



Australian Government

Australian Bureau of Agricultural and
Resource Economics and Sciences

Weekly Australian Climate, Water and Commodity Price Update 24 March 2011

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

Summary of key issues

- Extremely heavy rainfall has caused flash flooding in Victoria and New South Wales. Heavy rainfall is forecast over northern Australia in the coming week, which may further impact some recently flood affected areas.
- Wet conditions have increased the incidence of fungal infection of wine grapes in Victoria and South Australia.
- Water storage levels in the Murray-Darling Basin (MDB) decreased this week by 71 gigalitres to approximately 81 per cent of total capacity. This is 54 percentage points or 12 249 GL more than this time last year.
- Banana prices increased markedly in the week ending 19 March 2011, due to limited supplies from north Queensland, a situation that is not expected to ease in the next few weeks. Apple prices were high in the same week but are expected to decline as new season apples become more readily available.
- The world wheat indicator price (US Hard Red Winter, freight on board Gulf ports) averaged US\$323 a tonne for the week ending 22 March 2011, a 1 per cent rise from the previous week.
- Average sheep prices rose in all states except South Australia in the week ending 18 March, with the largest week-on-week rise occurring in Western Australia where the average price increased by 3.8 per cent to 435 cents a kilogram.
- Saleyard cattle prices rose in all states for almost all cattle grades in the week ending 18 March. The young cattle indicator price in Queensland increased by 5 per cent to 394 cents a kilogram.
- As of 23 March, the Japanese Ministry of Land, Infrastructure, Transport and Tourism reports that all major ports in eastern Japan are open (see Section 3.2 for an update on the situation in Japan).
- Consumption and/or distribution bans have been imposed on milk and various leafy vegetables and brassicas in some parts of Japan in response to concerns about radiation contamination.

