



Australian Government

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

Weekly Australian Climate, Water and Commodity Price Update 19 August 2010

Please note that the online version of this report has moved and is now available at <http://www.abare-brs.gov.au>.

Summary of key issues

- Rainfall recorded this week will maintain and improve soil moisture across much of Australia's grains belt, particularly in Western Australia.
- In south-east Tasmania the rainfall will help ease severe rainfall deficiencies that have recently emerged in this area.
- In areas with good soil moisture, the rainfall should provide increased runoff and inflows into farm dams and other storages.
- Forecasts of above average temperatures across parts of Queensland have led to predictions of locust movement across the state.
- All indicators remain at levels typical of a La Niña event, with indications that the event will persist until at least the end of 2010. (Bureau of Meteorology ENSO 'Wrap-up, 19 August 2010).
- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 756 gigalitres, or approximately 3 per cent, to 41 per cent of total capacity.
- Water prices in the major southern Murray-Darling Basin trading regions have decreased since trading recommenced in late July, to an average of \$71 per megalitre.
- High security water allocations in the New South Wales Murrumbidgee and Murray systems have increased to 95 per cent and 70 per cent respectively. High reliability allocations increased in all major Victorian systems, with the Goulburn, Murray and Broken systems at 26 per cent, 23 per cent and 21 per cent respectively. South Australian River Murray allocations increased from 24 to 31 per cent.
- The Eastern Market Indicator price for wool closed at 873 cents a kilogram clean at the end of the first week of wool auctions after the winter recess, a slight fall relative to the closing price of 876 cents before the recess.
- Australian Bureau of Statistics' slaughter data indicate a year-on-year fall in sheep slaughter for all states. Lamb prices remain high but are expected to fall in spring when new season lambs become available for slaughter.

This report is available from <http://www.abare-brs.gov.au>.

