



Australian Government

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

## Weekly Australian Climate, Water and Commodity Price Update 28 October 2010

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

### Summary of key issues

- Recent rainfall throughout Victoria and southern New South Wales has made it difficult to identify and locate locust bands and hatchings, while unfavourable spraying conditions and the movement of floodwater are hindering control efforts.
- The La Niña conditions influencing rainfall in northern and eastern Australia has remained steady over the past fortnight, according to this week's ENSO 'Wrap-up' released by the Bureau of Meteorology.
- The Western Australian grains industry has sent a shipment of 55,000 tonnes of wheat to Saudi Arabia, the first in more than 20 years.
- Wetter than normal conditions are favoured across much of the continent for the November 2010 to January 2011 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 210 gigalitres, or approximately 1 per cent, to 75 per cent of total capacity.
- The price of allocations in the Victorian temporary water markets increased marginally to around \$52/ML this week.
- Hume dam near Albury in southern New South Wales has reached full capacity for the first time since October 2000.
- The world wheat indicator price was around US\$295 a tonne on 27 October after rising to US\$306 a tonne on 8 October.
- Trade steer prices in Queensland declined again last week as a result of improved availability of cattle in line with a seasonal increase in turnoff.

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# 1. Climate

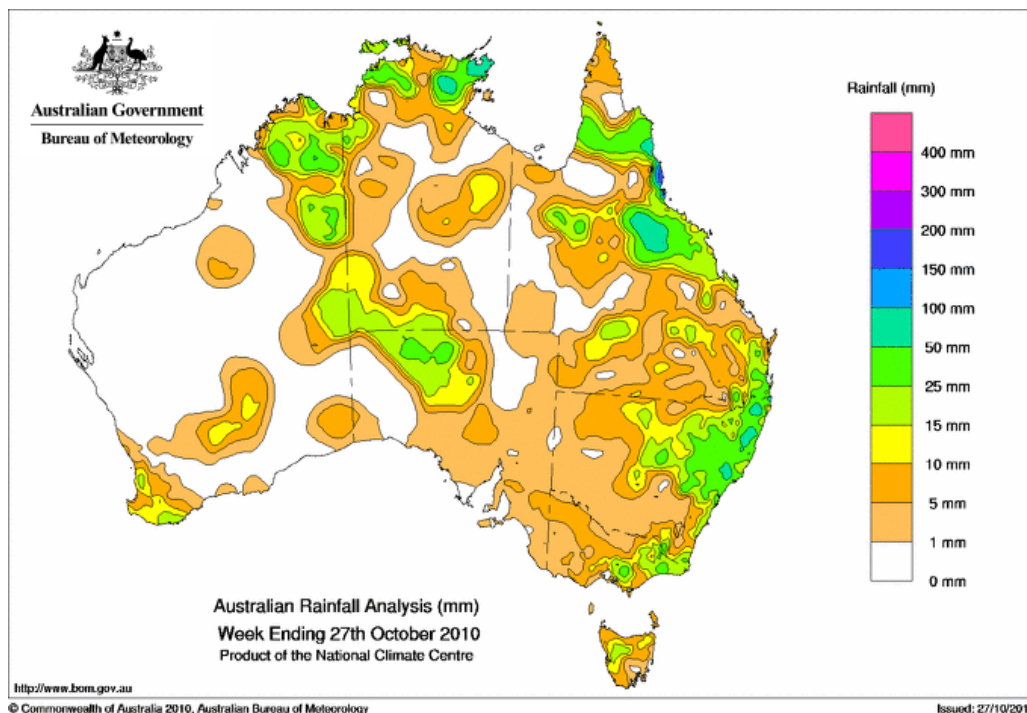
## 1.1 Notable events

- For the week ending 27 October 2010, moderate rainfall was recorded in all states and territories, with the heaviest falls confined to a small coastal area of north-east Queensland. The **highest measured rainfall** total for the week was **221 mm**, recorded at **Bingil Bay** in north-east Queensland.
- Recent rainfall events throughout Victoria and southern New South Wales have reportedly made it difficult to identify and locate **locust** bands and hatchings. Where authorities have identified areas requiring locust control, unfavourable spraying conditions and the movement of floodwater are hindering control efforts. Aerial surveillance is continuing across the eastern states.
- The **La Niña conditions** influencing rainfall in northern and eastern Australia has remained steady over the past fortnight, with the tropical Pacific Ocean significantly cooler than average for this time of year, according to this week's ENSO 'Wrap-up' released by the Bureau of Meteorology.
- The Western Australian grains industry has sent a shipment of 55,000 tonnes of wheat to **Saudi Arabia**, the first in more than 20 years, after Saudi Arabia's sole importer; Grains Silos and Flour Mills Organisation changed its tender specifications earlier this year.
- The chance of exceeding the **median rainfall** across much of the continent for the November 2010 to January 2011 period are greater than 60 per cent, according to the Seasonal Outlook released by the Bureau of Meteorology this week. Cooler maximum temperatures are likely for large parts of eastern and western Australia, while warmer temperatures are favoured for parts of northern and southern Australia

