Global Markets Research

Commodities: Agri Commodities Daily Alert

6 December 2011

Grains soften, cotton firms, sugar sweetens.

- Markets: The International Monetary Fund has approved a 2.2 billion euro loan to Greece, a tranche in the three year IMF EU bailout package. The Financial Times has reported that six AAA rated euro zone nations face being placed on credit watch negative by Standard and Poor's. However European shares rose after the German Chancellor and French President agreed on measures to enforce budget discipline for the euro zone. In the US economic data was a little weaker overnight compared to the last few weeks. The US ISM services index fell from 52.9 to 52.0 in November - the lowest level in almost two years. And US factory orders fell 0.4% in October. US shares pared gains but still finished higher.
- Currencies: The AUD rose 0.6% USD1.0294 overnight (London close) while the USD index recovered early losses and closed unchanged at 78.6pts.
- Weather: A broad trough is generating heavy rain and storms over parts of QLD and northern NSW, leading to flooding. Cool and fresh southerlies on the NSW coast are delivering a few showers. A high is bringing generally clear skies to VIC and SA. Another trough is triggering storms in WA. (www.weatherzone.com.au)
- Grains: US grain markets ended lower overnight.
  - CBOT wheat (Mar 12) fell 2.2% (14¢) to USc611/bu (~A$221/t) last night after failing to push through resistance at USc634.5/bu. US wheat export inspections for the week ended 1 Dec were 14.5 million bushels, below trade estimates of 15-20 million. Saudi Arabia bought 330 thousand tonnes of hard milling wheat at an average price of US$286/t (c&f). The 5 origins included Australia and the US.
  - CBOT corn (Mar 12) handed back early gains to close 4¼ cents (0.7%) weaker at USc591/bu overnight. US corn export inspections lifted 7% last week to 38.5 million bushels, the best result since mid-July, however YTD inspections are still down 10% from last year. The international market is closely watching the current grain quality downgrades occurring in Australia, with many SE Asian buyers expected to opt for Australian feed wheat rather than US corn in 2012.
  - ASX NSW Jan 12 wheat traded at $216.5/t yesterday and the Mar 12 contract settled at $217/t. WA Mar 12 wheat is now quoted at $230/t. Storms and showers are expected across most of Australia's grain growing regions at one time or another over the coming week, causing further harvest disruptions. Grain receival sited are reportedly close to filling in many regions, owing to the strong yields, large carry-over supplies and increased segregation requirements – this will further challenge producer marketing options. ABARES December crop report is scheduled to be released this morning.
- Oilseeds: CBOT soybeans (Jan 12) fell late in the session to close 0.8% (9 ½ ¢) lower at USc1126.25/bu last night. The sharp fall in the oilseed complex appeared linked to the Financial Times speculation of possible S&P sovereign downgrades for six AAA European nations, a move that resulted in a sharp appreciation in the USD and declines in crude oil prices. Possible dryness in Brazil over the next few weeks may support values according to Reuters, however beneficial rainfall is forecast in Brazil this week. US soybean export inspections fell 24% last week, and YTD inspections are 33% below year-ago levels. Canadian canola (Jan 11) ended marginally firmer at C$503/t (~A$483/t).
- Cotton: NY cotton (Mar 12) rose 0.4% (38pts) to USc92.22/lb last night, the third consecutive rise. However values still remain in the 10-day trading range and volumes are extremely thin. Fresh news in the cotton complex remains light, contributing to the directionless trade, and it may stay that way until the USDA WASDE report later this week.
- Sugar: NY raw sugar (Mar 12) rallied 2.7% (63pts) to USc24.08/lb last night, extending the 6-day gains to 6%. Reports that workers at Brazil's largest port, Santos, are planning to strike may have contributed to the bullish tone in the sugar complex.
- Crude Oil: NYMEX crude oil (Jan 12) ended slightly lower at USD100.8/bl.