1. Climate

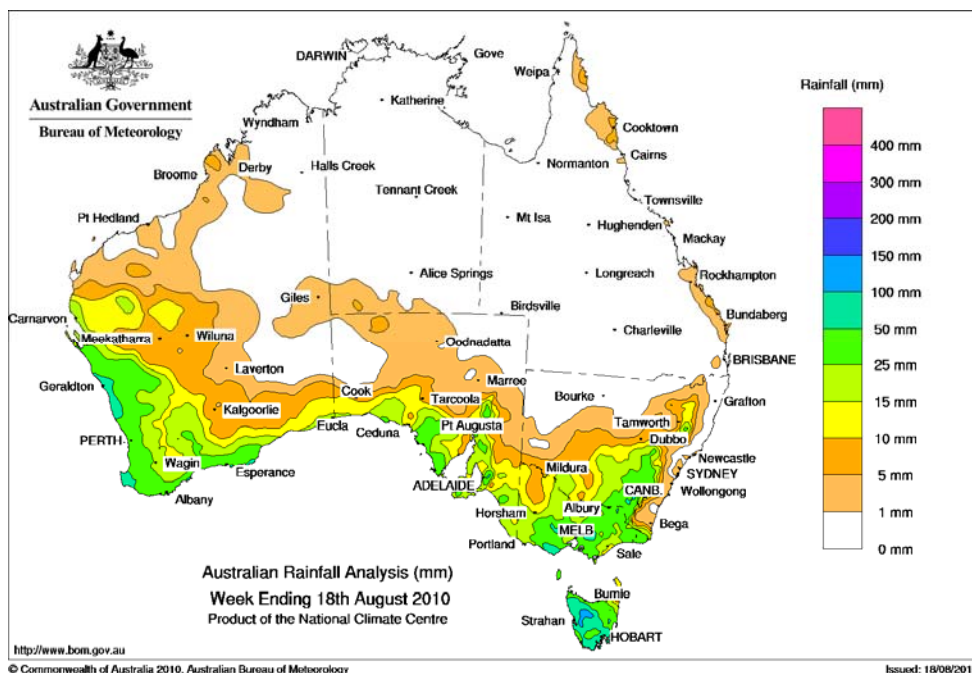
1.1 Notable events

- For the week ending 18 August 2010, **widespread moderate rainfall** was recorded across large parts of **southern Australia**. Most of the rainfall this week was produced by a series of eastward moving cold fronts and troughs. The highest measured total for the week was **118 mm**, recorded at **Mount Read in Tasmania**. Rainfall exceeded 25 mm over large parts of southern New South Wales, Victoria, Tasmania, South Australia and Western Australia.
- This week's rain will help to maintain and improve soil moisture across much of Australia's grains belt and improve crop and pasture growth leading up to the main spring growing season. The rain will be particularly beneficial to producers in Western Australia who have had a dry start to the season.
- Producers in south-east Tasmania received rainfall of between 25 and 100 mm this week, after a long dry spell. The rain will help ease severe rainfall deficiencies that have recently emerged in this area.
- With good soil moisture in many areas, the rain should provide **increased runoff and inflows** into farm dams and other storages, particularly in parts of southern New South Wales.