## 1.2 Rainfall this week

For the week ending 27 October 2010, widespread rainfall was recorded in all states and territories. For further information, go to [www.bom.gov.au/climate/current/weeklyrain.shtml](http://www.bom.gov.au/climate/current/weeklyrain.shtml)

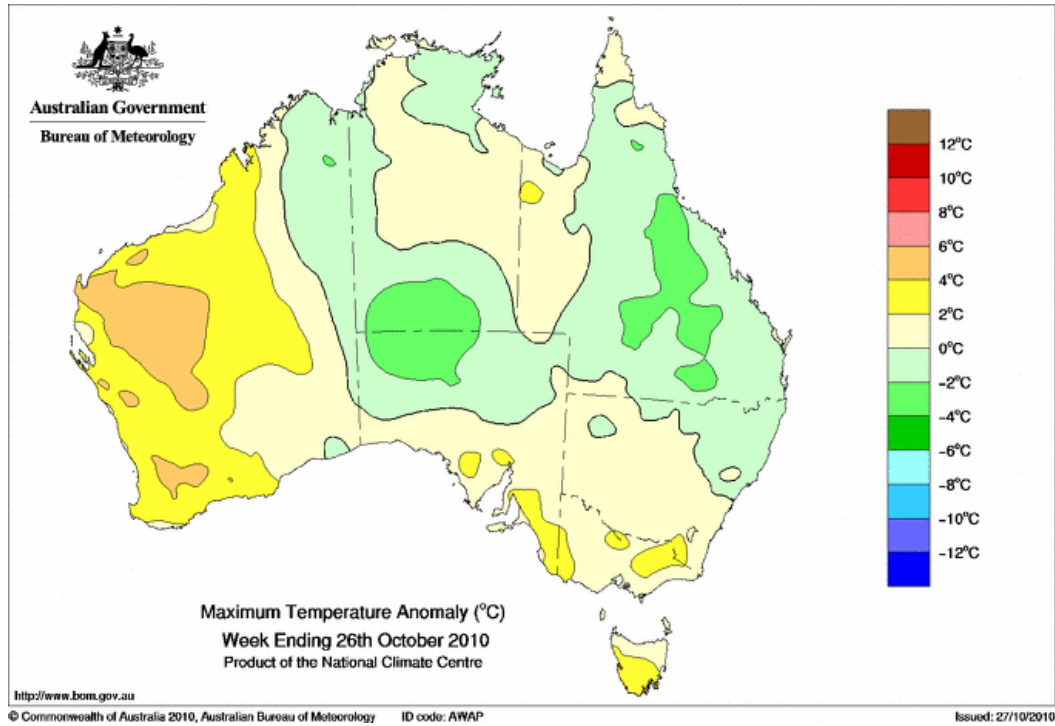
### Rainfall for the week ending 27 October 2010



