



Australian Government

Australian Bureau of Agricultural and
Resource Economics – Bureau of Rural Sciences

Weekly Australian Climate, Water and Commodity Price Update 2 September 2010

This report is available from www.abare-brs.gov.au.

Summary of key issues

- Widespread, moderate rainfall received across southern Australia this week will improve crop and pasture growth, particularly in Western Australia where producers have experienced dry seasonal conditions.
- Calving rates in north-west Queensland have reportedly improved following favourable seasonal conditions and good pasture growth.
- In areas with good soil moisture, the rainfall received in southern Australia is likely to result in recharge to surface water and groundwater supplies.
- Increased moisture levels will increase the incidence of leaf diseases such as rust in eastern cropping regions over the coming months.
- Widespread, moderate to heavy rainfall forecast across much of the south-east half of the continent in the coming week will improve production prospects.
- A La Niña event is now well established in the Pacific Ocean, with models indicating the event will persist until at least early 2011, according to the ENSO 'Wrap-Up' released by the Bureau of Meteorology this week.
- General security water allocations in the New South Wales (NSW) Murrumbidgee and Murray systems for the 2010–11 season have opened at 9 per cent and 8 per cent respectively. High security allocations in the NSW Murrumbidgee system have increased to 97 per cent.
- High reliability allocations increased in all major Victorian systems, with the Goulburn, Murray and Broken systems at 41 per cent, 57 per cent and 100 per cent respectively. South Australian River Murray allocations increased from 34 per cent to 41 per cent.
- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 699 gigalitres, or approximately 3 per cent, to around 47 per cent of total capacity.
- Water prices in the major southern Murray-Darling Basin trading regions decreased slightly this week to around \$69 per megalitre.
- The world wheat indicator price rose to a new high of US\$294 a tonne this week, despite relatively high stocks.