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

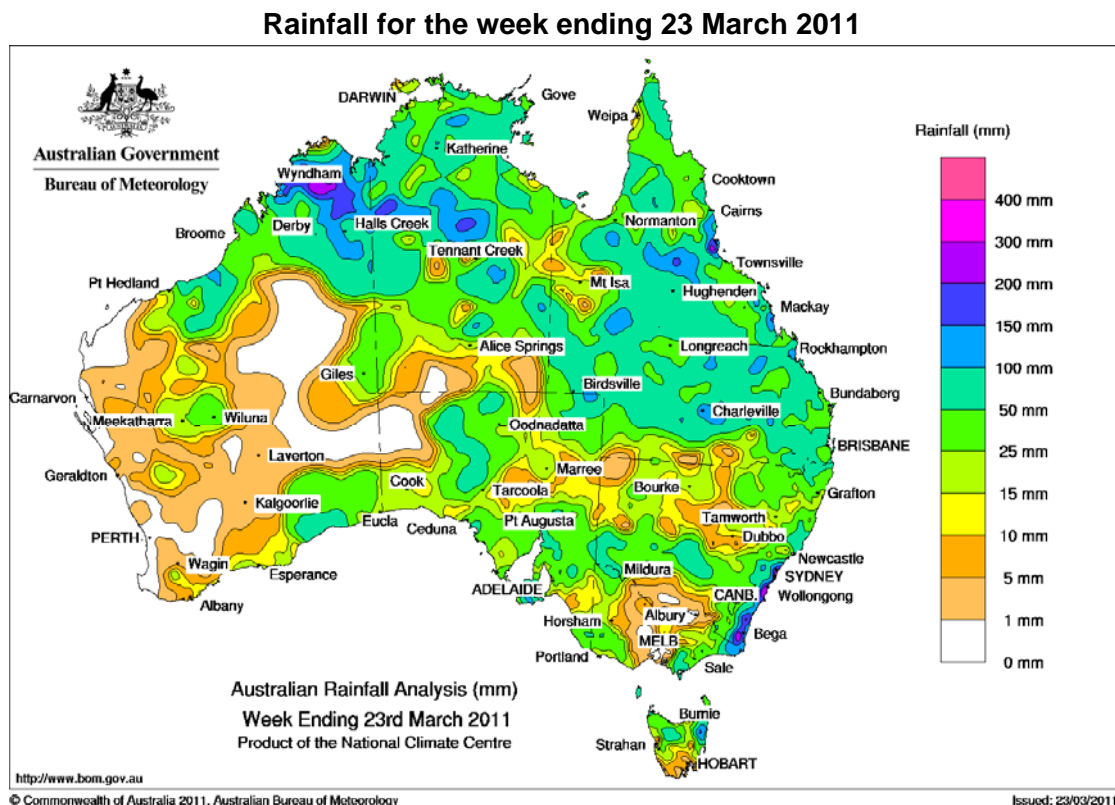
1. Climate

1.1 Notable events

- For the week ending 23 March 2011, most significant rainfall was recorded on the south coast of New South Wales and in the far north of Western Australia. The highest measured total for the week was 523.2 millimetre at **Mount Darragh** in **south-east NSW**.
- Heavy rainfall has led to **flash flooding** in the Illawarra and South Coast regions of **NSW**. Early reports indicate no significant damage to agriculture.
- Heavy rainfall in the east Gippsland area of **Victoria** has led to **flash flooding** and **landslides**. The impact on agriculture is still being assessed.
- Heavy rainfall is forecast over Northern Australia in the coming week, which may further impact some recently flood affected areas.
- Due to wet conditions in recent months and resultant **fungal infection** of **wine grapes**, some Victorian wine grape growers have reported that they have lost around 20 to 50 per cent of their crop. Wet conditions have also reportedly increased fungal infection of wine grapes in the Barossa and Clare Valleys of South Australia.
- **Spur throated locusts** are reportedly damaging cotton crops in central NSW, and vegetable crops around Carnarvon in WA.

1.2 Rainfall this week

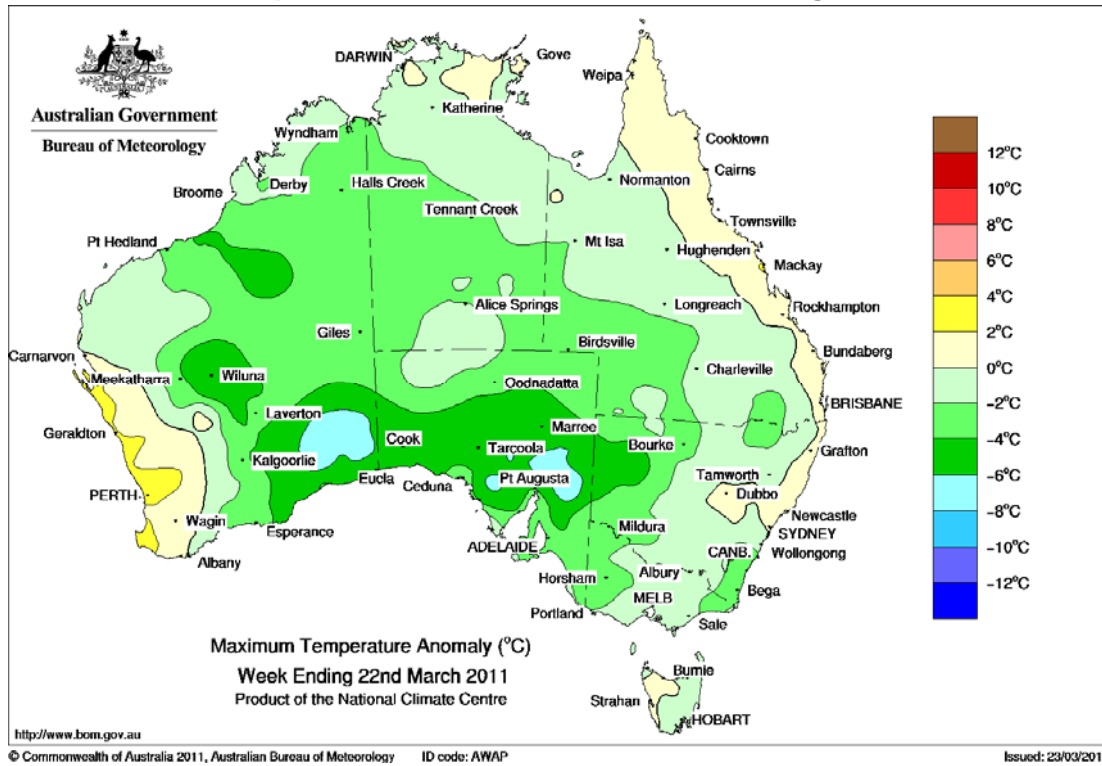
For the week ending 23 March 2011, rainfall was recorded in all states and territories. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml.



