



Australian Government

Australian Bureau of Agricultural and
Resource Economics and Sciences

Weekly Australian Climate, Water and Commodity Price Update 20 January 2011

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

Summary of key issues

- The extent of damage to crops and rural infrastructure is still being assessed following flooding in Victoria, New South Wales and Tasmania this week.
- The grain harvest in South Australia and Victoria is more than 80 per cent complete.
- Sheep flystrike has increased in the eastern states due to the recent rainfall and warm weather. Foot infections in cattle and sheep are also a concern for graziers in the region.
- One of the strongest La Niña events on record continues to affect the Pacific Basin, with models indicating the event is likely to persist into autumn 2011 (Bureau of Meteorology ENSO 'Wrap Up').
- A wetter than normal February to April 2011 is currently forecast for most of the tropics and Western Australia, influenced by the current La Niña event (Bureau of Meteorology February to April 2011 Seasonal Rainfall Outlook).
- Water storage levels in the Murray–Darling Basin increased this week by around 10 gegalitres to remain at approximately 81 per cent of total capacity.
- The world wheat indicator price (US hard red winter, 11.5 per cent protein, free on board Gulf ports) reached US\$342 a tonne on 18 January, the highest since August 2008.
- The lamb indicator price reached 568 cents per kilogram this week. Restocker demand continued strongly, reflecting expectations of excellent seasonal conditions. Lamb throughput at saleyards was affected by transport problems caused by recent flooding.
- Sheep prices remain near historical highs in all states with the mutton indicator price at 435 cents per kilogram, reflecting strong demand and low sheep availability due to restocking.

