

Global wheat markets continue to give back recent gains...

Markets: The US Conference Board employment trends index rose from 96.7 to 97.0 in July. European and US shares rose on Monday on optimism that the US Federal Reserve will decide to further stimulate the economy this week. The Dow Jones rose by 0.4pct.

Currencies: The AUD ended 0.2pct higher at USD0.9162 at the London close while the USD index rose 0.4pct to 80.7pts.

Weather: A trough and low over the eastern inland is pushing rain and thunder over NSW, VIC and QLD. The low is drawing strong and showery winds over SA. A broad region of high pressure is clearing much of WA where it is now mainly dry. (www.weatherzone.com.au)

Grains: Chicago wheat futures (Sep 10) fell 1.8pct (13¼¢) to US\$712.5/bu overnight while the Dec 10 contract fell 11½¢ to US\$743.75/bu. But at one stage both contracts were lower by a further 20 cents. And interestingly, all contracts after March 11 expiry managed to finish in positive territory. US wheat export inspections in the week ended 5th Aug fell nearly 40pct to 14.2m bushels, and after the closing bell the USDA indicated 87pct of US winter wheat is harvested, 20pct of spring wheat is harvested and the spring crop remains very favourably rated at 82pct good to excellent. But market attention continues to remain fixated on the Black Sea production/export situation and this week's USDA WASDE report. Egypt bought 240kt of French wheat at US\$280-284/t (fob) for mid September delivery.

CBOT corn (Sep10) fell into the close to finish 0.5pct (2¢) weaker at US\$403/bu with funds sellers of around 7000 contracts. But US corn export inspections in the latest week were up 24pct from the week prior at nearly 42m bushels. After the close the USDA indicated the US corn crop continues to develop faster than normal. Crop ratings remain high at 71pct good to excellent (unchanged).

ASX wheat collapsed yesterday with the Jan 11 NSW contract closing at \$284.5/t, down more than \$40 for the day. The Jan 11 WA wheat contract finished quoted at \$296/t, down nearly \$50 or 14pct for the day. And feed barley (NSW Jan 11) gave back some of the recent gains, falling \$18 to \$275.9/t. The weaker turn in CBOT wheat markets, the strong AUD and good east coast crop conditions were the primary bearish influences.

Oilseeds: CBOT soybeans (Sep 10) fell 0.4pct (4¼cents) to US\$1034.5/bu, unwinding the previous session's gains, but other contracts managed to post small daily gains. US soybean export inspections declined to 7m bushels this week from 10.7m the week prior, while US soybean crop conditions were unchanged this week at 66pct good to excellent. Canadian Canola (ICE Nov 10) ended a touch weaker at C\$467.4/t.

Cotton: ICE cotton futures (Dec 10) chopped sideways yesterday before finishing 16pts firmer at US\$80.39/lb. According to Bloomberg, Chinese authorities are looking to cool domestic prices by auctioning 600kt of cotton from state reserves. Adverse weather is likely to limit Chinese cotton production again this year after a disappointing crop last year. And output targets in important Pakistan and Indian cotton regions are in serious doubt after excessive flooding in the past week. Bloomberg reported that 30pct of Pakistan's crop has been damaged by the deadly floods. US cotton crop conditions fell by 1 point to 65pct good to excellent this week, but this still is much better than last year's rating. of 50pct.

Sugar: NY raw sugar (Oct 10) traded in positive territory early in the session before moving sharply lower and ending with 2.8pct (51pts) losses at US\$17.73/lb. Far dated contracts finished slightly firmer resulting in a flattening of the curve. Pakistan purchased more than 200kt of White sugar yesterday from a Dubai firm at US\$700/t (c&f).

Crude Oil: NYMEX WTI crude oil (Sep10) rose 1pct to USD81.48/bl.

