



Weekly Australian Climate, Water and Commodity Price Update

5 August 2010

Summary of key issues

- Widespread moderate to heavy rainfall was recorded over large areas of south-east and central Australia this week, which will improve soil moisture and could result in increased inflows for the Murray-Darling Basin.
- Serious to severe rainfall deficiencies remain in parts of Western Australia and Tasmania. South-west Western Australia has had its third driest start to the year since records began in 1900. (Bureau of Meteorology (BoM) Drought Statement, 4 August 2010)
- All indicators in the Pacific Ocean are showing the early stages of a La Niña event, with computer models predicting a likely strengthening of event over the coming months. (BoM ENSO 'Wrap-up', 4 August 2010)
- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 512 gigalitres, or approximately 2 per cent, to 35 per cent of total capacity. This is the highest level since 2 August 2006 when it was also at 35 per cent.
- The water-trading season has commenced for 2010–11 and there has been a small volume of trade in some temporary markets.
- This week, high reliability allocations for the Victorian Murray and Goulburn systems opened at 2 and 5 per cent respectively. High security allocations in the NSW Murray Valley and Murrumbidgee systems increased to 40 and 80 per cent respectively and South Australian River Murray allocations increased to 31 per cent.
- The world wheat price (US Hard Red Winter) reached US\$254 a tonne on Wednesday (the highest since last June). Australia's domestic wheat price (delivered Sydney) has reflected the changes, rising 9 per cent to A\$265 a tonne compared with last week.

Go to <http://www.daff.gov.au/climateupdate> for the online report.

