



Australian Government

Australian Bureau of Agricultural and
Resource Economics and Sciences

Weekly Australian Climate, Water and Commodity Price Update 10 February 2011

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

Summary of key issues

- The full extent of damage from ex-Tropical Cyclone Yasi is still being assessed, with significant damage to the banana industry and some damage to the sugar cane industry.
- Flooding has damaged rural infrastructure in parts of Victoria and South Australia following widespread heavy rainfall this week.
- Spur throated locusts have reportedly damaged summer crops in areas of New South Wales. Australian plague locusts have been reported in parts of Victoria.
- Water storage levels in the Murray–Darling Basin increased this week by around 178 gigalitres to approximately 81 per cent of total capacity.
- The world coarse grains indicator price (US Corn, free-on-board (fob) Gulf ports) was around US\$286 a tonne this week a rise of US\$6 from last week. The world wheat indicator price (US hard red winter, fob Gulf ports) rose to around US\$383 a tonne on 9 February 2011, the highest since June 2008.
- Average lamb prices in all states rose by more than 10 per cent in the week ending 4 February 2011. The largest increase occurred in Victoria, where the very wet conditions constrained stock movements, resulting in lamb availability being lower. Demand from all sectors continues to be very strong relative to lamb supplies.
- Prices for vegetables in the Melbourne market showed signs of easing in the week ended 5 February 2011. Supplies of vegetables are improving after floods in Queensland, Tasmania and Victoria.
- Prices for fruit declined with the notable exceptions of bananas and peaches. In the Melbourne market banana prices are likely to rise higher as supplies decrease as a result of Tropical Cyclone Yasi.
- Recent flooding in Queensland is expected to reduce the 2010–11 commercial wild-catch fish harvest due to the reduced catch in South East Queensland, Wide Bay Burnett and Mackay. Aquaculture production is also expected to fall.
- Queensland fisheries has issued a notification about red spot fungus which is triggered by floodwaters and has affected some fish species. The commercial fishing industry has a voluntary stoppage in place for flood-affected areas of Moreton Bay.
- The impacts of floods and cyclone damage to fish habitats and communities are expected to last for at least 12 months.

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

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Science and economics for decision-makers

