



WHY INVEST IN AGRICULTURE?

AUSTRALIAN AGRICULTURAL INDUSTRY
OVERVIEW & OUTLOOK 2020



Executive Summary	4
Market Opportunity	5
Global Perspective	6
<i>Australia</i>	6
<i>Australian Exchange Rate</i>	7
<i>Global Economy</i>	7
Outlook for Australia’s Commodity Sector	8
Commodity Sector Performance & Outlook	10
<i>Wheat</i>	10
<i>Barley</i>	10
<i>Canola</i>	11
<i>Sheep & Wool</i>	11
<i>Lamb</i>	12
<i>Beef</i>	12
<i>Cotton</i>	13
<i>Sugar</i>	13
<i>Dairy</i>	14
<i>Horticulture</i>	14
Food Demand for 2050	15
Foreign Investment Review Board	15
Potential in Australian Agriculture	16
Economic Argument	17
Annexures	18

Meares & Associates

Sydney

Office: +61 2 9362 8111
Chris Meares: +61 414 770 703
Sam Johnston: +61 448 131 398
Email: rural@meares.com.au

www.meares.com.au

TODAY, AUSTRALIA IS AN IMPORTANT PART OF THE GLOBAL AGRICULTURAL PRODUCTION AND AGRIBUSINESS MARKET.

With the world’s fastest growing population on our doorstep – Asia, and the rest of the world, will need more quality food to eat. Australia is recognised for its clean, green image and high quality, low cost agricultural products, which are supported by our recognised trade relations as preferred trading partners with many of these countries.

The anticipated food demand for 2050 creates great opportunities for Australian agriculture. Australia is in a strong position to meet this higher demand. Australia has a comparative advantage in the production of agricultural products and its geographical location means lower transport costs in exporting to Asia and China.

With Australia’s position as an important exporter of many agricultural commodities, the projected increase in global agrifood demand and imports should lead to higher Australian export levels. According to the Australian Bureau of Agricultural and Resource Economics (ABARES), the demand for soft commodities will continue to rise over the medium term, which will see Australian agriculture continue to flourish.

Australian agriculture is cost effective and has prospered on a very low subsidy base. Australia is considered one of the world’s low cost, most efficient producers of quality agricultural

commodities, whose competitiveness has been further enhanced by the depreciation of the Australian dollar.

When evaluating the profitability of investment in Australian agriculture, it is appropriate to draw comparisons with returns in other sectors of the Australian and global economies.

The overall investment returns from quality agricultural property in Australia have been more than comparable to those available from other major investment sectors including commercial, residential and industrial property. Importantly too, the sector has demonstrated a lower level of volatility.

Whilst the property and financial sectors may have performed better than the agricultural sector at times, in recent times, with increasing commodity prices, lower interest rates, a lower exchange rate and a recognition by asset allocators of agriculture as an asset investment class for institutional investors, the agricultural sector is now placed in a very competitive position, and in most instances is performing better than its competitors. Continuing strong commodity prices, as reflected in the following Industry Overview and Outlook, and excellent cost efficiency should see the agricultural sector continue this trend into the near future, given normal seasons.

Despite the recent extended dry season in Australia, we are currently experiencing exceptionally strong commodity prices, with the country’s agricultural sector demonstrating remarkable resilience over the past 12 – 24 months. Overall our sheep and cattle populations are at all time lows.

Australia is a dryland continent – however its climatic diversity allows for a wide range of production alternatives. Its southern hemisphere location provides counter seasonal global marketing opportunities.

Australia produces enough food and fibre to meet the needs of more than 55 million people, with a typical Australian farm sustaining the needs of 300 people - a statistic unmatched by any other nation including the United States, the world’s biggest producer of food. 65 – 70% of Australia’s primary production is exported. The estimate of the area of land used for agricultural activity is in excess of 394 million hectares or 51% of Australia’s land mass. Australia is the world’s only island continent, which gives it a distinct advantage in disease prevention. Australia has the enviable status of being free of the major livestock diseases, particularly foot-and-mouth and mad cow disease. Whilst there has been some strengthening of land values in Australia, we believe that to date they have not reflected global increases in values nor have they impinged on operating profitability.

Therefore the window of opportunity for the agribusiness investor remains strong in rural Australia.

MARKET OPPORTUNITY

AUSTRALIAN AGRICULTURE: QUICK FACTS



A major food producer in one of the world’s fastest growing economic areas – Asia and the Western Pacific rim.



One of the world’s most (low) cost efficient producers of quality agricultural products.



The world’s largest exporter of wool.



The second largest exporter of meat.



The fifth largest exporter of wheat.

GLOBAL PERSPECTIVE

Australia:

- ✓ is a stable economic and political environment with secure ownership and title over land
- ✓ is a major food producer and exporter
- ✓ is a beneficiary to free trade agreements with Japan, Korea and China
- ✓ has favourable capital growth rates
- ✓ is one of the world's lowest cost and most efficient producers of quality soft commodities
- ✓ is the largest producer of wool globally, and the largest exporter
- ✓ is a major beef producer, with approximately two-thirds of Australia's beef production exported
- ✓ exports 65% in volume of the total agricultural production
- ✓ the gross value of farm production is projected to increase to \$64 billion in 2024/25, just short of its 2016/17 peak of \$65 billion
- ✓ the global demand for food continues to increase

Overall, the Australian agricultural sector has unique features that will give it a competitive advantage in the 21st century, including:

- Agricultural land is a diminishing resource.
- Australian production is regarded as *healthy, clean and green*.
- Globally relatively low land prices.
- A competitive Australian Dollar (on average), low inflation and low interest rates.
- Close proximity to the growing Asian market.
- Increasing global demand for a widening range of agricultural products including beef, lamb, wool, rice, wheat, corn, cotton, dairy, fruit, vegetables and nuts (tree crops).
- Competitive commodity prices on global markets.
- A strong transportation system nationwide, with good port facilities.
- A *disease free* reputation.
- Emphasis on research and development – the implementation of technological innovation.
- Economies of scale.
- Climatic diversity allows for a wide range of production alternatives, and Australia's Southern Hemisphere location provides counter-seasonal marketing opportunities.

