

Agricultural markets crushed...

- **Markets:** Sovereign debt concerns in Europe escalated last night after bond auctions in Spain and France saw yields rise significantly. The Spanish 10yr bond auction recorded the highest borrowing costs since 1997. European and US equity markets slumped as a result. In economic news, US Philly Fed factory activity fell from 8.7 to 3.6 in November, well below expectations of a result around 8.0. On a positive note the more forward looking indicator of business conditions six months from now rose sharply from 27.2 to 41.9 the highest reading in almost 7 years. And US jobless claims fell by 5,000 to 388,000 in the past week, marking the lowest reading in 9 months.
- **Currencies:** The AUD fell 1.3% to USD1.0002 overnight (London close) and the USD index rose 0.4% to 78.3pts. The USD is below parity this morning.
- **Weather:** A trough is generating cloud, rain and thunderstorms in northern NSW and western QLD. A low is triggering scattered storms across the northern NT and WA Kimberley, with locally heavy falls. A front moving through the bight is bringing showers and storms.
- **Grains:** US grain markets collapsed overnight.
 - CBOT wheat (Dec 11) slumped 3.9% to US\$592.5/bu (~A\$218/t) last night and the Mar 12 contract fell 4% to US\$612/bu, the lowest close since June last year. Poor export demand for US grain, improving crop conditions in US and hefty FSU supplies weighed heavily on prices. US weekly wheat export sales came in at 335 thousand tonnes, below estimates of 350-450 thousand tonnes. Finally, the Buenos Aires Grains Exchange raised their estimate for the 2011/12 Argentine wheat crop to 13 million tonnes from their previous estimate of 12.6 million.
 - CBOT corn (Dec 11) collapsed 4.4% (28¼¢) to US\$614.5/bu overnight with heavy losses across the curve. Extremely poor international demand for US corn remains the key drag on prices, with Black Sea corn outcompeting on price. Feed wheat supplies are also taking market share from US corn, with Reuters reporting that Thai feed millers bought 150 thousand tonnes of Australian feed wheat for January shipment. US corn export sales came in at just 209 thousand tonnes, below estimates of 350-600 thousand tonnes, and the weakest result in 13 months.
 - ASX NSW wheat (Jan 12) traded fell more than \$3 to \$213/t yesterday, WA Jan 12 wheat traded down to \$227/t and Jan 12 feed barley dropped to \$175/t. Slumping international grain markets, the bumper Australian crop and stiff export competition weighed on local values.
- **Oilseeds:** CBOT soybeans (Jan 11) fell 1.6% (19 ½ ¢) to US\$1168.25/bu, just holding above recent support levels. The huge fall in corn prices, weak crude oil prices and the general 'risk-off attitude' weighed on oilseed prices last night. US weekly soybean export sales came in at 751 thousand tonnes last night, up from estimates of 500-700 thousand tonnes. Canadian canola (Jan 11) fell C\$5 to C\$521.8/t.
- **Cotton:** NY cotton (Dec 11) slumped the 4 cent daily limit to close at US\$99.5/lb last night, despite another strong US cotton export sales result. Weekly cotton exports for the week ended 10 Nov were 641 thousand bales, following the previous week's massive 1.02 million bale result. Total sales for the past four weeks are now running 15% above last year's level. Fears the European sovereign debt crisis will continue to escalate, resulting in further downgrades to global economic growth, weighed heavily on cotton prices for the session. Cotlook cut its forecast of 2011/12 world cotton demand by 400 thousand tonnes, implying virtually nil annual growth, resulting in a 20% upward revision to last months ending stock forecast.
- **Sugar:** NY raw sugar (Mar 12) fell 2% (48pts) to US\$24.04/lb last night, pressured by wider financial market risk aversion. Reuters reported that Malaysia contracted to buy 1 million tonnes per year for the next 3 years from Cargill in a deal agreed in October. No other details are known at this point. The International Sugar Organisation has revised its estimate of the 2011/12 global sugar surplus slightly wider to 4.5 million tonnes, but they indicated that the market may be only balanced in 2012/13.
- **Crude Oil:** NYMEX crude oil (Dec 11) slumped 3.4% to USD99.06/bl.