Ag Commodity Markets: Daily Price Summary*

US Wheat (CBOT)		**Mar 12**		**Dec 12**			**Dec 13**		
	USc/bu	612	-2.2%	680	-1.8%		706	-1.8%	
	AUD/t **	221	-2.8%	251	-2.4%		269	-2.3%	
AU Wheat - East (ASX)		**Jan 12**		**Mar 12**			**Jan 13**		
	AUD/t	217	+0.7%	217	+2.3%		240	+0.9%	
AU Wheat - WA (ASX)		**Jan 12**		**Mar 12**			**Jan 13**		
	AUD/t	227	-1.1%	230	+4.5%		253	+4.1%	
US Soybeans (CBOT)		**Jan 12**		**Nov 12**			**Nov 13**		
	USc/bu	1126	-0.8%	1150	-0.5%		1150	-0.5%	
	AUD/t **	404	-1.4%	421	-1.1%		431	-1.0%	
CA Canola (ICE)		**Jan 12**		**Nov 12**			**Nov 13**		
	CAD/t	503	+0.1%	484	+0.3%		493	+0.3%	
	AUD/t **	483	-0.1%	474	+0.1%		493	+0.1%	
AU Canola (ASX)		**Jan 12**		**Mar 12**			**Jan 13**		
	AUD/t	500	0.0%	475	-5.0%		475	-5.0%	
US Corn (CBOT)		**Mar 12**		**Dec 12**			**Dec 13**		
	USc/bu	591	-0.7%	554	+0.1%		558	+0.6%	
	AUD/t **	228	-1.3%	219	-0.5%		228	+0.1%	
AU Barley (ASX)		**Jan 12**		**Mar 12**			**Jan 13**		
	AUD/t	179	-0.8%	180	-1.9%		197	-1.7%	
AU Sorghum (ASX)		**Jan 12**		**May 12**			**May 13**		
	AUD/t	210	0.0%	194	0.0%		195	0.0%	
US Raw Sugar (ICE)		**Mar 12**		**Oct 12**			**Oct 13**		
	USc/lb	24.08	+2.7%	23.42	+2.0%		23.38	+1.3%	
	AUD/t **	519	+2.1%	515	+1.5%		526	+0.8%	
US Cotton (ICE)		**Mar 12**		**Jul 12**			**Jul 13**		
	USc/lb	92.22	+0.4%	91.67	+0.8%		90.76	+0.8%	
	AUD/bale **	453	-0.2%	455	+0.2%		463	+0.2%	
AU Wool EMI (AWEX)		**Latest**		**% chg**			**Last Pricing**		
	AUD/kg	11.93		0.0%			1/12/11		
AU Cattle (EYCI)		**Latest**		**% chg**			**Last Pricing**		
	AUD/kg	4.07		0.5%			5/12/11		
Crude Oil (WTI)		**Latest**		**% chg**			**Last Pricing**		
	USD/bl	100.8		-0.2%			5/12/11		
	AUD/bl **	97.92		-0.8%			5/12/11		
Commodity Indices		**Latest**		**% chg**			**Last Pricing**		
	S&P Agri & L'stock (USD)	1160		0.0%			2/12/11		
	S&P Agri & L'stock (AUD)	1134		0.0%			2/12/11		
	S&P All Commodities (USD)	4993		0.0%			2/12/11		
	S&P All Commodities (AUD)	4880		0.0%			2/12/11		
Currencies		**Latest**		**pts chg**			**% chg**		
	AUD/USD	1.0294		0.0064			0.6%		
	AUD/CAD	1.0439		0.0025			0.2%		
	AUD/JPY	80.07		0.34			0.4%		
	USD Index	78.6		0.0			0.0%		
Equity Markets		**Latest**		**pts chg**			**% chg**		
	ASX S&P200	4321		33			0.8%		
	US DJI	12086		66			0.6%		
	UK FTSE	5568		16			0.3%		

* Prices are the closing exchange traded futures prices.
Changes are daily. Last pricing date is 05/12/11, previous pricing date is 02/12/11
Sources: Bloomberg and CBA

** AUD Equivalent Price

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

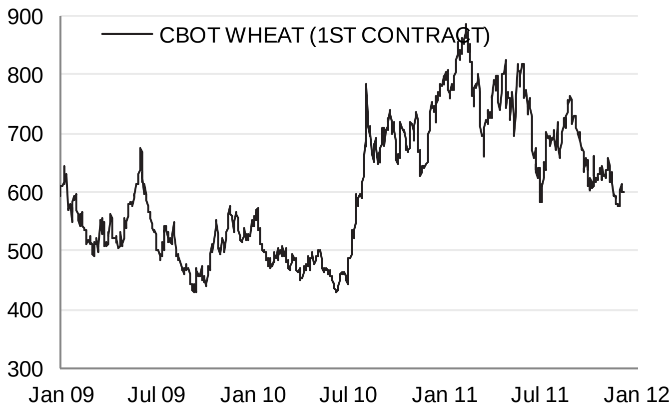


Figure 2: ASX NSW Wheat (Jan 12 Contract, A$/t)