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1. Climate

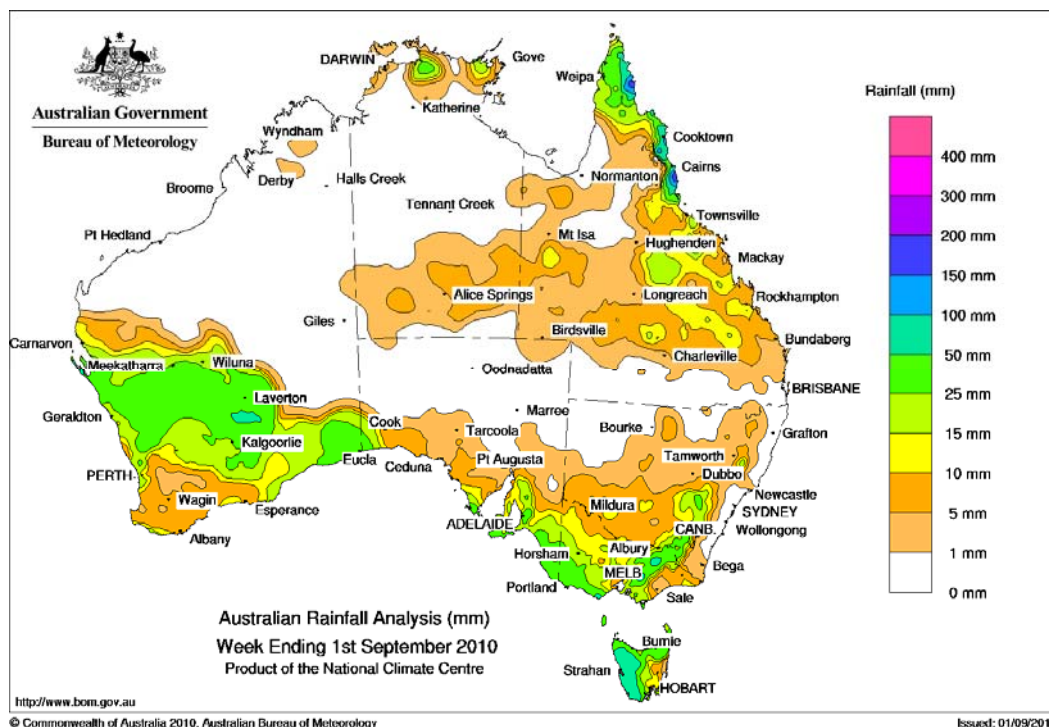
1.1 Notable events

- For the week ending 1 September 2010, a series of cold fronts and troughs brought **widespread moderate rainfall to large areas of southern Australia**. Rainfall was also recorded across areas of north-east Australia. The **highest measured total** for the week was **300 mm**, recorded at **Babinda** in far north Queensland. Rainfall exceeded 25 mm over large areas of south-west Western Australia, Tasmania and Victoria.
- The rain received across southern Australia this week will help **maintain soil moisture and improve crop and pasture growth**, particularly in **Western Australia** where producers have experienced **dry seasonal conditions**.
- Calving rates in parts of north-west Queensland have reportedly improved following favourable seasonal conditions and good pasture growth.
- In areas with good soil moisture, the rain in southern Australia is likely to result in **recharge to surface water and groundwater supplies**. Major dams in south-east Australia are rising, although storage levels generally remain low.
- Increased moisture levels will increase the incidence of leaf diseases such as rust in eastern cropping regions over the coming months.
- **Widespread, moderate to heavy rainfall forecast** across much of the **south-east half of the continent** in the coming week will improve production prospects. The rain is likely to further improve soil moisture and result in runoff and recharge to surface water and groundwater supplies.
- A **La Niña event** is now **well established** in the Pacific Ocean, according to the ENSO 'Wrap-Up' released by the Bureau of Meteorology this week. All of the major models are predicting that Pacific Ocean sea surface temperatures will remain above La Niña thresholds through spring 2010, with the majority indicating the event will persist until at least early 2011.

1.2 Rainfall this week

For the week ending 1 September 2010, rainfall was mostly confined to southern and north-east Australia. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml

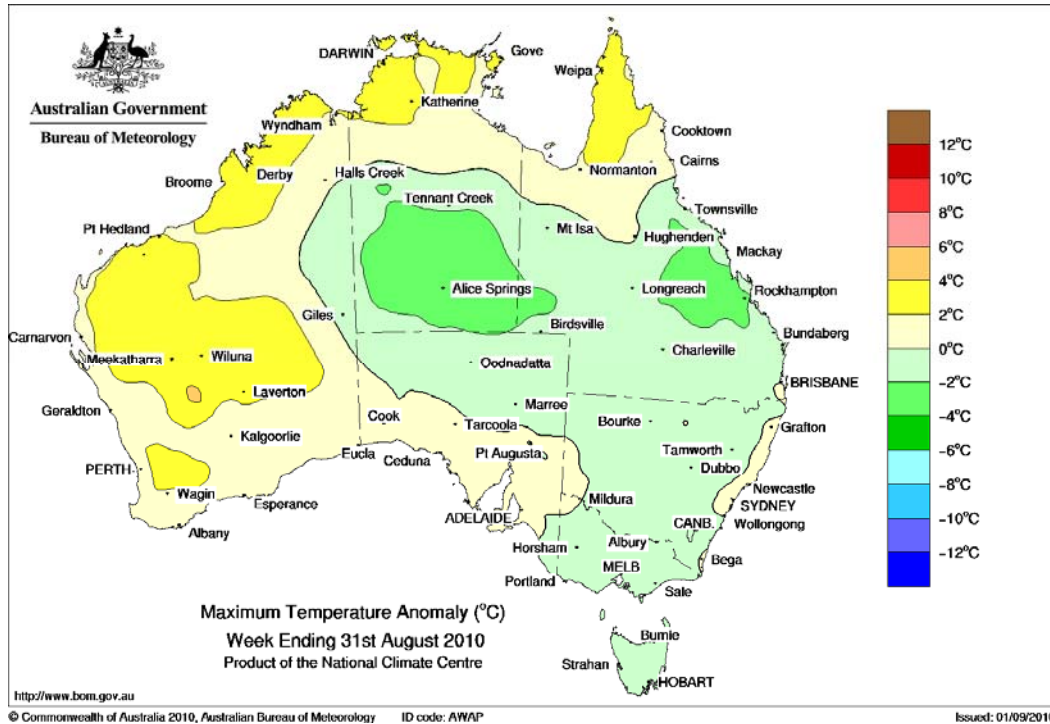
Rainfall for the week ending 1 September 2010



