

## Global agriculture markets drop sharply.

- Markets:** The US employment trends index fell from a downwardly-revised reading of 100.1 in April (previously 100.5) to 99.7 in May. European shares fell for a fourth straight day on Monday on continued concerns about the health of the global economy. There was also an element of caution ahead of the European Central Bank meeting on Thursday. US equities also fell.
- Currencies:** The AUD fell 0.2% to USD1.0733 overnight (London close) while the USD index rose 0.2% to 74.0pts.
- Weather:** A front is bringing strong, cold winds, showers, hail and highland snow to TAS and showers to coastal SA and western VIC. A high is keeping most of the east coast and eastern interior dry. A trough is generating rain from the central interior to the WA Pilbara. ([www.weatherzone.com.au](http://www.weatherzone.com.au))
- Grains:** US grain markets fell sharply overnight.
  - CBOT wheat (Jul 11) slumped 29 ¼ cents (3.8%) to USc744/bu, largely on the back of improved crop weather in Europe. Much of northern France and Western Europe have received falls of up to 1.5", helping alleviate some crop production concerns. US wheat export inspections last week came in at 34.1 million bushels, down 1.5 million week-on-week. Algeria's state grain agency has purchased thousand tonnes of optional origin wheat at around USD366/t (C&F) for September October shipment according to Reuters. Finally, after the close the USDA indicated that the US winter wheat crop is rated 34% good-to-excellent, up 1pt for the week but still a terribly poor rating. Spring wheat planting in the picked up from 68% to 79% complete, but normally, 98% of the crop has been planted by now.
  - CBOT corn (Jul 11) dropped 22 cents (2.9%) to USc732/bu on the back of weaker wheat prices and recently improved planting weather in the US. Reflecting the improved weather last week, US corn planting picked up from 86% to 94% complete; however this still lags the normal pace which has planting all-but-complete by the 5<sup>th</sup> June. The corn crop is currently rated 67% good-to-excellent, up 4pts from last week yet still below last year's rating of 76% GE.
  - Activity in the ASX grain market was relatively quiet yesterday. A small parcel of NSW Jan 12 wheat traded hands at \$296/t, down \$1 for the session. WA wheat prices were nominally quoted lower for the session while ASX feed barley was quoted higher.
- Oilseeds:** CBOT soybeans (Jul 11) fell 2.2% (31¼ ¢) to USc1383.25/bu on the back of weaker wheat, corn and crude oil prices. Contributing to the weaker prices was a poor US soybean export inspection result for the week ended 2 June. Only 3.4 million bushels of beans were inspected versus 10.3 million the week prior and trade estimates of 6-10 million bushels. Soybean planting in the US has advanced from 51% to 68% complete over the past week, yet progress still lags the normal seasonal pace of 82% complete. Canadian canola (Jul 11) slumped C\$8.4 to C\$588.7/t.
- Cotton:** NY cotton (Jul 10) slumped the 600pt limit last night to close at USc155.63/lb. The cotton market remains defensive in light of continued lacklustre demand. US cotton planting progress in right in line with the normal seasonal pace of 87% complete, but nonetheless, yield concerns in the US remain heightened.
- Sugar:** NY raw sugar (Jul 11) fell 36pts (1.5%) to USc23.59/lb. Without a cue of fresh bullish news, the sugar market consolidated lower last night in line with the defensive tone across the wider agricultural commodity complex. Perhaps contributing to the weaker price action was a Reuter's report which indicated that the Philippines' Sugar Regulatory Administration is considering shipping sugar early to the United States to fill its 2011/12 quota because of their biggest crop in at least three years. But, on the other hand, the market may draw support from reports that up to 1 million tonnes of cane in the Indian state of Maharashtra will not get crushed this season because of the early arrival of the monsoon season.
- Crude Oil:** NYMEX crude oil (Jul 11) finished 1.6% weaker at USD99.01/bl.

