

Energy markets continue to rally on North Africa - Middle East turmoil.

- Markets:** US economic data was strong last night. According to the US Fed's Beige book, economic activity continued to grow at a moderate pace in January and early February. The report also noted that retail sales lifted in all 12 regional bank districts in early 2011, while some retailers had already raised prices or intend to do so in the next few months. US ADP private sector employers added 217,000 jobs in February, well above expectations for a raise of 175,000. The January result was also revised modestly higher. Focus is now on Friday's non-farm payrolls, which is expected to rise by 193,000. Political unrest in Libya and tensions in the Middle East pushed crude oil prices towards but weighed on European equity markets while US sharemarkets edged higher in a volatile session.
- Currencies:** The AUD ended 0.1% firmer at USD1.0167 overnight (London close) while the USD index declined 0.5% to 76.7pts.
- Weather:** Tropical moisture will feed into a trough stretching across the country's interior and east, bringing heavy rain and storms. A high will direct cool gusty southwesterly winds into the southeast while keeping the south mostly dry. A low in the west will bring isolated storms. (www.weatherzone.com.au)
- Grains:** US grain markets finished with mixed results again overnight.
 - CBOT wheat futures were variable overnight and all but the nearby contracts finished the session lower. The most active May 11 contract traded either side of unchanged before finishing 1 cent firmer at US\$811.25/bu while the Dec 11 contract ended 4 ¼ cents weaker at US\$885.25/bu (A\$331/t). The export sale of 220kt of US HRW wheat (unknown destination) supported prices, but the continued middle-east uncertainty (which will likely result in lower grain consumption) and the recent improvement in Chinese crop prospects weighed on values.
 - CBOT corn futures ended with mixed results across the curve last night, with most nearby contracts declining (May 11 down 14 cents to US\$721.5/bu) while far-dated contracts firmed (Dec 12 up 5 ¼ cents to US\$520.5/bu). Despite the curve flattening slightly, significant backwardation still exists. Funds were big sellers last night, reportedly unwinding corn/soy and corn/wheat spreads. The rally in crude oil is supportive for corn prices.
 - ASX NSW for January 12 delivery traded at \$319/t yesterday, up a touch from Tuesday's trading value but still more than A\$10 cheaper than Dec 11 Chicago wheat. Interest currently remains light in the ASX WA wheat market; however WA prices for current-crop supplies remain nominally quoted at a significant premium to the east-coast. While new-crop (Jan 12) WA wheat is nominally quoted at \$320/t, roughly in-line with east-coast values.
- Oilseeds:** CBOT soybeans rose solidly last night with the most active May 11 contract up 19 cents (1.4%) to US\$394.24/bu. The market has been supported by the rain induced harvest delays in Brazil which has also raised fears of yield and quality losses. Also supporting market sentiment is talk that China is seeking to a fresh round of soybean purchases. Canadian canola futures also finished stronger overnight with the strongest gains in near-dated contracts.
- Cotton:** Cotton continues to display heightened unpredictably. Last night the May 11 contract closed limit-up, 700pt, at US\$200.60/lb, the first close above 200 cents since the 18th Feb reversal. There appeared to be little fresh cotton-specific news in the market last night. Improving US economic data and the weaker USD may have provided some underlying support.
- Sugar:** NY raw sugar futures rallied strongly overnight with May 11 contract up 112pts (3.8%) to US\$30.38/lb and the Oct 11 contract rose 76pts to US\$26.28/lb. Recent official downward revisions for the forecast 2010/11 global sugar surplus may be providing underlying support. (ISO cut its surplus from 1.3 million tonnes to 196 thousand tonnes on the 28th Feb)
- Crude Oil:** NYMEX crude oil (Apr 11) rallied another 2.5% to USD102.09/bl.

