



Australian Government

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

Weekly Australian Climate, Water and Commodity Price Update 11 November 2010

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

Summary of key issues

- A lack of finishing rain has reportedly affected grain quality in Western Australia, with the harvest expected to be the second smallest in 20 years.
- Warm, wet conditions experienced in western New South Wales and parts of South Australia have resulted in an increase in flystrike incidences in sheep within the region.
- Mild winter temperatures and above average rainfall have allowed pineapple harvesting to begin early in Queensland, but has also reportedly caused a decrease in sugar cane quality.
- The La Niña conditions influencing rainfall in northern and eastern Australia has contributed to Australia's wettest August to October period on record, 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 94 gigalitres, to 76 per cent of total capacity. This is the highest level since November 2001 when it was also at 76 per cent.
- The price of allocations in the Victorian temporary water markets remained at \$45/ML this week.
- The world wheat indicator price reached US\$314 a tonne this week; the highest since September 2010.

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1. Climate

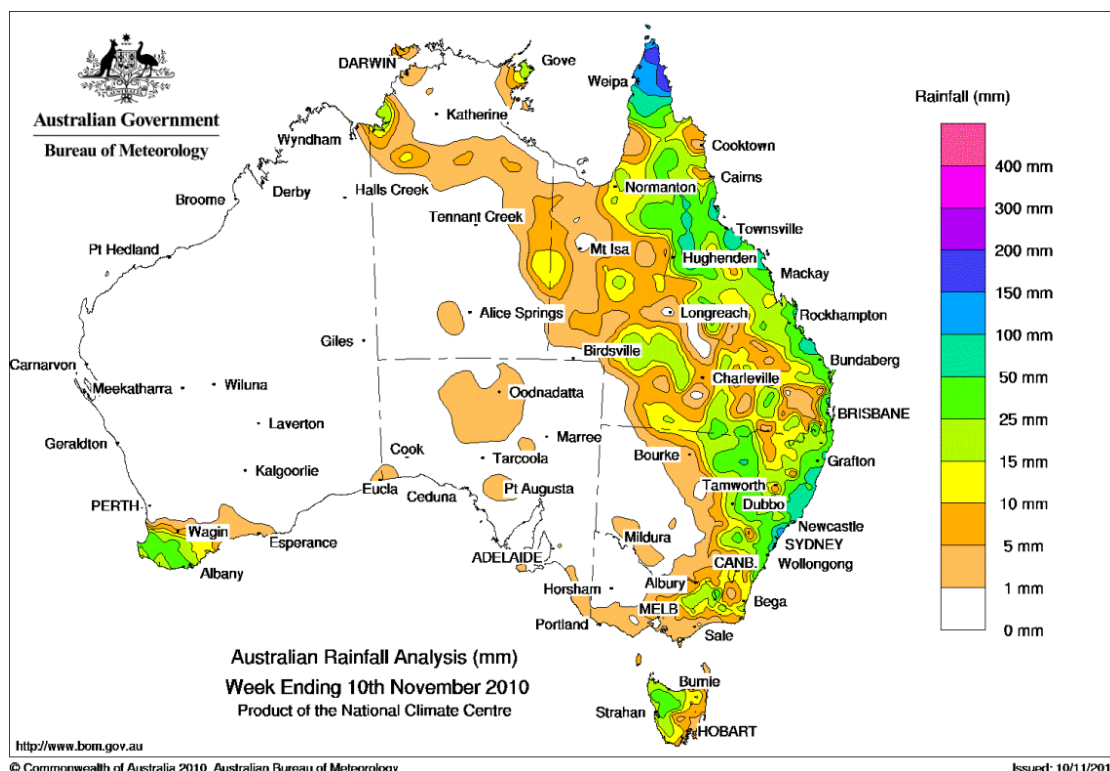
1.1 Notable events

- For the week ending 10 November 2010, rainfall was predominantly recorded along the coastline in the eastern states, with the heaviest falls confined to northern Queensland and parts of the central New South Wales coast. The **highest measured rainfall** total for the week was **218 mm**, recorded at **Wyee** in the Hunter region of New South Wales.
