



Risk asset bloodbath. Ag commodities smashed.

- Markets:** Fears of a nuclear crisis in Japan resulted in panic selling across risk-assets last night. European sharemarkets fell sharply, as did US equities. Japan's equity market finished lower by 10½% after being 15% lower earlier in the session. In economic news, the New York Empire State manufacturing survey rose from 15.4 to 17.5 in February - a nine month high. But new orders and shipments sub-indices fell, suggesting some underlying weakness. The result also showed an increase in the "prices paid" component an early sign that inflation was starting to build. The Fed confirmed that the current round of QE will be completed in their latest FOMC minutes. The Fed also highlighted the improvements taking place in business investment and the gradual improvement in labour markets.
- Currencies:** The AUD slumped 1.8% to USD0.9906 overnight (London close) while the USD index finished largely unchanged at 76.3pts.
- Weather:** Troughs in the southeast are causing thundery showers in NSW, mainly inland. A ridge is building over the QLD east coast, allowing showers to ease. A low and trough are generating patchy rain and storms over the NT and WA interior as warm easterlies affect the west.
www.weatherzone.com.au
- Grains:** US grain prices faced a bloodbath yesterday.

 - CBOT wheat (May 11) collapsed 53 cents (7.4%) to US\$667.75/bu, the lowest close in 7 months, and the huge losses extended across the curve. The selloff across all risk assets was sparked by reports of several large explosions within Japanese nuclear reactors, resulting in radiation leakage. Markets panicked on the news, and the selling intensified when both London and US traders came online. However volumes traded were extremely thin, testament to the vast amount of uncertainty that is surrounding the situation in Japan. Only time will tell if the price action last night proved a huge over-reaction. Over the past month, CBOT wheat prices have lost nearly 30% (~258 cents).
 - CBOT corn (May11) slumped the 30 cent daily limit to US\$525/bu overnight amid Nuclear-induced risk aversion. Reuters reported that Funds sold an estimated 40,000 contract. In other news, there is concern that spring flooding in the US Midwest could result in a delay to planting. But right now, the focus is on Japan's nuclear facilities.
 - ASX NSW wheat markets lost further ground yesterday, and considering the collapse in global markets last night, the ASX market is likely to be heavily offered again today. The May 11 NSW wheat contract is currently quoted at \$287/t, roughly \$38/t above the May 11 CBOT wheat contract. Meanwhile, Jan 12 NSW wheat is quoted at \$288.5/t, \$3/t below Dec 11 CBOT wheat.
- Oilseeds:** CBOT soybeans (May 11) collapsed 70 cents to US\$1270/bu, with huge losses across the curve. Canadian canola futures fell sharply because of nuclear-fears in Japan, the largest importer of the oilseed. The May 11 contract finished C\$30 lower at C\$525/t, the weakest close since October, and the Nov 11 contract also lost C\$30 to C\$514/t (~A\$541/t).
- Cotton:** Cotton prices succumbed to risk-aversion engulfing the market yesterday and closed sharply lower -the steepest losses were seen in old-crop supplies. The ICE May 11 contract slumped the 700pt limit to US\$190.94/lb, the second consecutive limit-down session. The Japanese-nuclear crisis pulled cotton prices lower, mainly because of concern that Japanese and global economic prospects now face increased uncertainty. Japan is not a significant consumer of raw cotton, however.
- Sugar:** Global sugar markets were massacred last night with losses of 5-8% across the curve. The May 11 contract finished 214pts (7.7%) lower at US\$25.65/lb, the lowest level since December 2010, and 17% lower than week-ago levels. In early Feb, the May-11 contract rallied to a high of US\$33.01/lb, but for the moment at least, these lofty prices seem like a distant memory. Physical demand may re-enter the market at these levels.
- Crude Oil:** NYMEX crude oil (Apr 11) slumped 3.6% to USD97.59/bl.