### Ag Commodity Markets: Daily Price Summary\*

US Wheat (CBOT)	Jul 11	Dec 11	Dec 12
USc/bu	744 -3.8%	843 -3.2%	925 -2.2%
AUDt **	256 -3.6%	296 -3.0%	340 -1.9%
<b>AU Wheat - East (ASX)</b>	<b>Jul 11</b>	<b>Jan 12</b>	<b>Jan 13</b>
AUD/t	285 -1.6%	297 -0.2%	325 -0.2%
<b>AU Wheat - WA (ASX)</b>	<b>Jul 11</b>	<b>Jan 12</b>	<b>Jan 13</b>
AUD/t	376 0.0%	318 -1.1%	332 -1.0%
<b>US Soybeans (CBOT)</b>	<b>Jul 11</b>	<b>Nov 11</b>	<b>Nov 12</b>
USc/bu	1383 -2.2%	1373 -1.7%	1332 -1.8%
AUDt **	475 -2.0%	479 -1.5%	484 -1.5%
<b>CA Canola (ICE)</b>	<b>Jul 11</b>	<b>Nov 11</b>	<b>Nov 12</b>
CAD/t	589 -1.4%	592 -1.3%	576 +0.2%
AUDt **	562 -1.4%	573 -1.3%	575 +0.2%
<b>AU Canola (ASX)</b>	<b>Jul 11</b>	<b>Jan 12</b>	<b>Jan 13</b>
AUD/t	535 0.0%	580 0.0%	580 0.0%
<b>US Corn (CBOT)</b>	<b>Jul 11</b>	<b>Dec 11</b>	<b>Dec 12</b>
USc/bu	732 -2.9%	667 -2.8%	605 -1.2%
AUDt **	270 -2.7%	251 -2.6%	238 -0.9%
<b>AU Barley (ASX)</b>	<b>Jul 11</b>	<b>Jan 12</b>	<b>Jan 13</b>
AUD/t	228 +2.7%	241 +0.4%	246 +0.4%
<b>AU Sorghum (ASX)</b>	<b>Jul 11</b>	<b>May 12</b>	<b>May 13</b>
AUD/t	228 -0.2%	237 -2.1%	237 -2.1%
<b>US Raw Sugar (ICE)</b>	<b>Jul 11</b>	<b>Oct 11</b>	<b>Oct 12</b>
USc/lb	23.59 -1.5%	23.25 -1.5%	22.76 -0.3%
AUDt **	485 -1.3%	483 -1.3%	497 0.0%
<b>US Cotton (ICE)</b>	<b>Jul 11</b>	<b>Dec 11</b>	<b>Jul 12</b>
USc/lb	155.63 -3.7%	136.93 -1.3%	113.64 0.0%
AUD/bale **	728 -3.5%	653 -1.0%	555 +0.2%
<b>AU Wool EMI (AWEX)</b>	<b>Latest</b>	<b>% chg</b>	<b>Last Pricing</b>
AUD/kg	13.98	0.0%	2/6/11
<b>AU Cattle (EYCI)</b>	<b>Latest</b>	<b>% chg</b>	<b>Last Pricing</b>
AUD/kg	3.85	-0.8%	6/6/11
<b>Crude Oil (WTI)</b>	<b>Latest</b>	<b>% chg</b>	<b>Last Pricing</b>
USD/bl	99.01	-1.2%	6/6/11
AUD/bl **	92.25	-1.0%	6/6/11
<b>Commodity Indices</b>	<b>Latest</b>	<b>% chg</b>	<b>Last Pricing</b>
S&P Agri & L'stock (USD)	1332	-2.6%	6/6/11
S&P Agri & L'stock (AUD)	1241	-2.3%	6/6/11
S&P All Commodities (USD)	5246	-1.1%	6/6/11
S&P All Commodities (AUD)	4888	-0.9%	6/6/11
<b>Currencies</b>	<b>Latest</b>	<b>pts chg</b>	<b>% chg</b>
AUD/USD	1.0733	-0.0025	-0.2%
AUD/CAD	1.0501	0.0002	0.0%
AUD/JPY	86.06	-0.30	-0.4%
USD Index	74.0	0.2	0.2%
<b>Equity Markets</b>	<b>Latest</b>	<b>pts chg</b>	<b>% chg</b>
ASX S&P200	4569	-14	-0.3%
US DJI	12090	-61	-0.5%
UK FTSE	5863	8	0.1%

\* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 06/06/11, previous pricing date is 03/06/11

Sources: Bloomberg and CBA

\*\* AUD Equivalent Price



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

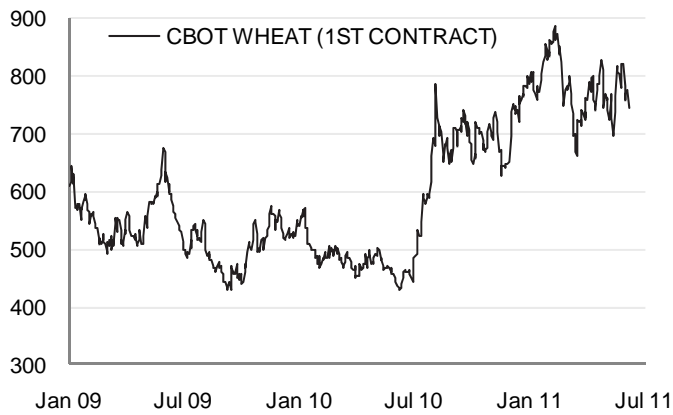


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)



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

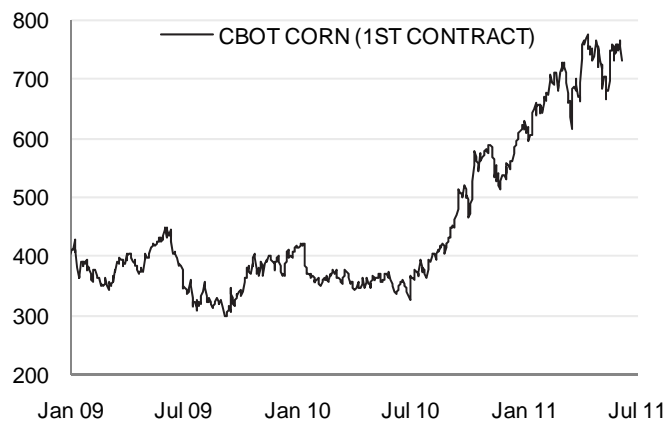


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)

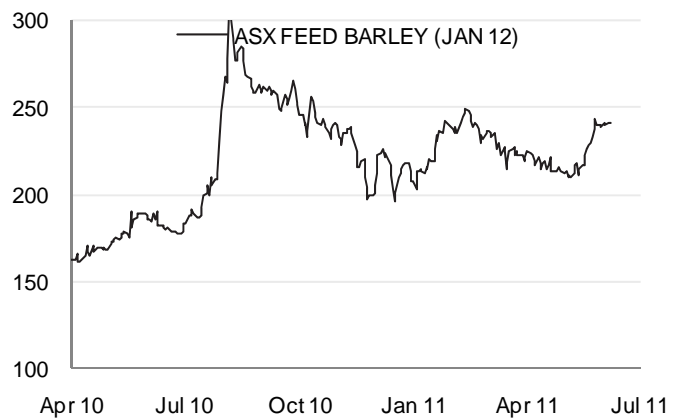


Figure 5: CBOT Soybeans (1<sup>st</sup> Contract, USc/bu)