- Forecasts of **above average temperatures** across parts of Queensland in the coming weeks have led to predictions of locust movement across the state.
- The **recent dry, warm weather in south-west Western Australia** has reportedly caused stone fruit to ripen earlier than usual.
- **Widespread moderate to heavy rainfall is forecast** across parts of central and eastern Australia over the coming week. If the rain eventuates, it will further improve soil moisture. Where warmer temperatures allow, the rain may improve crop and pasture growth.
- All indicators remain at levels typical of a La Niña event, according to this week's ENSO 'Wrap-up' released by the Bureau of Meteorology. The majority of models indicate that the Central Pacific will continue to cool over the coming months, suggesting that the La Niña event will persist until at least the end of 2010.

1.2 Rainfall this week

For the week ending 18 August 2010, rainfall was mainly recorded in southern Australia. For further information, go to www.bom.gov.au/climate/current/weeklyrain.shtml

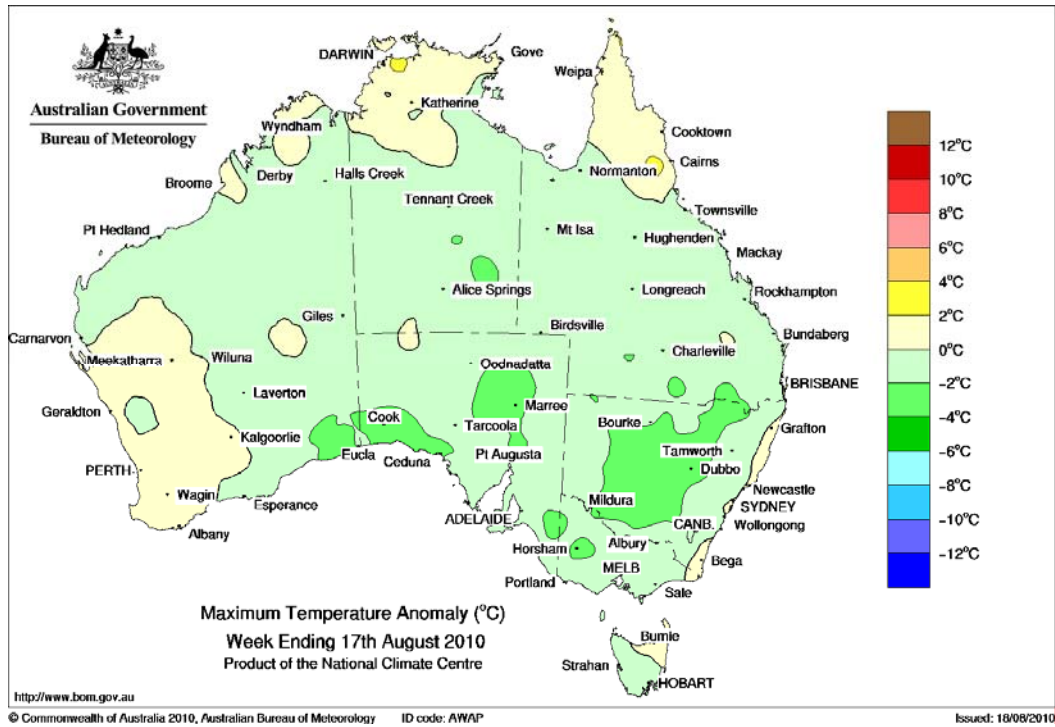
Rainfall for the week ending 18 August 2010



