

Ag markets mixed. US economic data remains resilient.

- **Markets:** US data continues to suggest that the US economy is weathering the ongoing European crisis relatively well. The US Empire manufacturing survey bounced to a 7-month high and the Philly Fed survey rose to an 8-month high in December. The US current account deficit narrowed from \$124.7 billion to \$110.3 billion in the September quarter. In terms of investment flows there was a huge swing in foreigners' net transactions in US Treasuries, with a total of \$123.8 billion of inflows as the European debt crisis intensified. European shares rose in thin volume on Thursday after a Spanish bond auction produced good demand. US shares also recorded healthy gains on Thursday following the upbeat US manufacturing and employment data. However a warning from the head of the IMF that the world economic outlook was "quite gloomy" and will require action by all countries to head of a global recession capped gains.
- **Currencies:** The AUD ended slightly weaker at USD0.9932 overnight (London close) while the USD index fell 0.4% to 80.3pts.
- **Weather:** A broad low is generating areas of rain and thunderstorms across WA and western parts of SA and the NT. Another trough over the eastern interior is triggering a few showers and storms in NSW and QLD. Heavy storms are forming across the tropics in a moist, unstable airmass.
- **Grains:** US grain markets finished with mixed results overnight.
 - CBOT wheat futures drifted sideways overnight and finished with mixed results across the curve. The Mar 12 contract ended 1 ½ cents weaker at US\$579.25/bu but the Dec 12 contract closed 4 ¼ cents stronger at US\$654.5/bu. Prices for the day were directionless but US wheat markets remain firmly entrenched in their 10 month downtrend. US wheat export sales came in 318.3 thousand tonnes in the week ended 8th December, toward the low end of trade estimates of 300-400 thousand tonnes. In other news, the Buenos Aires Grains Exchange lifted its estimate of the 2011/12 Argentinean wheat harvest from 13 to 13.6 million tonnes because of favourable weather.
 - CBOT corn (Mar 12) dipped 1¾ cents to US\$579/bu overnight in a relatively quiet session. The USDA reported US corn export sales of 506 thousand tonnes in the latest week, within the range of trade estimates of 400-600 thousand tonnes. However the result was well below the 708 thousand tonnes sold the week prior.
 - Activity was limited in the ASX grains market yesterday, however prices were generally quoted a few dollars lower across the board. Weakness in international grain markets was the major negative influence for the session; however harvest delays, particularly in WA, remain supportive.
- **Oilseeds:** CBOT soybeans (Jan 12) rose 1% (11¼¢) to US\$1121.25/bu overnight, supported by continued concerns about patchy dryness in South America's soybean growing regions. US soybean export sales in the week ended 8th December were 468.6 thousand tonnes, within the range of trade estimates but well below the previous week's result of 795.6 thousand tonnes. Canadian canola (Jan 11) dipped slightly to C\$501.1/t last night however longer dated contracts finished modestly firmer.
- **Cotton:** NY cotton (Mar 12) bounced 117pts (1.4%) higher to US\$86.29/lb last night, just the second rise in seven sessions. Profit taking following the recent 10% slump in values supported prices for the session. However the fundamental picture remains weak. US upland cotton sales were just 45.6 thousand bales for the week ending 8th December, including new crop cancellations of more than 10 thousand bales. Total sales over the past month are running 40% behind last year's pace.
- **Sugar:** NY raw sugar (Mar 12) handed back early gains to close 5pts lower at US\$22.75/lb last night, but all other contracts closed with slight gains. The latest German sugar beet test showed sugar content at 17.95% versus 17.27% last year. Total beet deliveries are expected to be 28.9 million tonnes in 2011/12, up from 22.4 million last year, with total sugar output expected to reach 4.7 million tonnes, up from 3.4 million in 2010/11.
- **Crude Oil:** NYMEX crude oil (Jan 12) fell 1.5% to USD93.50/bl.