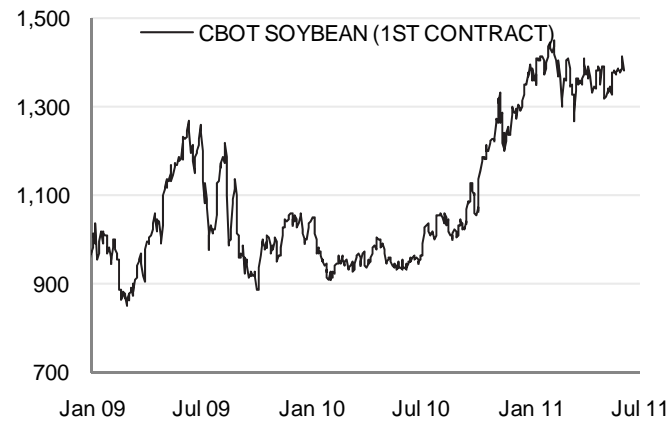


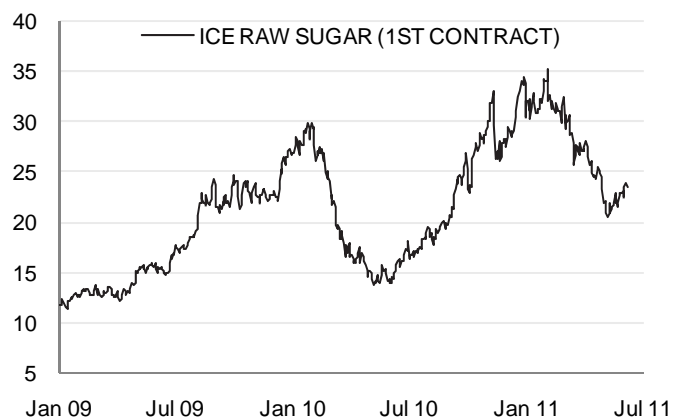
Figure 6: ICE Canola (1<sup>st</sup> Contract, C\$/t)



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



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





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## Research

Commodities		Telephone	Email Address
Luke Mathews	Agri Commodities	+612 9118 1098	luke.mathews@cba.com.au
Lachlan Shaw	Mining & Energy Commodities	+613 9675 8618	lachlan.shaw@cba.com.au

Economics		Telephone	Email Address
Michael Blythe	Chief Economist	+612 9118 1101	michael.blythe@cba.com.au
Michael Workman	Senior Economist	+612 9118 1019	michael.workman@cba.com.au
John Peters	Senior Economist	+612 9117 0112	john.peters@cba.com.au
James McIntyre	Economist	+612 9118 1100	james.mcintyre@cba.com.au

Fixed Income		Telephone	Email Address
Adam Donaldson	Head of Debt Research	+612 9118 1095	adam.donaldson@cba.com.au
Philip Brown	Fixed Income Quantitative Strategist	+612 9118 1090	philip.brown@cba.com.au
Alex Stanley	Associate Analyst, Fixed Income	+612 9118 1125	alex.stanley@cba.com.au
Michael Bors	Credit Research Analyst	+612 9118 1108	borsma@cba.com.au
Steve Shoobert	Credit Research Analyst	+612 9118 1096	steve.shoobert@cba.com.au
Winnie Chee	Securitized Product	+612 9118 1104	winnie.chee@cba.com.au
Tally Dewan	Quantitative Analyst	+612 9118 1105	tally.dewan@cba.com.au
Kevin Ward	Database Manager	+612 9118 1960	kevin.ward@cba.com.au

Foreign Exchange		Telephone	Email Address
Richard Grace	Chief Currency Strategist	+612 9117 0080	richard.grace@cba.com.au
Joseph Capurso	Currency Strategist	+612 9118 1106	joseph.capurso@cba.com.au
Peter Dragicevich	FX Economist	+612 9118 1107	peter.dragicevich@cba.com.au
Andy Ji	Asian Currency Strategist	+65 6349 7056	andy.ji@cba.com.au

Delivery Channels & Publications		Telephone	Email Address
Monica Eley	Internet/Intranet	+612 9118 1097	monica.eley@cba.com.au
Ai-Quynh Mac	Information Services	+612 9118 1102	maca@cba.com.au

New Zealand		Telephone	Email Address
Chris Tennent-Brown	CBA NZ Economist	+64 9374 8819	chris.tennent-brown@asb.co.nz
Nick Tuffley	ASB Chief Economist	+64 9374 8604	nick.tuffley@asb.co.nz
Jane Turner	Economist	+64 9374 8185	jane.turner@asb.co.nz
Christina Leung	Economist	+64 9369 4421	christina.leung@asb.co.nz

## Sales

Institutional	Telephone	Equities	Telephone
Syd FX	+612 9117 0190	Syd	+612 9118 1446
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		Agri Desk	+612 9117 0145