



Australian Government

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

Weekly Australian Climate, Water and Commodity Price Update 7 October 2010

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

Summary of key issues

- Rainfall received over parts of the east coast this week is likely to improve soil moisture levels and encourage pasture growth, particularly as temperatures increase.
- Locusts have continued to hatch over eastern Australia, despite cooler than average temperatures this week. Control activities are underway.
- Despite September 2010 being Australia's wettest September on record, the rainfall missed the south-west of the country, which is experiencing its driest start to the year and driest 12-month period on record (Bureau of Meteorology Drought Statement, 6 October 2010).
- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 184 gigalitres, or approximately 1 per cent, to around 69 per cent of total capacity.
- Irrigation allocations increased in most systems this week.
- The price of water allocations in the main trading regions rose to around \$60 per megalitre this week.
- The eastern young cattle indicator price reached a four-year high of 375.5 cents a kilogram in late September, driven by strong restocker demand from graziers looking to expand herds in response to improved seasonal conditions.
- Increased supply of new season lambs resulted in weaker lamb prices in late September, although prices remain favourable in historical terms.

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1. Climate

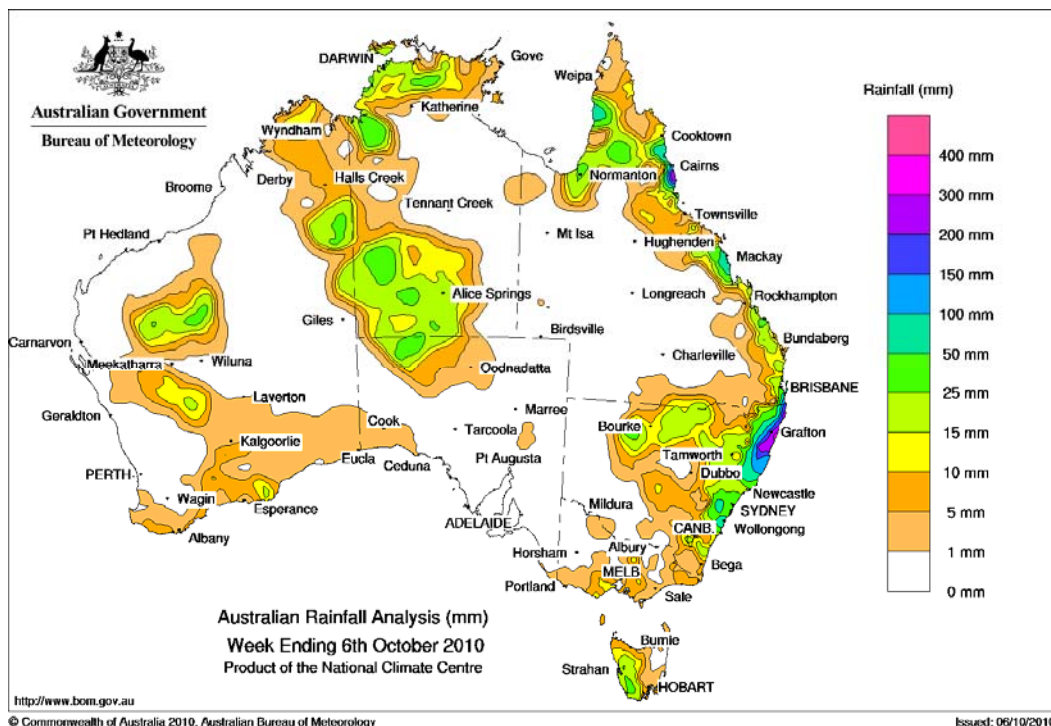
1.1 Notable events

- For the week ending 6 October 2010, rainfall was recorded in all states and territories, with the heaviest falls confined to the eastern coastline. The **highest measured rainfall** total for the week was **384 mm**, recorded at **Wooli** in New South Wales. Rainfall exceeded 100 mm over parts of north-eastern New South Wales and isolated areas in Queensland's tropical north.
- **Soil moisture levels will improve** over parts of the east coast following rainfall received this week. Compared with other areas that have experienced favourable seasonal conditions, parts of the eastern coastal fringe are experiencing low soil moisture and rainfall deficiencies. The rain is likely to improve pasture growth, particularly as temperatures increase.
- **Locusts** have continued to hatch over southern Australia, despite cooler than average temperatures this week. Control activities are underway in most areas.
- **September 2010 was Australia's wettest September on record**, but the rainfall missed the south-west of the country, which is experiencing its driest start to the year and driest 12-month period on record. Rainfall in recent months has cleared a number of short-term rainfall deficiencies across eastern Australia. However, the rain has only slightly eased deficiencies that remain on multi-year time-scales, especially in south-east and south-west Australia and southeast Queensland.

