



Australian Government

Australian Bureau of Agricultural and
Resource Economics and Sciences

Weekly Australian Climate, Water and Commodity Price Update 28 January 2011

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

Summary of key issues

- The flooding from November 2010 to mid-January 2011 was among the most significant in Australia's recorded history in terms of extent, impact and severity (Bureau of Meteorology Special Climate Statement 24, updated 25 January 2011).
- Floodwaters have continued to move through parts of Victoria following widespread heavy rainfall last week. The flooding on several northern rivers in Victoria is expected to continue until the end of January 2011.
- The flood damage in Tasmania following heavy rainfall last week is reported to have caused damage to rural infrastructure and some crops.
- Water storage levels in the Murray–Darling Basin decreased this week by around 173 gigalitres to just over 80 per cent of total capacity.
- The world wheat indicator price (US hard red winter, 11.5 per cent protein, free on board Gulf ports) continued to rise, reaching \$357 a tonne on 25 January 2011. This is the highest nominal price since August 2008.
- According to Meat and Livestock Australia, pig slaughterings in Queensland increased significantly in the week ending 21 January 2011 (25 824 head) compared with the flood affected number of the previous week. Slaughterings in that week were also well above the weekly average in late 2010.
- The pig industry in Victoria has experienced flood related problems with logistics. Road closures have resulted in increased travel time and higher costs for the transport of feed and pigs.
- Most fruit prices have not been significantly affected by the adverse weather conditions of recent weeks. Melon prices had risen but have now begun to decline. There have been abundant supplies of stone fruit and grapes.
- Prices of some vegetables, such as broccoli, zucchini and sweet potatoes, have risen or remained relatively high. Prices of other vegetables, including snow pea and lettuce, are showing signs of easing.

For more information on the impacts of the recent flooding, see ABARES '*Special report on the impact of recent flood events on commodities*', released 21 January 2011, available at www.abares.gov.au.