1. Climate

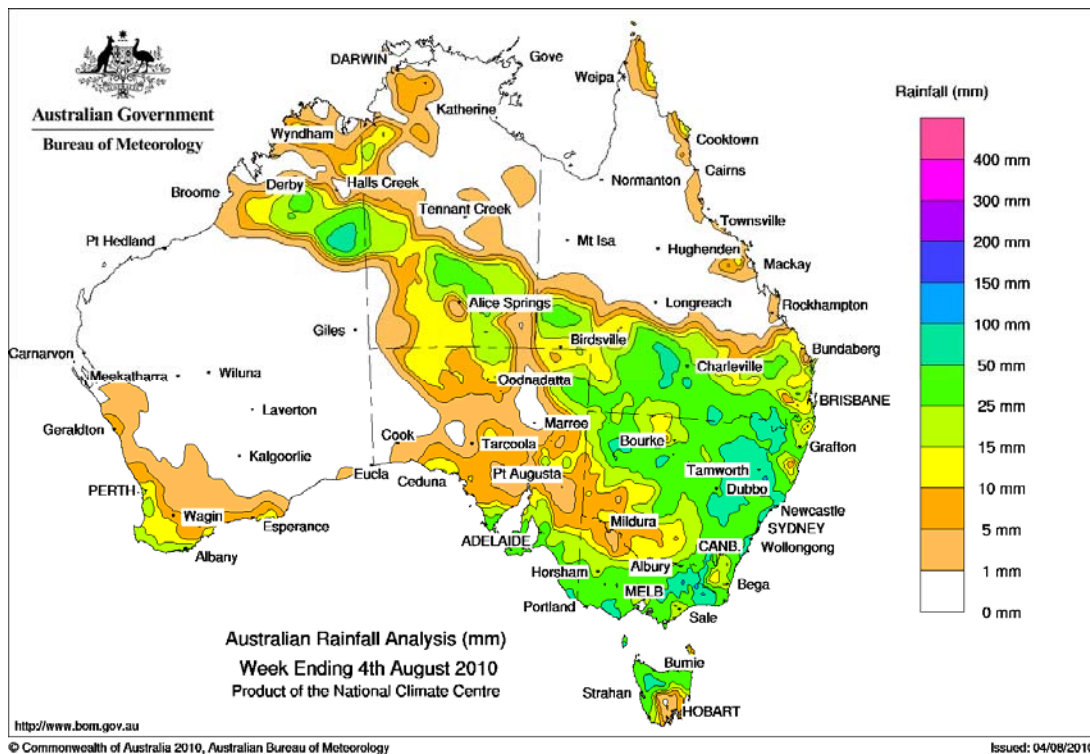
1.1 Notable events

- For the week ending 4 August 2010, a series of eastward moving cold fronts and troughs produced **widespread moderate to heavy rainfall** across large parts of **south-east and central Australia**. The **highest measured rainfall** for the week was **138 mm**, recorded at **Thredbo Village** in the New South Wales alpine region. Rainfall exceeded 25 mm over parts of north-west and central Australia, southern Queensland, New South Wales, Victoria, the south of South Australia and Tasmania.
- The widespread rainfall will improve soil moisture and the prospects of favourable production conditions in spring, particularly in south-east Australia, as well as providing the potential for **increased inflows into the Murray-Darling Basin**.
- Although much of Australia received above average rainfall during July, **serious to severe rainfall deficiencies remain in the west of Western Australia and south-east Tasmania**, according to a Drought Statement released by the Bureau of Meteorology this week. For the south-west region of Western Australia it has been the third driest start to the year since records began in 1900. Whilst recent rains in eastern Australia have provided, in many cases, short-term relief, sustained periods of above-average rainfall are needed to remove very long-term deficiencies (8 to 13 years).
- **All indicators in the Pacific Ocean are showing the early stages of a La Niña event**, according to the ENSO 'Wrap-up' released by the Bureau of Meteorology this week. Computer models predict the central Pacific will continue to cool over the coming months, suggesting a likely strengthening of the La Niña event. La Niña is normally associated with higher than average winter, spring and early summer rainfall over much of Australia. Wetter conditions would benefit pasture and winter crop growth, particularly in spring.

1.2 Rainfall this week

For the week ending 4 August 2010, moderate to heavy rainfall was recorded across south-east and parts of central Australia. For further information, go to <http://www.bom.gov.au/climate/current/weeklyrain.shtml>

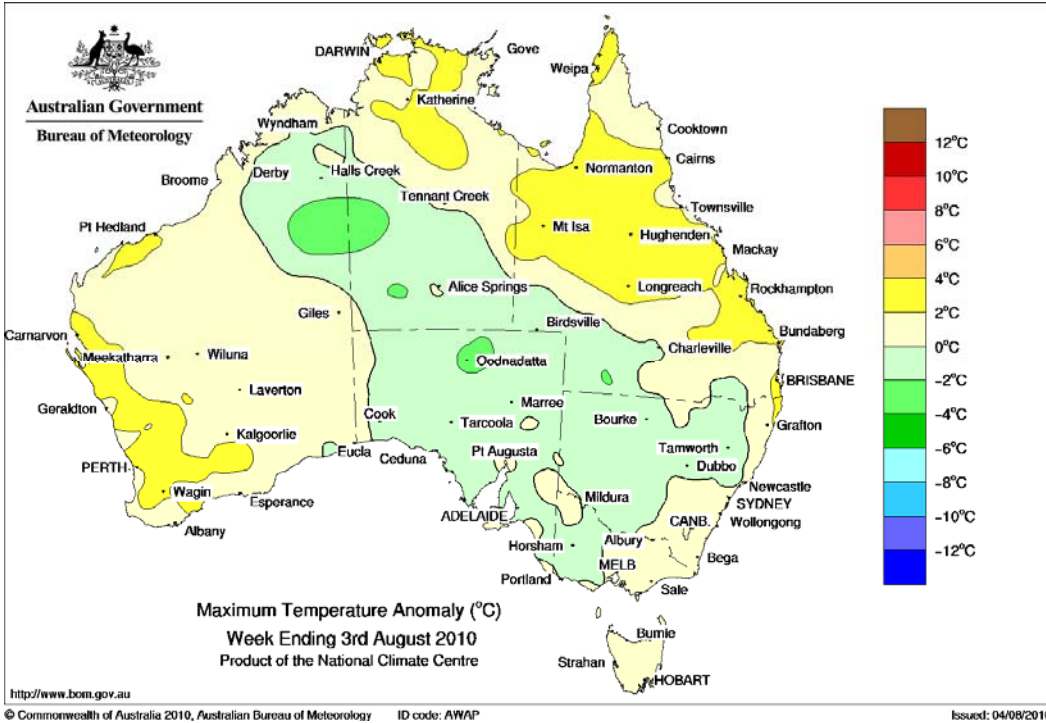
Rainfall for the week ending 4 August 2010