1.2 Rainfall this week

For the week ending 6 October 2010, the heaviest rainfall was generally confined to parts of eastern Australia. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml

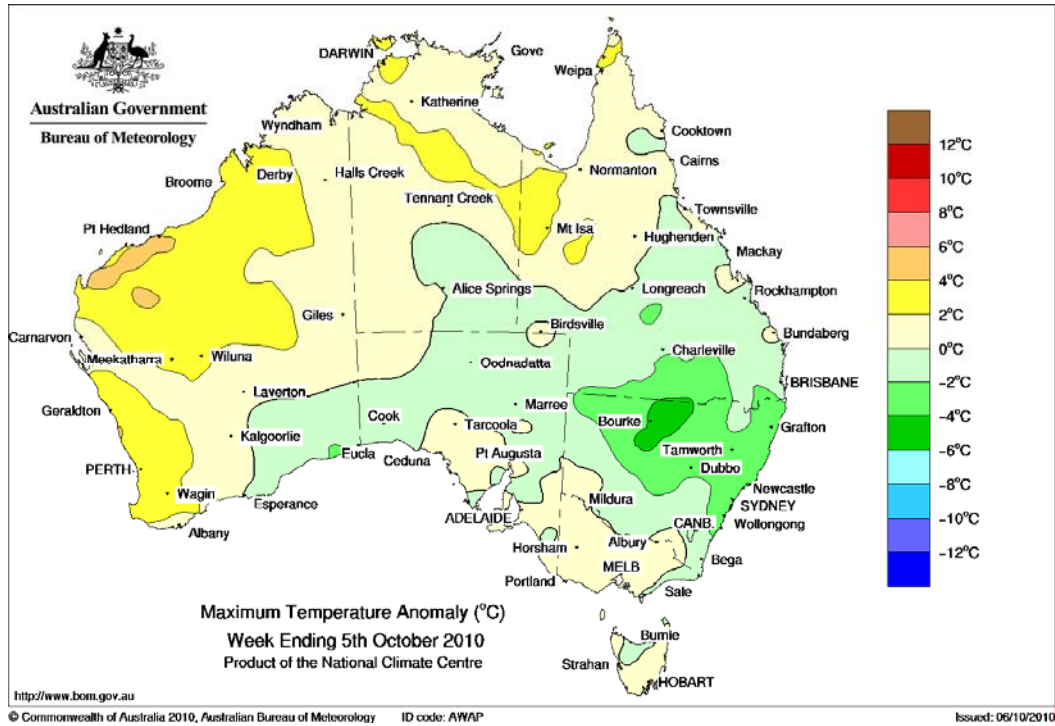
Rainfall for the week ending 6 October 2010



