



Sugar dissolves.

- **Markets:** US consumer credit grew sharply for the second straight month, rising by \$7.65 billion in October. German industrial production jumped by 0.8% in October to be 4.1% higher than a year ago. But in contrast Italian Industrial production fell by 0.9% in October, with UK industrial production down by 0.7%. The ECB announced that 34 banks had accessed its latest 3-month USD liquidity tender with take up of \$50.7 billion at a rate of 0.59%. The take-up in the previous 3-month USD offering on 9th November was just \$0.4 billion. The ECB is expected tomorrow to announce further measures that facilitate greater credit provisions to the wider economy. Euro equities finished modestly lower but US equities made a late surge to close higher.
- **Currencies:** The AUD ended 0.5% firmer at USD1.0290 overnight (London close) while the USD index closed 0.1% weaker after a choppy session.
- **Weather:** A low pressure system just off the coast is bringing rain, thunderstorms and strong winds to parts of southeast QLD. An associated trough is generating patchy rain and storms over eastern NSW. Another trough over eastern WA, western SA and the NT is triggering showers and storms. (www.weatherzone.com.au)
- **Grains:** US grain markets fell overnight.
 - CBOT wheat (Mar 12) fell 2% (1½ ¢) to USc600.5/bu last night amid expectations the USDA will raise its forecast of world wheat supplies once again in this Friday's WASDE report. The Argentinean grains exchange raised its estimate of domestic wheat production to 12.8 million tonnes last night from its previous forecast of 12.4 million tonnes, however this still remains below the USDA's existing Argentinean production forecast. In trade news, Reuters reported that Syria bought 100 thousand tonnes of Black Sea wheat (probably Romanian) at €214/t (c&f), while Tunisia is tendering to buy 137.5 thousand tonnes of soft milling wheat.
 - CBOT corn (Mar 12) fell 3 ¾ cents (0.6%) to USc592.75/bu overnight, however prices held above their recent lows. The focus of the market has turned to Friday's USDA WASDE report; however no significant changes are expected to the corn balance sheets.
 - ASX wheat futures fell again yesterday. NSW Jan 12 wheat fell \$3 to \$210/t and Mar 12 NSW wheat was quoted down at \$211.5/t. WA wheat futures were also quoted lower, but WA values retain their premium over east coast prices. Heavy rain has saturated the southern and central WA wheat belt over the past 24 hours. Between 25-100mm of rain has fallen, stalling harvest and raising further grain quality concerns. The low pressure system will move east over the next few days, bringing more unwelcome rain to SA, Vic and NSW. Additional harvest delays are expected, and grain quality will be susceptible to further downgrades.
- **Oilseeds:** CBOT soybeans (Jan 12) ended just firmer at USc1131/bu last night after trading either side of unchanged. Canadian canola (Jan 11) bounced C\$3.8 to C\$507/t. Drier conditions in Argentina supported prices.
- **Cotton:** NY cotton (Mar 12) fell 150pts (1.6%) to USc92.31/lb overnight. The market remains firmly entrenched within the narrow trading range of the past 12 sessions and volumes remain light.
- **Sugar:** Global sugar markets collapsed last night amid heavy volumes – it was the largest single day sell-off in 11 weeks. NY raw sugar (Mar 12) slumped 4.7% (113pts) to USc23.05/lb, unwinding the past week's hard fought gains, and the London March 12 white sugar contract fell 3.5% to USc604/t. Media reports noted that the European financial crisis pushed sugar prices lower for the session, but the relatively resilient performance in other risk assets suggests this is an unsatisfactory explanation in our view. Instead, profit taking after the past week's rally, strong Indian crush results and softness in Thai premiums, where supplies are under cutting Brazilian supplies, may be a more significant factor weighing on prices. The big fall in prices came despite overnight reports from Cosan that global sugar prices are likely to rise in 2012 because of renewed supply tightness.
- **Crude Oil:** NYMEX crude oil (Jan 12) ended 0.9% lower at USD100.4/bl.