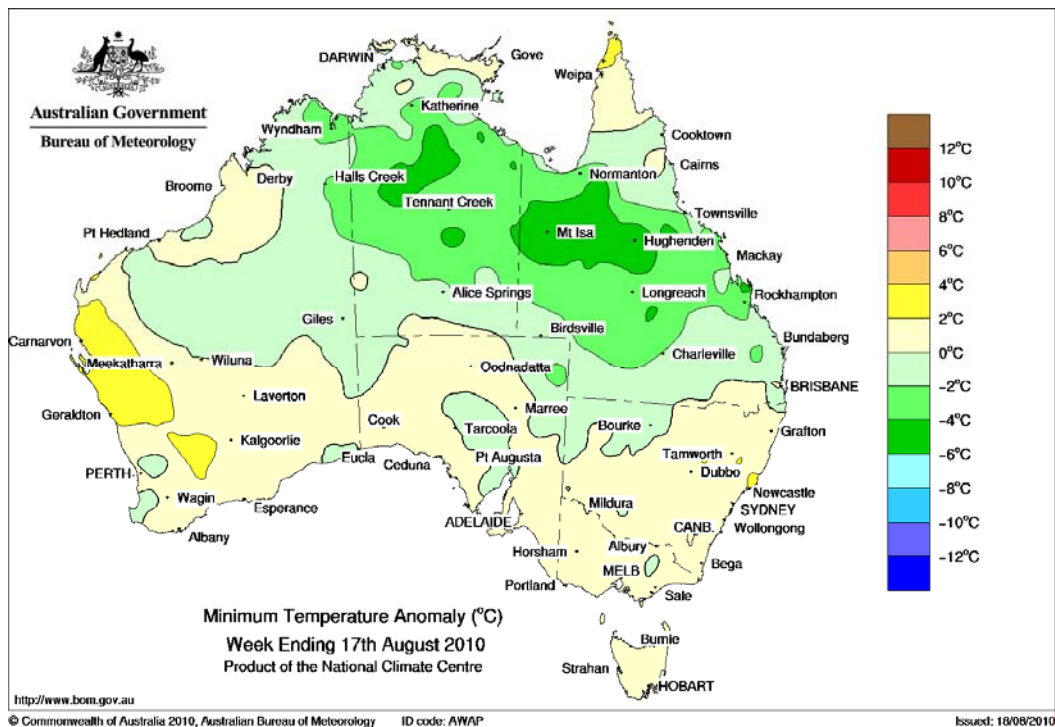
1.3 Temperature anomalies this week

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 17 August 2010



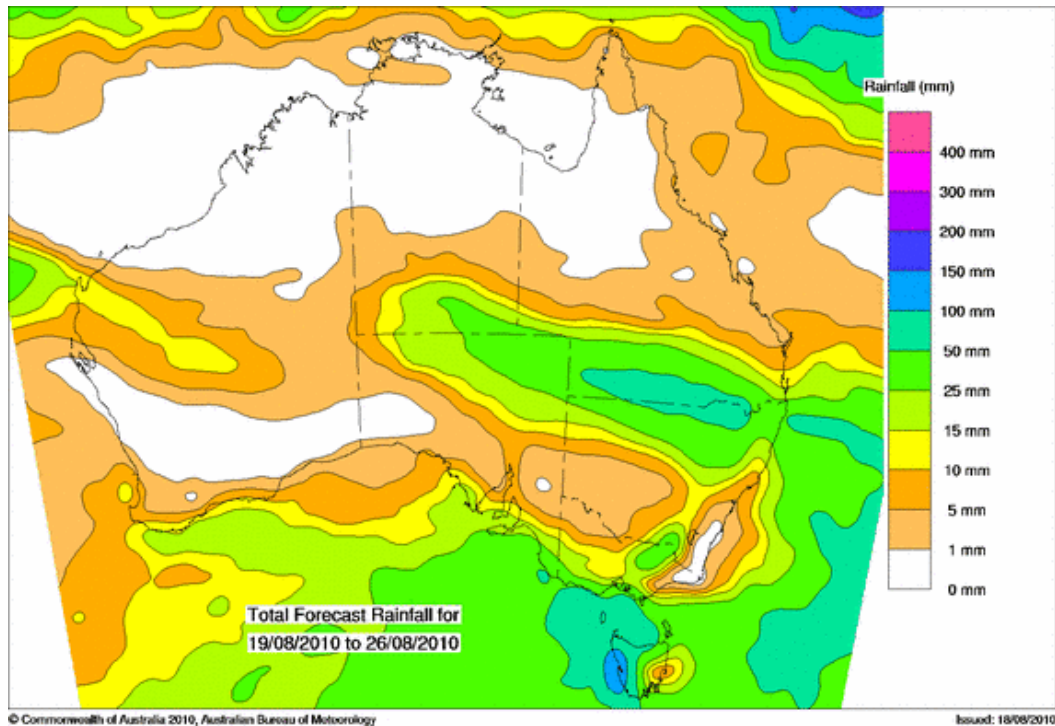
Minimum temperature anomalies for the week ending 17 August 2010



