



Australian Government

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

Weekly Australian Climate, Water and Commodity Price Update 16 September 2010

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

Summary of key issues

- Rainfall received this week in south-east Australia, combined with warmer forecast temperatures in the coming week, will improve crop and pasture growth.
- Waterlogging from recent rainfall across areas of Victoria and South Australia is causing some yellowing of crops. Stripe-rust, which is associated with moist conditions, may affect crops over the coming months.
- Swarms of spur-throated locusts are reportedly moving east towards crops in Queensland. Locusts have reportedly begun hatching in parts of New South Wales, South Australia and Victoria.
- The La Niña event in the Pacific Ocean has strengthened further with models predicting that the event will persist until at least early 2011, according to the ENSO 'Wrap-up' released by the Bureau of Meteorology this week.
- Murray system monthly inflows reached long-term average levels during August and are likely to be higher than the long-term average during September.
- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 2145 gigalitres, or approximately 9 per cent, to around 65 per cent of total capacity.
- Total winter crop production in 2010–11 is forecast to be around 40.7 million tonnes, which is 16 per cent higher than last season and if achieved, would be the third largest on record (September *Australian Crop Report*, ABARE–BRS).
- Of the major winter crops, wheat production is forecast to rise by 16 per cent to 25.1 million tonnes in 2010–11, which is around 3 million tonnes above the June forecast.
- Sheep and lamb yardings in Victoria were 8 per cent lower, largely due to significant flooding.

