



Australian Government

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

## Weekly Australian Climate, Water and Commodity Price Update 21 October 2010

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

### Summary of key issues

- Intense rainfall this week has caused severe flooding and damage to infrastructure and some properties in southern New South Wales.
- Plague locust hatching in Victoria has been delayed this week due to cooler than average temperatures.
- Favourable soil moisture in south-east Queensland has allowed peanut growers to sow their crops early without the need for irrigation.
- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 977 gigalitres, or 4 per cent, to 74 per cent of total capacity.
- The price of allocations in the Victorian temporary water market declined to \$50/ML this week.
- Beef prices eased over the past week as a result of increased cattle numbers at sales and a high Australian dollar.
- As a result of a weak US dollar and strong corn prices, the world wheat indicator price remained close to US\$300 dollars a tonne this week.

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# 1. Climate

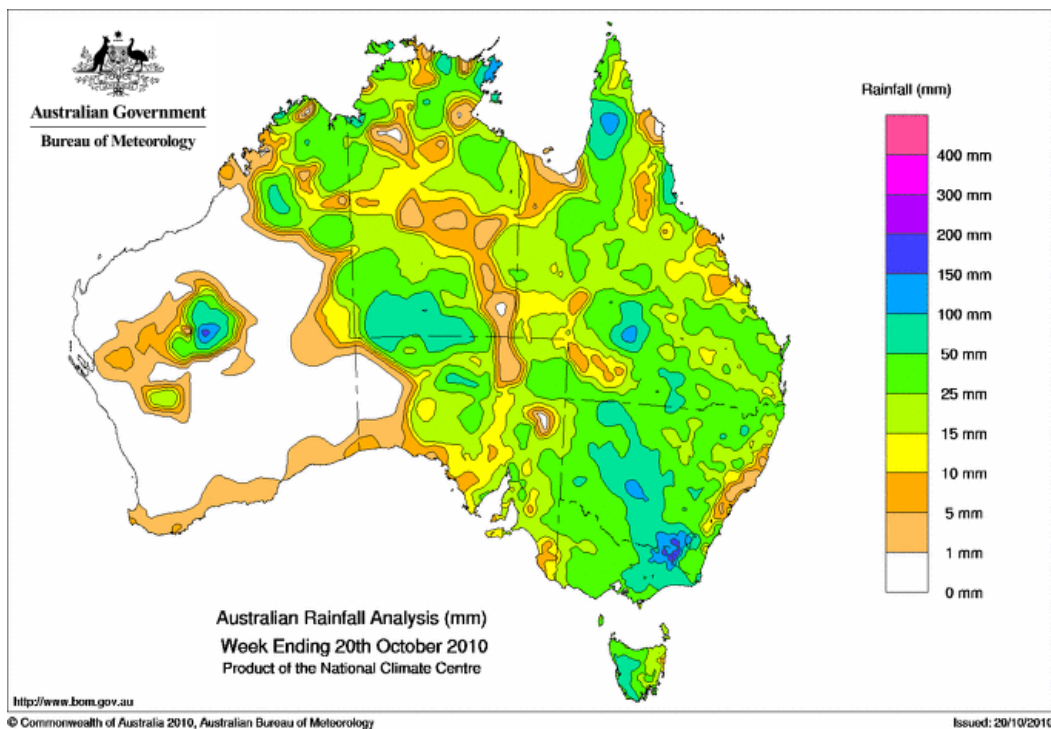
## 1.1 Notable events

- For the week ending 20 October 2010, rainfall was recorded in all states and territories. The **highest measured rainfall** total for the week was **176 mm**, recorded at Batlow in south-east New South Wales. Rainfall exceeded 100 mm over parts of the Northern Territory, central Western Australia, and the eastern states.
- Due to intense rainfall events this week, **flooding** has occurred in the **Riverina** and **south-west New South Wales**. The floods have reportedly damaged some properties and infrastructure within the region, with an estimated damage bill in excess of \$10 million.
- Cooler than average temperatures over the eastern states has delayed **plague locust** hatching in Victoria this week. However, hatchings are expected to increase over the coming weeks due to recent rainfall events improving soil moisture. Aerial spraying of locusts has begun in Victoria this week.
- **Soil moisture levels** in south-east Queensland continue to **improve** in many areas following recent rainfall. As a result, **peanut growers** have been able to sow their crops early without the need for irrigation.
- The **New South Wales State Government** declared that drought conditions have broken in all areas of NSW this week.