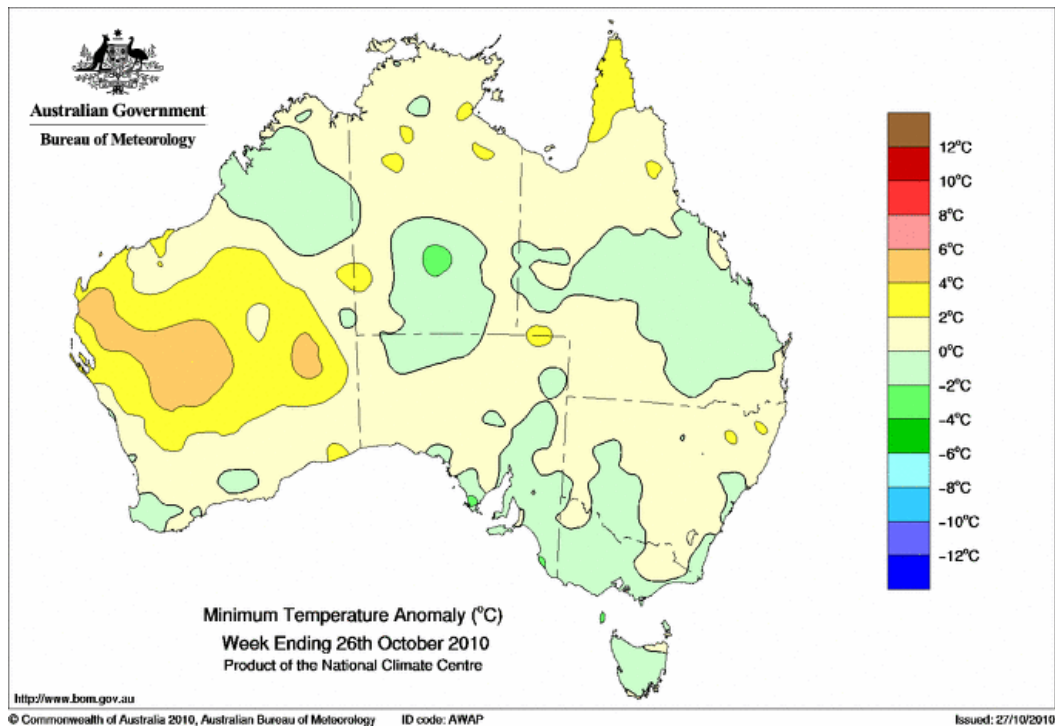
### 1.3 Temperature anomalies this week

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 26 October 2010



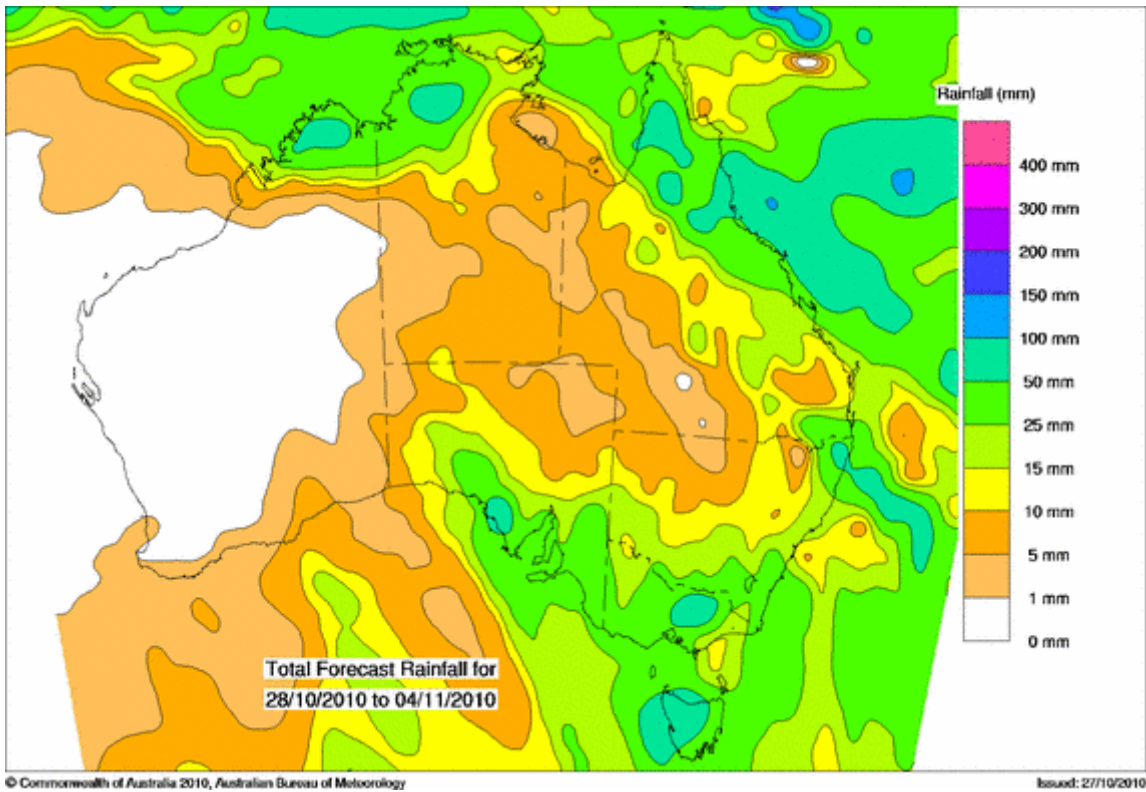
#### Minimum temperature anomalies for the week ending 26 October 2010