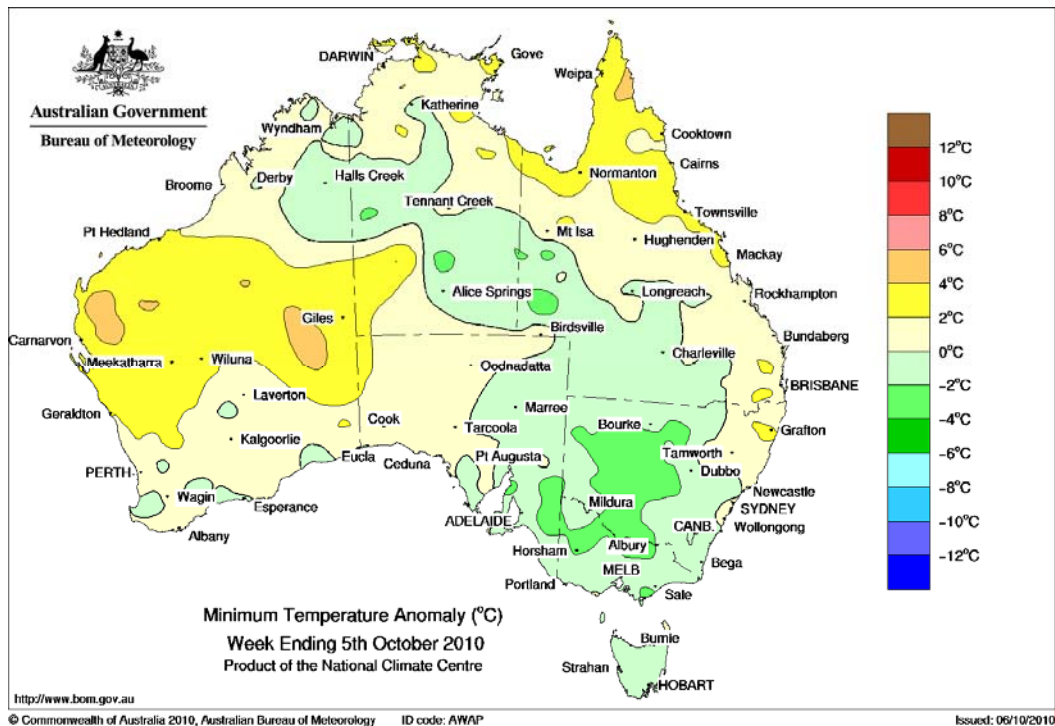
1.3 Temperature anomalies this week

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 5 October 2010



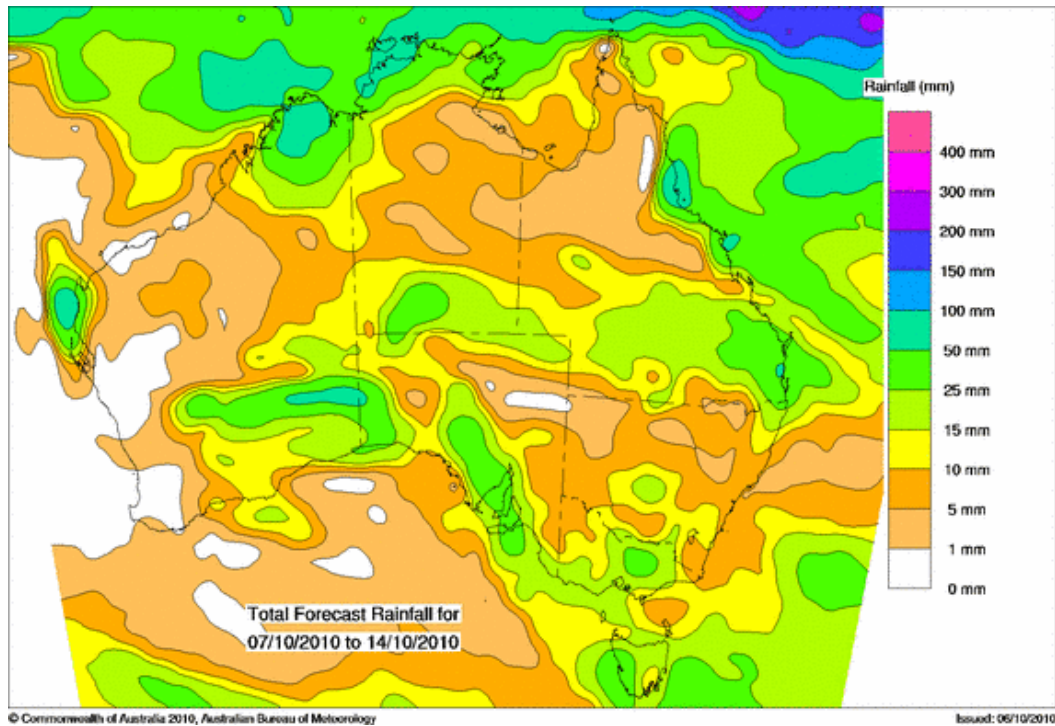
Minimum temperature anomalies for the week ending 5 October 2010



