

Ag futures markets finish with strong gains

- Markets:** US economic data printed strongly once again last night, but tonight's payrolls data will most likely override the data already released. Last night's US ICSC comparable chain store sales rose 4.2% in February from a year earlier and US initial jobless claims fell by 20k to a 2½-year low. Meanwhile, the US ISM non-manufacturing activity index rose from 59.4 to 59.7 in January and the service sector is now growing at the fastest pace in five years. European and US sharemarkets rallied on Thursday.
- Currencies:** The AUD ended 0.2% weaker at USD1.0142 overnight (London close) and the USD index also dipped 0.2% to 76.5pts.
- Weather:** A trough is causing heavy rain and storms in northern NSW and QLD. Monsoon lows are generating heavy rain over northwest QLD, the NT and the WA interior. A high is keeping the southeast cool and mostly dry as a front brings strong, showery winds and highland snow to TAS. (www.weatherzone.com.au)
- Grains:** US grain markets finished with strong gains overnight.
 - CBOT wheat (May 11) rose 1.5% (12 ¼ ¢) to USc823.5/bu while the Dec 11 contract finished 11 ¾ cents firmer at USc897/bu (A\$331/t). US wheat export sales for came in at 651 thousand tonnes, down sharply from the 1.1 million tonnes sold the week earlier. Total old-cop sales over the past 4 weeks are running at 78% of the pace observed last year. But demand for new-crop supplies over the past 4 weeks has been strong, coming in at 266% of the level of a year earlier. Despite the weak export sales result, US wheat prices found support from the rallying corn and soybean markets, plus persistent concerns about the state of the US HRW wheat crop.
 - CBOT corn (May11) bounced 2.1% (15 ¼ ¢) to USc736.75/bu on solid fund buying. Funds came back into the market after the USDA reported another very strong, and above expectation, US corn export sales result of 1.2 million tonnes. The tightness in US and global corn stocks remains more acute than in any other grain market. Until this situation changes, we believe that the narrow wheat/corn spread is justified.
 - ASX grain markets were quite yesterday, however most markets were quoted nominally weaker for the day.
- Oilseeds:** CBOT soybeans rose modestly overnight with the May 11 contract up 17 ¾ cents to USc1412/bu. Strong US soybean export sales supported prices last night after surging from 252.5 thousand tonnes to 645.3 thousand tonnes for the week ended 24th Feb. Canadian canola futures continue to slowly claw back the large losses observed during mid-February. The May 11 contract rose C\$6 to C\$596.1/t, up more than C\$50/t from its 23rd Feb low, but still C\$30 below the 9th Feb peak.
- Cotton:** NY cotton futures (May 11) traded with significant volatility last night before closing at USc205.7/lb, up 510pts for the session. The contract highs (USc208.93/lb) are once again within reach for the May contract. However the overnight gains were confined to old-crop supplies, with all contracts from Oct 11 finishing the session with modest losses. Strong US cotton export sales supported prices last night, particularly for old-crop supplies. The USDA confirmed total upland cotton sales of 403.3 thousand bales for the week ending 24th Feb, up 55% wow and well above average trade estimates. Strong old crop sales mean that the USDA has now committed (sold) 99% of the USDA's US 2010/11 export forecast. This suggests that old-crop ending stocks could be even lower than the USDA's existing forecast (assuming supplies which are sold actually get shipped).
- Sugar:** NY raw sugar (May 11) swung higher and lower overnight before settling at USc30.59/lb, up 21pts for the session. It was a directionless session, and volumes traded were 37% below the past month average. The white –raw sugar price spread continues to trade at very depressed levels. Fresh news in the sugar market was limited overnight; this void of information helps explain the light, and directionless, trading session.
- Crude Oil:** NYMEX crude oil (Apr 11) ended 0.4% weaker at USD101.78/bl.

