



Australian Government

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

Weekly Australian Climate, Water and Commodity Price Update 23 September 2010

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

Summary of key issues

- Growing conditions in eastern Australia continue to improve in most areas following recent rainfall and warmer temperatures.
- Diseases associated with the recent moist conditions are being reported in some southern cropping regions.
- Rain in central Queensland is reportedly delaying the wheat harvest in some areas and may affect quality.
- More locust hatchings have been reported in parts of southern Australia and are expected to increase in the coming weeks.
- Wetter conditions are favoured across much of the continent for the October to December 2010 period, according to the Seasonal Outlook released by the Bureau of Meteorology this week.
- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 495 gigalitres, or approximately 2 per cent, to around 67 per cent of total capacity.
- Trade volumes in the major southern Murray-Darling Basin trading regions increased this week, with the average price of water allocations at around \$40 per megalitre.
- The Menindee Lakes storages in western New South Wales have reached full capacity for the first time since September 2001.
- The world coarse grains indicator price (United States Corn, free on board Gulf) averaged US\$213 per tonne this week, up from US\$196 per tonne in the first two weeks of September.
- Prices in lamb markets were volatile this week, with the average saleyard price of lamb falling by around 3 per cent in New South Wales, being largely unchanged in Victoria, and falling by 14 per cent in Western Australia.

