



Australian Government

Australian Bureau of Agricultural and
Resource Economics and Sciences

Weekly Australian Climate, Water and Commodity Price Update 6 January 2011

The full report is available from www.abares.gov.au

Summary of key issues

- Widespread flooding following heavy rainfall in central and southern Queensland has resulted in damage to some crops, stock losses and damage to rural infrastructure.
- The grain harvest in southern and eastern Australia has continued this week with high yields being reported.
- The 2010 La Niña event brought Australia's third wettest year on record, with heavy rain, widespread flooding and easing of the drought. The second half of the year was Australia's wettest on record (Bureau of Meteorology Annual Australian Climate Statement 2010).
- The Murray–Darling Basin recorded its wettest year on record in 2010, ending a record sequence of below average rainfall years extending back to 2001 (Bureau of Meteorology Annual Australian Climate Statement 2010).
- A major La Niña event continues to affect the Pacific Basin, with models suggesting the event is likely to persist into autumn 2011 (Bureau of Meteorology ENSO 'Wrap Up').
- Water storage levels in the Murray–Darling Basin decreased this week by 226 gigalitres to approximately 82 per cent of total capacity. This is 56 percentage points or 12 681 gigalitres more than this time last year.
- Excessive rainfall in the sugar cane producing regions of Queensland has sharply reduced Australia's sugar export availabilities in 2010–11 and this is contributing to recent strength in world sugar prices.
- The world wheat indicator price rose to US\$337 a tonne on January 4, compared with an average price of US\$328 a tonne in the week leading up to Christmas. The rise was due to concerns about cold conditions in the US winter wheat growing regions.

