

Poor WA rain forecast places more pressure on crop production...

Markets: US mortgage applications rose sharply last week, lifting 13pct in response to strong refinancing demand. The refinancing index soared by 17pct to 15-month highs although the purchase index actually fell by 3.4pct. US sharemarkets rose for a second straight day on Wednesday. The Dow Jones finished 1% higher the S&P 500 up 0.2pct.

Currencies: The AUD fell 0.7pct to USD0.9004 overnight (London close) while the USD index was unchanged at 82.2pts.

Weather: Gusty, warm northerly winds are pushing into eastern Australia, ahead of a trough bringing areas of rain to NSW and western QLD. A front is bringing strong winds, showers and a colder change to the southeast with alpine snow. A high is clearing showers from southern WA.
www.weatherzone.com.au

Grains: Chicago wheat (Sep 10) ended 0.8pct (5¢) firmer at US\$656/bu overnight after trading both sides of unchanged. Russia's Ag Ministry has indicated that they have harvest 40mt of grain through August 18 with an average yield of 2.1t/ha. At the same time last year they had harvested 56½mt at an average yield of 2.7t/ha according to Reuters. The final harvest is tipped to be around 60mt, down from 97mt in 2009. But prospects for the 2011/12 winter crop are improving with drought breaking rain in some areas. In other news, Belarus and Kazakhstan have not followed Russia's lead after they decided to continue allowing grain exports. Ukraine has delayed a decision on export quota volumes according to Reuters.

CBOT corn (Sep10) rose nearly 1pct (3¼¢) to US\$418.5/bu after earlier trading in negative territory. A confirmed sale of 240kt of US corn to Egypt supported prices, as did forecasts of unfavourable weather in many Chinese crop regions. A US summer crop yield tour is showing mixed results. Excessive rain has trimmed yields in Iowa, but yield potentials in other areas, including Illinois, are sharply above average according to Reuters. US Midwest weather over the next week are becoming more threatening according to World Weather.

ASX NSW Jan 11 wheat ended quoted down \$1.5 at \$274.5/t but traded down even lower at \$273/t. Key WA crop areas are expected to remain mostly dry through to the middle of next week, eroding yield potentials.

Oilseeds: CBOT soybeans (Sep 10) fell 1pct (10¢) to US\$1035.25/bu, despite unfavourable weather forecasts in China and the US Midwest which will likely reduce yield potentials. Canadian canola (ICE Nov 10) fell C\$7.6 to C\$459.7/t.

Cotton: ICE cotton futures (Dec 10) finished 0.7pct (59pts) weaker at US\$83.27/lb last night, the third consecutive daily decline following the sharp gains last week. Recent rain in Texas has eased some crop stress, while India's decision to allow cotton exports from October will improve supply availability for key importers. Supportive was news that ICAC cut Pakistan's crop forecast by 15pct because of floods. There is also strong demand for Chinese reserve sales, with all 15kt offered yesterday sold.

Sugar: The New York raw sugar market still appears lost for direction, with mixed results across the curve. The nearby Oct 10 contract ended 1.1pct (22pts) firmer at US\$19.60/lb after trading both sides of unchanged. It was the strongest closing price since March; however the market didn't reach the recent intraday highs posted earlier this month. Interestingly, only the nearby contract finished in positive territory overnight, with the Jul 11 contract down by 1.5pct at US\$16.93/lb. Reuters reported that the vessel line-up off Brazilian ports fell from 135 to 115 this week. There is talk in the trade of a delayed start to the 2010/11 Thai crushing season because of drought earlier in the season.

Crude Oil: NYMEX WTI crude oil (Sep10) fell 0.5pct to USD75.42/bl.