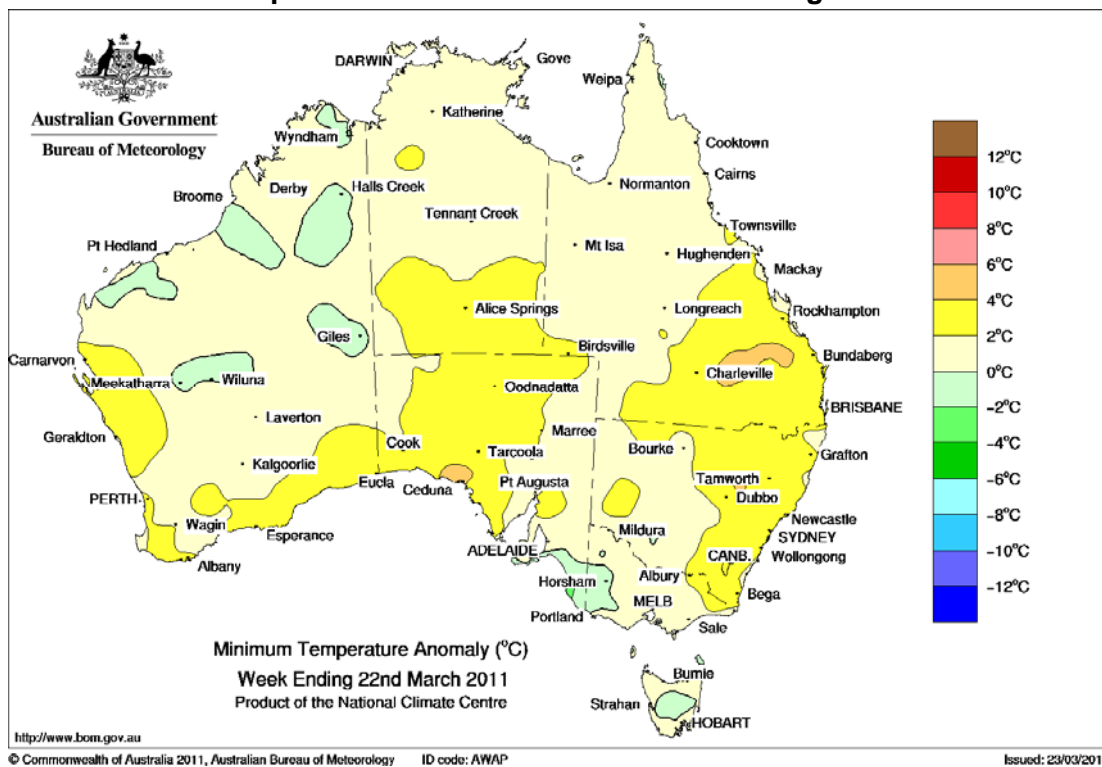
1.3 Temperature anomalies this week

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 22 March 2011



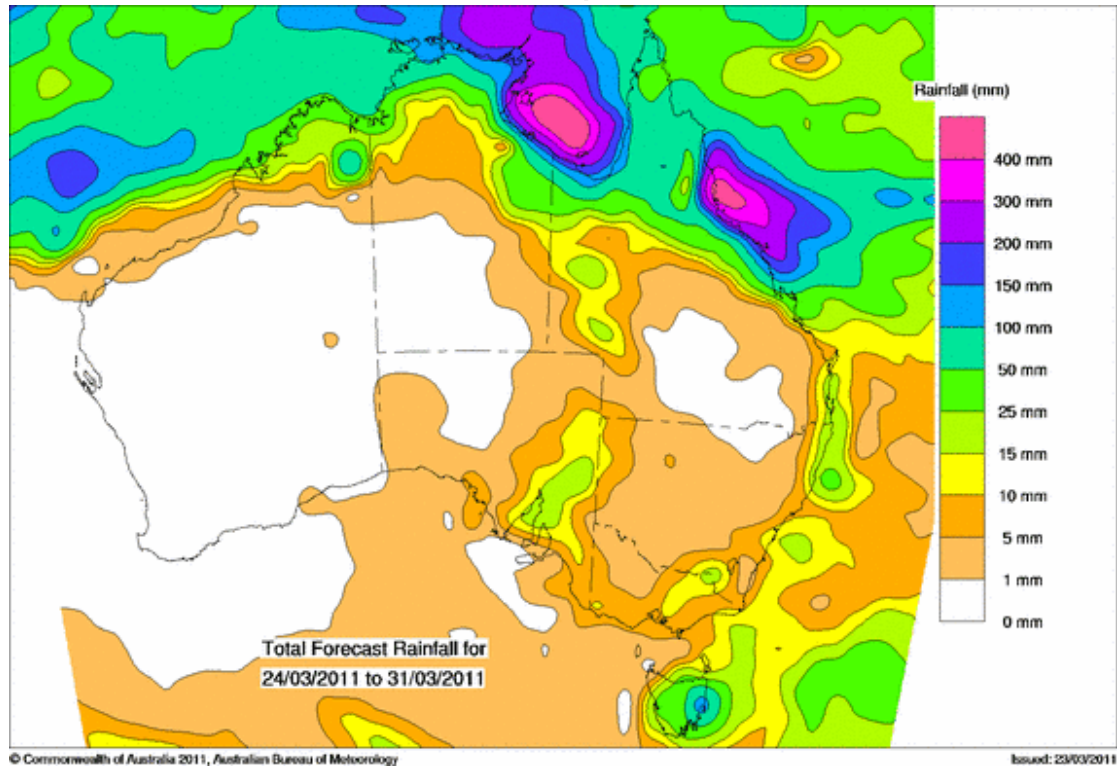
Minimum temperature anomalies for the week ending 22 March 2011