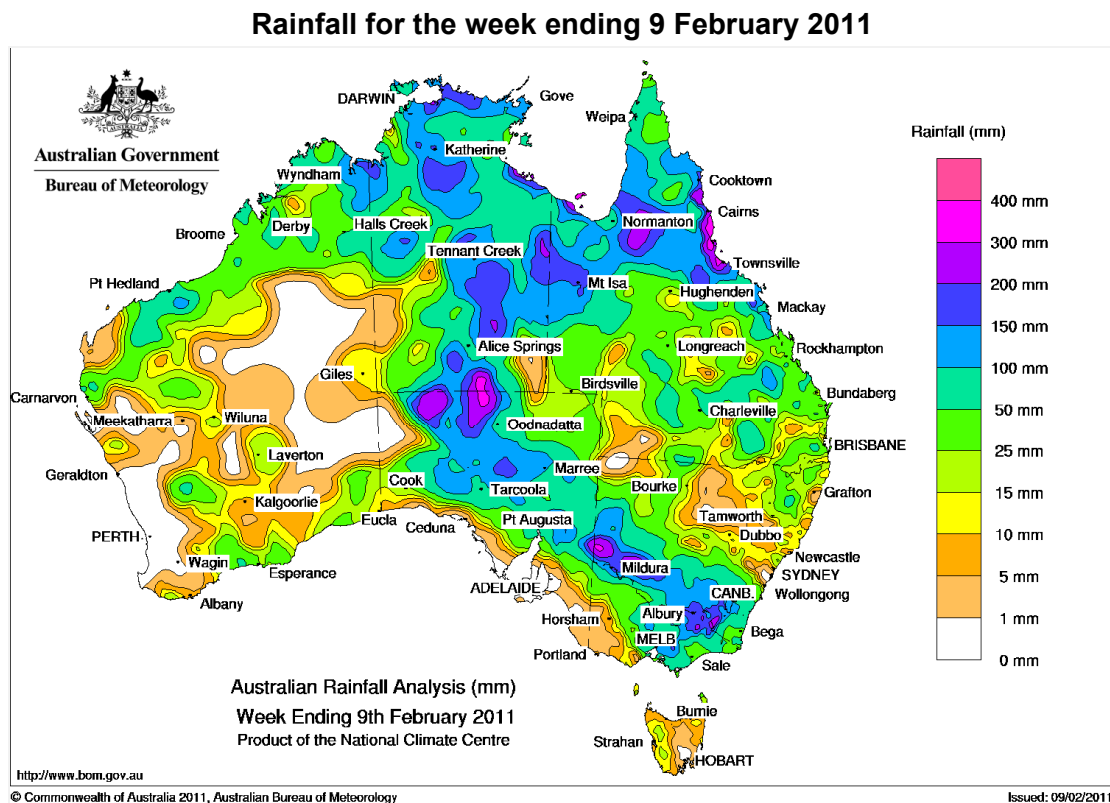
1. Climate

1.1 Notable events

- The full extent of damage from ex-Tropical Cyclone Yasi is still being assessed, with significant damage to the banana industry and some damage to the sugar cane industry.
- Parts of **Victoria experienced further and more widespread flooding** this week. There was localised flash flooding and damage to some rural infrastructure. No major flood warnings remain current.
- Some grazing properties in pastoral areas in **northern South Australia** were **flooded this week** following widespread heavy rainfall.
- **Bushfires** damaged or destroyed infrastructure and properties in **south-west Western Australia** this week. The full extent of the damage to agriculture is still unknown, although there is likely to be some damage to grazing properties.
- **Spur throated locusts** have damaged summer crops in central-west and northern New South Wales. Australian plague locusts have been reported in parts of Victoria.
- Another **fruit fly outbreak** was declared this week near Shepparton in the Goulburn Valley, Victoria.
- For the week ending 9 February 2011, widespread heavy rainfall was recorded across northern Australia and in a band stretching from south-east to central Australia. The highest measured total for the week was 651 millimetres at Paluma, north of Townsville in north Queensland.
- Average or above average rainfall over much of south-west Western Australia during January 2011 was not enough to clear rainfall deficiencies for the January 2010 to January 2011 period, but it did reduce the extent of severe and lowest on record deficiencies (Bureau of Meteorology Drought Statement, 7 February 2011).

1.2 Rainfall this week

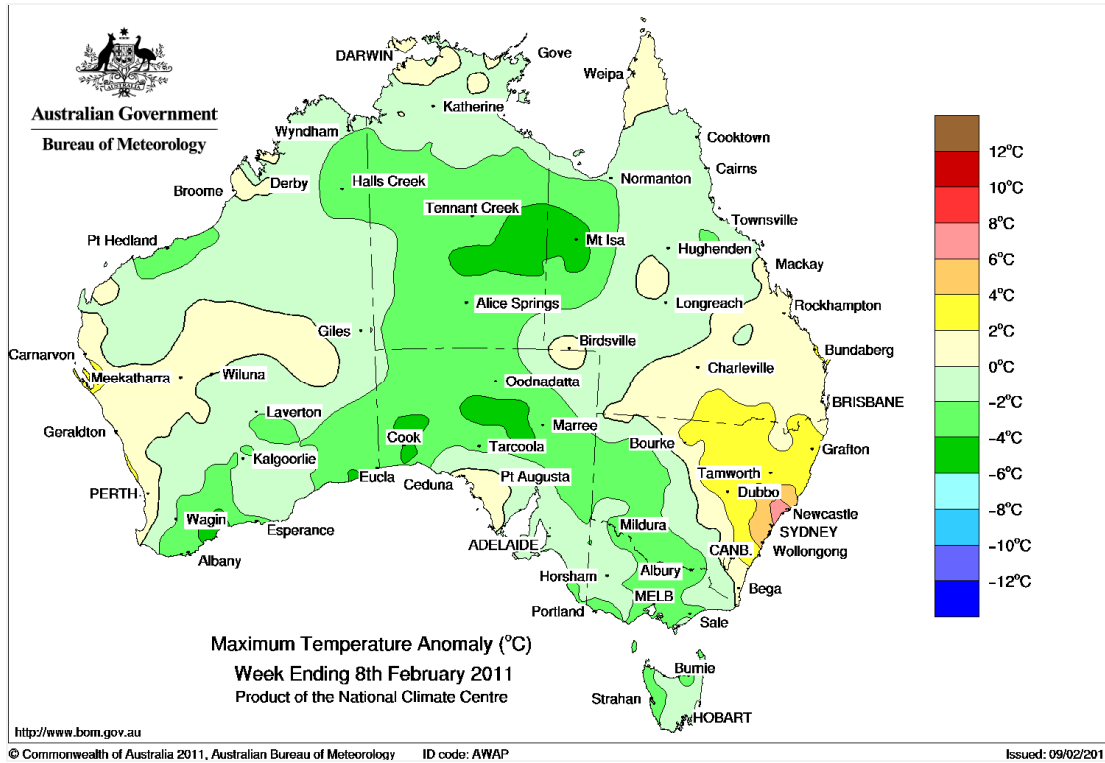
For the week ending 9 February 2011, widespread heavy rainfall was recorded in northern, central and south-east Australia. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml.



