



GIAV - SFMCA Grain Outlook Meeting

JUNE 2019

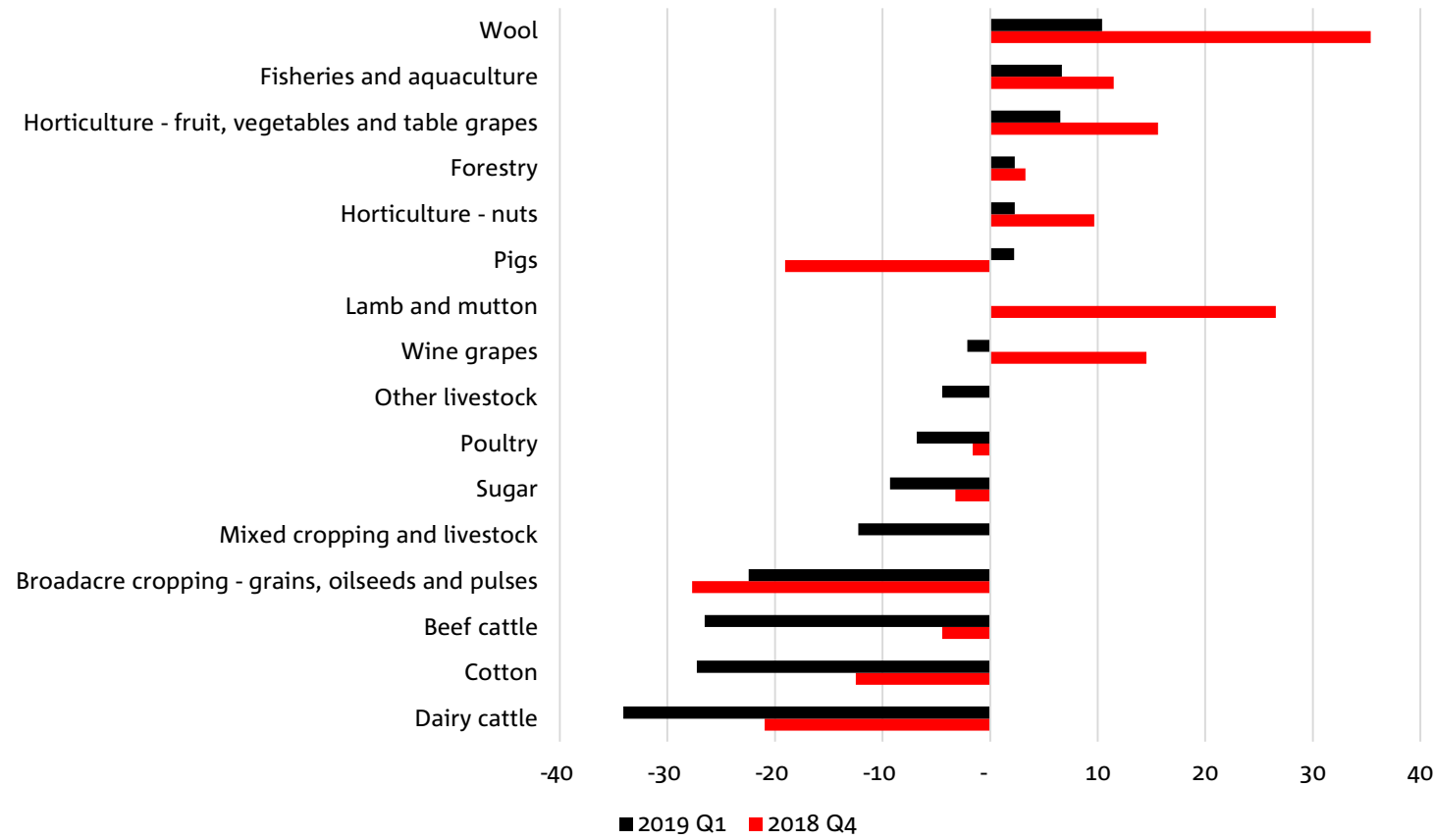
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Photo | Mai Thai

WHAT IS THE NAB SURVEY TELLING US?

AGRI CONDITIONS BY SECTOR

net balance

● Conditions negative in cropping, cattle and dairy



Source: NAB Group Economics



WHAT IS THE NAB SURVEY TELLING US?