Ag Commodity Markets: Daily Price Summary*

Commodity	Unit	Price	% chg	Price	% chg	Price	% chg
US Wheat (CBOT)	US\$/bu	811	+0.1%	885	-0.5%	882	-0.6%
	AUD/t	295	+0.1%	331	-0.6%	342	-0.7%
AU Wheat - East (ASX)	AUD/t	316	+3.6%	319	-1.2%	332	-1.2%
	AUD/t	348	0.0%	320	-2.3%	334	-2.2%
US Soybeans (CBOT)	US\$/bu	1394	+1.4%	1346	+1.3%	1234	+1.0%
	AUD/t	508	+1.3%	502	+1.2%	478	+0.8%
CA Canola (ICE)	CAD/t	590	+1.3%	573	+0.3%	541	+0.2%
	AUD/t	600	+1.3%	594	+0.3%	576	+0.2%
AU Canola (ASX)	AUD/t	550	0.0%	565	0.0%	565	0.0%
	AUD/t	550	0.0%	565	0.0%	565	0.0%
US Corn (CBOT)	US\$/bu	722	-1.9%	606	+0.1%	521	+1.0%
	AUD/t	281	-2.0%	243	+0.0%	216	+0.9%
AU Barley (ASX)	AUD/t	222	-2.9%	237	0.0%	237	0.0%
	AUD/t	222	-2.9%	237	0.0%	237	0.0%
AU Sorghum (ASX)	AUD/t	235	0.0%	236	-1.3%	236	-1.3%
	AUD/t	235	0.0%	236	-1.3%	236	-1.3%
US Raw Sugar (ICE)	US\$/lb	30.38	+3.8%	26.28	+3.0%	21.90	+1.3%
	AUD/t	661	+3.7%	586	+2.9%	509	+1.2%
US Cotton (ICE)	US\$/lb	200.60	+3.6%	192.24	+3.8%	111.20	+2.5%
	AUD/bale	994	+3.5%	960	+3.7%	580	+2.4%
AU Wool EMI (AWEX)	AUD/kg	13.01			% chg		Last Pricing
	AUD/kg	13.01		1.2%			2/3/11
AU Cattle (EYC)	AUD/kg	4.043			% chg		Last Pricing
	AUD/kg	4.043		0.8%			2/3/11
Crude Oil (WTI)	USD/bl	102.09			% chg		Last Pricing
	AUD/bl	100.41		2.4%			2/3/11
Commodity Indices					% chg		Last Pricing
	S&P Agri & L'stock (USD)	1456		0.7%			2/3/11
	S&P Agri & L'stock (AUD)	1432		0.6%			2/3/11
	S&P All Commodities (USD)	5447		1.4%			2/3/11
Currencies					pts chg		% chg
	AUD/USD	1.0167		0.0007			0.1%
	AUD/CAD	0.9893		-0.0003			0.0%
	AUD/JPY	83.02		-0.15			-0.2%
Equity Markets					pts chg		% chg
	ASX S&P200	4803		-23			-0.5%
	US DJI	12087		29			0.2%
	UK FTSE	5915		-21			-0.4%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 02/03/11, previous pricing date is 01/03/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

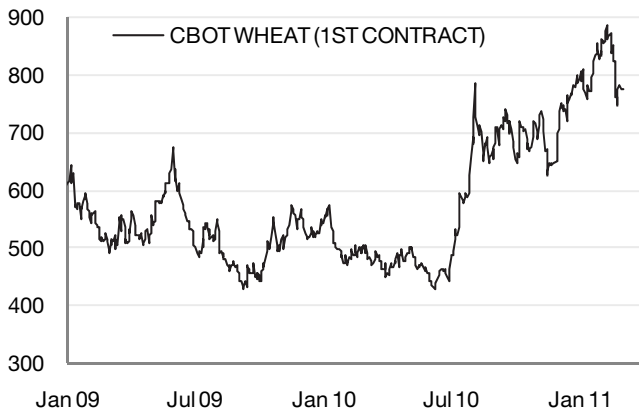


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

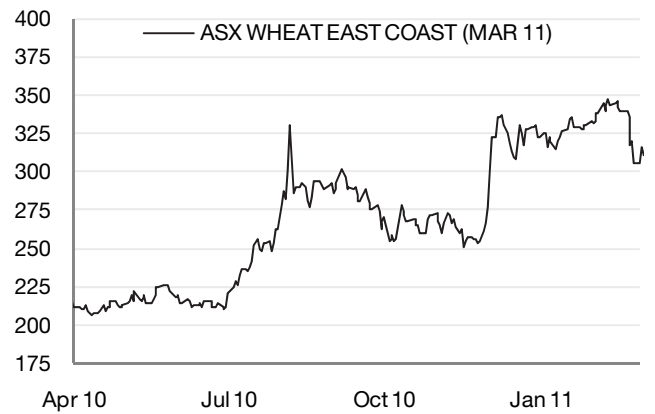


Figure 3: CBOT Corn (1st Contract, US\$/bu)



