



Australian Government

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

## Weekly Australian Climate, Water and Commodity Price Update 14 October 2010

This report is available from [www.abare-brs.gov.au](http://www.abare-brs.gov.au).

### Summary of key issues

- The canola harvest started this week in Western Australia. Below average yields are expected due to unfavourable seasonal conditions.
- Despite generally cooler than average temperatures, locusts continue to hatch this week, with widespread infestations developing in the south eastern states.
- The current La Niña conditions influencing rainfall in northern and eastern Australia have strengthened over the past fortnight, according to this week's ENSO 'Wrap-up' released by the Bureau of Meteorology.
- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 145 gigalitres, or approximately 1 per cent, to around 70 per cent of total capacity.
- The average price of water in the main trading regions remained at around \$60/ML this week.
- The world corn indicator price rose to US\$248 a tonne this week following the release of the United States Department of Agriculture's (USDA) latest report in which US corn production is forecast to decrease this season. The world wheat indicator price also rose to US\$300 a tonne in the week.
- Lamb prices continued to fall in the south eastern states for the week ending 8 October, as spring lamb supplies continue to rise in accordance with seasonal patterns.

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# 1. Climate

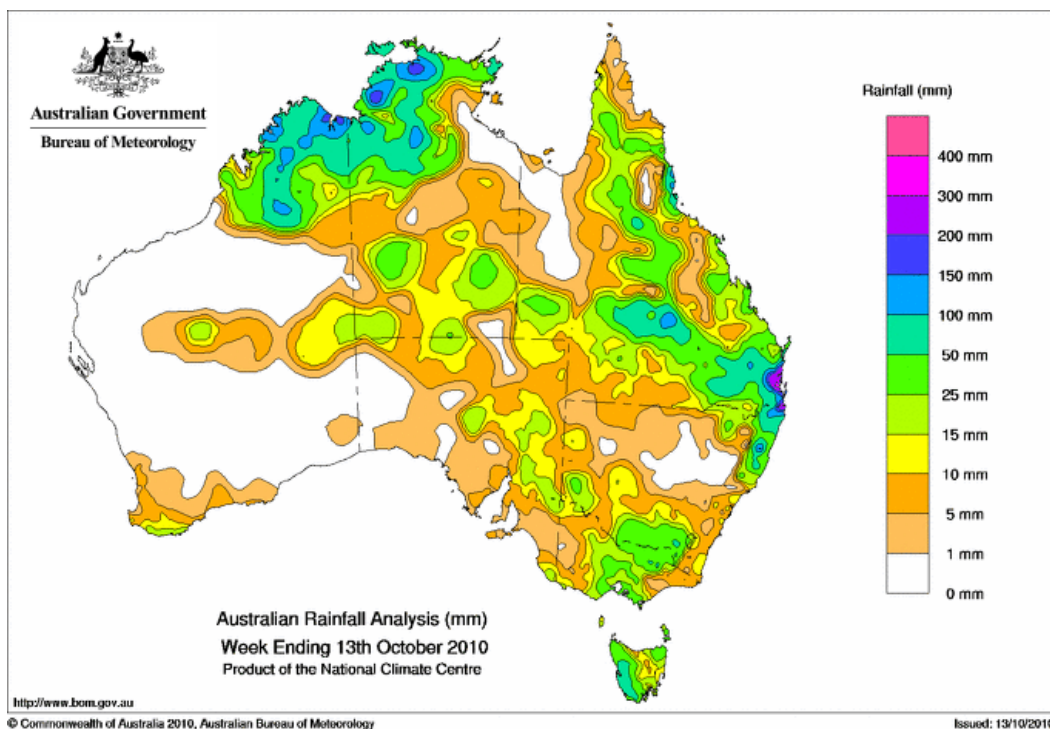