## 1.2 Rainfall this week

For the week ending 20 October 2010, widespread rainfall was received across most of the states and territories, except in Western Australia where little to no rainfall was received throughout the majority of the state. For further information, go to [www.bom.gov.au/climate/current/weeklyrain.shtml](http://www.bom.gov.au/climate/current/weeklyrain.shtml)

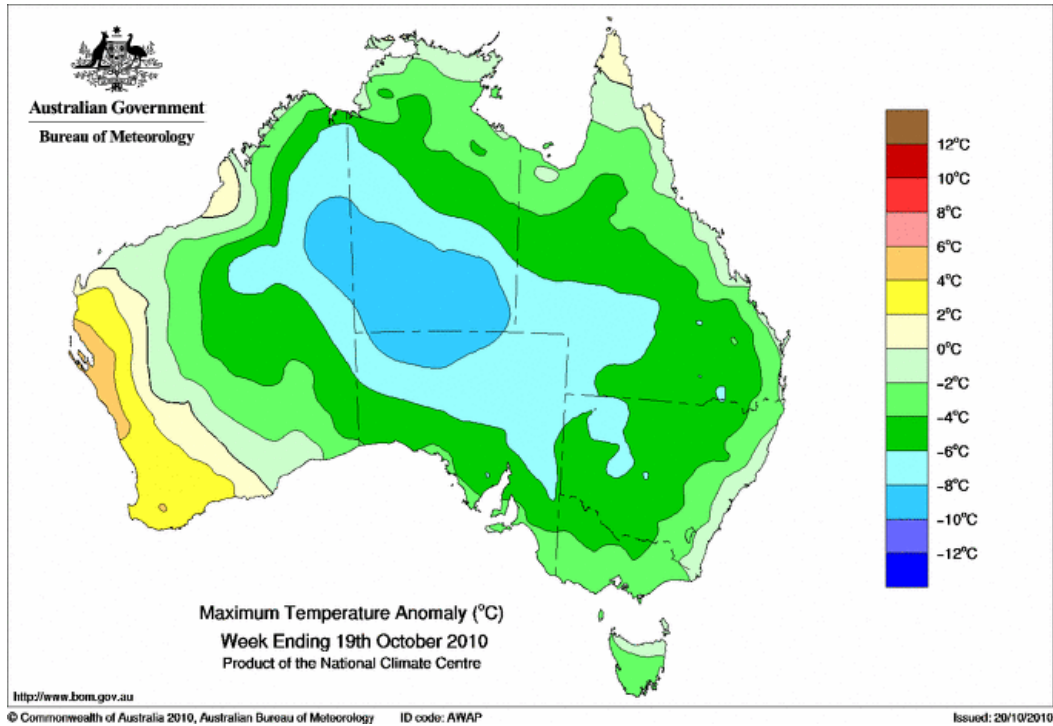
### Rainfall for the week ending 20 October 2010