Ag Commodity Markets: Daily Price Summary*

US Wheat (CBOT)	Mar 12	Dec 12	Dec 13
USc/bu	579 -0.3%	658 +0.7%	689 +0.3%
AUDt **	216 -0.3%	251 +0.5%	267 +0.1%
AU Wheat - East (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	200 -1.6%	203 -1.1%	230 -0.7%
AU Wheat - WA (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	222 +1.7%	220 +1.1%	243 +1.0%
US Soybeans (CBOT)	Mar 12	Nov 12	Nov 13
USc/bu	1121 +1.0%	1130 +0.8%	1130 +0.7%
AUDt **	418 +0.9%	428 +0.7%	437 +0.6%
CA Canola (ICE)	Jan 12	Nov 12	Nov 13
CADt	501 -0.2%	483 +0.1%	492 +0.1%
AUDt **	488 +0.1%	479 +0.4%	497 +0.3%
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	579 -0.3%	543 +0.5%	545 +0.1%
AUDt **	231 -0.4%	222 +0.4%	226 0.0%
AU Barley (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	178 0.0%	182 -0.3%	199 -0.3%
AU Sorghum (ASX)	Jan 12	May 12	May 13
AUD/t	210 0.0%	181 -1.9%	181 -1.9%
US Raw Sugar (ICE)	Mar 12	Oct 12	Oct 13
USc/lb	22.75 -0.2%	22.45 +0.5%	22.74 +0.8%
AUDt **	509 -0.3%	511 +0.4%	528 +0.6%
US Cotton (ICE)	Mar 12	Jul 12	Jul 13
USc/lb	86.29 +1.4%	85.67 +1.3%	85.51 +1.3%
AUD/bale **	438 +1.3%	439 +1.2%	450 +1.1%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing
AUD/kg	11.89	0.3%	15/12/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing
AUD/kg	4.14	0.0%	15/12/11
Crude Oil (WTI)	Latest	% chg	Last Pricing
USD/bl	93.5	-1.5%	15/12/11
AUD/bl **	94.14	-1.6%	15/12/11
Commodity Indices	Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1112	0.0%	14/12/11
S&P Agri & L'stock (AUD)	1121	0.0%	14/12/11
S&P All Commodities (USD)	4711	0.0%	14/12/11
S&P All Commodities (AUD)	4749	0.0%	14/12/11
Currencies	Latest	pts chg	% chg
AUD/USD	0.9932	0.0011	0.1%
AUD/CAD	1.0274	-0.0028	-0.3%
AUD/JPY	77.35	-0.11	-0.1%
USD Index	80.3	-0.3	-0.4%
Equity Markets	Latest	pts chg	% chg
ASX S&P200	4140	-51	-1.2%
US DJI	11892	68	0.6%
UK FTSE	5401	34	0.6%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 15/12/11, previous pricing date is 14/12/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

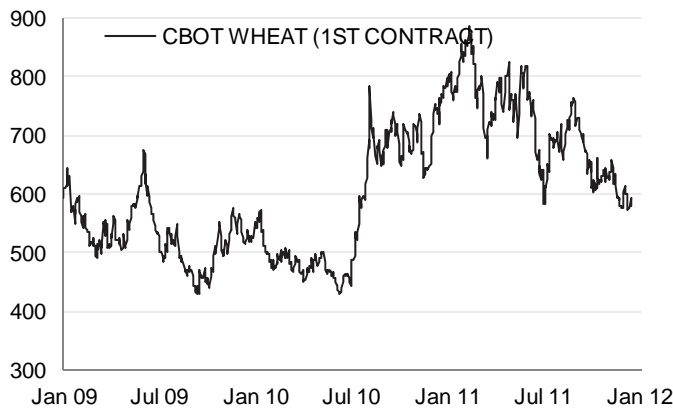


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

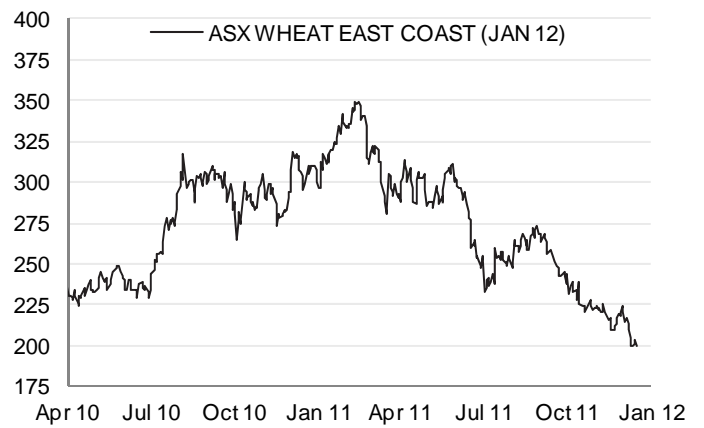


Figure 3: CBOT Corn (1st Contract, US\$/bu)

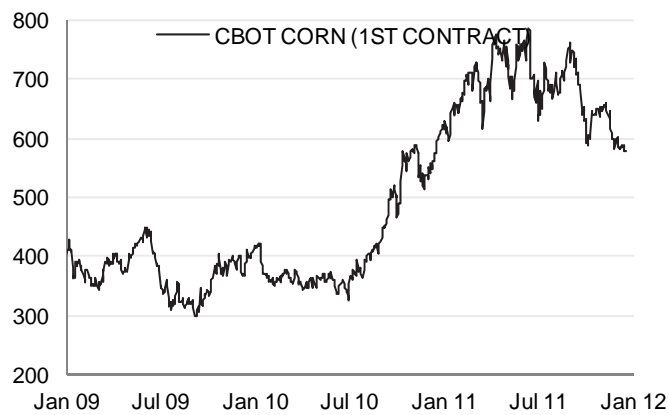


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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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