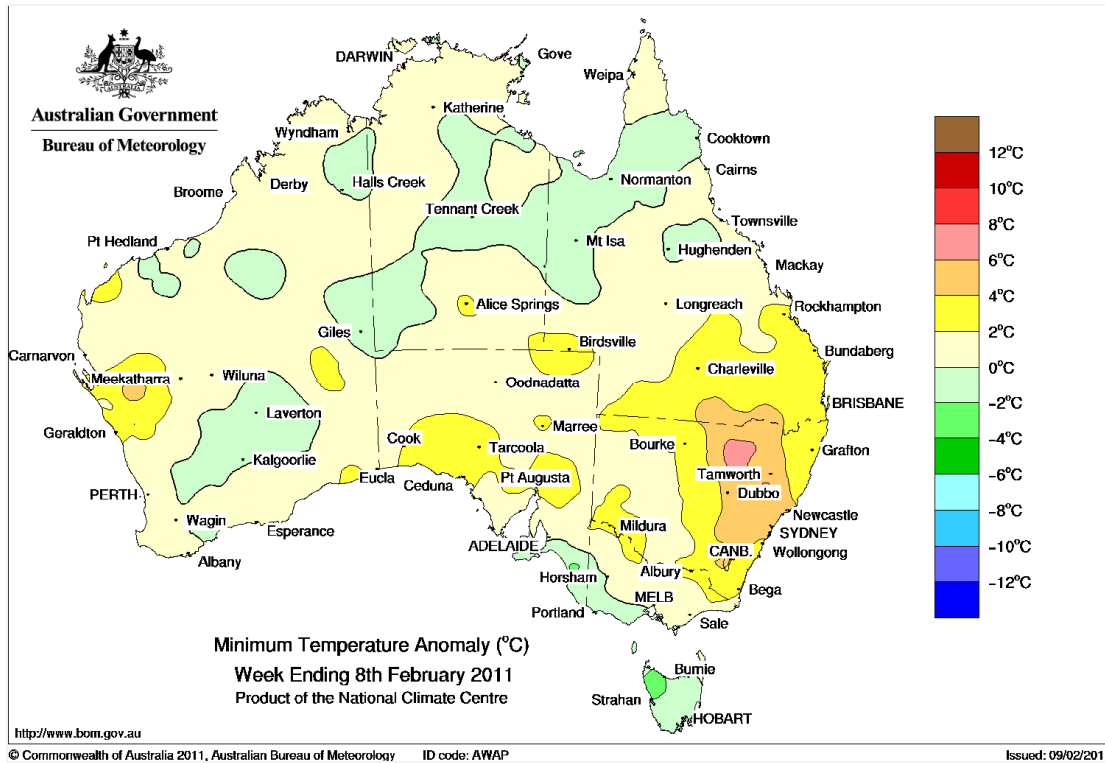
1.3 Temperature anomalies this week

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 8 February 2011



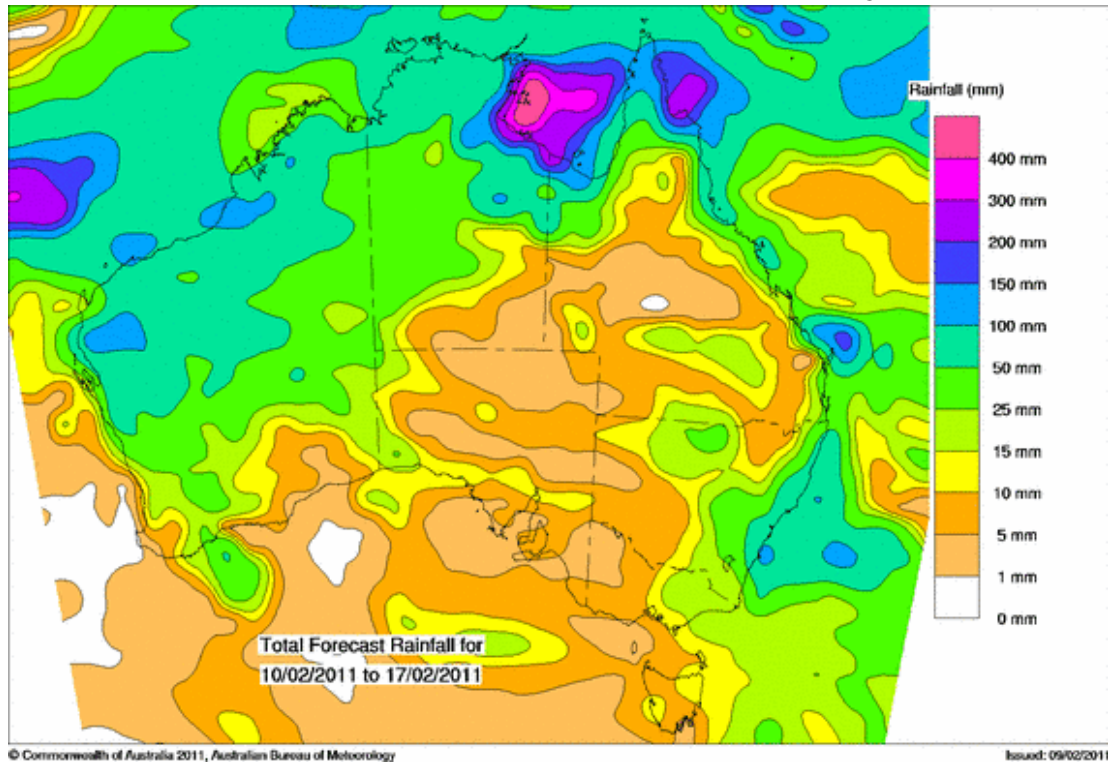
Minimum temperature anomalies for the week ending 8 February 2011