1.4 Rainfall outlook

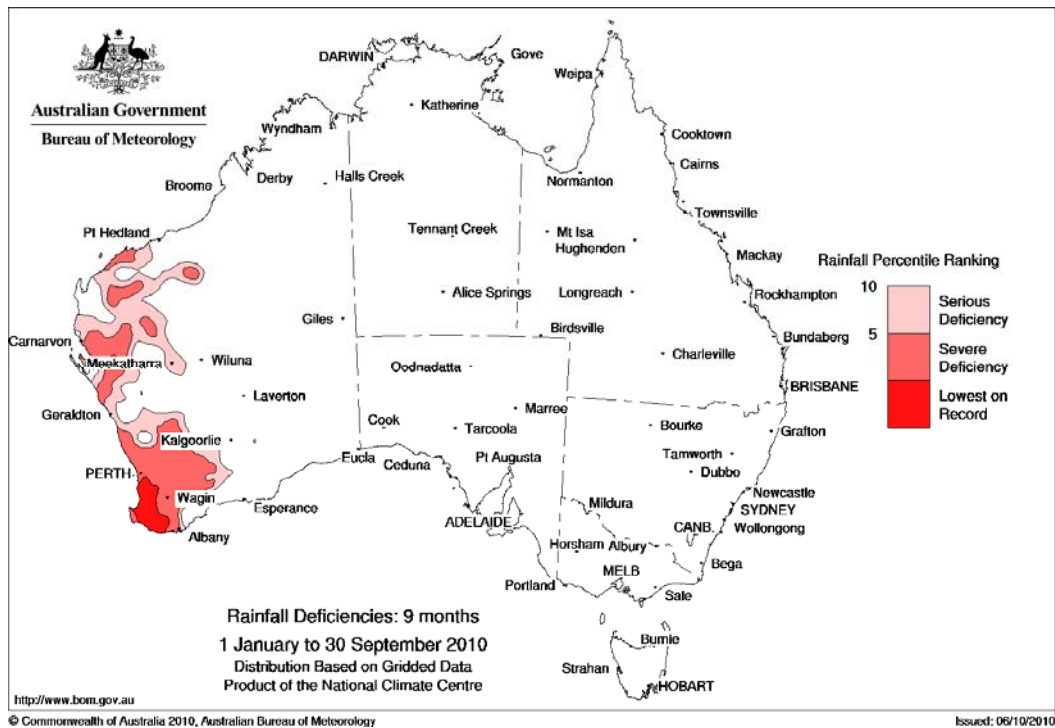
The rainfall forecast below is produced from computer models. As it contains no input from weather forecasters, it is important to also check local forecasts and warnings by the Bureau of Meteorology.