Ag Commodity Markets: Daily Price Summary*

Commodity	Unit	Price	% chg	Price	% chg	Price	% chg
US Wheat (CBOT)	USc/bu	656	+0.8%	689	+0.7%	707	-0.2%
	AUD/t	268	+1.4%	284	+1.4%	305	+0.3%
AU Wheat - East (ASX)	AUD/t	273	-0.5%	275	-0.5%	288	-1.6%
	AUD/t	288	0.0%	293	+0.3%	302	+0.3%
AU Wheat - WA (ASX)	AUD/t	288	0.0%	293	+0.3%	302	+0.3%
	AUD/t	288	0.0%	293	+0.3%	302	+0.3%
US Soybeans (CBOT)	USc/bu	1035	-1.0%	1031	-1.1%	1011	-0.7%
	AUD/t	423	-0.3%	424	-0.4%	431	-0.1%
CA Canola (ICE)	CAD/t	460	-1.6%	463	-1.7%	426	-1.7%
	AUD/t	499	-0.6%	506	-0.7%	476	-0.7%
AU Canola (ASX)	AUD/t	452	0.0%	520	+1.4%	523	+1.4%
	AUD/t	452	0.0%	520	+1.4%	523	+1.4%
US Corn (CBOT)	USc/bu	419	+0.9%	433	+0.8%	440	-0.2%
	AUD/t	183	+1.6%	192	+1.4%	203	+0.4%
AU Barley (ASX)	AUD/t	271	+1.5%	274	+1.5%	278	-2.1%
	AUD/t	271	+1.5%	274	+1.5%	278	-2.1%
AU Sorghum (ASX)	AUD/t	243	-0.2%	242	+0.4%	242	+0.4%
	AUD/t	243	-0.2%	242	+0.4%	242	+0.4%
US Raw Sugar (ICE)	USc/lb	19.60	+1.1%	18.72	-0.3%	16.65	-1.1%
	AUD/t	482	+1.8%	469	+0.3%	426	-0.5%
US Cotton (ICE)	USc/lb	87.42	-0.4%	83.27	-0.7%	76.21	-0.4%
	AUD/bale	487	+0.3%	468	0.0%	452	+0.1%
AU Wool EMI (AWEX)	AUD/kg	8.75		8.75	0.2%	8.75	
	AUD/kg	8.75		8.75	0.2%	8.75	
AU Cattle (EYCI)	AUD/kg	3.675		3.675	-0.5%	3.675	
	AUD/kg	3.675		3.675	-0.5%	3.675	
Crude Oil (WTI)	USD/bl	75.42		75.42	-0.5%	75.42	
	AUD/bl	83.76		83.76	0.2%	83.76	
Commodity Indices	S&P Agri & L'stock (USD)	1063	0.8%	1063	0.8%	1063	
	S&P Agri & L'stock (AUD)	1181	1.4%	1181	1.4%	1181	
	S&P All Commodities (USD)	4137	-0.2%	4137	-0.2%	4137	
	S&P All Commodities (AUD)	4594	0.4%	4594	0.4%	4594	
	AUD Index	82.2	0.0%	82.2	0.0%	82.2	
Currencies	AUD/USD	0.9004		0.9004	-0.0059	0.9004	
	AUD/CAD	0.9264		0.9264	-0.0095	0.9264	
	AUD/JPY	76.85		76.85	-0.65	76.85	
	USD Index	82.2		82.2	0.0	82.2	
Equity Markets	ASX S&P200	4475		4475	-2	4475	
	US DJI	10416		10416	10	10416	
	UK FTSE	5303		5303	-48	5303	
	AUD Index	82.2		82.2	0.0	82.2	

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 18/08/10, previous pricing date is 17/08/10

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

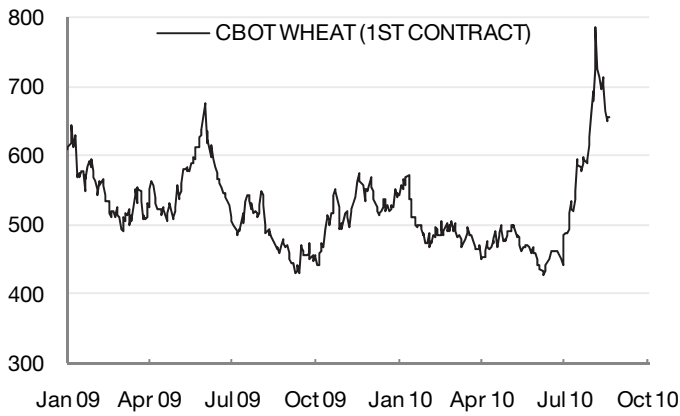


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

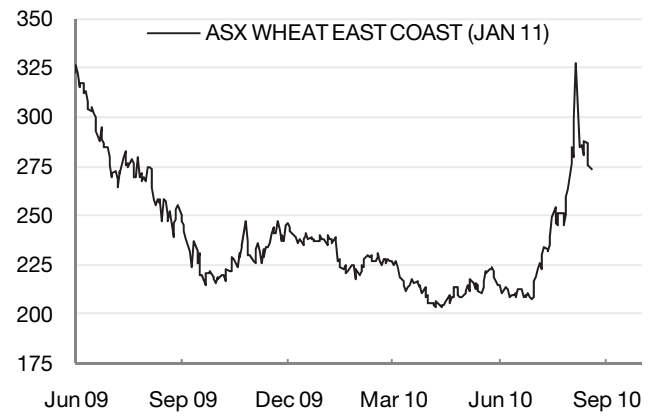


Figure 3: CBOT Corn (1st Contract, US\$/bu)

