



Australian Government

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

Weekly Australian Climate, Water and Commodity Price Update 12 August 2010

Summary of key issues

- Widespread moderate to heavy rainfall, recorded over large areas of eastern and southern Australia this week will increase soil moisture and assist winter crop growth over much of Australia's grains belt.
- With good soil moisture in many areas, the rainfall should provide increased runoff and inflows into the Murray-Darling Basin.
- Winter crops in New South Wales and Victoria could be affected by locusts when group hatchings occur in mid-August and late September, respectively. Some isolated hatchings have been reported in Victoria and spraying has commenced in parts of Queensland.
- Water storage levels in the Murray-Darling Basin increased this week by 551 gigalitres, or approximately 2 per cent, to 37 per cent of total capacity. This is the highest level since 23 March 2006 when it was also at 37 per cent.
- There have been small volumes of trade in some temporary water markets this week.
- Following the announcement of a temporary grain export ban by the Russian Federation, the world wheat indicator price (US Hard Red Winter) rose to \$US265 a tonne on 10 August, compared with US\$188 a tonne on 1 July 2010. Higher world wheat prices, if sustained, are expected to lead to increased earnings for Australian wheat exports.

Go to <http://www.daff.gov.au/abare-brs/publications> for the online report.

1. Climate

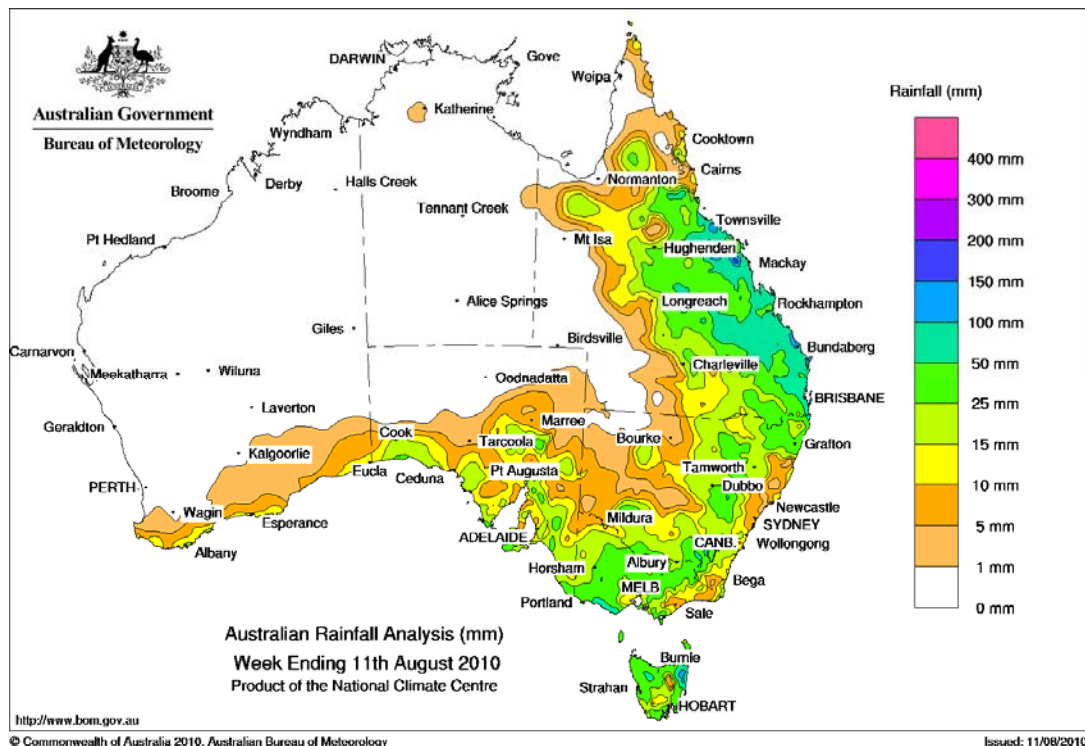
1.1 Notable events

