



## NY cotton trades a 13 cent range amid Japanese nuclear uncertainty.

- Markets:** The crisis in Japan remains the focus of financial markets. And further Middle-East fighting is contributing to the unsettled market mood. The Chief of the International Atomic Energy Agency said that the damage at the nuclear reactor was "very serious" although the reactor core seemed intact. US and European equity markets slumped. US producer prices rose by 1.6% in February - marking the largest monthly increase in 18 months - led by higher commodity prices. Energy price surged by 3.3% in February and food prices jumped 3.9% - the biggest increase since 1974. Core producer prices rose by a much more sedate 0.2% in January and were up by 1.8% over the year. The US housing market remains subdued. Housing starts fell by 22.5% in February, while building permits fell by 8.2% to 517,000 units - the lowest level in records going back to 1960.
- Currencies:** The AUD fell another 0.9% to USD0.9819 overnight (London close) while the USD index firmed 0.4% to 76.4pts. The AUD collapsed further in early trade this morning and is quoted at USD0.9761 (820am aest)
- Weather:** A trough in the east is causing showers and storms over western QLD and the northern tropics. A low and trough in the west are generating rain and storms over the western interior. Warm easterly winds on the west coast are easing as a high keeps most of SA, VIC and TAS dry. ([www.weatherzone.com.au](http://www.weatherzone.com.au))
- Grains:** US grain markets reversed early gains to finish lower last night.
  - CBOT wheat (May 11) finished 0.9% (5¼¢) weaker at US\$662/bu last night, well below the intraday high of US\$697.25/bu. Prices initially bounced on the view that the recent price decline (down 30% in a month) was overdone. However continued political turmoil in the Middle East, and the unfolding disaster in Japan, was enough to push wheat prices lower once again. We think grain markets are due for a bounce, however stability must return to the macro-environment first.
  - CBOT corn (May11) slumped by another 3.1% (19½¢) to US\$616.5/bu as specs, who prior to last week's quake had a record long position, continue to exit the complex. Until a degree of clarity emerges in Japan, an underlying bearish mood is likely to persist in the market. However the trade remains wary that global corn inventories are critically tight and production need to increase sharply in 2011.
  - ASX grain markets fell further once again last night on continued nuclear fears in our second largest wheat export market. The Jan 12 NSW wheat contract dropped \$8.5 to \$280/t with similar losses observed across the curve. East coast feed barley prices (Jan 12) dropped by more than \$10 to \$215/t, the lowest close in two months.
- Oilseeds:** CBOT soybeans rallied during the Asian and London session's, and unlike the grain markets, managed to hold those in during US trade. The May 11 soybean contract closed 17 cents firmer at US\$1287/bu. Outside of the immediate Japanese disaster-zone, the market remains concerned that Brazilian soybean harvest conditions are poor. Furthermore, participants are expecting physical demand in other regions, notably China, to remerge at these levels. Canadian canola (May 11) also bounced last night, finishing C\$8.7 firmer at C\$533.9/t. Previously the canola market had declined for 7 consecutive sessions, and prior to that bear-run prices were trading above C\$600/t.
- Cotton:** The global cotton prices traded in a huge, 13 cent, range last night, but ended at the session's lows. The NY May 11 contract surged higher by the 700pt limit at one point to ~US\$198/lb, however the market then reversed sharply lower and closed at US\$185.12/lb, down 582pts for the day. The sharpest losses however were confined to old-crop supplies, with new crop contracts closing either slightly lower, or slightly higher.
- Sugar:** Raw sugar (May 11) bounced modestly to US\$25.85/lb overnight, up 0.8% (20pts) for the session. But the performance wasn't convincing with all contracts from Mar 12 onwards finished weaker.
- Crude Oil:** NYMEX crude oil (Apr 11) bounced 1.1% to USD98.27/bl.