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

www.abares.gov.au

Science and economics for decision-makers

1. Climate

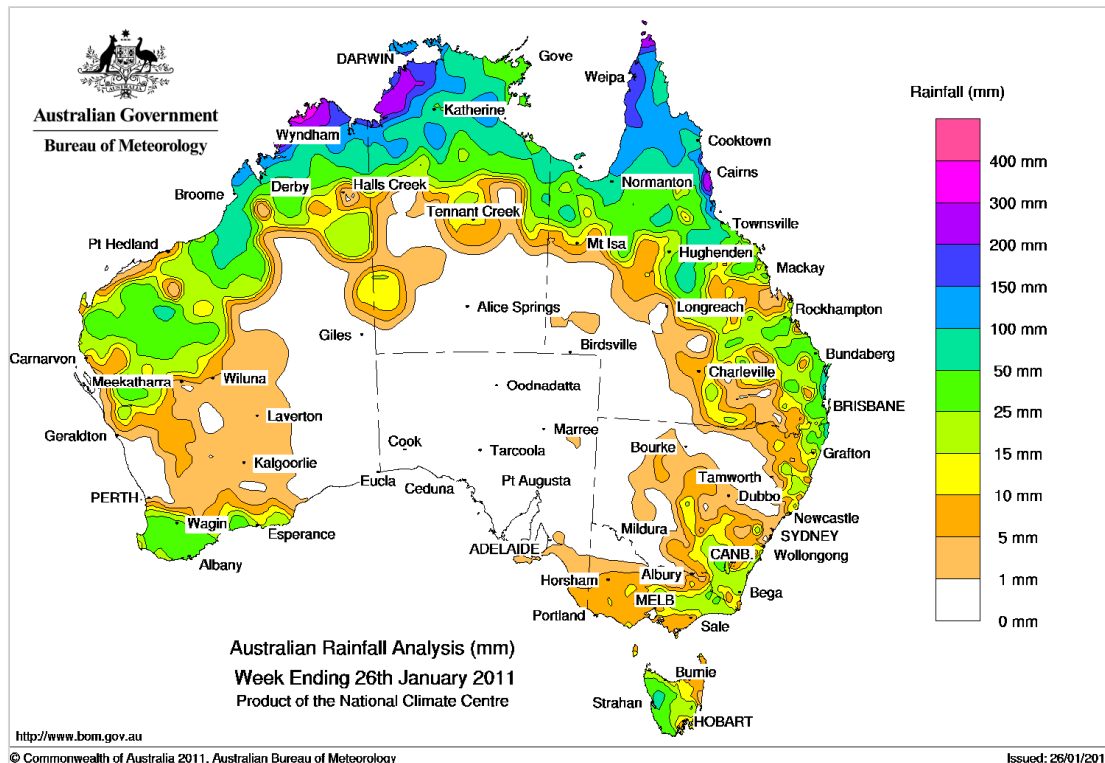
1.1 Notable events

- The flooding from November 2010 to mid-January 2011 was among the most significant in Australia's recorded history in terms of extent, impact and severity (Bureau of Meteorology Special Climate Statement 24, updated 25 January 2011).
- For the week ending 26 January 2011, rainfall was recorded in all states and territories, although little rain was recorded in South Australia. Rainfall exceeded 50 millimetres across large parts of the tropics. The **highest measured** total for the week was **420 millimetres** at **Babinda** in far-north Queensland.
- **Floodwaters** have continued to move through parts of **Victoria** following widespread heavy rainfall last week. Some crops and rural infrastructure may be damaged by the flooding.