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 24 – 31 March 2011



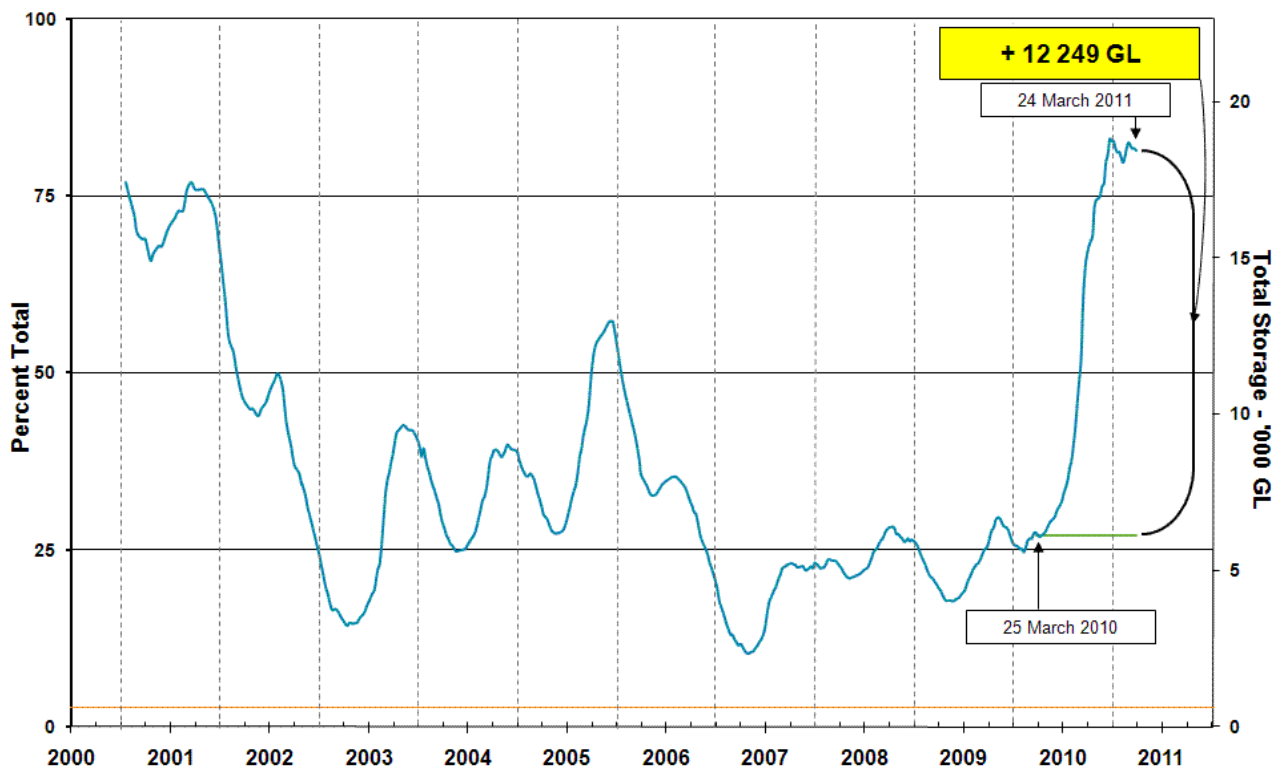
2. Water

2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) decreased this week by 71 gigalitres to approximately 81 per cent of total capacity. This is 54 percentage points or 12 249 GL more than this time last year.
- There has been no trade in the three representative major temporary water markets this 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 24 March 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	23 March	16 March	9 March	2 March	23 Feb	16 Feb	9 Feb
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	No trade	No trade	No trade	No trade	No trade	No trade