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

www.abares.gov.au

Science and economics for decision-makers

1. Climate

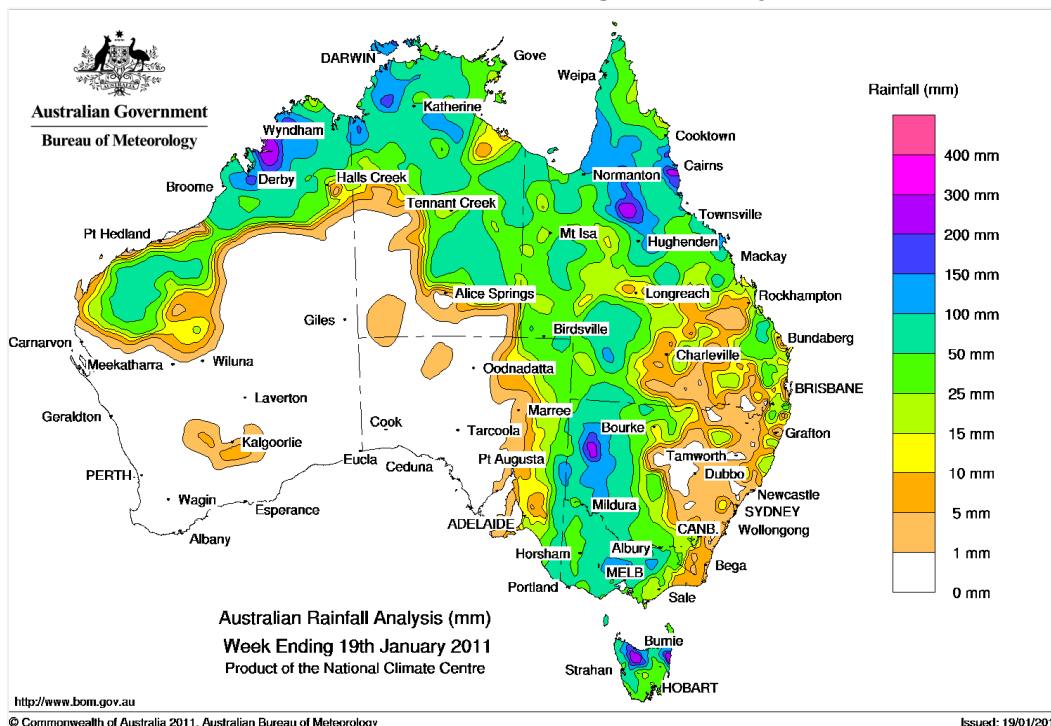
1.1 Notable events

- For the week ending 19 January 2011, rainfall was mostly recorded across northern and eastern Australia. Localised heavy rainfall above 200 millimetres occurred in every state except South Australia. The **highest measured** total for the week was **357 millimetres** at Scamander in north-east Tasmania.
- **Widespread flooding** following heavy rainfall in south-west New South Wales, western Victoria and northern Tasmania has resulted in **damage to crops** and **rural infrastructure** and some **stock losses in Victoria**. The extent of damage is still being assessed. Heavy rain and flooding in Victoria has also damaged cherry and grape crops. Despite some damage to poppy crops in Tasmania, above average yields are still expected.
- **South Australia's grain harvest** is almost complete, with **85 per cent** of the grain now harvested. South-east South Australia is the main district still harvesting, due to rainfall forecasts over the coming week extending the harvesting period. Around **80 per cent** of the grain harvest is complete in **Victoria**.
- Wet and warm conditions throughout eastern Australia have caused an increase in **flystrike** in sheep. Some graziers are shearing and crutching their sheep earlier to minimise flystrike incidences. Sheep and cattle throughout the eastern states are also at risk of developing **hoof infections** due to the wet conditions.
- One of the strongest **La Niña** events on record continues to influence rainfall in eastern Australia, with models indicating the **event will continue through autumn 2011** (Bureau of Meteorology (BoM) ENSO 'Wrap Up').
- A **wetter than normal February to April 2011** period is forecast for most of the **tropics** and **Western Australia**, influenced by the current La Niña event, while drier than normal conditions are favoured for the region extending from southern South Australia to south-west Queensland (BoM February to April 2011 Seasonal Outlook).
- Maximum temperatures are likely to be **warmer** than average across **south-east Australia** during February to April 2011. Minimum temperatures are likely to be warmer than average across south-east Australia and much of south-west Australia (BoM February to April 2011 Seasonal Outlook).

1.2 Rainfall this week

For the week ending 19 January 2011, rainfall was recorded in all states and territories. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml

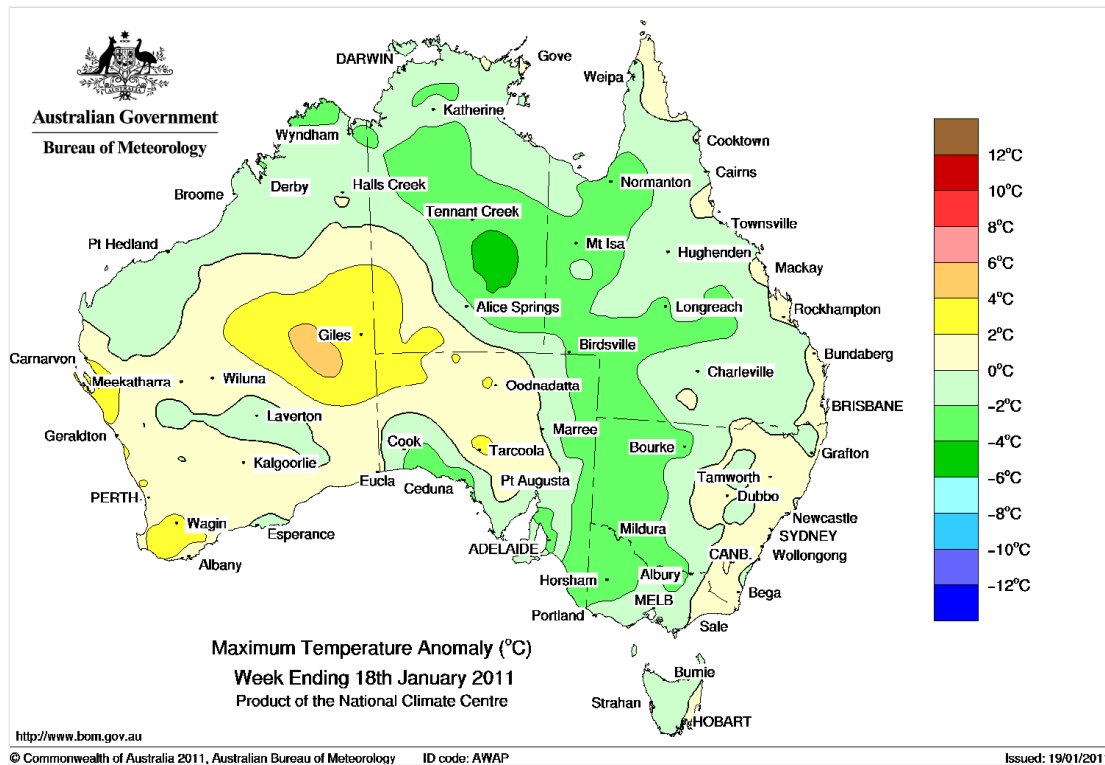
Rainfall for the week ending 19 January 2011