- The Western Australian **grain harvest** is expected to be the second smallest in the past 20 years. A lack of finishing rain in recent weeks has resulted in lower quality crops; with harvesting expected to finish within a fortnight.
- The warm, wet conditions experienced in western New South Wales and parts of South Australia have caused **flystrike** incidences in sheep to increase over recent weeks. Large numbers of both breech strike and body strike have been reported in some areas.
- **Pineapple growers** in Queensland have begun harvesting their crops earlier than usual. Due to the mild winter temperatures and above average rainfall in northern Queensland, pineapple crops are maturing and harvesting is occurring.
- Above average rainfall received in northern Queensland has reportedly affected **sugar cane** quality in some areas.
- Due to recent rainfall and humid weather, there are concerns that **downy mildew** will damage grape vines in the Riverland, South Australia.
- The **La Niña conditions** influencing rainfall in northern and eastern Australia has remained steady over the past fortnight, with the tropical Pacific Ocean remaining significantly cooler than average for this time of year, according to this week's ENSO 'Wrap-up' released by the Bureau of Meteorology. The 2010 La Niña event has contributed to Australia's wettest August to October period on record.

1.2 Rainfall this week

For the week ending 10 November 2010, widespread rainfall was recorded predominantly in the eastern states. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml

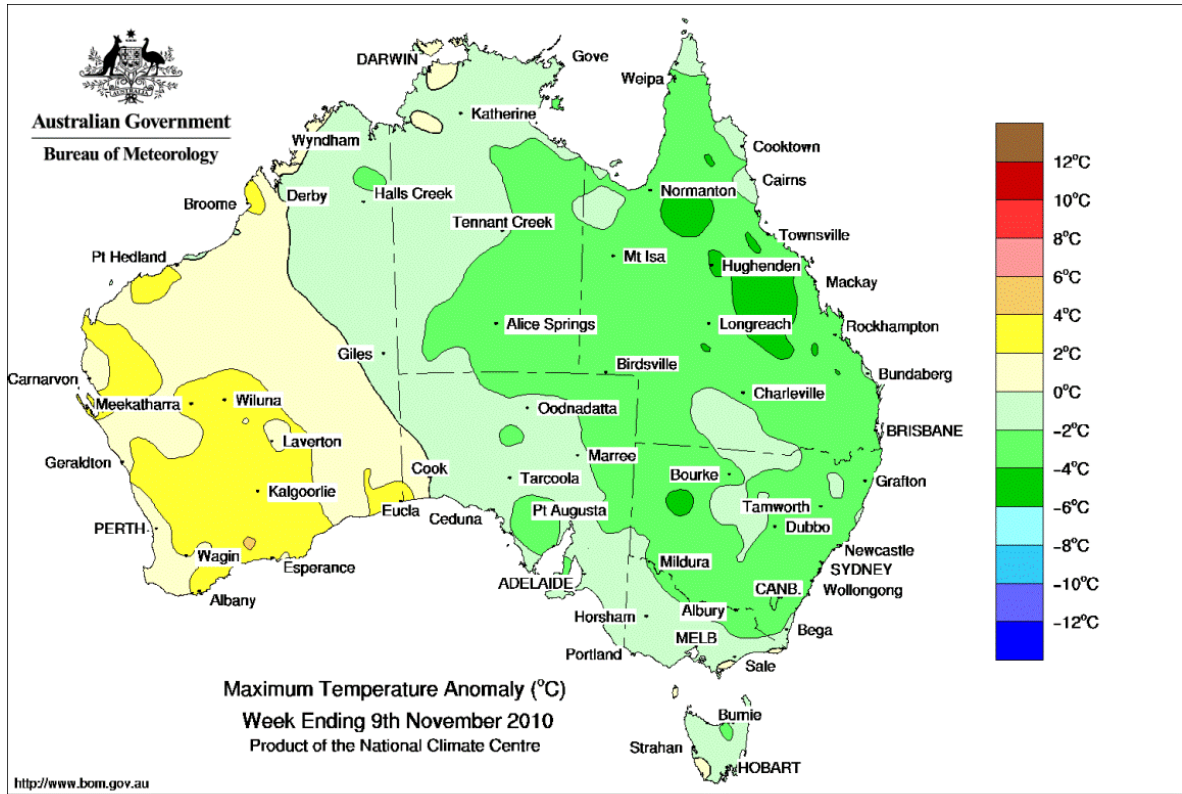
Rainfall for the week ending 10 November 2010