For more information or to subscribe, email ClimateUpdate@daff.gov.au

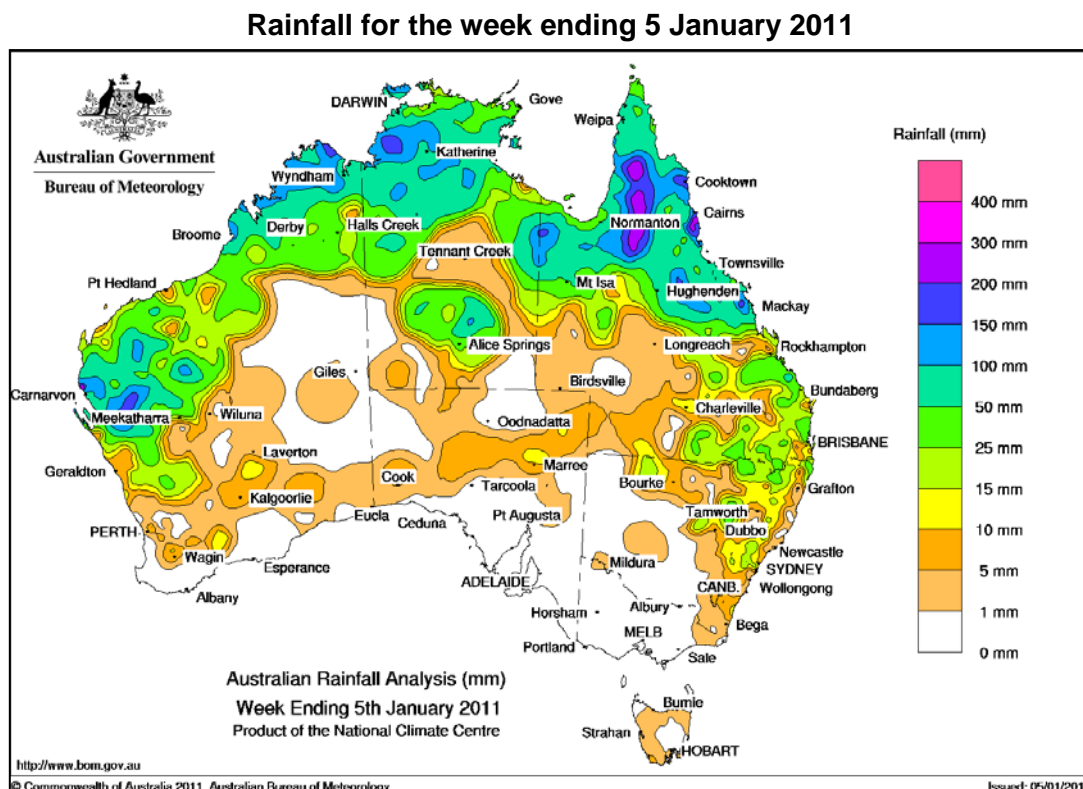
1. Climate

1.1 Notable events

- For the week ending 5 January 2011, rainfall was mostly recorded across the northern half of Australia. Rainfall in excess of 50 millimetres was recorded across large parts of the tropical north, as well as in the Gascoyne district of Western Australia and parts of central Australia. The **highest measured rainfall** total for the week was around **240 millimetres**, recorded near Cairns in Far North Queensland.
- **Widespread flooding** following heavy rainfall in **central and southern Queensland** has resulted in some **stock losses and damage to crops and rural infrastructure**. The extent of the damage is unclear and is unlikely to be known for a number of weeks. Reports suggest that many producers not directly affected by the flooding will benefit from the rainfall.
- Despite the wet conditions in Queensland and northern New South Wales, the **outlook for the summer cropping season is favourable for many areas** with a large area expected to be planted. However, the outlook is partly dependent on drier conditions allowing crops to be sown. The seasonal rainfall outlook for January to March 2011 favours wetter conditions for these areas.
- The **grain harvest** in southern and eastern Australia has **continued this week** with **high yields** being reported. Hot and windy conditions in South Australia and north-west Victoria around the start of the month reportedly hampered the harvest due to the risk of fire.
- The **2010 La Niña** event brought **Australia's third wettest year on record**, with heavy rain, widespread flooding and easing of the drought. The second half of the year was Australia's wettest on record. The 10-year period from 2001 to 2010 was **Australia's warmest decade** on record (Bureau of Meteorology Annual Australian Climate Statement 2010).
- The **Murray–Darling Basin recorded its wettest year on record in 2010**, ending a record sequence of below average rainfall years extending back to 2001 (Bureau of Meteorology Annual Australian Climate Statement 2010).
- A major **La Niña** event continues to affect the Pacific Basin, with models suggesting the **event is likely to persist into autumn 2011** (Bureau of Meteorology ENSO 'Wrap Up').

1.2 Rainfall this week

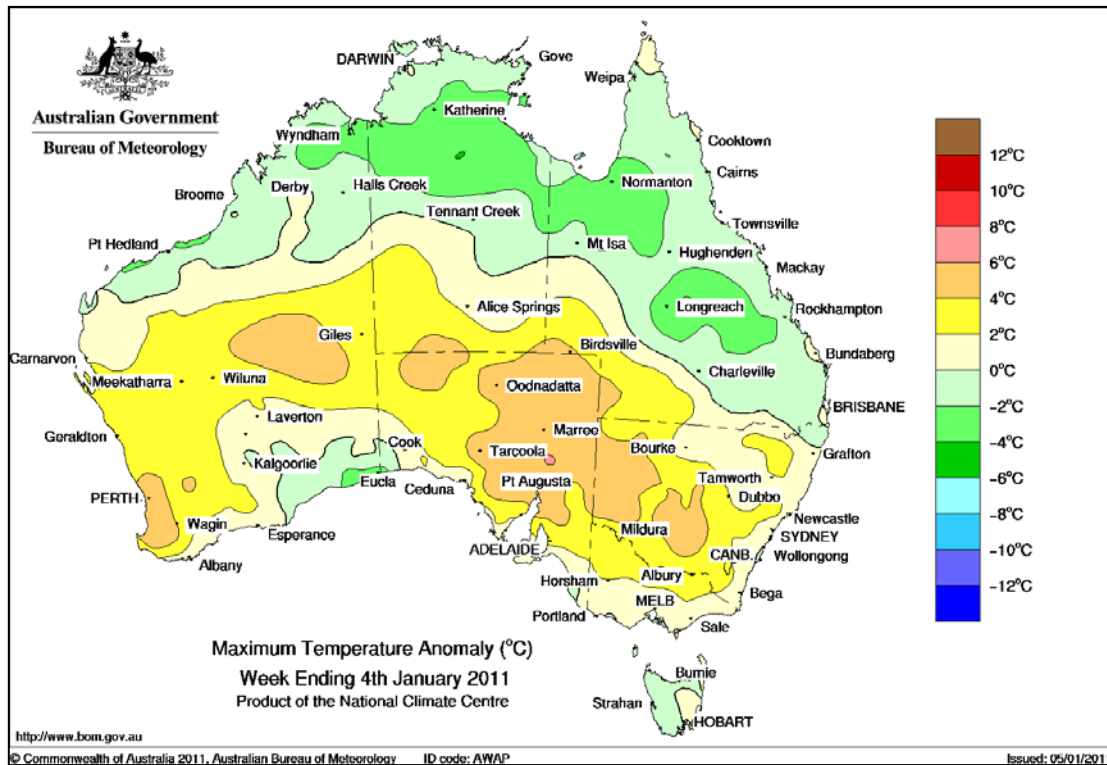
For the week ending 5 January 2011, rainfall was mostly recorded across the northern half of Australia. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml



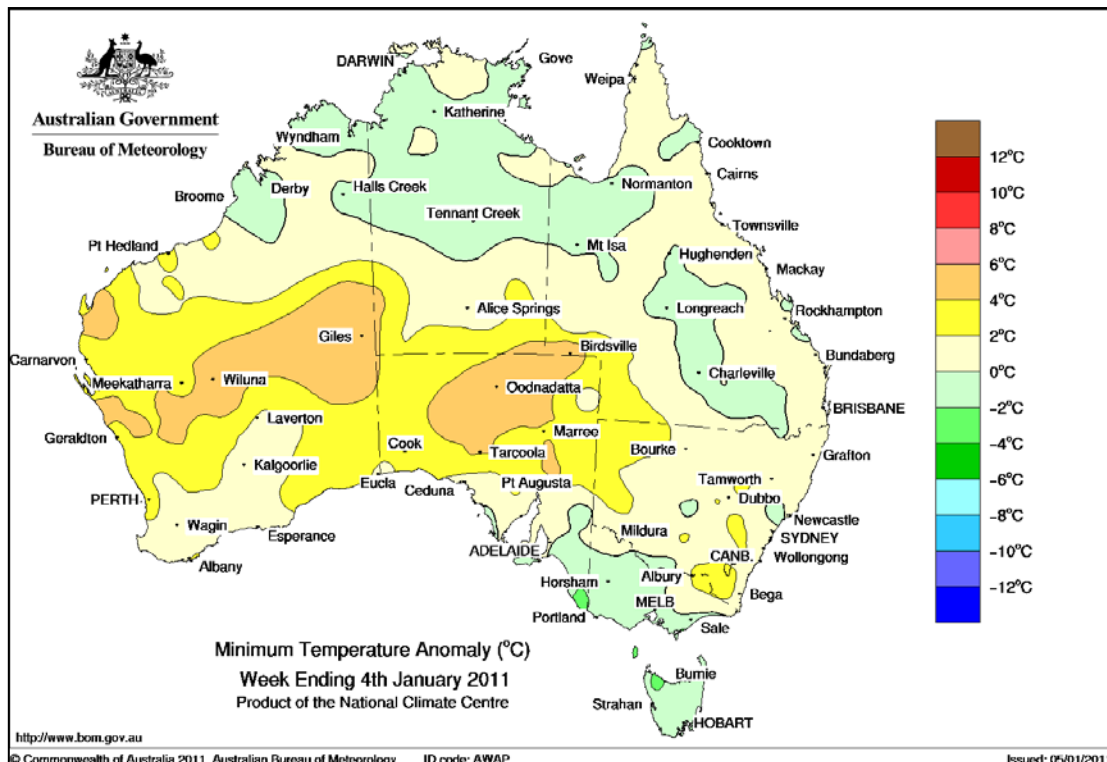
1.3 Temperature anomalies this week

Spatial temperature analyses are based on historical weekly temperature data provided by the Bureau of Meteorology. These temperature anomaly maps show the departure of the maximum and minimum from the long-term average. Temperature anomalies are calculated using high resolution gridded datasets from 1911 onwards. For further information on temperature anomalies, go to www.bom.gov.au/jsp/awap/