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1. Climate

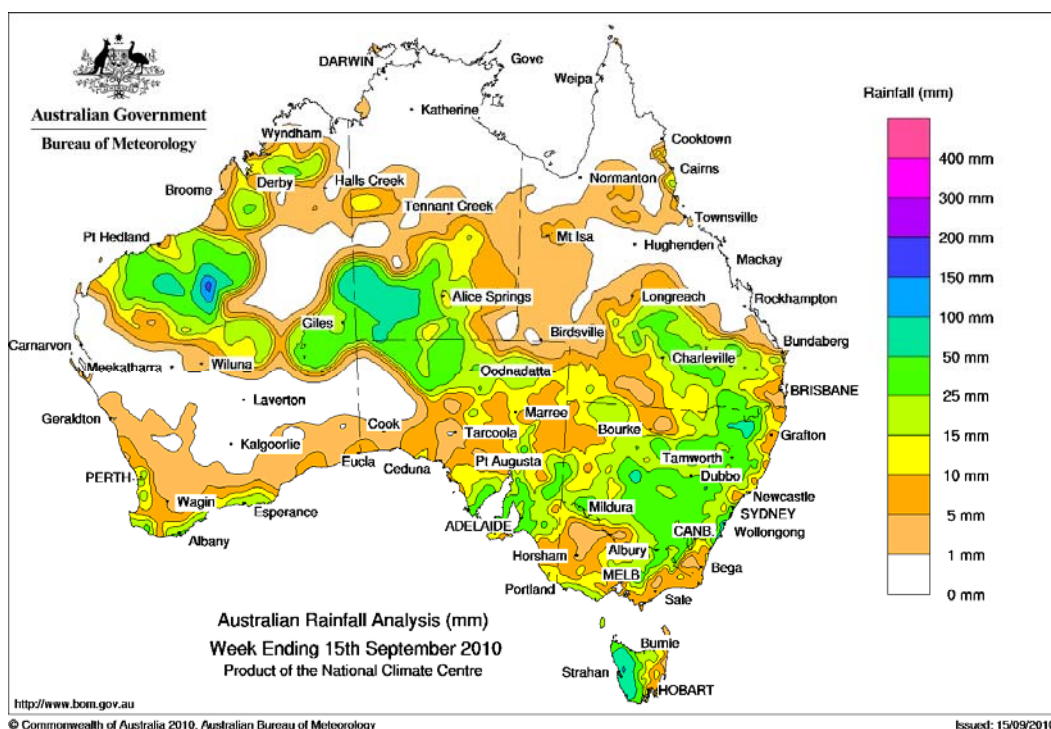
1.1 Notable events

- For the week ending 15 September 2010, rainfall was recorded in all states and territories, with the heavier falls over parts of south-east, central and north-west Australia. Much of the rain was caused by a series of eastward moving cold fronts and troughs. The **highest measured rainfall** total for the week was **142 mm**, recorded at **Mount Read** in Tasmania. Rainfall exceeded 25 mm over large areas of the continent.
- Crops and pastures in south-east Australia will benefit from light to moderate rainfall received this week as the region enters its **peak growing season**. With warmer temperatures forecast in the coming week, growth is likely to accelerate, particularly in areas with good soil moisture.
- **Waterlogging** from recent rainfall across areas of Victoria and South Australia is causing some **yellowing of crops**, with reports of damage to canola in flood-affected Victoria. **Stripe-rust**, which is associated with moist conditions, may affect crops over the coming months.
- Swarms of spur-throated **locusts** are reportedly moving east and threatening crops in Queensland. Locust hatchings have been reported in parts of New South Wales, South Australia and Victoria and are expected to increase across southern Australia in the coming weeks.
- The La Niña event in the Pacific Ocean has strengthened further over the past two weeks, according to the ESNO 'Wrap-up' released by the Bureau of Meteorology this week. All computer models predict La Niña will last through the southern hemisphere spring, with the majority indicating the event will persist into at least early 2011.
- La Niña periods are usually, but not always, associated with above normal rainfall during the second half of the year across large parts of Australia, most notably eastern and northern regions. Night time temperatures are historically warmer than average and Tropical Cyclone occurrence for northern Australia is typically higher than normal during the cyclone season (November-April).

1.2 Rainfall this week

For the week ending 15 September 2010, rainfall was recorded in all states and territories. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml

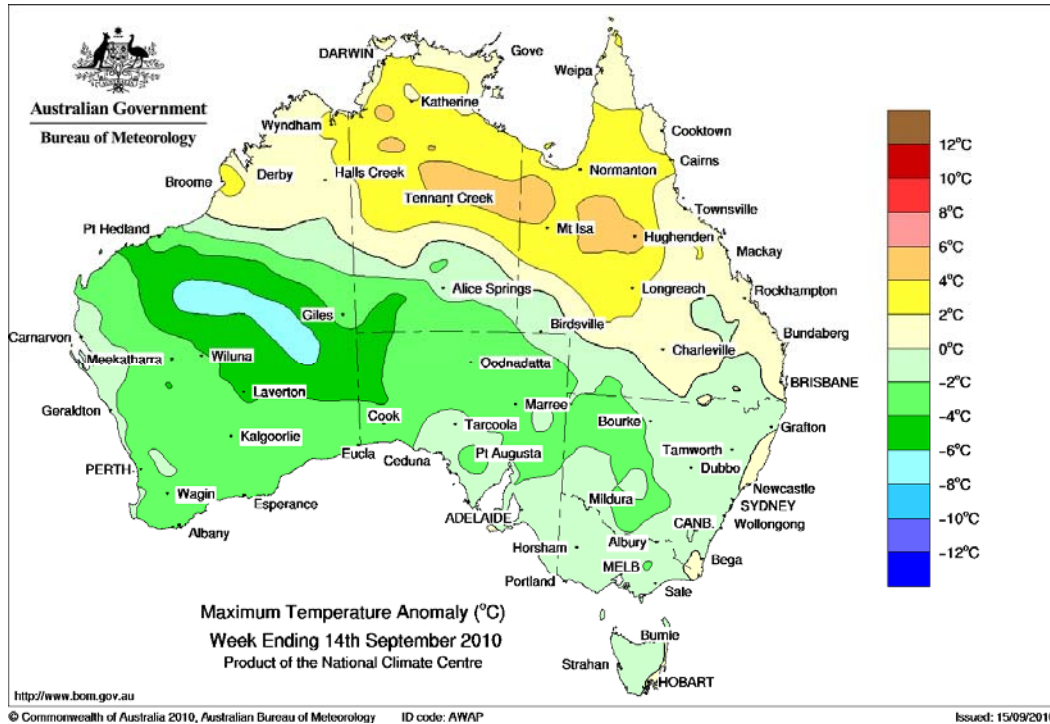
Rainfall for the week ending 15 September 2010