## 1.4 Rainfall outlook

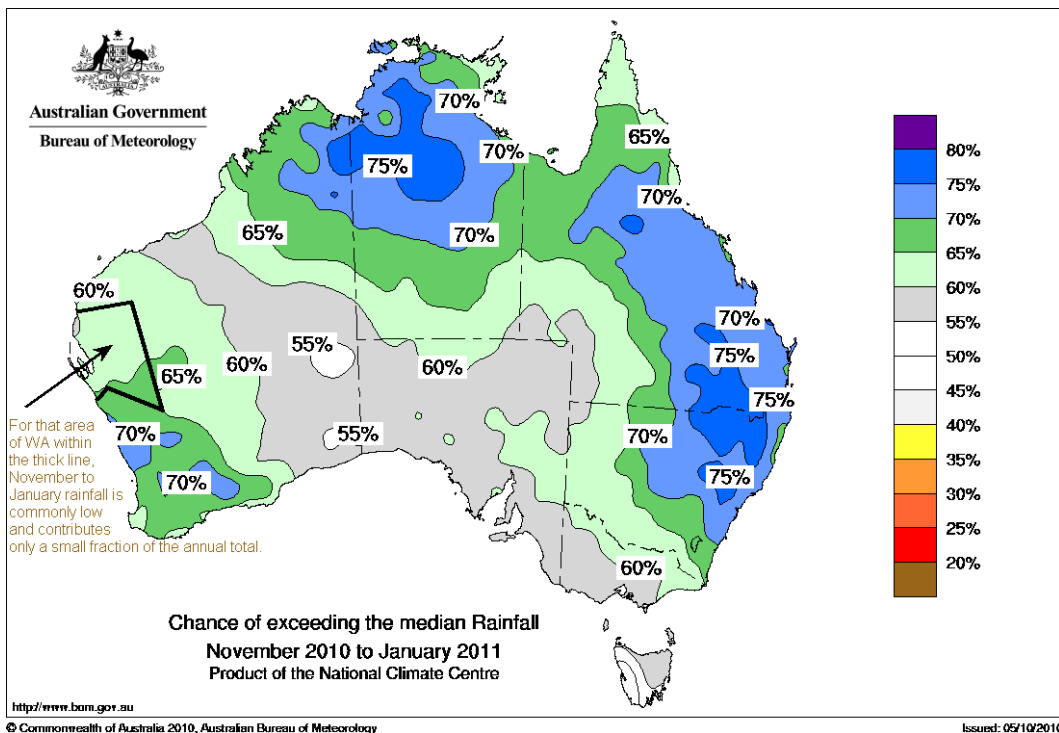
The rainfall forecast below is produced from computer models. As it contains no input from weather forecasters, it is important to also check local forecasts and warnings by the Bureau of Meteorology.