Maximum temperature anomalies for the week ending 4 January 2011



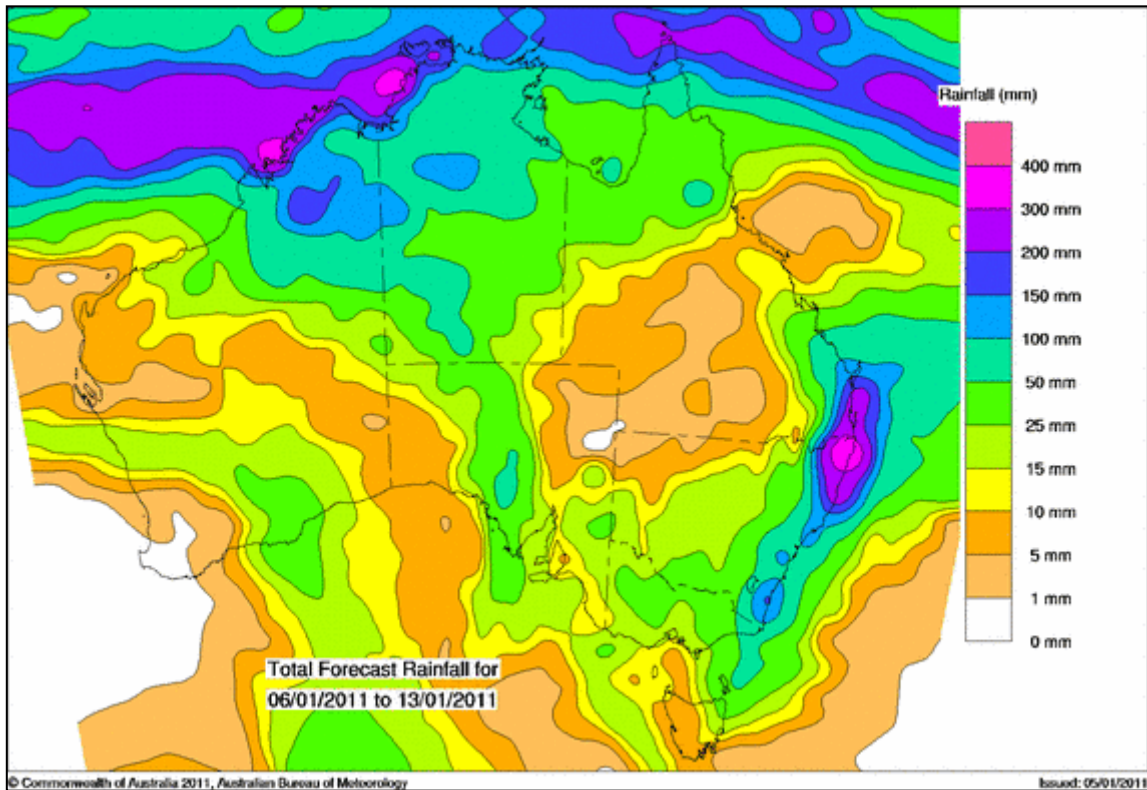
Minimum temperature anomalies for the week ending 4 January 2011



1.4 Rainfall outlook

The rainfall forecast below is produced from computer models. As it contains no input from weather forecasters, it is important to also check local forecasts and warnings by the Bureau of Meteorology.

