



Welcome to 2011

- Markets:** The US ISM manufacturing index rose from 56.6 to a seven month high of 57.0 in December. It was the 17th month of expansion (reading above 50) for the manufacturing sector. But while orders rose, employment softened. US construction activity rose by 0.4% in November to a five-month high. European shares made a solid start to the new year, underpinned by encouraging economic data with US equities also firmer. The S&P 500 had its best December in 19 years and lifted 12.8% in 2010.
- Currencies:** The AUD softened by 0.3% to USD1.0205 overnight (London close) while the USD index edged 0.1% higher to 79.1pts.
- Weather:** A trough through the interior and southeast is causing isolated showers and the odd storm. A series of lows and the monsoon trough are causing some heavy storms across the tropics. Another trough is triggering showers and storms in WA, while a high keeps the southeast mostly dry. (www.weatherzone.com.au)
- Australian floods:** Devastating Qld floods are currently affecting prime agricultural regions, with a loss of property, production and transportation. The floods are reported to cover around 1 million square kilometres with a natural disaster declared in 41 of Qld's 73 municipalities. In many areas the flooding is the worst on record. Qld's key cotton, sorghum and beef production regions have been affected in interior regions. Closer to the coast sugarcane, fruit and vegetable production is adversely impacted. It is too early to quantify the losses with flooding expected to worsen in some areas over the next 24 to 48 hours.
- Grains:** US grain markets finished with mixed results overnight.
 - CBOT wheat (Mar 11) rose 1.4% (11¼¢) to US\$805.5/bu (~A\$292/t) and the Dec 11 contract rose 1.1% to US\$864.75/bu. The trade began the New Year with a focus on unfavourable world weather, most notably the Qld flood situation (which is slowing the movement of grain) and the lack of protective snow cover across the southern US plains. Harvest progress continues in southern NSW, Vic and SA.
 - CBOT corn (Mar 11) fell by 1.4% (8½¢) US\$620.5/bu on forecasts for much needed South American rain. Bloomberg reported that up to 34mm will fall across 40% of the Argentine corn crop over the next three days, while another rain event forecast on 8th Jan may assist those areas that miss the first rain event. Previously, prices had rallied to 29 month highs.
- Oilseeds:** CBOT soybeans (Mar 11) fell 1.7% (24¢) to US\$1379/bu, pressured by the forecast Argentine rains. Meanwhile Malaysian palm oil rose to its highest level in 33 months because of disruptive harvest rains in Indonesia and Malaysia.
- Cotton:** ICE cotton (Mar 11) fell 1.8% (261pts) to US\$142.2/lb on thoughts that these prices will induce significant demand rationing. This is needed. Bloomberg reported that the International Cotton Advisory Committee (ICAC) has left 2011/12 cotton output and use estimates unchanged in a statement released overnight. ICAC expects production of 27.3mt against consumption of 25.3mt in the year ended 31 July 2012. But the near term supply situation has taken a turn for the worse over the past 2 weeks due to the devastating floods which are flowing through the heart of Qld cotton regions.
- Sugar:** NY raw sugar markets were closed overnight.
- Crude Oil:** NYMEX crude oil (Feb 11) rose 0.4% to USD91.79/b.