1.4 Rainfall outlook

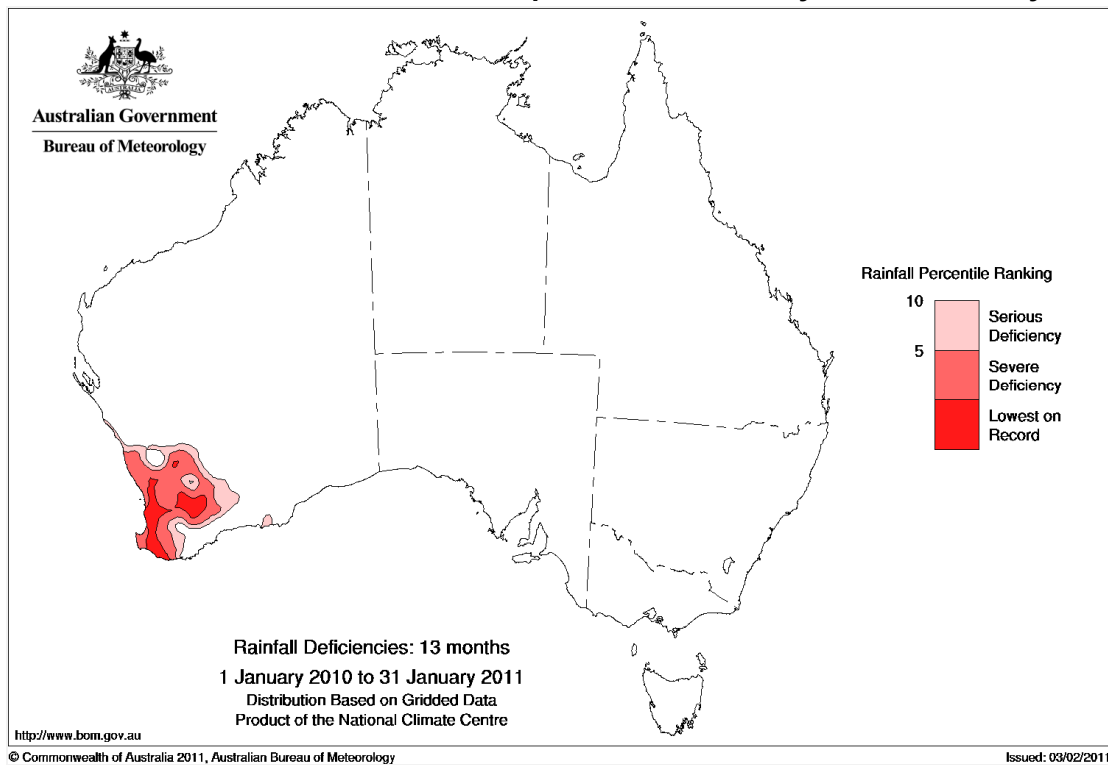
The rainfall forecast below is produced from computer models. As it contains no input from weather forecasters, it is important to also check local forecasts and warnings by the Bureau of Meteorology.