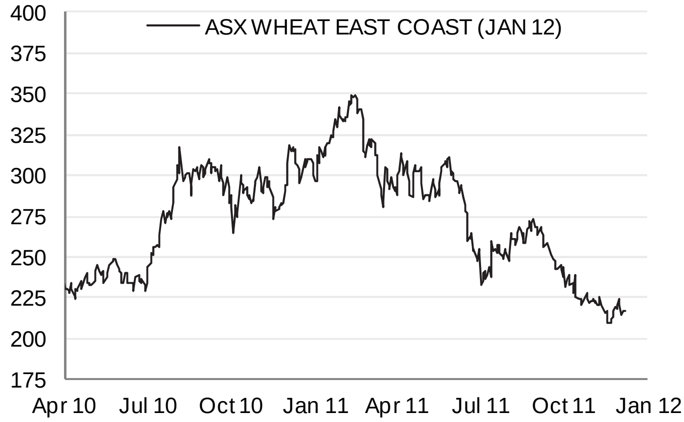


Figure 3: CBOT Corn (1st Contract, USc/bu)

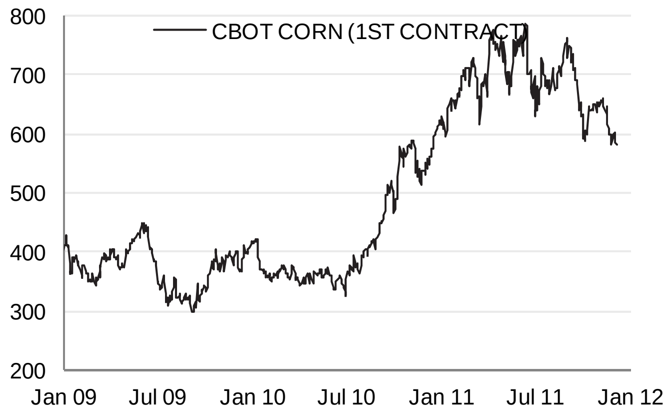


Figure 4: ASX Feed Barley (Jan 12 Contract, A$/t)

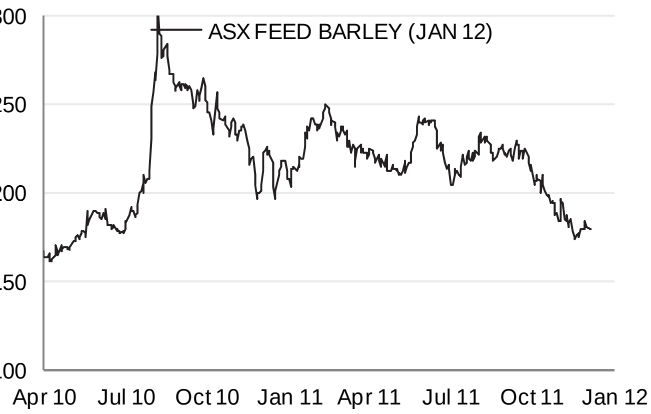


Figure 5: CBOT Soybeans (1st Contract, USc/bu)

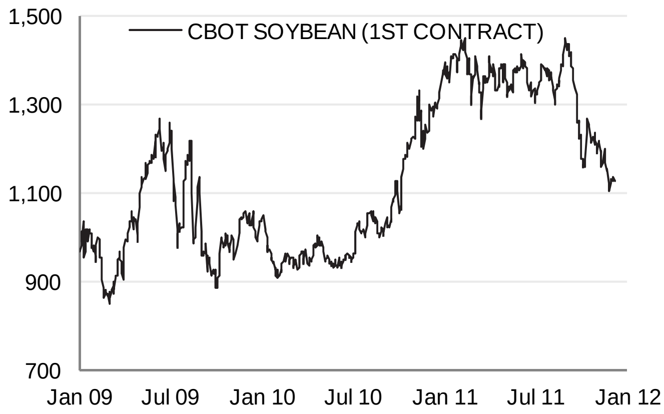
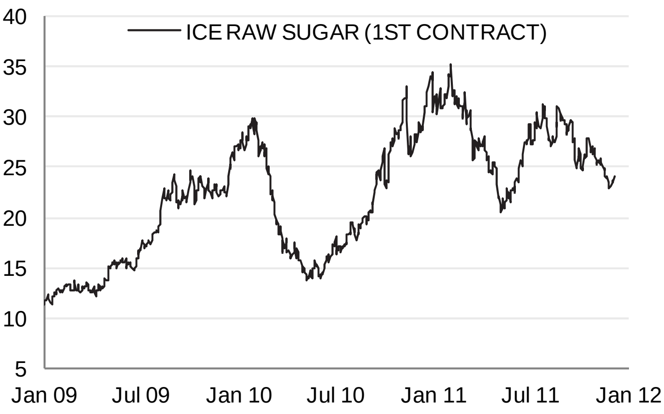


Figure 6: ICE Canola (1st Contract, C$/t)

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

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



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