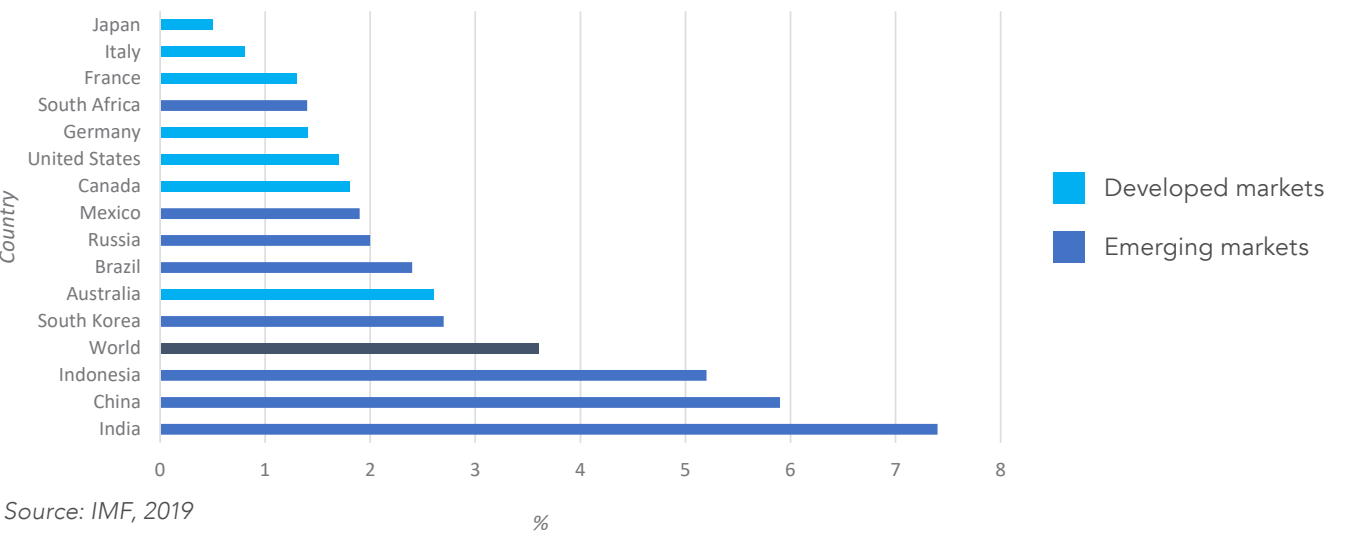
Australian Exchange Rate

The exchange rate against the US Dollar is forecast to continue to fall from its 2011/12 high of parity, to around 68 cents – lower than its recent 30 year average. It is believed that over the medium term the Australian dollar will progressively strengthen against the US dollar to be 74 cents in 2024/25 as a result of the absence of adverse shocks to global growth.

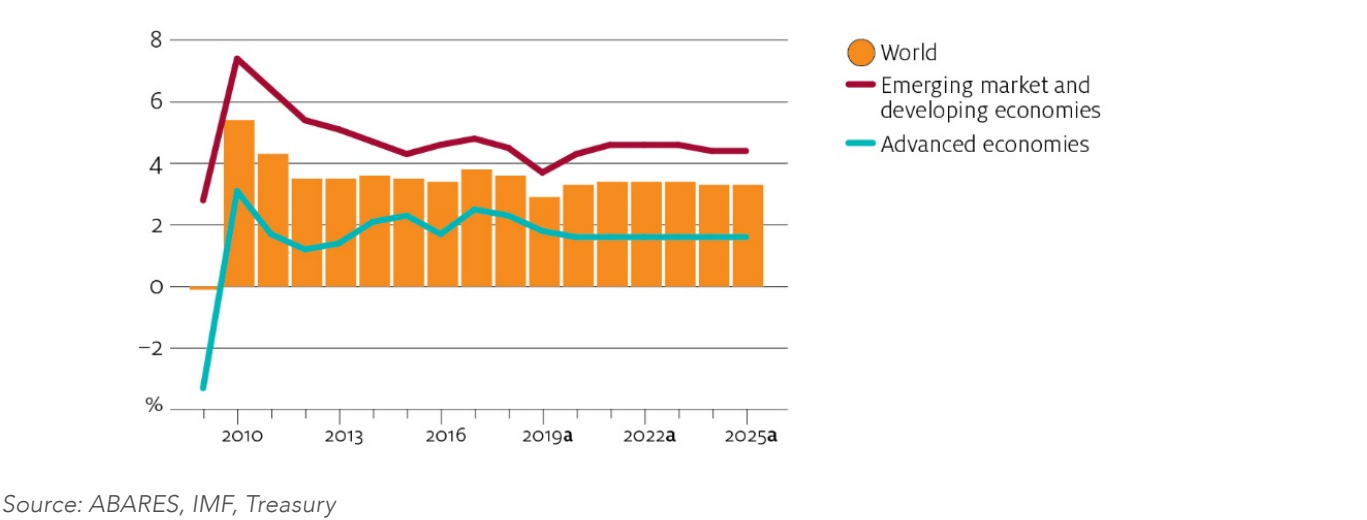
Global Economy

- Global growth is forecast to grow from 2.9% in 2019 to 3.3% in 2020, and 3.4% in 2021.
- China is expected to remain a driver of world economic growth even though its growth is expected to fall from an assumed 5.7% in 2020 to approximately 5.5% by 2025.