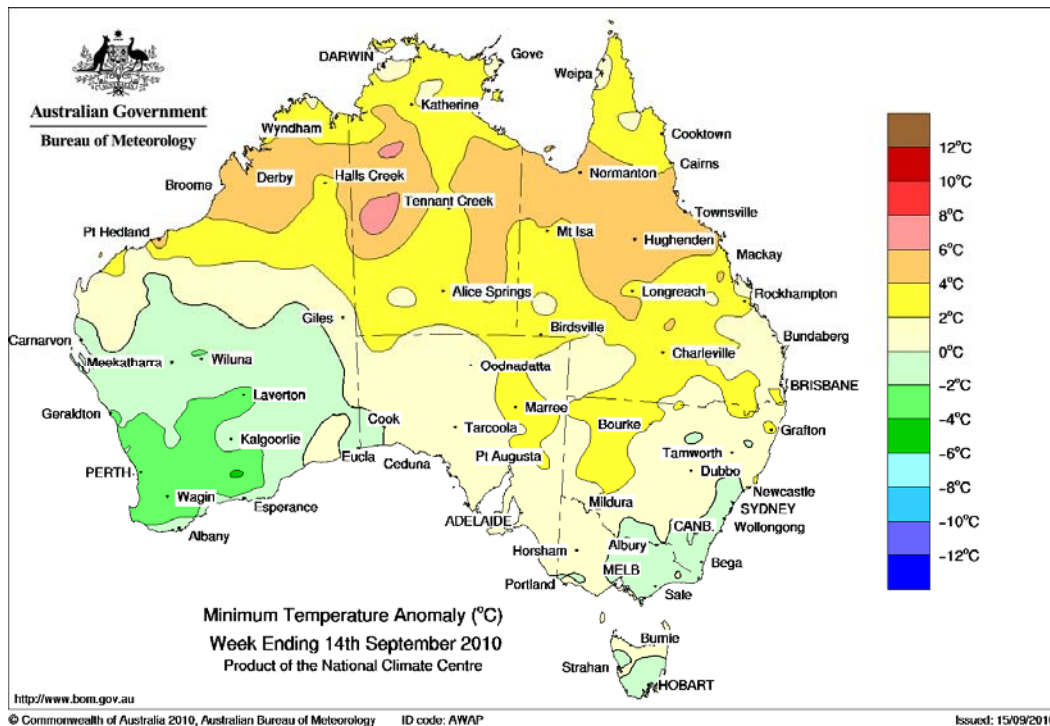
1.3 Temperature anomalies this week

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 14 September 2010



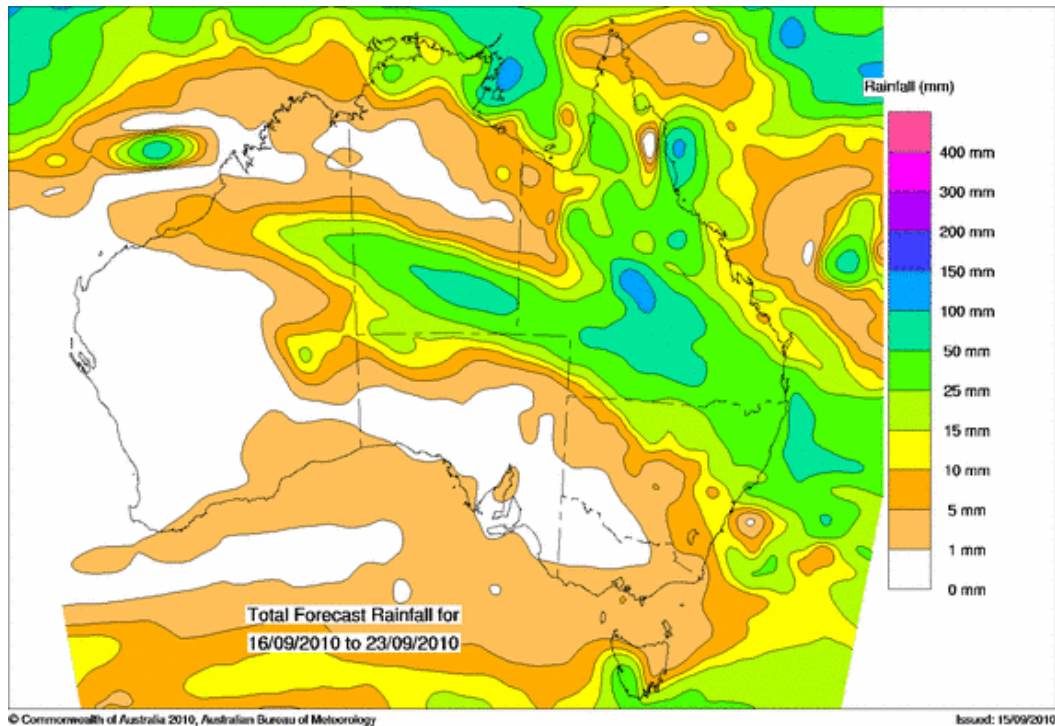
Minimum temperature anomalies for the week ending 14 September 2010