Ag Commodity Markets: Daily Price Summary*

| | | Mar 12 | Dec 12 | Dec 13 |
|------------------------------|---------------------------|---------------|----------------|---------------------|
| US Wheat (CBOT) | USc/bu | 601 -2.0% | 677 -1.3% | 703 -1.1% |
| | AUDt ** | 217 -2.6% | 250 -1.8% | 268 -1.5% |
| AU Wheat - East (ASX) | | Jan 12 | Mar 12 | Jan 13 |
| | AUD/t | 210 -1.4% | 212 -0.7% | 236 -0.5% |
| AU Wheat - WA (ASX) | | Jan 12 | Mar 12 | Jan 13 |
| | AUD/t | 220 -1.6% | 216 -1.6% | 238 -1.4% |
| US Soybeans (CBOT) | USc/bu | 1131 +0.1% | 1156 +0.1% | 1155 0.0% |
| | AUDt ** | 405 -0.4% | 424 -0.4% | 433 -0.5% |
| CA Canola (ICE) | | Jan 12 | Nov 12 | Nov 13 |
| | CAD/t | 507 +0.8% | 490 +1.3% | 499 +1.3% |
| | AUDt ** | 490 +0.5% | 482 +1.1% | 501 +1.1% |
| AU Canola (ASX) | | Jan 12 | Mar 12 | Jan 13 |
| | AUD/t | 500 0.0% | 475 0.0% | 475 0.0% |
| US Corn (CBOT) | USc/bu | 593 -0.6% | 551 -0.9% | 552 -0.9% |
| | AUDt ** | 229 -1.2% | 218 -1.4% | 226 -1.3% |
| AU Barley (ASX) | | Jan 12 | Mar 12 | Jan 13 |
| | AUD/t | 178 +0.1% | 179 +0.1% | 196 +0.1% |
| AU Sorghum (ASX) | | Jan 12 | May 12 | May 13 |
| | AUD/t | 210 0.0% | 185 0.0% | 186 0.0% |
| US Raw Sugar (ICE) | USc/lb | 23.05 -4.7% | 22.59 -3.5% | 22.66 -3.2% |
| | AUDt ** | 497 -5.2% | 497 -4.0% | 510 -3.7% |
| US Cotton (ICE) | USc/lb | 92.31 -1.6% | 92.01 -0.9% | 90.16 -0.5% |
| | AUD/bale ** | 453 -2.1% | 456 -1.4% | 460 -1.0% |
| AU Wool EMI (AWEX) | | Latest | % chg | Last Pricing |
| | AUD/kg | 11.75 | -0.9% | 7/12/11 |
| AU Cattle (EYCI) | | Latest | % chg | Last Pricing |
| | AUD/kg | 4.09 | 0.2% | 7/12/11 |
| Crude Oil (WTI) | | Latest | % chg | Last Pricing |
| | USD/bl | 100.4 | -0.9% | 7/12/11 |
| | AUD/bl ** | 97.57 | -1.4% | 7/12/11 |
| Commodity Indices | | Latest | % chg | Last Pricing |
| | S&P Agri & L'stock (USD) | 1156 | 0.0% | 6/12/11 |
| | S&P Agri & L'stock (AUD) | 1129 | 0.0% | 6/12/11 |
| | S&P All Commodities (USD) | 5003 | 0.0% | 6/12/11 |
| | S&P All Commodities (AUD) | 4888 | 0.0% | 6/12/11 |
| Currencies | | Latest | pts chg | % chg |
| | AUD/USD | 1.0290 | 0.0055 | 0.5% |
| | AUD/CAD | 1.0383 | 0.0025 | 0.2% |
| | AUD/JPY | 79.89 | 0.34 | 0.4% |
| | USD Index | 78.4 | -0.1 | -0.1% |
| Equity Markets | | Latest | pts chg | % chg |
| | ASX S&P200 | 4293 | 31 | 0.7% |
| | US DJI | 12185 | 35 | 0.3% |
| | UK FTSE | 5547 | -22 | -0.4% |

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 07/12/11, previous pricing date is 06/12/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