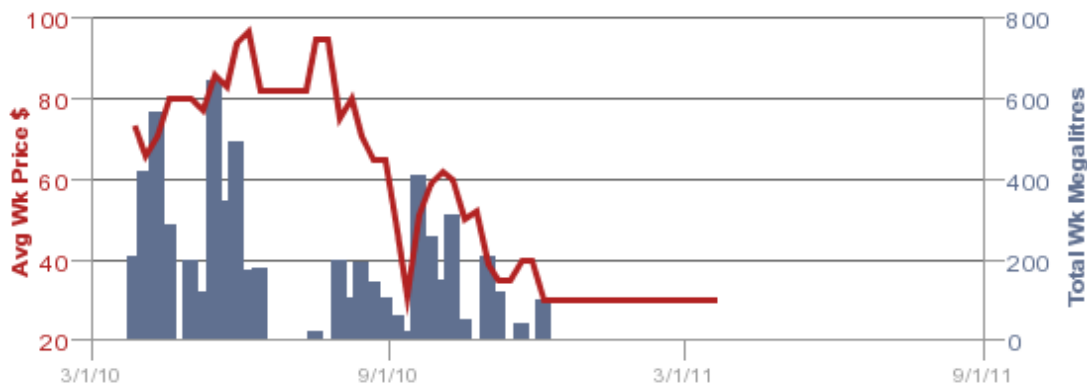
^a Last traded prices as at the dates shown.

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

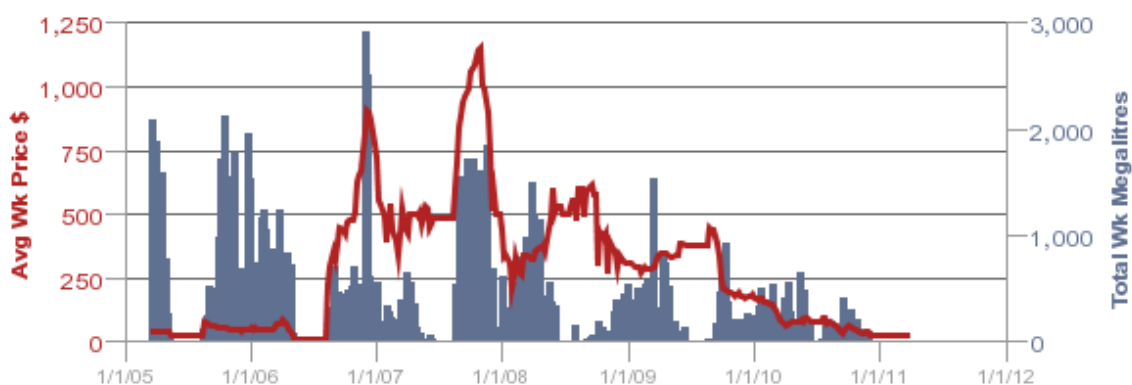
Trading Zone	23 March	16 March	9 March	2 March	23 Feb	16 Feb	9 Feb
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	No trade	No trade	No trade	No trade	No trade	No trade	No trade
SA Murray	No trade	No trade	No trade	No trade	No trade	No trade	No trade

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

Recent trading (last 12 months)



Historical trading (last 6 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

- Vegetable prices were generally weaker in the week ending 19 March 2011, as vegetable production recovers from adverse conditions in late December and early January, including floods in southern Queensland.
- Banana prices increased markedly in the week ending 19 March 2011 due to limited supplies from north Queensland, a situation that is not expected to ease in the next few weeks. Apple prices were high in the same week but are expected to decline as new season apples become more readily available.
- The world wheat indicator price (US Hard Red Winter, freight on board Gulf ports) averaged US\$323 a tonne for the week ending 22 March 2011, a 1 per cent rise from the previous week. The price of feed wheat domestically remained around \$250 a tonnes, largely unchanged from late January 2011.
- The world corn indicator price (US no. 2 yellow corn, freight on board Gulf ports) averaged US\$286 a tonne for the week ending 23 March 2011, a 3 per cent rise from the previous week.
- Lamb prices remained firm across Australia for the week ending 18 March 2011, despite national lamb yardings at reported saleyards increasing by 8 per cent from the previous week. In Victoria, where yardings were disrupted by the public holiday, the average lamb price rose by 2.7 per cent to 646 cents a kilogram. Prices in all states remain near historical highs, reflecting the ongoing strength of demand by processors, restockers and live exporters.
- Average sheep prices rose in all states except South Australia in the week ending 18 March, with the largest week-on-week rise occurring in Western Australia where the average price increased by 3.8 per cent to 435 cents a kilogram. Average prices in all states were at least 20 per cent higher compared to the same period a year earlier, reflecting the continued strength of demand for mutton in international markets and the positive outlook for sheep products, including sheep meat and wool.
- Saleyard cattle prices rose in all states for almost all cattle grades in the week ending 18 March. The young cattle indicator price in Queensland increased by 5 per cent to 394 cents a kilogram.