Ag Commodity Markets: Daily Price Summary*

		Sep 10	Dec 10	Dec 11
US Wheat (CBOT)	US\$/bu	713 -1.8%	744 -1.5%	736 +1.2%
	AUD/t	287 -2.0%	303 -1.7%	312 +1.0%
AU Wheat - East (ASX)	AUD/t	320 0.0%	285 -13.1%	297 -6.5%
AU Wheat - WA (ASX)	AUD/t	288 +2.3%	296 -14.1%	294 -14.2%
US Soybeans (CBOT)	US\$/bu	1035 -0.4%	1035 +0.1%	1022 +0.3%
	AUD/t	416 -0.6%	420 0.0%	433 +0.2%
CA Canola (ICE)	CAD/t	467 -0.2%	471 -0.1%	423 +0.0%
	AUD/t	502 -0.2%	508 -0.1%	471 +0.1%
AU Canola (ASX)	AUD/t	452 0.0%	528 0.0%	531 0.0%
US Corn (CBOT)	US\$/bu	403 -0.5%	418 -0.5%	439 -0.3%
	AUD/t	174 -0.7%	182 -0.6%	200 -0.5%
AU Barley (ASX)	AUD/t	275 -6.3%	276 -6.2%	290 -6.3%
AU Sorghum (ASX)	AUD/t	250 -3.8%	250 -3.8%	250 -3.8%
US Raw Sugar (ICE)	US\$/lb	17.73 -2.8%	17.62 -1.8%	16.27 +0.1%
	AUD/t	428 -3.0%	434 -2.0%	409 -0.1%
US Cotton (ICE)	US\$/lb	84.17 -0.3%	80.39 +0.2%	74.98 +0.7%
	AUD/bale	461 -0.4%	445 +0.0%	437 +0.5%
AU Wool EMI (AWEX)	AUD/kg	Latest 8.76	% chg 0.0%	Last Pricing 14/7/10
AU Cattle (EYCI)	AUD/kg	Latest 3.662	% chg 0.0%	Last Pricing 9/8/10
Crude Oil (WTI)	USD/bl	Latest 81.48	% chg 1.0%	Last Pricing 9/8/10
	AUD/bl	88.93	0.8%	9/8/10
Commodity Indices	S&P Agri & L'stock (USD)	Latest 1054	% chg -0.7%	Last Pricing 9/8/10
	S&P Agri & L'stock (AUD)	1150	-0.9%	9/8/10
	S&P All Commodities (USD)	4338	0.3%	9/8/10
	S&P All Commodities (AUD)	4734	0.1%	9/8/10
Currencies	AUD/USD	Latest 0.9162	pts chg 0.0018	% chg 0.2%
	AUD/CAD	0.9406	-0.0004	0.0%
	AUD/JPY	78.66	0.71	0.9%
	USD Index	80.7	0.3	0.4%
Equity Markets	ASX S&P200	Latest 4595	pts chg 29	% chg 0.6%
	US DJI	10699	45	0.4%
	UK FTSE	5411	78	1.5%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 09/08/10, previous pricing date is 06/08/10

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

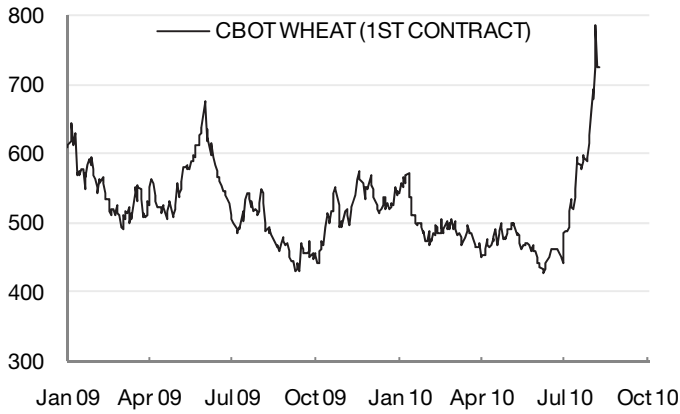


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

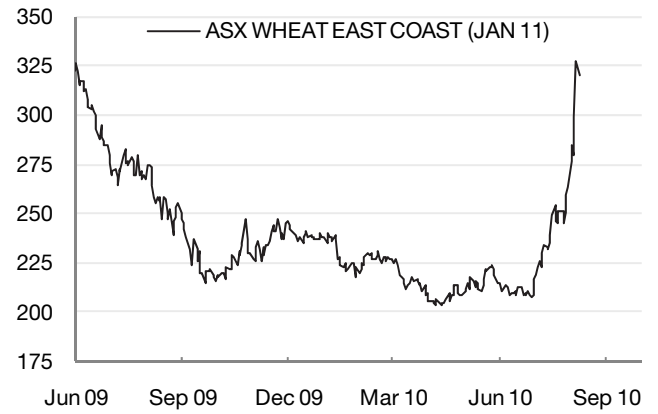


Figure 3: CBOT Corn (1st Contract, US\$/bu)