2021 GDP Growth Forecasts Graph (% change)



Economic Growth, 2009 to 2025



Key Macroeconomic Assumptions For Australia

	unit	2017-18	2018-19	2019-20a	2020-21a	2021-22a	2022-23a	2023-24a	2024-25a
Economic growth	%	2.9	2.0	2.0	2.8	3.0	3.0	3.0	3.0
Inflation	%	1.9	1.6	1.9	2.5	2.5	2.5	2.5	2.5
Interest rates b	% pa	3.7	3.8	2.9	2.8	2.8	2.9	3.3	3.5
Exchange rates	US\$/A\$	0.78	0.72	0.68	0.68	0.70	0.71	0.72	0.74

a ABARES assumption. b Large business weighted-average variable rate on credit outstanding.

Source: ABARES, ABS, RBA

OUTLOOK FOR AUSTRALIA'S COMMODITY SECTOR



The impact of the prolonged dry seasonal conditions is becoming more apparent as agricultural production levels continue to decrease.



Production is projected to slowly recover, mainly driven by stronger crop production levels as a result of improved seasonal conditions.



The gross value of farm production is expected to be \$59 billion during 2019/20 rising to \$64.6billion in 2024/2025, just short of its 2016/17 peak of \$65 billion.



Farm commodity export earnings are expected to be \$43 billion in 2019/20 rising approx. 2.47%/annum to \$48.8billion in 2024/25.



The gross value of livestock production by 2024/25 is projected to be \$31 billion – mainly reflecting higher saleyard and farm gate prices which will more than offset expected lower slaughterings during the assumed herd and flock rebuilding stage.

