

## The US HRW wheat crop continues to wilt...

- **Markets:** The OECD leading indicator rose from 103.0 to 103.2 in February. The US and Germany in particular show signs of a "robust expansion" while Chinese activity levels seemed to be moderating. The IMF released 2011 and 2012 global growth forecasts of 4.4% and 4.5% respectively, in its latest world economic outlook. The IMF said emerging economies will have to deal with the threat of inflation. European shares eased from five-week highs on Monday while US shares were mixed ahead of reporting season.
- **Currencies:** The AUD dipped 0.2% to USD1.0516 overnight (London close) while the USD index ended unchanged at 75.0pts.
- **Weather:** A deepening low over Bass Strait is generating heavy rain and gale-force winds through eastern Tasmania and southern Victoria. A second low in the Bight is bringing isolated showers to southern WA. A tropical low is causing heavier showers and storms over the Top End. ([www.weatherzone.com.au](http://www.weatherzone.com.au))
- **Grains:** US grain markets finished with mixed results overnight.
  - CBOT wheat (May 11) traded higher then lower overnight before finishing less than one cent firmer USc798.25/bu. But all other CBOT wheat contracts finished in negative territory and Kansas wheat premium (over CBOT) continues to fall from its recent record levels. The USDA reported that US wheat export inspections for the week ending 7<sup>th</sup> April were a robust 28.3 million bushels, up 53% from the same period a year earlier. And after the closing bell, the USDA confirmed that drought is cutting into 2011 HRW wheat crop prospects. The US winter wheat crop is now only 36% good to excellent, down 1pt from the week earlier and down from the 65% rating a year earlier. In the key HRW production state of Texas, only 11% of the crop is rated good, while 66% of that crop is rated poor to very-poor.
  - CBOT corn (May 11) ended 8 cents (1%) firmer at a new record high of USc776/bu; a solid performance in the face of falling crude oil prices. US corn export inspections for the week ending 7<sup>th</sup> April came in at a solid 38.8 million bushels. Currently, 3% of the US corn crop is planted.
  - ASX NSW wheat (Jan 12) traded \$9 firmer to \$309/t yesterday while a small parcel of WA Jan 12 wheat futures traded hands at \$330/t. We think the new-crop WA wheat premium may fall this year, assuming normal Australian production in 2011. This is because the large east-coast carry-out stockpile will be chiefly comprised of lower quality feed-wheat which is not deliverable against the ASX wheat contract.
- **Oilseeds:** CBOT soybeans (May 11) slumped 23 ¾ cents (1.7%) to USc1368.50/bu overnight. US soybean export inspections were just 20.8 million bushels last week, 10% lower than the week prior. Further falls in US soybean exports are expected from here-on-in as import demand continues to shift to South American origin. Furthermore, Oil World indicated that US soybean exports are unlikely to meet the USDA's marketing year estimate and that overall global import demand may moderate in the coming 6 months compared to the first half of the year. Canadian canola (May 11) fell C\$6.7 to C\$582.2/t.
- **Cotton:** NY cotton futures (May 11) traded either side of unchanged last night before closing 161 points (0.8%) firmer at USc204.58/lb. The cotton market is anxiously awaiting improved field conditions in Texas, where dryness is threatening to curb plantings and temper the necessary production response. Currently, 7% of the US cotton crop is planted versus 6% last week.
- **Sugar:** NY raw sugar futures finished with mixed results across the curve last night after a variable trading session. The nearby May 11 contract ended 1.5% (38pts) firmer at USc26.04/lb while the October 11 contract ended 1pt weaker at USc24.66/lb. The USDA has lifted its 2010/11 sugar import tariff-rate quota by 26% (325,000 short tons) in a bid to ease supply constraints following the January freeze that hit the Florida cane crop.
- **Crude Oil:** NYMEX crude oil (May 11) slumped 3.5% to USD108.56/bl.

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

Commodity	Unit	May 11	Dec 11	Dec 12
US Wheat (CBOT)	USc/bu	798 +0.1%	893 -0.4%	910 -0.6%
	AUD/t	280 +0.3%	322 -0.2%	340 -0.4%
AU Wheat - East (ASX)	AUD/t	300 +0.5%	309 +3.0%	330 +2.8%
AU Wheat - WA (ASX)	AUD/t	348 0.0%	330 +3.8%	344 +3.6%
US Soybeans (CBOT)	USc/bu	1369 -1.7%	1380 -1.1%	1307 -1.0%
	AUD/t	480 -1.5%	496 -1.0%	489 -0.8%
CA Canola (ICE)	CAD/t	582 -1.1%	578 -0.9%	565 +0.1%
	AUD/t	581 -0.8%	588 -0.6%	591 +0.4%
AU Canola (ASX)	AUD/t	540 0.0%	566 0.0%	566 0.0%
US Corn (CBOT)	USc/bu	776 +1.0%	657 +0.7%	594 +0.5%
	AUD/t	292 +1.2%	254 +0.8%	238 +0.7%
AU Barley (ASX)	AUD/t	209 +2.4%	222 +2.1%	222 +2.1%
AU Sorghum (ASX)	AUD/t	241 +1.7%	244 +2.4%	247 +2.4%
US Raw Sugar (ICE)	USc/lb	26.04 +1.5%	24.66 0.0%	22.97 -0.4%
	AUD/t	547 +1.7%	527 +0.1%	510 -0.3%
US Cotton (ICE)	USc/lb	204.58 +0.8%	190.91 +0.5%	116.07 +1.1%
	AUD/bale	974 +1.0%	915 +0.7%	585 +1.2%
AU Wool EMI (AWEX)	AUD/kg	13.75	% chg	Last Pricing
			0.0%	7/4/11
AU Cattle (EYC)	AUD/kg	4.155	% chg	Last Pricing
			-0.5%	11/4/11
Crude Oil (WTI)	USD/bl	108.86	% chg	Last Pricing
	AUD/bl	103.52	-3.5%	11/4/11
Commodity Indices		Latest	% chg	Last Pricing
	S&P Agri & L'stock (USD)	1457	0.2%	11/4/11
S&P Agri & L'stock (AUD)	1386	0.3%	11/4/11	
S&P All Commodities (USD)	5697	-1.4%	11/4/11	
S&P All Commodities (AUD)	5418	-1.2%	11/4/11	
Currencies	AUD/USD	1.0516	pts chg	% chg
	AUD/CAD	1.0048	-0.0019	-0.2%
	AUD/JPY	88.98	-0.0034	-0.3%
	USD Index	75.0	-0.56	-0.6%
Equity Markets	US DJI	12381	0.0	0.0%
	UK FTSE	6053	-2	0.0%
	ASX S&P200	4971	31	0.6%
	US DJI	12381	1	0.0%

\* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 11/04/11, previous pricing date is 08/04/11

Sources: Bloomberg and CBA

\*\* AUD Equivalent Price



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

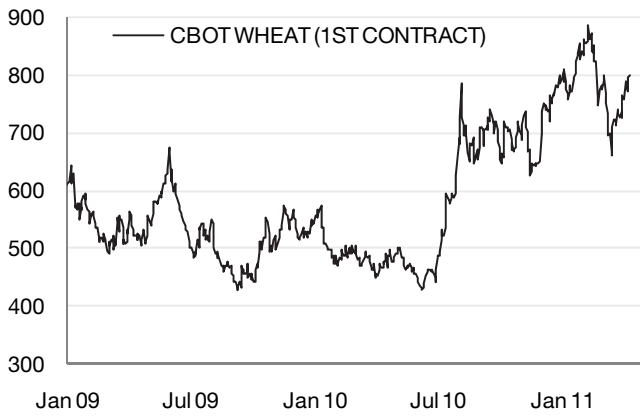


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

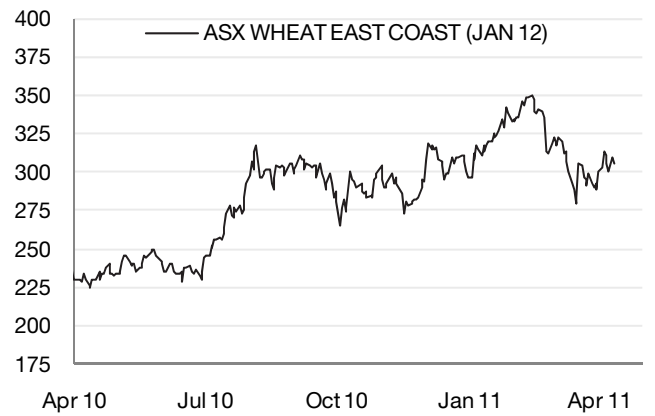


Figure 3: CBOT Corn (1<sup>st</sup> Contract, USc/bu)



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



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

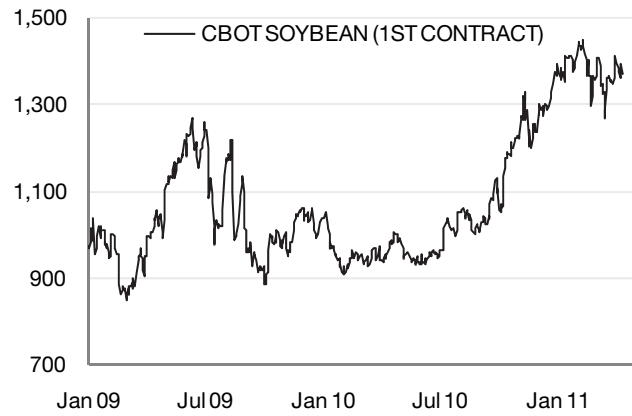


Figure 6: ICE Canola (1<sup>st</sup> Contract, C\$/t)



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

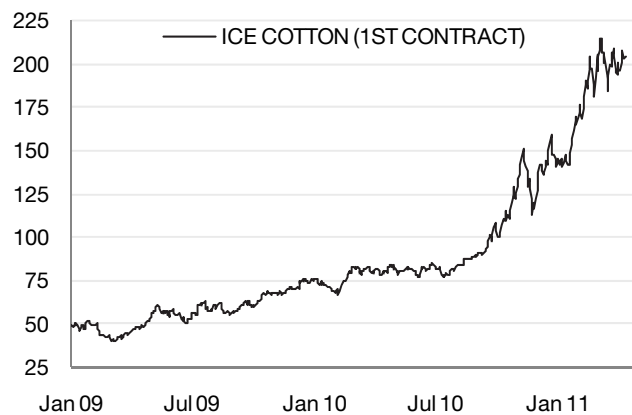


Figure 8: ICE Sugar (1<sup>st</sup> Contract, USc/lb)





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