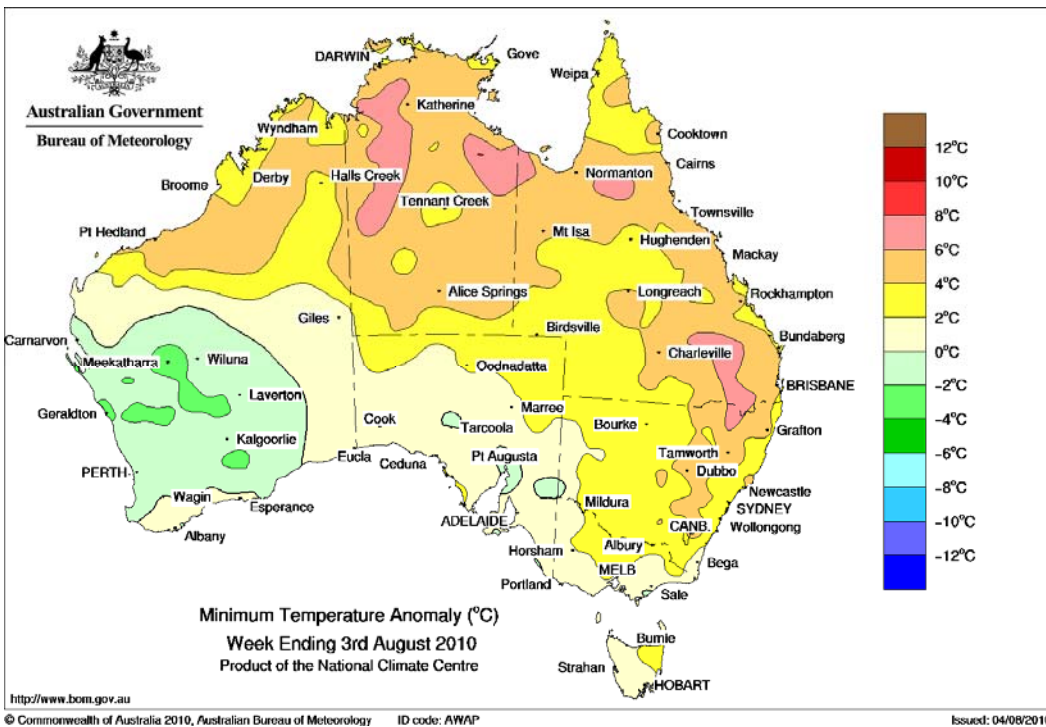
1.3 Temperature anomalies this week

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 <http://www.bom.gov.au/jsp/awap/>