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1. Climate

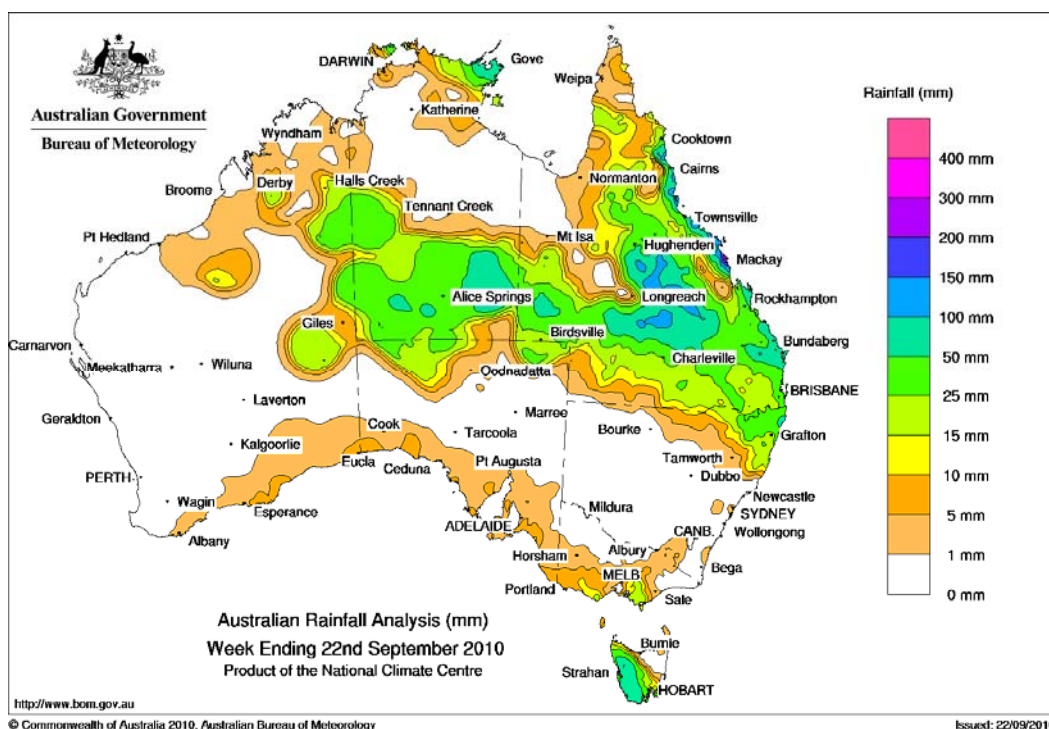
1.1 Notable events

- For the week ending 22 September 2010, the heaviest rainfall was mostly confined to parts of central and north-eastern Australia. A strong, slow moving high that moved into the Great Australian Bight during the week dominated the weather over southern Australia, with much of the south of the continent receiving little or no rainfall. The **highest measured rainfall** total for the week was **211 mm**, recorded at **Babinda** in far north Queensland. Rainfall exceeded 25 mm over large areas of Queensland, central Australia and Tasmania.
- **Growing conditions** in eastern Australia continue to **improve** in many areas following recent rainfall and warmer temperatures.
- **Winter crop yields and quality** in some parts of central **Queensland** may be affected by recent high rainfall. Moderate to heavy rainfall across large areas of central Queensland this week is reportedly causing delays to the harvest.
- Problems with **stripe-rust and other disease** are being reported in some **southern cropping regions**. Stripe-rust, which is associated with moist conditions, may affect more crops over the coming months. Ascochyta blight, which is also associated with moist conditions, is reportedly affecting some chickpea crops.
- More **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. Mice are also a threat to crops in some areas.
- The chances of exceeding the median rainfall across much of the continent for the October to December 2010 period are greater than 60 per cent, according to the Seasonal Outlook released by the Bureau of Meteorology this week. Warmer minimum and maximum temperatures are likely for parts of southern and northern Australia, while cooler temperatures are favoured for parts of the east.

1.2 Rainfall this week

For the week ending 22 September 2010, the heaviest rainfall was mostly confined to parts of eastern Australia. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml

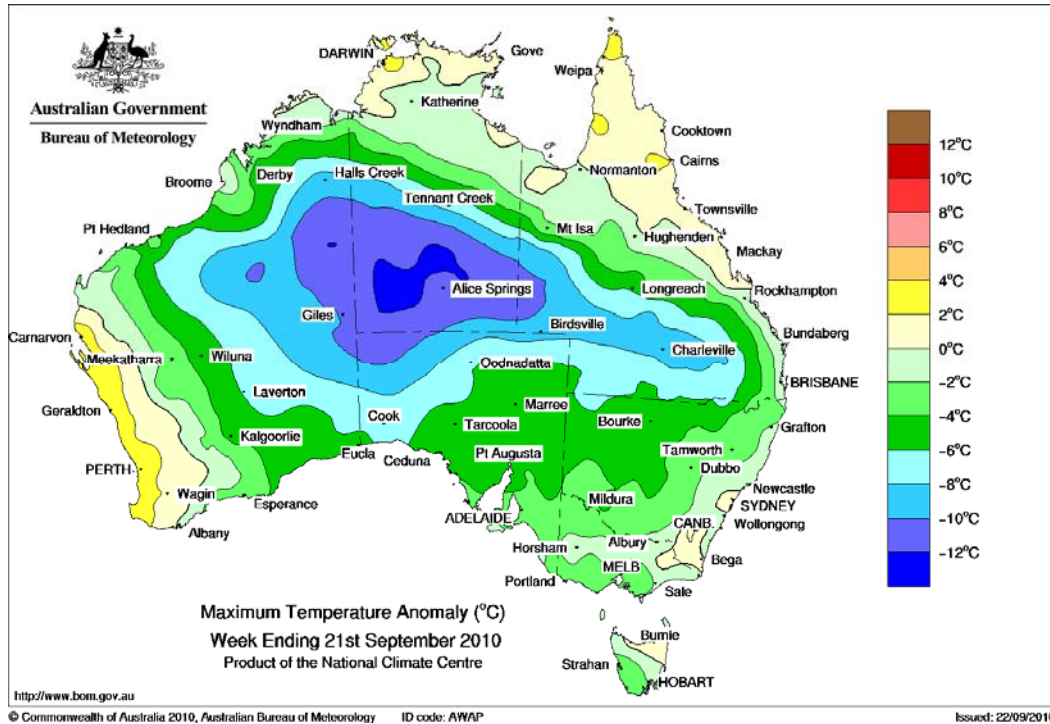
Rainfall for the week ending 22 September 2010