Total forecast rainfall for the period 10–17 February 2011



1.5 Rainfall deficiencies

Rainfall deficiencies for the 13-month period from January 2010 to January 2011



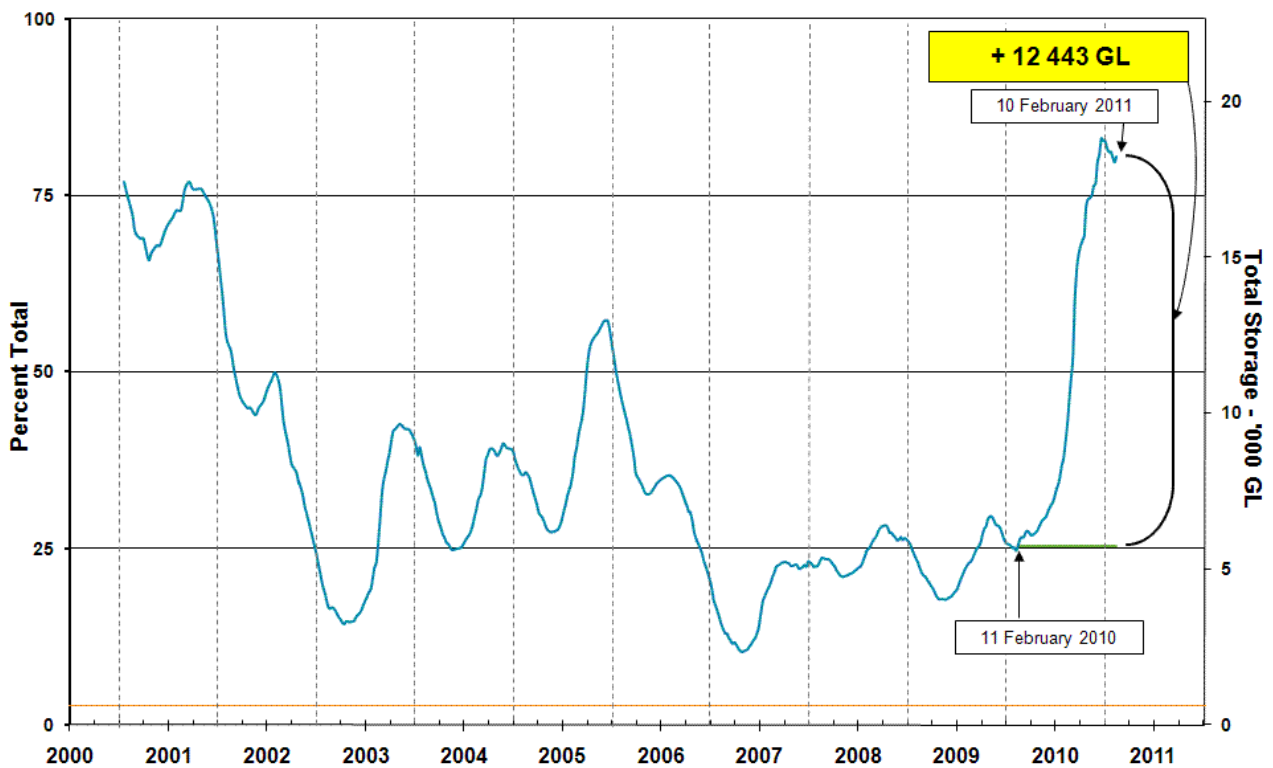
2. Water

2.1 Water availability

- Water storage levels in the Murray–Darling Basin increased this week by around 178 gegalitres to approximately 81 per cent of total capacity. This is 55 percentage points or 12 443 gegalitres 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 10 February 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	9 Feb	2 Feb	26 Jan	19 Jan	12 Jan	5 Jan 11	29 Dec 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	No trade	No trade	No trade	No trade
SA Murray	No trade	17	No trade	22	No trade	No trade	No trade

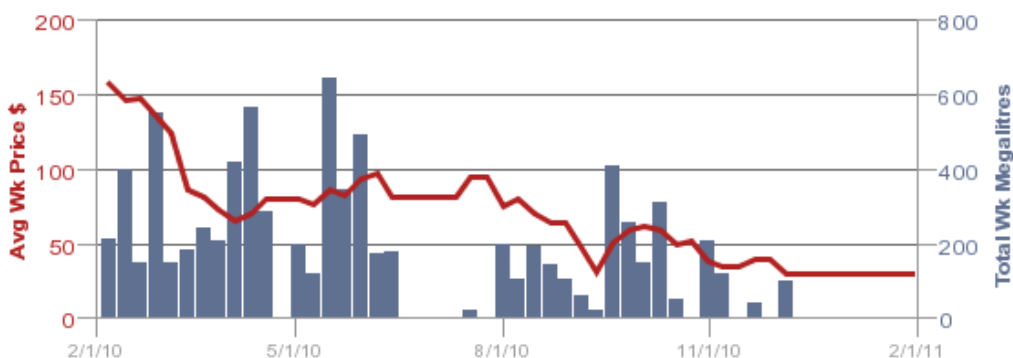
^a Last traded prices as at the dates shown.

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

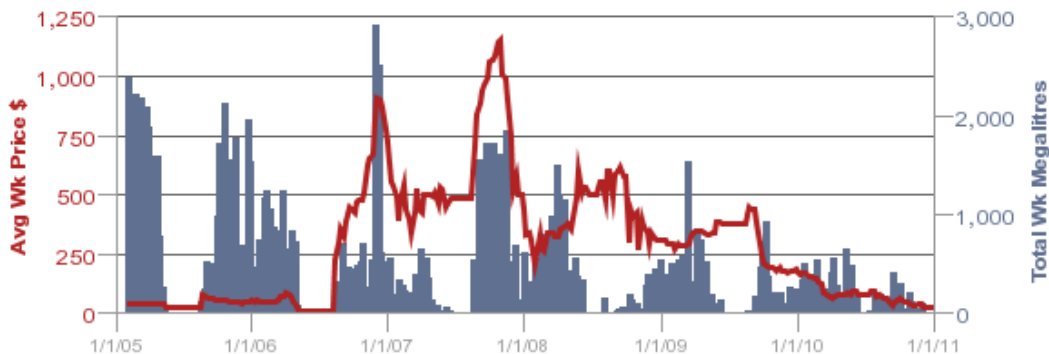
Trading Zone	9 Feb	2 Feb	26 Jan	19 Jan	12 Jan	5 Jan 11	29 Dec 10
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	No trade	No trade	No trade	No trade	No trade	No trade	No trade
SA Murray	No trade	95	No trade	200	No trade	No trade	No trade