AGRI CONDITIONS BY STATE

net balance

- Real challenges in NSW

	AUS	NSW	VIC	QLD	WA	SA
Broadacre cropping - grains, oilseeds and pulses	-22	-56	-33	-8	100	-80
Cotton	-27	-56	0	-25	0	0
Sugar	-9	-20	0	-8	0	0
Wine grapes	-2	-13	25	0	0	-40
Horticulture - fruit, vegetables and table grapes	7	0	0	-8	25	0
Horticulture - nuts	2	0	0	8	0	0
Beef cattle	-27	-63	-63	0	50	-40
Dairy cattle	-34	-40	-75	-8	-33	-33
Lamb and mutton	-	-19	13	17	0	-20
Wool	10	-6	33	8	33	-20
Mixed cropping and livestock	-12	-44	-11	-8	75	-60
Poultry	-7	-13	13	0	-33	0
Pigs	2	-13	22	17	0	0
Other livestock	-4	-19	0	8	0	0
Fisheries and aquaculture	7	7	13	0	25	-33
Forestry	2	-7	0	8	0	0

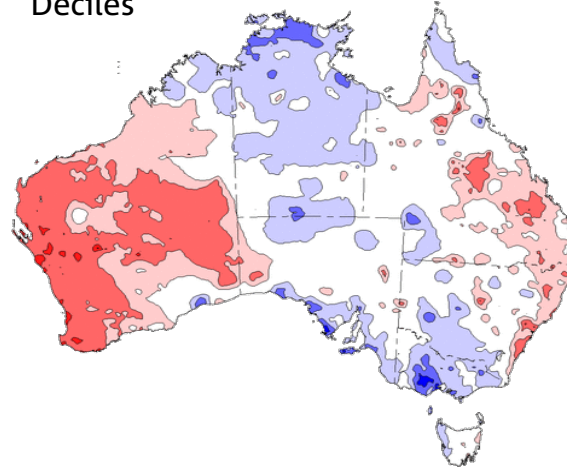
Source: NAB Group Economics

SEASONAL CONDITIONS VERY MIXED

- VIC – SA – Southern NSW looking good
- WA was dry but has seen some rain
- Central west, northern NSW and SE Qld looking pretty crook overall

