintain that position at least for this harvest," he said. (ABC News)