

Prices fall after another bearish USDA report...

- Markets:** The EU Summit fell short of delivering a new Treaty across all EU 27 member nations due to UK opposition. But there was still progress with 23 member states still likely to push for a new Treaty, one that will entail greater fiscal union with strict debt and deficit rules and explicit penalties for failure to comply. European leaders also agreed to increase contributions to the IMF by \$200 billion to boost the size of the potential bail out support available in times of crisis. The strategy of insisting on private sector involvement was dropped to the relief of private sector bondholders. The deadline to agree on the language of the new Treaty has been set for March 2012. European shares rallied on Friday, with healthy gains also in the US.
- Currencies:** The AUD ended 0.2% firmer at USD1.0195 overnight (London close) while the USD index dipped 0.3% to 78.6pts.
- Weather:** A low in the Tasman Sea will generate cool southerly winds and showers along eastern NSW. An associated trough will trigger showers and storms in QLD. A deepening trough over WA and NT will cause showers and storms. A cold front will bring showers to TAS
- Grains:** US grain markets finished lower overnight.
 - CBOT wheat (Mar 12) finished 1 cent weaker at US\$596/bu (~A\$219/t) on Friday following another bearish USDA WASDE report. Interestingly, both Kansas and Minneapolis wheat markets closed higher. The USDA raised its outlook for 2011/12 US wheat stocks by 50 million bushels to 878 million, topping forecasts for 790-867 million. US wheat exports were revised lower because of increased world supplies and overpriced US wheat, and global wheat production for 2011/12 was raised to a record 689 million tonnes, a 37 million tonne year-on-year increase. World wheat stocks were revised to a hefty 208.5 million tonnes, up nearly 9 million tonnes for the year and above estimates of 203 million tonnes, resulting in a comfortable stock-to-use ratio of 30.7%.
 - CBOT corn (Mar 12) closed 6 cents (1%) weaker at US\$594.25/bu, however values held above their recent lows. The USDA indicated that the tightness that had existed in the global feed grain market continues to ease, however, at a headline level, inventories still remain historically tight. US corn ending stocks were revised 5 million bushels higher to 848 million (vs trade forecasts of 845 million) because of a reduction in the amount of corn used for sweeteners. But the US corn stock-to-use ratio is forecast at just 6.7% which is still the second tightest in history, and only marginally above the 1995/96 low of 5%. Global corn output for 2011/12 is forecast at a new record high of 867.5 million tonnes, largely because of an upward revision to Chinese output.
 - ASX NSW wheat (Jan 12) was quoted down at \$200/t on Friday, the weakest level for the spot contract in 20 months. It was a wet weekend for much of the east coast wheat belt, with the heaviest falls in central Victoria, the Riverina, northern NSW and SE QLD. Drier weather is forecast this week.
- Oilseeds:** CBOT soybeans (Jan 12) fell 25 ½ cents (2.3%) to US\$1107/bu on Friday. Canadian canola (Jan 11) slumped C\$11.1 to C\$499.5/t. The USDA raised its estimate of US 2011/12 soybean ending stocks to 230 million bushels, up from 195 million in November and above the average trade estimate of 211 million, reflecting slower than expected US exports and a downward revision to the US soybean crush. Global oilseed output was raised by nearly 3 million tonnes to 457.6 million tonnes. Canadian canola production is raised 1.3 million tonnes to 14.2 million tonnes.
- Cotton:** NY cotton (Mar 12) slumped 162pts (1.8%) to US\$90.43/lb after another bearish USDA report. Lower global demand has more than offset the smaller than expected US production, resulting a sharp increase in global stocks. World cotton use is now forecast to fall 2.5% yoy in 2011/12.
- Sugar:** Sugar prices continued their wild ride with the Mar 12 NY raw sugar contract dropping 3% (73pts) to US\$23.40/lb. In the past 3 sessions prices have traded in a ±3-5% range. Justifying such large price moves is difficult.
- Crude Oil:** NYMEX crude oil (Jan 12) rose 1.1% to USD99.41/bl.