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 19–26 August 2010



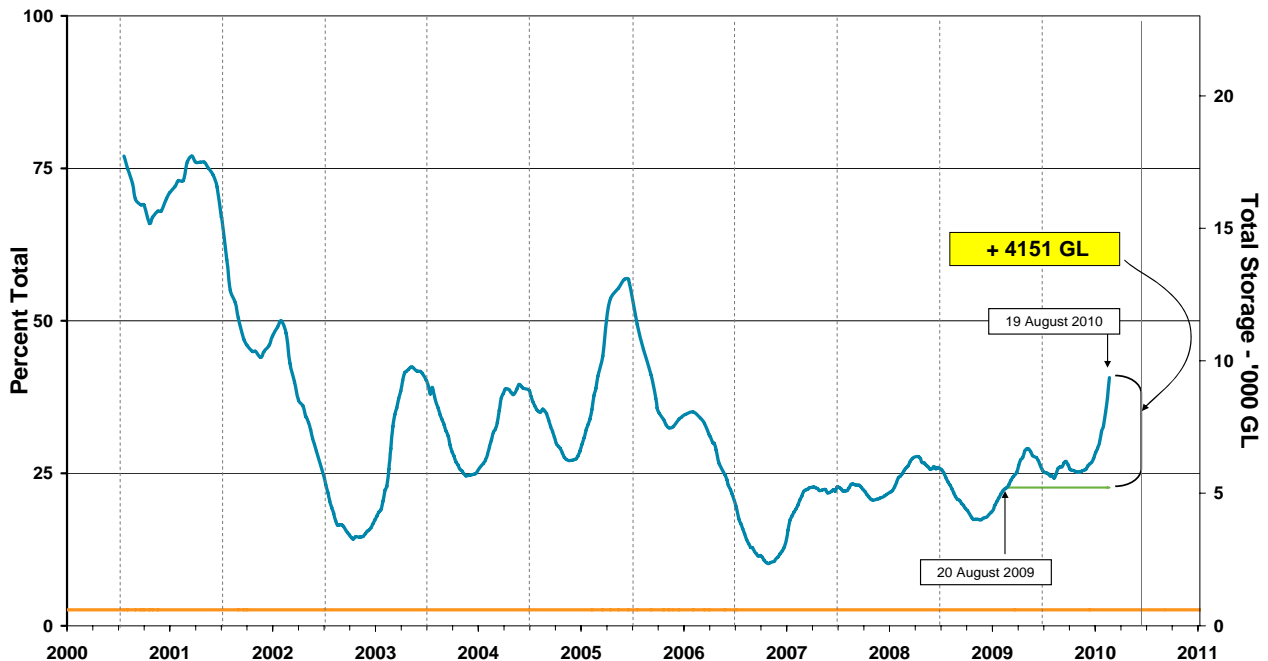
2. Water

2.1 Water availability

- Water storage levels in the Murray-Darling Basin (MDB) increased this week by 756 gigalitres, or 3 per cent, to 41 per cent of total capacity.
- The storage capacity in the MDB is at its highest since 6 March 2006 when it was also at 41 per cent of total capacity.
- There have been small volumes of trade this week in some temporary water markets. Prices in the major southern Murray-Darling Basin trading regions have declined slightly since trading recommenced in late July, to an average of \$71 per megalitre.
- High security water allocations in the New South Wales Murrumbidgee and Murray systems have increased from 80 to 95 per cent and 40 to 70 per cent respectively, with general security allocations remaining at 0 per cent for both systems.
- High reliability allocations increased in all major Victorian systems, with the Goulburn and Murray systems increasing from 5 to 26 per cent and 2 to 23 per cent respectively. Allocations in the Broken, Campaspe, Loddon and Bullarook Creek systems increased from 0 per cent to 21 per cent, 21 per cent, 26 per cent and 100 per cent respectively.
- South Australian River Murray allocations increased from 24 to 31 per cent.

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 19 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)	18 Aug	11 Aug	4 Aug	28 Jul	21 Jul	14 Jul	7 Jul	30 Jun
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	70	80	70	95	No trade	No trade	No trade	No trade
SA Murray	72	72	80	90	No trade	No trade	No trade	No trade

^a Last traded prices as at the dates shown.

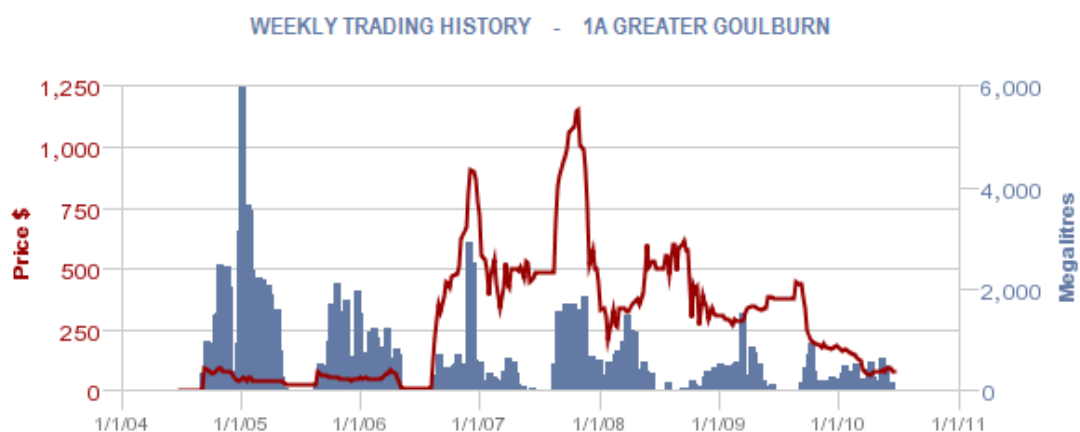
Volume (ML) of selected temporary trade in allocations, MDB^b

Trading Zone (2009)	18 Aug	11 Aug	4 Aug	28 Jul	21 Jul	14 Jul	7 Jul	30 Jun
NSW Murrumbidgee I.A.	No trade	No trade	No trade	No trade	No trade	No trade	No trade	No trade
VIC 1A Goulburn	256	107	129	20	No trade	No trade	No trade	No trade
SA Murray	No trade	100	25	10	No trade	No trade	No trade	No trade

^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.

