



Sugar prices collapse. ISMA says Indian crop will be 25.5mt.

- Markets:** US economic data again outperformed expectations last night. US ICSC comparable chain store sales rose by 4.8% in January from a year earlier. Apparel, wholesale and luxury sales all recorded healthy gains. The US total factory orders rose 0.2% in December, contrary to forecasts for a 0.5% decline. US jobless claims fell by a more than expected 42k to 415k in the past week. The JP Morgan Global Services PMI rose from 56.9 to 58.2 in January - marking the 18th straight month of growth. The political unrest in Egypt continues. US payrolls data will be released tonight.
- Currencies:** The AUD firmed 0.8% to USD1.0151 overnight (London close) and the USD index also rallied 0.8% to 77.8pts.
- Weather:** Ex-Tropical Cyclone Yasi is moving west, spreading areas of heavy rain and gusty winds from QLD into the NT. Warm, humid northerly winds are pushing into eastern Australia, as a trough triggers showers and storms in NSW, VIC and SA. Lows are generating storms over inland WA.
- Grains:** US grain markets finished stronger overnight.
 - CBOT wheat (Mar 11) ended 0.5% (4¢) weaker at USc859/bu after trading in a 24 cent range around unchanged. The USDA reported export sales of US wheat in the latest week at 565.4kt, below estimates for 800kt to 1.10mt. The market needs continued strong US export sales to maintain the rally. Also, Reuters reported that Pakistan is expected to export up to 3mt of wheat this year after a bumper 2009/10 crop, and carryover from the previous harvest, led to a domestic market surplus. Offsetting the bearish news is continued unease about the state of the US wheat crop because of possible winter-kill. And, analysts believe there is a higher than normal chance of flooding in the PNW and Midwest this spring.
 - CBOT corn futures chopped either side of unchanged before fading into the close. By the end, the March 11 contract was lower by 1% (6¼¢) at USc662.5/bu and the Dec 11 contract fell to USc558.5/bu. Funds were reported as large sellers of corn overnight on the stronger USD and recent improvement in South American crops. But export sales of U.S. corn in the latest week came in at 1.2mt, above estimates for 450kt to 700kt.
 - ASX NSW wheat firmed yesterday, buoyed by the previous session's strength in CBOT. The Mar 11 NSW wheat contract rose \$5 to \$338.5/t and the Jan 12 contract rose by more than \$3 to \$336/t. NSW wheat for the 2011/12 harvest remains much cheaper than other origins.
- Oilseeds:** CBOT soybeans (Mar 11) fell 0.6% (8½¢) to USc1435.5/bu. The bearish tone in the ag-complex hurt oilseeds last night. The imminent arrival of the Brazilian soybean crop, which analysts predict will be a record, also pressured prices. But export sales of US soybeans came in at 4.1mt, above estimates for 3.5mt-3.6mt. Canadian canola (ICE Mar 11) fell for the first time in 7 sessions overnight, dropping C\$4.5 to C\$607.5/t.
- Cotton:** ICE cotton (Mar 11) surged by around 5 cents in early trade overnight to a record high of USc181.20/lb, before violently collapsing nearly 10 cents to USc171.86/lb (down 436pts for the session). A decline in US exports and continued unrest in Egypt weighed on sentiment.
- Sugar:** NY raw sugar futures collapsed overnight after failing to follow-through with the previous session's strong performance. The March 11 contract slumped by more than 9% (327pts) to USc32.04/lb while the Oct 11 contract fell 255pts to USc24.98/lb. Volumes lifted markedly overnight amid the sell-off, and the near-term downside target now becomes the 50-day moving average at ~USc31.20/lb (March contract). Thoughts that the prior price rise on TC Yasi was overdone, and reports from the Indian Sugar Mills Association that production prospects are good weighed on prices last night. The ISMA said India will still produce 25.5mt of sugar this year, that the government should instantly approve 0.5mt of exports, and that they have the supplies to easily export 1mt for the season.
- Crude Oil:** NYMEX oil (Mar 11) ended a touch weaker at USD90.78/bl.