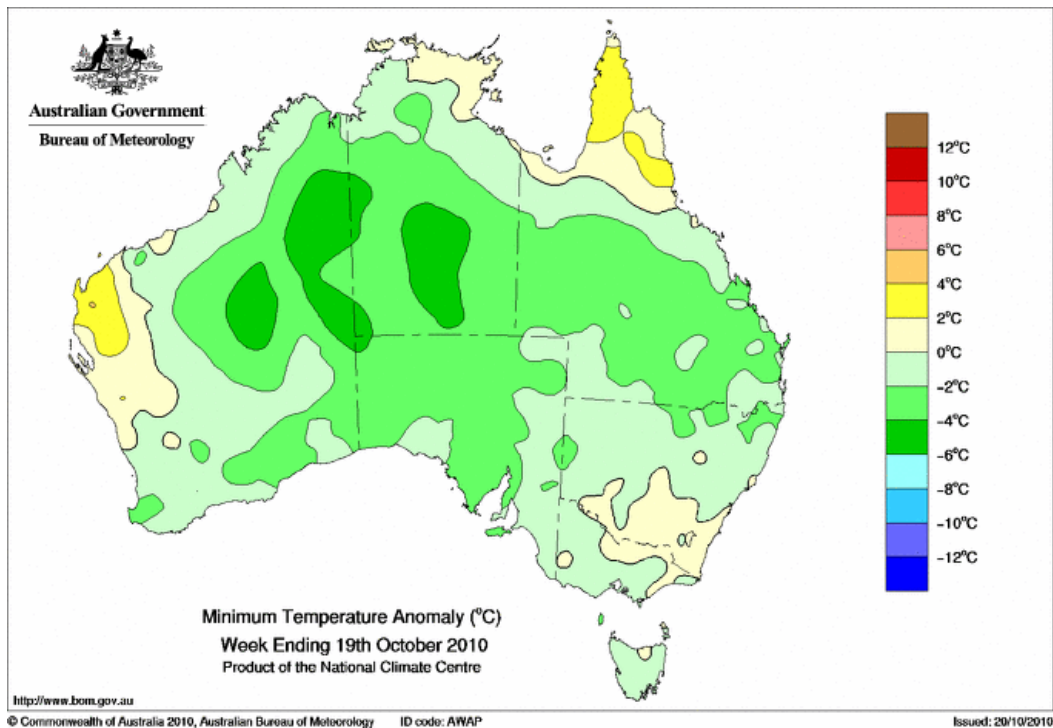
### 1.3 Temperature anomalies this week

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 19 October 2010



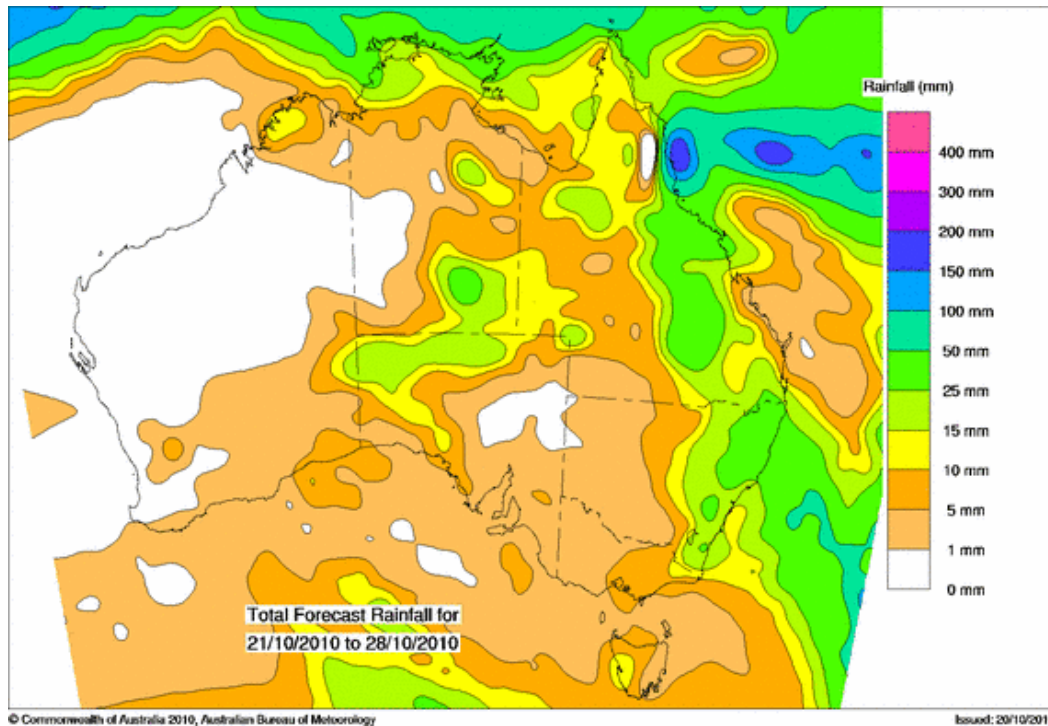
#### Minimum temperature anomalies for the week ending 19 October 2010