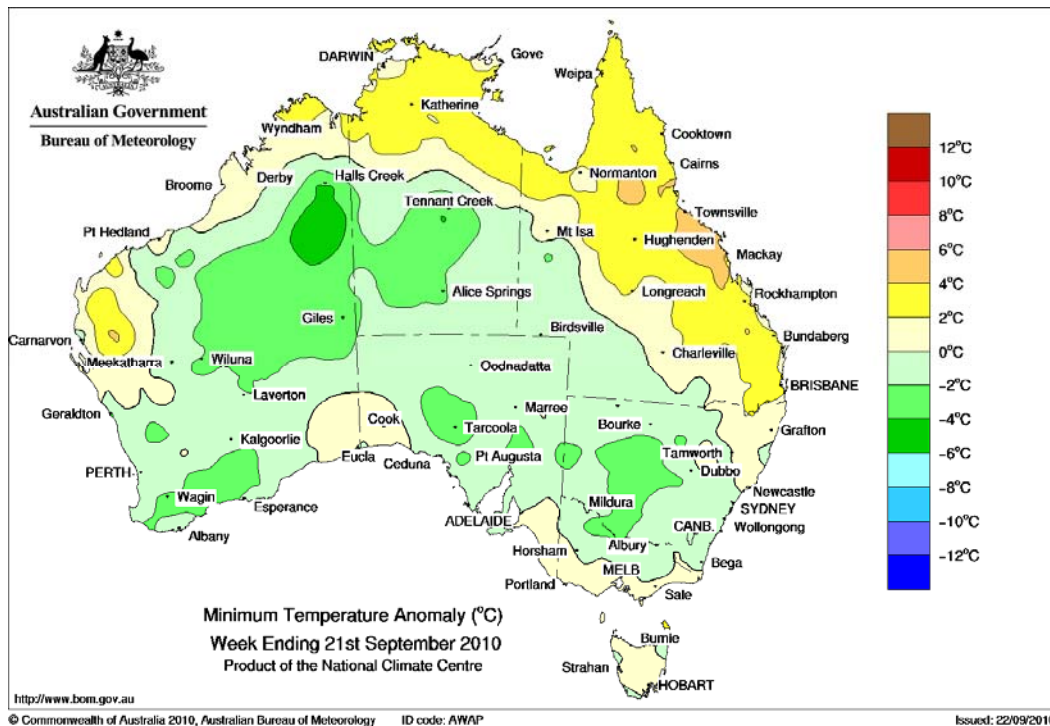
1.3 Temperature anomalies this week

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 21 September 2010



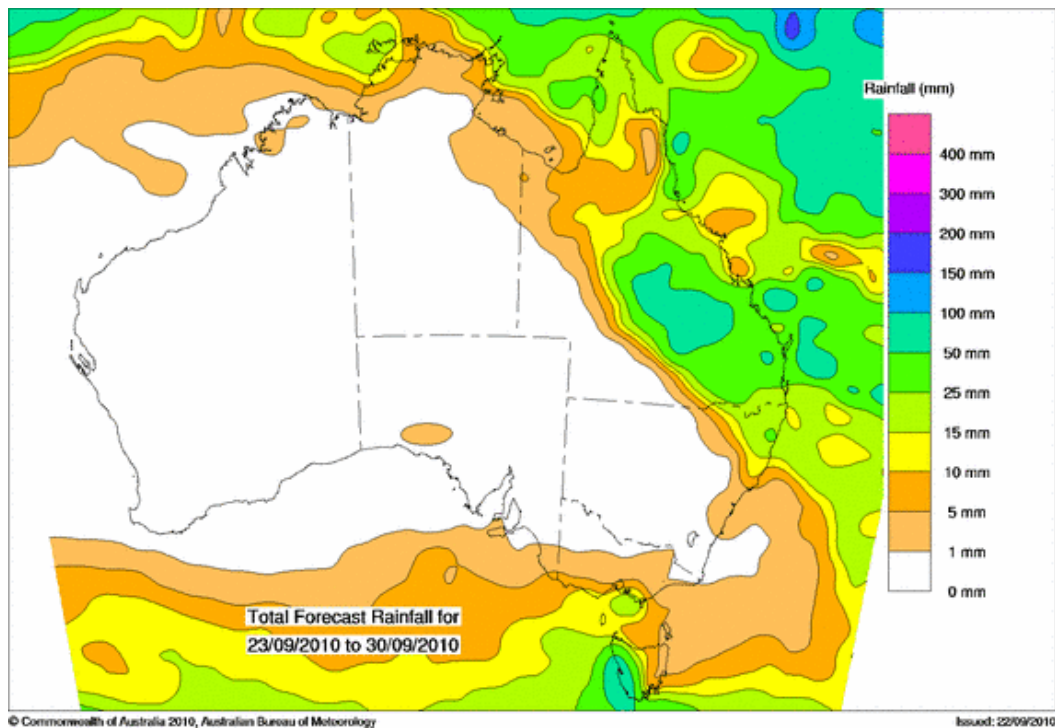
Minimum temperature anomalies for the week ending 21 September 2010