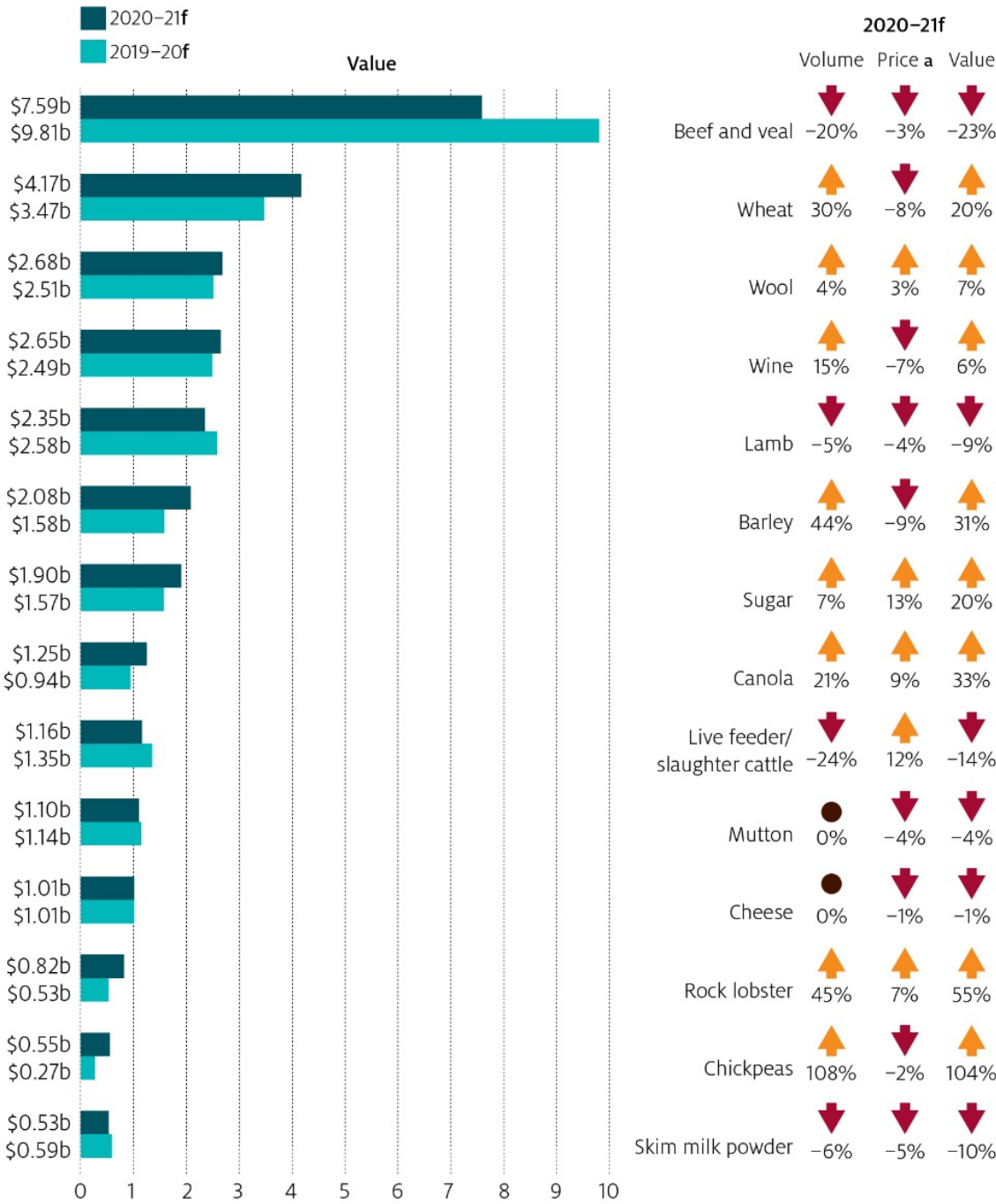


The gross value of crop production is projected to increase from \$26.9 billion in 2019/20 to \$33.5 billion in 2024/5.



The projected steady increase in export earnings is underpinned by assumed strong income and population growth within the country's key export markets between 2019/20 and 2024/25.

Major Australian Agricultural Commodity Exports




a All commodity prices are expressed as export unit returns in A\$. **b** Greasy wool. Export unit returns are obtained by dividing the value and quantity of the commodity exported. **f** ABARES forecast.

Source: ABARES

COMMODITY SECTOR PREFORMANCE & OUTLOOK

Farm Performance



Wheat

The domestic production of wheat, Australia’s second largest farm export, for 2020/21 will heavily depend on rainfall between February and end of May 2020. Domestic prices are anticipated to remain at record high levels for 2020/21, until production levels stabilise and return to normal levels.

The national wheat crop is anticipated to rebuild in the short term:

- from 15.1 million tonnes in 2019/20 to 24.2 million tonnes in 2022/23,
- exports also predicted to increase from 9.55 million tonnes (\$3.47 billion) to 14.36 million tonnes (\$4.19 billion) over the same period (in 2019/20 Australian Dollars).

These figures reinforce that the grains industry will play an important part in the agricultural sector’s recovery, following 2018-2019’s unfavourable seasonal conditions.

Global demand is predicted to continue improving over the medium term to 2024/25 in line with rising incomes, changing diets and population growth.

-	+	+	=
SUPPLY	DEMAND	PRICE	OUTLOOK
Compounding drought years in Australia have considerably reduced domestic supply levels	Global population growth, rising incomes and changing diets are predicted to positively drive demand for Australian wheat	Domestic prices will remain at record highs until production levels normalise and seasonal conditions improve	Persistent and timely rainfall is required in order to rebuild domestic production levels

Barley

The compounding effect of drought in Eastern Australia in 2019/20 resulted in:

- Domestic coarse grain production falling to its lowest level in 13 years.
- It is forecast that given a return to normal seasons 4.1 million hectares of barley will be sown in 2020/21 to produce 12.3 million tonnes, an increase of 1.9% from the previous year.
- Feed barley prices are projected to fall from AUD \$307 in 2019/20 to AUD \$247 per tonne and malting barley from AUD \$316 to AUD \$272 per tonne, in 2022/23 (in 2019/20 AUD).

-	-	-	=
SUPPLY	DEMAND	PRICE	OUTLOOK
Australian production at lowest level in 13 years	Domestic demand to remain high, whilst global demand projected to decrease	Global production outweighing consumption in recent years led to a decrease in price	Persistent and timely rainfall is required in order to rebuild domestic production levels





Canola

As a result of recent widespread poor seasonal conditions, domestic canola production is:

- Set to be approx 30% lower than the 5 year average, or 2.3 million tonnes in 2019/20.
- The area planted in 2019/20 of just under 1.8 million hectares has fallen from 3.1 million hectares in 2017/18.
- Given strong international demand the area is expected to recover to just over 3 million hectares by 2024/25.
- Canola prices are forecast to remain steady at around AUD\$550 per tonne in 2020/21, compared with AUD\$540 per tonne in 2017-18.


-	+	+	+
SUPPLY	DEMAND	PRICE	OUTLOOK
Area planted was down approx. 30% in 2019/20 from 5 year average, due to poor seasonal conditions	Demand for Australian Canola (receiving a premium of 19% over Canadian Canola in early 2019/20) to drive demand into the future	Predicted to rise in parallel with heightened demand for vegetable oils	Strong global demand resulting in a generally positive outlook. Improved seasonal conditions to play a big role in this outcome

Sheep and Wool

The Australian sheep flock has reached a 115 year low of 64.1 million in 2019/20. Assuming a return to more favourable seasonal conditions, it is expected that flock rebuilding will occur at a steady rate with sheep numbers projected to rebound to 68 million by 2022/23.

- Wool prices are expected to rise 3% in the coming year as demand for woollen apparel continues to grow as an alternative to synthetic fibres.
- Domestic wool production was expected to decline by 9% in 2019–20 to 272,000 tonnes, and then rebound to 315,000 tonnes by 2022/23.
- The benchmark Eastern Market Indicator (EMI) for wool is anticipated to increase over the next 5 years to an average of 1762¢/kg clean, due to assumed improved seasonal conditions and therefore wool quality.