3.2 The impact of the earthquakes in Japan

Damage to Japanese Ports

- As of 23 March, the Japanese Ministry of Land, Infrastructure, Transport and Tourism reports that all major ports in eastern Japan (figure 1) are open. The port of Sendai Shiogama (Miyagi Prefecture) is open with restrictions. Some smaller ports have been closed, including Ishinomaki and Ibaraki-Oarai.
- In addition to the port of Sendai Shiogama, damage to linkspans, pavements of loading areas, wharves and breakwaters and sea walls has been reported at other major ports in eastern Japan (including Tokyo, Yokohama, Kawasaki and Chiba).
- The three most affected prefectures (Iwate, Miyagi and Fukushima) directly account for around 1 per cent of Japan's total wheat and barley imports. For pulses, the three prefectures account for less than 1 per cent of total imports. These prefectures also account for less than 1 per cent of Japan's total imports of livestock products. In the 2009–10 financial year, Australia exported to Japan around 1.1 million tonnes of wheat, 1.1 million tonnes of barley and 353 000 tonnes of beef.

Food Safety in Japan

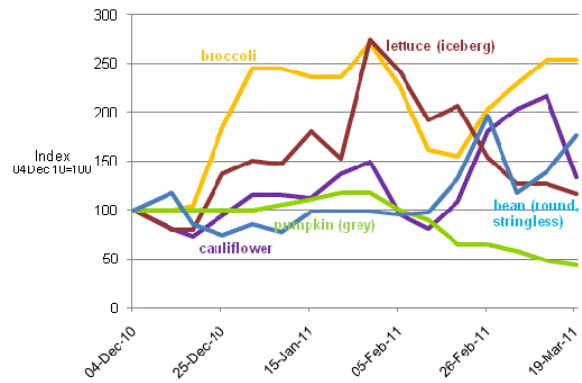
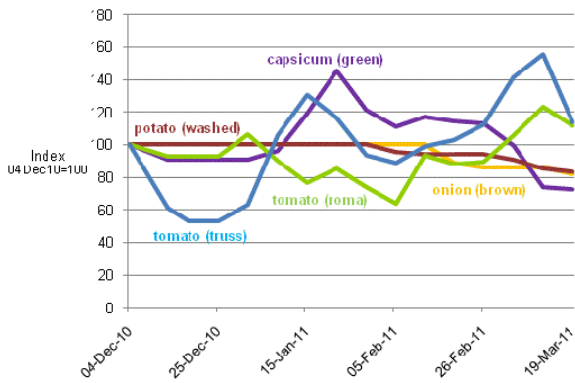
- Consumption and/or distribution bans have been imposed on milk produced in Fukushima and Ibaraki; parsley produced in Ibaraki; and spinach and kakina (a spinach-like vegetable) produced in Fukushima, Ibaraki, Tochigi and Gunma. Bans have also been imposed on the consumption and distribution of various leafy vegetables and brassicas produced in Fukushima. This is in response to concerns about radiation contamination.
- Fukushima and Ibaraki account for less than 4 per cent of Japanese milk production. Fukushima, Ibaraki, Tochigi and Gunma together produce around 18 per cent of Japan's spinach. Fukushima accounts for around 5 per cent of Japanese broccoli production, but is not a major producer of other leafy vegetables.
- The Office of the Japanese Prime Minister reports that due to concerns about radiation contamination, infants should refrain from drinking tap water in most parts of Tokyo.
- As a precautionary measure, and consistent with approaches internationally, Food Standards Australia New Zealand has requested the Australian Quarantine and Inspection Service (AQIS) to institute a Holding Order for all foods of interest originating from the Japanese prefectures of Fukushima, Gunma, Ibaraki and Tochigi. Foods of interest in this context are milk and milk products, fresh fruit and vegetables, seaweed and seafood (fresh and frozen).

Figure 1. Selected Japanese ports. Major ports marked in red.

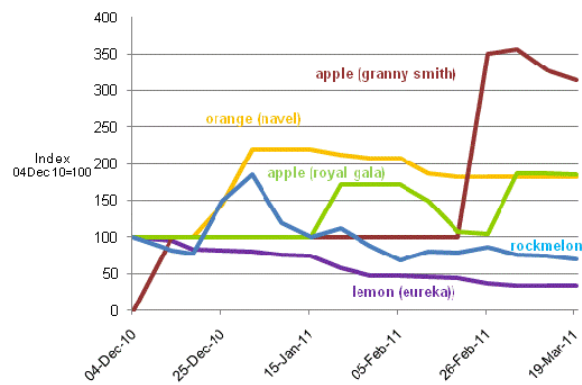
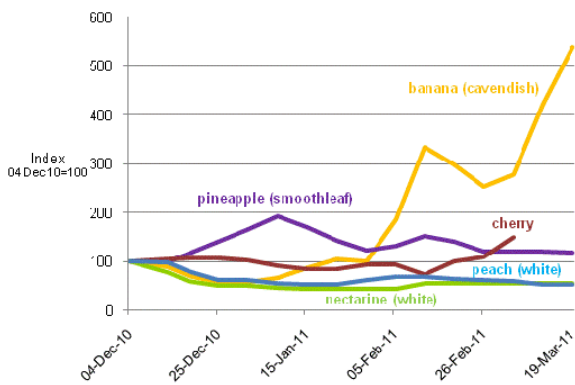