## 1.1 Notable events

- For the week ending 13 October 2010, rainfall was recorded in all states and territories, with the heaviest falls confined to south-east Queensland and northern Australia. The **highest measured rainfall** total for the week was **467 mm**, recorded at **Maleny** in south-east Queensland. Rainfall exceeded 100 mm over parts of northern Australia, south-east Queensland and north-eastern New South Wales.
- **Tomato crops** have reportedly been affected by recent rainfall in northern Queensland, with quality and supply expected to decrease in the coming weeks.
- The **canola harvest** started this week in **Western Australia**. Below average yields are expected due to unfavourable seasonal conditions.
- Despite generally cooler than average temperatures throughout most of eastern Australia, **locusts** continue to hatch, with widespread infestations developing in New South Wales, eastern South Australia and northern Victoria.
- The current **La Niña conditions** influencing rainfall in northern and eastern Australia have strengthened over the past fortnight, with the Southern Oscillation Index at its highest value since 1973, according to this week's ENSO 'Wrap-up' released by the Bureau of Meteorology. The La Niña conditions are expected to continue into at least early 2011.

## 1.2 Rainfall this week

For the week ending 13 October 2010, the heaviest rainfall was generally confined to parts of eastern and northern Australia. For further information, go to [www.bom.gov.au/climate/current/weeklyrain.shtml](http://www.bom.gov.au/climate/current/weeklyrain.shtml)

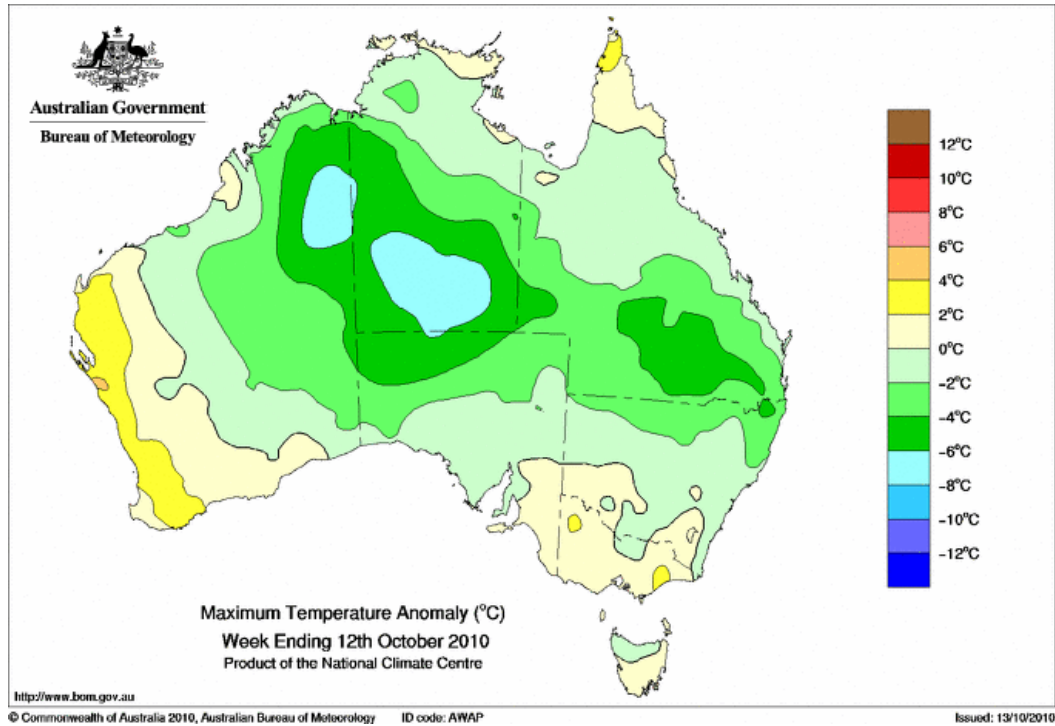
**Rainfall for the week ending 13 October 2010**