-	+	+	-
SUPPLY	DEMAND	PRICE	OUTLOOK
Domestic wool production to fall 9% in 2019/20	Appetite for woollen apparel as a substitute for synthetic fibres to continue to drive demand	Wool prices anticipated to rise 3% in 2019/20 due to lower domestic supply levels	Decreased supply, demand uncertainty and high price sensitivity lead to a soft outlook for Australian wool in 2020/21





Lamb

Lamb prices will remain near record highs due to the strong international demand, and a continuing steady decline in the national flock numbers following the prolonged dry seasonal conditions:

- Slaughterings in 2020 are set to fall by 6.2% to 20.2 million.
- Average saleyard prices of 790¢ per kilogram (2019/2020) are forecast to ease, but stay historically high in the short to medium term, but decreasing to 693¢ in 2022/23 (in 2019/20 AUD).

Lamb exports expected to have reached their peak levels in both value and volume terms (AUD \$3.9 billion / 489,000 tonnes) in the 2018/19 financial year as a result of a continuing steady decline in the national flock numbers.

-	+	+	+
SUPPLY	DEMAND	PRICE	OUTLOOK
Australian sheep flock at 115 year low of 64.1million with slaughterings down by 6.2% in 2019/20	Lamb demand to continue to grow due to increased global consumption	Record high prices to continue due to low supply levels and strong global demand	Considerable upside in domestic prices should seasonal conditions improve

Cotton

Australian cotton production is:-

- Expected to be 600,000 bales in 2019/20 – only 13% of its 2017/18 total production.
- Plantings decreased 82% in recent years due to a reduction in irrigation water supplies, low rainfall and little or no soil moisture prior to the planting window
- ABARES predicts that cotton production will recover by 2022/23 with the area planted returning to approx. 408,000 hectares.

The global price for cotton has remained at around AUD \$600-650 per bale during the past 3 years and is expected to remain steady at this level throughout the medium term.

-	=	=	+
SUPPLY	DEMAND	PRICE	OUTLOOK
2019/20 production down 82% from its 2017/18 level	Demand for Australian cotton to remain steady due to increased global production and high stock levels	Expected to remain at around \$600-\$650 per bale	Outlook positive although will remain heavily reliant on improved seasonal conditions and irrigation water availability



Beef

Saleyard cattle prices will continue at historical highs over the medium term:-

- Estimated to increase 7% from 505¢ per kilogram (dressed weight) to 538¢ per kg dressed weight 2020/21 (nominal value), due to reduced supply from diminishing national herd, and solid export demand. (Also AUD expected to appreciate to 74 US cents by 2024/25).
- Cattle slaughter is projected to fall approx. 25% from 8.4 million head in 2019/20 to 6.3 million head in 2022/23 due to herd rebuilding and lower than average branding rates
- Increased global demand for red meat - due to the outbreak of African Swine Fever (ASF) in China and several other Asian nations.
- These record prices will place pressure on herd rebuilding, especially with a predicted return to normal seasons.

-	+	=	+
SUPPLY	DEMAND	PRICE	OUTLOOK
Domestic beef production projected to fall 10% in 2020/21	Global beef demand expected to rise by 4%	EYCI to stay reasonably stable averaging around 500¢ per kg	Considerable upside in domestic prices should seasonal conditions improve



Sugar

- On the back of the lower Australian Dollar and lower world production, mill gate prices for sugar will be slightly stronger at just under AUD \$36.9 per tonne in 2019/20.
- Australian sugar production will stay relatively stable over the forecast period to 2022/24 at around 4.5 million tonnes.
- The world indicated price is predicted to increase 11% from US \$0.135¢ in 2019/20 to approx. US \$0.15¢ per pound in 2020/21.
- World stocks-to-use ratio is expected to drop slightly from 41.8% to 40.9%.
- By 2022/23 world sugar production should reach 192 million tonnes, consumption at the same time is expected to reach nearly the same, at 191 million tonnes.

-	+	+	+
SUPPLY	DEMAND	PRICE	OUTLOOK
World production predicted to fall below consumption for first time in 2 years. Adequate carry-over stocks providing a short term buffer	A gradual 1% per year increase in global consumption will underpin demand over the medium term to 2024	Global sugar price predicted to rise 11% to around US\$0.15¢ in 2020/21	Stable domestic production enables Australia to stay competitive in global markets by its processing efficiency, vertical integration with international refineries and FTA's



Farm Performance continued



Dairy

Global demand for dairy products is forecast to continue to increase:-

- As global supply remains constricted by unfavourable climatic conditions, with prices supported over the short term as a result.

The benefit of high domestic farm gate milk prices continues to be offset:-

- By challenging production conditions, leading to a projected 4 – 6% fall in milk production for 2019/20.
- The fall in production has been driven by the prolonged dry season, smaller herd sizes and high input prices.
- Australian farm gate milk price is expected to average AUD \$6.85–\$7.05/ kg MS for 2019/20 season.
- Total dairy export earnings were forecast to rise by approximately 6% in 2019/20 from the previous year.