## 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 21 – 28 October 2010



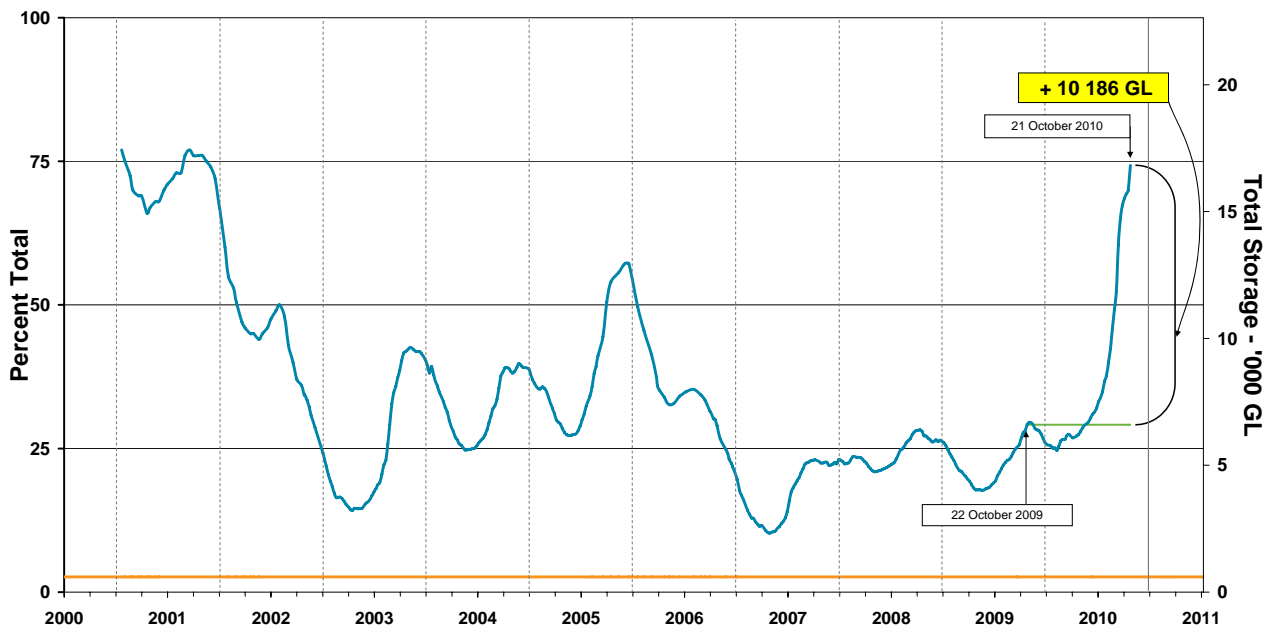
## 2. Water

### 2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 977 gigalitres, or 4 per cent, to 74 per cent of total capacity. This is 45 per cent or 10 186 GL more than this time last year.
- The MDB's capacity is at the highest level since December 2001 when it was also at 74 per cent of total capacity.
- The Murray-Darling Basin Authority (MDBA) has advised that the storage capacity for Dartmouth and Hume Reservoirs has been revised due to the latest survey technology producing a more accurate measurement of the volumes held in the reservoirs. The survey revealed that the full supply level volumes are slightly lower than previously estimated with Hume now 3 005 GL (previously 3 038 GL) and Dartmouth now 3 856 GL (previously 3 906 GL).
- Recent trade (albeit through one water exchange) has largely been concentrated in the Victorian temporary water markets. The price of allocations in this region declined to \$50/ML.