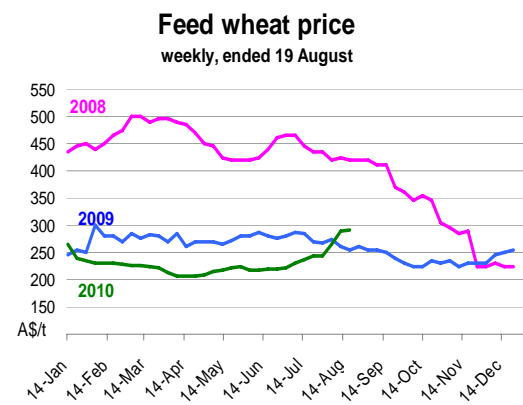
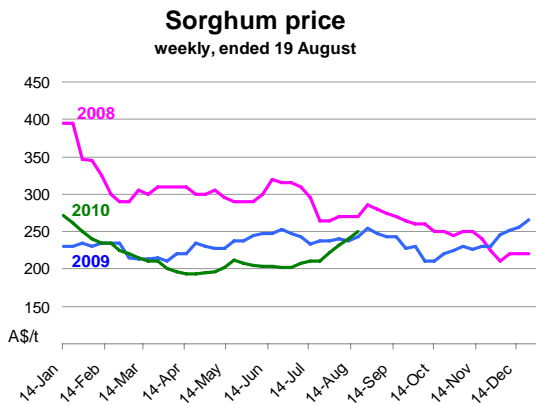
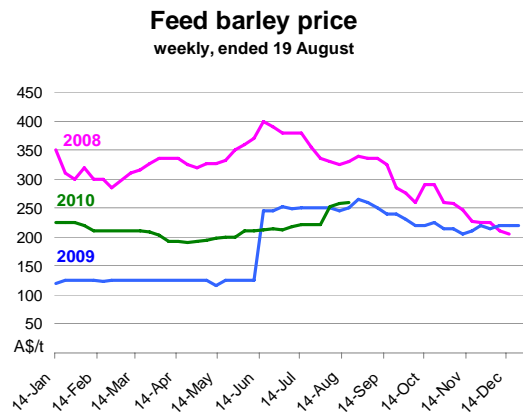
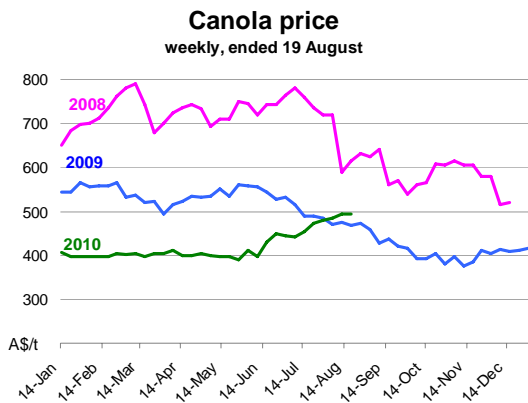
(Note: Data do not include trade through private brokers or other exchanges and trade over recent days; hence prices may differ from those reported above. Price series for Goulburn and SA Murray are very similar and have not been included).

3. Commodity prices

3.1 Commodities

- The Eastern Market Indicator price for wool closed at 873 cents a kilogram clean at the end of the first week of wool auctions after the winter recess. This is a slight fall relative to the closing price before the recess of 876 cents. China and India continue to dominate the buying market.
- Australian Bureau of Statistics' data indicate sheep slaughter fell by 28 per cent nationally in 2009–10, compared with 2008–09, with the largest proportional falls occurring in Western Australia and Queensland. Lamb slaughter fell nationally by 4.2 per cent in 2009–10, compared with 2008–09, but increased in New South Wales by 2.4 per cent and South Australia by 1 per cent, respectively. Lamb prices fell in all states except New South Wales for the week ending 13 August but remain high in historical terms. Lamb prices are expected to fall in spring as new season lambs become available for slaughter.

3.2 Crop indicator prices



3.3 Livestock indicator prices