-	+	=	=
SUPPLY	DEMAND	PRICE	OUTLOOK
Domestic milk production projected to fall 4 - 6% in 2019/20, and a further 1% in 2020/21	Anticipated to stay strong in the short term as a result of a flat global milk supply	To remain steady at around \$6.85-\$7.05/kg MS. Farm gate price for milk in 2019/20 set to be highest on record (in nominal terms)	Supply has been constrained by unfavourable seasonal conditions. They continue to offset the benefit of strong farm gate prices

Horticulture

- Horticulture is the fastest-growing sector in agriculture.
- It is Australia's second-largest agricultural sector by value
- It has grown in value by 40% over the five years to 2017/18
- Australian horticulture exports could reach AUD \$4 billion annually by 2022/23
- The weaker Australian Dollar and rising demand from China this year have seen an increase of 22% in exports of processed fruit, nuts and vegetables.
- Exports of fresh produce (fruit and vegetables) during 2019/20 were AUD \$1.78 billion, (58% of the total value of horticultural exports).
- Demand was further stimulated by a lower exchange rate, tariff reductions under the China–Australia Free Trade Agreement and tariffs on nuts imported from the United States.

+	+	+	+
SUPPLY	DEMAND	PRICE	OUTLOOK
Domestic fruit export values forecast to grow by 15.5% in 2019/20	Domestic vegetable export values forecast to grow by 10.5% in 2019/20	Domestic nuts export values forecast to grow by 10.5% in 2019/20	High global demand for Australian horticulture products is anticipated to result in continued export growth in 2020/21



Food Demand For 2050 – Opportunities For Australian Agriculture

Concerns around food security have grown in recent years, with food price spikes focusing the attention on rising food demand and how this will be met. This increase in food demand is likely to create commercial opportunities for global food producers and exporters, including Australia.

Australia is in a good position to meet some of this higher demand. Australia has comparative advantage in the production of agricultural products and its geographical location means lower transport costs in exporting to Asia and China. The projection increase in global agrifood demand is expected to lead to increased production and exports of key Australian agricultural commodities. The real value of world agrifood imports is projected to be US\$764 billion in 2050, a rise of 174% from 2007.

With Australia's position as an important exporter of many agricultural commodities, the projected increase in global agrifood demand and imports could lead to higher Australian agricultural exports.

Foreign Investment Review Board

Since 1 February 2018 the Australian Federal Government introduced new rules and legislation in relation to agricultural land acquisitions by foreign interest.

The new rules now require offshore investors to seek Foreign Investment Review Board (FIRB) approval when looking to purchase agricultural land where the acquisition value is more than AUD\$15m, or the said transaction together with existing agricultural holdings of the applicant exceeds this threshold.

The regulations were introduced by the government to enable sufficient opportunity for Australian's to invest in agricultural land whilst also ensuring that the transaction is in line with national interest.

For agricultural land to pass the National Interest Test (NIT), the sales process must be 'transparent' and 'open' which requires:



Public marketing/advertising undertaken on channels accessible to Australian bidders (eg. real estate listing site, large newspaper)



The property was marketed/ advertised for at least 30 days



Equal opportunity for bids or offers to be made for the property while available for sale

(Source: Foreign Investment Review Board)

At the same time agribusiness investments of up to \$55 million will also require approval. These businesses could include: meat, poultry, seafood, dairy, fruit and vegetable processing and sugar, grain, oil and fat manufacturing.

Also all overseas investments in farmland and agribusiness are required to be listed on a National Register of Foreign Purchasers. These investments will need to be registered within 30 days of settlement of the purchase.

POTENTIAL IN AUSTRALIAN AGRICULTURE

THE FOLLOWING ESTIMATES GIVE SOME INDICATION OF THE POTENTIAL IN AUSTRALIAN AGRICULTURE.

Australia comprises 769.2 million hectares, of which only just over 50% is actually utilised for agriculture. 87% (341 million hectares) of the 394 million hectares that is expended for agriculture is used for grazing purposes with this figure representing a 9% increase from the 2015-16 financial year. Approximately 31 million hectares (8%) are utilised for broadacre and intensive crop production and about 35.5 million hectares (9%) are sown to pastures and grasses.

Key Statistics:

- Contributes 3% of Australia’s GDP
- Gross value of farm production (2019-20) AUD \$59 billion
- Australia’s farm exports (2019-20) earned AUD \$43 billion (73% of Gross Production)

Source: National Farmers Federation

Gross Value of Agricultural Products 2017-18

CROP	VALUE (\$bn AUD)
Fruit, nuts and grapes	\$6.0
Wheat	\$5.7
Vegetables	\$4.1
Cotton	\$2.5
Barley	\$2.3
Canola	\$2.1

Australia’s Livestock Population

LIVESTOCK	HEAD (MILLION) 2017/18	HEAD (MILLION) 2019/20	HEAD (MILLION) 2022/23
Cattle	26.4	23.5	24.7
Sheep	70.6	64.1	68.0
Pigs (sow numbers)	274	257	265



- Australia is one of the few countries in the world that has the potential for farm development and food production for centuries to come.
- There exists considerable scope to lift crop yields through increased rainfall efficiency, better varieties and a trend to make sustainable land use, plus there are many promising new crops.
- Potential for increased export trade in crop, pasture and vegetable seeds, because of the range of climates and environments available for production (estimates suggest up to a tenfold increase).

Australia’s Crop Area 2017-18

CROP	CROP AREA (AC)	CROP AREA (HA)
Wheat	26,980,849	10,919,000
Oats	2,159,654	874,000
Barley	10,190,404	4,124,000
Sorghum	1,141,602	462,000
Maize	130,963	53,000
Rice	150,731	61,000
Canola	7,835,541	3,171,000
Cotton	1,299,746	526,000
Grapes	333,914	135,133
Total Area	49,889,490	20,190,000



Economic Argument - Investment In Australian Agriculture

- Australia is one of the world’s low cost, most efficient producers of quality agricultural commodities, whose competitiveness has been enhanced by the depreciation of the Australian dollar.
- Australian agriculture is cost effective and has prospered on a low subsidy base.
- The recent efforts towards decreasing world agricultural subsidies would serve to enhance Australia’s competitive position in the future.
- The expanding world population and the increasing prosperity of highly populated regions, such as the Pacific Rim, are creating a rising demand for food and natural fibres for clothing and furnishings. Additionally, the market for food and fibres has become more global, as modern transport techniques permit the rapid export of a large range of raw and processed foodstuffs and fibres.

