

CBA Ag Weekly Wrap - week ending Friday 16th December

- Agricultural commodity markets were volatile last week. Individual commodity prices finished with mixed results, yet as a basket, ag commodity prices still finished the week below where they started. CBA's Rural Commodity Price Index (USD terms) fell ~2% for the week, but ended ½% stronger in AUD terms because of the weaker local currency. The S&P-GS Commodity Price Index slumped 4.5% for the week, driven by weaker non-ag commodity prices.
- "Outside markets" provided a weak lead for the ags for the week. The USD surged 2% higher, gold slumped 7%, and both copper and crude oil prices fell ~6%. Equity markets fell around 3%. The fact that ag commodities proved resilient in the face of this pessimism signals many of the ag markets are trying to form a bottom.
- CBOT soybeans were the best performers for the week, rising more than 2%. Increasing crop stress in South America, namely Argentina, supported oilseed prices. Australian wool prices rose 1.8%, supported by the 2½% fall in the AUD. Australian cattle prices rose 0.7% to A\$4.14/kg, supported by widespread rainfall, an abundant domestic supply of feed grain and the weaker local currency.
- US cotton prices slumped 4½% to US\$86.29/lb last week, making it the worst performing ag commodity on our watch list. Cotton prices are now down 17% over the past month and 41% lower over the past six months. Sugar prices turned lower once again, falling 1½% for the week to be 6% lower over the past month. Both cotton and sugar prices are being pressured by increased supplies and a weak demand environment. Australian grain prices remain weak. ASX NSW wheat futures closed the week around A\$200/t (non-milling grain values significantly lower) however the rate of decline in domestic grain prices has slowed.
- As we limp our way into the Christmas/New Year period fresh news is likely to become scant. Many participants are keen to see the back of 2011. Economic and financial market developments will continue to be an important driver for ag prices this week, as will weather across the southern hemisphere. The strengthening La Nina continues to bring excess rainfall to Australia and persistent dryness to Argentina, providing an element of support to oilseed and grain prices.

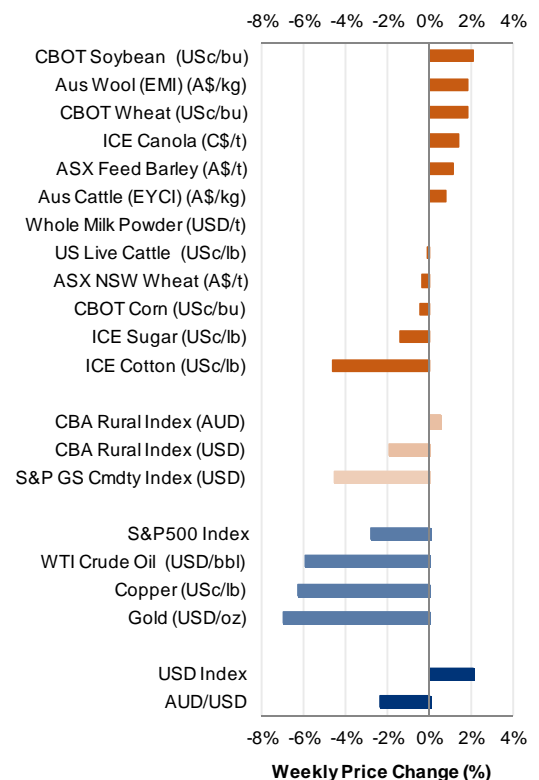
Figure 1: Commodity price snapshot

Commodity	Last*	1 week change	1 month change	6 month change	12 months change
CBOT Soybean (USc/bu)	1130.00	2.1%	(4.9%)	(15.2%)	(13.0%)
Aus Wool (EMI) (A\$/kg)	11.89	1.8%	(1.4%)	(16.9%)	15.3%
CBOT Wheat (USc/bu)	583.75	1.8%	(5.4%)	(13.2%)	(22.9%)
ICE Canola (C\$/t)	506.30	1.4%	(3.9%)	(12.9%)	(9.7%)
ASX Feed Barley (A\$/t)	176.00	1.1%	(1.1%)	(21.8%)	(12.4%)
Aus Cattle (EYCI) (A\$/kg)	4.14	0.7%	2.3%	8.1%	6.0%
Whole Milk Powder (USD/t)	3625.00	0.0%	0.7%	(7.6%)	2.1%
US Live Cattle (USc/lb)	118.15	(0.1%)	(3.2%)	7.7%	15.6%
ASX NSW Wheat (A\$/t)	199.50	(0.4%)	(7.9%)	(23.3%)	(33.2%)
CBOT Corn (USc/bu)	583.00	(0.4%)	(9.3%)	(16.7%)	(2.3%)
ICE Sugar (USc/lb)	23.08	(1.4%)	(5.9%)	(12.5%)	(29.0%)
ICE Cotton (USc/lb)	86.29	(4.6%)	(16.6%)	(40.6%)	(42.5%)
CBA Rural Index (AUD)	161.72	0.5%	(2.2%)	(8.6%)	(10.3%)
CBA Rural Index (USD)	216.11	(1.9%)	(4.3%)	(14.5%)	(9.6%)
S&P GS Comdty Index (USD)	617.90	(4.5%)	(8.2%)	(7.7%)	1.1%
S&P500 Index	1219.66	(2.8%)	(1.4%)	(4.1%)	(1.9%)
WTI Crude Oil (USD/bbl)	93.53	(5.9%)	(8.8%)	0.6%	6.3%
Copper (USc/lb)	332.40	(6.3%)	(4.6%)	(19.0%)	(20.0%)
Gold (USD/oz)	1593.22	(7.0%)	(9.9%)	3.8%	16.1%
USD Index	80.26	2.1%	2.9%	7.0%	(0.1%)
AUD/USD	1.00	(2.4%)	(1.8%)	(6.2%)	1.0%

Friday, 16 December 2011

First contract (Unless otherwise stated)

Figure 2: Weekly movers



Source: Bloomberg and CBA



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