3.3 Recent movements in fruit and vegetable prices

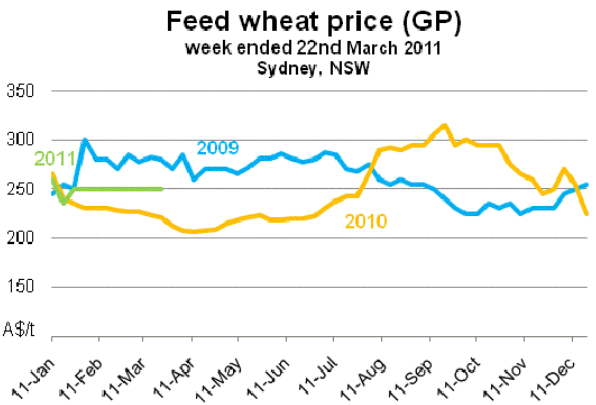
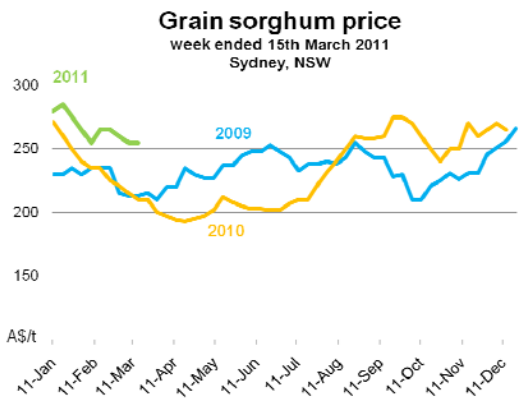
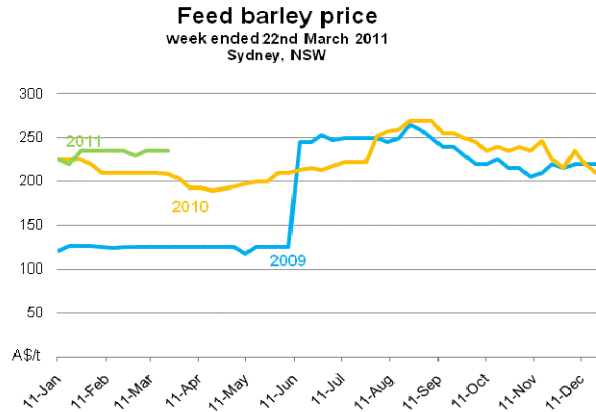
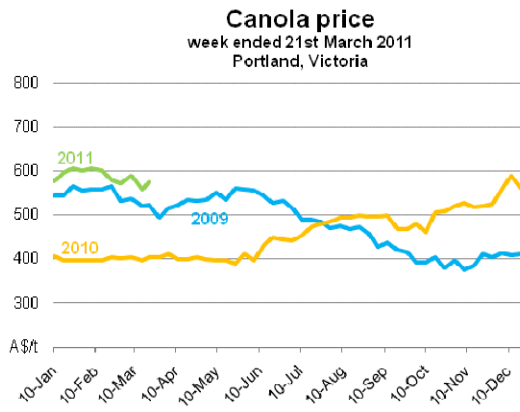
Weekly wholesale prices for selected vegetables, Melbourne market