### Total forecast rainfall for the period 28 October to 4 November 2010

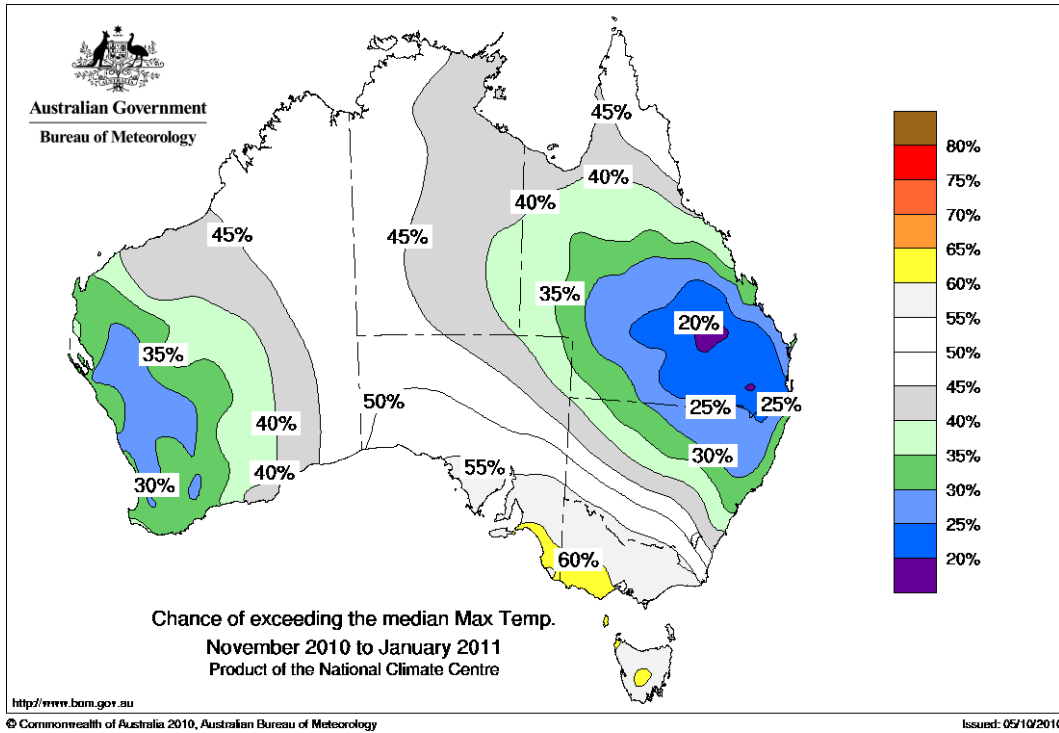


## 1.5 Seasonal rainfall and temperature outlook

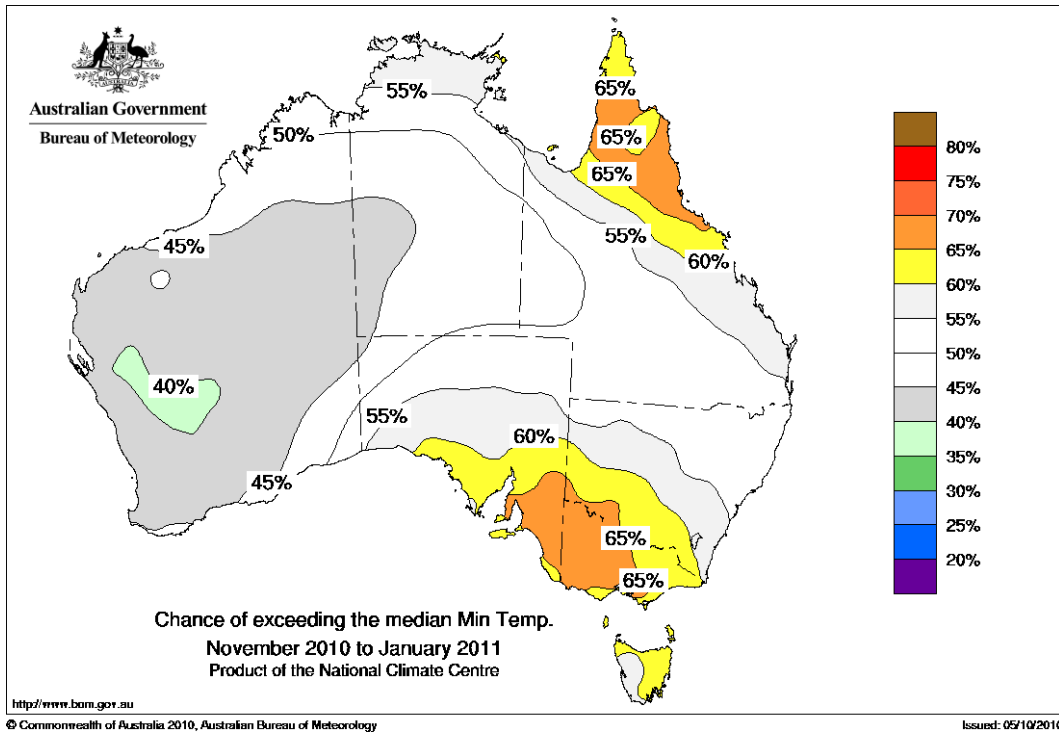
### Chance of exceeding the median rainfall for the period November 2010 to January 2011