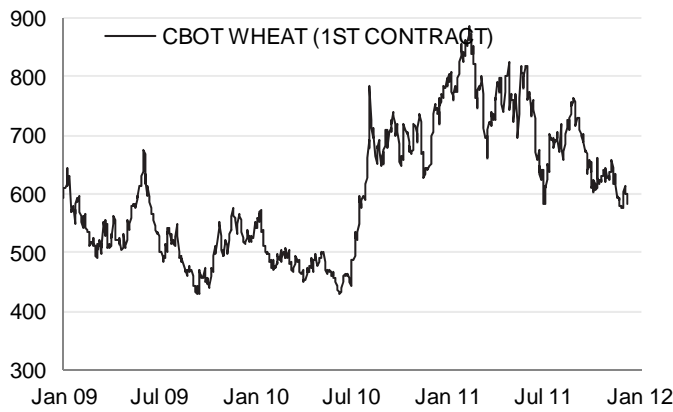


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

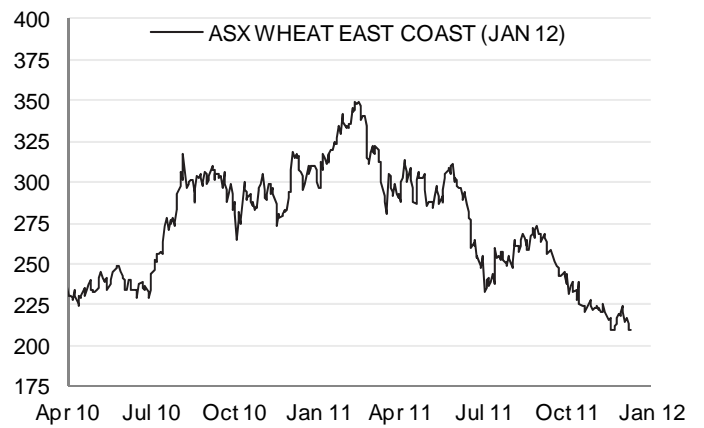


Figure 3: CBOT Corn (1st Contract, US\$/bu)

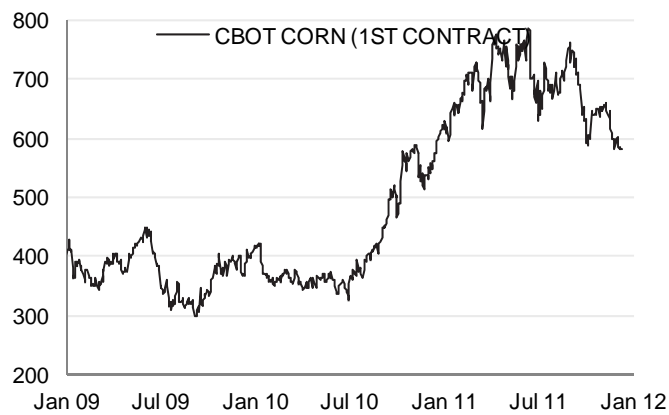


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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

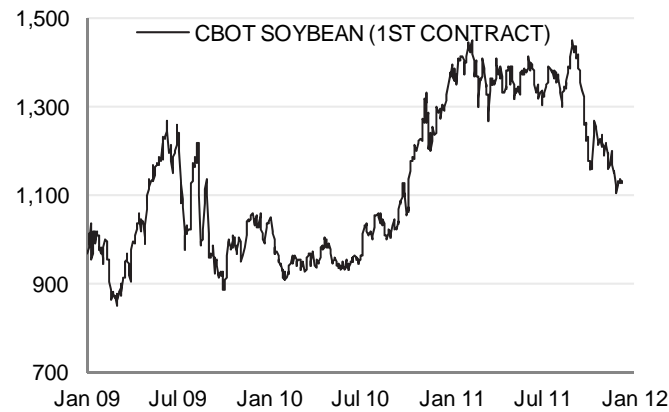


Figure 6: ICE Canola (1st Contract, C\$/t)



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



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





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