Profitability of Australian Agricultural Investment

When evaluating the profitability of investment in Australian agriculture, it is appropriate to draw comparisons with returns in other sectors of the Australian and global economies.

The overall investment returns from quality agricultural property in Australia have been more than comparable to those available from other major investment sectors including commercial, residential, and industrial property. Importantly too, they have demonstrated a lower level of volatility.

Whilst the property and financial sectors may have performed better than the agricultural sector at times, in recent times with increasing commodity prices, lower interest rates and a lower exchange rate, the agricultural sector is now placed in a very competitive position, and in most instances is performing better than its competitors. Continuing strong commodity prices as reflected in this report and excellent cost efficiency should see the agricultural sector continue this trend, given normal seasons.

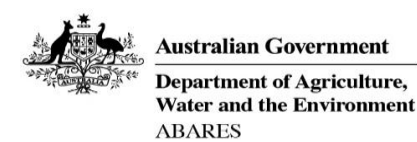
ANNEXURE 1: KEY WORLD MACROECONOMIC ASSUMPTIONS



Key world macroeconomic assumptions									
	unit	2018	2019 a	2020 a	2021 a	2022 a	2023 a	2024 a	2025 a
Economic growth									
World b	%	3.6	2.9	3.3	3.4	3.4	3.4	3.3	3.3
Advanced economies	%	2.3	1.8	1.6	1.6	1.6	1.6	1.6	1.6
United States	%	2.9	2.3	2.0	1.7	1.6	1.6	1.6	1.6
Japan	%	0.8	1.0	0.7	0.5	0.5	0.5	0.5	0.5
Eurozone	%	1.9	1.3	1.3	1.5	1.5	1.5	1.5	1.5
Germany	%	1.5	0.5	1.1	1.4	1.3	1.2	1.2	1.2
France	%	1.7	1.3	1.3	1.3	1.4	1.4	1.4	1.4
Italy	%	0.9	0.0	0.5	0.7	0.7	0.6	0.6	0.6
United Kingdom	%	1.4	1.3	1.4	1.5	1.5	1.5	1.5	1.5
Korea, Rep. of	%	2.7	2.0	2.2	2.7	2.9	2.9	2.9	2.9
New Zealand	%	2.8	2.5	2.7	2.6	2.6	2.5	2.5	2.5
Singapore	%	3.1	0.5	1.0	1.6	2.2	2.4	2.5	2.5
Taiwan	%	2.6	2.0	1.9	2.1	2.1	2.1	2.0	2.0
Emerging and developing economies	%	4.5	3.7	4.3	4.6	4.6	4.6	4.4	4.4
Emerging Asia	%	6.4	5.6	5.6	5.9	5.8	5.7	5.7	5.7
South-East Asia c	%	5.2	4.7	4.8	5.1	5.2	5.2	5.2	5.2
China d	%	6.6	6.1	5.7	5.8	5.7	5.6	5.5	5.5
India	%	7.4	5.0	6.0	6.8	7.0	7.0	7.0	7.0
Latin America	%	1.0	0.1	1.6	2.3	2.6	2.8	2.8	2.8
Middle East and Central Asia	%	1.9	0.8	2.8	3.2	3.2	3.3	3.3	3.3
Eastern Europe	%	3.1	1.8	2.6	2.5	2.5	2.6	2.6	2.6
Russian Federation	%	2.3	1.1	1.9	2.0	2.0	1.9	1.9	1.9
Ukraine	%	3.3	3.0	3.0	3.1	3.2	3.3	3.3	3.3
GDP per person e									
Advanced economies	%	1.8	1.4	1.4	1.3	1.3	1.3	1.3	1.3
Emerging and developing economies	%	3.3	2.7	3.4	3.4	3.5	3.6	3.6	3.6
Emerging Asia	%	5.5	4.7	4.9	5.0	5.1	5.1	5.1	5.1
South-East Asia c	%	4.1	3.7	3.9	4.2	4.3	4.3	4.3	4.3
Inflation									
United States	%	2.4	1.8	2.2	2.3	2.3	2.3	2.3	2.3
Interest rates									
US prime rate g	%	4.9	5.3	5.3	5.4	5.6	5.7	5.7	5.7

a ABARES assumption. b Weighted using 2018 purchasing power parity (PPP) valuation of country gross domestic product by the IMF. c Indonesia, Malaysia, the Philippines, Thailand and Vietnam. d Excludes Hong Kong. e Expressed in purchasing power parity. g Commercial bank prime lending rates in the United States.
Sources: ABARES; Indian Ministry of Statistics and Programme Implementation; IMF; RBA; United Nations Population Division; US Bureau of Labor Statistics; US Federal Reserve