1.4 Rainfall outlook

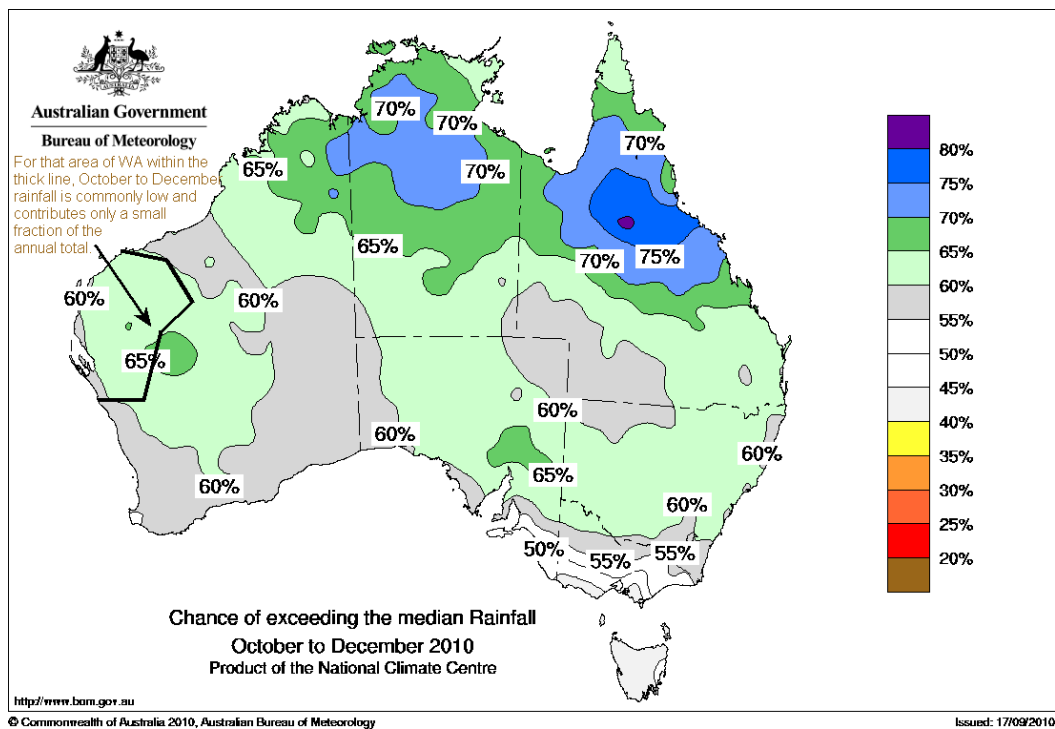
The rainfall forecast below is produced from computer models. As it contains no input from weather forecasters, it is important to also check local forecasts and warnings by the Bureau of Meteorology.

