

A I T H E R

MEDIA RELEASE

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New report shows water prices at record highs

Australia's leading water markets advisor, Aither, has released their yearly **Water Markets Report** which summarises water trading activity and trends in the Southern Murray-Darling Basin.

The report showed that water entitlement prices remain at record highs across the southern MDB. The Aither Entitlement Index (AEI) increased by 4 per cent for the year, and has more than doubled over the last four years.

Aither Director Chris Olszak said "This strength in water entitlement prices has been sustained despite the low returns in selling water allocations in 2016-17 due to the wet seasonal conditions".

"The growth in water entitlement prices over the last four years has been driven by long-term interest from investors and corporate agricultural enterprises, resulting from opportunities for land use change in cotton and nuts".

Director Chris Olszak said "the fourth annual Aither report also highlights the increased sophistication of water market participants, with new products like leases, allocation forwards and carryover products helping both buyers and sellers manage risk".

"For the 2016-17 water year, the total value of trade in the southern Murray-Darling Basin was approximately \$612 million in entitlements. Allocation trade turnover was well down on the previous year due to the wet conditions."

"The Aither report clearly shows the impact of the wet winter. Southern MDB water allocation prices opened the year around \$170 per ML but declined steadily across the year to close on 30 June 2017 at approximately \$40 per ML."

"Aither estimates that water availability in 2017-18 will be between 5,500 and 6,250 GL for consumptive use. Given this high level of supply, we are surprised that allocation prices have opened so strongly. Based on Aither's modelling, unless very dry conditions prevail through spring and summer, we expect these prices to ease." said Chris.

Aither's **Water Markets Report** is published annually with a focus on the southern Murray-Darling Basin market which is now worth over \$14 billion. The report provides governments, investors and water users with information and outlooks to improve decision making.

Aither's full report is available online at: <http://www.aither.com.au/water-markets/water-markets-reports/>

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Aither. We value water.

Aither is Australia's leading water advisory firm. Aither works with businesses, governments and communities to enable decision making that reflects the value of scarce water resources and competing uses. Aither's understanding of the value of water underpins our economics, policy and commercial advisory services in the areas of water markets, resources, infrastructure, and risks.