



## Sugar slumps 6.7%...

- **Markets:** US consumer sentiment rose from 55.7 to 57.8 in September, above forecasts for a result near 56.3. Moody's Investors Service left Italy's Aa2 foreign currency credit rating unchanged but has kept the rating on review for a possible downgrade. European and US shares rose again on Friday on hopes that euro zone finance ministers would advance plans to address the region's debt crisis over the weekend.
- **Currencies:** The AUD rose 0.5% to USD1.0377 Friday night (London close) and the USD index also rose 0.5% to 76.6pts.
- **Weather:** A cold front is bringing potentially damaging winds and a cooler change to SA but only a few showers. Warm northerly winds in SA and the eastern interior ahead of the trough are leading to high fire danger. A high in the west is causing wind and showers to ease in southern WA. ([www.weatherzone.com.au](http://www.weatherzone.com.au))
- **Grains:** US grain markets finished lower on Friday night.
  - CBOT wheat (Dec 11) ended 7 ¼ cents (1.1%) weaker at US\$688.25/bu (~A\$246/t) on Friday, to be nearly 15% lower so far this month. The loss on Friday represented the eighth loss in nine sessions, with light export demand for US wheat and beneficial planting rain in the US HRW wheat belt pressuring prices lower.
  - CBOT corn (Dec 11) fell 9 cents (1.3%) to US\$692/bu on Friday to be off 6% for the week. Wider concerns about the state of the global economy and fears of sluggish demand for US corn continue to weigh on values.
  - It was another poor session for ASX grain markets on Friday. NSW wheat (Jan 12) traded \$5 lower to \$250/t and east coast feed barley (Jan 12) fell by \$8 to \$219/t. The weakness currently sweeping through international grain markets is providing a bearish lead for the local market. And while some participants are nervous about local production prospects, the situation does not yet warrant local prices cutting ties with the global market. Nonetheless, local east coast-CBOT basis continues to creep higher into positive territory. Parts of the WA grain belt have received excellent rainfall in the past 24 hours. Rain is needed on the east coast, but good falls are not in the weekly forecast.
- **Oilseeds:** CBOT soybeans (Nov 11) ended 3¼ ¢ lower at US\$1355.5/bu, pressured by weaker US grain values, falling crude oil markets and the stronger USD. But uncertainty regarding the extent of frost damage in the Upper US Midwest soybean crop provided underlying support to values. Canadian canola (Nov 11) closed virtually unchanged at C\$551/t.
- **Cotton:** NY cotton (Dec 11) closed 110pts (1%) weaker at US\$110.52/lb. The cotton market remains aware that physical cotton demand remains very weak, evidence by the big export sales cancellation from the US last week. Further demand destruction remains a distinct possibility given current cotton prices are exceptionally high and the global economic outlook is very weak.
- **Sugar:** NY raw sugar (Oct 11) collapsed 6.7% (198pts) to US\$27.52/lb after trading sideways for the past week. The October 12 contract slumped 4% (99pts) to US\$23.96/lb. Reuters reported that Indian sugar production and exports could be revised higher, and there were rumours that the most bearish of the Brazilian production forecasts could be increased. Media reports suggest that the damage to Pakistan cane crops (because of recent flooding) may not be as severe as previously thought. The Pakistan government indicated there are sufficient sugar inventories and there is no need to currently import sugar. Finally, Bloomberg reported that the number of vessels waiting to load sugar in Brazilian ports fell to 36 on Friday, down from 98 a year earlier. The vessels are scheduled to load 1.1 million tonnes of supplies compared to 2.8 million last year. The huge decline is due to sharply lower exportable supplies in Brazil this year, fewer harvest disruptions and subdued global demand.
- **Crude Oil:** NYMEX crude oil (Oct 11) fell 1.6% to USD87.96/bl.