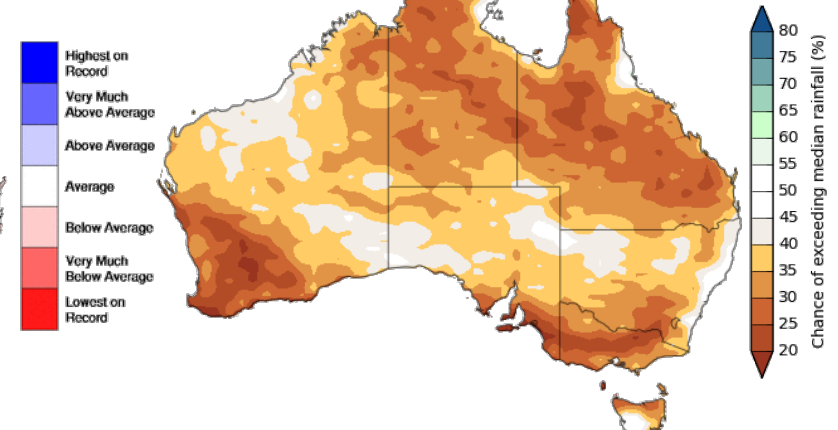
RAINFALL – MAY

Deciles



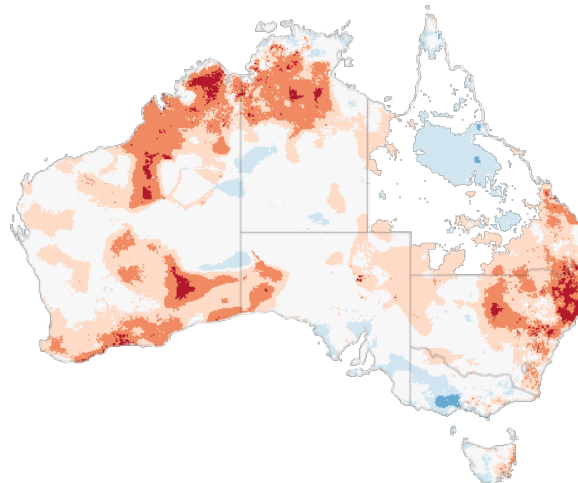
BOM RAINFALL OUTLOOK

May to July 2019



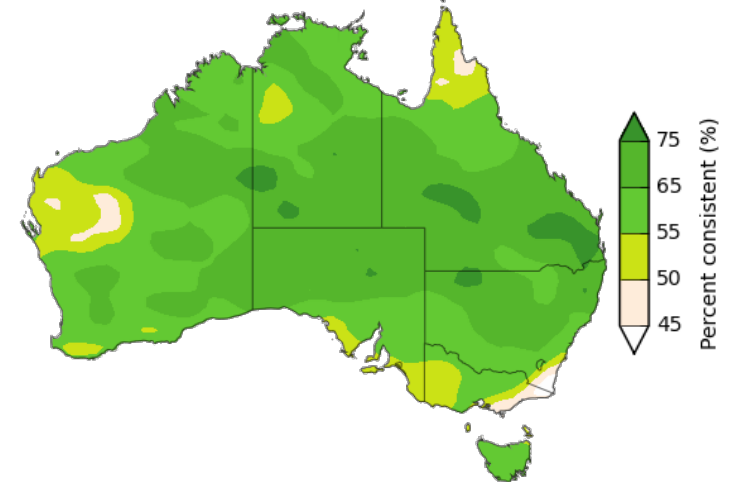
ROOT ZONE SOIL MOISTURE

Relative to average, 20 June



RAINFALL OUTLOOK ACCURACY

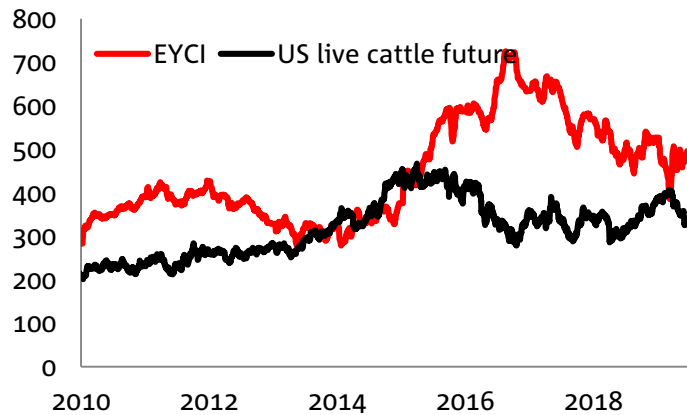
Past accuracy for outlook period



BEEF CATTLE

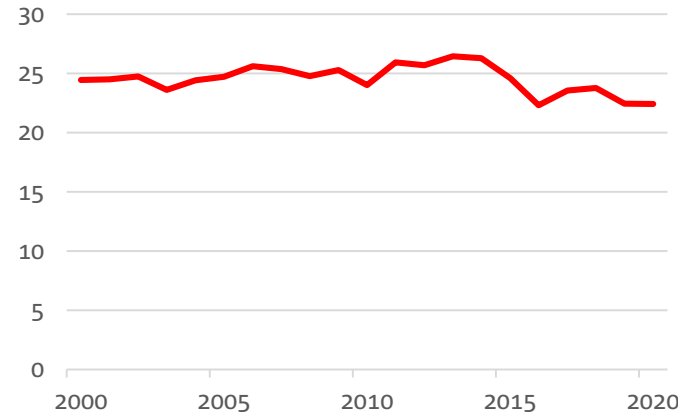
CATTLE PRICES

AUc/kg



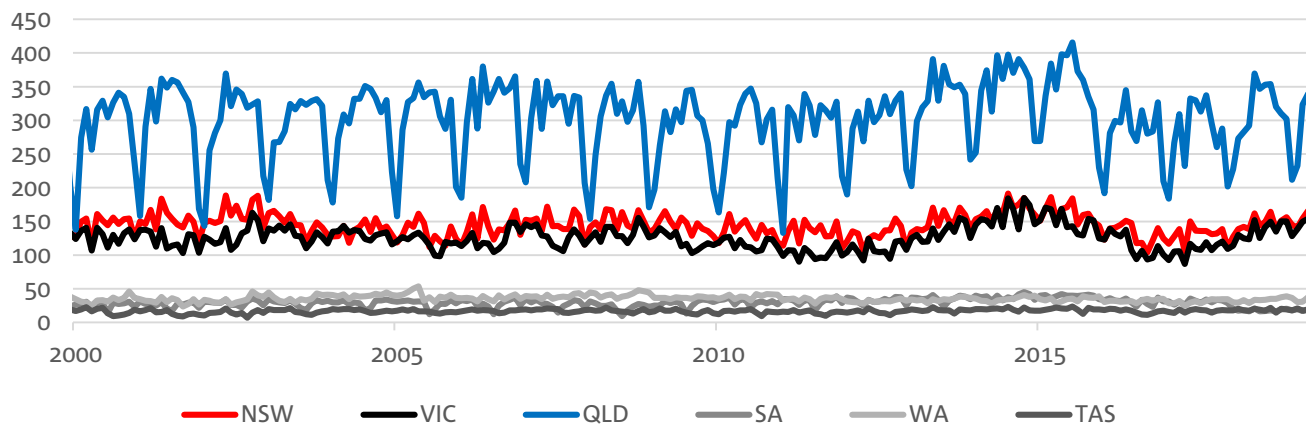
NATIONAL BEEF CATTLE HERD

Million – inc ABARES forecast



CATTLE SLAUGHTER EX CALVES

'000 per month to April 2019



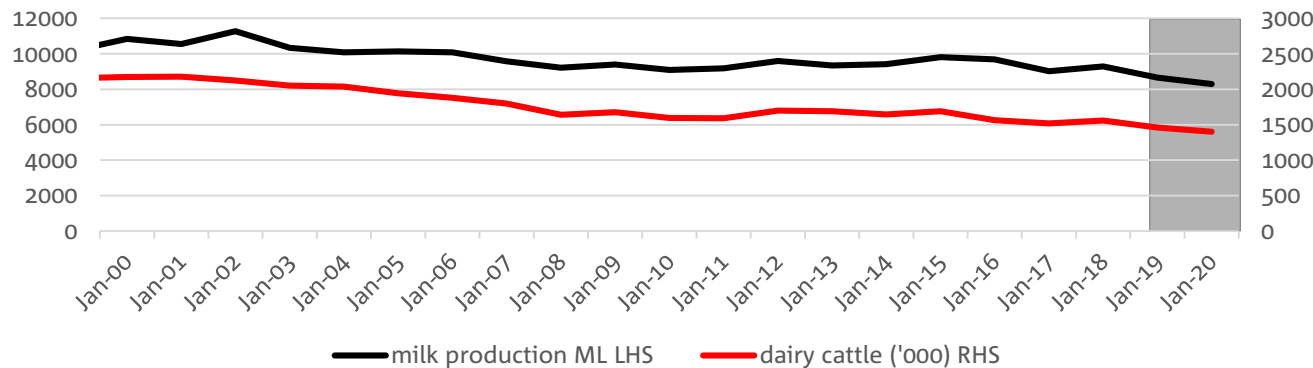