Ag Commodity Markets: Daily Price Summary*

		Dec 11	Mar 12	Dec 12
US Wheat (CBOT)	US\$/bu	593 -3.9%	612 -4.0%	684 -4.7%
	AUD/t **	218 -2.6%	227 -2.8%	259 -3.5%
AU Wheat - East (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	213 -1.6%	217 -3.1%	244 -1.3%
AU Wheat - WA (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	227 -2.2%	227 -2.2%	250 -2.0%
US Soybeans (CBOT)	US\$/bu	1168 -1.6%	1180 -1.9%	1165 -1.3%
	AUD/t **	431 -0.3%	444 -0.6%	448 -0.1%
CA Canola (ICE)		Jan 12	Nov 12	Nov 13
	CAD/t	522 -0.9%	513 -1.2%	522 -1.2%
	AUD/t **	509 -0.3%	510 -0.6%	529 -0.6%
AU Canola (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	550 0.0%	550 0.0%	550 0.0%
US Corn (CBOT)	US\$/bu	615 -4.4%	623 -4.4%	560 -3.6%
	AUD/t **	242 -3.1%	248 -3.2%	227 -2.4%
AU Barley (ASX)		Jan 12	Mar 12	Jan 13
	AUD/t	175 -1.7%	179 -1.6%	196 -1.5%
AU Sorghum (ASX)		Jan 12	May 12	May 13
	AUD/t	210 0.0%	217 +0.5%	222 +0.5%
US Raw Sugar (ICE)		Mar 12	Oct 12	Oct 13
	US\$/lb	24.04 -2.0%	23.29 -1.2%	23.24 -1.3%
	AUD/t **	535 -0.7%	526 +0.1%	536 -0.1%
US Cotton (ICE)	US\$/lb	99.50 -3.9%	96.65 -3.5%	94.16 -2.9%
	AUD/bale **	498 -2.6%	493 -2.2%	492 -1.7%
AU Wool EMI (AWEX)		Latest	% chg	Last Pricing
	AUD/kg	11.90	-1.3%	17/11/11
AU Cattle (EYCI)		Latest	% chg	Last Pricing
	AUD/kg	4.04	-0.2%	17/11/11
Crude Oil (WTI)		Latest	% chg	Last Pricing
	USD/bl	99.06	-3.4%	17/11/11
	AUD/bl **	99.04	-2.1%	17/11/11
Commodity Indices		Latest	% chg	Last Pricing
	S&P Agri & L'stock (USD)	1184	-2.4%	17/11/11
	S&P Agri & L'stock (AUD)	1183	-1.1%	17/11/11
	S&P All Commodities (USD)	4957	-2.9%	17/11/11
	S&P All Commodities (AUD)	4956	-1.6%	17/11/11
Currencies		Latest	pts chg	% chg
	AUD/USD	1.0002	-0.0135	-1.3%
	AUD/CAD	1.0274	-0.0072	-0.7%
	AUD/JPY	77.02	-1.09	-1.4%
	USD Index	78.3	0.3	0.4%
Equity Markets		Latest	pts chg	% chg
	ASX S&P200	4258	11	0.3%
	US DJI	11771	-135	-1.1%
	UK FTSE	5423	-86	-1.6%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 17/11/11, previous pricing date is 16/11/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

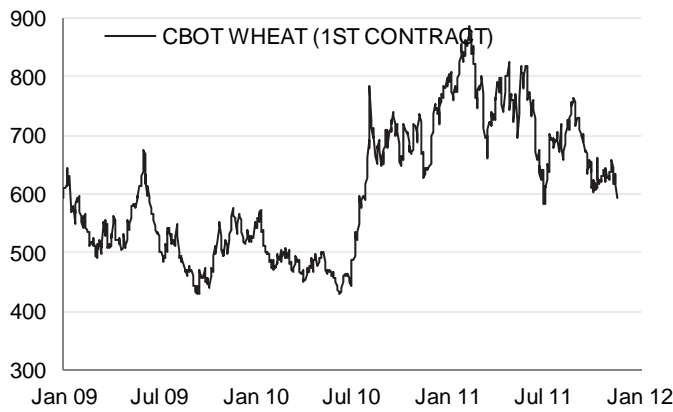


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

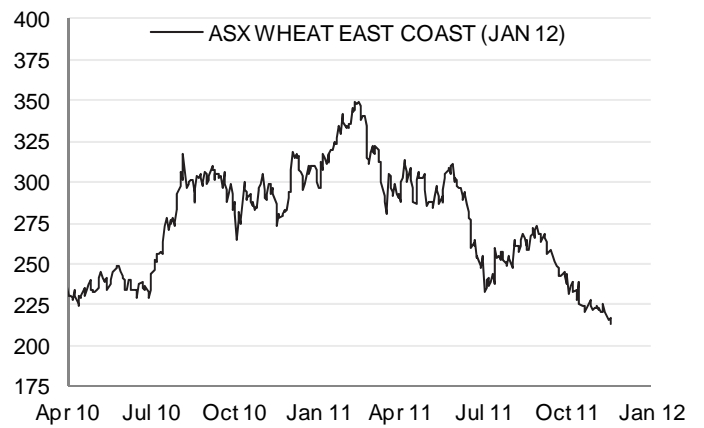


Figure 3: CBOT Corn (1st Contract, US\$/bu)

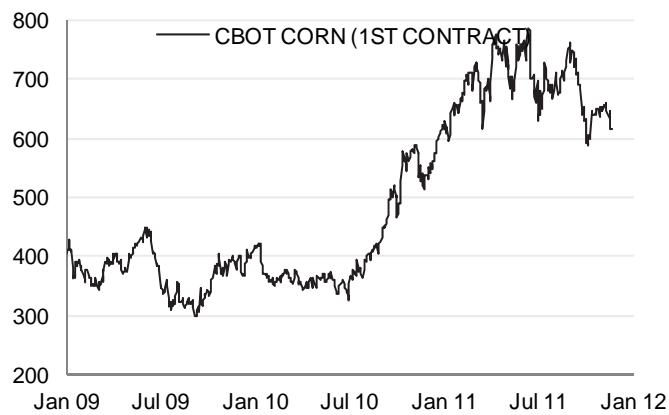


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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



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

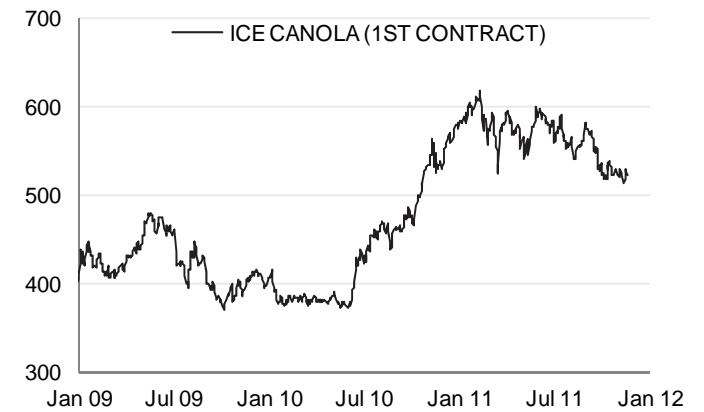


Figure 7: ICE Cotton (1st Contract, US\$/lb)



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





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