^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. Commodities

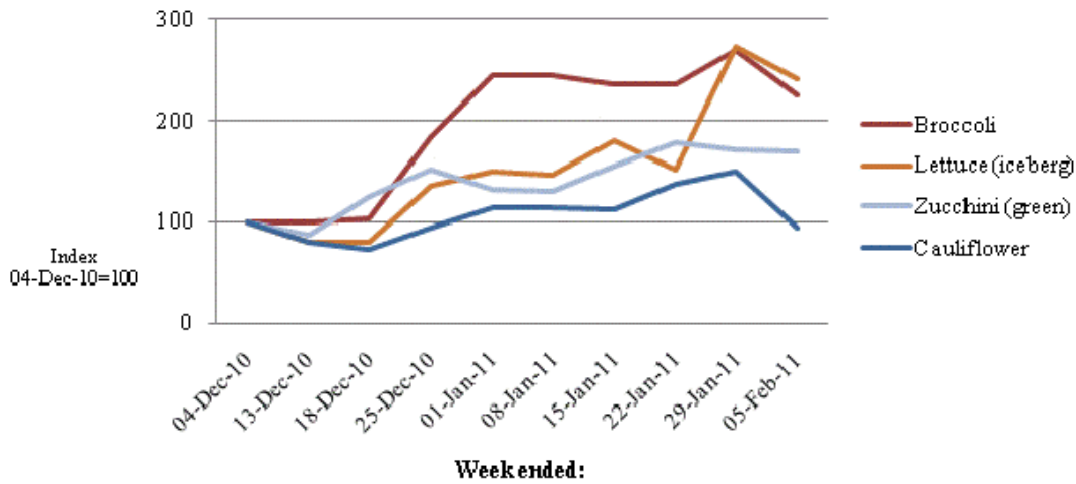
3.1 Production and commodities

- The world coarse grains indicator price (US Corn, free-on-board (fob) Gulf ports) increased to US\$286 a tonne this week. This is US\$6 higher than last week. On 8 February 2011, the United States Department of Agriculture (USDA) lowered its estimate of 2010–11 US corn ending stocks, the world's largest exporter, by 9 per cent to its lowest level since 1995–96.
- The world wheat indicator price (US hard red winter, fob Gulf ports) rose to around US\$383 a tonne on 9 February 2011. This price is the highest since June 2008.
- Average lamb prices in all states rose by more than 10 per cent in the week ending 4 February 2011. The largest increase occurred in Victoria, where trade lamb prices increased by 14 per cent to 627 cents a kilogram carcass weight. The continuation of very wet conditions in Victoria constrained stock movements, especially in the north and central regions. Demand from all sectors (restockers, feeders and processors) continues to be very strong.
- Recent rain and flooding in Victoria has added to the disease pressure being experienced by grape producers but it is still too early to make an assessment of the effects of the wet weather on grape production.
- Prices for vegetables in the Melbourne market showed signs of easing in the week ended 5 February 2011. Supplies of vegetables are improving after floods in Queensland, Tasmania and Victoria.
- Prices for fruit declined with the notable exceptions of bananas and peaches. In the Melbourne market banana prices are likely to rise higher as supplies decrease as a result of cyclone Yasi.
- Recent flooding in Queensland is expected to reduce the 2010–11 commercial wild-catch fish harvest due to the reduced catch in South East Queensland, Wide Bay Burnett and Mackay. Aquaculture production is also expected to fall.
- Queensland fisheries has issued a notification about the fungus known as red spot which has affected some fish species and is triggered by flood waters. The commercial fishing industry has a voluntary stoppage in place for the worst flood-affected areas of Moreton Bay.
- The impacts of floods and cyclone damage to fish habitats and communities are expected to last for at least 12 months.

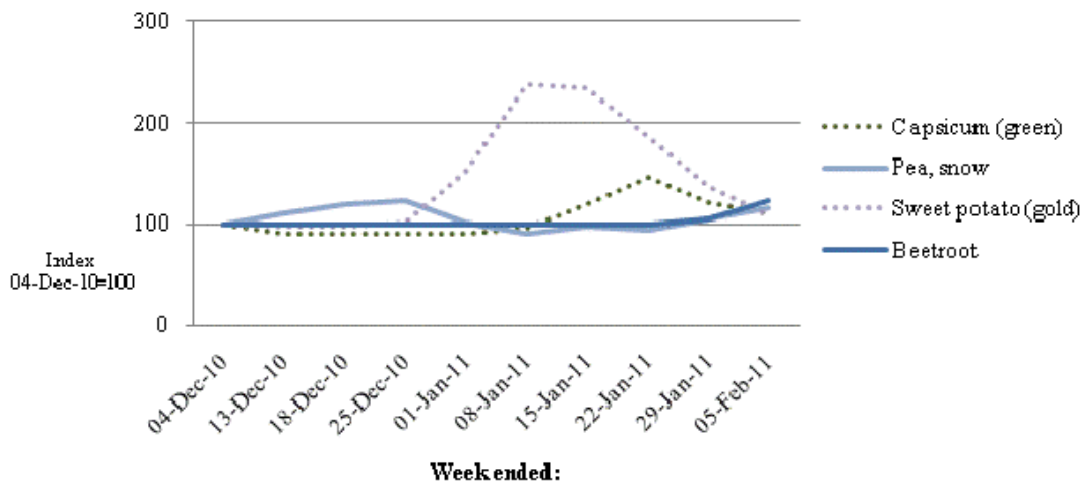
3.2 Recent movements in fruit and vegetable prices