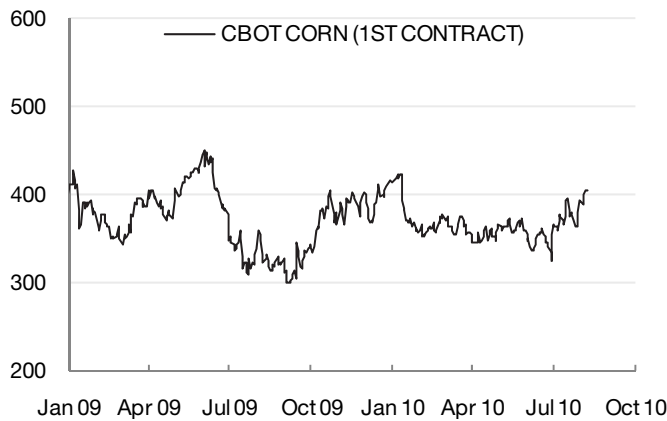


Figure 4: ASX Feed Barley (Jan 11 Contract, A\$/t)

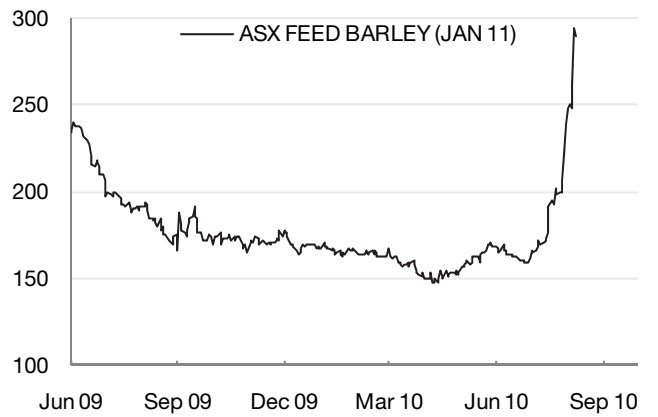


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

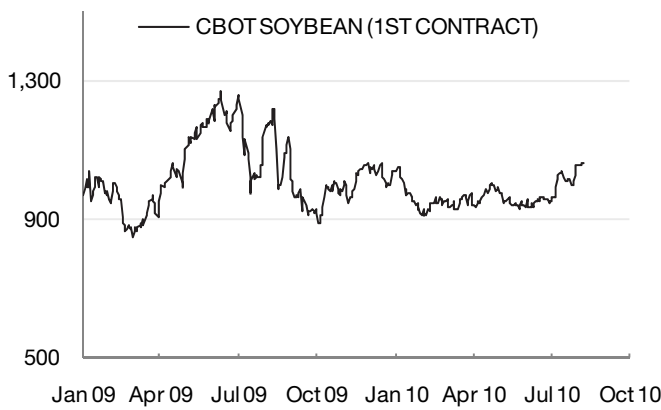


Figure 6: ICE Canola (1st Contract, C\$/t)

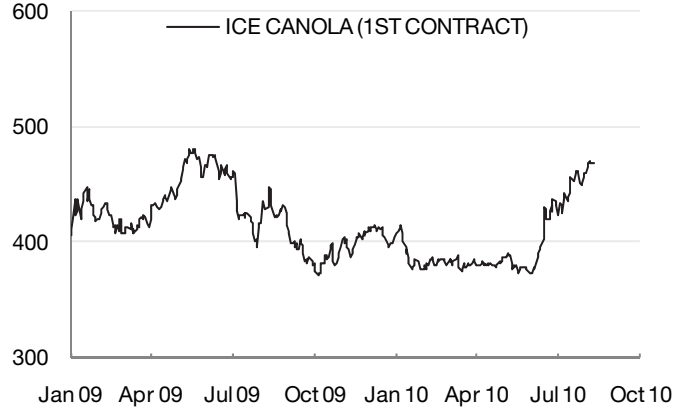


Figure 7: ICE Cotton (1st Contract, US\$/lb)



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





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