Total forecast rainfall for the period 23–30 September 2010

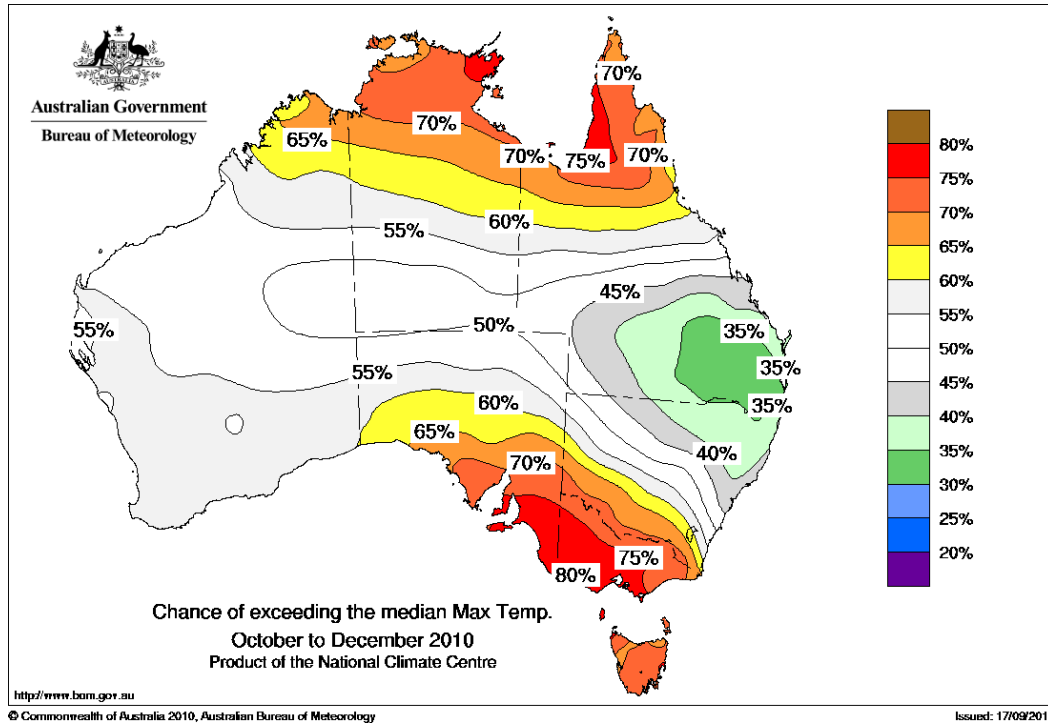


1.5 Seasonal rainfall and temperature outlook

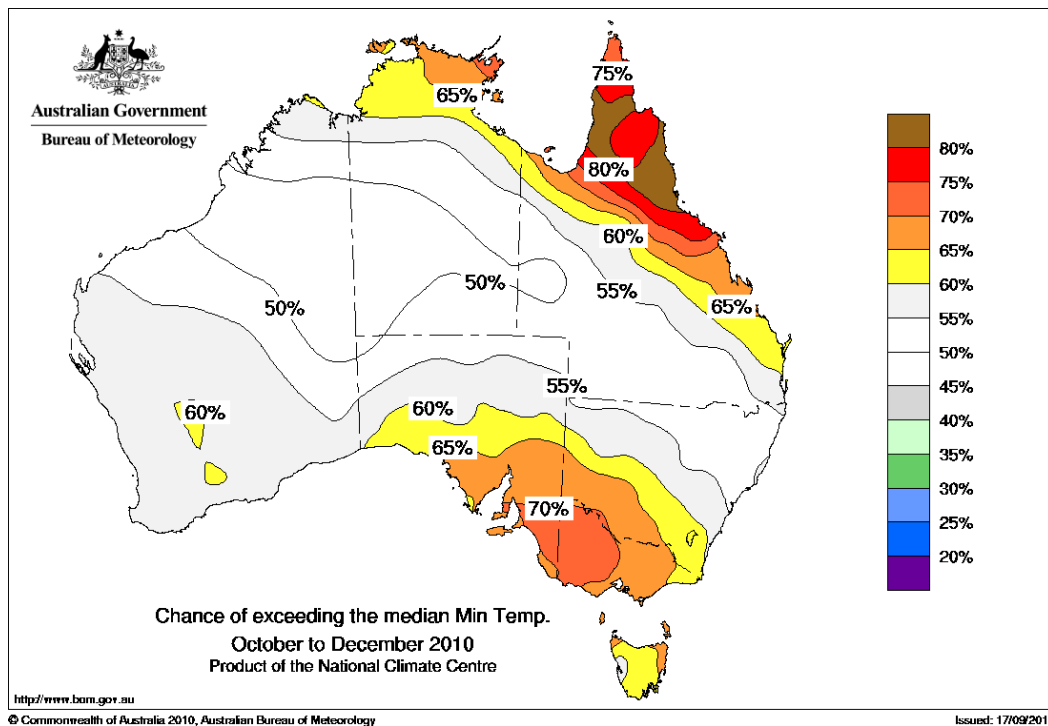
Chance of exceeding the median rainfall for the period October to December 2010