### Ag Commodity Markets: Daily Price Summary\*

Commodity	Unit	Price	% Chg	Price	% Chg	Price	% Chg
US Wheat (CBOT)	US\$/bu	662	-0.9%	764	-0.1%	778	-0.2%
	AUD/t	249	+0.0%	295	+0.8%	311	+0.8%
AU Wheat - East (ASX)	AUD/t	280	-2.6%	280	-2.9%	293	-2.8%
	AUD/t	348	0.0%	292	-1.0%	306	-1.0%
US Soybeans (CBOT)	US\$/bu	1287	+1.3%	1251	+1.0%	1157	+0.6%
	AUD/t	483	+2.2%	482	+2.0%	463	+1.6%
CA Canola (ICE)	CAD/t	534	+1.7%	523	+1.8%	492	+2.7%
	AUD/t	549	+1.4%	549	+1.5%	531	+2.6%
AU Canola (ASX)	AUD/t	499	-2.2%	514	-2.1%	514	-2.1%
	US\$/bu	617	-3.1%	549	+0.2%	512	+0.6%
US Corn (CBOT)	AUD/t	248	-2.2%	228	+1.2%	219	+1.7%
	AUD/t	204	-1.4%	215	-4.7%	215	-4.7%
AU Barley (ASX)	AUD/t	221	-1.3%	221	-1.3%	221	-1.3%
	US\$/lb	25.85	+0.8%	22.59	+0.4%	20.45	0.0%
US Raw Sugar (ICE)	AUD/t	583	+1.7%	519	+1.3%	491	+1.0%
	US\$/lb	185.12	-3.0%	175.46	-2.1%	102.63	+0.3%
US Cotton (ICE)	AUD/bale	946	-2.2%	904	-1.2%	553	+1.2%
	AUD/kg	13.59		0.8%		16/3/11	
AU Wool EMI (AWEX)	AUD/kg	4.085		-0.1%		16/3/11	
AU Cattle (EYC)	AUD/kg	98.27		1.1%		16/3/11	
Crude Oil (WTI)	USD/bl	100.08		2.0%		16/3/11	
	AUD/bl						
Commodity Indices	Latest	% chg	Last Pricing				
	S&P Agri & L'stock (USD)	1300	-1.2%	16/3/11			
	S&P Agri & L'stock (AUD)	1324	-0.3%	16/3/11			
	S&P All Commodities (USD)	5149	0.6%	16/3/11			
S&P All Commodities (AUD)	5244	1.5%	16/3/11				
Currencies	Latest	pts chg	% chg				
	AUD/USD	0.9819	-0.0087	-0.9%			
	AUD/CAD	0.9756	0.0030	0.3%			
	AUD/JPY	78.59	-1.58	-2.0%			
USD Index	76.7	0.3	0.4%				
Equity Markets	Latest	pts chg	% chg				
	ASX S&P200	4558	30	0.7%			
	US DJI	11613	-242	-2.0%			
	UK FTSE	5598	-97	-1.7%			

\* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 16/03/11, previous pricing date is 15/03/11

Sources: Bloomberg and CBA

\*\* AUD Equivalent Price



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

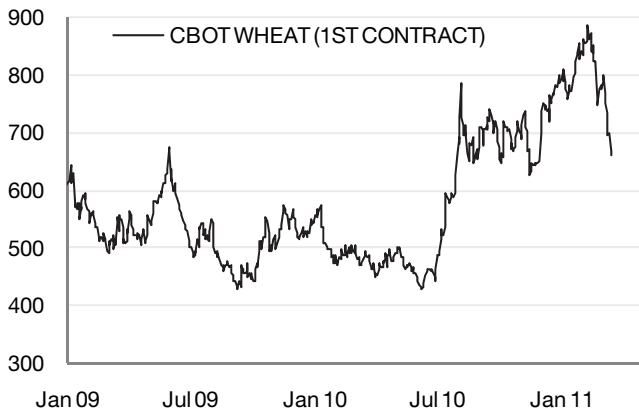


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)



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



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



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

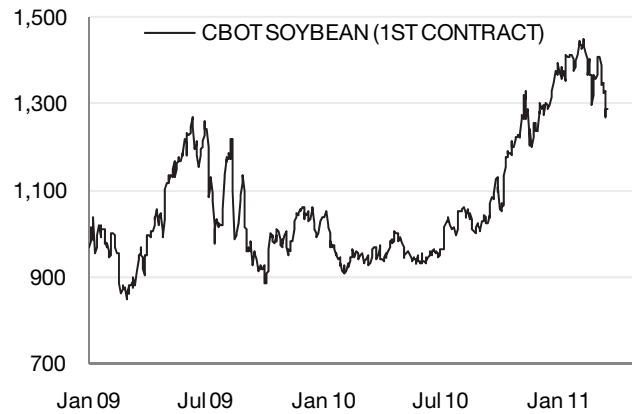


Figure 6: ICE Canola (1<sup>st</sup> Contract, C\$/t)



Figure 7: ICE Cotton (1<sup>st</sup> Contract, US\$/lb)

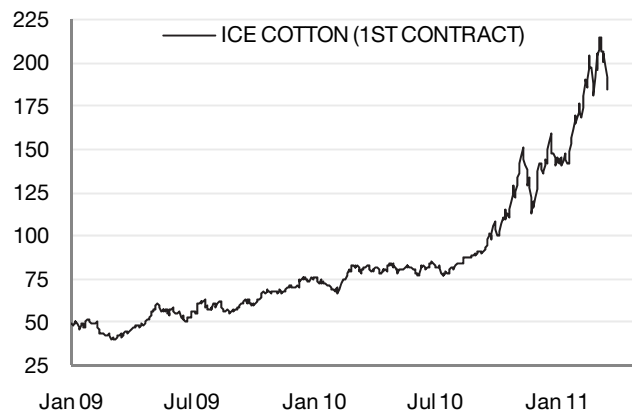


Figure 8: ICE Sugar (1<sup>st</sup> Contract, US\$/lb)





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