- The flooding follows **Victoria's wettest January on record**, which was reached mid-month. The flooding is expected to continue until the end of January 2011 on several northern rivers (Bureau of Meteorology Special Climate Statement 26, 21 January 2011).
- The **flood damage in Tasmania** following heavy rainfall last week is reported to have caused damage to rural infrastructure and some crops.
- Tropical Cyclone Bianca is bringing heavy rain to parts of the Pilbara and Kimberley regions, which should assist summer pasture growth in these areas.
- For more information on the impact to agriculture of the recent flooding, see ABARES '*Special report on the impact of recent flood events on commodities*', 21 January 2011, available at www.abares.gov.au.

1.2 Rainfall this week

For the week ending 26 January 2011, heavy rainfall was recorded across parts of northern Australia. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml.

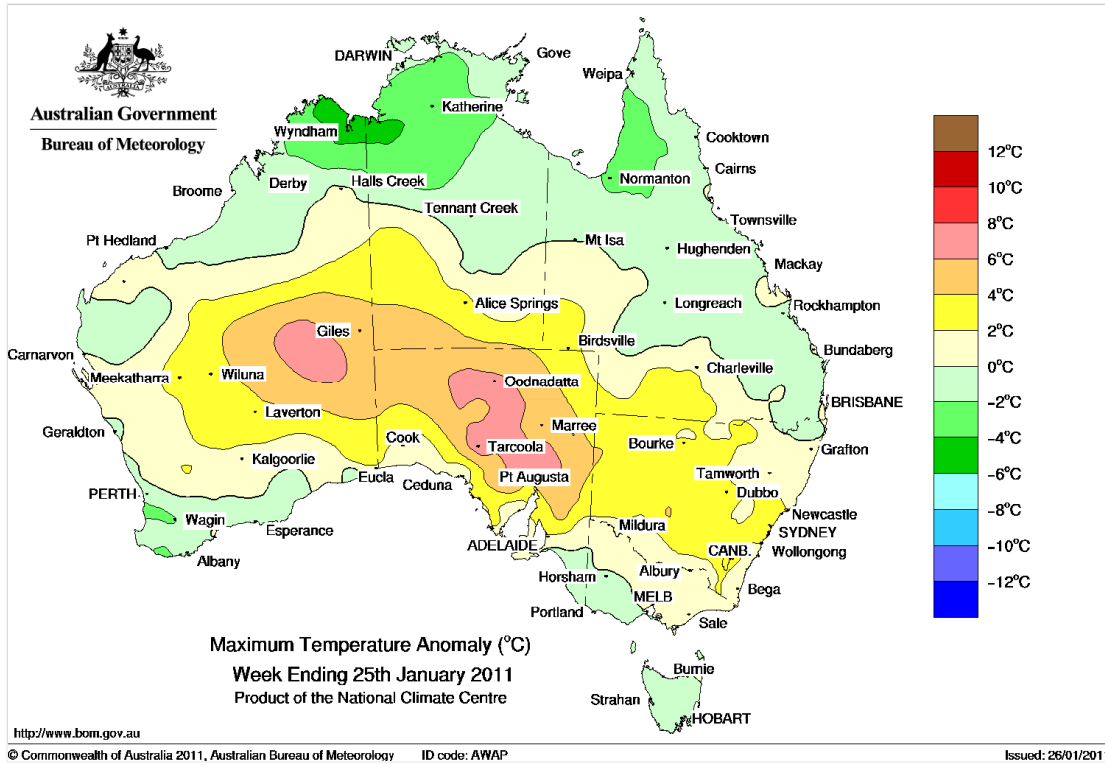
Rainfall for the week ending 26 January 2011



