

One-third of Ukraine's winter grain area needs reseeded.

- Markets:** The US Federal Reserve left interest rates unchanged but said the "strain in global financial market posed downside risks to economic growth" effectively leaving the door open to further easing next year. The Fed did note that there was "some improvement in overall labour market conditions". US advance retail sales rose by a less than expected 0.2% in November, after an upwardly revised 0.6% gain in October. In the year to November sales were up a healthy 6.7%. European shares were mostly higher on Tuesday, though volumes were light. US shares gave back early gains on Tuesday after the Federal Reserve confirmed that the US economy had been expanding but there were downside risks to global growth.
- Currencies:** The AUD ended largely unchanged at USD1.0075 overnight (London close) while the USD index rallied 1% to 80.3pts.
- Weather:** A trough over the NT and WA will trigger showers and storms, with rainfall spreading into SA later in the day. A trough will also trigger showers and storms over northern and eastern QLD. A building ridge of high pressure will bring drier weather to the southeastern states.
- Grains:** US grain markets finished higher overnight.

 - CBOT wheat (Mar 12) rose 1.1% (6 ¼ ¢) to US\$600.5/bu (–A\$221/t) last night amid investor short covering. Encouragingly, the gains in the grain market came despite the stronger USD and still sluggish demand for US wheat. Supporting prices was an update from the Ukrainian government that up to 3 million hectares of their winter grain area (>33% of the total area) will have to be reseeded in spring because of the recent drought. In trade news, Egypt bought 180 thousand tonnes of wheat yesterday, split evenly between French, Argentine and Russian origin. On a FOB basis, the Argentinean wheat was valued at US\$226/t; the French wheat US\$240/t, and the Russian wheat the most expensive at US\$244/t. Elsewhere, Yemen bought 110 thousand tonnes of Russian and Argentinean according to Reuters reports.
 - CBOT corn (Mar 12) traded both higher and lower before ending virtually unchanged at US\$594.5/bu. Despite mostly favourable current crop conditions in South America, there is increased talk throughout the market that La Nina induced dryness may evolve and adversely affect crops over the next few months.
 - ASX NSW wheat values firmed modestly yesterday, supported by stable global grain markets and further concerns regarding Australian harvest conditions. The NSW Jan 12 wheat contract was quoted at \$201/t and the Mar 12 contract firmed to 203/t, but still local basis remain very cheap. Feed barley values edged slightly firmer for the session.
- Oilseeds:** CBOT soybeans (Jan 12) rose 0.6% (6½¢) to US\$118.5/bu, supported by technical buying and mounting concerns regarding Argentinean soybean production. Canadian canola (Jan 11) rose by C\$5.4 to C\$506.3/t, supported by the US soybean market and reports of a lack of farmer selling in Canada.
- Cotton:** NY cotton futures chopped sideways overnight before ending with mixed results across the curve. The Mar 12 contract ended slightly firmer at US\$87.31/lb but the Jul 12 contract was slightly lower at US\$86.88/lb. Pakistan's cotton crop may exceed original estimates by 4% according to the Pakistan Cotton Ginners' Association, with BT varieties expected to boost yields across the country. Exports may also exceed expectations.
- Sugar:** NY raw sugar (Mar 12) traded their 4th consecutive 'inside-session' last night, with prices ending 0.6% firmer at US\$23.44/lb. Unica reported that Brazil's CS cane crop will exceed 490 million tonnes, above previous forecasts of <489 million. Unica also said that NY sugar prices are nearing the critical 20-22 cent mark, a level that would result in Brazilian sugar mills switching capacity into ethanol rather than sugar (assuming of course ethanol prices remain constant). Bloomberg reported that sugar output in the EU will climb to a record 18.3 million tonnes in 2011/12, up 15% yoy, because of bigger harvests in France, Germany and the UK.
- Crude Oil:** NYMEX crude oil (Jan 12) rallied 2.1% to USD99.82/bl.