Chance of exceeding the median maximum temperature for the period October to December 2010



Chance of exceeding the median minimum temperature for the period October to December 2010



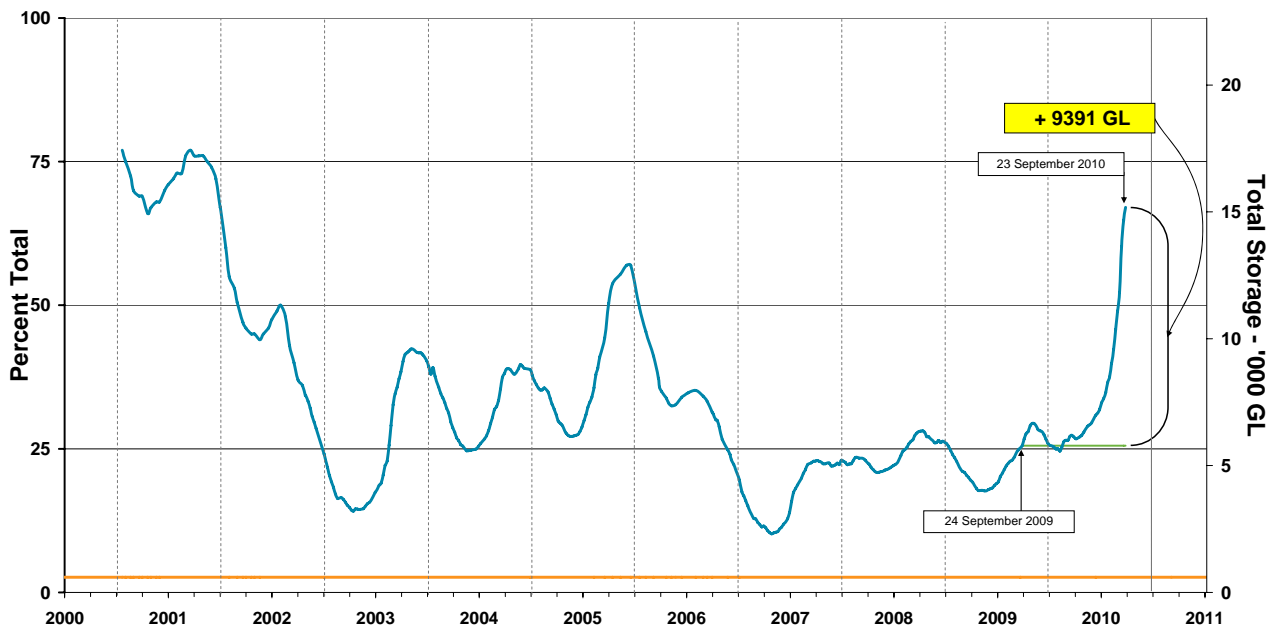
2. Water

2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 495 gigalitres, or approximately 2 per cent, to around 67 per cent of total capacity.
- This level is 41 percentage points or 9391 GL higher than at the same time last year and the highest level since January 2002 when it was also at 67 per cent.
- Observed trade volumes in the major southern Murray-Darling Basin trading regions increased this week, with the average price of water allocations at around \$40 per megalitre.
- Murray system daily inflows stayed well above long-term average levels last week, at around 120 000 megalitres per day (ML/day). Long-term average daily inflows for this time of year are about 50 000 ML/day.
- The Menindee Lakes storages in western New South Wales have reached full capacity for the first time since September 2001.