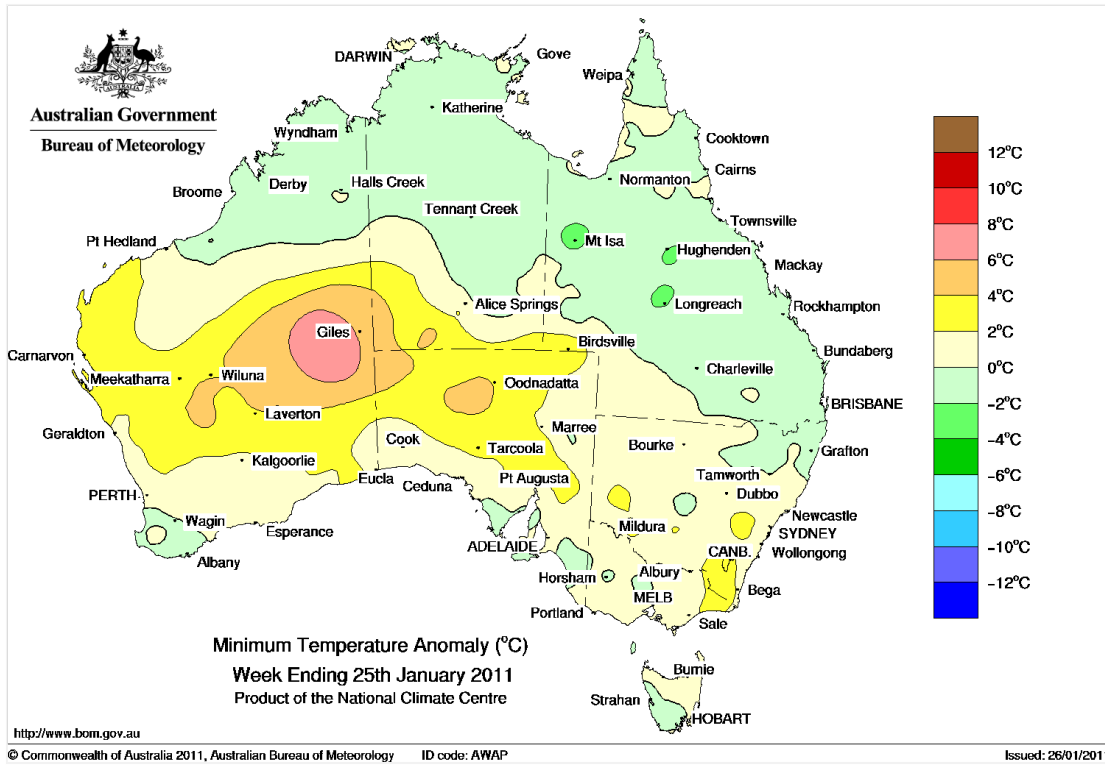
1.3 Temperature anomalies this week

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 25 January 2011



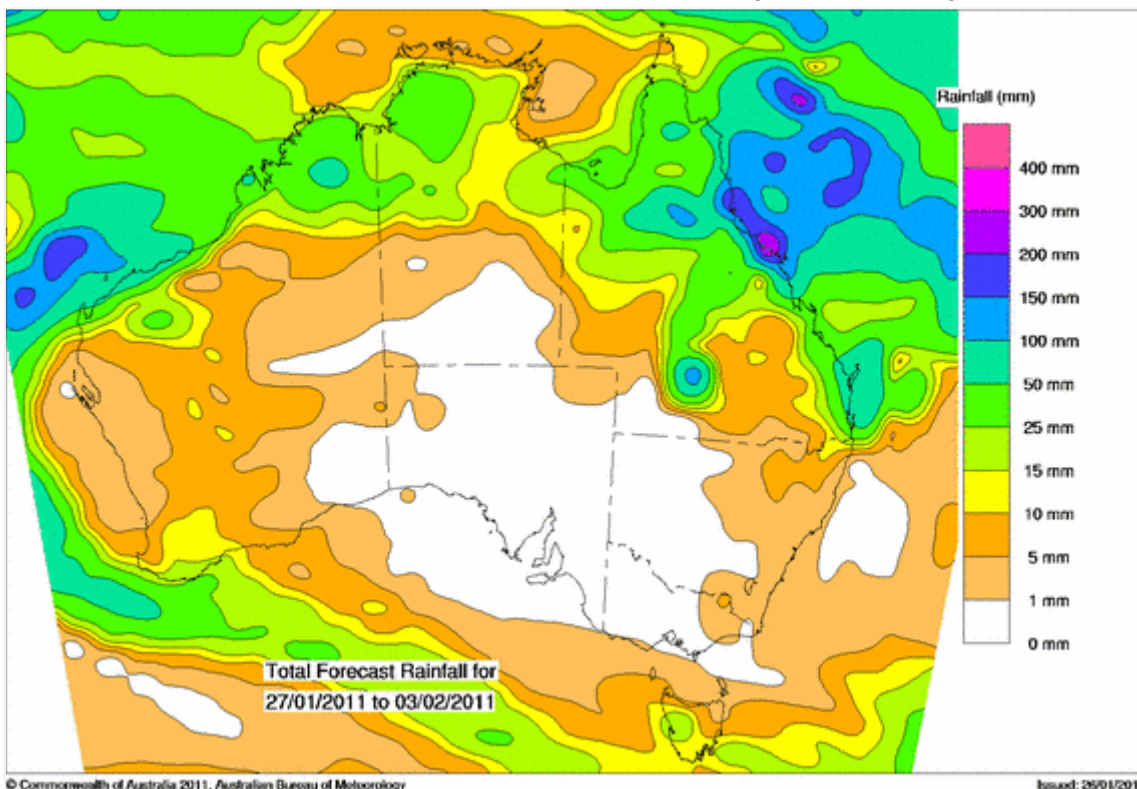
Minimum temperature anomalies for the week ending 25 January 2011



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 27 January to 3 February 2011