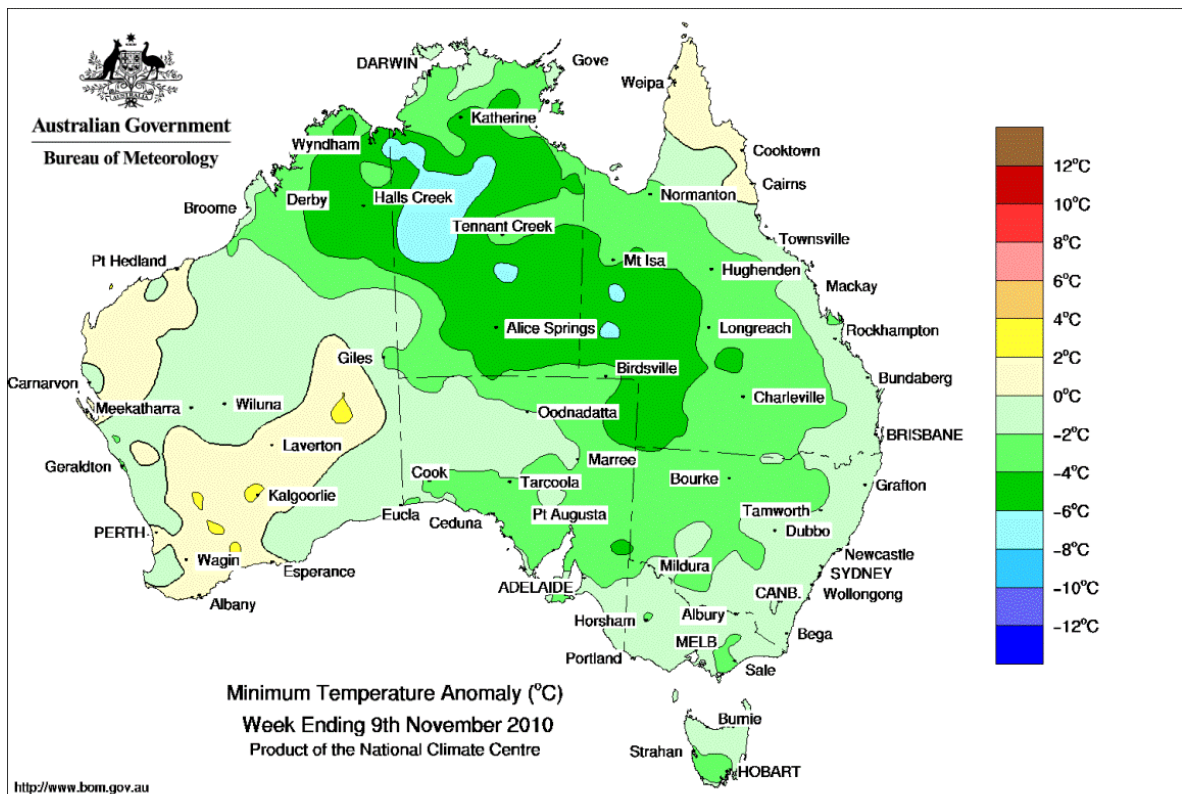
1.3 Temperature anomalies this week

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 9 November 2010



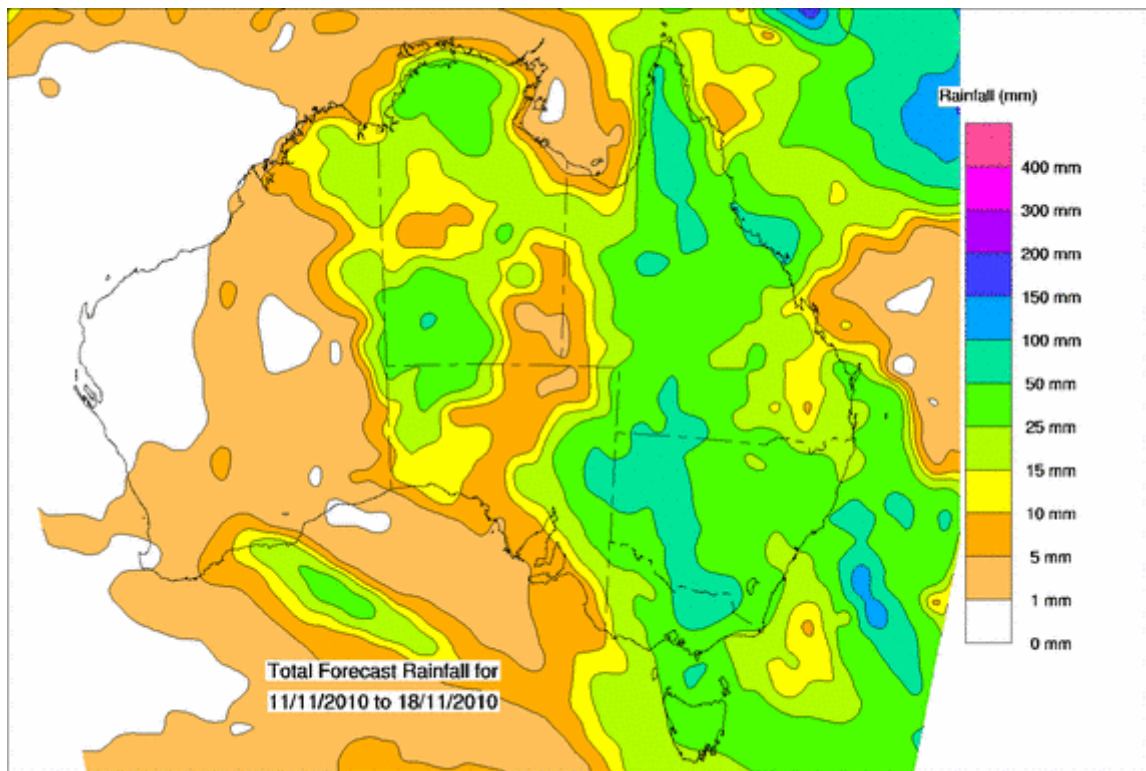
Minimum temperature anomalies for the week ending 9 November 2010