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 23 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)	22 Sep	15 Sep	8 Sep	1 Sep	25 Aug	18 Aug	11 Aug	4 Aug
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	45	31	45	65	70	70	80	70
SA Murray	40	No trade	72	72	72	72	72	80

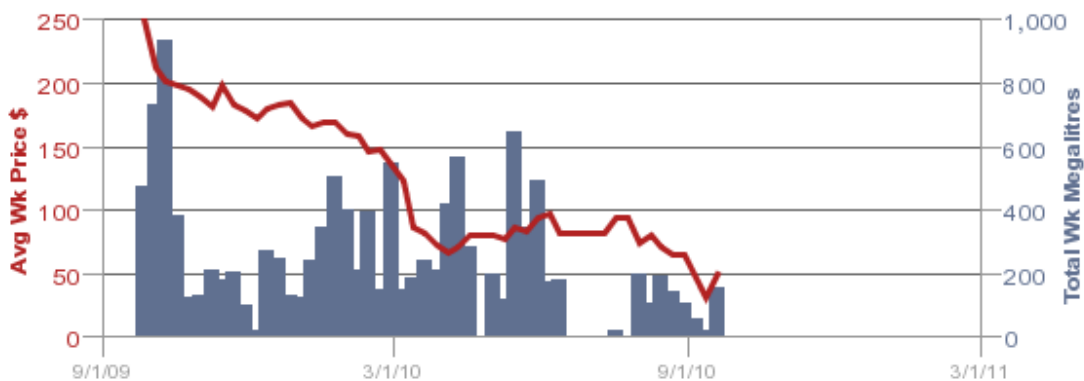
^a Last traded prices as at the dates shown.

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

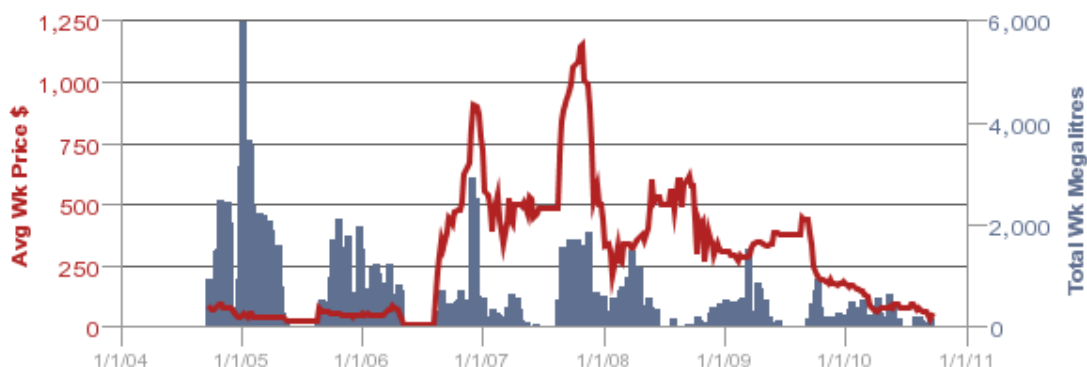
Trading Zone (2010)	22 Sep	15 Sep	8 Sep	1 Sep	25 Aug	18 Aug	11 Aug	4 Aug
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	891	66	178	143	57	256	107	129
SA Murray	1000	No trade	No trade	No trade	No trade	No trade	100	25

^b Water traded last week on Waterexchange.

Recent trading (last 12 months)



Historical trading (last 5 years)



Source: Waterexchange.