Maximum temperature anomalies for the week ending 3 August 2010

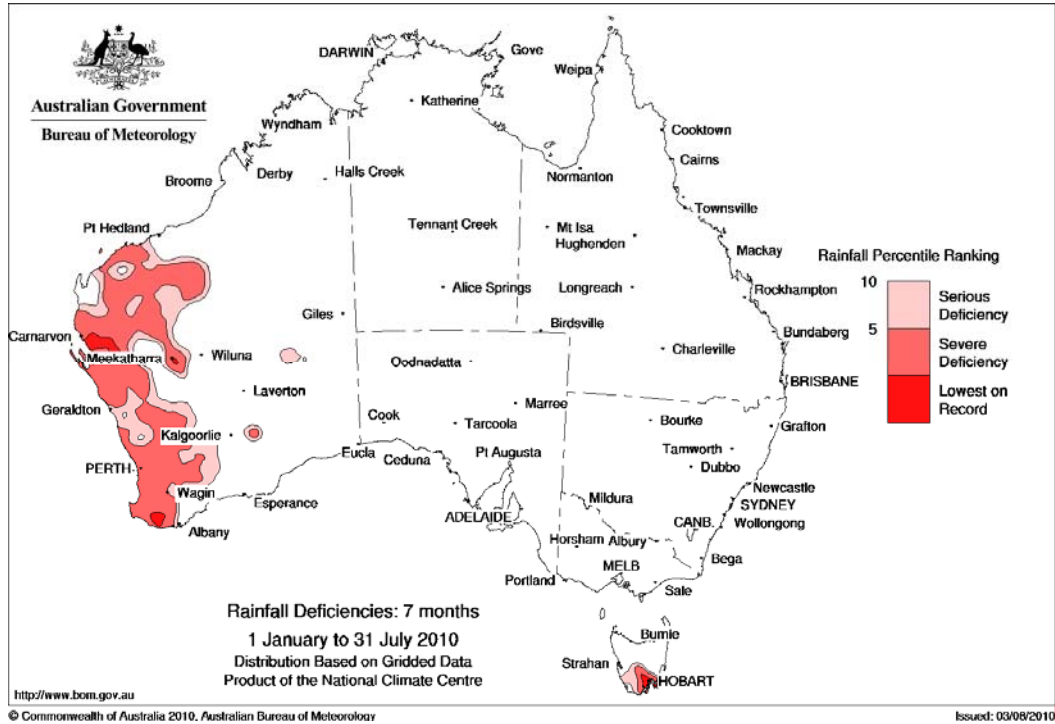


Minimum temperature anomalies for the week ending 3 August 2010



1.4 Rainfall deficiencies

Rainfall deficiencies for the 7-month period ending 31 July 2010



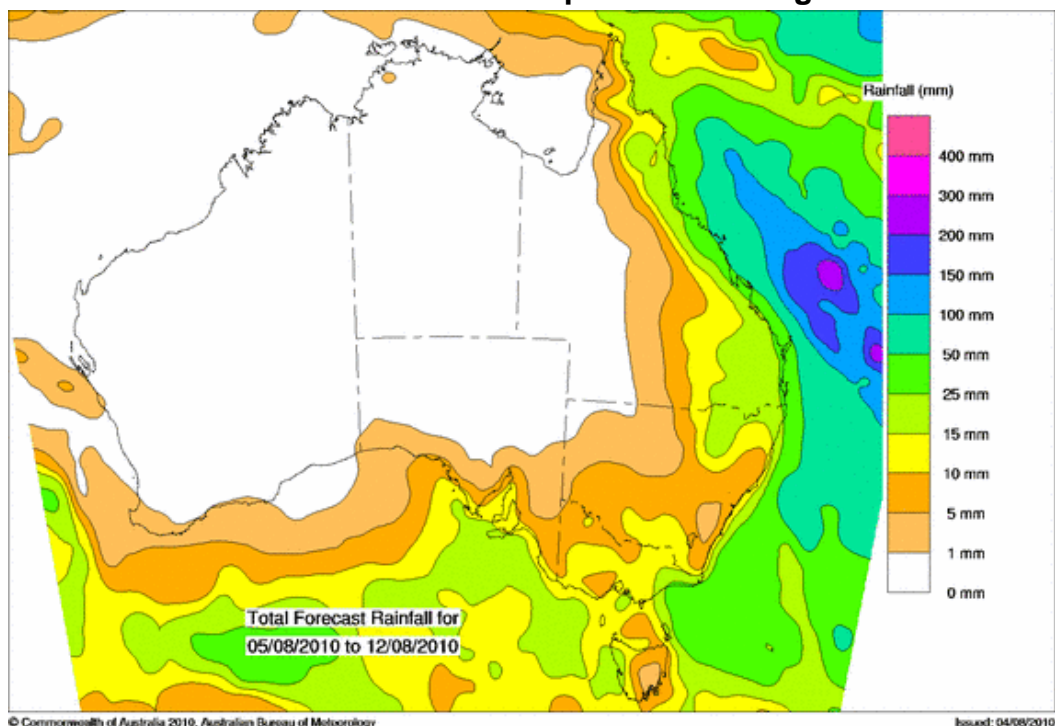
The terms used in the image to describe rainfall have the following meanings:

- **Serious deficiency** - rainfalls in the lowest 10 per cent of historical totals, but not in the lowest 5 per cent
- **Severe deficiency** - rainfalls in the lowest 5 per cent of historical totals
- **Lowest on record** - lowest since at least 1900 when the data analysed begin.