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 11 to 18 November 2010



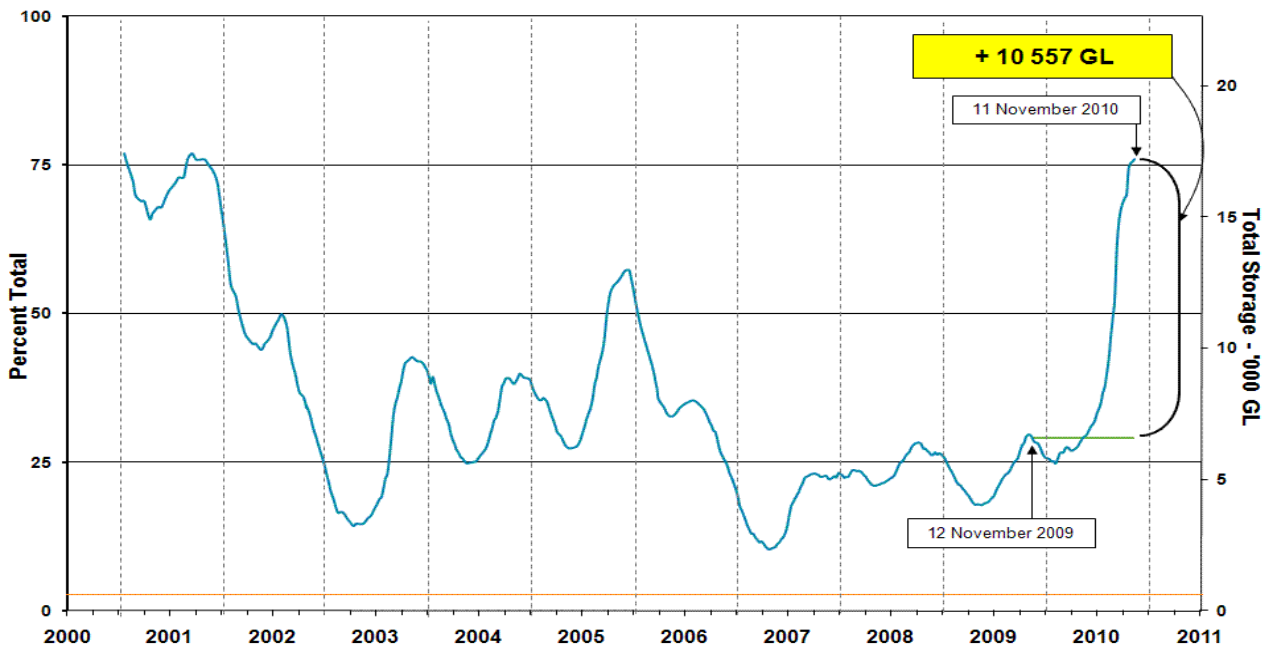
2. Water

2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 94 gigalitres, or approximately 1 per cent, to around 76 per cent of total capacity. This is 47 per cent or 10 557 GL more than this time last year.
- The MDB's capacity is at the highest level since November 2001 when it was also at 76 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 has remained at \$45/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 11 November 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)	10 Nov	3 Nov	27 Oct	20 Oct	13 Oct	6 Oct	29 Sep	22 Sep
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	45	45	52	50	57	60	55	45
SA Murray	No trade	No trade	No trade	No trade	60	No trade	No trade	40