Ag Commodity Markets: Daily Price Summary*

		Mar 12	Dec 12	Dec 13
US Wheat (CBOT)	US\$/bu	596 -0.2%	671 -0.4%	700 -0.2%
	AUD/t **	217 -0.3%	250 -0.6%	269 -0.3%
AU Wheat - East (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	200 -2.3%	203 -1.8%	228 -2.0%
AU Wheat - WA (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	214 -0.9%	212 -0.9%	235 -0.8%
US Soybeans (CBOT)	US\$/bu	1107 -2.3%	1135 -1.9%	1135 -1.8%
	AUD/t **	400 -2.4%	420 -2.0%	429 -1.9%
CA Canola (ICE)		Jan 12	Nov 12	Nov 13
	CAD/t	500 -2.2%	487 -1.5%	499 -1.3%
	AUD/t **	482 -2.1%	478 -1.5%	499 -1.2%
AU Canola (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	500 0.0%	475 0.0%	475 0.0%
US Corn (CBOT)	US\$/bu	594 -1.0%	552 -1.6%	553 -1.4%
	AUD/t **	232 -1.2%	220 -1.8%	228 -1.5%
AU Barley (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	174 0.0%	177 0.0%	194 0.0%
AU Sorghum (ASX)		Jan 12	May 12	May 13
	AUD/t	210 0.0%	186 0.0%	186 0.0%
US Raw Sugar (ICE)	US\$/lb	23.40 -3.0%	22.65 -3.2%	22.81 -2.7%
	AUD/t **	510 -3.2%	502 -3.4%	517 -2.8%
US Cotton (ICE)		Mar 12	Jul 12	Jul 13
	US\$/lb	90.43 -1.8%	89.83 -2.0%	88.47 -1.7%
	AUD/bale **	447 -1.9%	450 -2.2%	455 -1.8%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing	
	AUD/kg	11.68	0.0%	8/12/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing	
	AUD/kg	4.11	0.0%	8/12/11
Crude Oil (WTI)		Latest	% chg	Last Pricing
	USD/bl	99.41	1.1%	9/12/11
	AUD/bl **	97.51	0.9%	9/12/11
Commodity Indices	Latest	% chg	Last Pricing	
	S&P Agri & L'stock (USD)	1133	-1.2%	9/12/11
	S&P Agri & L'stock (AUD)	1111	-1.4%	9/12/11
	S&P All Commodities (USD)	4904	0.1%	9/12/11
	S&P All Commodities (AUD)	4811	0.0%	9/12/11
Currencies	Latest	pts chg	% chg	
	AUD/USD	1.0195	0.0016	0.2%
	AUD/CAD	1.0393	-0.0007	-0.1%
	AUD/JPY	79.14	0.03	0.0%
	USD Index	78.6	-0.2	-0.3%
Equity Markets	Latest	pts chg	% chg	
	ASX S&P200	4203	-78	-1.8%
	US DJI	12184	187	1.6%
	UK FTSE	5529	45	0.8%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 09/12/11, previous pricing date is 08/12/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

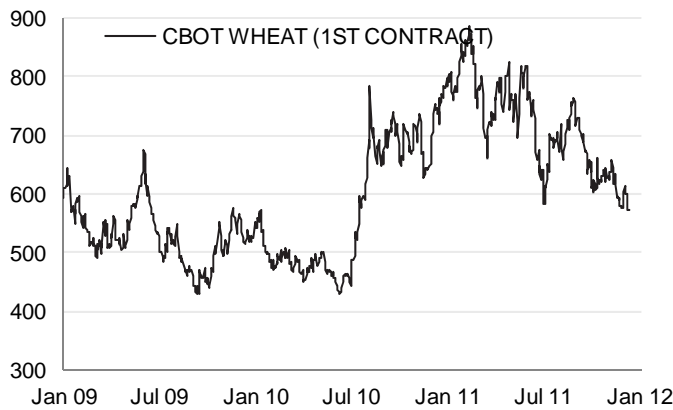


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

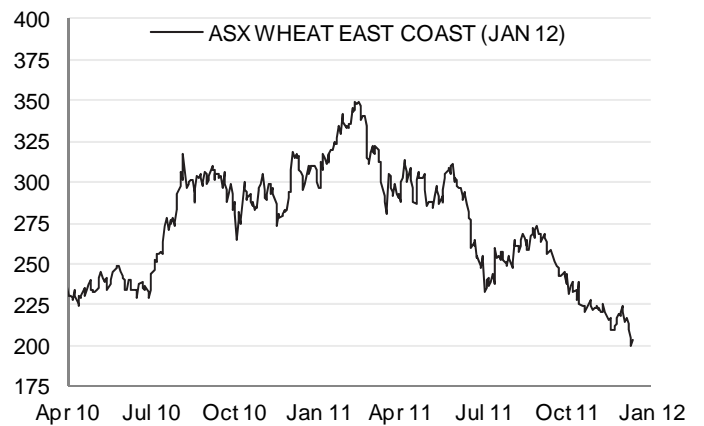


Figure 3: CBOT Corn (1st Contract, US\$/bu)

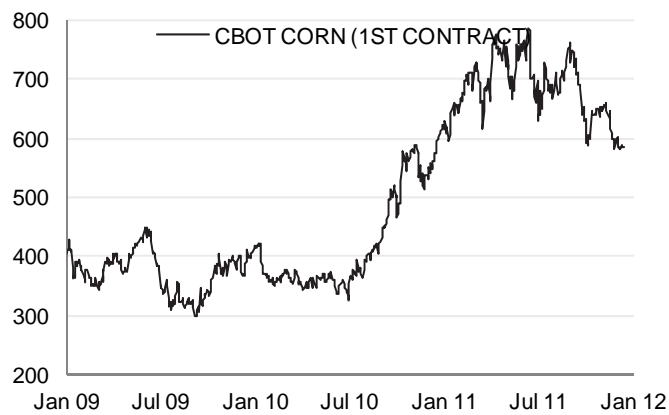


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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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