



Demand for US corn and soy remains sluggish...

- Markets:** US ISM manufacturing rose from 50.8 to 52.7 in November - its strongest level since June. New orders hit its best level since April. And annualised US construction spending rose to a 2 year high. But the global manufacturing PMI fell from 49.9 to 49.6 in November. The weakness was driven mostly by a contraction in activity across Europe and parts of Asia. European shares eased on light trading volumes on Thursday. Investors booked profits following the recent gains and after key indices failed to break key resistance levels. Debt auctions in France and Spain attracted solid demand at much lower yields than has recently been the case. US shares were mixed as investors awaited tonight's US non-farm payrolls report.
- Currencies:** The AUD fell 0.4% to USD1.0207 overnight (London close) while the USD index fell 0.1% to 78.3pts.
- Weather:** A trough is generating rain and isolated thunderstorms in QLD. Mild south to southeast winds are generating isolated showers along the nation's east coast. A large high is sending dry and gusty winds into WA, while a trough triggers storms over the interior. (www.weatherzone.com.au)
- Grains:** US grain markets rallied higher overnight.
 - CBOT Dec 11 wheat closed 1% firmer at USc602/bu last night, however the Mar 12 contract ended flat at USc614.25/bu after earlier trading up to USc625/bu. Stronger exports of US hard spring wheat in the past week help support prices for the session. The USDA reported that total US wheat export sales in the week ended 24th November were 503 thousand tonnes, a result at the upper end of most trade estimates.
 - CBOT corn (Dec 11) handed back early gains overnight to close 6 ½ cents (1.1%) weaker at USc594.75/bu. US corn export sales in the latest week were relatively disappointing at 352 thousand tonnes. Cumulative sales for the past four weeks are 58% down year-on-year. Prospects for large crops in South America also weighed on values.
 - ASX NSW wheat futures fell by \$3 to \$5 yesterday with the Jan 12 contract back quoted at \$220.8/t. Feed barley futures were also quoted lower (Jan 12 at \$181/t). The recent sharp appreciation in the AUD/USD was largely responsible for the weaker prices. Widespread east-coast rain is forecast to return mid next week.
- Oilseeds:** CBOT soybeans (Jan 11) closed 3¼¢ weaker at USc1128/bu last night however longer dated contract closed marginally firmer. US soybean export sales hit 489.6 thousand tonnes in the latest week. This was a one month low and well below trade estimates of 550-850 thousand tonnes. International buyers are currently comfortable with South American crop prospects and are therefore not trying to secure supplies from the United States. Canadian canola (Jan 11) fell another C\$2.6 to C\$499.9/t. The strong Canadian dollar continues to weigh on Winnipeg canola prices.
- Cotton:** NY cotton (Mar 12) rose 0.4% (39pts) to USc91.30/lb overnight. But this was the seventh consecutive session of directionless, drifting trade. The International Cotton Advisory Committee has lowered its estimate of 2011/12 global cotton demand to 24.4 million tonnes, down from 24.6 million forecast last month. The deterioration in the Eurozone debt crisis and declining economic growth in Asia has weighed on global demand.
- Sugar:** NY raw sugar futures chopped sideways overnight. The Mar 12 contract ended 10pts (0.4%) weaker at USc23.59/lb, but the Oct 12 contract ended 8pts firmer at USc23.15/lb. The ICE raw sugar curve has flattened markedly over the past few months, with the entire curve now trading within a 60pt range. A month ago the curve was still inverted 250pts. Sluggish demand and increasing Asian supplies have contributed to the decline in sugar prices for prompt delivery. Reuters reported that Thai J-spec sugar changed hands at the lowest premium since September. Thailand is forecast to produce 9.9 million tonnes of sugar this year, roughly in line with last year's record crop, with the devastating floods earlier in the season not expected to have a major impact on production.
- Crude Oil:** NYMEX crude oil (Jan 12) fell slightly to USD100.02/bl.

