

Sugar still surging higher...

- Markets:** US economic data was better than expected on Friday. US retail sales rose by 1.1% in September, the fastest pace of growth in seven months. Sales for the prior two months were also revised higher. The upbeat sales figures resulted in a revision of third quarter growth estimates. US September quarter GDP is now expected to post between 2.3-2.7%. US business inventories rose by 0.5% in August. But the University of Michigan consumer sentiment survey fell from 59.4 to 57.5 in October. Consumer's future outlook also deteriorated with a gauge of consumer expectations falling to 47, its lowest level since May 1980. US and European sharemarkets rose strongly on Friday and rallied strongly for the week.
- Currencies:** The AUD rose 1.5% to USD1.0298 overnight (London close) while the USD index fell 0.5% to 76.6pts.
- Weather:** Cold, strong southwesterly winds across TAS are causing showers and isolated storms with snow to 600 metres. A trough is bringing a cooler change to western WA and the odd thundery shower to far southwest WA. This trough is also triggering heavy storms across the tropics.
- Grains:** US grain markets finished slightly firmer on Friday night.
 - CBOT wheat (Dec 11) ended 4 ¾ cents firmer at US\$622.75/bu (~A\$224/t) on Friday after earlier trading up to US\$632/bu. Supporting wheat markets was confirmation that the recent slide in prices has unearthed physical demand. US weekly wheat export sales for the week ending 6th October came in 500.7 thousand tonnes, above estimates for 300-450 thousand according to Reuters. Also encouraging for prices were reports that Bangladesh will speed up the pace of imports to take advantage of the recent slide in prices. But weighing on prices were reports that Libya cancelled a tender to buy 100 million tonnes of wheat and that recent heavy rain has helped improve the Argentinean wheat crop.
 - CBOT corn (Dec 11) closed slightly firmer at US\$640/bu on Friday after trading both sides of unchanged. US corn export sales in the week ended 6th Oct was 1.34 million tonnes, well above expectations of 800-950 thousand tonnes, including the large purchase by the Chinese. US corn sales for the past 4 weeks are up 23% YOY. Corn stocks are extremely tight and the fall in prices has uncovered strong demand.
 - ASX NSW wheat (Jan 12) was unchanged at \$226/t on Friday while the Jan 13 NSW wheat contract fell \$4.5 to \$253/t. Other ASX grain markets were also quoted lower for the session. The higher AUD weighed on local values and crop conditions are favourable.
- Oilseeds:** CBOT soybeans (Nov 11) rose 1% (13 ¢) to US\$1270/bu, the fifth consecutive rise. Informa economics has raised its estimate of US 2012 soybean plantings from 75.8 million acres to 77 million because of improving soy/corn price relativities. Their corn area estimate was reduced by the equivalent margin. The National Oilseed Processors Association (NOPA) reported the US September soy crush at 110.3 million bushels, below the average trade estimate of 118.05 million. Canadian canola (Jan 12) ended C\$3.3 firmer at C\$548.2/t, however the close was well off the session highs of nearly C\$555/t.
- Cotton:** NY cotton (Dec 11) traded above US\$103.5/lb early in the session before falling back and closing at US\$101.94/lb, up just 38pts for the day. The market remains range bound and directionless. The better than expected US retail sales result was supportive for cotton prices, however last week's upward revision to world cotton stocks remains bearish.
- Sugar:** NY raw sugar (Mar 12) surged another 102pts (3.8%) to US\$27.93/lb on Friday, extending the weekly gains to 10%. Bloomberg reported that the cane crush in Maharashtra, India's largest producing state, will be delayed by a month because of late monsoon rains and a price dispute with growers. The delays in India and the flood-induced delays in Thailand – the world's second and third largest producers – raise the prospect for near term supply shortages in the sugar market
- Crude Oil:** NYMEX crude oil (Nov 11) rallied 3.1% to USD86.80/b.