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 16–23 September 2010



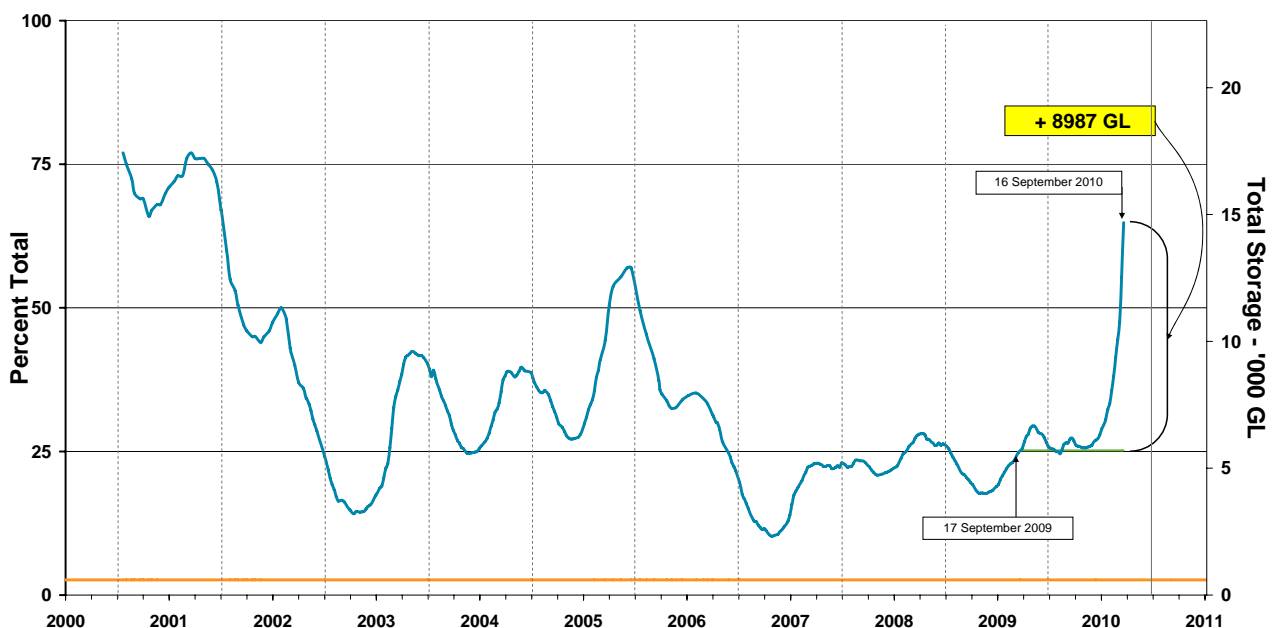
2. Water

2.1 Water availability

- Water storage information has been adjusted this week to reflect available storages in the Menindee Lakes.
- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 2145 gigalitres (GL), or approximately 9 per cent, to around 65 per cent of total capacity. This is 40 per cent or 9028 GL higher than at the same time last year. Approximately 1000 GL of this week's increase is due to the Menindee Lakes adjustment.
- This is the highest level since January 2002 when it was at 67 per cent.
- There have been limited volumes of trade this week in some temporary water markets.
- Murray system monthly inflows reached long-term average levels during August and are likely to be higher than the long-term average during September.
- Murray system daily inflows stayed well above long-term average levels last week, hitting nearly 200 000 megalitres per day (ML/day). Long-term average daily inflows for this time of year are about 50 000 ML/day.
- General security water allocations in the New South Wales Murray and Murrumbidgee systems increased from 8 per cent and 9 per cent respectively to 36 per cent and 50 per cent respectively.
- High reliability allocations increased in the Victorian Murray, Goulburn and Loddon systems, with the Murray increasing from 57 per cent to 94 per cent, the Goulburn increasing from 41 per cent to 67 per cent and the Loddon increasing from 41 per cent to 67 per cent.
- South Australian River Murray allocations increased from 41 per cent to 63 per cent.

