

Pre-Allocation Update

SOUTHERN CONNECTED SYSTEM

Key Events

28.02.2017

Key market events from the last fortnight

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

Next Allocation Announcement

VIC
Mar 15

NSW FORTNIGHTLY ALLOCATIONS HAVE CEASED

Now that major systems have 100% Allocation, fortnightly NSW Allocations will cease for the remainder of the water year

MARKET UPDATE

The Southern Connected System has been a considerably fragmented water market through the 2016/17 season. Operational and trading restrictions from the Murrumbidgee and Goulburn Valleys, as well as the Murray Choke, have contributed to the restriction of trade and supply to the Murray River Market below choke in NSW, VIC and SA.

Over the past month we have seen an easing of pressure on these trade restrictions between valleys, in particular through the Murray Choke and Goulburn. In addition, last week over 31GL was traded from the Murrumbidgee to Murray further adding to the supply of water available to Murray Valley. The added supply has seen temporary price reduce through February 2017, from ~\$55 down to ~\$40 by the end of the month.

VICTORIAN OUTLOOKS

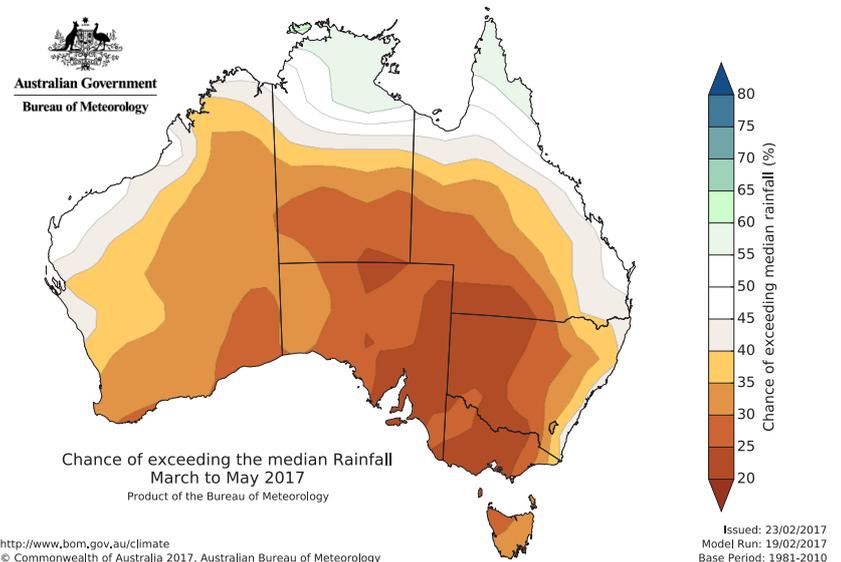
The Northern Victoria Resource Manager (NVRM) released the first outlook for 2017/18 seasonal determinations. NVRM Mark Bailey said the Murray, Goulburn, and Loddon systems are expected to start the 2017/18 water year with High Reliability seasonal determinations of about 30% or better, "The refilling of the northern Victorian storages during 2016 and continued milder weather offers a bright outlook for water availability next water year."

All of the northern Victorian systems are expected to have seasonal determinations of 100% HRWS by mid October 2017 under average inflow conditions. Additionally, Mr Bailey noted that the current storage position trends means that it is unlikely that a low risk of spill will be declared in the Murray, Goulburn and Campaspe systems early in the 2017/18 season, and warned irrigators to factor this into their seasonal watering plans.

BOM OUTLOOKS

The rainfall outlook for March to May 2017 indicates that below average rainfall is likely in most of Australia. Autumn (March to May) rainfall is likely to be below average for the southern two-thirds of Australia. The drier than average outlooks are likely a result of fewer forecast rain-bearing systems to cross the coast.

Daytime temperatures are likely to be warmer than average in March for most of southern and eastern Australia. Autumn maximum and minimum temperatures are both likely to be warmer than average across most of Australia.



TEMPORARY WATER PRICE (\$/ML)^

NSW Murray 10	\$36 ↓	NSW Murray 11	\$43 ↓	NSW Murrumbidgee	\$20 ↓
VIC 6	\$36 ↓	VIC 1A / VIC 7	\$43 ↓	SA Irrigation	\$43 ↓
- ABOVE BARMAH CHOKE -		- BELOW BARMAH CHOKE -		^Prices compared to 14 February	

CONFIRMED ALLOCATIONS AS OF LAST ANNOUNCEMENT ON FEBRUARY 15

NEW SOUTH WALES		VICTORIA		SOUTH AUSTRALIA	
Murrumbidgee HS	100%	Goulburn HR	100%	SA Irrigation (Class 3)	100%
Murrumbidgee GS	100%	Campaspe HR	100%	Stock & Domestic (Class 1)	100%
NSW Murray HS	100%	Murray HR	100%	Country Towns (Class 2)	100%
NSW Murray GS	100%	Loddon HR	100%	Industry (Class 5)	100%