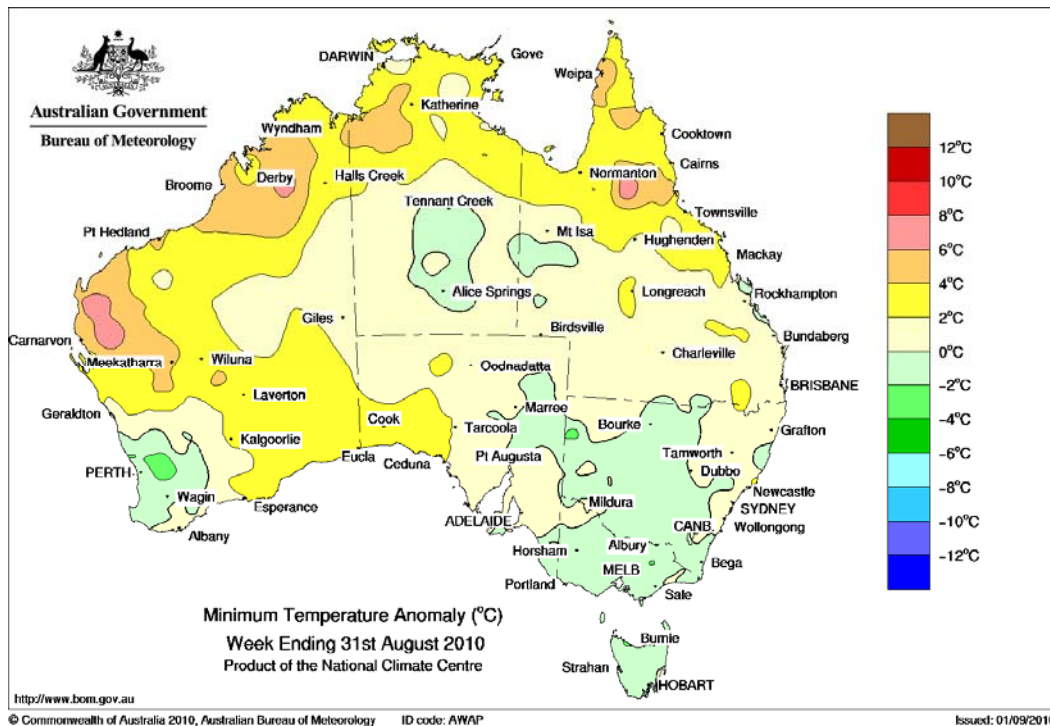
1.3 Temperature anomalies this week

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 31 August 2010



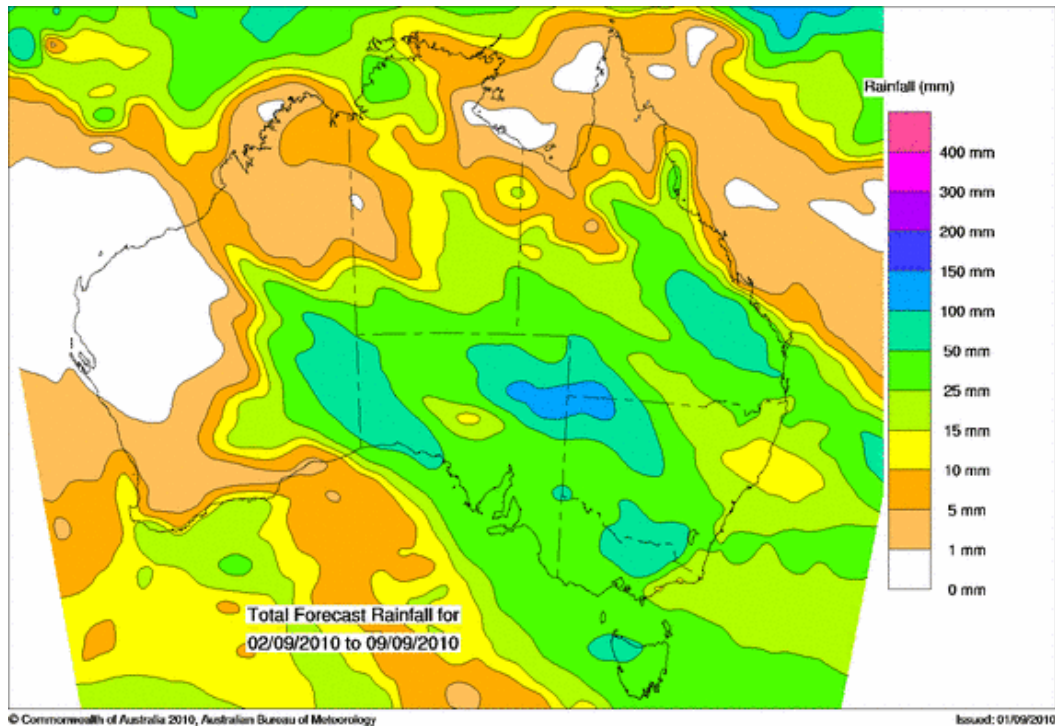
Minimum temperature anomalies for the week ending 31 August 2010