Ag Commodity Markets: Daily Price Summary*

Commodity	Unit	Price	% chg	Price	% chg	Price	% chg
US Wheat (CBOT)	USc/bu	824	+1.5%	897	+1.3%	892	+1.1%
	AUD/t	301	+1.8%	337	+1.6%	346	+1.3%
AU Wheat - East (ASX)	AUD/t	313	-0.9%	317	-0.5%	330	-0.5%
	AUD/t	348	0.0%	318	-0.8%	332	-0.7%
US Soybeans (CBOT)	USc/bu	1412	+1.3%	1363	+1.2%	1240	+0.5%
	AUD/t	516	+1.5%	510	+1.6%	481	+0.7%
CA Canola (ICE)	CAD/t	596	+1.0%	579	+1.0%	544	+0.7%
	AUD/t	608	+1.2%	602	+1.3%	580	+0.8%
AU Canola (ASX)	AUD/t	550	0.0%	565	0.0%	565	0.0%
	AUD/t	222	0.0%	235	-0.8%	235	-0.8%
US Corn (CBOT)	USc/bu	737	+2.1%	616	+1.7%	537	+3.1%
	AUD/t	288	+2.4%	248	+1.9%	223	+3.3%
AU Barley (ASX)	AUD/t	222	0.0%	235	-0.8%	235	-0.8%
	AUD/t	235	0.0%	233	-1.5%	233	-1.5%
US Raw Sugar (ICE)	USc/lb	30.59	+0.7%	26.42	+0.5%	21.96	+0.3%
	AUD/t	667	+0.9%	590	+0.8%	511	+0.5%
US Cotton (ICE)	USc/lb	205.70	+2.5%	195.97	+1.9%	108.15	-2.7%
	AUD/bale	1022	+2.8%	981	+2.2%	565	-2.6%
AU Wool EMI (AWEX)	AUD/kg	13.07	0.5%			3/3/11	
AU Cattle (EYCI)	AUD/kg	4.03	-0.3%			3/3/11	
Crude Oil (WTI)	USD/bl	101.78	-0.4%			3/3/11	
	AUD/bl	100.35	-0.2%			3/3/11	
Commodity Indices	S&P Agri & L'stock (USD)	1479	1.6%			3/3/11	
	S&P Agri & L'stock (AUD)	1458	1.8%			3/3/11	
	S&P All Commodities (USD)	5445	0.0%			3/3/11	
	S&P All Commodities (AUD)	5368	0.2%			3/3/11	
Currencies	AUD/USD	1.0142	-0.0025			-0.2%	
	AUD/CAD	0.9872	-0.0021			-0.2%	
	AUD/JPY	83.61	0.59			0.7%	
	USD Index	76.5	-0.2			-0.2%	
Equity Markets	ASX S&P200	4806	3			0.1%	
	US DJI	12276	209			1.7%	
	UK FTSE	6005	90			1.5%	

* Prices are the closing exchange traded futures prices.

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

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

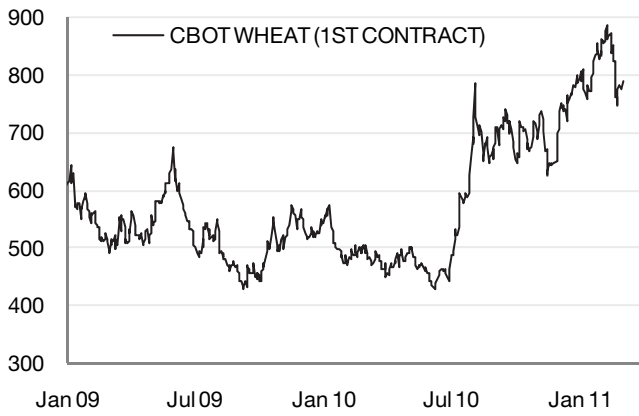


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

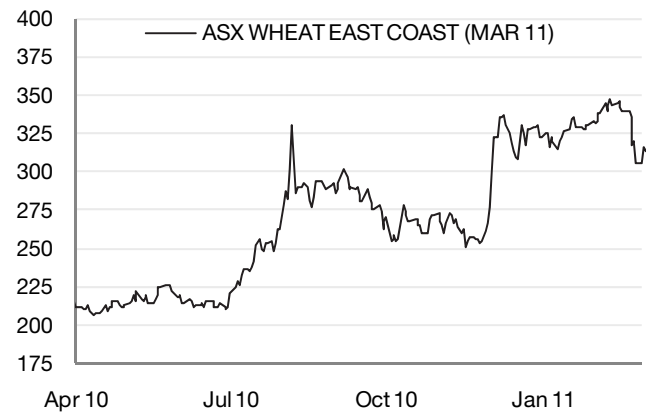


Figure 3: CBOT Corn (1st Contract, USc/bu)