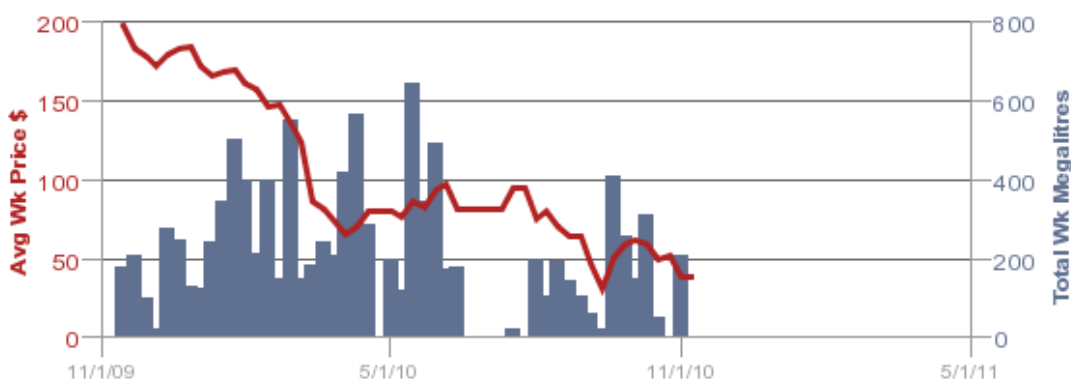
^a Last traded prices as at the dates shown.

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

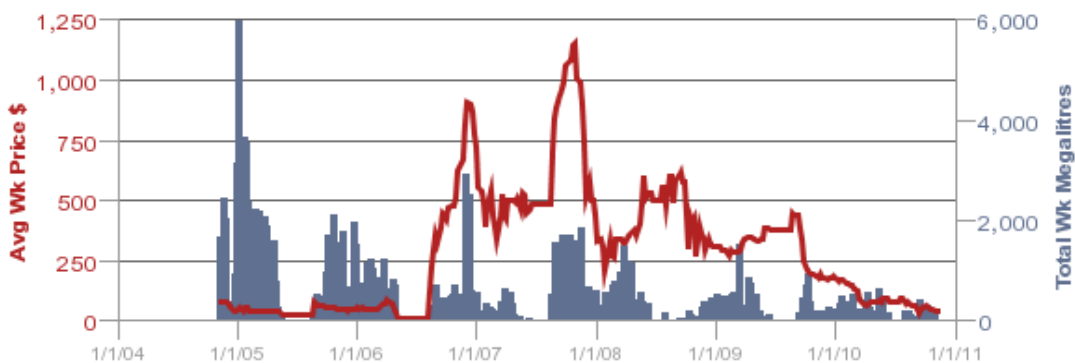
Trading Zone (2010)	10 Nov	3 Nov	27 Oct	20 Oct	13 Oct	6 Oct	29 Sep	22 Sep
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	144	100	203	460	260	350	676	891
SA Murray	No trade	No trade	No trade	No trade	64	No trade	No trade	1000

^b Water traded last week on Waterexchange.

Recent trading (last 12 months)



Historical trading (last 5 years)



Source: Waterexchange.