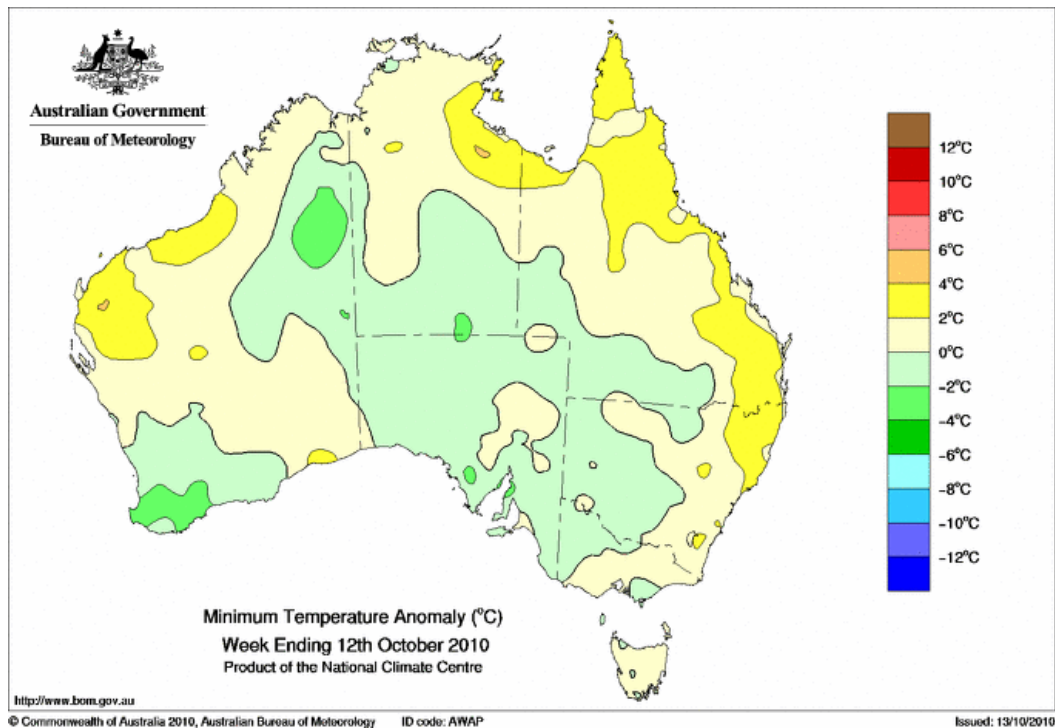
### 1.3 Temperature anomalies this week

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/](http://www.bom.gov.au/jsp/awap/)

#### Maximum temperature anomalies for the week ending 12 October 2010



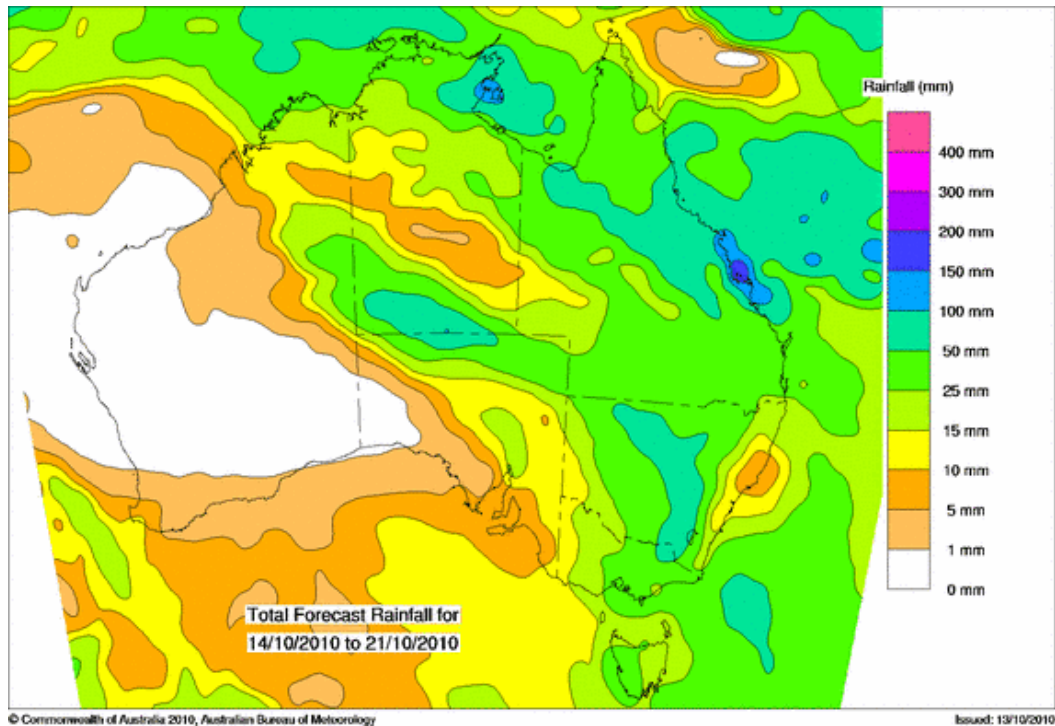
#### Minimum temperature anomalies for the week ending 12 October 2010