Ag Commodity Markets: Daily Price Summary*

		Mar 11	Dec 11	Dec 12
US Wheat (CBOT)	US\$/bu	806 +1.4%	865 +1.1%	845 +0.9%
	AUD/t	292 +1.7%	323 +1.3%	327 +1.1%
AU Wheat - East (ASX)		Jan 11	Jan 12	Jan 13
	AUD/t	325 -1.7%	297 0.0%	316 ~
AU Wheat - WA (ASX)		Jan 11	Jan 12	Jan 13
	AUD/t	325 ~	319 ~	333 ~
US Soybeans (CBOT)	US\$/bu	1379 -1.7%	1294 -1.1%	1214 -1.6%
	AUD/t	500 -1.5%	483 -0.8%	470 -1.3%
CA Canola (ICE)		Mar 11	Nov 11	Nov 12
	CAD/t			
	AUD/t			
AU Canola (ASX)		Jan 11	Jan 12	Jan 13
	AUD/t	558 ~	556 ~	556 ~
US Corn (CBOT)	US\$/bu	621 -1.4%	553 -1.7%	514 -1.8%
	AUD/t	241 -1.1%	221 -1.4%	213 -1.6%
AU Barley (ASX)		Jan 11	Jan 12	Jan 13
	AUD/t	196 -0.6%	203 ~	203 ~
AU Sorghum (ASX)		Mar 11	May 11	May 12
	AUD/t	234 ~	232 ~	232 ~
US Raw Sugar (ICE)		Mar 11	Oct 11	Oct 12
	US\$/lb			
	AUD/t			
US Cotton (ICE)	US\$/lb	142.20 -1.8%	128.84 -0.4%	95.30 +0.3%
	AUD/bale	702 -1.6%	646 -0.1%	502 +0.6%
AU Wool EMI (AWEX)		Latest	% chg	Last Pricing
	AUD/kg	10.31	0.0%	16/12/10
AU Cattle (EYCI)		Latest	% chg	Last Pricing
	AUD/kg	3.9	0.0%	21/12/10
Crude Oil (WTI)		Latest	% chg	Last Pricing
	USD/b	91.79	0.4%	3/1/11
	AUD/b	89.95	0.7%	3/1/11
Commodity Indices		Latest	% chg	Last Pricing
	S&P Agri & L'stock (USD)			
	S&P Agri & L'stock (AUD)			
	S&P All Commodities (USD)			
	S&P All Commodities (AUD)			
Currencies		Latest	pts chg	% chg
	AUD/USD	1.0205	-0.0026	-0.3%
	AUD/CAD	1.0104	-0.0070	-0.7%
	AUD/JPY	83.22	0.16	0.2%
	USD Index	79.1	0.1	0.1%
Equity Markets		Latest	pts chg	% chg
	ASX S&P200	~	~	~
	US DJI	11675	98	0.8%
	UK FTSE	~	~	~

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 03/01/11, previous pricing date is 31/12/10

Sources: Bloomberg and CBA

** AUD Equivalent Price



Figure 1: CBOT Wheat (1st Contract, US\$/bu)

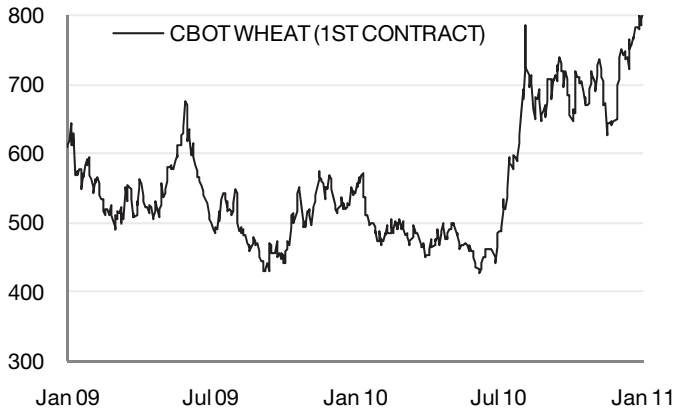


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)



Figure 3: CBOT Corn (1st Contract, US\$/bu)

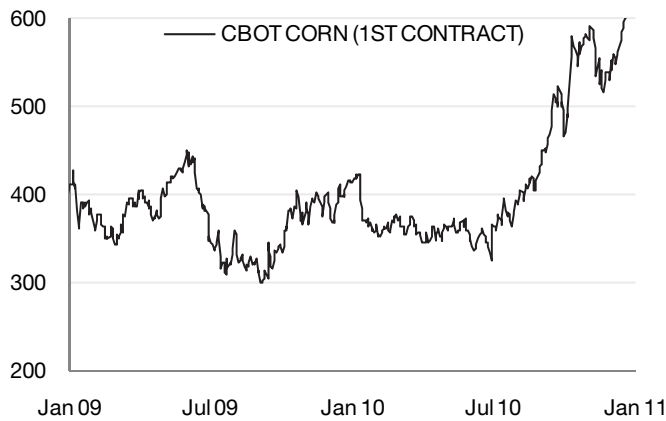


Figure 4: ASX Feed Barley (Jan 11 Contract, A\$/t)