- For the week ending 11 August 2010, **widespread moderate to heavy rainfall** was recorded across large parts of **eastern and southern Australia**. Most of the rainfall this week was produced by a complex low pressure system which moved across south-eastern Australia, and an associated surface trough extending north into central Queensland. The highest measured total for the week was 187mm in Gray, in north east Tasmania. Rainfall exceeded 50mm over large parts of eastern Queensland, and in parts of southern Victoria and northern Tasmania.
- Rainfall received this week will **improve soil moisture** and assist **winter crop growth** over much of Australia's grains belt. The exception is in Western Australia where rainfall has not been as high or widespread. Light to moderate rainfall is forecast across the Western Australian grains belt in the coming week.
- With good soil moisture in many areas, the rain should provide **increased runoff and inflows** into the Murray-Darling Basin, and provide improved prospects for crops and pastures leading into spring.
- In far north Queensland recent heavy rainfall may delay the cane harvest, but is not expected to result in downgrades in either yields or sugar content.
- Crops in New South Wales and Victoria could be affected by locusts when group hatchings occur, with the Australian Plague Locust Commission currently predicting hatching for these areas in mid-August and late September, respectively. Higher temperatures during winter have led to the predictions of early hatchings in some areas. Some isolated hatchings have already been reported in Victoria and spraying of swarms of spur-throated locusts has commenced in parts of Queensland.

1.2 Rainfall this week

For the week ending 11 August 2010, rainfall was mainly recorded in southern and eastern Australia. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml

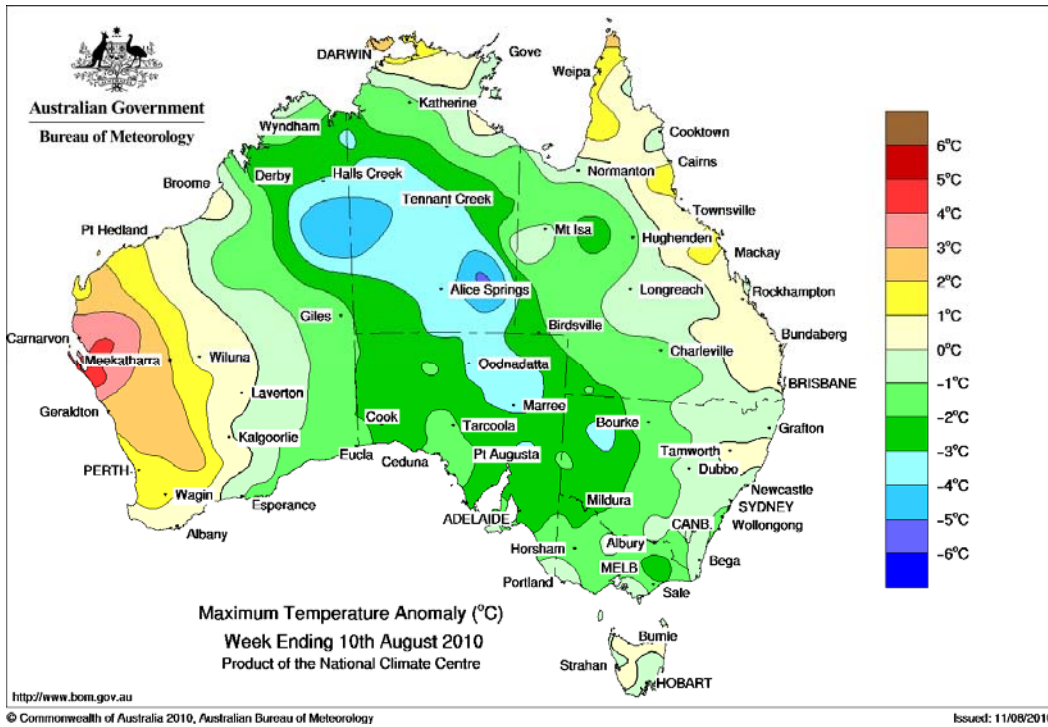
Rainfall for the week ending 11 August 2010