1.5 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 5–12 August 2010



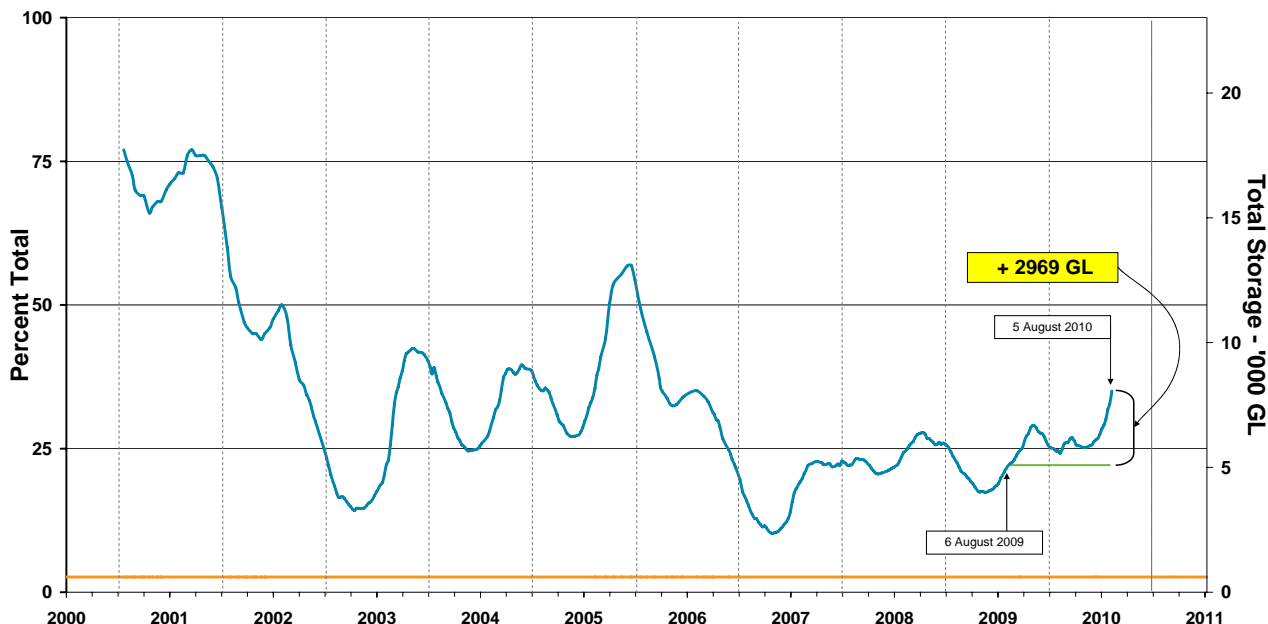
2. Water

2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 512 gigalitres, or 2.22 per cent, to 35.01 per cent of total capacity.
- The MDB's capacity is at the highest level since 2 August 2006 when it was at 35.05 per cent of total capacity.
- The water-trading season has commenced for 2010–11 and there has been a small volume of trade in some temporary markets.
- Opening high reliability allocations for the Victorian Murray and Goulburn systems are 2 and 5 per cent respectively. The Broken, Campaspe, Loddon and Bullarook systems remain at zero allocation.
- High security allocations in the NSW Murray Valley increase from 10 per cent to 40 per cent, while Murrumbidgee allocations increased from 30 per cent to 80 per cent. General security allocations for both systems remain at 0 per cent.
- South Australian River Murray allocations increased from 24 to 31 per cent. South Australian River Murray allocations were at 5 per cent at the same time last year.

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 5 August 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 (2009)	4 Aug	28 Jul	21 Jul	14 Jul	7 Jul	30 Jun	23 Jun	16 Jun
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	80	80
VIC 1A Goulburn	70	95	No trade	No trade	No trade	No trade	70	85
SA Murray	80	90	No trade	No trade	No trade	No trade	85	95

^a Last traded prices as at the dates shown.

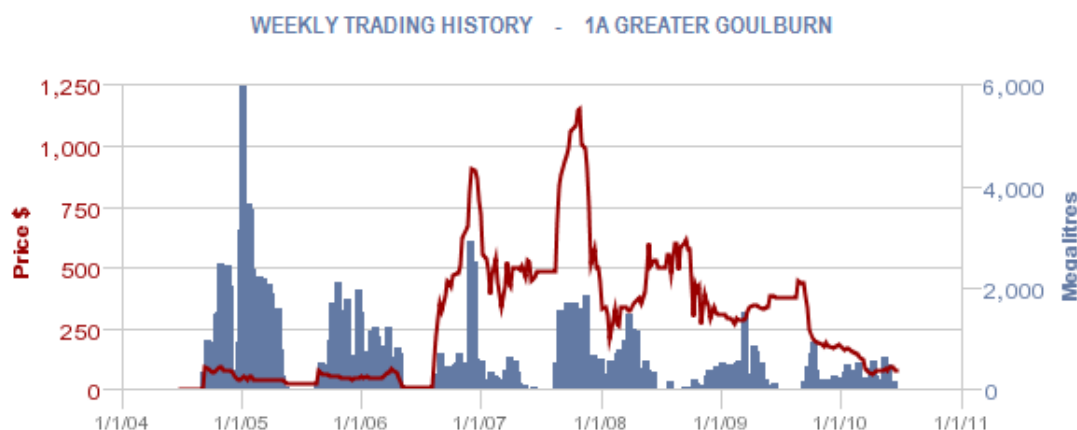
Volume (ML) of selected temporary trade in allocations, MDB^b

Trading Zone (2009)	4 Aug	28 Jul	21 Jul	14 Jul	7 Jul	30 Jun	23 Jun	16 Jun
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	0	0
VIC 1A Goulburn	129	20	No trade	No trade	No trade	No trade	489	235
SA Murray	25	10	No trade	No trade	No trade	No trade	140	532

^b Water traded last week on Waterexchange.

