

WA wheatbelt rainfall already 400% above December average...

- Markets:** Ratings agency Moody's warned investors that it would review ratings for European sovereigns given the absence of any "decisive policy measures" at last week's Brussels summit. Fitch weighed in later in the day adding that there was a lack of a "comprehensive solution", with the gradualist approach being taken imposing "additional economic and financial costs." European shares slumped on Monday as concerns grew that the measures outlined at last week's EU summit is unlikely to resolve the current euro zone debt issues. Italian 5yr bond yields surged above 7%, while Spanish 10yr bonds topped 6%. US shares fell sharply on Monday.
- Currencies:** The AUD fell 1.2% to USD1.0075 overnight (London close) while the USD index rallied 1.2% to 79.6pts.
- Weather:** A deep low is edging further east across the Tasman Sea, allowing wind and showers to ease along the NSW coast. A broad trough extending from the NT tropics into southern WA is triggering areas of rain and storms. A weak front is clipping TAS and southern VIC with showers.
- Grains:** US grain markets finished slightly weaker overnight.
 - CBOT wheat (Mar 12) ended 1 ¼ cents (0.3%) weaker at USc594.25/bu after trading either side of unchanged last night. Grain markets held up relatively well in the face of renewed investor risk aversion, owing to fresh warnings about the state of the European economy, which saw the USD surge and equity markets slump. The USDA said that wheat export inspections were 16.5 million bushels in the latest week, in line with estimates for 15 to 19 million according to Reuters.
 - CBOT corn (Mar 12) recovered early losses to close only ¼ cent weaker at USc594/bu, despite heightened risk aversion elsewhere. US corn weekly corn export inspections were 35.7 million bushels according to the USDA, within trade estimates for 33.0 to 37.0 million.
 - Australian east-coast wheat prices continue to fall, pressured by excess supplies and harvest pressure. NSW Jan 12 wheat traded at \$204/t but closed indicatively quoted at \$200/t, and the Mar 12 NSW wheat contract traded at \$200/t. WA wheat quotes nudged higher for the session, but no contracts changed hands. The stronger bid in the WA market is likely linked to the excess rainfall of the past 24 hours across the state's grain belt. It has been a very wet 7 days in WA, with little harvest activity taking place and grain quality concerns rising. And conditions on the east coast are expected to deteriorate once again later in the week with further widespread rain forecast.
- Oilseeds:** CBOT soybeans (Jan 12) recovered early losses and closed 5 cents firmer at USc1112/bu last night. The gains were supported by evolving dryness in Sth America, particularly Argentina, and strong Chinese soybean imports in November. Chinese imports in November jumped nearly 50% for the month to 5.7 million tonnes according to domestic customs data. But US weekly soybean export inspections disappointed again in the latest reading, coming in at 29.7 million bushels, below estimates of 34-38 million bushels. Canadian canola (Jan 11) rose C\$1.4 to C\$500.9/t, but longer dated contracts closed modestly lower. The weak Canadian dollar and stronger US soybean prices supported the canola market.
- Cotton:** NY cotton prices broke out their recent trading ranges last night, with sharp losses across the curve. The Mar 12 contract slumped 3.6% (327pts) to USc87.16/lb, a 16 month low, and extra losses toward USc82/lb cannot be ruled out. Renewed concerns about the fragile state of the Euro economy weighed heavily on fibre complex after Ratings Agencies scoffed at the (in)action arising from the weekend Euro Summit. Persistent flooding and cool temperatures in ntnh NSW and QLD will have an adverse impact on local cotton output, but this year's crop is still expected to be a record.
- Sugar:** NY raw sugar (Mar 12) traded both sides of unchanged but closed 11pts (0.5%) lower at USc23.29/lb overnight. Volumes were particularly thin, highlighting the uncertainty in the market. Reuters reported that sugar stocks in India at the start of November were 4.7 million tonnes, up 24% yoy.
- Crude Oil:** NYMEX crude oil (Jan 12) dropped 1.5% to USD97.96/bl.

Ag Commodity Markets: Daily Price Summary*

US Wheat (CBOT)	Mar 12	Dec 12	Dec 13
USc/bu	594 -0.3%	665 -1.0%	694 -0.9%
AUDt **	219 +0.9%	250 +0.2%	270 +0.3%
AU Wheat - East (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	200 -0.4%	201 -1.2%	227 -0.6%
AU Wheat - WA (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	215 +0.5%	218 +2.8%	241 +2.6%
US Soybeans (CBOT)	Jan 12	Nov 12	Nov 13
USc/bu	1112 +0.5%	1137 +0.2%	1137 +0.1%
AUDt **	407 +1.7%	425 +1.3%	435 +1.3%
CA Canola (ICE)	Jan 12	Nov 12	Nov 13
CAD/t	501 +0.3%	485 -0.4%	497 -0.4%
AUDt **	486 +0.8%	479 +0.1%	500 +0.2%
AU Canola (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	500 0.0%	475 0.0%	475 0.0%
US Corn (CBOT)	Mar 12	Dec 12	Dec 13
USc/bu	594 0.0%	548 -0.7%	548 -0.9%
AUDt **	234 +1.1%	221 +0.5%	228 +0.3%
AU Barley (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	173 -0.9%	177 -0.3%	194 -0.3%
AU Sorghum (ASX)	Jan 12	May 12	May 13
AUD/t	210 0.0%	186 0.0%	186 0.0%
US Raw Sugar (ICE)	Mar 12	Oct 12	Oct 13
USc/lb	23.29 -0.5%	22.61 -0.2%	22.80 0.0%
AUDt **	513 +0.7%	507 +1.0%	523 +1.1%
US Cotton (ICE)	Mar 12	Jul 12	Jul 13
USc/lb	87.16 -3.6%	86.89 -3.3%	86.92 -1.8%
AUD/bale **	436 -2.5%	440 -2.1%	452 -0.6%
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	0.1%	12/12/11
Crude Oil (WTI)	Latest	% chg	Last Pricing
USD/bl	97.96	-1.5%	12/12/11
AUD/bl **	97.23	-0.3%	12/12/11
Commodity Indices	Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1133	0.0%	9/12/11
S&P Agri & L'stock (AUD)	1111	0.0%	9/12/11
S&P All Commodities (USD)	4904	0.0%	9/12/11
S&P All Commodities (AUD)	4811	0.0%	9/12/11
Currencies	Latest	pts chg	% chg
AUD/USD	1.0075	-0.0120	-1.2%
AUD/CAD	1.0343	-0.0050	-0.5%
AUD/JPY	78.45	-0.69	-0.9%
USD Index	79.6	0.9	1.2%
Equity Markets	Latest	pts chg	% chg
ASX S&P200	4253	50	1.2%
US DJI	11994	-190	-1.6%
UK FTSE	5428	-101	-1.8%