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 16 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)	15 Sep	8 Sep	1 Sep	25 Aug	18 Aug	11 Aug	4 Aug	28 Jul
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	31	45	65	70	70	80	70	95
SA Murray	No trade	72	72	72	72	72	80	90

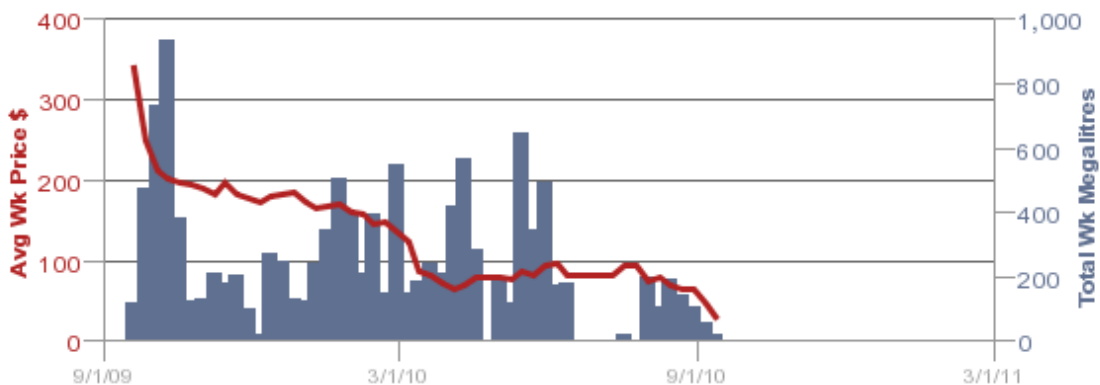
^a Last traded prices as at the dates shown.

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

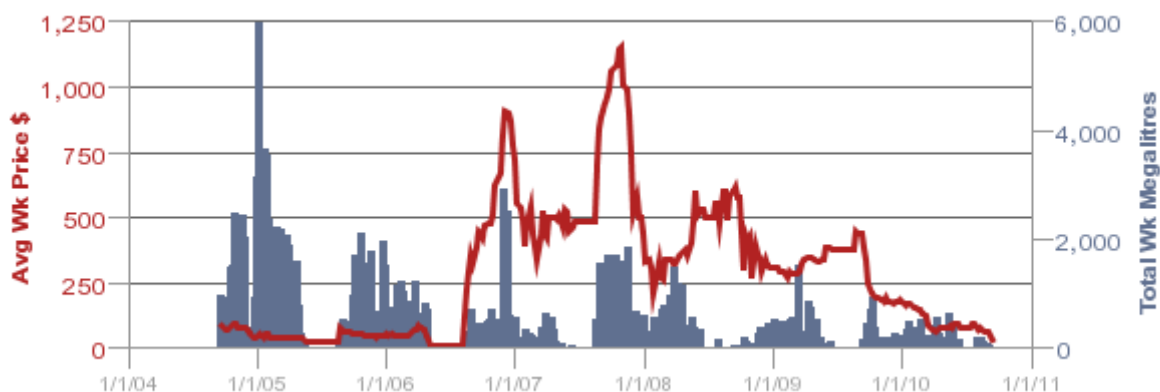
Trading Zone (2010)	15 Sep	8 Sep	1 Sep	25 Aug	18 Aug	11 Aug	4 Aug	28 Jul
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	66	178	143	57	256	107	129	20
SA Murray	No trade	No trade	No trade	No trade	No trade	100	25	10

^b Water traded last week on Waterexchange.

Recent trading (last 12 months)



Historical trading (last 5 years)



Source: Waterexchange.