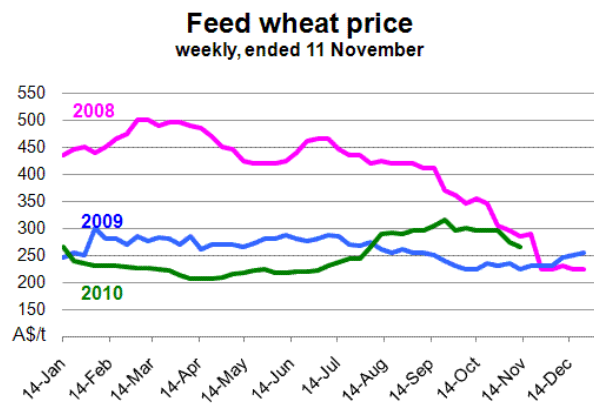
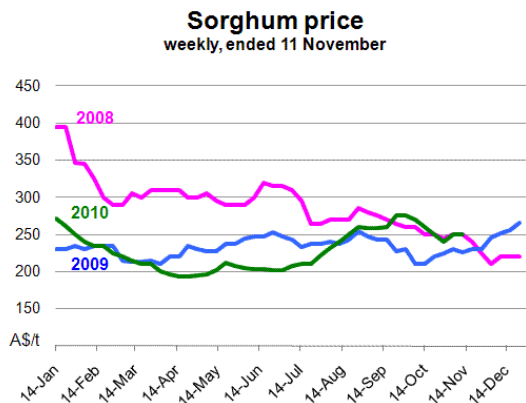
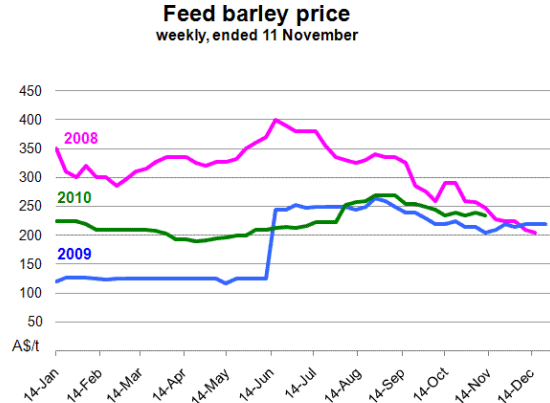
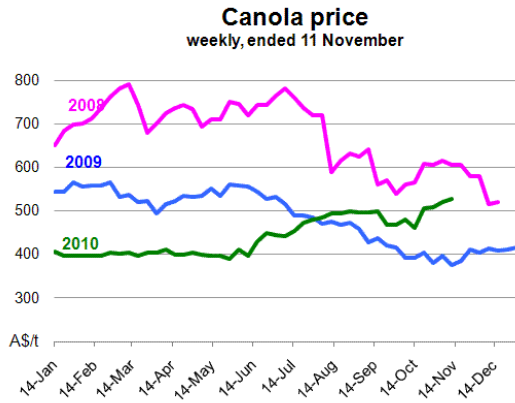
(Note: Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and SA Murray are very similar and have not been included).

3. Commodity prices

3.1 Commodities

- The world wheat indicator price (US hard red winter, free on board Gulf) reached US\$314 a tonne this week, the highest since September 2010.
- The Australian canola indicator price has risen by around 13 per cent since mid September, in response to higher world prices as a result of increased world demand and tight world supplies.

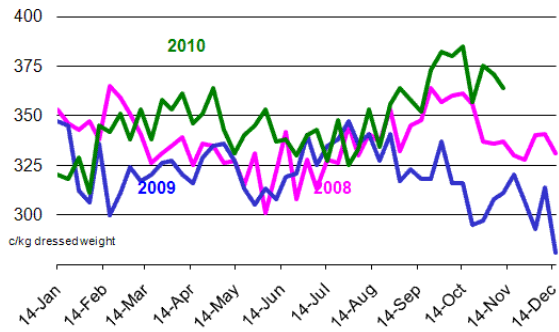
3.2 Crop indicator prices



3.3 Livestock indicator prices

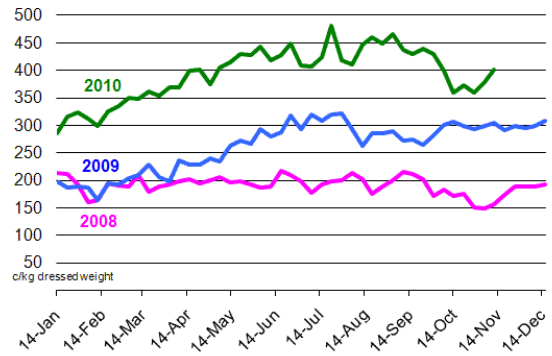
Young cattle indicator price

(330-400 kg live weight C3)
weekly, ended 11 November



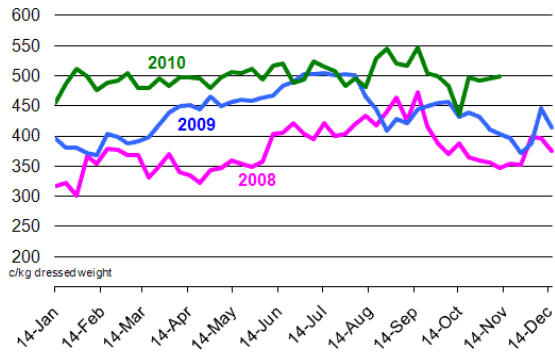
Mutton indicator price

(18-24 kg fat score 3)
weekly, ended 11 November



Lamb indicator price

(18-20 kg fat score 3)
weekly, ended 11 November



Baconer pig indicator price

G1 60-75 kg
weekly, ended 11 November