Total forecast rainfall for the period 6 to 13 January 2011



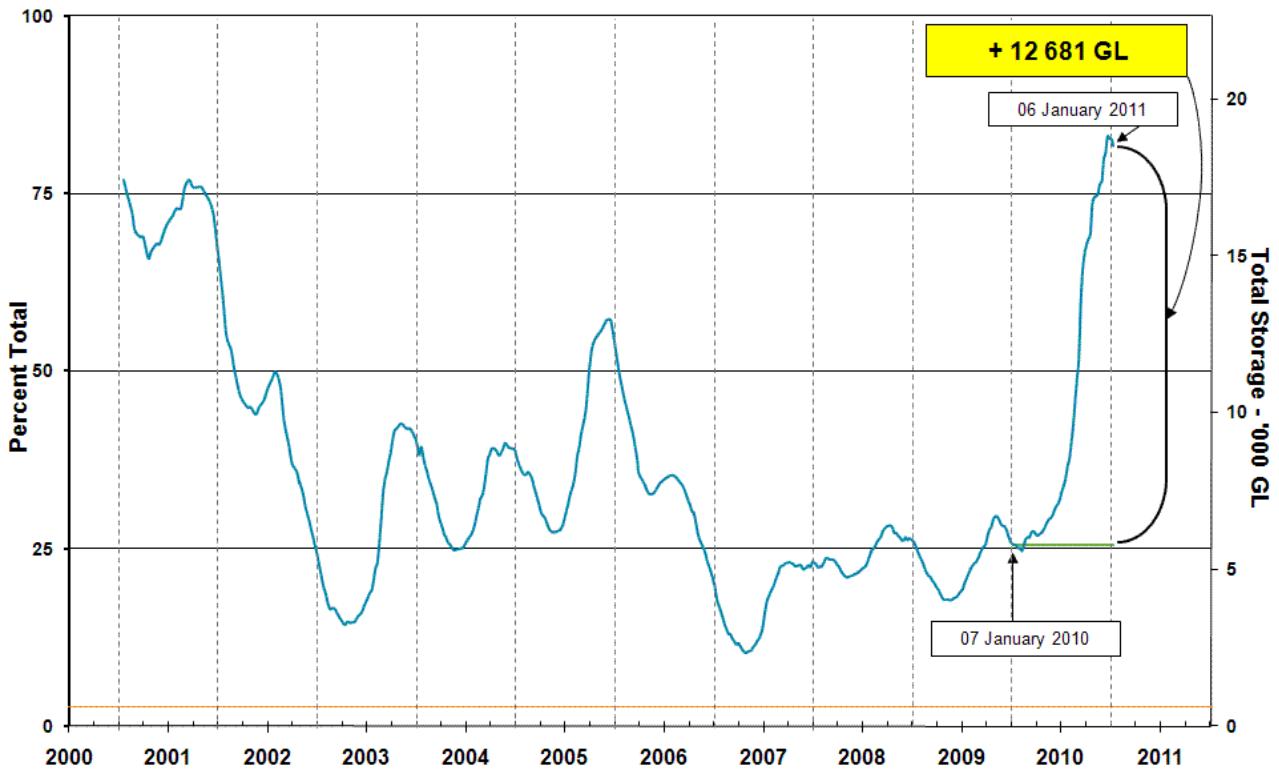
2. Water

2.1 Water availability

- Water storage levels in the Murray–Darling Basin decreased this week by 226 gigalitres to approximately 82 per cent of total capacity. This is 56 percentage points or 12 681 gigalitres more than this time last year.
- There was no trade in the three representative major temporary water markets over the past week.

2.2 Water storage in the Murray–Darling Basin (NSW, Victoria and Queensland)

Information on irrigation water available in the Murray–Darling Basin from 1 January 2001 to 6 January 2011 is shown below. The green line indicates the storage level at the same time last year. The orange line indicates the amount of 'dead' or unusable storage.