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

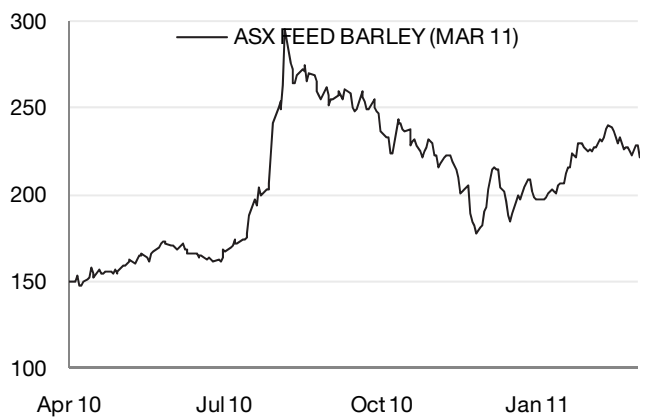


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

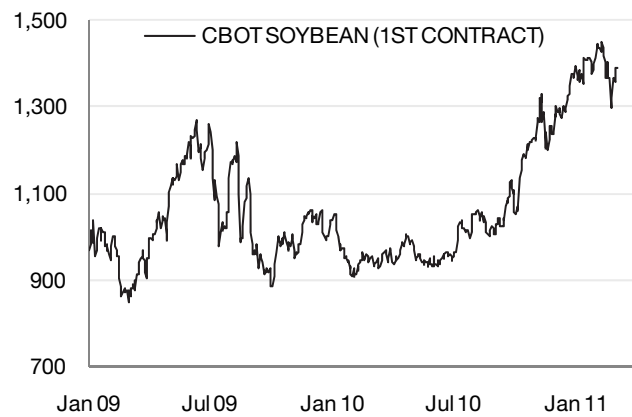


Figure 6: ICE Canola (1st Contract, C\$/t)



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

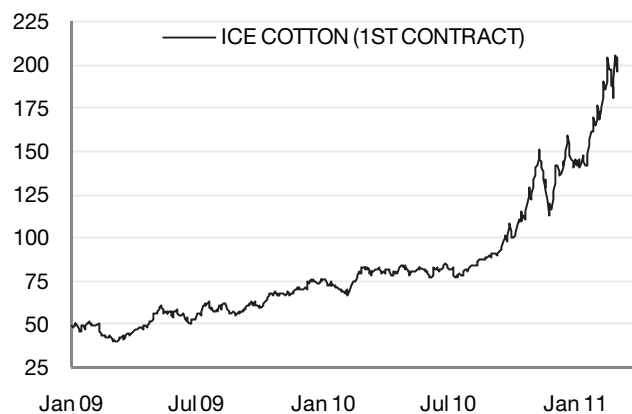


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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Research

Commodities		Telephone	Email Address
Luke Mathews	Agri Commodities	+612 9118 1098	luke.mathews@cba.com.au
Lachlan Shaw	Mining & Energy Commodities	+613 9675 8618	lachlan.shaw@cba.com.au

Economics		Telephone	Email Address
Michael Blythe	Chief Economist	+612 9118 1101	michael.blythe@cba.com.au
Michael Workman	Senior Economist	+612 9118 1019	michael.workman@cba.com.au
John Peters	Senior Economist	+612 9117 0112	john.peters@cba.com.au
James McIntyre	Economist	+612 9118 1100	james.mcintyre@cba.com.au

Fixed Income		Telephone	Email Address
Adam Donaldson	Head of Debt Research	+612 9118 1095	adam.donaldson@cba.com.au
Philip Brown	Fixed Income Quantitative Strategist	+612 9118 1090	philip.brown@cba.com.au
Alex Stanley	Associate Analyst, Fixed Income	+612 9118 1125	alex.stanley@cba.com.au
Michael Bors	Credit Research Analyst	+612 9118 1108	borsma@cba.com.au
Steve Shoobert	Credit Research Analyst	+612 9118 1096	steve.shoobert@cba.com.au
Winnie Chee	Securitized Product	+612 9118 1104	winnie.chee@cba.com.au
Tally Dewan	Quantitative Analyst	+612 9118 1105	tally.dewan@cba.com.au
Kevin Ward	Database Manager	+612 9118 1960	kevin.ward@cba.com.au

Foreign Exchange		Telephone	Email Address
Richard Grace	Chief Currency Strategist	+612 9117 0080	richard.grace@cba.com.au
Joseph Capurso	Currency Strategist	+612 9118 1106	joseph.capurso@cba.com.au
Peter Dragicevich	FX Economist	+612 9118 1107	peter.dragicevich@cba.com.au
Andy Ji	Asian Currency Strategist	+65 6349 7056	andy.ji@cba.com.au

Delivery Channels & Publications		Telephone	Email Address
Monica Eley	Internet/Intranet	+612 9118 1097	monica.eley@cba.com.au
Ai-Quynh Mac	Information Services	+612 9118 1102	maca@cba.com.au

New Zealand		Telephone	Email Address
Chris Tennent-Brown	CBA NZ Economist	+64 9374 8819	chris.tennent-brown@asb.co.nz
Nick Tuffley	ASB Chief Economist	+64 9374 8604	nick.tuffley@asb.co.nz
Jane Turner	Economist	+64 9374 8185	jane.turner@asb.co.nz
Christina Leung	Economist	+64 9369 4421	christina.leung@asb.co.nz

Sales

Institutional	Telephone	Equities	Telephone
Syd FX	+612 9117 0190	Syd	+612 9118 1446
	+612 9117 0341	Asia	+613 9675 6967
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	+613 9675 7495	Corporate	Telephone
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