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 2–9 September 2010



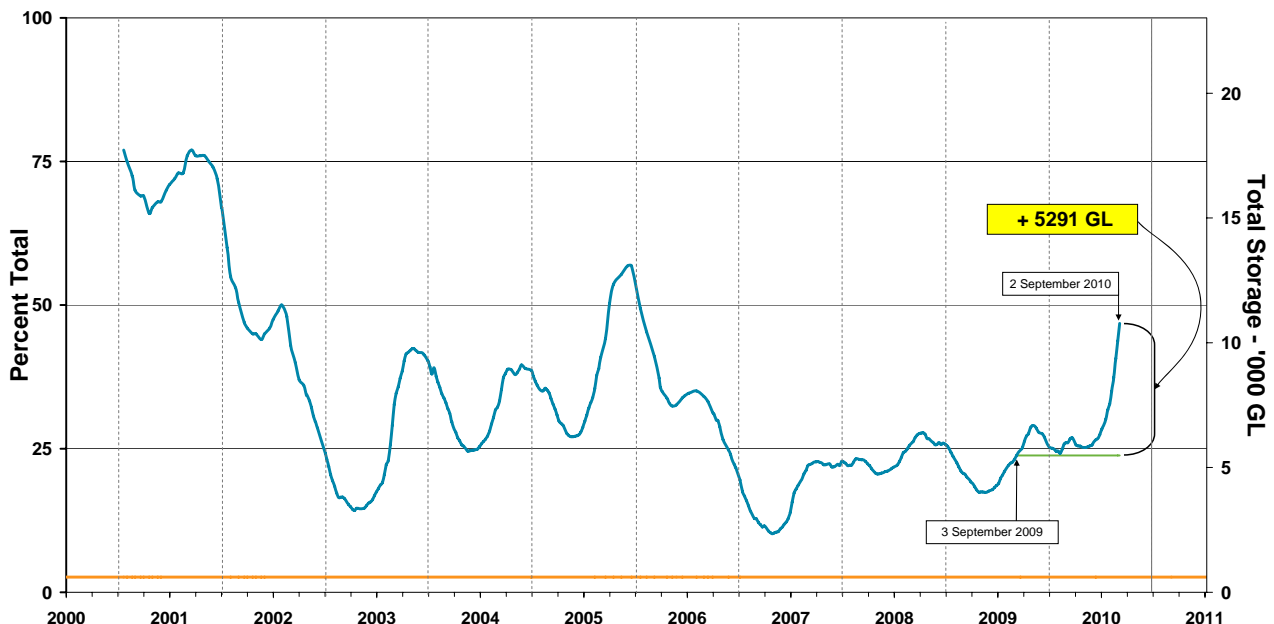
2. Water

2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 699 gigalitres, or approximately 3 per cent, to around 47 per cent of total capacity.
- Despite recent increases in overall storage levels, inflows into the River Murray system remain well-below the long-term average.
- At this time of year, irrigation allocation drawdown is commencing, which will affect the response between rainfall and storage levels.
- The first general security water allocations in the New South Wales (NSW) Murrumbidgee and Murray systems for the 2010–11 season have been announced and are 9 per cent and 8 per cent respectively. High security allocations in the NSW Murrumbidgee system increased from 70 to 97 per cent, while high security allocations in the NSW Murray system remain at 95 per cent.
- High reliability allocations increased in all major Victorian systems. The Goulburn system increased from 26 per cent to 41 per cent; the Murray from 23 per cent to 57 per cent; the Broken from 21 per cent to 100 per cent; the Campaspe from 21 per cent to 90 per cent; and the Loddon from 26 per cent to 41 per cent.
