

Chicago corn prices close the gap to wheat...

- **Markets:** US economic data was once again bleak yesterday, resulting in increased risk aversion. The US ISM manufacturing gauge slumped from 60.4 to 53.5 in May - the lowest reading since September 2009. The ADP employment index showed that private employers added just 38,000 workers in May - well below forecasts of a 175,000 increase and the weakest result since Sep 2010. Planned job cuts rose by 1.8% to 37,135 in May according to the Challenger survey. But construction spending rose by 0.4% in April - the largest rise since October 2010. Rating agency Moody's has downgraded the credit rating of Greece three notches from B1 to Caa1 with a negative outlook. In addition, China's manufacturing PMI declined modestly in May to 51.6 - the lowest reading in nine months. European and US shares slumped on the back of the negative economic news.
- **Currencies:** The AUD ended 0.3% firmer at USD1.0688 overnight (London close) while the USD index rose 0.3% to 74.9pts. In early trade this morning the AUD has dropped below USD1.0600 (7.20am east).
- **Weather:** A low over the Tasman Sea is slowly moving east, allowing wind and showers to ease further from northeast NSW. A cold front is clipping southern parts of WA, bringing gusty winds and scattered showers. Skies are clear elsewhere around the country under a large high pressure ridge (www.weatherzone.com.au)
- **Grains:** Global wheat markets fell sharply overnight while corn prices rose.
 - CBOT wheat (Jul 11) dropped 23 cents (3%) to USc759.25/bu - to be nearly 70 cents lower over the past three sessions - while the Dec 11 contract ended 22 cents weaker at USc860/bu (~A\$303/t). The wheat market continues to fret over Russian exports, with Reuters reported that both Russian and Ukraine wheat was heavily offered in a small (25 thousand tonne) Lebanese tender. World Weather notes that relief to dryness is expected across Western Europe over the coming 10 days, however concern over developing dryness will remain in the CIS and east-central China. Conditions remain too wet in parts of Canada and the northern US plains, while the southern US plains are still in drought.
 - CBOT corn (Jul 11) ended 11 cents (1.5%) firmer at USc758.5/bu - nearly on par with the July CBOT wheat contract. Expectations that the USDA will slash US corn area forecasts because of the delayed planting progress remained a supportive them in the market - some private analysts have reduced their area planting estimates by more than 2 million acres according to Reuters.
 - ASX NSW wheat futures were strongly offered yesterday and the Jan 12 contract and traded at \$297/t, down around \$5 for the day. ASX feed barley futures, however, proved more resilient with the Jan 12 contract trading hands at \$240/t - unchanged for the day. WA wheat was untraded for the session but was nominally quoted lower. Light rain is again falling across parts of the WA wheat belt, further helping assure production potentials. On the eastern seaboard it is not moisture, but mice that are causing headaches to producers. Plagues of mice south of Dubbo, into Victoria and South Australia are eating their way through emerging canola and wheat crops - forcing many producers to replant.
- **Oilseeds:** CBOT soybeans (Jul 11) ended 0.7% (10¼¢) firmer at USc1389.25/bu after trading either side of unchanged. Despite the firmer prices, US soybean planting progress is expected to lift sharply this week on improved weather. Canadian canola (Jul 11) rose C\$1.4 to C\$590.9/t.
- **Cotton:** NY cotton (Jul 10) closed 230pts higher at USc160.97/lb last night while the Dec 11 contract rose 177pts to 137.27/lb. Forecasts that Texas will remain hot and dry though to Sunday continue to hold up the cotton market.
- **Sugar:** Global sugar prices closed sharply lower last night, led by the NY raw sugar complex. The NY (Jul 11) raw contract slumped 3.1% (72pts) to USc22.46/lb with sharp losses right across the curve. Brazil's raw sugar exports rose to 1.4 million tonnes in May from 1.14 million tonnes in April. Still, private reports say Brazil's CS crush may fall well below expectations.
- **Crude Oil:** NYMEX crude oil (Jul 11) slumped 3% to USD99.67/bl.