**Chance of exceeding the median maximum temperature for the period  
November 2010 to January 2011**



**Chance of exceeding the median minimum temperature for the period  
November 2010 to January 2011**



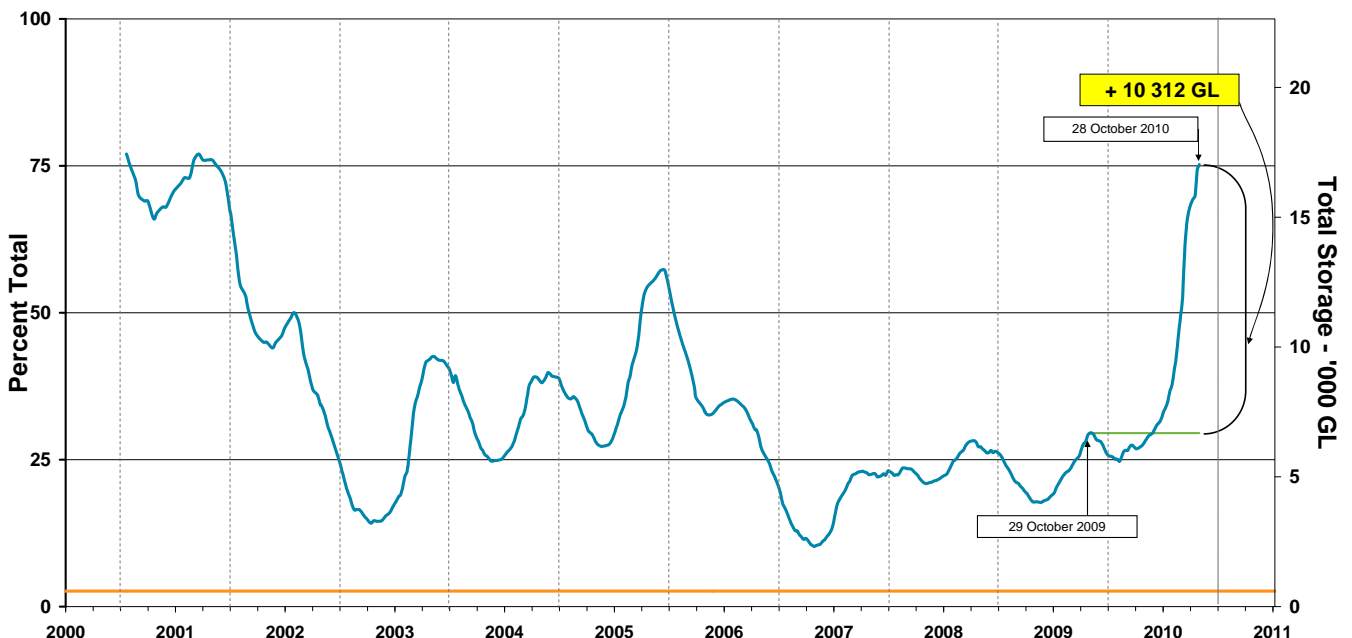
## 2. Water

### 2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 210 gigalitres, or approximately 1 per cent, to around 75 per cent of total capacity. This is 46 per cent or 10312 GL more than this time last year.
- The MDB's capacity is at the highest level since December 2001 when it was at 74 per cent of total capacity.
- Recent trade for temporary water allocations has largely been concentrated in the Victorian markets. The price of temporary water allocations in this region increased slightly to \$52/ML.
- General security water allocations in the New South Wales Murray system increased by 6 per cent to 42 per cent as of 15 October 2010, while the Murrumbidgee system increased by 5 per cent to 57 per cent.
- High reliability allocations increased in the Victorian Murray, Goulburn and Loddon systems, with the Murray increasing from 97 per cent to 100 per cent and both the Goulburn and Loddon systems increasing from 70 per cent to 80 per cent.
- South Australian River Murray allocations remained steady at 67 per cent, as of 15 October 2010.
- The Hume dam near Albury in southern New South Wales has reached full capacity for the first time since October 2000.

### 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 28 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)	27 Oct	20 Oct	13 Oct	6 Oct	29 Sep	22 Sep	15 Sep	8 Sep
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	52	50	57	60	55	45	31	45
SA Murray	No trade	No trade	60	No trade	No trade	40	No trade	72