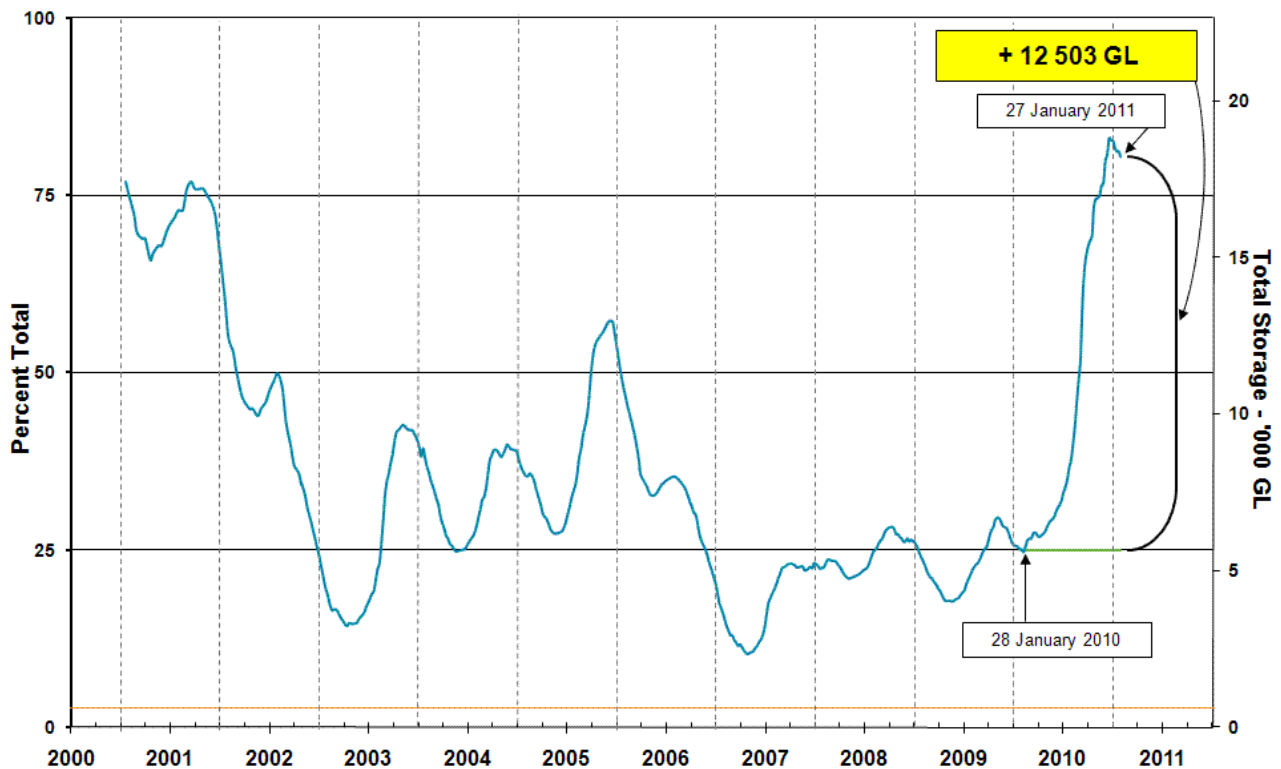
2. Water

2.1 Water availability

- Water storage levels in the Murray–Darling Basin decreased this week by 173 gigalitres to just over 80 per cent of total capacity. This is 55 percentage points or 12 503 gigalitres more than this time last year.
- There was no trade in temporary water allocations in the major southern water trading regions 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 27 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	26 Jan	19 Jan	12 Jan	5 Jan 11	29 Dec 10	22 Dec 10	15 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	30
SA Murray	No trade	22	No trade	No trade	No trade	No trade	No trade

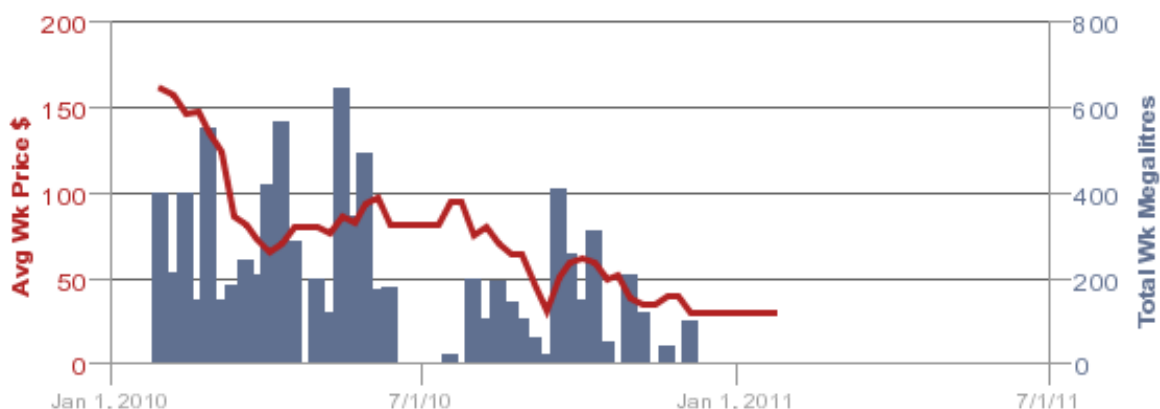
^a Last traded prices as at the dates shown.

