

US economic data disappoints – commodities collapse.

- **Markets:** The US ISM services index fell to an 8-month low of 52.8 in April, down from 57.3 in March and below expectations of a reading near 57.4. The new orders index was at the lowest level since December 2009. The ADP employment survey showed that private sector jobs rose by 179,000 in April, below the 207,000 lift in March and short of expectations for a gain near 200,000. European shares and US sharemarkets fell overnight. In addition to the weaker than expected US economic data, investors fretted that China would continue to tighten monetary policy.
- **Currencies:** The AUD fell 1.3% to USD1.0755 overnight (London close) while the USD index finished largely unchanged at 73.1pts.
- **Weather:** Southerly winds are bringing isolated coastal showers to northern NSW and southeast QLD. Cool southerly winds are bringing a few showers to southern VIC and TAS. A broad high is keeping inland areas dry. A trough in the west is bringing rain to the Pilbara. (www.weatherzone.com.au)
- **Grains:** US wheat markets fell sharply overnight while corn prices firmed.
 - CBOT wheat (Jul 11) dropped 21 ¼ cents (2.7%) to US\$777.2/bu last night with similar losses across the curve. Worries over global growth prospects weighed heavily on the entire agricultural complex, while talk that Kansas wheat yields may surprise to the upside helped seal wheat's fate. Nonetheless, although yields may beat expectations, they'll still be poor. Worries over dryness in West Australia and Europe's wheat regions may, in time, support wheat markets.
 - CBOT corn (Jul 11) managed to grind out a modest 0.8% (5 ¾ ¢) gain at US\$729.5/bu, despite the bearish mood across of the ag complex. Tight old-crop corn supplies (and the need for further demand rationing) plus persistent wet weather planting delays in the US supported prices overnight.
 - ASX NSW wheat for Jan 12 delivery was thinly traded yesterday, with prices unchanged for the day at \$288/t. ASX feed barley prices for Jan 12 delivery continue to come under pressure, falling over \$3 to \$210/t. WA wheat prices were again untraded yesterday. WA wheat farmers are still anxiously awaiting an autumn break to allow planting to commence. If conditions remain dry for next fortnight market concern will mount.
- **Oilseeds:** CBOT soybeans (Jul 11) fell 11 ¾ cents (0.9%) to US\$1352/bu overnight. Canadian canola (Jul 11) fell C\$3.2 to C\$5860.5/t. Lower crude oil, fears of a slowing global economy, sluggish oilseed demand, large South American soybean supplies and talk that the slow US corn plant may result in more soybean acres pressured oilseed prices.
- **Cotton:** NY cotton futures (Jul 11) slumped 600pts to US\$151.51/lb amid the wider commodity price sell-off. The daily limit will expand to 700pts today. Recent weakness in demand for US cotton (including significant cancellations in recent weeks) continues to hang over the market.
- **Sugar:** NY raw sugar (Jul 11) slumped 3.2% (70pts) to US\$21.35/lb, the lowest level since November 2003 and 28% below the February peaks. Thoughts that India may increase OGL sugar exports contributed to the bearish mood. As did reports that Egypt's state-owned Sugar and Integrated Industries Co (SIIC) has cancelled a tender to buy 200,000 tonnes of raw sugar. According to Reuters, the firm is expected to hold another tender soon.
- **Crude Oil:** NYMEX crude oil (Jul 11) dropped 2.1% to USD108.77/bl.

Ag Commodity Markets: Daily Price Summary*

Commodity	Unit	Price	% chg	Price	% chg	Price	% chg
US Wheat (CBOT)	US\$/bu	772	-2.7%	854	-2.6%	912	-2.2%
	AUD/t	266	-1.4%	300	-1.3%	334	-0.9%
AU Wheat - East (ASX)		May 11		Jan 12		Jan 13	
	AUD/t	270	0.0%	288	0.0%	306	-1.7%
		May 11		Jan 12		Jan 13	
AU Wheat - WA (ASX)		May 11		Jan 12		Jan 13	
	AUD/t	375	0.0%	313	+1.2%	327	+1.2%
		May 11		Nov 11		Nov 12	
US Soybeans (CBOT)	US\$/bu	1352	-0.9%	1339	-1.2%	1305	-0.9%
	AUD/t	465	+0.5%	468	+0.1%	478	+0.4%
		Jul 11		Nov 11		Nov 12	
CA Canola (ICE)	CAD/t	561	-0.6%	557	-0.6%	555	-0.3%
	AUD/t	547	-0.2%	551	-0.2%	567	+0.1%
		May 11		Jan 12		Jan 13	
AU Canola (ASX)		May 11		Jan 12		Jan 13	
	AUD/t	532	0.0%	558	0.0%	558	0.0%
		Jul 11		Dec 11		Dec 12	
US Corn (CBOT)	US\$/bu	730	+0.8%	665	+0.5%	596	+0.7%
	AUD/t	269	+2.1%	250	+1.8%	234	+2.0%
		May 11		Jan 12		Jan 13	
AU Barley (ASX)		May 11		Jan 12		Jan 13	
	AUD/t	197	+1.5%	210	-1.5%	210	-1.5%
		May 11		May 12		May 13	
AU Sorghum (ASX)		May 11		May 12		May 13	
	AUD/t	218	-0.9%	218	-4.0%	218	-4.0%
		Jul 11		Oct 11		Oct 12	
US Raw Sugar (ICE)	US\$/lb	21.35	-3.2%	21.75	-2.9%	22.18	-1.5%
	AUD/t	439	-1.9%	453	-1.6%	483	-0.1%
		Jul 11		Dec 11		Jul 12	
US Cotton (ICE)	US\$/lb	151.51	-3.8%	125.59	-2.2%	108.62	-2.3%
	AUD/bale	710	-2.5%	600	-0.8%	530	-1.0%
		Latest		% chg		Last Pricing	
AU Wool EMI (AWEX)	AUD/kg	12.94		-1.2%		4/5/11	
	Latest		% chg		Last Pricing		
AU Cattle (EYCI)	AUD/kg	3.98		-0.5%		4/5/11	
	Latest		% chg		Last Pricing		
Crude Oil (WTI)	USD/bl	108.77		-2.1%		4/5/11	
	AUD/bl	101.13		-0.8%		4/5/11	
	Latest		% chg		Last Pricing		
Commodity Indices		Latest		% chg		Last Pricing	
S&P Agri & L'stock (USD)		1349		-1.3%		4/5/11	
S&P Agri & L'stock (AUD)		1255		0.0%		4/5/11	
S&P All Commodities (USD)		5552		-1.5%		4/5/11	
S&P All Commodities (AUD)		5162		-0.2%		4/5/11	
	Latest		pts chg		% chg		
Currencies	AUD/USD	1.0755		-0.0143		-1.3%	
	AUD/CAD	1.0313		-0.0038		-0.4%	
	AUD/JPY	86.58		-1.64		-1.9%	
	USD Index	73.1		0.0		0.0%	
	Latest		pts chg		% chg		
Equity Markets	ASX S&P200	4740		-45		-0.9%	
	US DJI	12724		-84		-0.7%	
	UK FTSE	5984		-99		-1.6%	