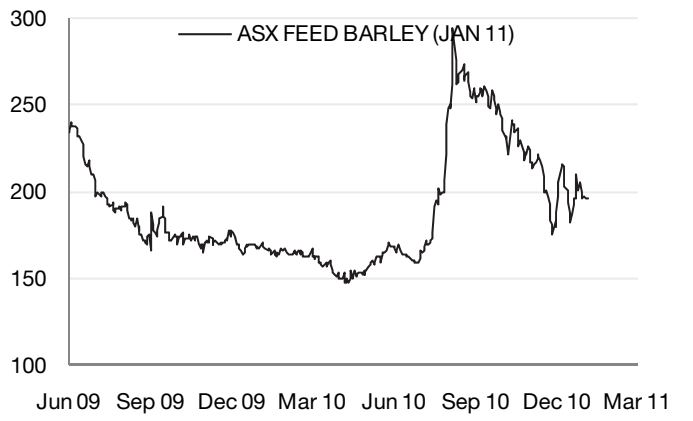


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

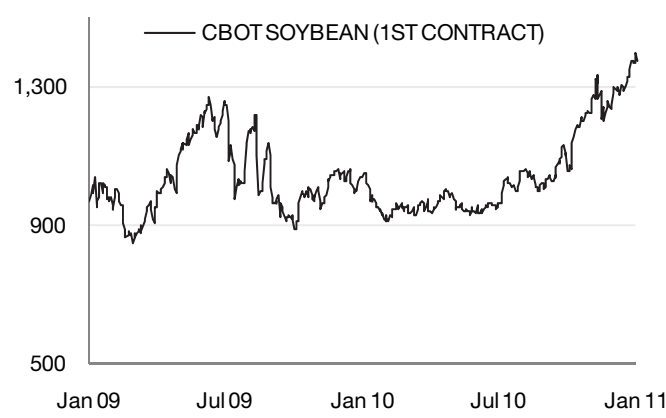


Figure 6: ICE Canola (1st Contract, C\$/t)

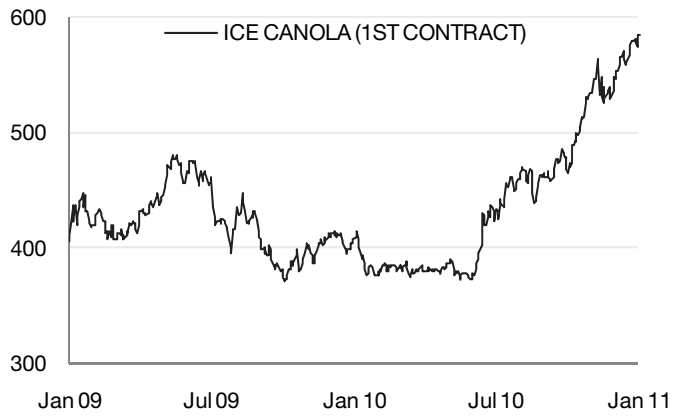


Figure 7: ICE Cotton (1st Contract, US\$/lb)

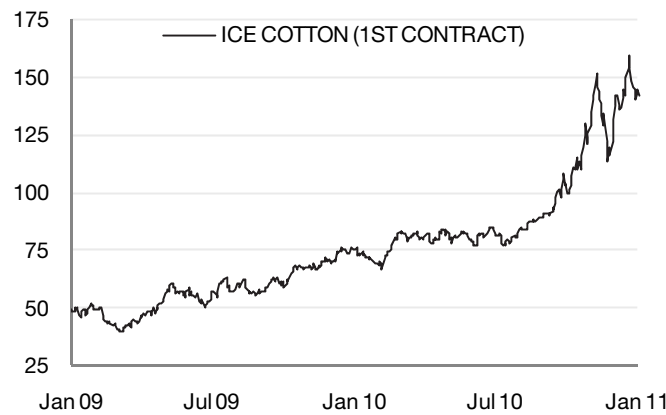


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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