

Slowdown in oilseed demand weighs on prices.

- Markets:** US factory orders lifted by 3.0% in March following a 0.7% gain in February. The result exceeded expectations of a 1.9% lift in orders. And the Johnson Redbook Retail Sales index in the latest week was 5.5% higher than a year ago with total April sales up 5.1%. The Reserve Bank of India has lifted rates by more than expected, hiking policy rates by 50 basis points. The repo rate rises to 7.25% with the reverse repo up to 6.25%. European shares fell for the first time in nine days and US sharemarkets closed mixed on Tuesday with stronger economic news balanced by negative corporate news.
- Currencies:** The AUD fell 0.6% to USD1.0896 overnight (London close) while the USD index firmed 0.2% to 73.1pts.
- Weather:** A trough in the east is lingering near the coast, bringing showers to northeast NSW. A front is sweeping into TAS, bringing an increase in winds and showers. A broad high is keeping inland areas mostly dry, although a trough in the west is bringing rain to the Pilbara. (www.weatherzone.com.au)
- Grains:** US grain markets finished mixed overnight.
 - CBOT wheat (Jul 11) closed 1 ½ cents firmer at USc793.25/bu after chopping either side of unchanged last night but the Dec 11 contract ended with minor losses at USc876.75 (~A\$304/t). The current US HRW crop tour has suggested that east-central Kansas HRW wheat yields may top last year's results, but members expect yield potentials to drop sharply as the tour moves west into the drier regions of the state. Crop concerns around the world remain supportive for wheat prices.
 - CBOT corn (Jul 11) fell 10 ¾ cents (1.5%) to USc723.75/bu while longer dated contact finished with mixed results. Corn prices were pressured by news that ADM Co, the largest processor in the US, delivered 1.96 million bushels of corn against the expiring May contract – signalling that nearby futures prices are currently too high. Also weighing on corn prices were forecasts that the US Midwest may receive a bout of warmer, drier weather. Drier conditions would allow planting progress to improve following the recent wet-weather delays.
 - ASX NSW wheat for Jan 12 delivery slipped slightly to \$288/t yesterday, with local basis now \$16 under Chicago (Dec). WA wheat was again untraded yesterday, however values for the Jan 12 contract were nominally quoted a few dollars weaker at \$309.5/t. Activity was brisk in the feed barley contract yesterday. The Jan 12 contract traded around \$210.5/t before ended quoted at ~\$213/t.
- Oilseeds:** CBOT soybeans (Jul 11) fell sharply overnight, dropping 2.1% (29¼c) to USc1368.75. The slowdown in international demand for US soybeans and the huge South American crop continues to weigh on the oilseed complex. Brazilian crop forecaster Celeres has raised its estimate for the country's soybean crop to 72.6 million tonnes from their previous estimate of 70.6 million tonnes. The USDA's latest Brazil soybean forecast is 72 million tonnes. Canadian canola (Jul 11) fell C\$5.3 to C\$563.7/t. Planting delays in Canada may soon support canola prices.
- Cotton:** NY cotton futures (Jul 11) rose 306pts (2%) to USc157.51/lb last night, supported by continued drought in Texas and flooding across parts of the Mississippi basin.
- Sugar:** NY raw sugar (Jul 11) closed 18pts (0.8%) firmer at USc22.05/lb last night, are rare win. However the gains weren't replicated across the curve with the Mar12 to Oct 12 contracts all closing the session lower. FO Litch has raised the bar on the Thai crop, suggesting production could come in at a staggering 9.8 million tonnes, up sharply from the Thai OCSB's latest (upwardly revised) estimate of 9.47 million tonnes. Providing some support to prices for the session has been the slow start to the Brazilian centre-south crush and expectations that mills will favour ethanol.
- Crude Oil:** NYMEX crude oil (Jul 11) dropped 2.4% to USD110.79/bl.

Ag Commodity Markets: Daily Price Summary*

		Jul 11		Dec 11		Dec 12	
US Wheat (CBOT)	USc/bu	793	+0.2%	877	-0.1%	933	+0.5%
	AUD/t	270	+0.8%	304	+0.4%	337	+1.1%
AU Wheat - East (ASX)		May 11		Jan 12		Jan 13	
	AUD/t	270	-1.5%	288	-0.2%	311	+1.8%
AU Wheat - WA (ASX)		May 11		Jan 12		Jan 13	
	AUD/t	375	0.0%	310	-1.1%	324	-1.1%
US Soybeans (CBOT)	USc/bu	1364	-2.1%	1354	-1.4%	1317	-1.0%
	AUD/t	463	-1.5%	468	-0.8%	476	-0.4%
CA Canola (ICE)		Jul 11		Nov 11		Nov 12	
	CAD/t	564	-0.9%	561	-0.8%	557	-1.4%
	AUD/t	548	-0.4%	552	-0.3%	567	-0.9%
AU Canola (ASX)		May 11		Jan 12		Jan 13	
	AUD/t	532	0.0%	558	0.0%	558	0.0%
US Corn (CBOT)		Jul 11		Dec 11		Dec 12	
	USc/bu	724	-1.5%	662	+0.2%	592	-0.6%
	AUD/t	263	-0.9%	246	+0.7%	230	0.0%
AU Barley (ASX)		May 11		Jan 12		Jan 13	
	AUD/t	194	0.0%	213	+0.4%	213	+0.4%
AU Sorghum (ASX)		May 11		May 12		May 13	
	AUD/t	220	-2.2%	227	-2.2%	227	-2.2%
US Raw Sugar (ICE)		Jul 11		Oct 11		Oct 12	
	USc/lb	22.05	+0.8%	22.39	+0.3%	22.51	0.0%
	AUD/t	448	+1.4%	462	+0.9%	483	+0.5%
US Cotton (ICE)		Jul 11		Dec 11		Jul 12	
	USc/lb	157.51	+2.0%	128.37	+1.0%	111.14	+0.6%
	AUD/bale	728	+2.6%	605	+1.6%	535	+1.2%
AU Wool EMI (AWEX)		Latest		% chg		Last Pricing	
	AUD/kg	13.10		-1.1%		3/5/11	
AU Cattle (EYC)		Latest		% chg		Last Pricing	
	AUD/kg	4.00		-3.2%		3/5/11	
Crude Oil (WTI)		Latest		% chg		Last Pricing	
	USD/bl	110.79		-2.4%		3/5/11	
	AUD/bl	101.66		-1.8%		3/5/11	
Commodity Indices		Latest		% chg		Last Pricing	
	S&P Agri & L'stock (USD)	1367		-0.7%		3/5/11	
	S&P Agri & L'stock (AUD)	1255		-0.1%		3/5/11	
	S&P All Commodities (USD)	5638		-1.5%		3/5/11	
	S&P All Commodities (AUD)	5173		-0.9%		3/5/11	
Currencies		Latest		pts chg		% chg	
	AUD/USD	1.0898		-0.0065		-0.6%	
	AUD/CAD	1.0351		-0.0053		-0.5%	
	AUD/JPY	88.21		-0.75		-0.8%	
	USD Index	73.1		0.1		0.2%	
Equity Markets		Latest		pts chg		% chg	
	ASX S&P200	4785		-41		-0.8%	
	US DJI	12808		0		0.0%	
	UK FTSE	6083		~		~	