Ag Commodity Markets: Daily Price Summary*

Commodity	Unit	Mar 11	Dec 11	Dec 12	
US Wheat (CBOT)	USc/bu	859 -0.5%	947 -0.1%	909 -0.4%	
	AUD/t	312 -1.2%	355 -0.9%	353 -1.1%	
AU Wheat - East (ASX)	AUD/t	339 +1.5%	336 +1.0%	355 +0.9%	
	AUD/t	355 +4.0%	352 +4.0%	366 +3.8%	
US Soybeans (CBOT)	USc/bu	1436 -0.6%	1366 -0.7%	1245 -0.4%	
	AUD/t	521 -1.3%	512 -1.4%	483 -1.2%	
CA Canola (ICE)	CAD/t	608 -0.7%	582 -0.5%	544 -0.3%	
	AUD/t	606 -1.5%	595 -1.3%	572 -1.1%	
AU Canola (ASX)	AUD/t	590 0.0%	590 0.0%	590 0.0%	
	AUD/t	590 0.0%	590 0.0%	590 0.0%	
US Corn (CBOT)	USc/bu	663 -1.0%	589 -1.5%	534 -1.4%	
	AUD/t	258 -1.8%	236 -2.3%	222 -2.1%	
AU Barley (ASX)	AUD/t	228 +1.1%	239 +1.6%	239 +1.6%	
	AUD/t	238 0.0%	232 0.0%	232 0.0%	
US Raw Sugar (ICE)	USc/lb	32.04 -9.3%	24.98 -9.3%	21.05 -5.6%	
	AUD/t	697 -9.9%	557 -10.0%	490 -6.3%	
US Cotton (ICE)	USc/lb	171.86 -2.5%	160.00 -1.5%	101.65 -0.5%	
	AUD/bale	849 -3.2%	803 -2.2%	530 -1.1%	
AU Wool EMI (AWEX)	AUD/kg	Latest 12.55	% chg 1.8%	Last Pricing 3/2/11	
AU Cattle (EYC)	AUD/kg	Latest 3.912	% chg 0.1%	Last Pricing 3/2/11	
Crude Oil (WTI)	USD/bl	Latest 90.78	% chg -0.1%	Last Pricing 3/2/11	
	AUD/bl	89.43	% chg -0.8%	Last Pricing 3/2/11	
Commodity Indices	Latest	% chg	Last Pricing		
	S&P Agri & L'stock (USD)	1438	-1.8%	3/2/11	
	S&P Agri & L'stock (AUD)	1417	-2.5%	3/2/11	
	S&P All Commodities (USD)	5092	-0.6%	3/2/11	
S&P All Commodities (AUD)	5016	-1.4%	3/2/11		
Currencies	Latest	pts chg	% chg		
	AUD/USD	1.0151	0.0076	0.8%	
	AUD/CAD	1.0049	0.0080	0.8%	
	AUD/JPY	82.68	0.39	0.5%	
USD Index	77.8	0.6	0.8%		
Equity Markets	Latest	pts chg	% chg		
	ASX S&P200	4821	24	0.5%	
	US DJI	12073	31	0.3%	
	UK FTSE	5983	-17	-0.3%	

* Prices are the closing exchange traded futures prices.

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

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

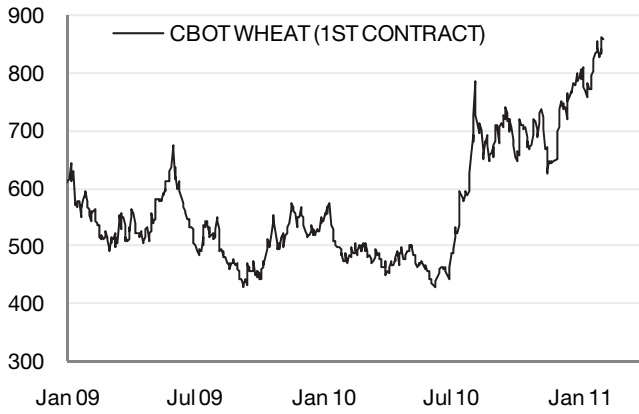


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

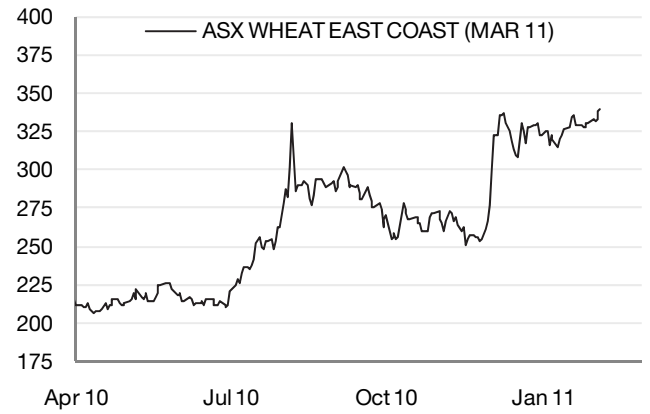


Figure 3: CBOT Corn (1st Contract, US\$/bu)