Ag Commodity Markets: Daily Price Summary*

		Dec 11	Mar 12	Dec 12
US Wheat (CBOT)	USc/bu	602 +1.0%	614 +0.0%	685 +0.8%
	AUDt **	217 +1.5%	223 +0.5%	255 +1.3%
AU Wheat - East (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	221 -1.6%	218 -2.0%	241 -0.4%
AU Wheat - WA (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	230 +0.7%	228 -0.4%	251 -0.4%
US Soybeans (CBOT)	USc/bu	1128 -0.3%	1149 +0.2%	1148 +0.2%
	AUDt **	408 +0.1%	424 +0.6%	434 +0.7%
CA Canola (ICE)		Jan 12	Nov 12	Nov 13
	CAD/t	500 -0.5%	480 -0.7%	489 -0.7%
	AUDt **	484 +0.2%	472 +0.1%	491 +0.2%
AU Canola (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	500 0.0%	500 0.0%	500 0.0%
US Corn (CBOT)	USc/bu	595 -1.1%	602 -1.1%	554 +0.4%
	AUDt **	230 -0.6%	234 -0.6%	221 +0.9%
AU Barley (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	181 -1.6%	186 -1.6%	203 -1.5%
AU Sorghum (ASX)		Jan 12	May 12	May 13
	AUD/t	210 0.0%	199 -1.6%	199 -1.6%
US Raw Sugar (ICE)	USc/lb	23.59 -0.4%	23.15 +0.3%	23.23 +0.5%
	AUDt **	513 +0.0%	513 +0.8%	527 +1.0%
US Cotton (ICE)		Dec 11	Jul 12	Jul 13
	USc/lb	90.70 +0.4%	90.66 +0.9%	89.26 +0.1%
	AUD/bale **	444 +0.9%	453 +1.4%	459 +0.6%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing	
	AUD/kg	11.93	-1.3%	1/12/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing	
	AUD/kg	4.05	0.2%	1/12/11
Crude Oil (WTI)	Latest	% chg	Last Pricing	
	USD/bl	100.02	-0.3%	1/12/11
	AUD/bl **	97.99	0.1%	1/12/11
Commodity Indices	Latest	% chg	Last Pricing	
	S&P Agri & L'stock (USD)	1166	0.0%	30/11/11
	S&P Agri & L'stock (AUD)	1137	0.0%	30/11/11
	S&P All Commodities (USD)	4990	0.0%	30/11/11
	S&P All Commodities (AUD)	4867	0.0%	30/11/11
Currencies	Latest	pts chg	% chg	
	AUD/USD	1.0207	-0.0046	-0.4%
	AUD/CAD	1.0366	-0.0078	-0.7%
	AUD/JPY	79.32	-0.22	-0.3%
	USD Index	78.3	-0.1	-0.1%
Equity Markets	Latest	pts chg	% chg	
	ASX S&P200	4229	109	2.6%
	US DJI	12046	0	0.0%
	UK FTSE	5489	-16	-0.3%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 01/12/11, previous pricing date is 30/11/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

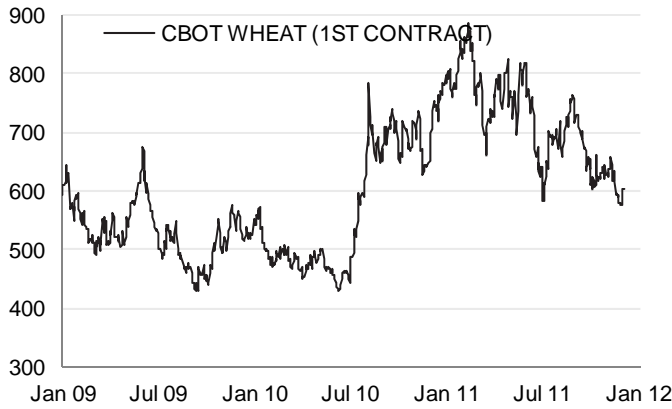


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

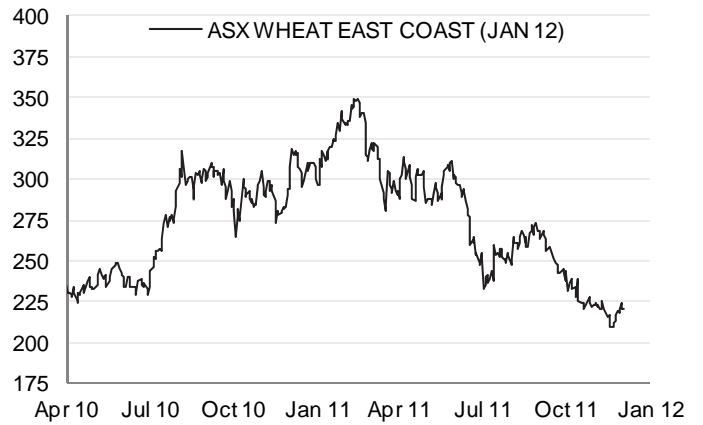


Figure 3: CBOT Corn (1st Contract, US\$/bu)



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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