2.3 Water trading

Pricing (\$/ML) of selected temporary trade in allocations, MDB^a

Trading Zone	5 Jan 11	29 Dec 10	22 Dec 10	15 Dec 10	8 Dec 10	1 Dec 10	24 Nov 10
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	No trade	No trade	No trade	30	No trade	40	No trade
SA Murray	No trade	No trade	No trade	No trade	No trade	No trade	No trade

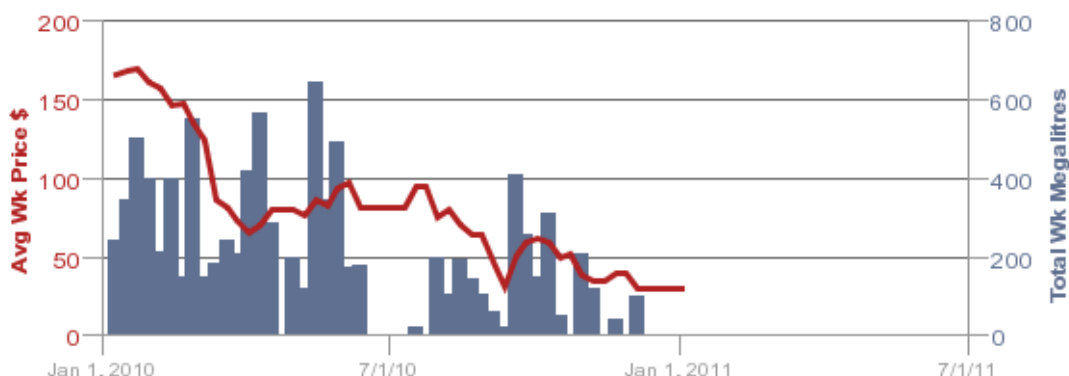
^a Last traded prices as at the dates shown.

Volume (ML) of selected temporary trade in allocation, MDB^b

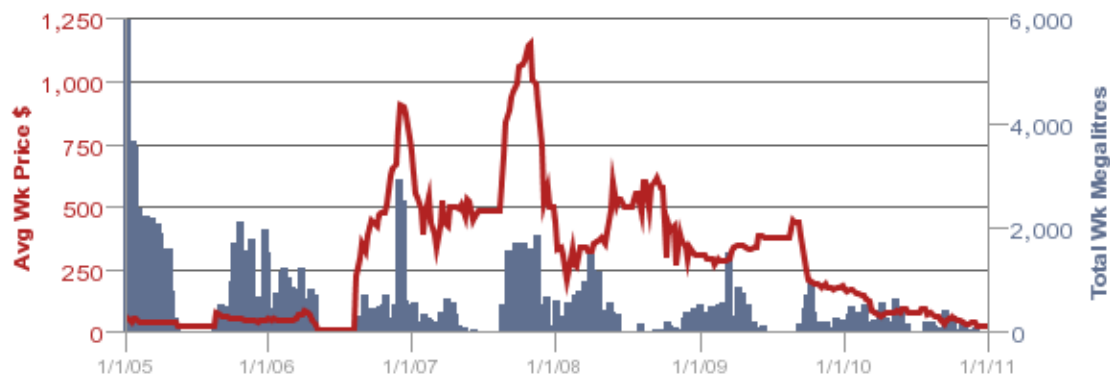
Trading Zone	5 Jan 11	29 Dec 10	22 Dec 10	15 Dec 10	8 Dec 10	1 Dec 10	24 Nov 10
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	No trade	No trade	No trade	100	No trade	40	No trade
SA Murray	No trade	No trade	No trade	No trade	No trade	No trade	No trade

^b Volumes of water traded as at the dates shown.

Recent trading (last 12 months)



Historical trading (last 5 years)



Source: Waterexchange

(**Note:** Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and South Australia Murray are very similar and have not been included).

3. Commodity prices

3.1 Commodities

Due to the closure of livestock and grain markets over the Christmas/New Year period, updated domestic prices are currently not available. Updated time series data will be reported as it becomes available.

- The sugar indicator price (Intercontinental Exchange, no. 11 spot, free on board Caribbean) was US36.4 cents a pound on 5 January 2011, compared with US28.2 cents a pound at the same time in 2010. Excessive rainfall in the sugar cane producing regions of Queensland has sharply reduced Australia's sugar export availabilities in 2010–11 and this is contributing to recent strength in world sugar prices.
- The world wheat indicator price rose to US\$337 a tonne on January 4, compared with an average price of US\$328 a tonne in the week leading up to Christmas. The rise was due to concerns about cold conditions in the US winter wheat growing regions.