Ag Commodity Markets: Daily Price Summary*

		Jul 11	Dec 11	Dec 12
US Wheat (CBOT)	USc/bu	759 -2.9%	860 -2.5%	926 -1.0%
	AUD/t **	262 -3.3%	303 -2.7%	342 -1.2%
AU Wheat - East (ASX)		Jul 11	Jan 12	Jan 13
	AUD/t	297 0.0%	301 -0.7%	326 -0.3%
AU Wheat - WA (ASX)		Jul 11	Jan 12	Jan 13
	AUD/t	376 0.0%	318 -1.2%	332 -1.1%
US Soybeans (CBOT)	USc/bu	1386 +0.7%	1375 +0.8%	1341 +0.9%
	AUD/t **	479 +0.4%	482 +0.5%	489 +0.7%
CA Canola (ICE)		Jul 11	Nov 11	Nov 12
	CAD/t	591 +0.2%	595 +0.1%	575 -0.2%
	AUD/t **	569 -0.7%	580 -0.8%	578 -1.0%
AU Canola (ASX)		Jul 11	Jan 12	Jan 13
	AUD/t	535 0.0%	580 0.0%	580 0.0%
US Corn (CBOT)	USc/bu	759 +1.5%	680 +1.0%	604 +1.0%
	AUD/t **	281 +1.1%	256 +0.7%	239 +0.8%
AU Barley (ASX)		Jul 11	Jan 12	Jan 13
	AUD/t	224 0.0%	241 +0.6%	245 +0.6%
AU Sorghum (ASX)		Jul 11	May 12	May 13
	AUD/t	223 0.0%	227 0.0%	227 0.0%
US Raw Sugar (ICE)		Jul 11	Oct 11	Oct 12
	USc/lb	22.46 -3.1%	22.36 -2.7%	21.68 -3.0%
	AUD/t **	464 -3.4%	469 -3.0%	475 -3.3%
US Cotton (ICE)		Jul 11	Dec 11	Jul 12
	USc/lb	160.97 +1.4%	137.27 +1.3%	116.10 +1.2%
	AUD/bale **	756 +1.1%	658 +1.0%	570 +0.9%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing	
	AUD/kg	13.92	0.6%	1/6/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing	
	AUD/kg	3.88	-0.3%	1/6/11
Crude Oil (WTI)	Latest	% chg	Last Pricing	
	USD/bl	99.67	-3.0%	1/6/11
	AUD/bl **	93.25	-3.2%	1/6/11
Commodity Indices	Latest	% chg	Last Pricing	
	S&P Agri & L'stock (USD)	1348	-0.7%	1/6/11
	S&P Agri & L'stock (AUD)	1261	-1.0%	1/6/11
	S&P All Commodities (USD)	5281	-1.5%	1/6/11
	S&P All Commodities (AUD)	4941	-1.8%	1/6/11
Currencies	Latest	pts chg	% chg	
	AUD/USD	1.0688	0.0033	0.3%
	AUD/CAD	1.0413	0.0092	0.9%
	AUD/JPY	86.48	-0.18	-0.2%
	USD Index	74.9	0.2	0.3%
Equity Markets	Latest	pts chg	% chg	
	ASX S&P200	4707	-1	0.0%
	US DJI	12290	-280	-2.2%
	UK FTSE	5929	-61	-1.0%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 07/06/11, previous pricing date is 31/05/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



Figure 1: CBOT Wheat (1st Contract, USc/bu)

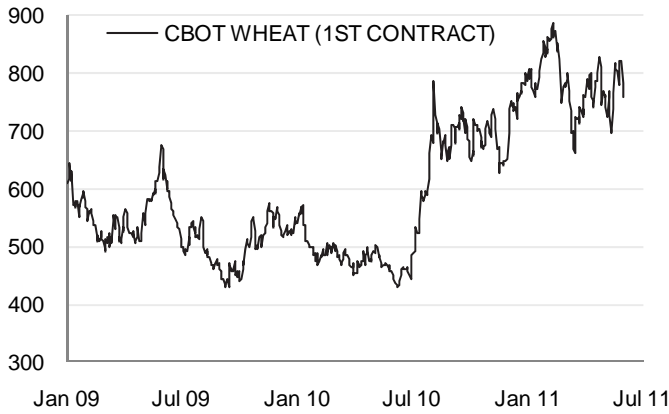


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

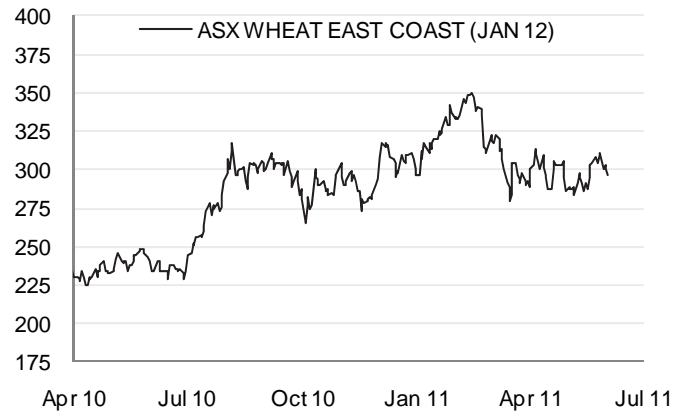


Figure 3: CBOT Corn (1st Contract, USc/bu)

