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Wheat and barley production expected to increase due to good weather conditions

Due to good weather conditions, industry analysts expect Australia's wheat and barley crops to increase in 2005/2006. According to a report issued by the US Department of Agriculture, wheat exports are expected to rise as a result of the increased production, but barley exports are forecast to decrease slightly in 2005/2006. Total domestic consumption of wheat and barley is also expected to rise.

In October 2005, the Australian Wheat Board (AWB) revised its wheat forecast upward for 2005/2006. AWB analysts predict that Australia's wheat production will reach between 23 and 25 million metric tons in 2005/2006, up from earlier estimates of between 21 and 23 million metric tons.

Analysts from AWB attribute the increase in production to good weather conditions throughout the country's major wheat producing regions. According to the Wheat Board, sufficient rainfall in New South Wales, Victoria and South Australia has been beneficial to crop development; and although there have been poorer weather conditions in Western Australia, the country's largest wheat producing region, and Queensland, wheat production was not expected to be negatively affected.

Given the higher production forecasts, industry analysts in Australia anticipate that the country will remain the world's second largest wheat exporter, just behind the US. Currently, wheat is among Australia's leading agriculture exports, with exports valued at US \$3 billion each year. According to a report issued by the US Department of Agriculture (USDA) in October 2005, Australia's wheat exports are expected to reach 16.1 million metric tons in 2005/2006, up slightly from the 16 million metric tons exported in 2004/2005. Australia's total domestic wheat consumption is also expected to increase. Consumption in 2005/2006 is estimated at 5.8 million metric tons, up from 5.5 million metric tons in 2004/2005.

USDA analysts forecast that Australian barley production will increase to 7 million metric tons in 2005/2006, up from the 6.5 million metric tons of barley produced in the previous year. As with wheat, Australia's barley crop benefited from good weather conditions in the country's major barley producing regions, resulting in the increased production forecasts. Total domestic barley consumption is forecast to increase slightly from 3.3 million metric tons in 2004/2005 to 3.4 million metric tons this year. Exports, on the other hand, are expected to drop from nearly 4 million metric tons in 2004/2005 to 3.5 million metric tons in 2005/2006.

SOURCES: Asia Pulse, Foreign Agriculture Service of the US Department of Agriculture, Reuters News