### 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 21 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)	20 Oct	13 Oct	6 Oct	29 Sep	22 Sep	15 Sep	8 Sep	1 Sep
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	50	57	60	55	45	31	45	65
SA Murray	No trade	60	No trade	No trade	40	No trade	72	72

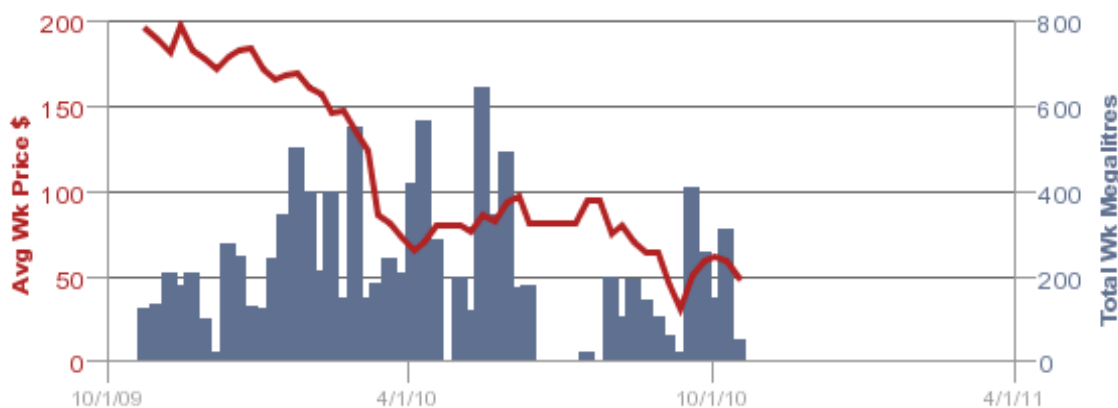
<sup>a</sup> Last traded prices as at the dates shown.

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

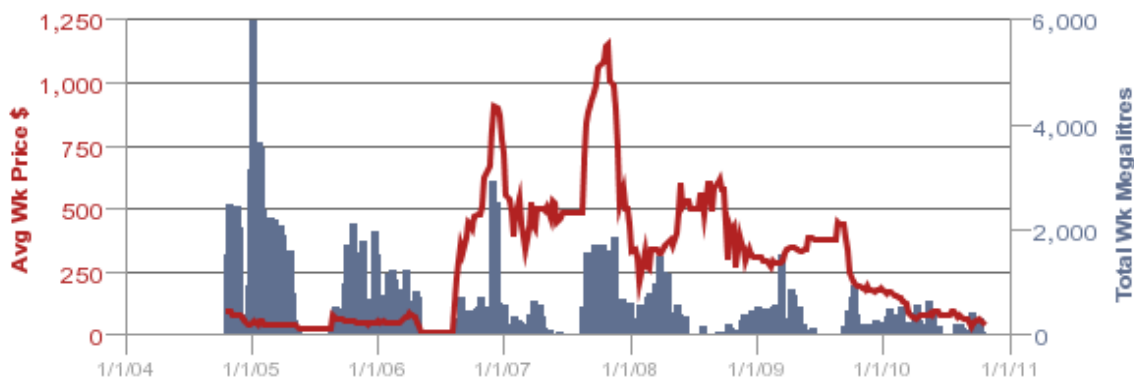
Trading Zone (2010)	20 Oct	13 Oct	6 Oct	29 Sep	22 Sep	15 Sep	8 Sep	1 Sep
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	460	260	350	676	891	66	178	143
SA Murray	No trade	64	No trade	No trade	1000	No trade	No trade	No trade

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

### Recent trading (last 12 months)



### Historical trading (last 5 years)



Source: Waterexchange.