ANNEXURE 2: MAJOR INDICATORS OF AUSTRALIA'S AGRICULTURE & NATURAL RESOURCE BASED SECTORS



Major indicators of Australia's agriculture and natural resource based sectors									
	Unit	2017–18	2018–19 s	2019–20 f	2020–21 f	2021–22 z	2022–23 z	2023–24 z	2024–25 z
Exchange rate	US\$/A\$	0.78	0.72	0.68	0.68	0.70	0.71	0.72	0.74
Australian export unit returns a									
Agriculture	index	89.5	97.9	100	99.0	97.8	96.9	96.9	97.1
real b	index	92.7	99.8	100	96.9	93.4	90.4	88.1	86.2
Value of exports									
Agriculture	A\$m	48,898	48,712	43,219	43,023	44,734	46,491	48,642	48,828
real b	A\$m	50,657	49,647	43,219	42,097	42,745	43,341	44,239	43,326
Crops	A\$m	25,048	22,898	18,434	21,025	22,907	24,849	25,074	24,745
real b	A\$m	25,949	23,337	18,434	20,573	21,889	23,165	22,805	21,957
Livestock	A\$m	23,850	25,814	24,785	21,998	21,827	21,642	23,568	24,083
real b	A\$m	24,708	26,310	24,785	21,524	20,857	20,175	21,435	21,369
Fisheries products	A\$m	1,575	1,530	1,336	1,692	1,668	1,720	1,782	1,848
real b	A\$m	1,632	1,559	1,336	1,655	1,593	1,603	1,621	1,640
Gross value of production c									
Farm	A\$m	59,581	62,065	59,044	60,661	61,004	64,867	64,516	64,631
real b	A\$m	61,725	63,256	59,044	59,355	58,292	60,471	58,677	57,348
Crops	A\$m	29,855	30,197	26,965	29,693	31,672	34,900	33,679	33,580
real b	A\$m	30,929	30,776	26,965	29,054	30,264	32,535	30,631	29,796
Livestock	A\$m	29,726	31,868	32,079	30,968	29,332	29,967	30,837	31,051
real b	A\$m	30,795	32,480	32,079	30,301	28,028	27,936	28,046	27,552
Fisheries products	A\$m	3,178	3,196	2,808	3,400	3,447	3,572	3,697	3,841
real b	A\$m	3,292	3,258	2,808	3,327	3,294	3,330	3,363	3,408
Forestry products	A\$m	2,663	2,732	2,786	2,857	2,953	3,059	3,133	3,221
real b	A\$m	2,759	2,784	2,786	2,795	2,822	2,852	2,850	2,858
Volume of production d									
Farm	index	123.1	113.5	106.1	110.1	114.3	120.4	121.8	122.4
Crops	index	135.6	114.9	105.9	122.8	130.7	144.5	137.9	136.4
Livestock	index	110.1	110.1	104.3	97.9	99.0	98.9	106.7	109.2
Forestry	index	155.7	154.6	154.1	154.6	156.1	157.3	156.9	157.4
Production area and livestock numbers									
Crop area									
grains, oilseeds and pulses	'000 ha	23,144	19,043	18,405	21,595	22,018	23,778	23,073	23,119
Sheep	million	70.6	65.3	64.1	65.0	66.0	68.0	68.6	68.4
Cattle	million	26.4	24.8	23.5	23.2	23.5	24.7	25.5	26.5
Farm sector									
Net cash income e	A\$m	22,496	18,716	22,961	19,350	20,172	18,365	21,004	20,012
real b	A\$m	23,306	19,075	22,961	18,934	19,275	17,120	19,103	17,757
Net value of farm production g	A\$m	12,419	8,433	12,472	8,652	9,260	7,234	9,651	8,432
real b	A\$m	12,866	8,595	12,472	8,466	8,848	6,744	8,777	7,482
Farmers' terms of trade h	index	88.5	91.2	93.1	92.7	90.1	89.2	86.1	85.2

a Base: 2019–20 = 100. b In 2019–20 Australian dollars. c For a definition of the gross value of farm production see Table 13. d Chain-weighted basis using Fisher's ideal index with a reference year of 1997–98 = 100. e Gross value of farm production less total cash costs. f ABARES forecast.
g Gross value of farm production less total farm costs. h Ratio of index of prices received by farmers and index of prices paid by farmers, with a reference year of 1994–95 = 100. s ABARES estimate. z ABARES projection.
Sources: ABARES; ABS; RBA

ANNEXURE 3: LAND USE ON FARMS

LAND USE ON FARMS, Australia, year ended 30 June 2017

	2016-17	Change since 2015-16 %
AGRICULTURAL BUSINESSES AND LAND AREA		
Agricultural businesses (no.)	88 073	2.8%
Area of agricultural holdings ('000 ha)	393 797	6.1%
Total land area ('000 ha) (a)	769 202	
LAND USE FOR AGRICULTURAL PRODUCTION ('000 ha)		
Land use for agricultural production	372 721	8.5%
Crops	31 074	2.3%
Grazing	340 763	9.1%
- Improved pasture	35 567	-4.5%
- Other grazing land	305 196	11.0%
Forestry (b)	774	-12.5%
- Plantation forest	193	-19.5%
- Native forests	581	-9.9%
Other agricultural purposes	110	-23.1%
Land not used for agricultural purposes	15 447	6.2%
- Land set aside for conservation/protection purposes	7 420	7.3%
- Other land not used for agricultural production	8 027	5.2%

(a) Total land area supplied by [Geoscience Australia](#)

(b) Total area of Land used for forestry now includes the area of both Plantation and Native forests.