

US economy weaker than originally thought... Commodity prices fall.

- **Markets:** The US economy grew at a 1.3% annual pace in the June quarter, weaker than forecasts centred on a gain of 1.8%. In addition March quarter GDP growth was revised down from 1.9% to 0.4%. US sharemarkets slumped on Friday in response to weak economic data and inaction of the budget deficit/debt ceiling crisis. European shares also fell as Moody's put Spain on review for a potential downgrade.
- **Currencies:** The AUD fell 0.2% to USD1.0990 overnight (London close) while the USD index fell 0.4% to 73.9pts.
- **Weather:** Strong and unstable westerly winds between a series of fronts are blowing across southwest WA, triggering thundery showers. Mild northwest winds are spreading across southern Australia ahead of a front pushing through the Bight. Skies are clear in the east under a dominant high. (www.weatherzone.com.au)
- **Grains:** US grain markets finished sharply lower on Friday night.
 - CBOT wheat (Sep 11) slumped 3% (20 ¾ cents) to USc672.5/bu on Friday while the Dec 11 contract slumped 19 ¾ cents to USc715.75/bu (~A\$243/t). Russian wheat export competition, weaker US corn values, poor US economic data and stale US debt negotiations combined to pressure wheat values lower for the day. But world crop issues are not absent. Rain across Europe and the western CIS may slow harvest progress and affect grain quality according to World Weather. While dryness has adversely impacted production potentials in Russia's Volga River basin. NSW and Qld what growing regions are too dry.
 - CBOT corn (Sep11) fell 16 ¾ cents (2.5%) to USc665.5/bu on Friday, pressured by reports of better than expected rainfall across the US Midwest and the nervous US economic outlook. Yet, the market still finished July with 6% gains, supported by the overwhelmingly tight US corn supply situation. The market's attention will shift to the upcoming August USDA WASDE report, with revisions likely for both US corn area and yield estimates.
 - ASX NSW wheat (Jan 12) traded virtually unchanged around \$254-255/t on Friday, WA Jan 12 wheat traded marginally lower at \$263.3/t, and ASX Jan 12 feed barley traded to \$226/t, up \$6 for the day. The recent deterioration in east coast seasonal conditions is supporting local basis. Much needed rainfall is required throughout NSW and Qld grain growing regions, otherwise yield potentials will decline sharply once seasonal warming commences in the coming few weeks.
- **Oilseeds:** CBOT soybeans (Sep 11) fell 14 cents (1%) to USc1348.5/bu on the back of the US debt stalemate and US Midwest rains. Providing some support to values was the sale of 220 thousand tonnes of US soybeans to China for 2011/12 delivery. Canadian canola (Nov 11) rose C\$1.8 to C\$557.2/t, mainly supported by the weaker Canadian dollar.
- **Cotton:** NY cotton (Dec 11) ended 80pts (0.8%) weaker at USc101.77/lb, largely because of the US debt impasse. Global economic uncertainty remains a major headwind for cotton prices. Over the weekend Reuters reported that India will allow unrestricted cotton exports for the next two months because of a local supply surplus. Last week Indian authorities revised 2010/11 production higher by more than 4% to 32.5 million bales, and sharply increased their ending stock estimate to 5.25 million bales from an earlier estimate of 2.75 million.
- **Sugar:** NY raw sugar (Oct 11) closed 0.4% (11pts) lower at USc29.81/lb on Friday, yet still posted 13% gains for the month. Sugar, like most other commodities on Friday, was weighed down by the economic and debt concerns in the US. Also weighing on sugar prices are thoughts the prices may have recently extended too far relative to demand, and that Asian supplies are being offered to the market at historically tight premiums.
- **Crude Oil:** NYMEX crude oil (Sep 11) fell 1.8% to USD95.7/bl.