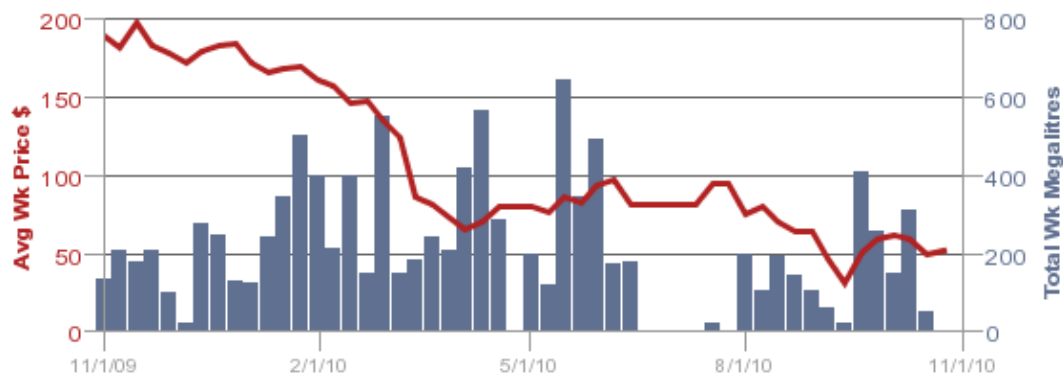
<sup>a</sup> Last traded prices as at the dates shown.

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

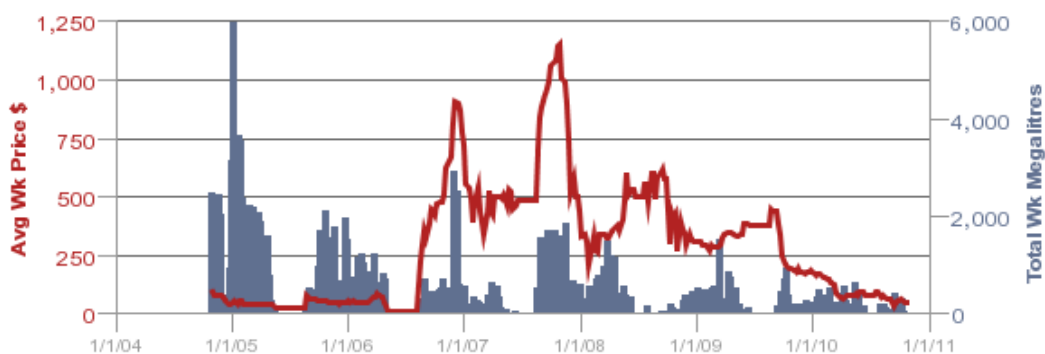
Trading Zone (2010)	27 Oct	20 Oct	13 Oct	6 Oct	29 Sep	22 Sep	15 Sep	8 Sep
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	203	460	260	350	676	891	66	178
SA Murray	No trade	No trade	64	No trade	No trade	1000	No trade	No trade

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

### Recent trading (last 12 months)



### Historical trading (last 5 years)



Source: Waterexchange.

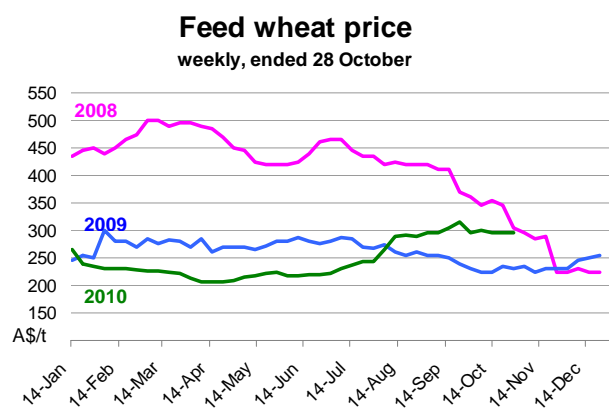
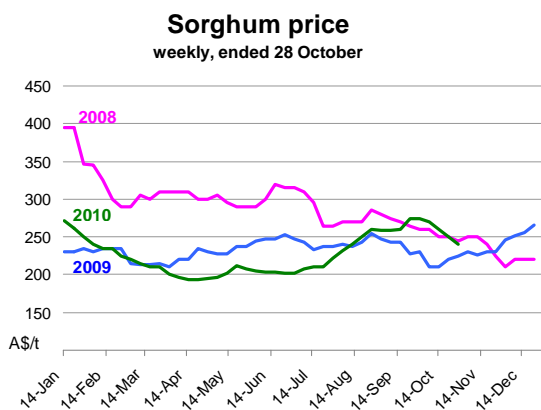
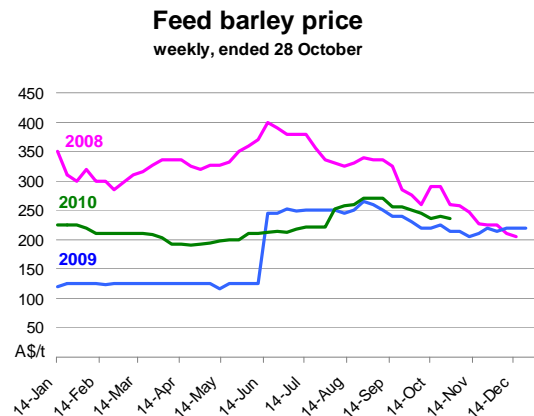
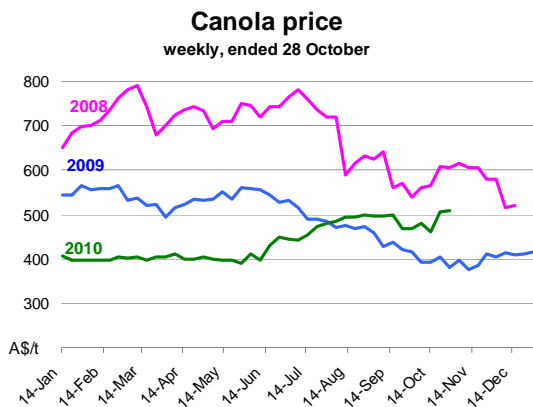
(Note: Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and SA Murray are very similar and have not been included).