Total forecast rainfall for the period 7 – 14 October 2010



1.5 Rainfall deficiencies

Rainfall deficiencies for the 9-month period from 1 January to 30 September 2010



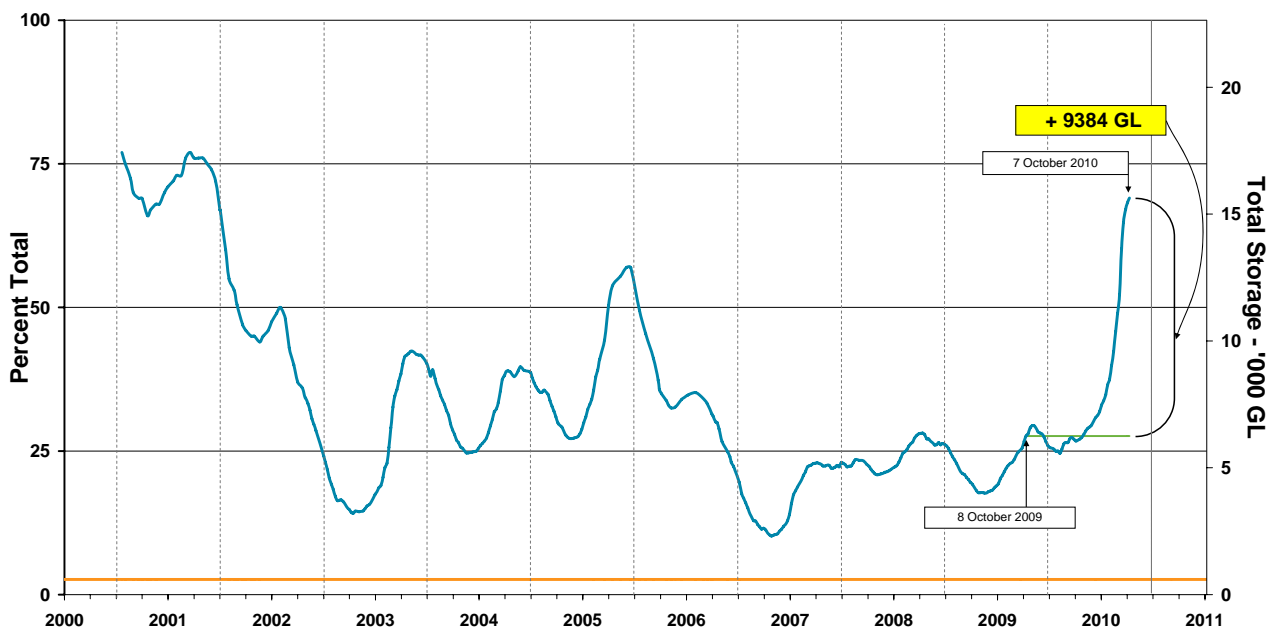
2. Water

2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 184 gigalitres, or 1 per cent, to 69 per cent of total capacity. This is 41 per cent or 9384 gigalitres more than the same time last year.
- The MDB's capacity is at the highest level since January 2002 when it was at 67 per cent of total capacity.
- Murray system daily inflows during the last week dropped to about 40 000 megalitres (ML) per day, which is just below long-term average daily inflows for this time of year of about 50 000 ML per day.
- Lake Brewster in southern New South Wales started receiving its first inflows since the completion of the Lake Brewster Water Efficiency Project in June 2010. This week the lake received 110 000 ML which is 70 per cent of capacity (153 000 ML).
- General security water allocations in the New South Wales Murray system remained steady at 36 per cent as of 1 October 2010, while the Murrumbidgee system increased by 2 per cent to 52 per cent.
- High reliability allocations increased in the Victorian Murray, Goulburn and Loddon systems, with the Murray increasing from 94 per cent to 97 per cent and both the Goulburn and Loddon systems increasing from 67 per cent to 70 per cent.
- South Australian River Murray allocations increased from 63 per cent to 67 per cent, which is the highest allocation since 2005–06.

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 7 October 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)	6 Oct	29 Sep	22 Sep	15 Sep	8 Sep	1 Sep	25 Aug	18 Aug
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	60	55	45	31	45	65	70	70
SA Murray	No trade	40	40	No trade	72	72	72	72

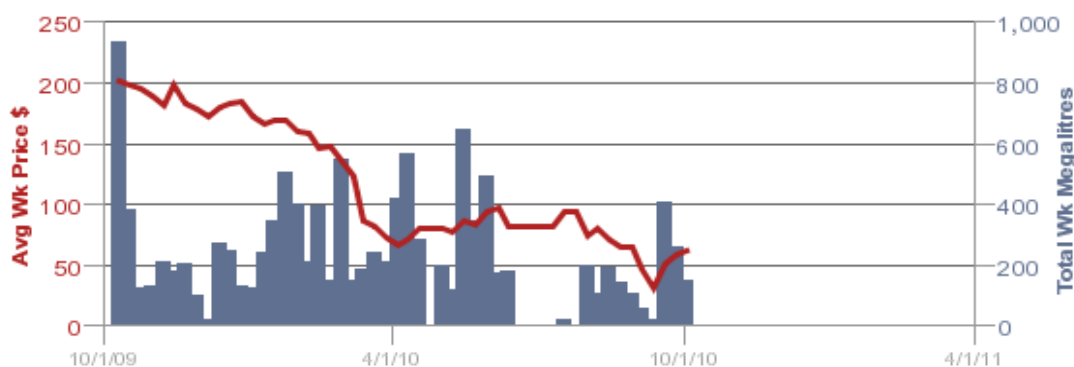
^a Last traded prices as at the dates shown.

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

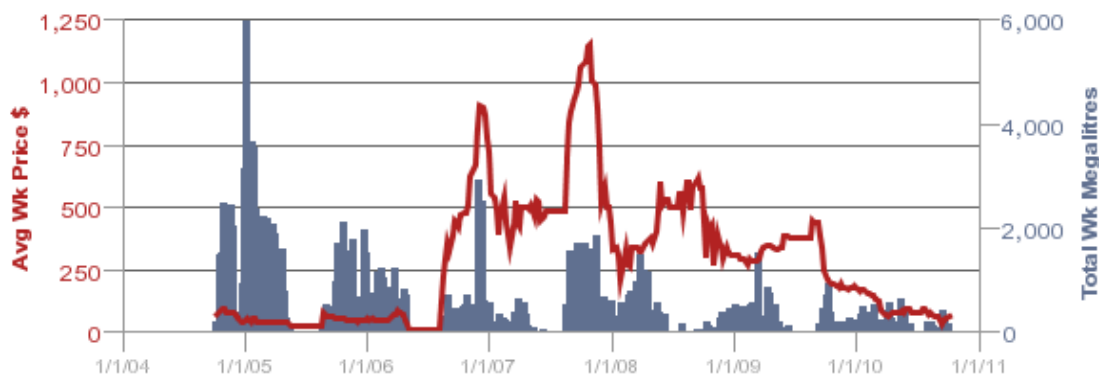
Trading Zone (2010)	6 Oct	29 Sep	22 Sep	15 Sep	8 Sep	1 Sep	25 Aug	18 Aug
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	350	676	891	66	178	143	57	256
SA Murray	No trade	No trade	1000	No trade	No trade	No trade	No trade	No trade

^b Water traded last week on Waterexchange.

