

## CBA Ag Weekly Wrap - week ending Friday 9<sup>th</sup> December

- Modest to heavy losses were observed across most commodity markets last week. The S&P-GS Commodity Price Index fell 1.7%, the CBA Rural Commodity Price Index fell 1.8% in USD terms and 0.9% in AUD terms. The AUD/USD drifted 0.3% lower for the week. Outside markets provided a mixed lead for the agriculture markets – the USD ended a choppy week flat, crude oil markets fell 1½% but US equity markets ended the week nearly 1% stronger.
- Economic developments in Europe remain high on the watch-list for the commodity markets, however key fundamental reports also kept agricultural markets busy last week. The European debt summit on Friday didn't deliver a new Treaty across all 27 member states. But there was still enough progress made with 23 members pushing for a Treaty – one that entails greater fiscal union with strict new debt and deficit rules – to allay fears of a financial market meltdown, for now.
- Only Australian cattle (EYCI) and Oceania whole milk powder prices closed higher for the week, with each rising 1.4%. The remaining ten ags on our watch list all fell, with an average losing margin of 2.6%.
- Wheat markets were the worst performers for the week. NSW wheat prices fell nearly 7% for the week to end quoted at \$200/t, a 20 month low. CBOT wheat values fell 6.3% to be 25% lower over the past 6 months. Australian feed grain prices lost further ground, as did global oilseed prices. Friday's USDA WASDE report was bearish for grain and oilseed markets because of upward revisions to global supplies. Global wheat stocks for 2011/12 are now forecast at over 208 million tonnes, up 9 million tonnes from last year and above trade estimates of 203 million tonnes. The global wheat stock to use ratio is now forecast at nearly 31% - an exceptionally comfortable result. Australian wheat output is forecast at a record 28.3 million tonnes this year according to ABARES. Such burdensome supplies will keep downward pressure on Australian wheat prices, but high protein wheat prices will remain relatively resilient because of excessive harvest rain.
- Fibre prices also fell with US cotton down 1% last week and down 40% over the past 6 months. Australian wool prices (EMI) fell 2% to A\$11.68/kg, 19% below the June high of A\$14.36/kg. Global cotton use will decline 2.5% in 2011/12 according to the USDA, allowing a sharp increase in global cotton reserves. Sugar prices were volatile but closed flat.

Figure 1: Commodity price snapshot

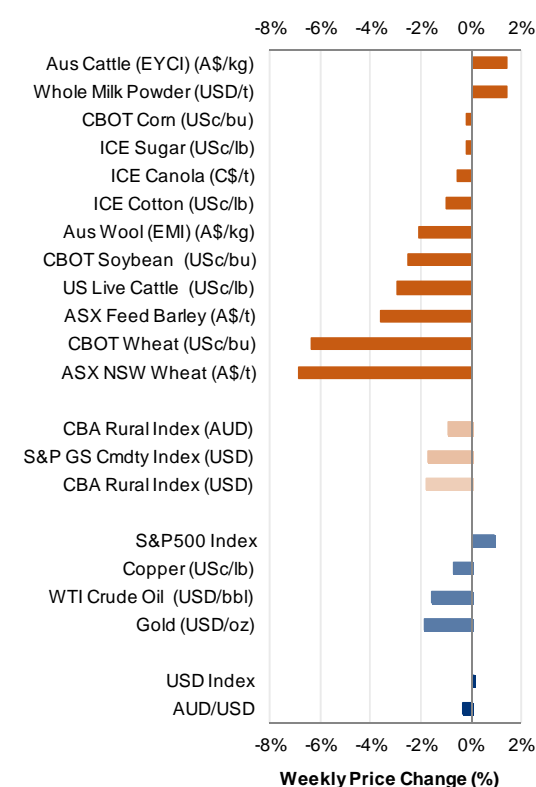
Commodity	Last*	1 week change	1 month change	6 month change	12 months change
Aus Cattle (EYCI) (A\$/kg)	4.11	1.4%	1.7%	6.8%	6.2%
Whole Milk Powder (USD/t)	3625.00	1.4%	3.6%	(7.6%)	2.1%
CBOT Corn (USc/bu)	585.50	(0.2%)	(10.7%)	(25.6%)	4.5%
ICE Sugar (USc/lb)	23.40	(0.2%)	(7.7%)	(8.7%)	(19.7%)
ICE Canola (C\$/t)	499.50	(0.6%)	(4.4%)	(15.4%)	(11.7%)
ICE Cotton (USc/lb)	90.43	(1.0%)	(6.9%)	(39.7%)	(34.0%)
Aus Wool (EMI) (A\$/kg)	11.68	(2.1%)	(4.6%)	(17.7%)	16.0%
CBOT Soybean (USc/bu)	1107.00	(2.5%)	(5.8%)	(20.2%)	(13.0%)
US Live Cattle (USc/lb)	118.30	(3.0%)	(3.5%)	15.2%	17.2%
ASX Feed Barley (A\$/t)	174.00	(3.6%)	(7.0%)	(27.7%)	(21.4%)
CBOT Wheat (USc/bu)	573.50	(6.3%)	(10.8%)	(24.5%)	(22.0%)
ASX NSW Wheat (A\$/t)	200.30	(6.8%)	(11.2%)	(31.6%)	(35.0%)
CBA Rural Index (AUD)	160.92	(0.9%)	(3.7%)	(11.3%)	(8.7%)
S&P GS Cmnty Index (USD)	647.12	(1.7%)	(1.5%)	(7.8%)	6.9%
CBA Rural Index (USD)	220.40	(1.8%)	(3.8%)	(14.5%)	(5.7%)
S&P500 Index	1255.19	0.9%	2.1%	(1.2%)	1.2%
Copper (USc/lb)	354.70	(0.7%)	3.1%	(12.5%)	(13.6%)
WTI Crude Oil (USD/bbl)	99.41	(1.5%)	3.8%	0.1%	13.2%
Gold (USD/oz)	1713.25	(1.8%)	(4.3%)	11.6%	23.7%
USD Index	78.63	0.0%	0.9%	5.1%	(1.8%)
AUD/USD	1.02	(0.3%)	0.0%	(3.4%)	3.5%

Friday, 9 December 2011

First contract (Unless otherwise stated)

Source: Bloomberg and CBA

Figure 2: Weekly movers





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