- South Australian River Murray allocations increased from 34 per cent to 41 per cent.
- There have been small volumes of trade this week in some temporary water markets.
- Water prices in the major southern Murray-Darling Basin trading regions decreased slightly this week to around \$69 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 2 September 2010 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 (2010)	1 Sep	25 Aug	18 Aug	11 Aug	4 Aug	28 Jul	21 Jul	14 Jul
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	65	70	70	80	70	95	No trade	No trade
SA Murray	72	72	72	72	80	90	No trade	No trade

^a Last traded prices as at the dates shown.

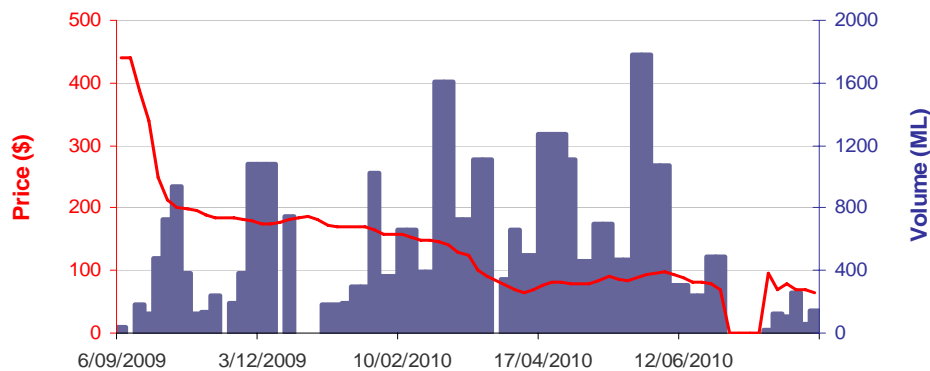
Volume (ML) of selected temporary trade in allocations, MDB^b

Trading Zone (2010)	1 Sep	25 Aug	18 Aug	11 Aug	4 Aug	28 Jul	21 Jul	14 Jul
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	143	57	256	107	129	20	No trade	No trade
SA Murray	No trade	No trade	No trade	100	25	10	No trade	No trade

^b Water traded last week on Waterexchange.

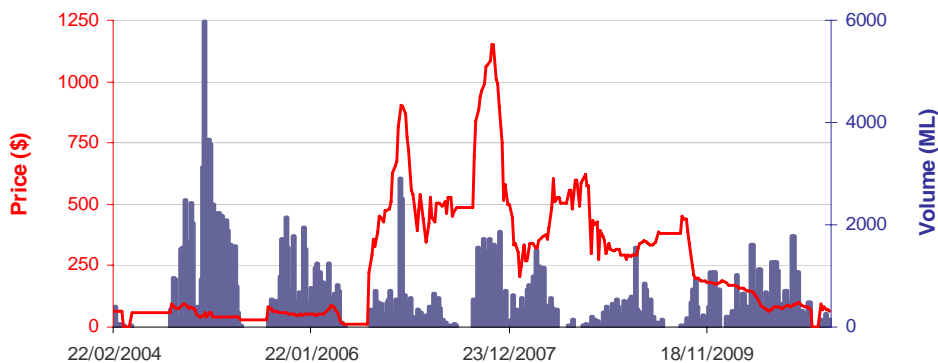
Recent trading (last 12 months)