Recent trading (last 12 months)



Historical trading (last 5 years)



Source: Waterexchange.

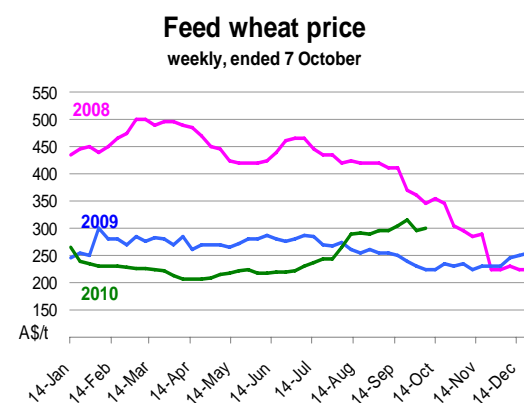
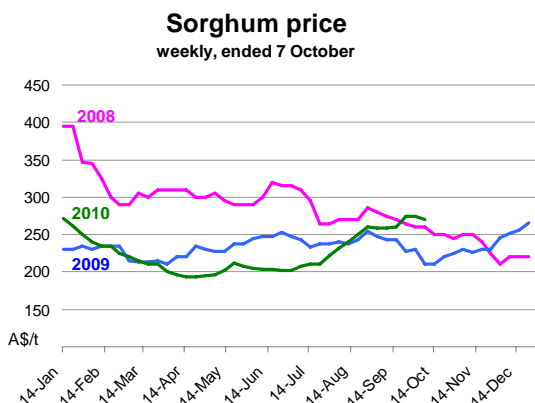
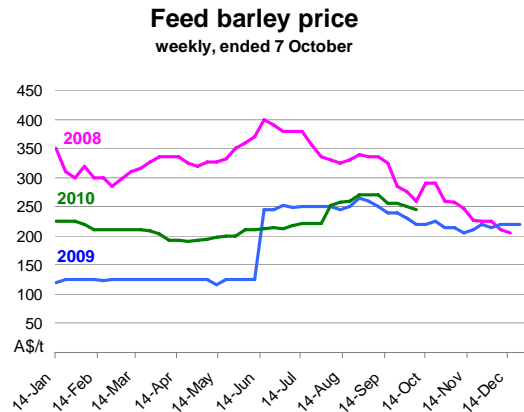
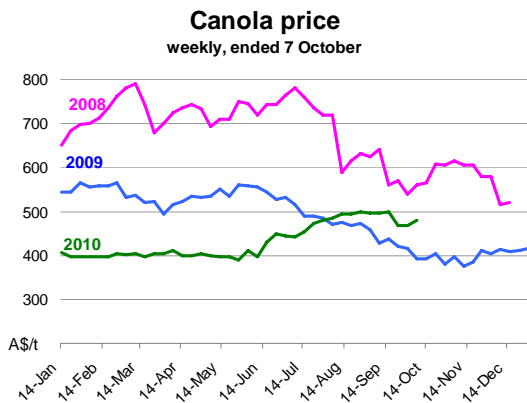
(Note: Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and SA Murray are very similar and have not been included).

3. Commodity prices

3.1 Commodities

- The eastern young cattle Indicator price reached a four year high of 375.5 cents a kilogram in the last week of September, which is 18 per cent higher year on year. Higher prices for young cattle have been driven by strong restocker demand from graziers looking to expand herds in response to improved seasonal conditions. Processor demand for heavier cattle has also been strong as a result of firm export demand.
- The increased supply of new season lambs resulted in weaker lamb prices in the week ending October 1 across all states except Western Australia. The largest fall was recorded in South Australia with a decline of around 6 per cent to 462 cents a kilogram cwt. Prices in Western Australian fell earlier in September as poor seasonal conditions encouraged producers to turnoff stock. Despite these falls, lamb prices remain favourable in historical terms.
- Sheep prices also fell across all states in late September, with the largest fall recorded in South Australia (a decline of 15 per cent to 329 cents a kilogram cwt). Although sheep yardings were relatively low in late winter and early spring because of restocking activity, throughput has increased over the recent weeks.

3.2 Crop indicator prices



3.3 Livestock indicator prices