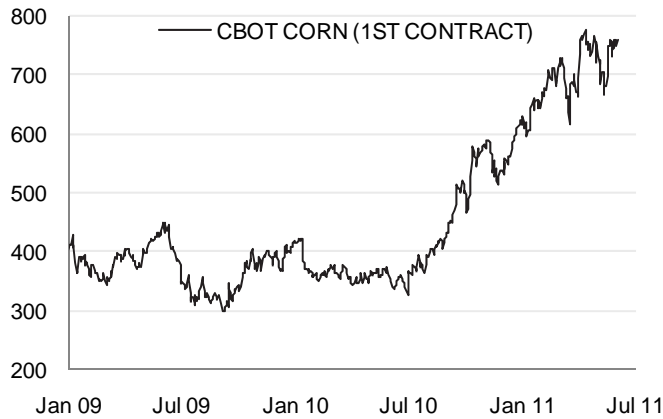


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



Figure 5: CBOT Soybeans (1st Contract, USc/bu)



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

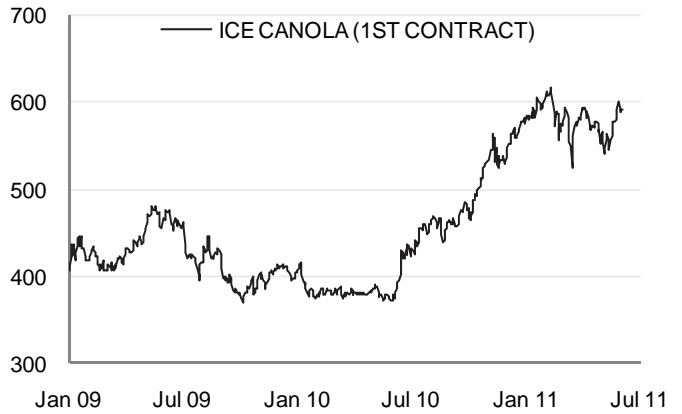


Figure 7: ICE Cotton (1st Contract, USc/lb)

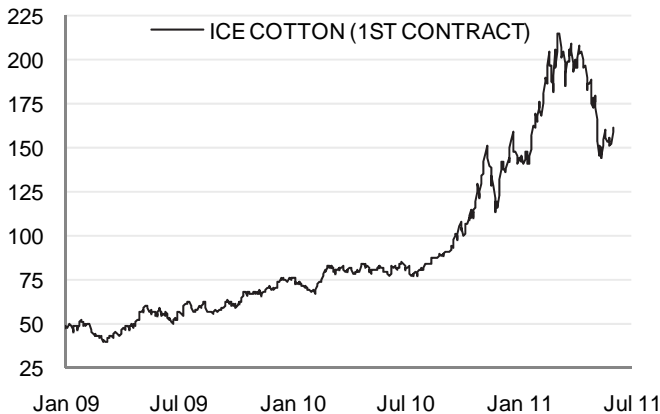
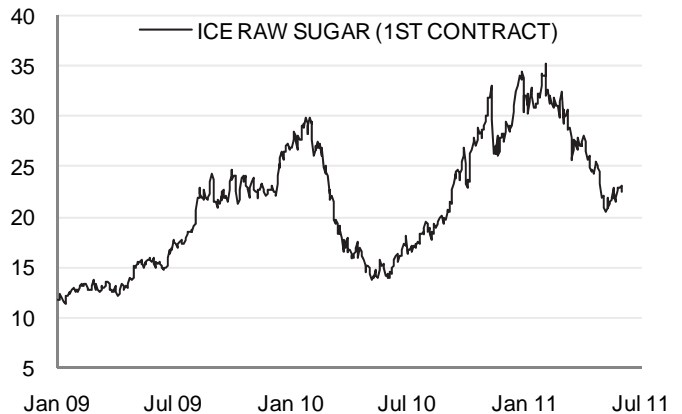


Figure 8: ICE Sugar (1st Contract, USc/lb)





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