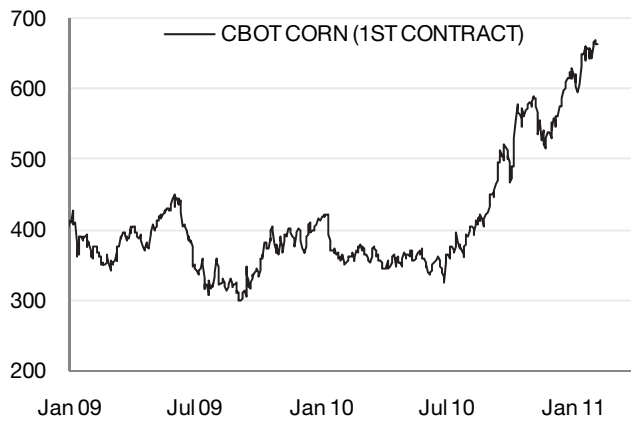


Figure 4: ASX Feed Barley (Jan 11 Contract, A\$/t)

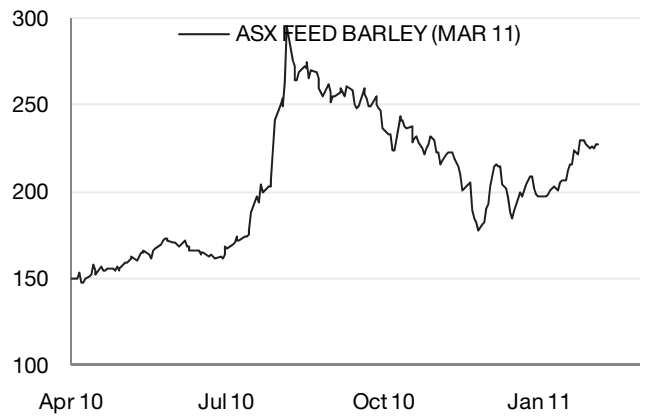


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

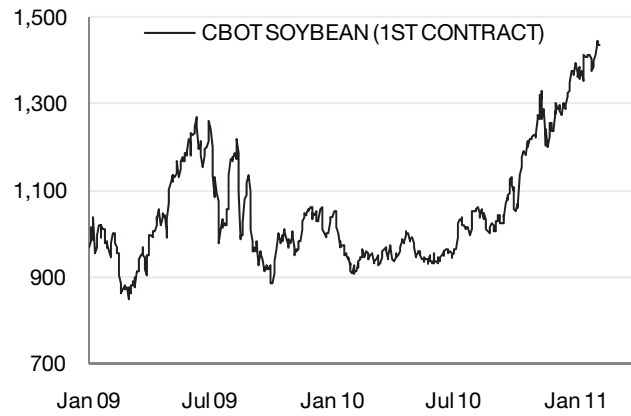


Figure 6: ICE Canola (1st Contract, C\$/t)

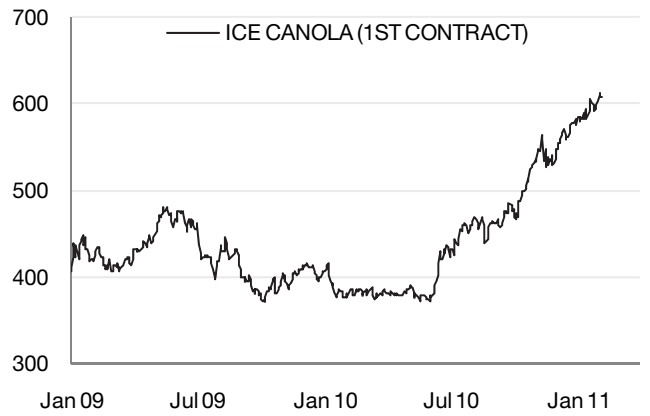


Figure 7: ICE Cotton (1st Contract, US\$/lb)

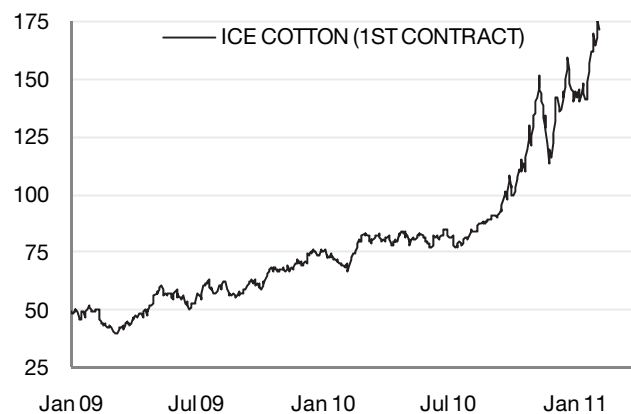


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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