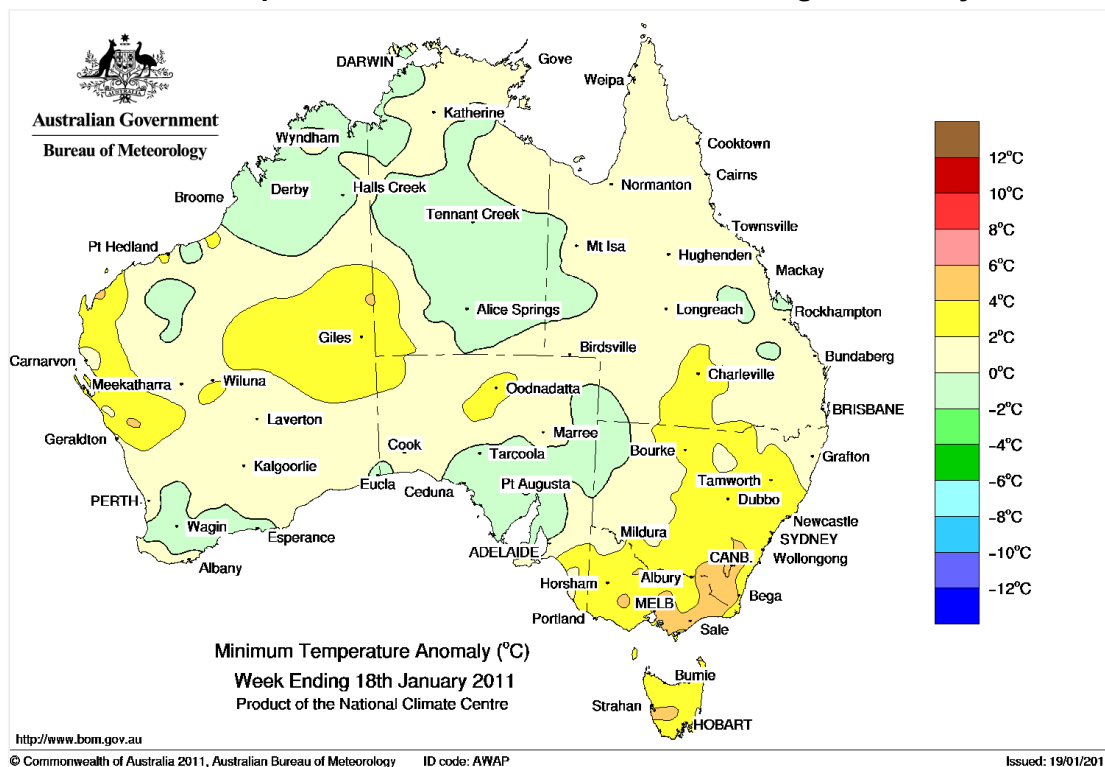
Temperature anomalies this week

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 18 January 2011



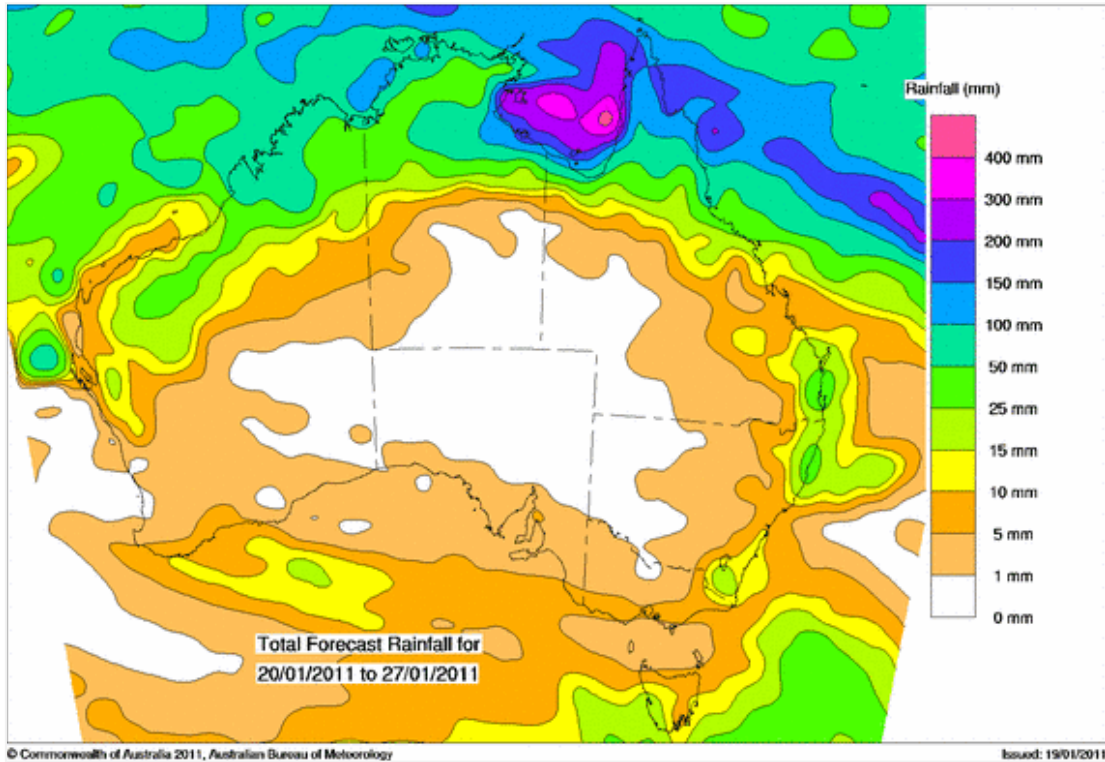
Minimum temperature anomalies for the week ending 18 January 2011