## 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 14 – 21 October 2010



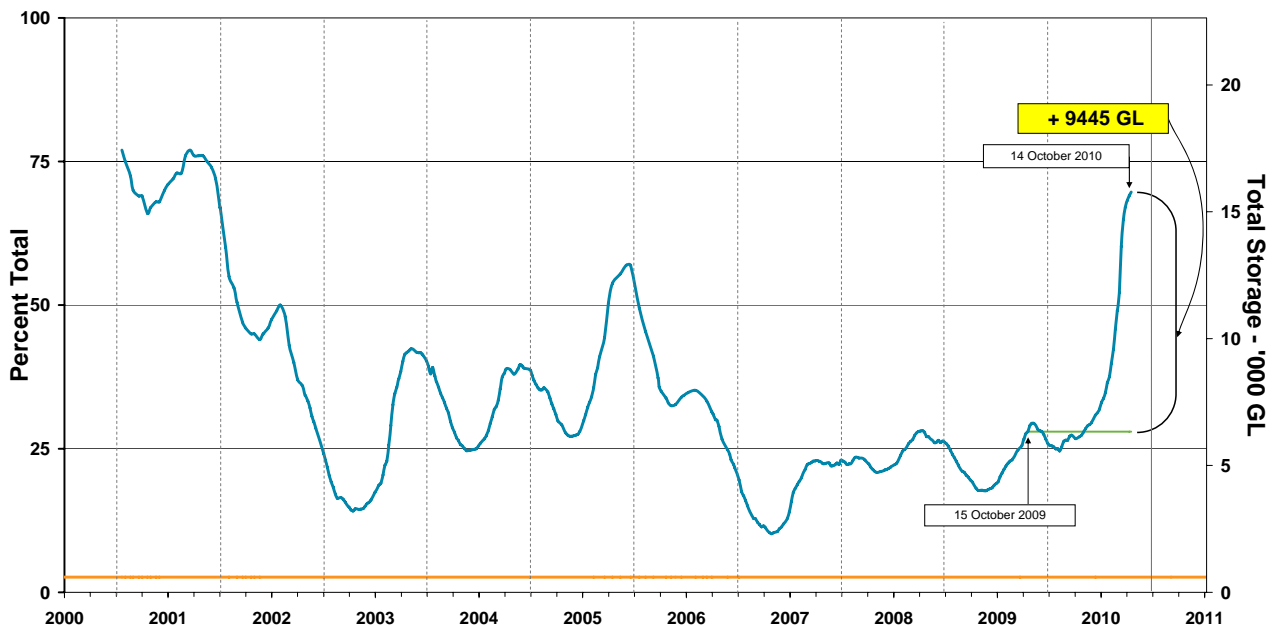
## 2. Water

### 2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 145 gigalitres, or 1 per cent, to 70 per cent of total capacity. This is 42 per cent or 9 445 GL more than this time last year.
- The MDB's capacity is at the highest level since December 2001 when it was at 72 per cent of total capacity.
- The average price of temporary water allocations in the major southern Murray-Darling Basin trading regions remained steady at around \$60/ML 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 14 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<sup>a</sup>