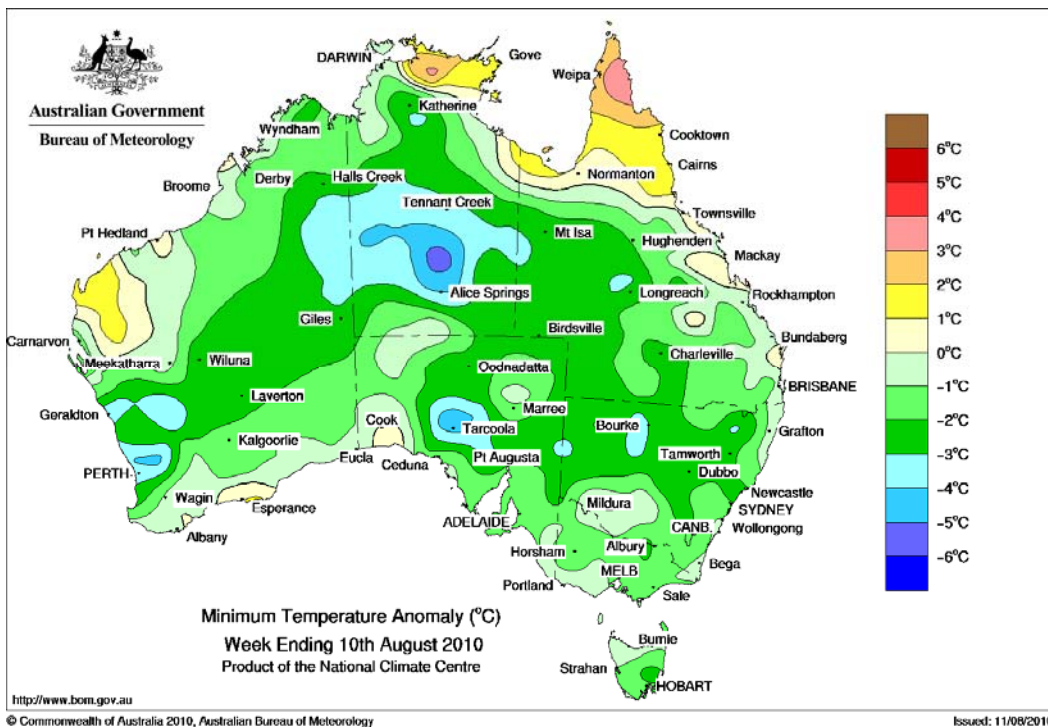
1.3 Temperature anomalies this week

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 www.bom.gov.au/jsp/awap/

Maximum temperature anomalies for the week ending 10 August 2010



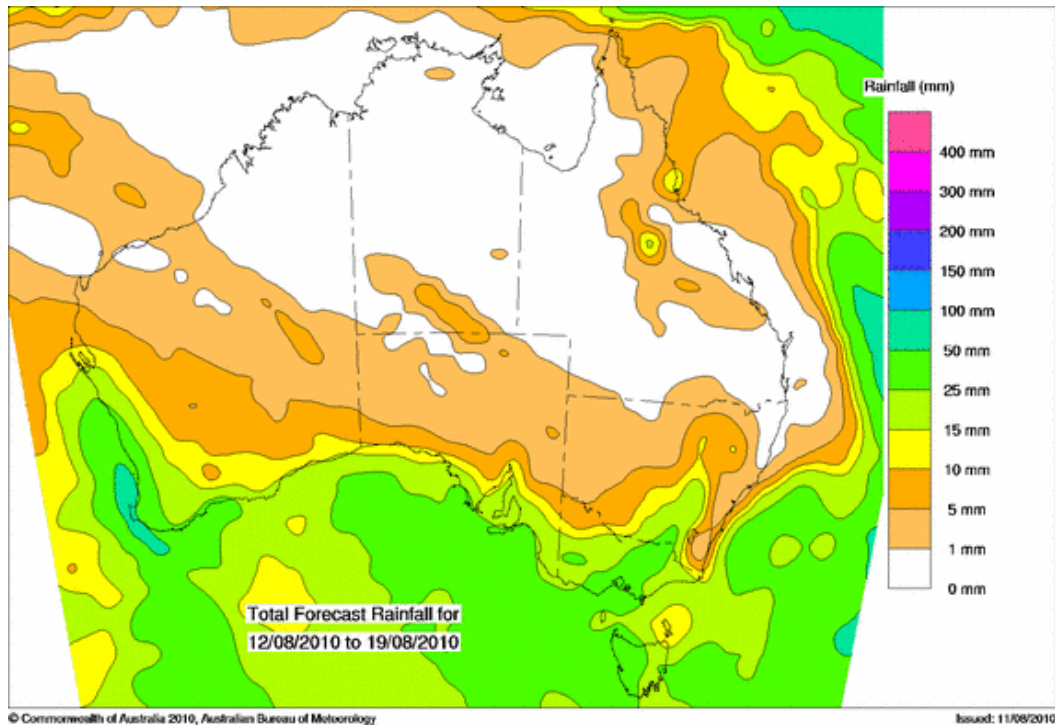
Minimum temperature anomalies for the week ending 10 August 2010