Weekly wholesale prices, Melbourne

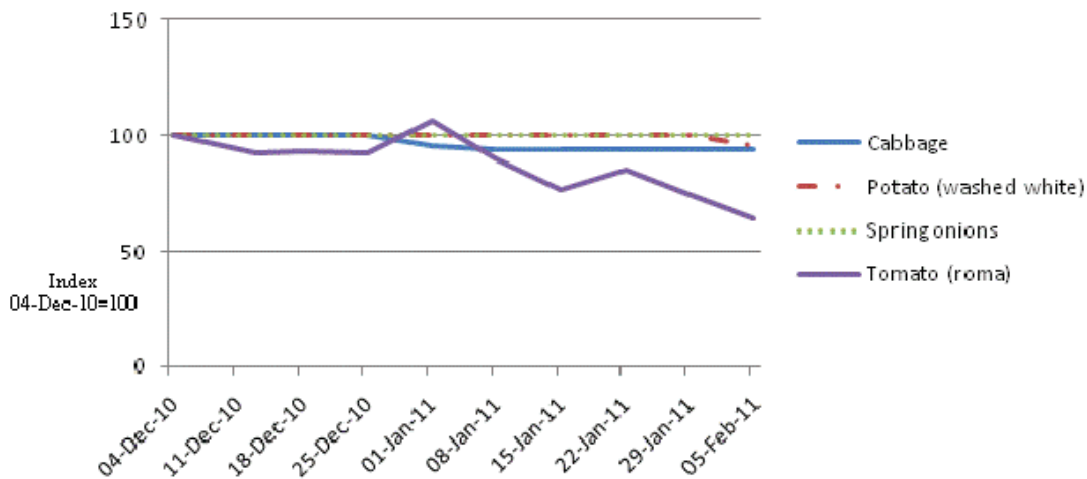
Weekly wholesale prices for selected vegetables, Melbourne market



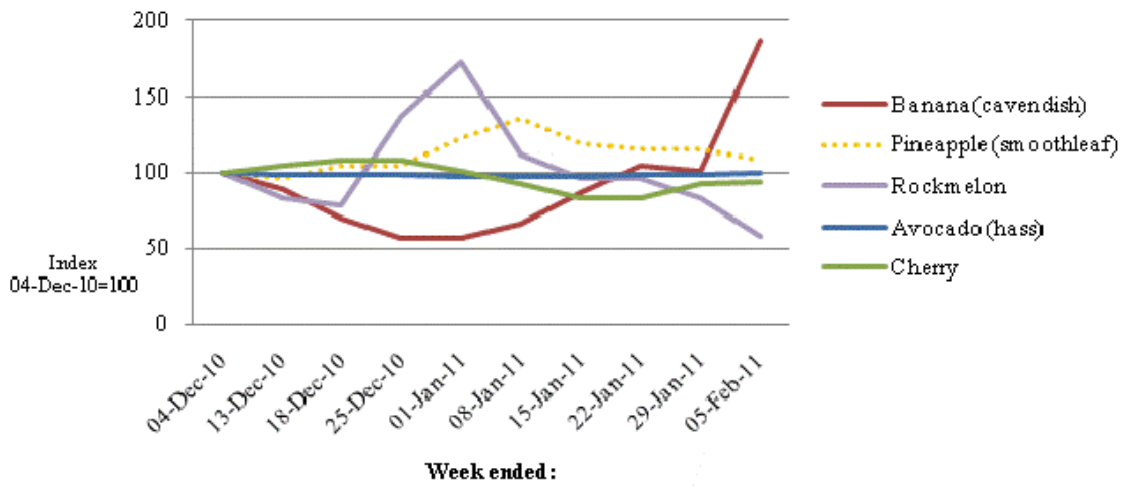
Weekly wholesale prices for selected vegetables, Melbourne market



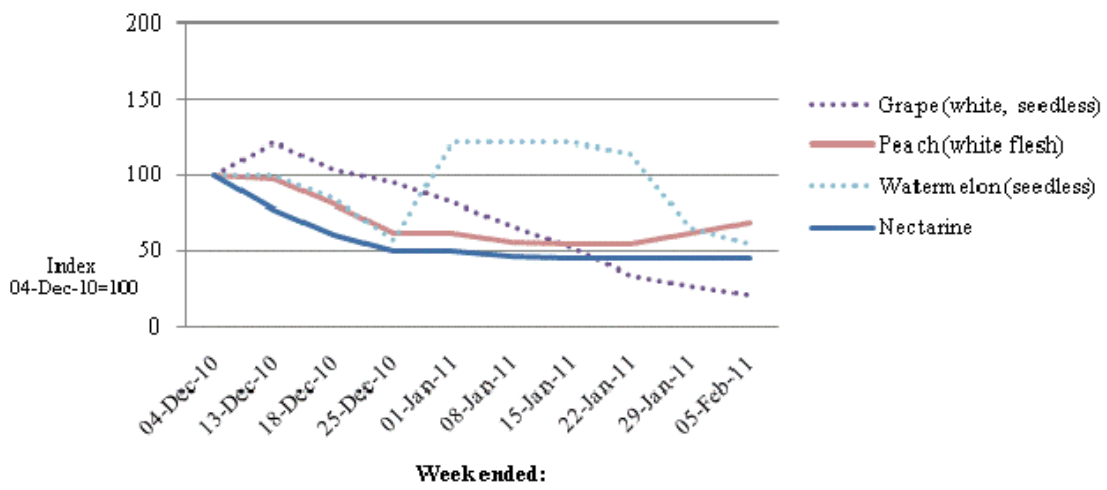
Weekly wholesale prices for selected vegetables, Melbourne market