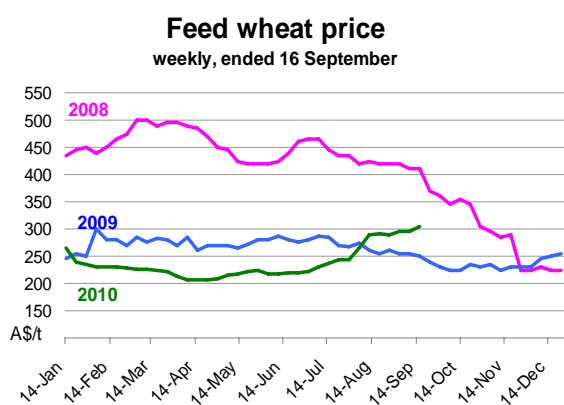
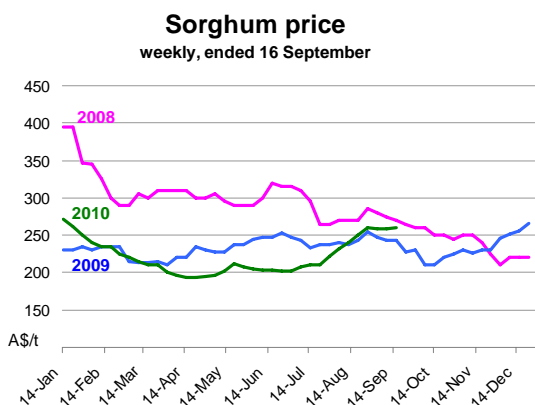
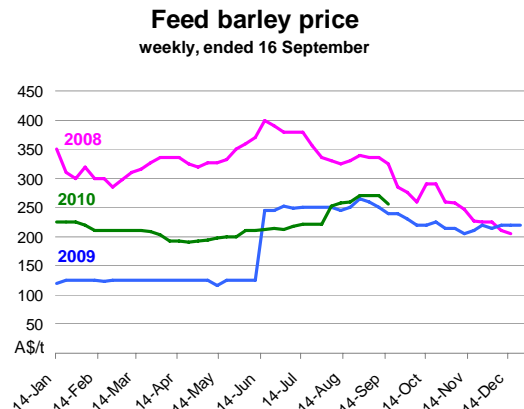
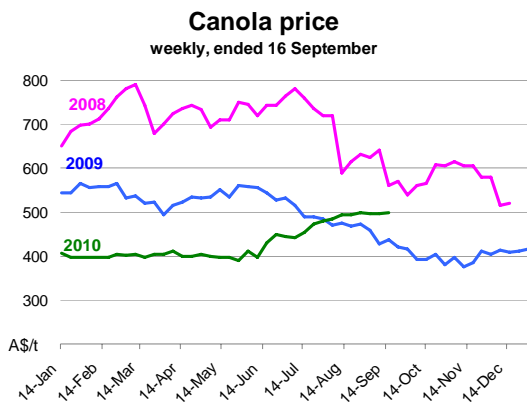
(Note: Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and SA Murray are very similar and have not been included).

3. Commodity prices

3.1 Commodities

- Total winter crop production in 2010–11 is forecast to be around 40.7 million tonnes, which is 16 per cent higher than last season and if achieved, would be the third largest on record (September *Australian Crop Report*, ABARE–BRS).
- Of the major winter crops, wheat production is forecast to rise by 16 per cent to 25.1 million tonnes in 2010–11, which is around 3 million tonnes above the June forecast.
- The forecast increase in winter crop production reflects the favourable seasonal conditions over eastern Australia.
- Sheep and lamb yardings in Victoria were 8 per cent lower, largely because of significant flooding. Additionally, rainfall across the eastern states has increased restocker demand, particularly for ewes and store lambs.
- Despite lower yardings, trade lamb prices in Victoria fell by 5 per cent this week to 527 cents a kilogram carcass weight. In contrast, trade lamb prices in New South Wales increased by around 2 per cent, to 555 cents a kilogram carcass weight.
- Sheep prices increased by 2 per cent this week in New South Wales and declined by 5 per cent in Victoria to 446 and 450 cents a kilogram carcass weight, respectively. The price falls in Victoria are likely attributable to disrupted sales, as demand remains strong relative to continued low supplies.

3.2 Crop indicator prices



3.3 Livestock indicator prices