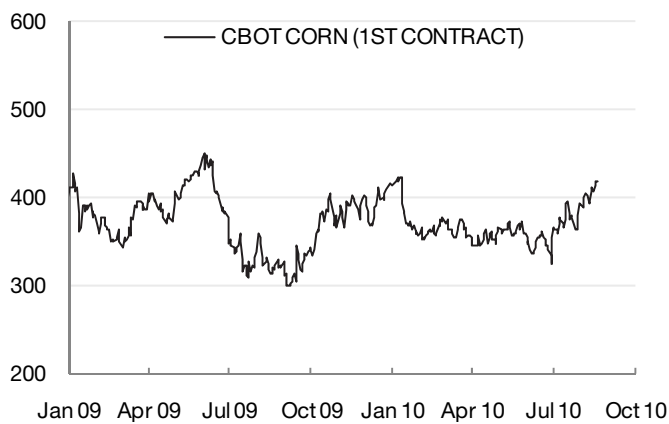


Figure 4: ASX Feed Barley (Jan 11 Contract, A\$/t)

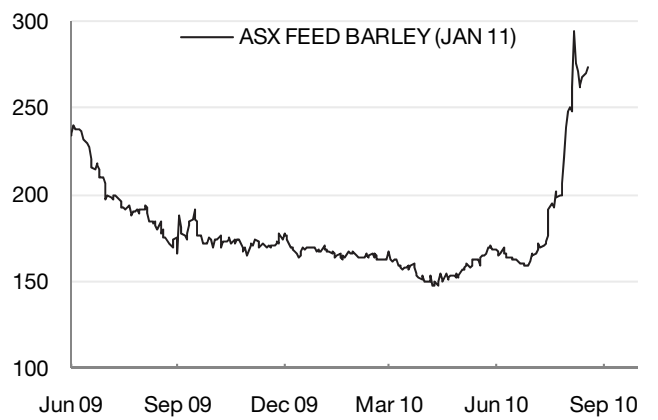


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

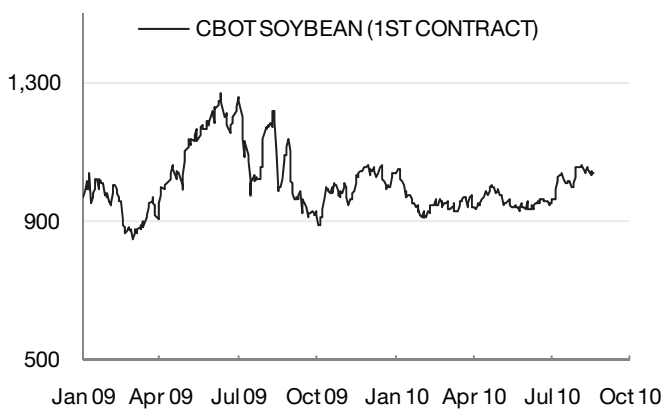


Figure 6: ICE Canola (1st Contract, C\$/t)

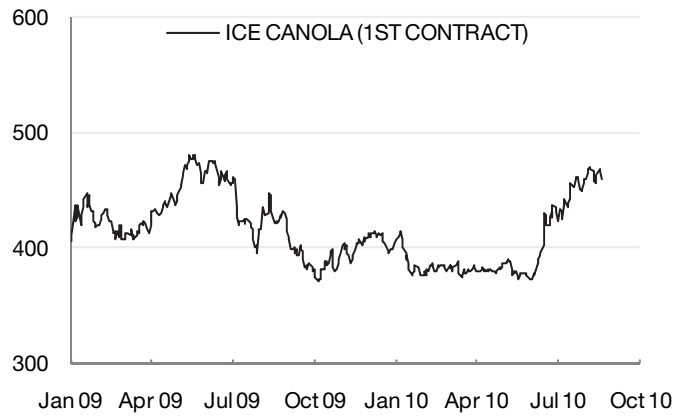


Figure 7: ICE Cotton (1st Contract, US\$/lb)

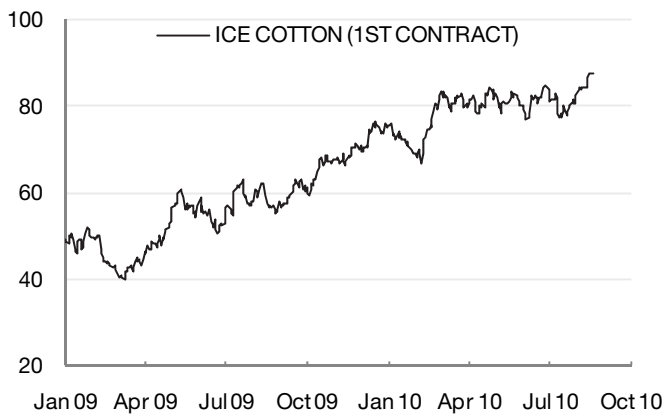


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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