1.3 Rainfall outlook

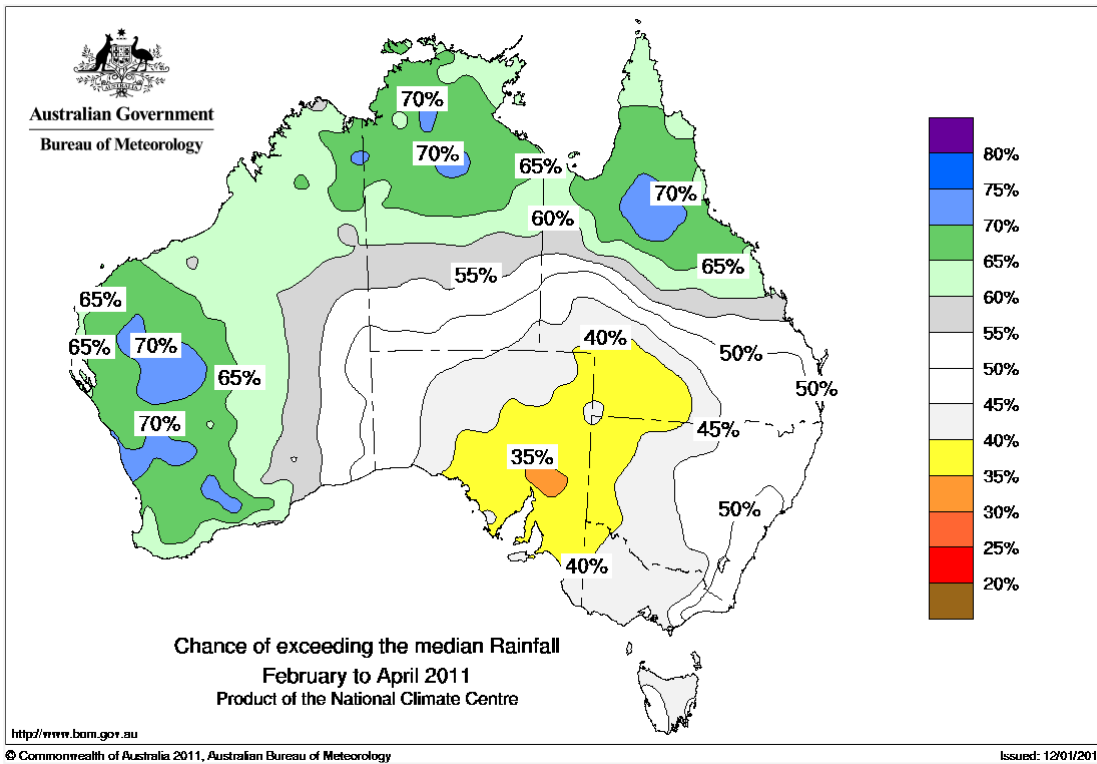
The rainfall forecast below is produced from computer models. As it contains no input from weather forecasters, it is important to also check local forecasts and warnings by the Bureau of Meteorology.