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 12–19 August 2010



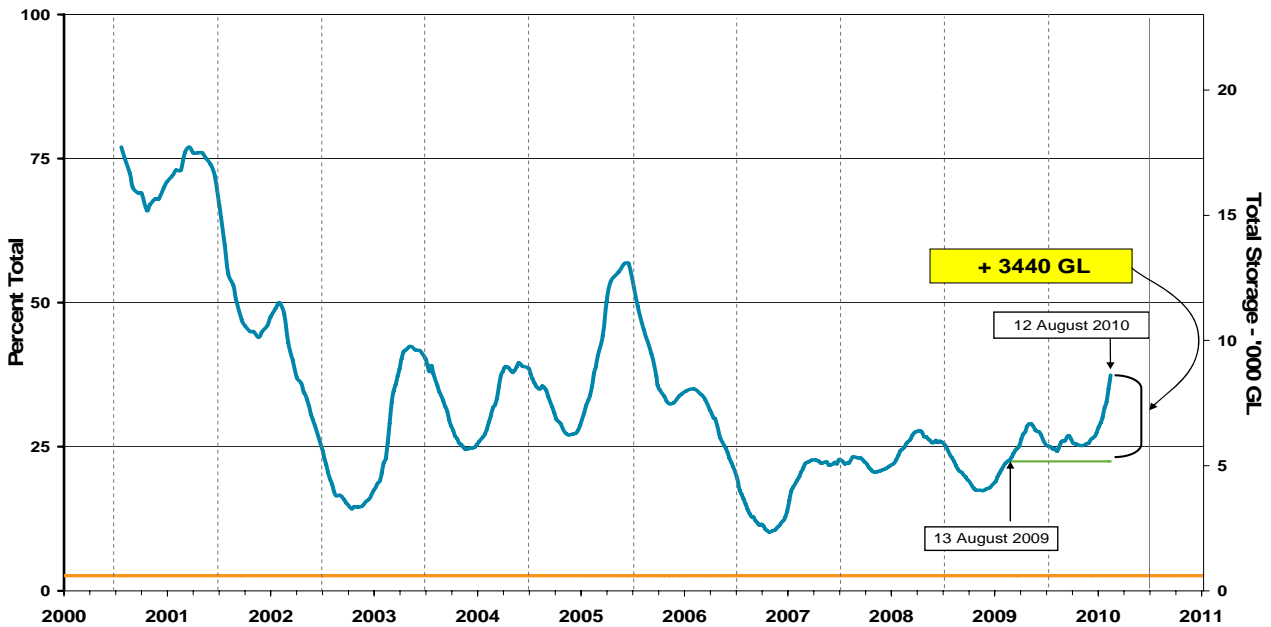
2. Water

2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) increased again this week by 551 gigalitres, or 2 per cent, to 37 per cent of total capacity.
- The storage capacity in the MDB is at the highest level since 23 March 2006 when it was also at 37 per cent of total capacity.
- There have been small volumes of trade this week in some temporary water markets.

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 12 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)	11 Aug	4 Aug	28 Jul	21 Jul	14 Jul	7 Jul	30 Jun	23 Jun
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	80
VIC 1A Goulburn	80	70	95	No trade	No trade	No trade	No trade	70
SA Murray	72	80	90	No trade	No trade	No trade	No trade	85

^a Last traded prices as at the dates shown.

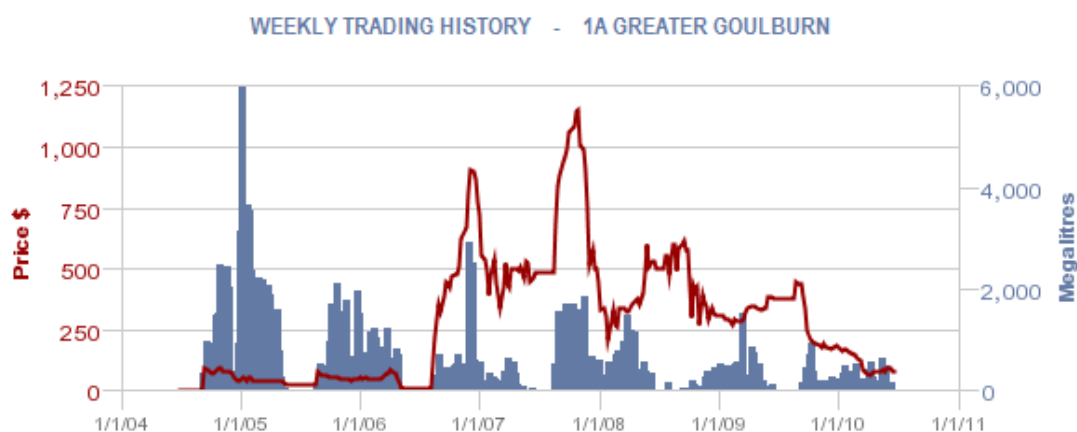
Volume (ML) of selected temporary trade in allocations, MDB^b