- Cattle prices holding up better than expected – good season will see restocker activity heat up
- Herd numbers lower in 2018-19 – down 6% nationally to 22.5 million (beef only)
- Monthly slaughter data to April shows higher rates in NSW and VIC in 2019 but this is likely to come off (at least in VIC)

Source: NAB Group Economics, ABARES, Meat and Livestock Australia, Australian Pork, Ausmarket Consultants, Australian Bureau of Statistics, Bloomberg and Profarmer.

DAIRY PRICES ARE GOOD BUT INPUT COSTS ARE TOO HIGH

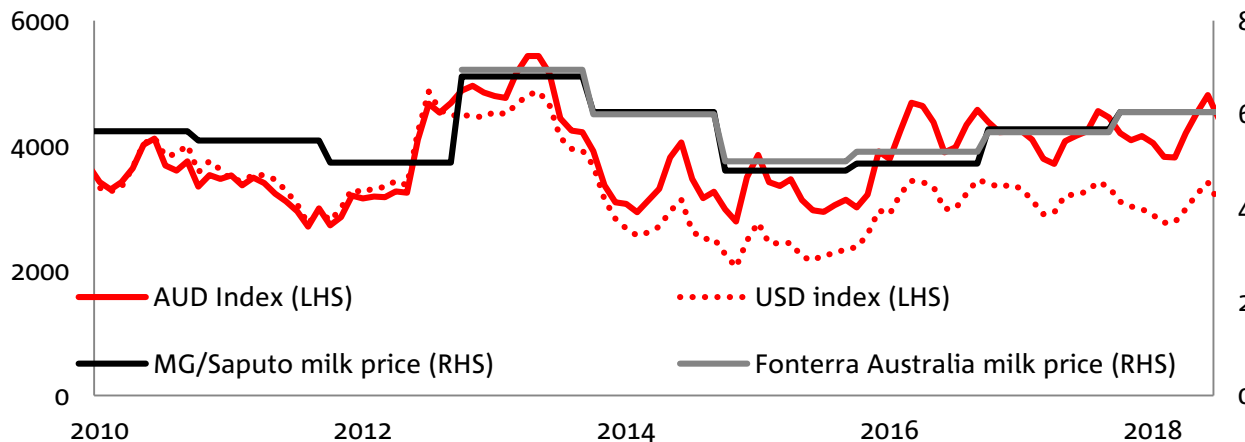
CATTLE

AUc/kg



DAIRY PRICE – EXPORT AND FARMGATE

\$/t, AUD/kgms (farmgate)