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

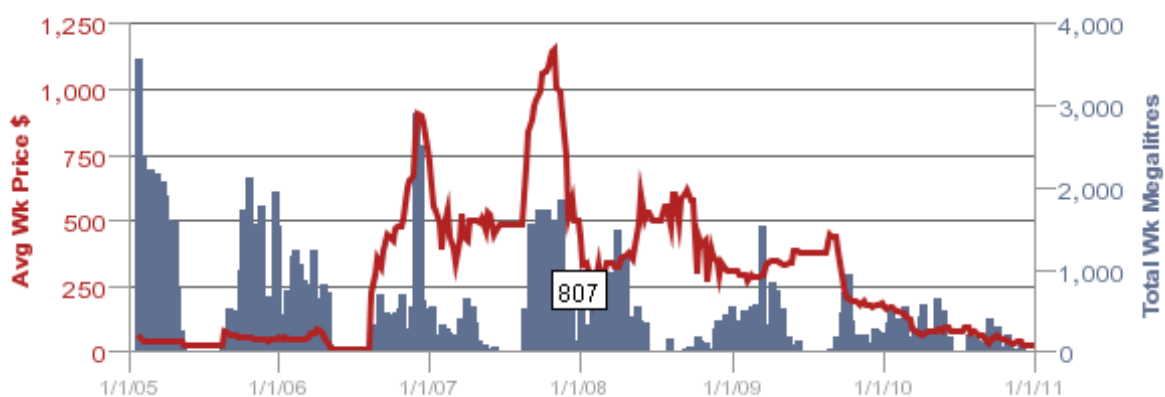
Trading Zone	26 Jan	19 Jan	12 Jan	5 Jan 11	29 Dec 10	22 Dec 10	15 Dec 10
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	No trade	No trade	No trade	No trade	No trade	No trade	100
SA Murray	No trade	200	No trade	No trade	No trade	No trade	No trade

^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

- The world wheat indicator price (US hard red winter, 11.5 per cent protein, free on board Gulf ports) continued to rise, reaching \$357 a tonne on 25 January 2011. This is the highest nominal price since August 2008.
- Sheep and lamb prices rose significantly in all states for the week ending 21 January 2011 (except sheep prices in Tasmania), which fell marginally. Record highs occurred in New South Wales, with lamb prices rising by 4.5 per cent. The high prices reflect ongoing demand for restockers, excellent meat quality and continued disruptions to livestock transfers in flood-affected regions of Victoria and northern New South Wales.
- The Australian indicator price for canola has increased by around 22 per cent since mid-October 2010, reflecting rising world prices. Over the same period, the world indicator price for canola has increased from US\$540 to US\$692 a tonne this week.
- According to Meat and Livestock Australia, pig slaughterings in Queensland increased significantly in the week ending 21 January (25 824 head) compared with the flood affected number in the previous week. Slaughterings in that week were also well above the weekly average in late 2010.
- The pig industry in Victoria has experienced flood related problems with logistics. Road closures have resulted in increased travel time and higher costs for the transport of feed and pigs. Some pigs have reportedly been relocated to alternative accommodation.
- Most fruit prices have not been significantly affected by the adverse weather conditions of recent weeks (figure A). Melon prices had risen but have now begun to decline. There have been abundant supplies of stone fruit and grapes.
- Prices of some vegetables, such as broccoli, zucchini and sweet potatoes, have risen or remained relatively high (figure B). Prices of other vegetables, including snow pea and lettuce, are showing signs of easing.