Total forecast rainfall for the period 20 to 27 January 2011

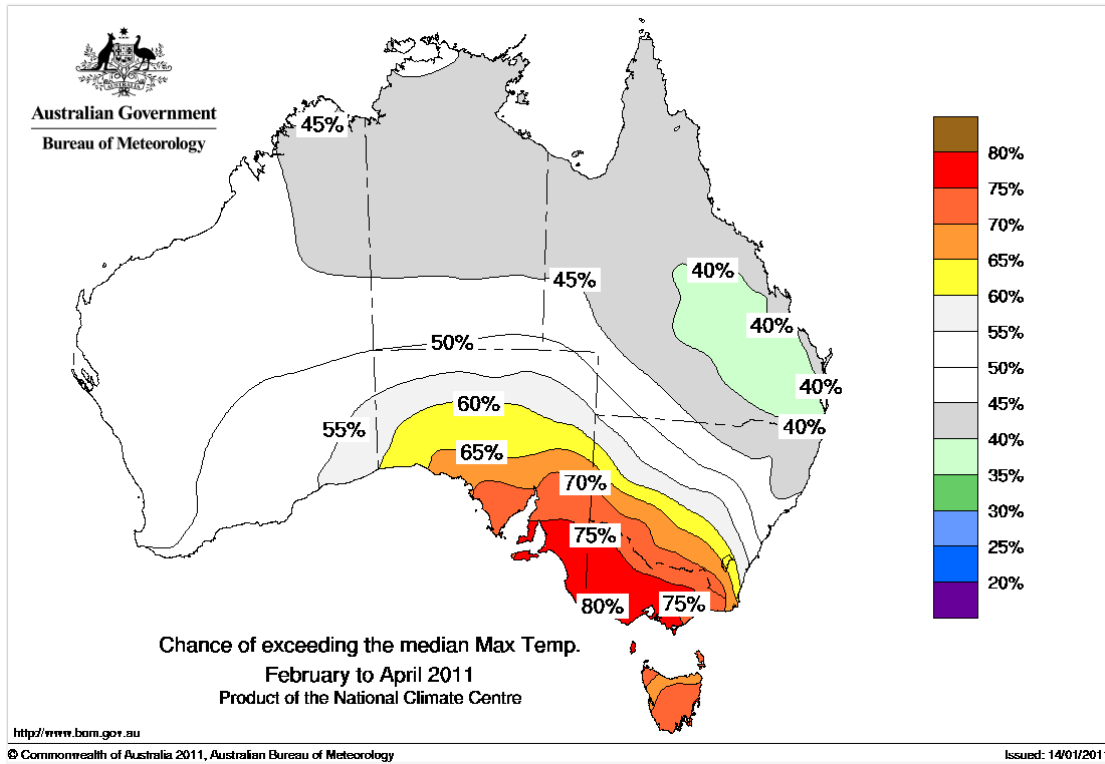


1.4 Seasonal Outlook

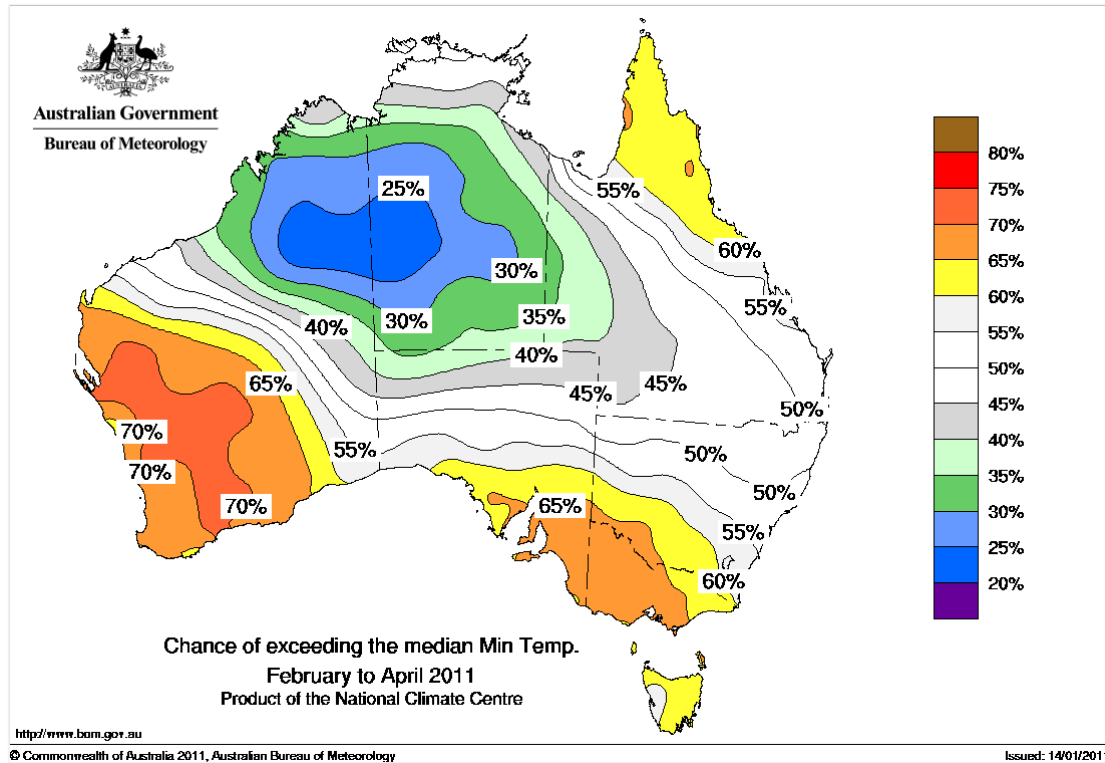
Chance of exceeding the median rainfall – February to April 2011