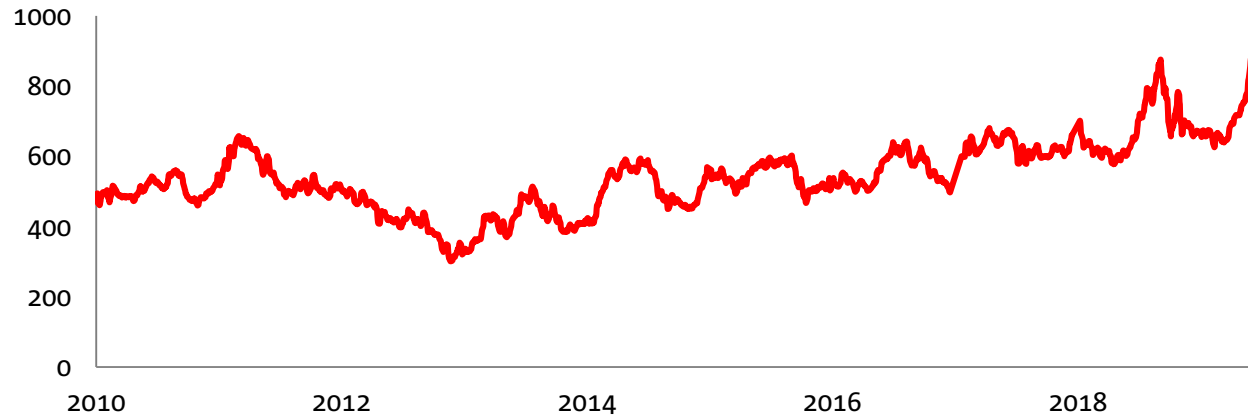
- Dairy price is good but price isn't the problem
- Northern Victoria is ground zero for industry challenges
- DA reports only 1/3 confident about future of industry
- Milk production back to 25 year lows
- DA forecast of 8.1-8.3 billion litres in 2019-20 implies herd contracting around 160,000 head since 2017-18

Source: NAB Group Economics, ABARES, Meat and Livestock Australia, Australian Pork, Ausmarket Consultants, Australian Bureau of Statistics, Bloomberg and Profarmer.

SHEEP LOOK VERY GOOD – BUT CAN IT CONTINUE?

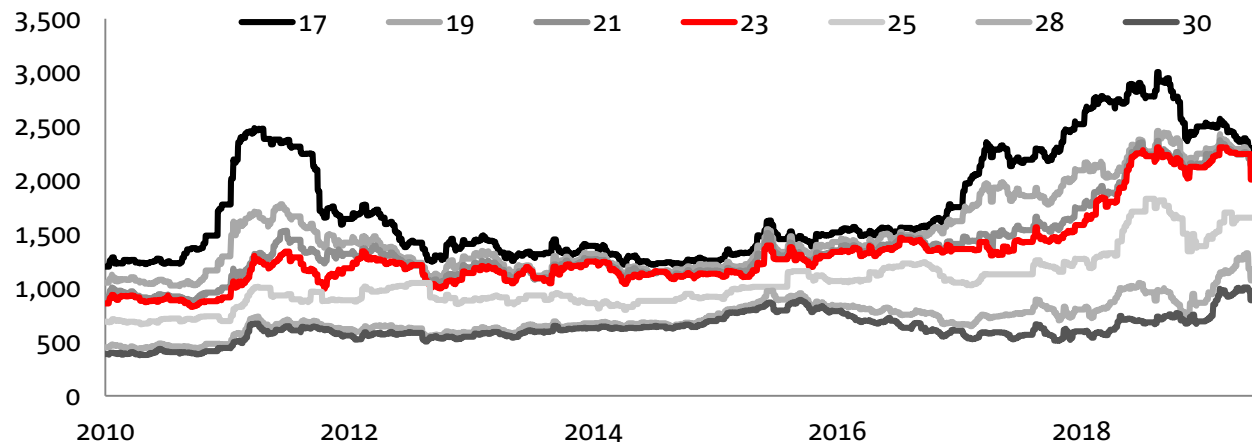
LAMB

National Trade Lamb Indicator, AUc/kg



WOOL

Southern region, by micron, AUc/kg



- Lamb price at record levels, wool good too, although a bit lower
- Lack of supply has been a price driver for what is now a niche product
- National flock was 163m in 1990-91, dropped to 68m by 2009-10. ABARES forecasts 69m flock in 2019-20.
- Risk for wool is consumer spending and trade war with China

Source: NAB Group Economics, ABARES, Meat and Livestock Australia, Australian Pork, Ausmarket Consultants, Australian Bureau of Statistics, Bloomberg and Profarmer.

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