Figure A: Recent movements in fruit prices, Melbourne market

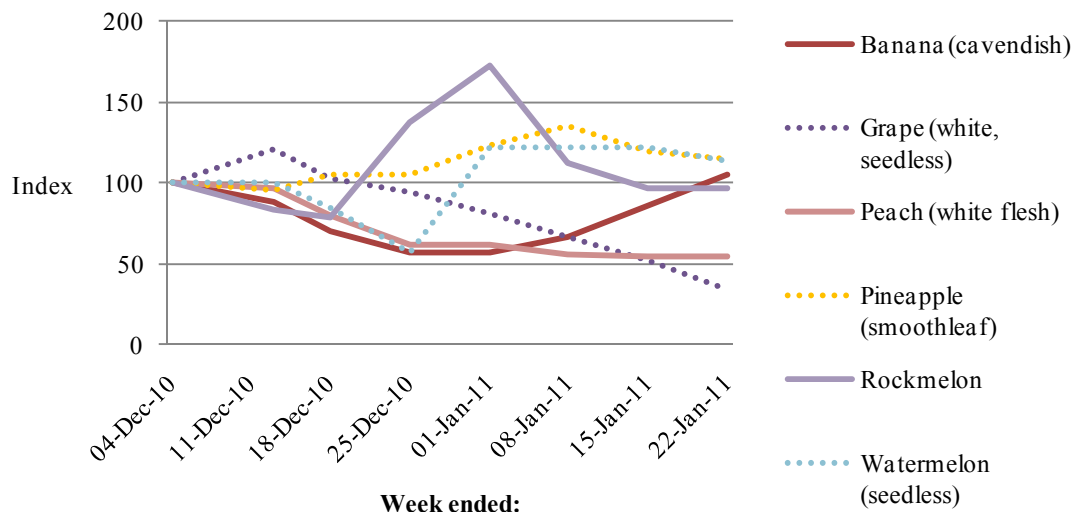
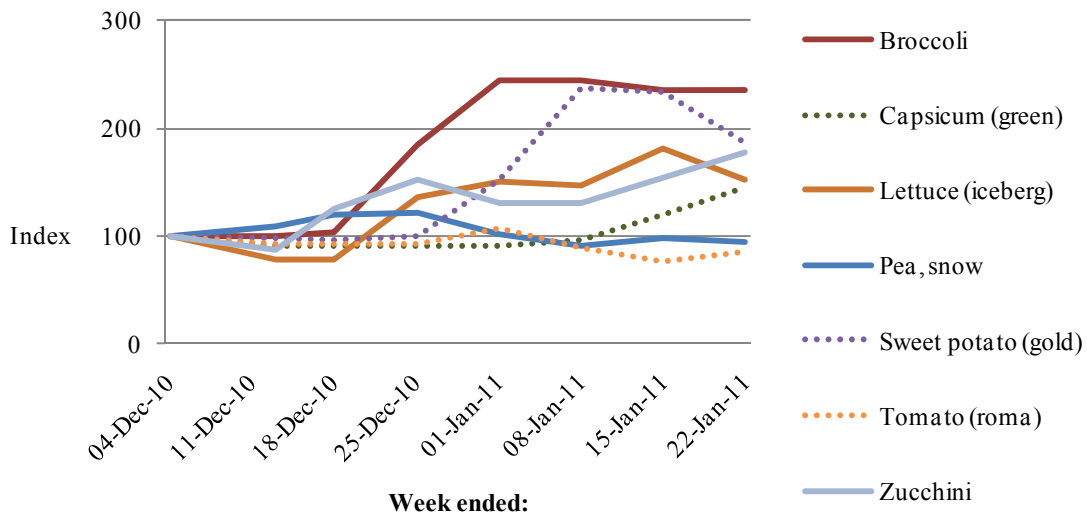
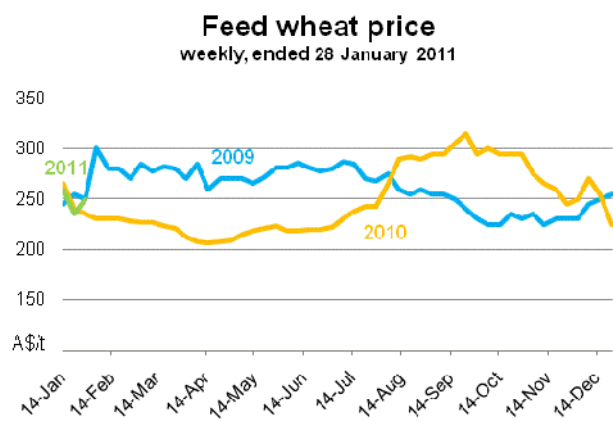
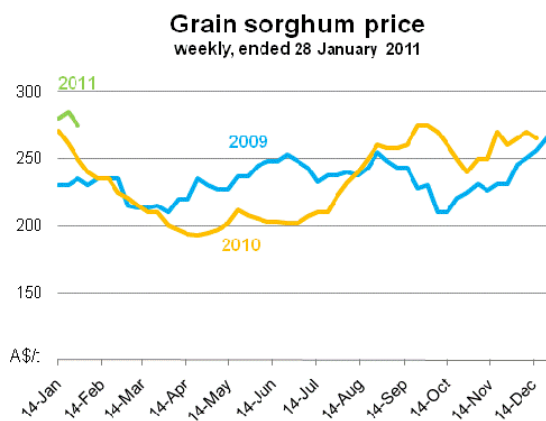
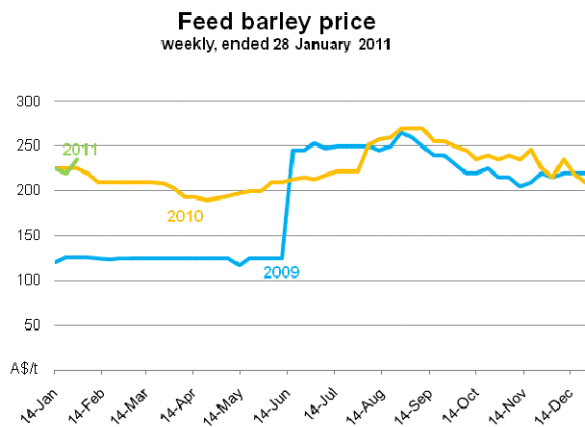
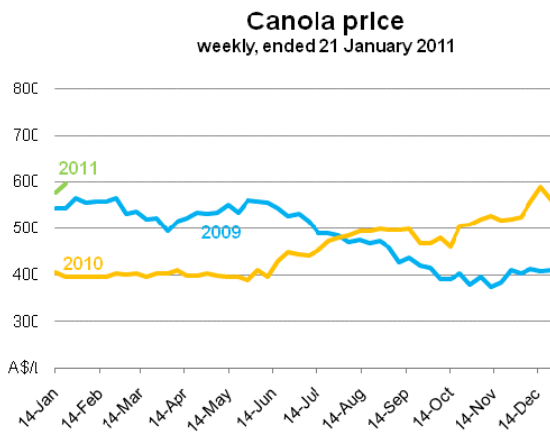