Ag Commodity Markets: Daily Price Summary*

US Wheat (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	623 +0.8%	657 +0.5%	730 -0.2%
AUD/t **	224 -0.7%	238 -1.0%	271 -1.6%
AU Wheat - East (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	226 0.0%	232 +0.9%	253 -1.7%
AU Wheat - WA (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	233 +1.2%	234 +1.2%	261 +1.0%
US Soybeans (CBOT)	Nov 11	Jan 12	Nov 12
USc/bu	1270 +1.0%	1279 +0.9%	1251 +0.9%
AUD/t **	455 -0.4%	461 -0.5%	463 -0.5%
CA Canola (ICE)	Nov 11	Jan 12	Nov 12
CAD/t	538 +0.5%	548 +0.6%	537 +0.7%
AUD/t **	517 -0.2%	529 -0.1%	531 0.0%
AU Canola (ASX)	Nov 11	Jan 12	Jan 13
AUD/t	560 0.0%	550 0.0%	550 0.0%
US Corn (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	640 +0.3%	652 +0.3%	602 +1.1%
AUD/t **	247 -1.2%	253 -1.2%	239 -0.3%
AU Barley (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	201 -1.5%	203 -0.1%	226 -0.1%
AU Sorghum (ASX)	Nov 11	May 12	May 13
AUD/t	220 0.0%	216 -0.2%	220 -0.2%
US Raw Sugar (ICE)	Mar 12	Oct 12	Oct 13
USc/lb	27.93 +3.8%	25.23 +2.9%	24.39 +2.1%
AUD/t **	607 +2.3%	556 +1.4%	552 +0.6%
US Cotton (ICE)	Dec 11	Jul 12	Jul 13
USc/lb	101.94 +0.4%	97.77 +0.9%	95.31 +0.5%
AUD/bale **	497 -1.1%	487 -0.5%	489 -0.9%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing
AUD/kg	11.60	0.0%	13/10/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing
AUD/kg	3.98	-0.1%	14/10/11
Crude Oil (WTI)	Latest	% chg	Last Pricing
USD/bl	86.8	3.1%	14/10/11
AUD/bl **	84.29	1.6%	14/10/11
Commodity Indices	Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1251	1.1%	14/10/11
S&P Agri & L'stock (AUD)	1215	-0.4%	14/10/11
S&P All Commodities (USD)	4844	2.4%	14/10/11
S&P All Commodities (AUD)	4704	1.0%	14/10/11
Currencies	Latest	pts chg	% chg
AUD/USD	1.0298	0.0149	1.5%
AUD/CAD	1.0448	0.0070	0.7%
AUD/JPY	79.64	1.62	2.1%
USD Index	76.6	-0.4	-0.5%
Equity Markets	Latest	pts chg	% chg
ASX S&P200	4206	-39	-0.9%
US DJI	11644	166	1.4%
UK FTSE	5466	63	1.2%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 14/10/11, previous pricing date is 13/10/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

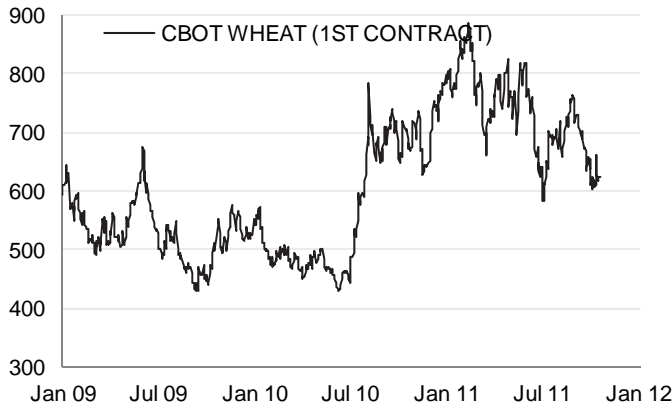


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

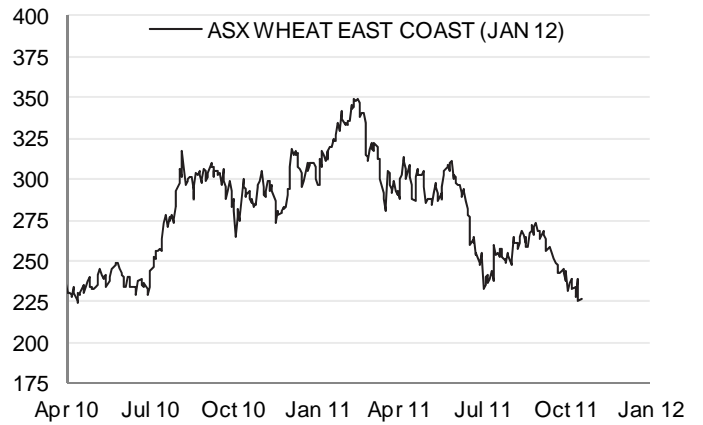


Figure 3: CBOT Corn (1st Contract, US\$/bu)