Weekly wholesale prices for selected fruit, Melbourne market

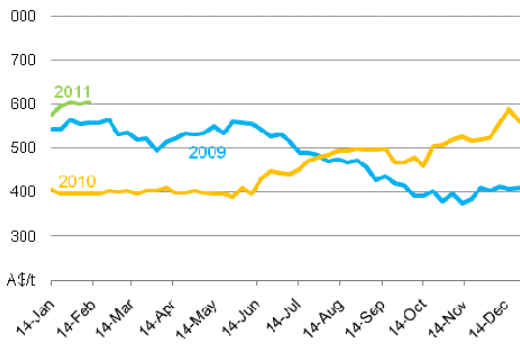


Weekly wholesale prices for selected fruit, Melbourne market

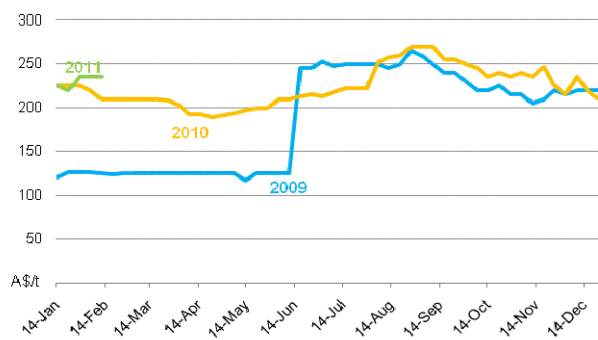


3.3 Crop indicator prices

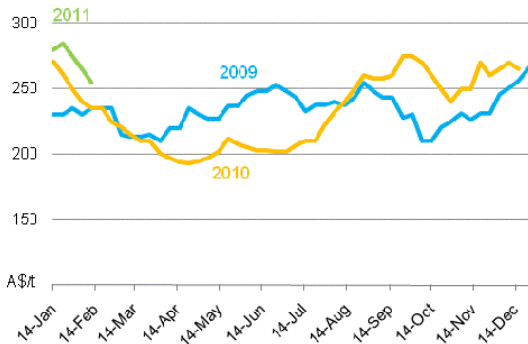
Canola price
weekly, ended 11 February 2011



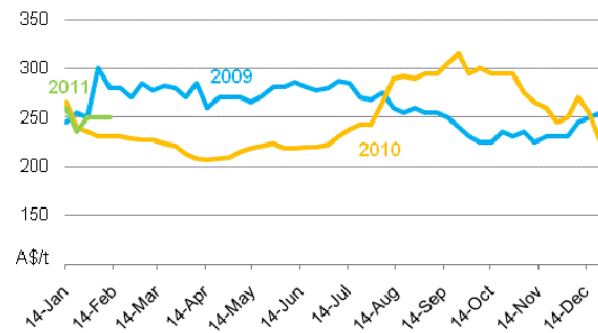
Feed barley price
weekly, ended 11 February 2011



Grain sorghum price
weekly, ended 11 February 2011

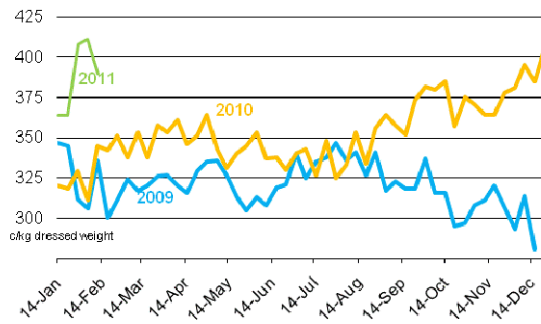


Feed wheat price
weekly, ended 11 February 2011

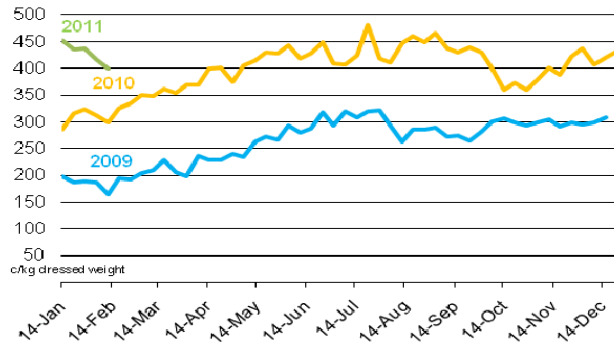


3.4 Livestock indicator prices

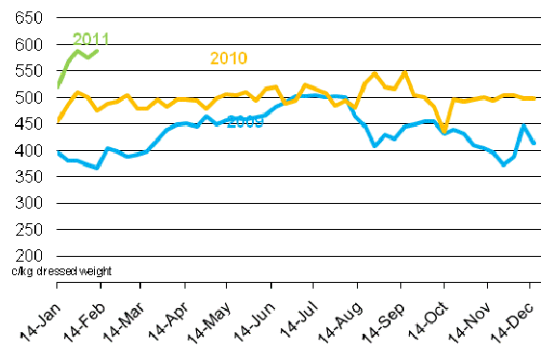
Young cattle indicator price
(330-400 kg live weight C3)
weekly, ended 11 February 2011



Mutton indicator price
(18-24 kg fat score 3)
weekly, ended 11 February 2011



Lamb indicator price
(18-20 kg fat score 3)
weekly, ended 11 February 2011



Baconer pig indicator price
GI 60-75 kg
weekly, ended 11 February 2011