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 04/05/11, previous pricing date is 03/05/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

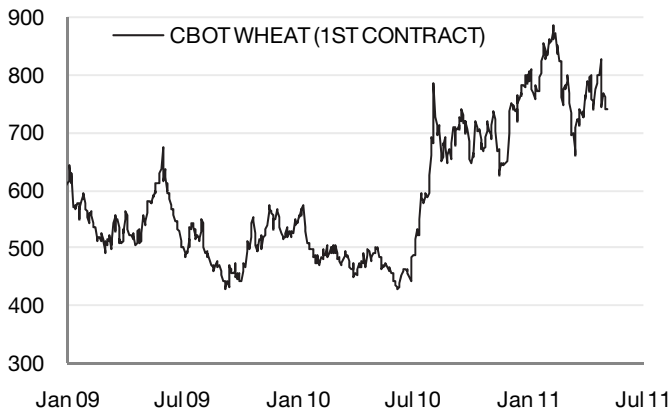


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)



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



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

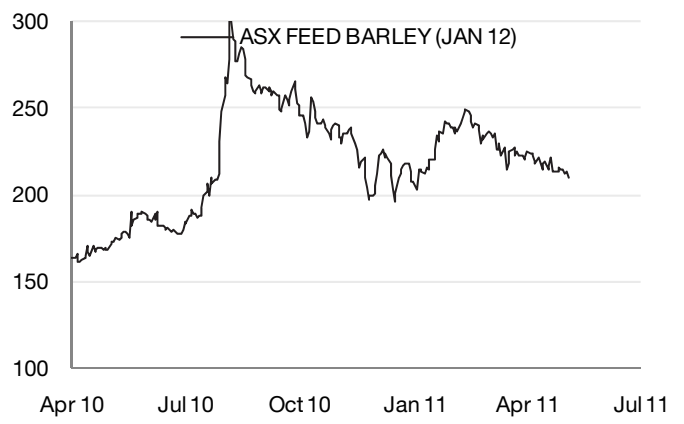


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)



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

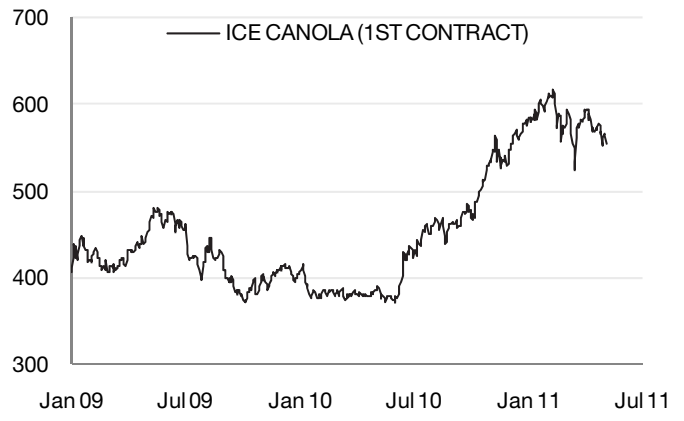


Figure 7: ICE Cotton (1st Contract, US\$/lb)

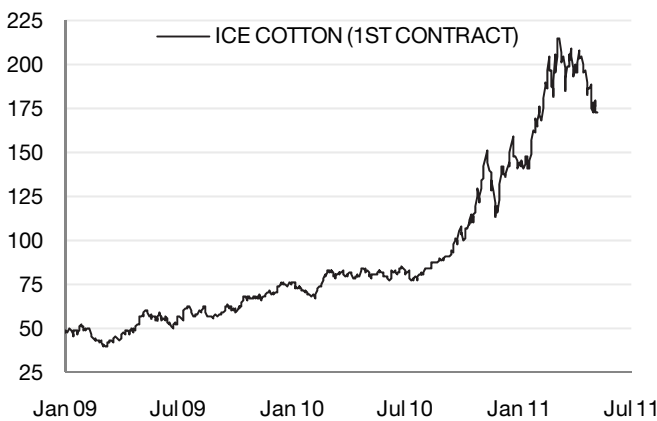


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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