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 03/05/11, previous pricing date is 02/05/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

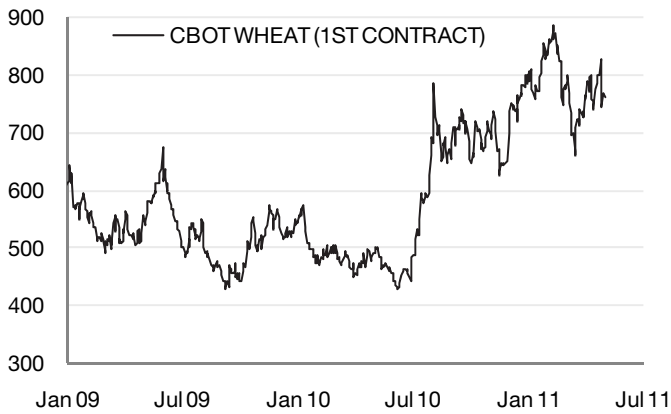


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)



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



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

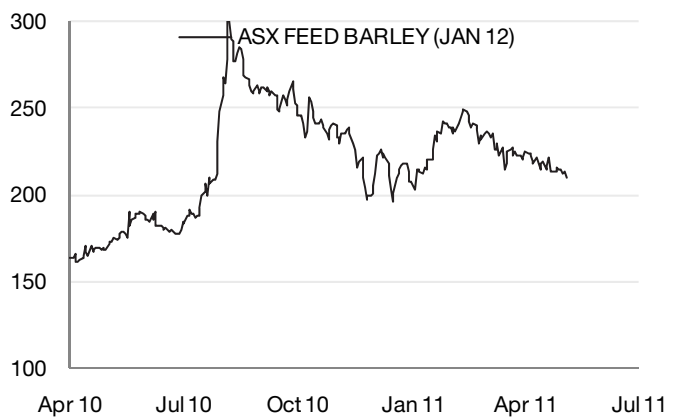


Figure 5: CBOT Soybeans (1st Contract, USc/bu)

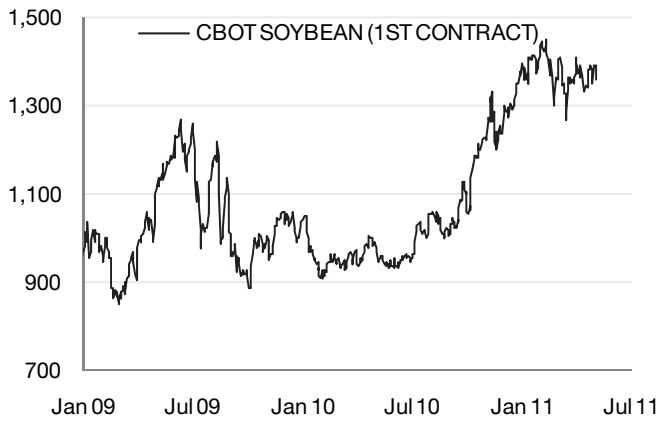


Figure 6: ICE Canola (1st Contract, C\$/t)



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

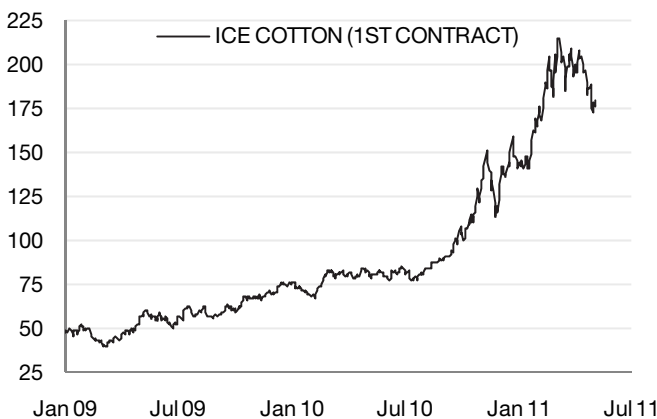


Figure 8: ICE Sugar (1st Contract, USc/lb)





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