Figure B: Recent movements in vegetable prices, Melbourne market



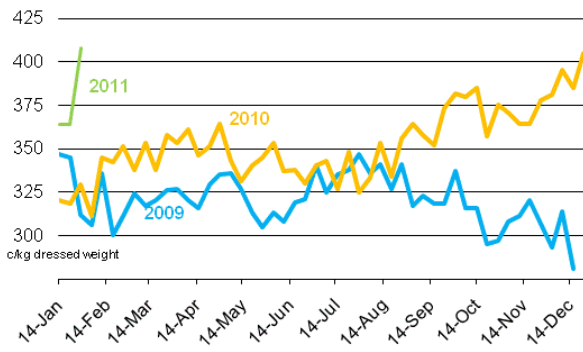
3.2 Crop indicator prices*



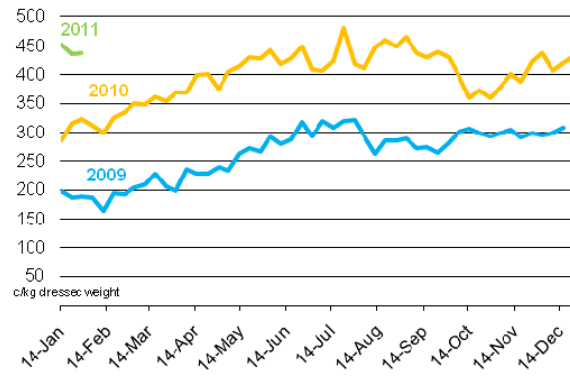
*Note: the updated canola price was not available this week.

3.3 Livestock indicator prices

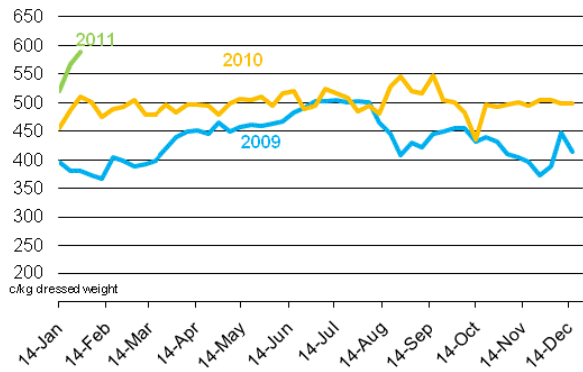
Young cattle indicator price
(330-400 kg live weight C3)
weekly, ended 28 January 2011



Mutton indicator price
(18-24 kg fat score 3)
weekly, ended 28 January 2011



Lamb indicator price
(18-20 kg fat score 3)
weekly, ended 28 January 2011



Baconer pig indicator price
GI 60-75 kg
weekly, ended 28 January 2011