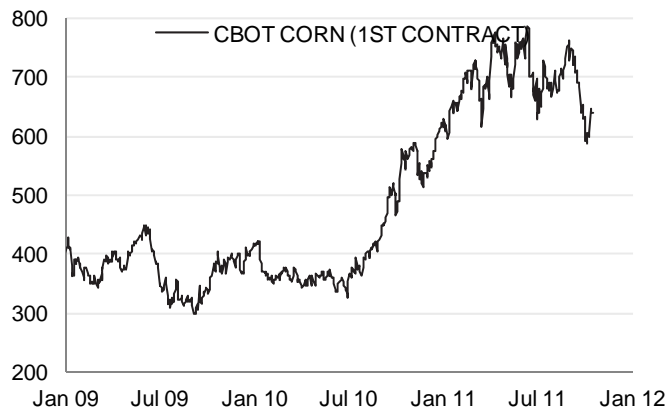


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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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Research

Commodities		Telephone	Email Address
Luke Mathews	Agri Commodities	+612 9118 1098	luke.mathews@cba.com.au
Lachlan Shaw	Mining & Energy Commodities	+613 9675 8618	lachlan.shaw@cba.com.au
Paul Hodsmen, CFA	Mining & Energy Commodities	+613 9675 8532	paul.hodsmen@cba.com.au
Elise Aaternir	Mining & Energy Commodities	+613 9675 6202	elise.aaternir@cba.com.au

Economics		Telephone	Email Address
Michael Blythe	Chief Economist	+612 9118 1101	michael.blythe@cba.com.au
Michael Workman	Senior Economist	+612 9118 1019	michael.workman@cba.com.au
John Peters	Senior Economist	+612 9117 0112	john.peters@cba.com.au
James McIntyre	Economist	+612 9118 1100	james.mcintyre@cba.com.au

Fixed Income		Telephone	Email Address
Adam Donaldson	Head of Debt Research	+612 9118 1095	adam.donaldson@cba.com.au
Philip Brown	Fixed Income Quantitative Strategist	+612 9118 1090	philip.brown@cba.com.au
Alex Stanley	Associate Analyst, Fixed Income	+612 9118 1125	alex.stanley@cba.com.au
Steve Shoobert	Credit Research Analyst	+612 9118 1096	steve.shoobert@cba.com.au
Winnie Chee	Securitized Product	+612 9118 1104	winnie.chee@cba.com.au
Tally Dewan	Quantitative Analyst	+612 9118 1105	tally.dewan@cba.com.au
Kevin Ward	Database Manager	+612 9118 1960	kevin.ward@cba.com.au

Foreign Exchange and International Economics		Telephone	Email Address
Richard Grace	Chief Currency Strategist & Head of International Economics	+612 9117 0080	richard.grace@cba.com.au
Joseph Capurso	Currency Strategist	+612 9118 1106	joseph.capurso@cba.com.au
Peter Dragicevich	FX Economist	+612 9118 1107	peter.dragicevich@cba.com.au
Andy Ji	Asian Currency Strategist	+65 6349 7056	andy.ji@cba.com.au
Chris Tennent-Brown	FX Economist	+612 9117 1378	chris.tennent.brown@cba.com.au
Martin McMahon	Economist Europe	+44 20 7710 3918	martin.mcmahon@cba.com.au

Delivery Channels & Publications		Telephone	Email Address
Monica Eley	Internet/Intranet	+612 9118 1097	monica.eley@cba.com.au
Ai-Quynh Mac	Information Services	+612 9118 1102	maca@cba.com.au

New Zealand		Telephone	Email Address
Nick Tuffley	ASB Chief Economist	+649 301 5659	nick.tuffley@asb.co.nz
Jane Turner	Economist	+649 301 5660	jane.turner@asb.co.nz
Christina Leung	Economist	+649 301 5661	christina.leung@asb.co.nz

Sales

Institutional	Telephone	Equities	Telephone
Syd FX	+612 9117 0190	Syd	+612 9118 1446
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Corporate	Telephone
NSW	+612 9117 0377
VIC	+612 9675 7737
SA	+618 8206 4155
WA	+618 9482 6044
QLD	+617 3015 4525
NZ	+64 9375 5738
Metals Desk	+612 9117 0069
Agri Desk (Corp)	+612 9117 0157
Agri Desk	+612 9117 0145