Ag Commodity Markets: Daily Price Summary*

Commodity	Unit	Dec 11	Mar 12	Dec 12
US Wheat (CBOT)	USc/bu	716 -2.6%	747 -2.6%	805 -2.4%
	AUD/t **	243 -2.4%	256 -2.5%	284 -2.3%
AU Wheat - East (ASX)		Sep 11	Jan 12	Jan 13
	AUD/t	247 0.0%	254 -0.4%	277 +0.2%
AU Wheat - WA (ASX)		Sep 11	Jan 12	Jan 13
	AUD/t	376 0.0%	263 -0.2%	277 -0.2%
US Soybeans (CBOT)	USc/bu	1349 -1.0%	1357 -1.0%	1335 -0.6%
	AUD/t **	453 -0.8%	459 -0.9%	472 -0.5%
CA Canola (ICE)	CAD/t	557 +0.3%	566 +0.3%	551 -0.1%
	AUD/t **	535 -0.2%	547 -0.3%	547 -0.6%
AU Canola (ASX)		Sep 11	Jan 12	Jan 13
	AUD/t	540 0.0%	565 0.0%	565 0.0%
US Corn (CBOT)	USc/bu	666 -2.5%	669 -2.6%	626 -1.7%
	AUD/t **	239 -2.2%	243 -2.4%	237 -1.6%
AU Barley (ASX)		Sep 11	Jan 12	Jan 13
	AUD/t	220 +4.5%	224 +1.8%	230 +1.8%
AU Sorghum (ASX)		Sep 11	May 12	May 13
	AUD/t	216 0.0%	223 0.0%	223 0.0%
US Raw Sugar (ICE)	USc/lb	29.81 -0.4%	28.51 -0.5%	24.99 -1.1%
	AUD/t **	603 -0.2%	587 -0.3%	524 -1.0%
US Cotton (ICE)	USc/lb	101.77 -0.8%	97.37 -1.2%	96.98 -1.0%
	AUD/bale **	470 -0.6%	458 -1.1%	471 -1.0%
AU Wool EMI (AWEX)	AUD/kg	Latest 13.61	% chg 0.0%	Last Pricing 13/7/11
AU Cattle (EYCI)	AUD/kg	Latest 3.71	% chg 0.2%	Last Pricing 29/7/11
Crude Oil (WTI)	USD/bl	Latest 95.7	% chg -1.8%	Last Pricing 29/7/11
	AUD/bl **	87.08	% chg -1.6%	29/7/11
Commodity Indices		Latest	% chg	Last Pricing
	S&P Agri & L'stock (USD)	1302	-1.1%	29/7/11
	S&P Agri & L'stock (AUD)	1184	-0.9%	29/7/11
	S&P All Commodities (USD)	5201	-1.0%	29/7/11
Currencies		Latest	pts chg	% chg
	AUD/USD	1.0990	-0.0022	-0.2%
	AUD/CAD	1.0509	0.0059	0.6%
	AUD/JPY	84.82	-0.90	-1.1%
	USD Index	73.9	-0.3	-0.4%
Equity Markets		Latest	pts chg	% chg
	ASX S&P200	4425	-39	-0.9%
	US DJI	12143	-97	-0.8%
	UK FTSE	5815	-58	-1.0%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 29/07/11, previous pricing date is 28/07/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

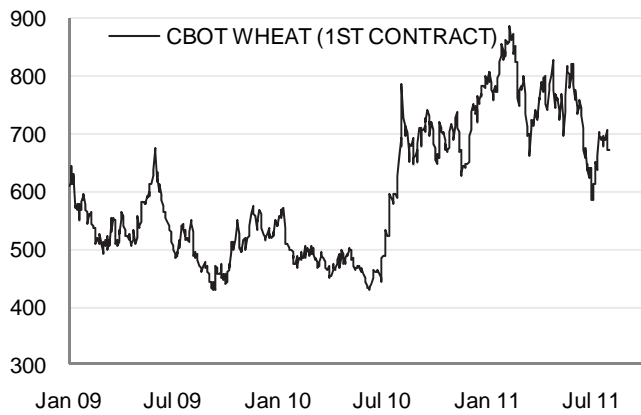


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)



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

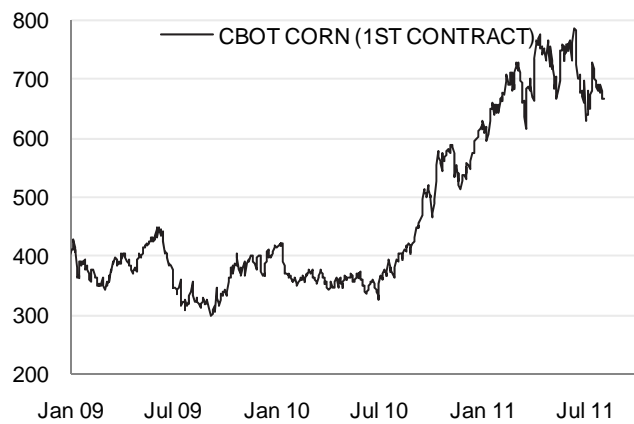


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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

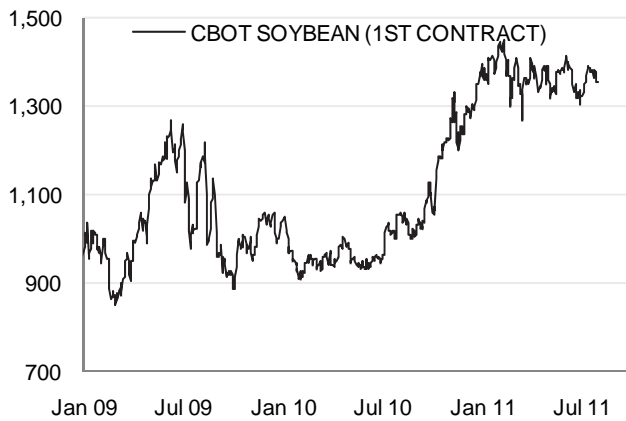


Figure 6: ICE Canola (1st Contract, C\$/t)



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



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





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