Trading Zone (2010)	13 Oct	6 Oct	29 Sep	22 Sep	15 Sep	8 Sep	1 Sep	25 Aug
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	57	60	55	45	31	45	65	70
SA Murray	60	No trade	No trade	40	No trade	72	72	72

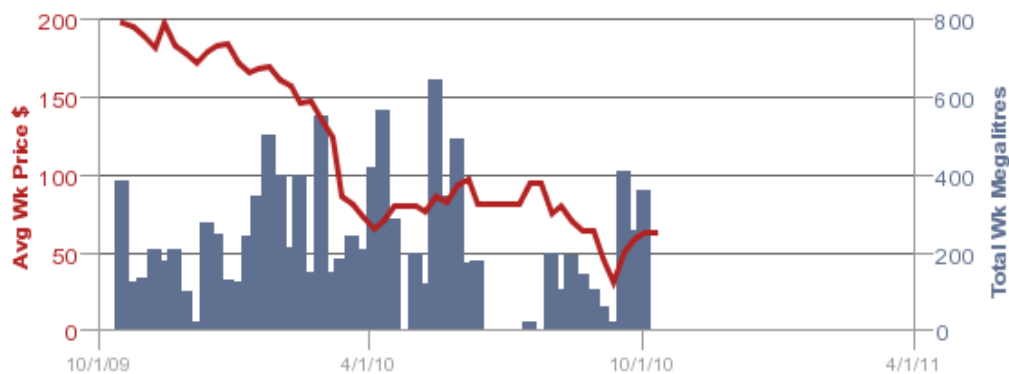
<sup>a</sup> Last traded prices as at the dates shown.

### Volume (ML) of selected temporary trade in allocations, MDB<sup>b</sup>

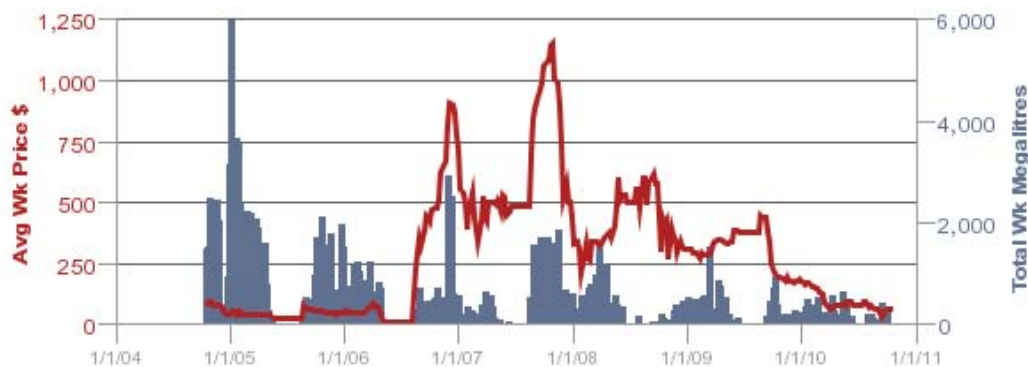
Trading Zone (2010)	13 Oct	6 Oct	29 Sep	22 Sep	15 Sep	8 Sep	1 Sep	25 Aug
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	260	350	676	891	66	178	143	57
SA Murray	64	No trade	No trade	1000	No trade	No trade	No trade	No trade

<sup>b</sup> Water traded last week on Waterexchange.

### Recent trading (last 12 months)



### Historical trading (last 5 years)



Source: Waterexchange.