Chance of exceeding the median maximum temperature – February to April 2011



Chance of exceeding the median minimum temperature – February to April 2011



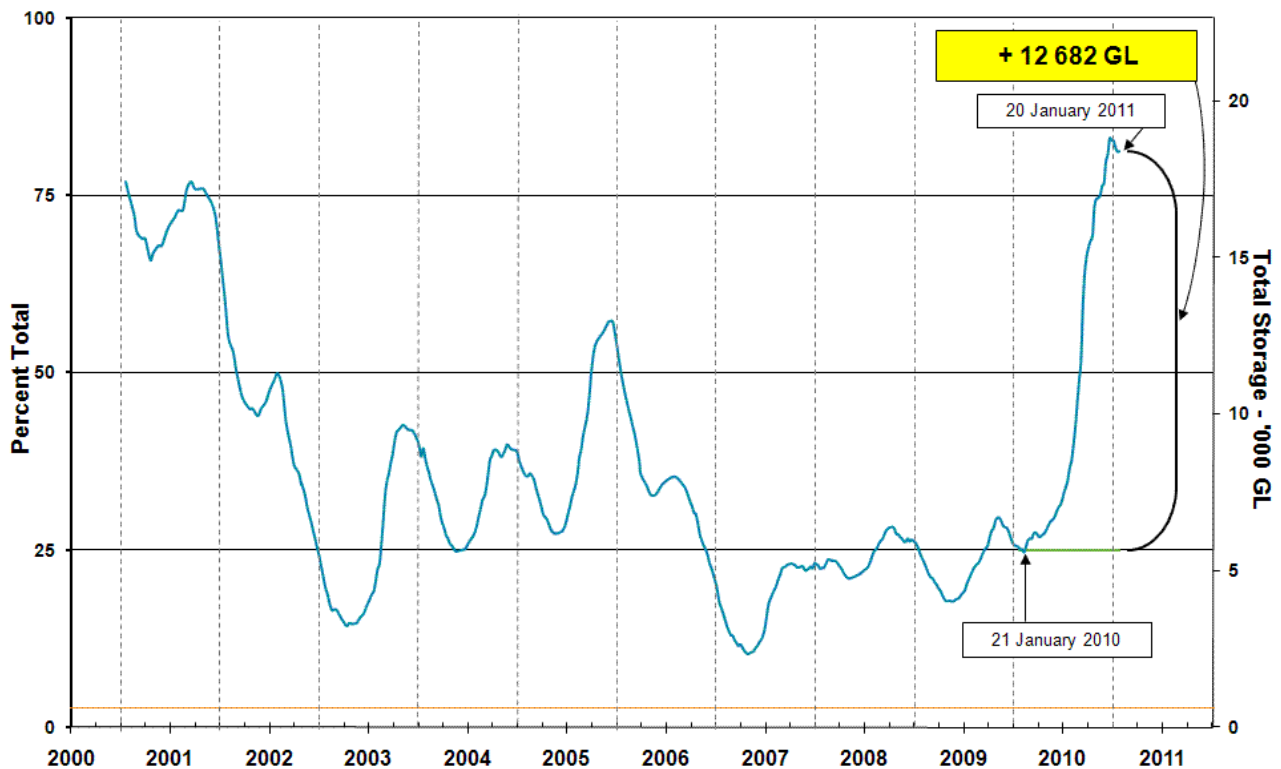
2. Water

2.1 Water availability

- Water storage levels in the Murray–Darling Basin increased this week by 10 gigalitres to remain at approximately 81 per cent of total capacity. This is 56 percentage points or 12 682 gigalitres more than this time last year.
- There was some trade in temporary water allocations in the South Australian Murray market this week, with the price of allocations at around \$22 per megalitre.

