

## Pre-Allocation Update SOUTHERN CONNECTED SYSTEM

### Key Events

Key market events since the previous allocation announcement (1 August)

**Contact your broker to discuss how this could impact your water requirements**

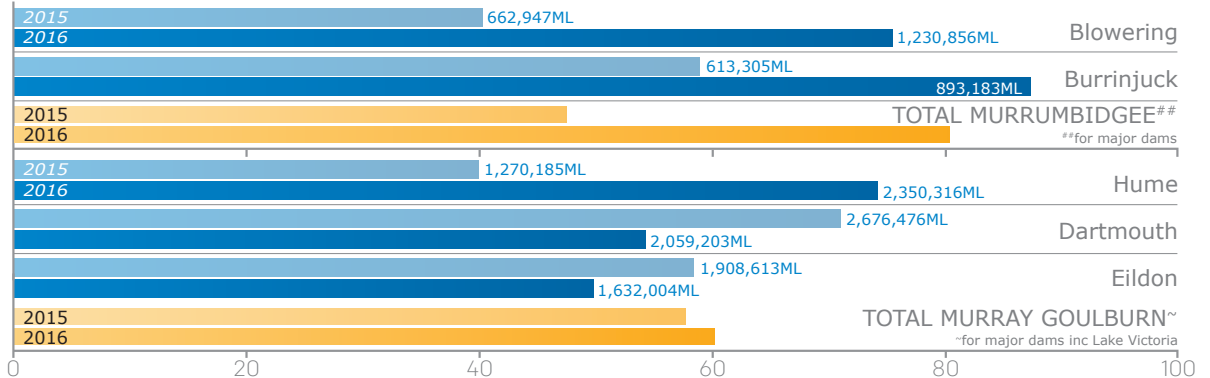
\*All forecast information sourced from the most recent releases by NSW DPI Water and VIC Resource Manager. The last forecast update released by DPI Water was on 16 May, 2016 and by VIC Resource Manager was on 15 July, 2016.

### SA ALLOCATION INCREASE ON AUGUST 12

While April River Murray inflows were near lowest on record, July 2016 brought the highest inflows for 20 years. This significant rainfall improved South Australia's share of the MDB water resource. Such improvements have resulted in increased allocations for SA Murray water entitlement holders (Class 3A, 3B, 4, 7 & 8) from 89% to 100%. Full details [here](#).

### DAM STORAGE LEVELS

Water storage levels in the MDB continue to increase and are currently at 60% capacity. This is the highest level in over 19 months with much of the increase seen in the Murrumbidgee which is at 81.7% capacity as opposed to 48.5% this time last year.



### RISK AND DECLARED SPILL UPDATES

VIC's share of volume held in Lake Hume has increased and the risk of spill in the Murray system is now at approximately 90%.

The risk of spill from Lake Eppalock in the Campaspe system is about 22%.

As the risk of spill in the Murray system is currently above 50%, trade from NSW to VIC is limited to the volume traded from VIC to NSW - effectively shut off, unless conditions in VIC significantly dry-out.

### TRADE CLOSURES EFFECT ON PRICING

Conditions over the past month have seen a range of trading closures enacted, the major ones being downward trade of the Barmah Choke, NSW to VIC and Murrumbidgee out trade. This has reduced connectivity within the market, resulting in more fragmented pricing, as seen below.

#### TEMPORARY WATER PRICE (\$/ML)^

<b>NSW Murray 10</b> \$105 ↓	<b>NSW Murray 11</b> \$130 ↓	<b>NSW Murrumbidgee</b> \$100 ↓
<b>VIC 6</b> \$110 ↓	<b>VIC 1A/7</b> \$140 ↓	<b>SA Irrigation</b> \$140 ↓
- ABOVE BARMAH CHOKE -	- BELOW BARMAH CHOKE -	^Prices compared to 1 August.

### CURRENT ALLOCATIONS

NEW SOUTH WALES*		VICTORIA		SOUTH AUSTRALIA	
Murrumbidgee HS	95%	Goulburn HR	39%	Class 1 (Stock & Domestic)	100%
Murrumbidgee GS	44%	Campaspe HR	21%	Class 3 (Irrigation)	100%
NSW Murray HS*	97%	Murray HR	35%	Class 4 (Recreation)	100%
NSW Murray GS	12%	Loddon HR	10%		

#### VICTORIA+

	By 17 Oct	By 15 Feb
<b>If conditions improve, we move to Average Scenario</b>		
Goulburn HR	90%	100%
Campaspe HR	100%	100%
Murray HR	68%	93%
Loddon HR	90%	100%

Data sourced from the NSW Office of Water, the Victorian Water Resource Manager and SA DEWNR.

\*Since forecasts were last released, conditions have improved and allocations have been updated, which suggest we have moved towards an average scenario. \*DPI Water to provide forecast data on 15 Aug 2016.