# 3. Commodity prices

## 3.1 Commodities

- The world wheat indicator price was around US\$295 a tonne on 27 October after rising to US\$306 a tonne on 8 October.
- The world corn price averaged around US\$249 a tonne this week, after averaging US\$208 a tonne for September. The United States Environmental Protection Agency (EPA) has increased the allowable percentage of ethanol blending for cars and light-trucks made in or after 2007 from 10 to 15 per cent (E15).
- Trade steer prices in Queensland declined again last week as a result of improved availability of cattle in line with a seasonal increase in turnoff. Prices tend to decrease in Spring and Summer as a result of increased supplies.
- Sheep prices fell by around 8 per cent in South Australia (SA) and Western Australia (WA) for the week ending October 22. In contrast, sheep prices in New South Wales averaged 2 per cent higher relative to the previous week, in response to lower sheep yardings. Despite the fall in prices in SA and WA, sheep prices were markedly higher than the same period a year earlier.

## 3.2 Crop indicator prices

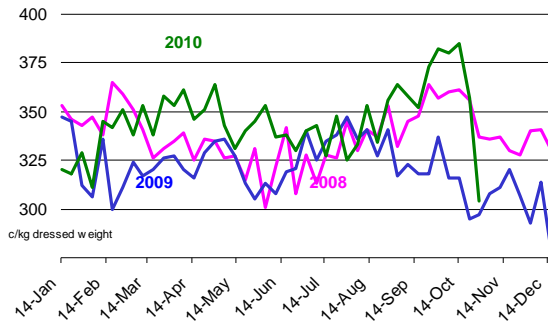




### 3.3 Livestock indicator prices

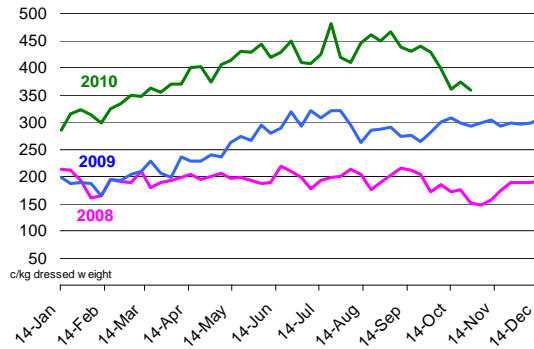
#### Young cattle indicator price

(330-400 kg live weight C3)  
weekly, ended 28 October



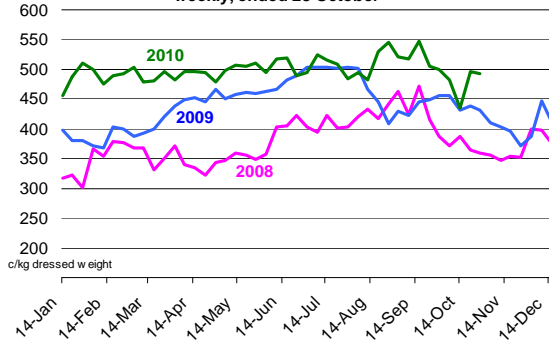
#### Mutton indicator price

(18-24 kg fat score 3)  
weekly, ended 28 October



#### Lamb indicator price

(18-20 kg fat score 3)  
weekly, ended 28 October



#### Baconer pig indicator price

GI 60-75 kg  
weekly, ended 28 October