Ag Commodity Markets: Daily Price Summary*

US Wheat (CBOT)	Mar 12	Dec 12	Dec 13
USc/bu	601 +1.1%	670 +0.8%	698 +0.6%
AUDt **	221 +1.0%	252 +0.8%	271 +0.6%
AU Wheat - East (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	201 +0.8%	203 +1.1%	229 +0.7%
AU Wheat - WA (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	214 -0.5%	214 -1.8%	237 -1.7%
US Soybeans (CBOT)	Jan 12	Nov 12	Nov 13
USc/bu	1119 +0.6%	1142 +0.4%	1142 +0.4%
AUDt **	409 +0.6%	427 +0.4%	437 +0.4%
CA Canola (ICE)	Jan 12	Nov 12	Nov 13
CAD/t	506 +1.1%	487 +0.4%	498 +0.3%
AUDt **	490 +0.8%	480 +0.2%	501 +0.1%
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	595 +0.1%	555 +1.2%	555 +1.2%
AUDt **	235 +0.1%	224 +1.2%	231 +1.2%
AU Barley (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	173 +0.5%	177 +0.5%	194 +0.4%
AU Sorghum (ASX)	Jan 12	May 12	May 13
AUD/t	210 0.0%	182 -2.2%	182 -2.1%
US Raw Sugar (ICE)	Mar 12	Oct 12	Oct 13
USc/lb	23.44 +0.6%	22.89 +1.2%	23.06 +1.1%
AUDt **	516 +0.6%	514 +1.2%	529 +1.1%
US Cotton (ICE)	Mar 12	Jul 12	Jul 13
USc/lb	87.31 +0.2%	86.88 0.0%	86.69 -0.3%
AUD/bale **	436 +0.2%	439 0.0%	451 -0.3%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing
AUD/kg	11.68	0.0%	13/12/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing
AUD/kg	4.13	0.5%	13/12/11
Crude Oil (WTI)	Latest	% chg	Last Pricing
USD/bl	99.82	2.1%	13/12/11
AUD/bl **	99.08	2.1%	13/12/11
Commodity Indices	Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1129	0.0%	12/12/11
S&P Agri & L'stock (AUD)	1121	0.0%	12/12/11
S&P All Commodities (USD)	4841	0.0%	12/12/11
S&P All Commodities (AUD)	4805	0.0%	12/12/11
Currencies	Latest	pts chg	% chg
AUD/USD	1.0075	0.0000	0.0%
AUD/CAD	1.0365	0.0022	0.2%
AUD/JPY	78.52	0.07	0.1%
USD Index	80.3	0.8	1.0%
Equity Markets	Latest	pts chg	% chg
ASX S&P200	4193	-59	-1.4%
US DJI	11941	-80	-0.7%
UK FTSE	5490	62	1.1%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 13/12/11, previous pricing date is 12/12/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

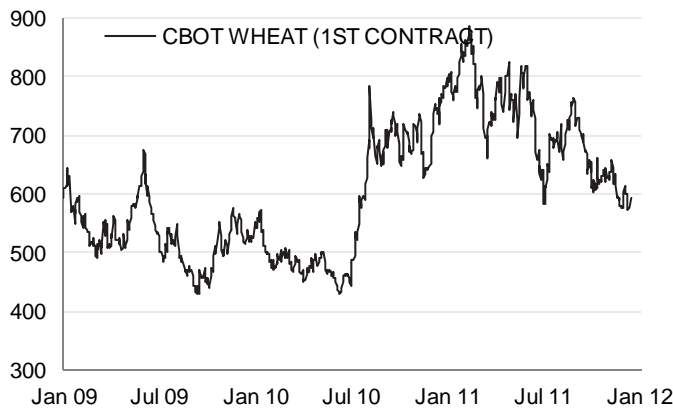


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

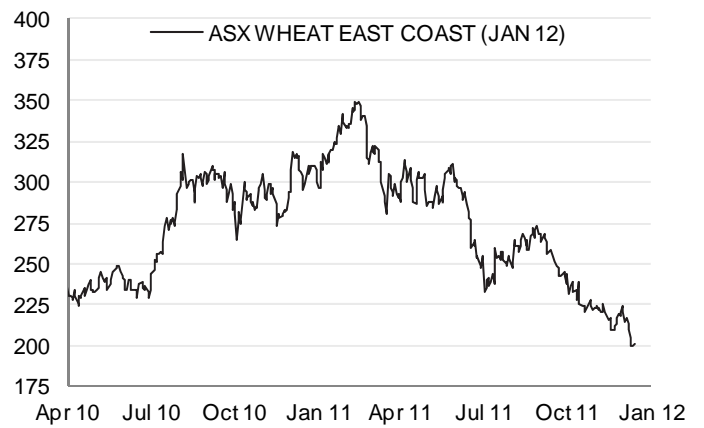


Figure 3: CBOT Corn (1st Contract, US\$/bu)

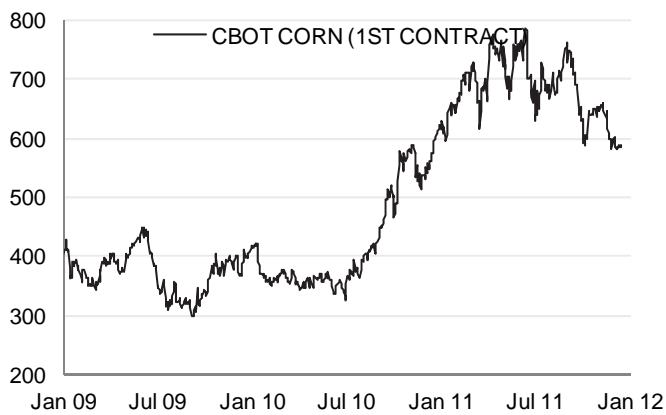


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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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