Ag Commodity Markets: Daily Price Summary*

		May 11	Dec 11	Dec 12
US Wheat (CBOT)	US\$/bu	668 -7.4%	764 -6.2%	780 -4.9%
	AUD/t	249 -5.7%	293 -4.6%	309 -3.5%
AU Wheat - East (ASX)		May 11	Jan 12	Jan 13
	AUD/t	287 -4.3%	289 -1.2%	302 -1.1%
AU Wheat - WA (ASX)		May 11	Jan 12	Jan 13
	AUD/t	348 -1.7%	295 0.0%	309 0.0%
US Soybeans (CBOT)	US\$/bu	1270 -5.2%	1238 -5.4%	1150 -4.6%
	AUD/t	473 -3.5%	473 -3.7%	455 -3.1%
CA Canola (ICE)	CAD/t	525 -5.4%	514 -5.5%	479 -5.9%
	AUD/t	542 -4.3%	541 -4.5%	518 -4.9%
AU Canola (ASX)		May 11	Jan 12	Jan 13
	AUD/t	510 0.0%	525 0.0%	525 0.0%
US Corn (CBOT)	US\$/bu	636 -4.5%	548 -5.2%	509 -4.9%
	AUD/t	254 -2.8%	225 -3.6%	216 -3.4%
AU Barley (ASX)		May 11	Jan 12	Jan 13
	AUD/t	207 -1.0%	226 -0.9%	226 -0.9%
AU Sorghum (ASX)		May 11	Jul 11	May 12
	AUD/t	224 -3.2%	224 -3.2%	224 -3.2%
US Raw Sugar (ICE)	US\$/lb	25.65 -7.7%	22.51 -7.9%	20.45 -7.0%
	AUD/t	573 -6.0%	512 -6.3%	486 -5.5%
US Cotton (ICE)	US\$/lb	190.94 -3.5%	179.25 -3.8%	102.31 -2.3%
	AUD/bale	968 -1.8%	915 -2.0%	546 -0.7%
AU Wool EMI (AWEX)		Latest	% chg	Last Pricing
	AUD/kg	13.48	0.0%	10/3/11
AU Cattle (EYC)		Latest	% chg	Last Pricing
	AUD/kg	4.09	-0.7%	15/3/11
Crude Oil (WTI)		Latest	% chg	Last Pricing
	USD/bl	97.59	-3.6%	15/3/11
	AUD/bl	98.52	-1.8%	15/3/11
Commodity Indices		Latest	% chg	Last Pricing
	S&P Agri & L'stock (USD)	1315	-4.8%	15/3/11
	S&P Agri & L'stock (AUD)	1328	-3.1%	15/3/11
	S&P All Commodities (USD)	5117	-3.8%	15/3/11
	S&P All Commodities (AUD)	5166	-2.0%	15/3/11
Currencies		Latest	pts chg	% chg
	AUD/USD	0.9906	-0.0184	-1.8%
	AUD/CAD	0.9726	-0.0118	-1.2%
	AUD/JPY	80.17	-2.20	-2.7%
	USD Index	76.3	0.0	0.0%
Equity Markets		Latest	pts chg	% chg
	ASX S&P200	4529	-98	-2.1%
	US DJI	11855	-138	-1.1%
	UK FTSE	5695	-80	-1.4%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 15/03/11, previous pricing date is 14/03/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

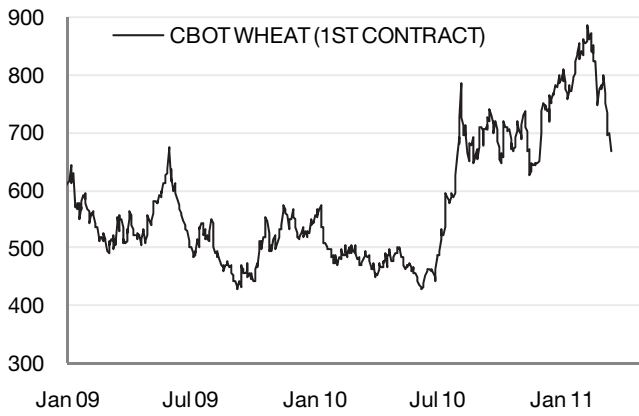


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)



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



Figure 4: ASX Feed Barley (Jan 11 Contract, A\$/t)



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

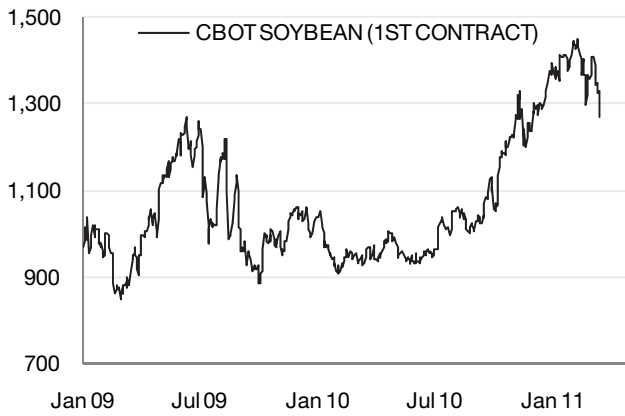


Figure 6: ICE Canola (1st Contract, C\$/t)



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



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





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