

Corn market rally pauses to catch breath.

- **Markets:** Portugal's caretaker government confirmed that it had decided to seek financing from the European Union. Portugal becomes the third member of the euro zone to seek a rescue after Greece and Ireland. Euro zone officials said Portugal is likely to need between €60 and €80 billion over the space of three years. The Chicago Fed Midwest manufacturing index rose from 82.2 to 83.3 in February. An array of sub-sectors recorded healthy gains including auto's, steel, and machinery manufacturers. European shares rose on Wednesday as investors brushed aside Portugal's debt issues. US sharemarkets also finished higher overnight.
- **Currencies:** The AUD rose 0.8% to USD1.0425 overnight (London close) while the USD index fell 0.4% to 75.6pts.
- **Weather:** A front and trough are spreading cooler showers and storms into southwest WA, heaviest to the south of Perth. A monsoon trough with embedded lows are bringing heavy showers and storms to the northern tropics. A high is directing southeast winds and showers onto the east coast. (www.weatherzone.com.au)
- **Grains:** US grain markets finished lower overnight.
 - CBOT wheat (May 11) dipped 0.4% (4 ¢) to USc782.25/bu and the Dec 11 contract fell 3½ cents to USc887/bu (~A\$322/t). The decline in wheat prices last night was largely influenced by a pause in the corn market rally, combined with forecasts for rainfall across the patched US HRW wheat belt also weighed on sentiment. But it is unlikely that the rainfall will prove sufficient to materially improve crop conditions which are currently rated at their poorest levels since 2002.
 - CBOT corn (May 11) fell 3¾ cents to USc763/bu but still remains 15% higher over the past 5 sessions. Despite last night's softer tone in prices, the market continues to worry about the tight old-crop supplies and strong demand, which continues unabated in the face of record-high prices. Demand rationing needs to occur in the US corn market, meaning prices should remain well supported for some time.
 - ASX NSW wheat for Jan 12 delivery dipped \$3 to \$311/t yesterday, resulting in a modest discount of \$11 to CBOT wheat values. It was a quiet day for the remaining ASX grain complex.
- **Oilseeds:** CBOT soybeans (May 11) closed 3¼ cents firmer at USc1376.5/bu last night, however most longer dated contract closed lower. The gains in nearby soybean prices came despite an upward revision to the size of the Brazilian soybean crop by local analyst CONAB, who raised their estimate to a record 72.2 million tonnes, up sharply from the 70.3 million tonne crop forecast in March. Spreading between corn and soybeans was noted during the session. Canadian canola (May 11) fell C\$5.9 to C\$587.3/t.
- **Cotton:** NY cotton futures (May 11) surged higher by the 700pt daily limit to USc208.06/lb last night while more modest gains observed further out the curve. Brazil's cotton crop forecast has been increased from 1.95 million tonnes to 2.03 million tonnes by CONAB, implying a 70% year on year increase in production. Expectations that US old crop cotton supplies may be reduced in Friday's WASDE report continue to support prices.
- **Sugar:** NY raw sugar (May 11) dropped 3% (84pts) to USc26.71/lb last night after failing to break through channel-resistance levels. Slightly larger losses were observed in the London white sugar market, resulting in a slight narrowing of the white-raw spread. Production outcomes from India and Thailand continue to be strong based to market chatter. And these strong production outcomes continue to weigh on prices. Bloomberg speculated that Brazil may introduce a tax on sugar production in a bid to encourage a shift to ethanol production this season. There has been no official guidance on the matter, however if this situation were to eventuate, global sugar production would suffer. The share price of Brazilian sugar companies fell on the news.
- **Crude Oil:** NYMEX crude oil (May 11) closed 0.3% firmer at USD108.62/bl.