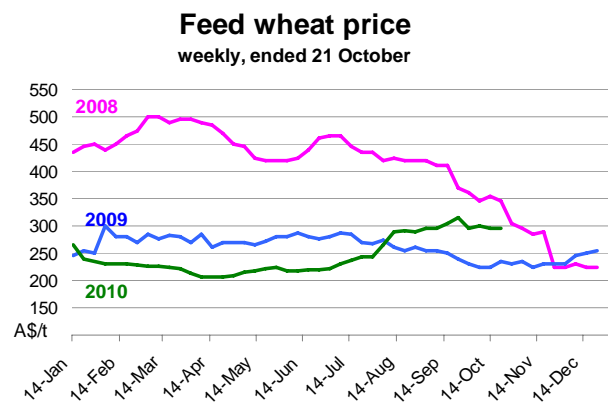
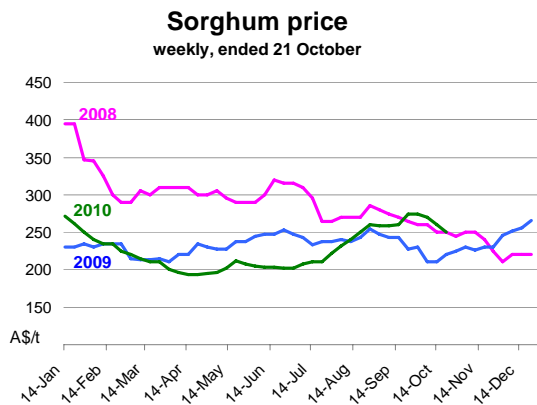
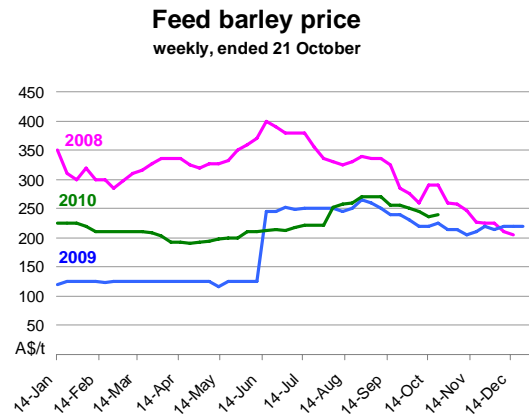
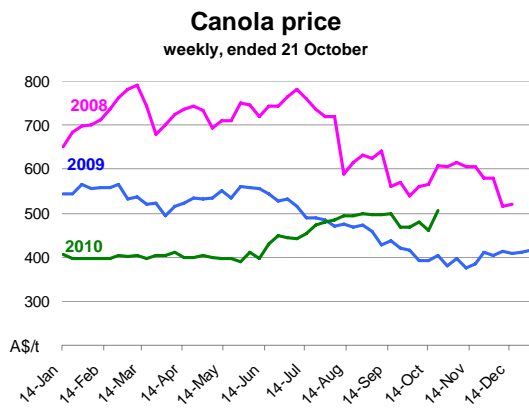
(Note: Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and SA Murray are very similar and have not been included).

# 3. Commodity prices

## 3.1 Commodities

- Beef prices eased in the past week as a result of increased cattle supplies at sales and a high Australian dollar that is expected to somewhat dampen demand for Australian beef in export markets. However, saleyard prices still remain relatively high, driven by continued favourable seasonal conditions that have maintained grazier confidence and strong restocker demand.
- The world wheat indicator price has remained close to US\$300 dollars a tonne, supported by a weak US dollar, export quotas introduced by Ukraine and a strong corn price.

## 3.2 Crop indicator prices



### 3.3 Livestock indicator prices

