Commodity outlook and issues

South-East South Australian agriculture

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Australian Bureau of Agricultural and Resource Economics and Sciences

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Regional agriculture snapshot
Recent farm business performance
Outlook for key commodities
South-East South Australian agriculture - snapshot

$3.4b
2017-18

Source: ABS
South-East South Australian agriculture - snapshot

Percent of national production value, 2017-18

- Total agriculture: $59 b
- Wine grapes: $942 m
- Cattle and calves: $12 b
- Wool: $4 b

Source: ABS
Recent farm surveys results
Recent returns to farming have been positive

Average annual rate of return*, 2014-15 to 2018-19

*Rate of return excluding capital appreciation.
Sheep farm financial performance drivers

- **Total cash receipts**
- **Other cash costs**
- **Fodder**
- **Shearing & crutching**
- **Fertilizer**
- **Hired labour**
- **Sheep purchases**

Preliminary estimates.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Cash Receipts</th>
<th>Other Cash Costs</th>
<th>Fodder</th>
<th>Shearing &amp; Crutching</th>
<th>Fertilizer</th>
<th>Hired Labour</th>
<th>Sheep Purchases</th>
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Dry conditions driving uncertainty in Australian agriculture

Rainfall deficiencies between Mar 2018 and Aug 2019
Outlook for sheep meat

Turnoff to fall in 2019-20

- Lamb slaughter
- Sheep slaughter
- Saleyard sheep prices
- Saleyard lamb prices


f ABARES forecast.
Source: ABS
Outlook for beef

Strong export demand to increase prices

f ABARES forecast.
Source: ABS
China will likely rival Japan as our most valuable market this year

Source: ABS

f ABARES forecast.
Chinese pig meat imports growing

Source: OECD
Chinese pig meat imports growing

African swine fever detected in China

Source: Eurostat
Higher global prices raising Australian pig prices

African swine fever detected in China

Source: ABS
Outlook for dairy

- Butter
- Cheese
- Skim milk powder
- Whole milk powder
Year on year change in milk production


Measurements: Percentage change, Total milk (RHS)

ML (Million Liters)
Wool prices to fall but remain above average

Sources: ABS & AWEX
Regional wine exports to China and Canada are high

Share of export volumes, 2018–19 to March

Source: Wine Australia
Australian wine exports to China to grow further

Cumulative fiscal year to date imports, January to July

Source: ABS
Australia’s position in global value chains

Inputs of fertilisers, machinery and other inputs from overseas

Wheat grown in Australia...

Milled into flour in Indonesia...

Made into noodles...

Sold and consumed around the world
We also do policy analysis