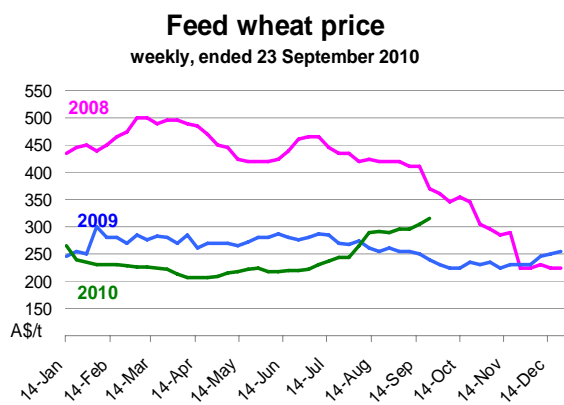
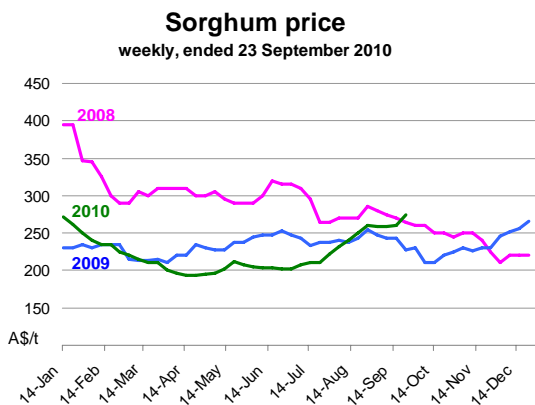
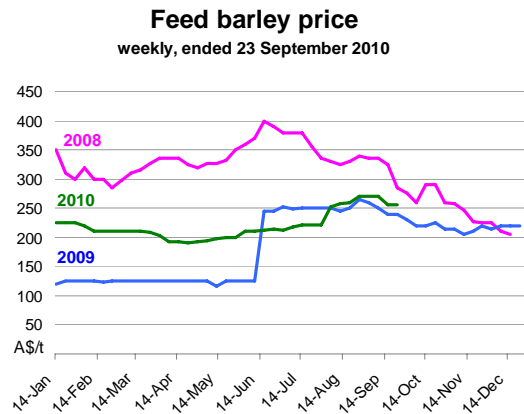
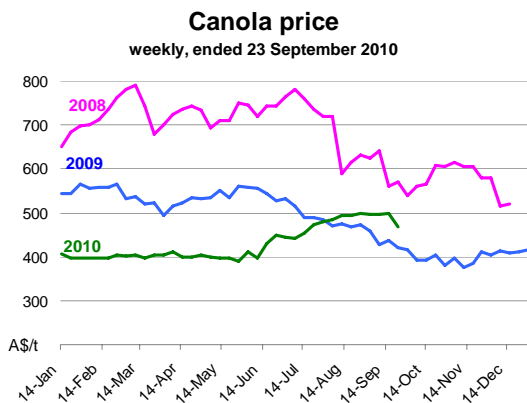
(**Note:** Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and SA Murray are very similar and have not been included).

3. Commodity prices

3.1 Commodities

- The world coarse grains indicator price (United States Corn, free on board Gulf) averaged US\$213 per tonne this week, up from US\$196 per tonne in the first two weeks of September. The rise was in response to news about lower than expected yields from the early stages of corn harvesting in the United States.
- Prices in lamb markets were volatile this week, with the average saleyard price of lamb falling by around 3 per cent in New South Wales, being largely unchanged in Victoria, and falling by 14 per cent in Western Australia. Total lamb yardings this week increased by 11 per cent relative to last week.
- In Western Australia lamb yardings increased by 35 per cent this week, resulting in the large price fall in that state. The increased yardings in Western Australia appear to have been associated with below average seasonal conditions in that state.
- Sheep prices also showed significantly different trends in individual states, with prices in Victoria rising by 7 per cent while prices in New South Wales, South Australia and Western Australia fell by 7 per cent, 2 per cent and 6 per cent, respectively.

3.2 Crop indicator prices



3.3 Livestock indicator prices