* Prices are the closing exchange traded futures prices.

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

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

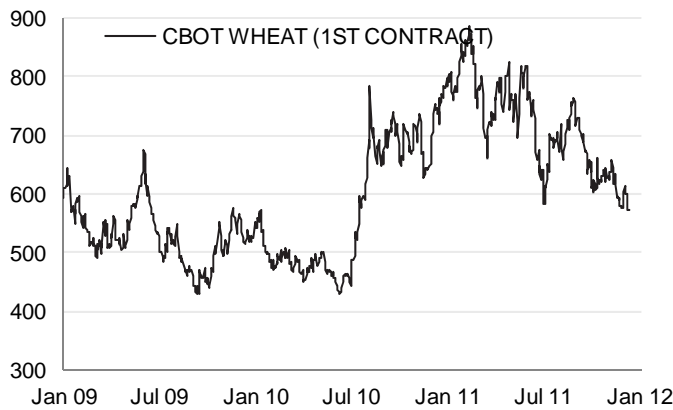


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

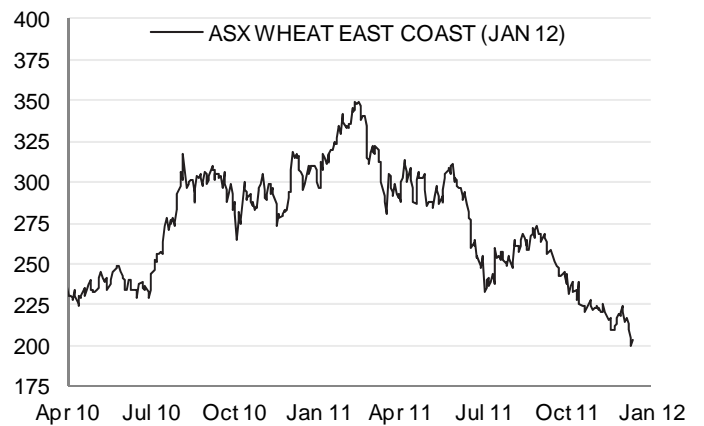


Figure 3: CBOT Corn (1st Contract, US\$/bu)

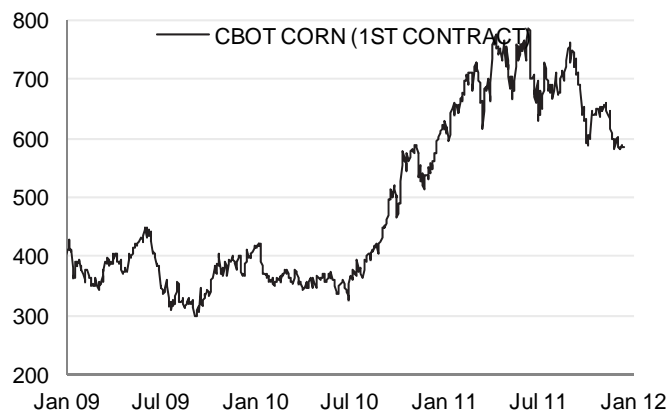


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)

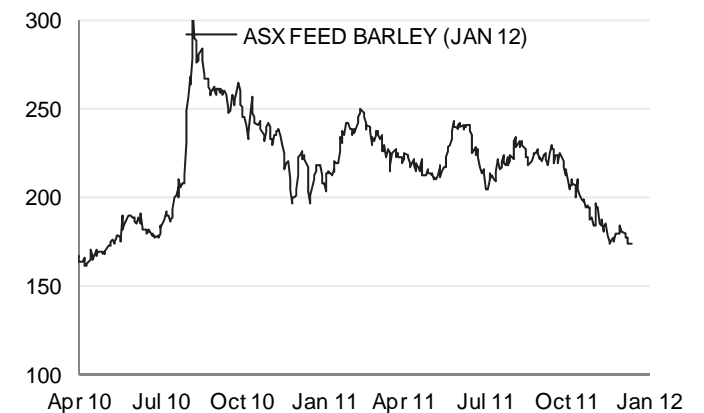


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)



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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