

Policy becomes stimulating...AUD surges.

- **Markets:** The world's major central banks acted jointly on Wednesday to provide cheaper US dollar liquidity to European banks. The surprise emergency move included the US Fed Reserve, the ECB, and the central banks of Canada, Britain, Japan and Switzerland. In a joint statement they confirmed having agreed to lower the cost of existing dollar swap lines by 50 basis points from December 5. Other measures include providing bilateral swap arrangements - so that any of the central banks can provide liquidity in any other currency. And China's central bank cut the reserve requirement ratio for its commercial banks by 50 basis points for the first time in nearly three years. The US ADP private sector employment report showed that US companies created 206,000 jobs in November - the biggest gain in nearly a year. US pending home sales jumped 10.4% in November. European shares rallied sharply on Wednesday as investors were buoyed by the concerted effort by central banks to support the global financial system. US shares record robust gains on Wednesday for a third consecutive session.
- **Currencies:** The AUD surged another 2.3% to USD1.0253 overnight (London close) while the USD index fell 0.8% to 78.3pts.
- **Weather:** A trough in the east is generating widespread and potentially severe thunderstorms in southern QLD and NSW. A front is spreading colder southwest winds and scattered showers through VIC and TAS. A large high is clearing SA, while sending warm and dry easterly winds into WA. (www.weatherzone.com.au)
- **Grains:** US grain markets finished mixed to slightly firmer overnight.
 - CBOT wheat (Dec 11) ended marginally firmer at US\$595.75/bu last night after trading nearly 15 cents higher earlier in the session. The Mar 12 contract also traded either side of unchanged, however closed 2 cents lower at US\$614/bu. All contracts closed sharply lower in Aussie dollar terms because of the sharp rally in the local currency. Initial gains across the agriculture complex were linked to the improvement in risk appetite and the sharply weaker USD. However forecast precipitation across parts of the US Great Plains will continue to support winter wheat development. In addition, Russian analysts have reported that the Russian 2012 winter wheat harvest may reach 39.5 million tonnes, up from 34.7 million in 2011. Finally, Saudi Arabia has issued a tender to buy 330 thousand tonnes of hard wheat.
 - CBOT corn (Dec 11) closed 3¼ cents (0.5%) stronger at US\$601.25bu overnight with similar gains across the curve. The weaker USD and a recent drying trend across parts of Brazil supported values. There were no deliveries against the soon-to-expire December contract. US ethanol production rose 1.4% last week to the highest level in nearly a year.
 - ASX wheat markets were strongly bid yesterday, supported by the prior session's strong gains in CBOT wheat markets, local harvest delays and local grain quality concerns. Reports of wheat being downgraded to GP and FEED grades across NSW are becoming more common. The Jan 12 NSW wheat contract rose by \$4 to \$224.5/t, however prices fell back to \$219/t in the evening. NSW Mar 12 wheat traded up to \$222.5/t and WA Mar 12 wheat traded at \$229/t. Local grain markets are likely to be pressured today by the sharp overnight rally in the Aussie dollar, however harvest disruptions will continue to provide underlying support.
- **Oilseeds:** CBOT soybeans (Jan 11) closed just 0.6% (6¼¢) firmer at US\$1131.25/bu. However Canadian canola (Jan 11) fell by C\$4.7 to C\$502.5/t, pressured by the stronger Canadian dollar.
- **Cotton:** NY cotton (Dec 11) closed 238pts (2.6%) weaker at US\$90.31/lb last night after briefly trading in positive territory earlier in the session. For the month, cotton prices fell almost 10%. Tonight's focus is on the USDA's weekly US cotton export sales report.
- **Sugar:** NY raw sugar (Mar 12) recovered early losses to close 0.9% (20pts) higher at US\$23.69/lb overnight. The price gains were supported by the stimulus provided by China and the joint central bank action.
- **Crude Oil:** NYMEX crude oil (Jan 12) rose 0.6% to USD100.4/bl.