The water-trading season has commenced for 2010–11. Updated trading graphs are not available this week.

Historical trading (last 5 years)



Source: Waterexchange.

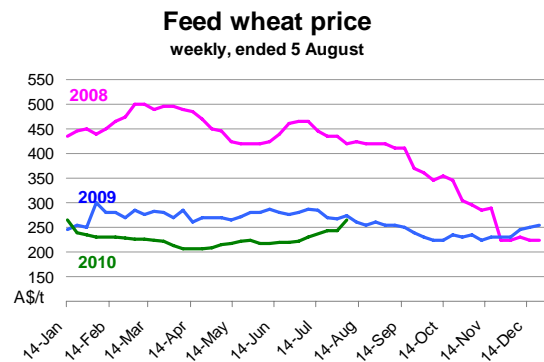
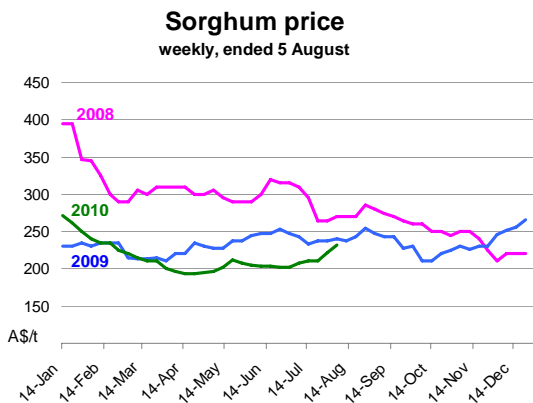
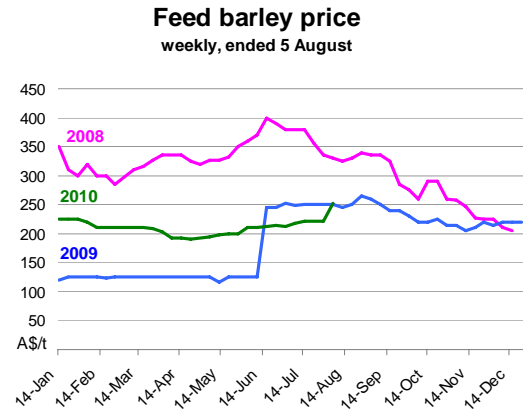
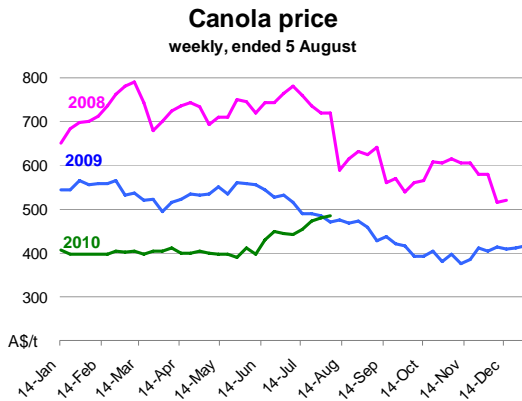
(**Note:** Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above for this week. Price series for Goulburn and SA Murray are very similar and have not been included).

3. Commodity prices

3.1 Commodities

- The world wheat price (US Hard Red Winter) reached US\$254 per tonne on Wednesday (the highest since June 2009). As the drought in the Russian Federation has worsened crop conditions, the Russian Ministry of Agriculture has downgraded grain production to between 70 and 75 million tonnes from earlier forecasts of almost 80 million tonnes. Production last season was estimated at 97 million tonnes. As a major exporter of wheat, Australia's domestic wheat price (delivered Sydney) has reflected the changes in the world market, rising 9 per cent to A\$265 a tonne compared with last week.

3.2 Crop indicator prices



3.3 Livestock indicator prices