Ag Commodity Markets: Daily Price Summary*

		May 11	Dec 11	Dec 12
US Wheat (CBOT)	USc/bu	782 -0.5%	887 -0.4%	905 -0.2%
	AUD/t **	277 -1.3%	322 -1.2%	341 -1.0%
AU Wheat - East (ASX)		May 11	Jan 12	Jan 13
	AUD/t	298 -1.5%	311 -1.0%	327 -0.9%
AU Wheat - WA (ASX)		May 11	Jan 12	Jan 13
	AUD/t	348 0.0%	320 0.0%	334 0.0%
US Soybeans (CBOT)	USc/bu	1377 +0.2%	1376 -0.2%	1298 -0.2%
	AUD/t **	487 -0.6%	498 -1.0%	489 -1.0%
CA Canola (ICE)		May 11	Nov 11	Nov 12
	CAD/t	587 -1.0%	580 -0.4%	560 +0.9%
	AUD/t **	589 -1.4%	593 -0.7%	589 +0.5%
AU Canola (ASX)		May 11	Jan 12	Jan 13
	AUD/t	540 0.0%	566 0.0%	566 0.0%
US Corn (CBOT)	USc/bu	763 -0.5%	648 +0.1%	579 +0.7%
	AUD/t **	289 -1.3%	252 -0.7%	234 -0.1%
AU Barley (ASX)		May 11	Jan 12	Jan 13
	AUD/t	210 -0.5%	223 -0.4%	223 -0.4%
AU Sorghum (ASX)		May 11	Jul 11	May 12
	AUD/t	234 +0.6%	238 +1.5%	238 0.0%
US Raw Sugar (ICE)		May 11	Oct 11	Oct 12
	USc/lb	26.71 -3.0%	24.55 -1.7%	22.76 -0.1%
	AUD/t **	566 -3.8%	529 -2.5%	510 -0.8%
US Cotton (ICE)		May 11	Jul 11	Jul 12
	USc/lb	208.06 +3.5%	195.42 +2.1%	116.19 +1.0%
	AUD/bale **	1002 +2.6%	948 +1.3%	590 +0.3%
AU Wool EMI (AWEX)		Latest	% chg	Last Pricing
	AUD/kg	13.86	0.3%	6/4/11
AU Cattle (EYCI)		Latest	% chg	Last Pricing
	AUD/kg	4.195	0.0%	6/4/11
Crude Oil (WTI)		Latest	% chg	Last Pricing
	USD/bl	108.62	0.3%	6/4/11
	AUD/bl **	104.19	-0.5%	6/4/11
Commodity Indices		Latest	% chg	Last Pricing
	S&P Agri & L' stock (USD)	1457	-0.5%	6/4/11
	S&P Agri & L' stock (AUD)	1398	-1.3%	6/4/11
	S&P All Commodities (USD)	5640	0.2%	6/4/11
	S&P All Commodities (AUD)	5410	-0.6%	6/4/11
Currencies		Latest	pts chg	% chg
	AUD/USD	1.0425	0.0083	0.8%
	AUD/CAD	1	0.0036	0.4%
	AUD/JPY	88.91	1.38	1.6%
	USD Index	75.6	-0.3	-0.4%
Equity Markets		Latest	pts chg	% chg
	ASX S&P200	4913	13	0.3%
	US DJI	12427	33	0.3%
	UK FTSE	6041	34	0.6%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 06/04/11, previous pricing date is 05/04/11
Sources: Bloomberg and CBA

** AUD Equivalent Price



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

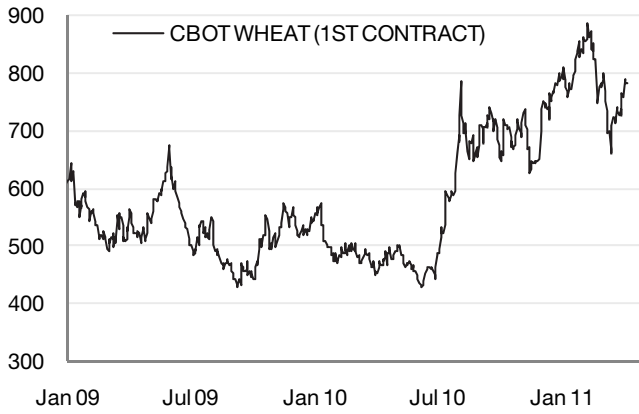


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)



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



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

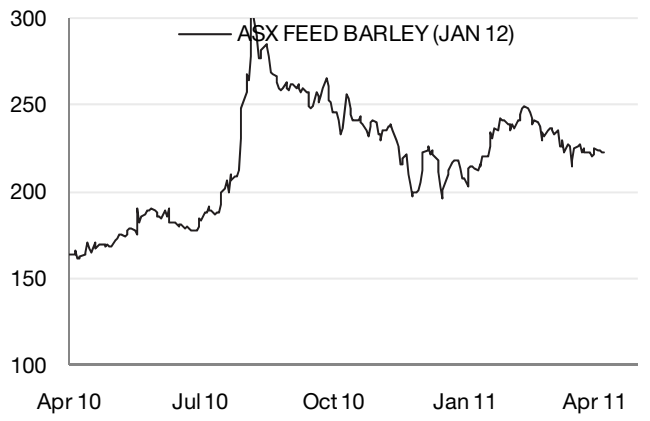


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

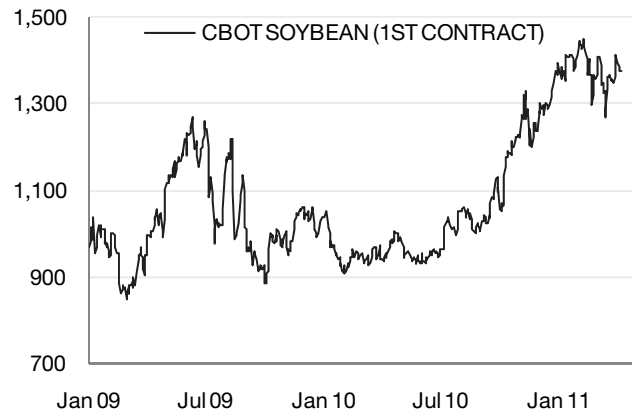


Figure 6: ICE Canola (1st Contract, C\$/t)



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

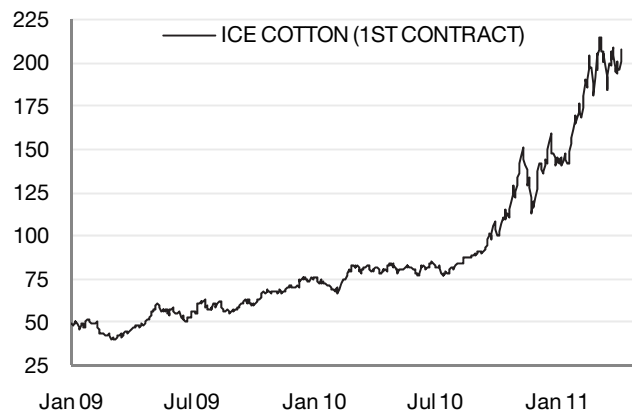


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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