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 20 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	19 Jan	12 Jan	5 Jan 11	29 Dec 10	22 Dec 10	15 Dec 10	8 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	30	No trade
SA Murray	22	No trade	No trade	No trade	No trade	No trade	No trade

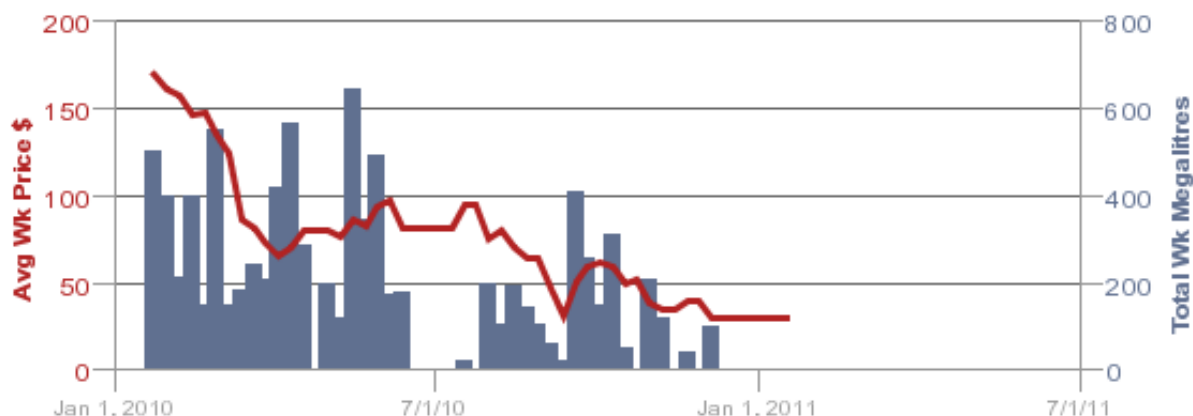
^a Last traded prices as at the dates shown.

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

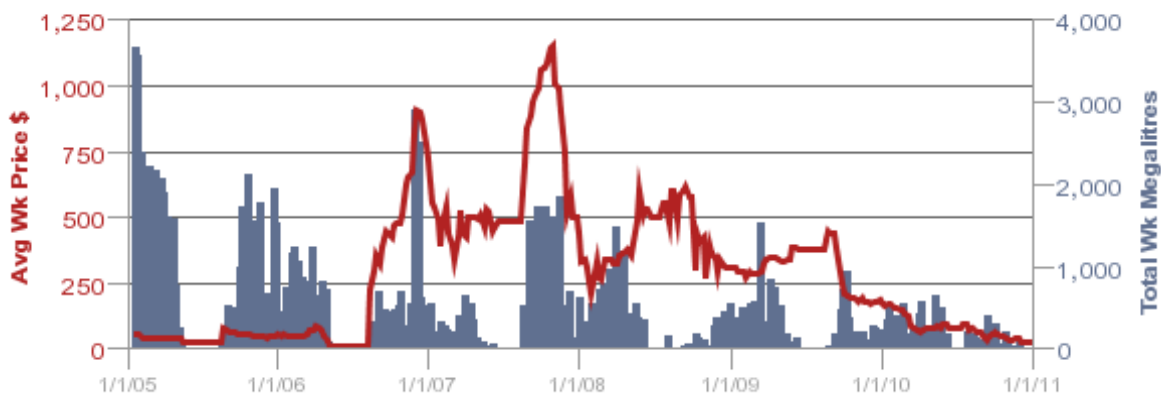
Trading Zone	19 Jan	12 Jan	5 Jan 11	29 Dec 10	22 Dec 10	15 Dec 10	8 Dec 10
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	No trade	No trade	No trade	No trade	No trade	100	No trade
SA Murray	200	No trade	No trade	No trade	No trade	No trade	No trade

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

Recent trading (last 12 months)



Historical trading (last 5 years)