WEEKLY TRADING HISTORY - 1A GREATER GOULBURN



Historical trading (last 5 years)

WEEKLY TRADING HISTORY - 1A GREATER GOULBURN



Source: Waterexchange.

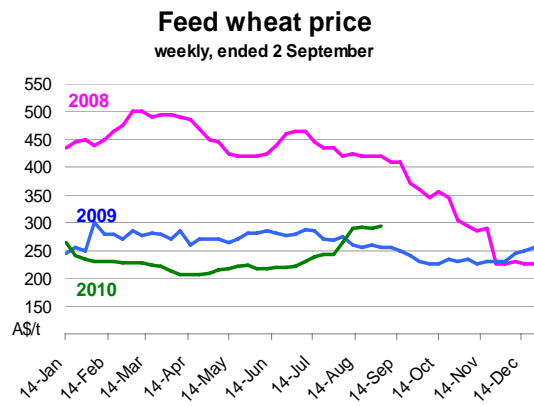
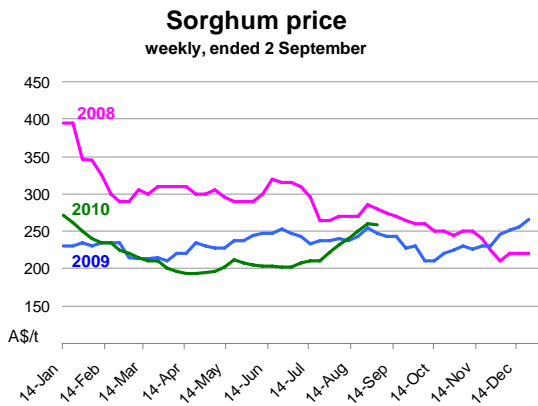
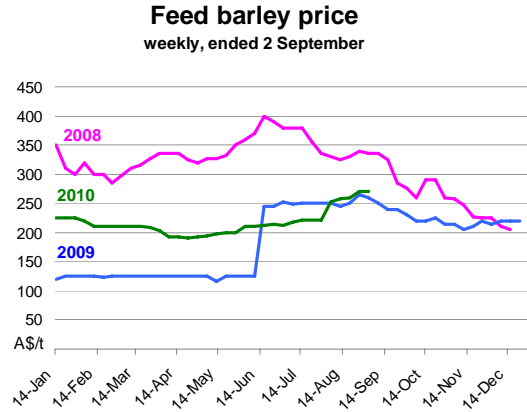
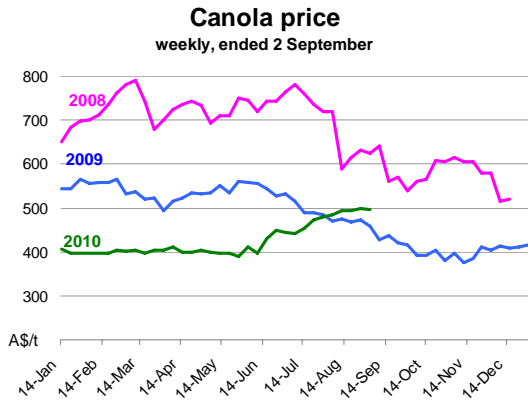
(Note: Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and SA Murray are very similar and have not been included).

3. Commodity prices

3.1 Commodities

- The world wheat indicator price rose to a new high of US\$294 a tonne this week, despite relatively high stocks.

3.2 Crop indicator prices



3.3 Livestock indicator prices