Ag Commodity Markets: Daily Price Summary*

US Wheat (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	596 +0.2%	614 -0.3%	680 +0.0%
AUDt **	214 -2.0%	222 -2.6%	252 -2.1%
AU Wheat - East (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	225 +1.8%	223 +3.0%	242 +0.6%
AU Wheat - WA (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	228 0.0%	229 +0.4%	252 +0.4%
US Soybeans (CBOT)	Jan 12	Nov 12	Nov 13
USc/bu	1131 +0.6%	1147 +0.5%	1145 +0.5%
AUDt **	407 -1.7%	422 -1.7%	431 -1.5%
CA Canola (ICE)	Jan 12	Nov 12	Nov 13
CADt	503 -0.9%	483 -1.0%	492 -1.0%
AUDt **	483 -2.1%	472 -2.1%	490 -2.1%
AU Canola (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	500 0.0%	500 0.0%	500 0.0%
US Corn (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	601 +0.5%	608 +0.4%	552 +0.4%
AUDt **	231 -1.7%	236 -1.8%	219 -1.7%
AU Barley (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	184 +0.3%	189 +0.3%	206 +0.2%
AU Sorghum (ASX)	Jan 12	May 12	May 13
AUD/t	210 0.0%	202 +0.1%	203 +0.1%
US Raw Sugar (ICE)	Mar 12	Oct 12	Oct 13
USc/lb	23.69 +0.9%	23.07 +1.2%	23.11 +1.5%
AUDt **	515 -1.4%	509 -1.0%	521 -0.5%
US Cotton (ICE)	Dec 11	Jul 12	Jul 13
USc/lb	90.31 -2.6%	89.81 -1.3%	89.15 -1.2%
AUD/bale **	441 -4.8%	447 -3.4%	456 -3.2%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing
AUD/kg	12.09	1.4%	30/11/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing
AUD/kg	4.04	0.1%	30/11/11
Crude Oil (WTI)	Latest	% chg	Last Pricing
USD/bl	100.4	0.6%	30/11/11
AUD/bl **	97.92	-1.6%	30/11/11
Commodity Indices	Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1161	0.0%	29/11/11
S&P Agri & L'stock (AUD)	1158	0.0%	29/11/11
S&P All Commodities (USD)	4956	0.0%	29/11/11
S&P All Commodities (AUD)	4945	0.0%	29/11/11
Currencies	Latest	pts chg	% chg
AUD/USD	1.0253	0.0230	2.3%
AUD/CAD	1.0444	0.0117	1.1%
AUD/JPY	79.53	1.50	1.9%
USD Index	78.3	-0.7	-0.8%
Equity Markets	Latest	pts chg	% chg
ASX S&P200	4120	18	0.4%
US DJI	11969	413	3.6%
UK FTSE	5505	168	3.2%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 30/11/11, previous pricing date is 29/11/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

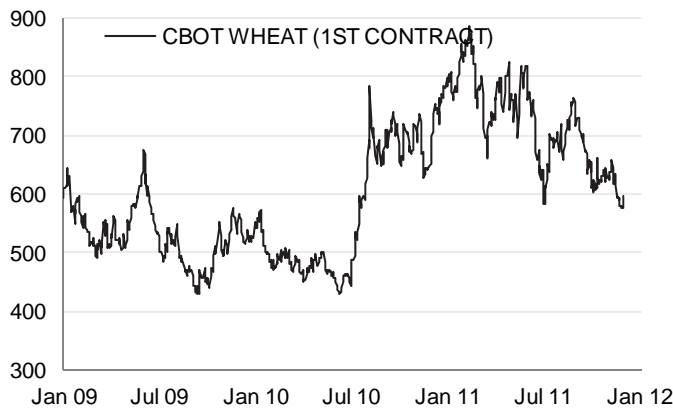


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

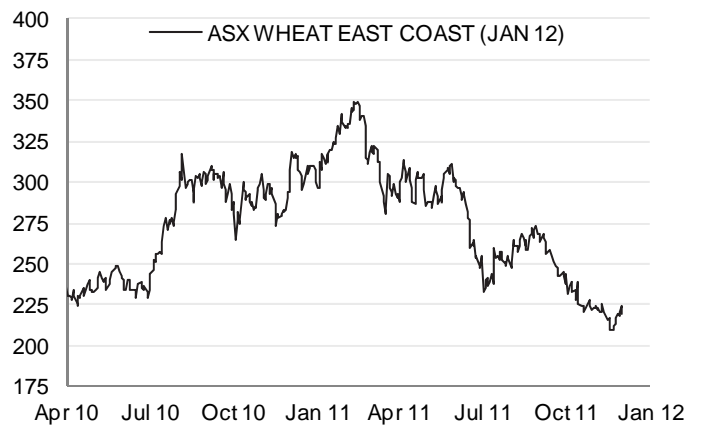


Figure 3: CBOT Corn (1st Contract, US\$/bu)

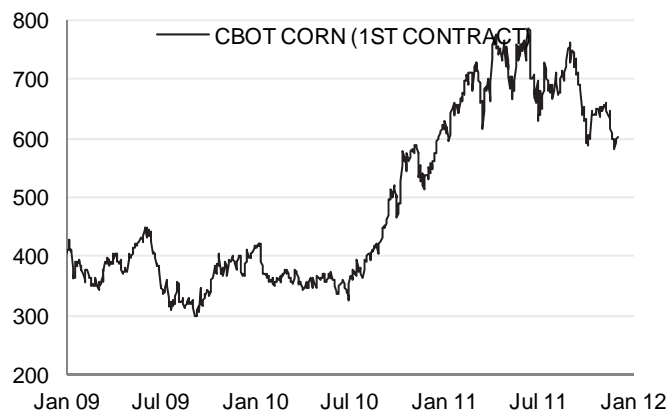


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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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