Trading Zone (2009)	11 Aug	4 Aug	28 Jul	21 Jul	14 Jul	7 Jul	30 Jun	23 Jun
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	0
VIC 1A Goulburn	107	129	20	No trade	No trade	No trade	No trade	489
SA Murray	100	25	10	No trade	No trade	No trade	No trade	140

^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.

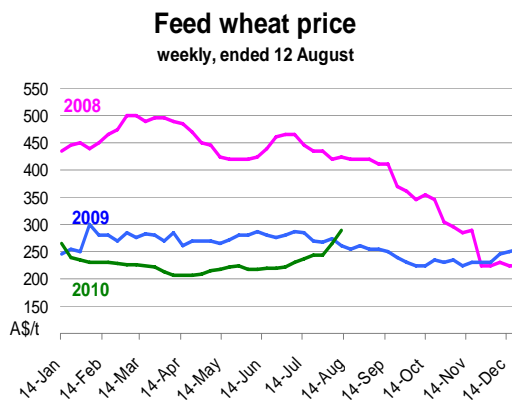
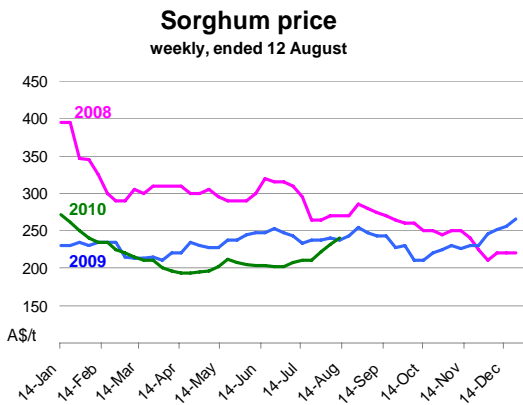
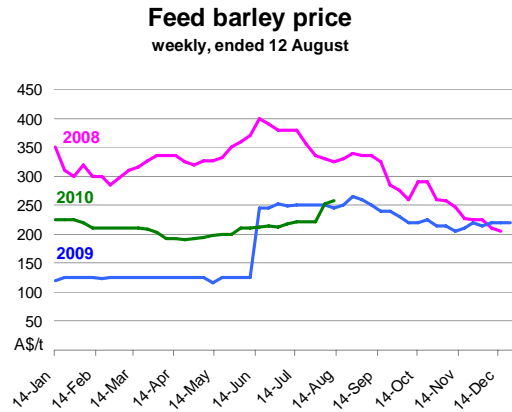
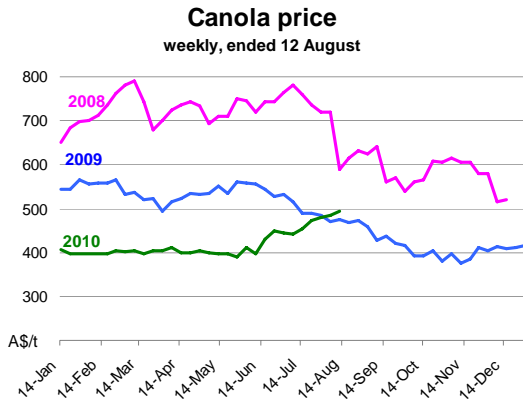
(**Note:** Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and SA Murray are very similar and have not been included).

3. Commodity prices

3.1 Commodities

- The Russian Federation announced a temporary ban on grain and grain product exports from 15 August to the end of 2010, as a result of drought conditions affecting its crop production. The world wheat indicator price (US Hard Red Winter) was trading around \$US265 a tonne on 10 August, compared with \$US188 a tonne on 1 July 2010. Higher world wheat prices, if sustained, are expected to lead to increased earnings for Australian wheat exports.

3.2 Crop indicator prices



3.3 Livestock indicator prices