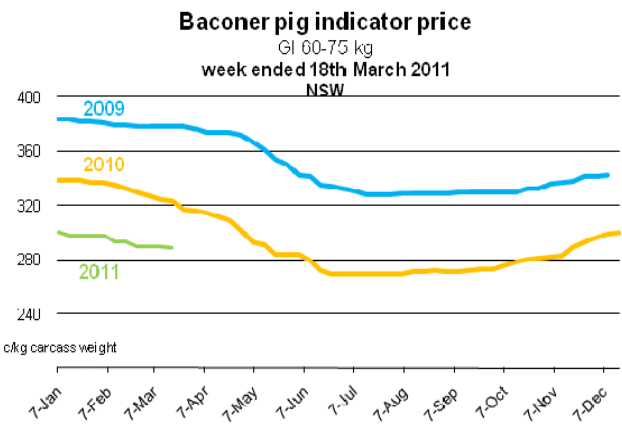
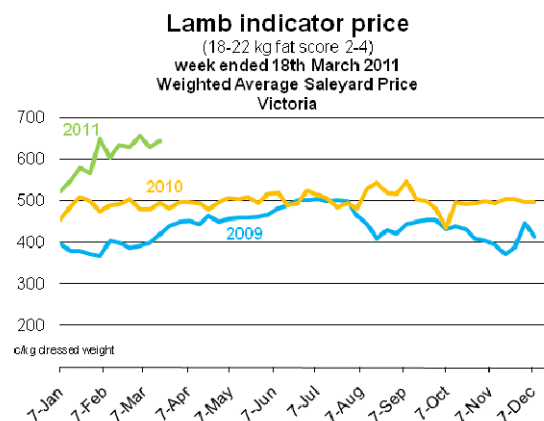
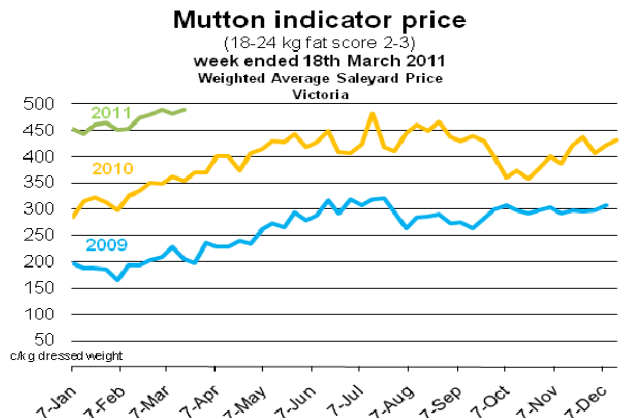
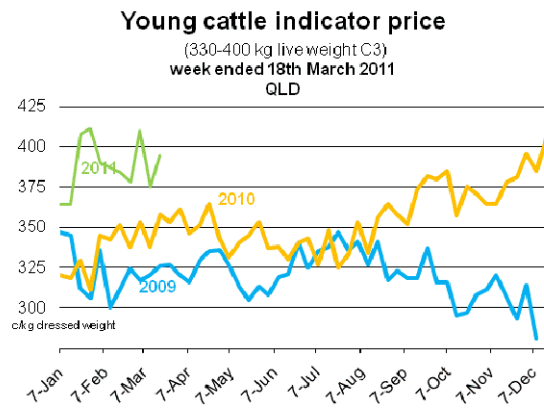
Weekly wholesale prices for selected fruit, Melbourne market



3.4 Crop indicator prices



3.5 Livestock indicator prices



4. Data attribution

Climate

Bureau of Meteorology

- Weekly rainfall totals: www.bom.gov.au/jsp/awap/rain/index.jsp
- Maximum and minimum temperature anomalies: www.bom.gov.au/jsp/awap/temp/index.jsp
- Rainfall forecast: www.bom.gov.au/jsp/watl/rainfall/pme.jsp
- Seasonal outlook: www.bom.gov.au/climate/ahead
- Drought statement: www.bom.gov.au/climate/drought/drought.shtml
- ENSO Wrap-Up: www.bom.gov.au/climate/enso/

Water

Murray–Darling Basin

- Murray–Darling Basin Authority: www.mdba.gov.au/water/waterinstorage

New South Wales

- New South Wales Water Information: <http://waterinfo.nsw.gov.au/>
- Snowy Hydro: www.snowyhydro.com.au/lakeLevels.asp?pageID=47&parentID=61&grandParentID=4

Queensland

- Sunwater: www.sunwater.com.au
- seqwater: <http://seqwater.com.au>

South Australia

- SA Water: www.sawater.com.au/SAWater/Environment/TheRiverMurray/River+Murray+Levels.htm

Victoria

- Goulburn-Murray Water: www.g-mwater.com.au

Water trading

- Waterexchange: www.waterexchange.com.au

Commodities

Fruit and vegetables

- Datafresh: www.datafresh.com.au

Mutton, lambs, wheat, barley and grain sorghum

- The Land: hardcopy or online at <http://theland.farmonline.com.au/markets.aspx>

Cattle and pigs

- Meat and Livestock Australia: www.mla.com.au/Prices-and-markets

Canola

- Weekly Times: hardcopy

The Impact of Earthquakes in Japan

- <http://www.mhlw.go.jp/stf/houdou/2r98520000015wun-att/2r98520000015xym.pdf> (English) and <http://www.mhlw.go.jp/stf/houdou/2r98520000015p8a-img/2r98520000015p9r.pdf> (Japanese).
- Prime Minister of Japan and His Cabinet: <http://www.kantei.go.jp/saigai/>
- Food Standards Australia New Zealand: <http://www.foodstandards.gov.au/scienceandeducation/factsheets/factsheets2011/safetyoffoodfromjapa5110.cfm>