Source: Waterexchange

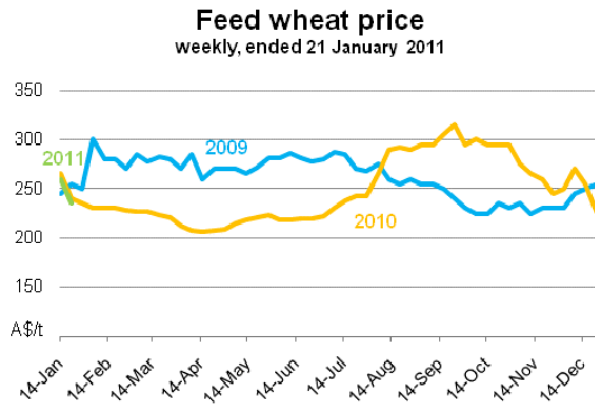
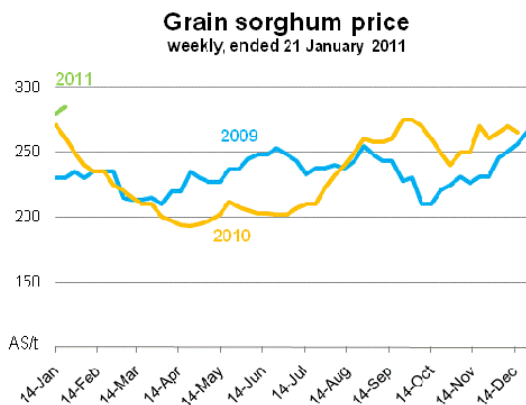
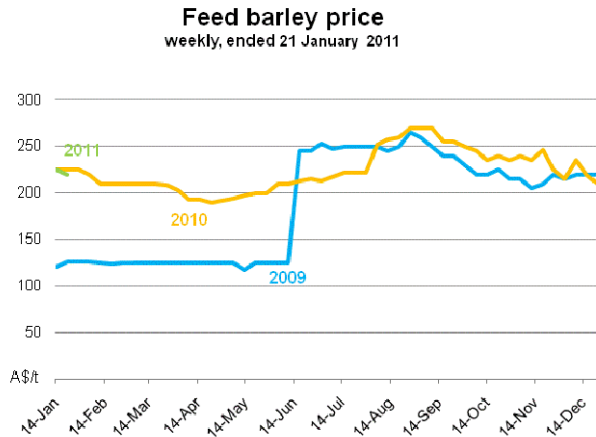
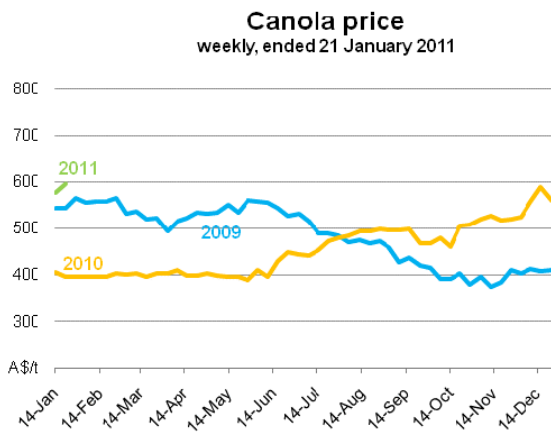
(**Note:** Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and South Australia Murray are very similar and have not been included).

3. Commodity prices

3.1 Commodities

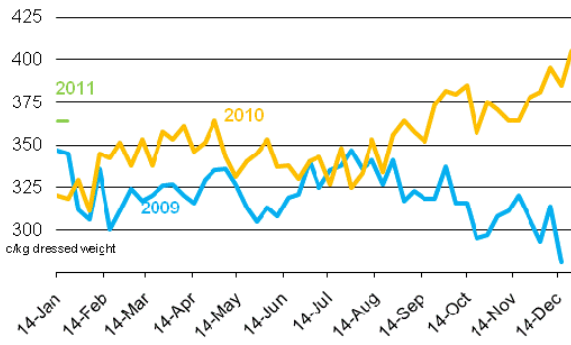
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3.2 Crop indicator prices

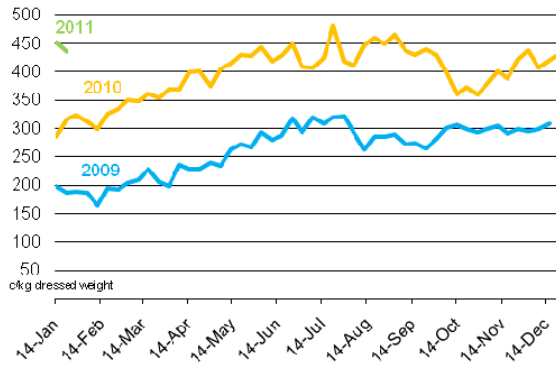


3.3 Livestock indicator prices

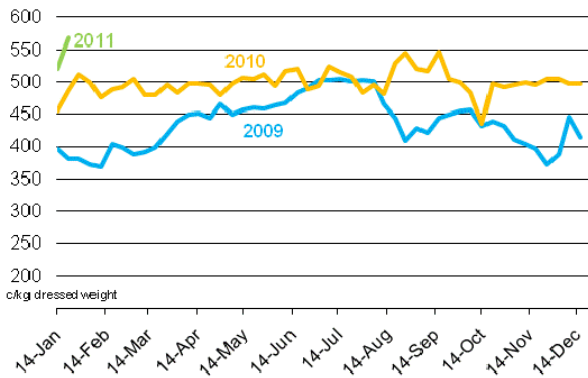
Young cattle indicator price
(330-400 kg liveweight C3)
weekly, ended 21 January 2011



Mutton indicator price
(18-24 kg fat score 3)
weekly, ended 21 January 2011



Lamb indicator price
(18-20 kg fat score 3)
weekly, ended 21 January 2011



Baconer pig indicator price
GI 60-75 kg
weekly, ended 21 January 2011