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

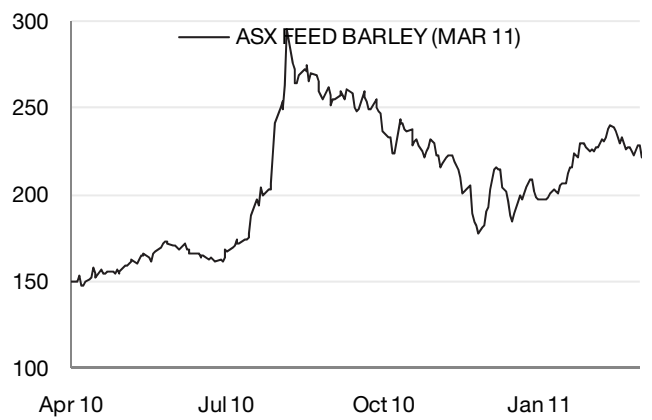


Figure 5: CBOT Soybeans (1st Contract, USc/bu)

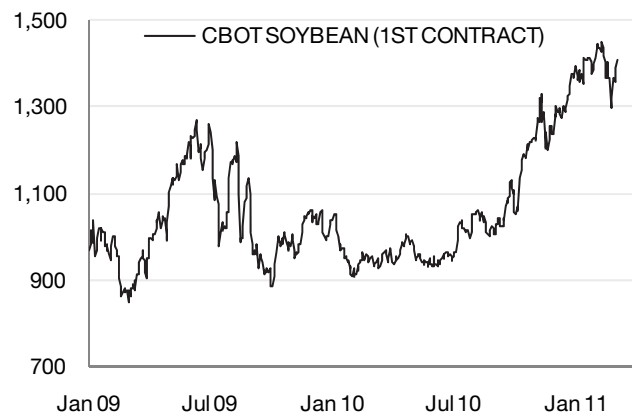


Figure 6: ICE Canola (1st Contract, C\$/t)

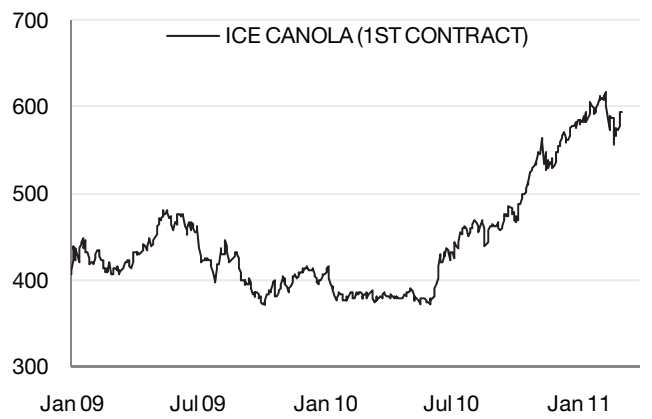


Figure 7: ICE Cotton (1st Contract, USc/lb)

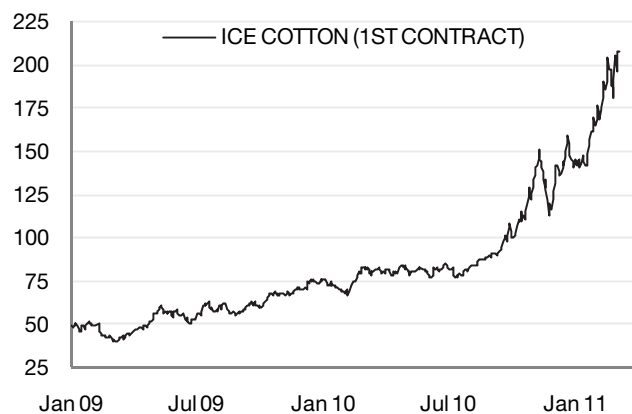


Figure 8: ICE Sugar (1st Contract, USc/lb)





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