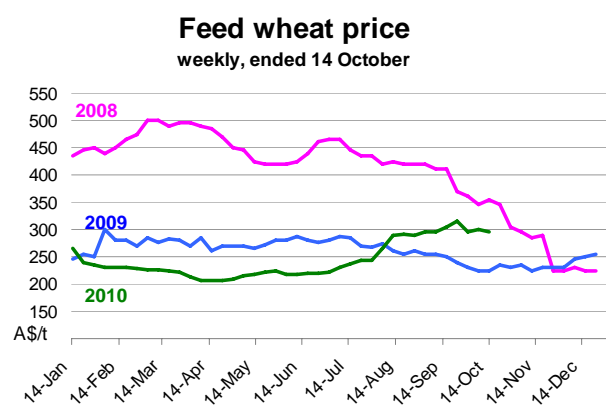
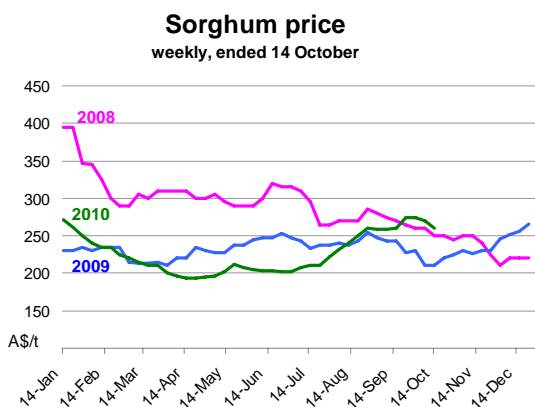
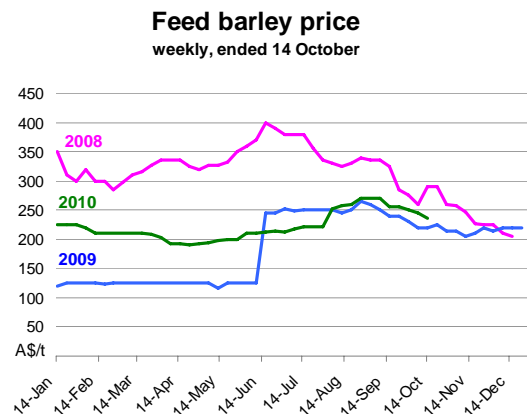
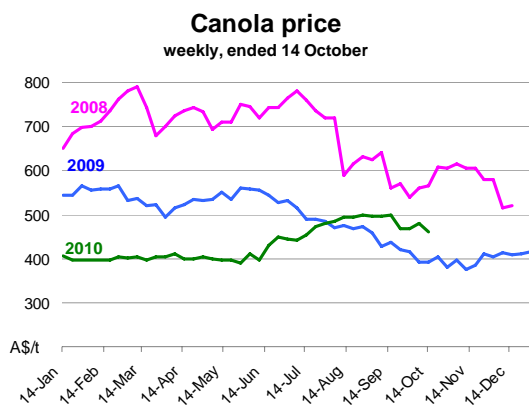
(**Note:** Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and SA Murray are very similar and have not been included).

# 3. Commodity prices

## 3.1 Commodities

- The world corn indicator price rose to US\$248 a tonne this week after averaging US\$215 a tonne last week. The rise followed the release of the USDA's latest report in which the forecast for US corn production this season was reduced by 12 million tonnes to 321.6 million tonnes. If realised, this would be 11 million tonnes lower than last year.
- The world wheat indicator price rose to US\$300 a tonne this week, compared with around US\$285 a tonne the previous week.
- Lamb prices fell again in the south eastern states for the week ending 8 October, as spring lamb supplies continue to rise in accordance with seasonal patterns. The largest decline was recorded in Victoria with a fall of around 13 per cent from the previous week.
- Public holidays in New South Wales and South Australia disrupted sales in the week, leading to lower average prices. However, sheep prices in the south eastern states remain significantly higher than for the same period a year earlier.
- In Western Australia lamb prices fell by 5 per cent to 351 cents a kilogram in the week, due mainly to poor seasonal conditions that have resulted in increased sheep and lamb turnoff. In the first two weeks of October 2010, lamb prices in that state were 15 per cent lower than the same period a year earlier.

## 3.2 Crop indicator prices



### 3.3 Livestock indicator prices