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

US Wheat (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	688 -1.1%	727 -0.6%	788 -1.0%
AUDt **	246 -1.7%	262 -1.2%	292 -1.5%
AU Wheat - East (ASX)	Jan 12	Mar 12	Jan 13
AUDt	251 -1.4%	255 -0.7%	278 +0.3%
AU Wheat - WA (ASX)	Jan 12	Mar 12	Jan 13
AUDt	268 +1.3%	272 +1.3%	295 +1.2%
US Soybeans (CBOT)	Nov 11	Jan 12	Nov 12
USc/bu	1356 -0.2%	1367 -0.2%	1342 -0.3%
AUDt **	482 -0.8%	489 -0.8%	493 -0.9%
CA Canola (ICE)	Nov 11	Jan 12	Nov 12
CADt	551 -0.1%	561 0.0%	557 +0.0%
AUDt **	544 0.0%	557 +0.0%	565 +0.1%
AU Canola (ASX)	Nov 11	Jan 12	Jan 13
AUDt	560 0.0%	560 0.0%	560 0.0%
US Corn (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	692 -1.3%	706 -1.3%	626 -0.9%
AUDt **	265 -1.8%	272 -1.9%	248 -1.5%
AU Barley (ASX)	Jan 12	Mar 12	Jan 13
AUDt	219 -3.5%	221 -3.5%	222 -3.5%
AU Sorghum (ASX)	Nov 11	May 12	May 13
AUDt	237 -0.5%	243 -1.2%	243 -1.2%
US Raw Sugar (ICE)	Oct 11	Oct 12	Oct 13
USc/lb	27.52 -6.7%	23.96 -4.0%	23.01 -2.7%
AUDt **	586 -7.2%	528 -4.5%	525 -3.2%
US Cotton (ICE)	Dec 11	Jul 12	Jul 13
USc/lb	110.52 -1.0%	104.55 -0.9%	101.48 -0.2%
AUD/bale **	537 -1.5%	518 -1.4%	516 -0.7%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing
AUD/kg	12.74	0.0%	15/9/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing
AUD/kg	4.02	0.1%	16/9/11
Crude Oil (WTI)	Latest	% chg	Last Pricing
USD/bl	87.96	-1.6%	16/9/11
AUD/bl **	84.76	-2.1%	16/9/11
Commodity Indices	Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1297	-1.5%	16/9/11
S&P Agri & L'stock (AUD)	1250	-2.1%	16/9/11
S&P All Commodities (USD)	4955	-0.8%	16/9/11
S&P All Commodities (AUD)	4775	-1.4%	16/9/11
Currencies	Latest	pts chg	% chg
AUD/USD	1.0377	0.0056	0.5%
AUD/CAD	1.0169	-0.0004	0.0%
AUD/JPY	79.79	0.60	0.8%
USD Index	76.6	0.4	0.5%
Equity Markets	Latest	pts chg	% chg
ASX S&P200	4149	78	1.9%
US DJI	11509	76	0.7%
UK FTSE	5368	31	0.6%

\* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 16/09/11, previous pricing date is 15/09/11

Sources: Bloomberg and CBA

\*\* AUD Equivalent Price



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

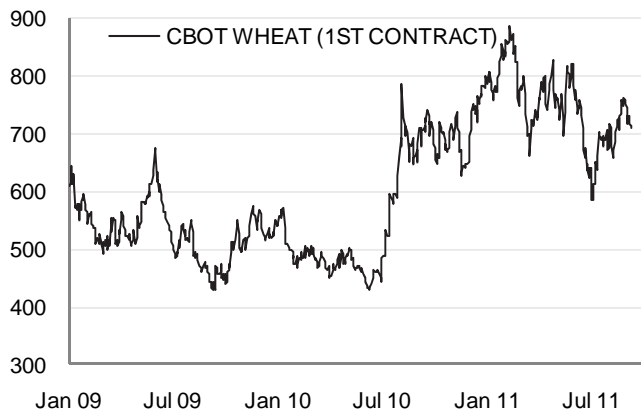


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)



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

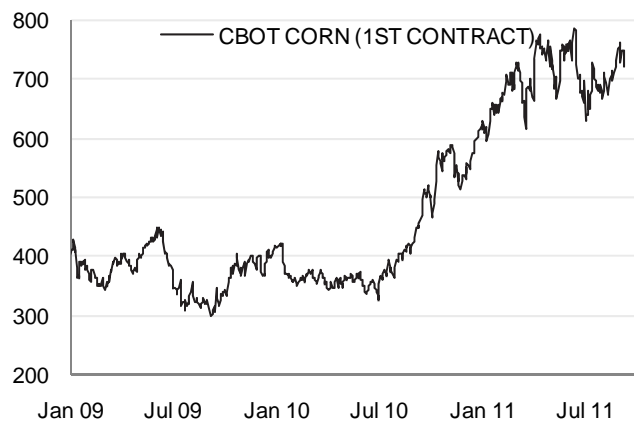


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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

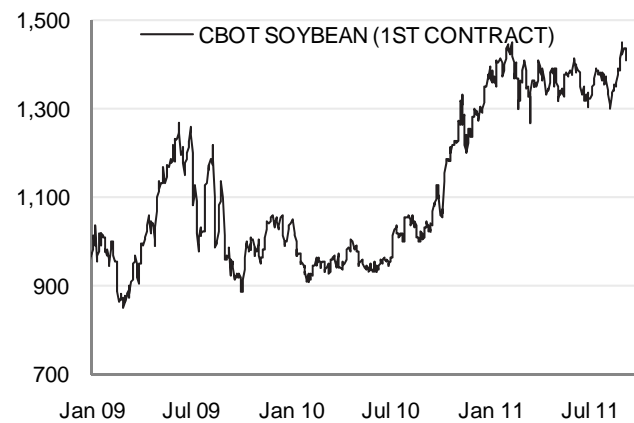


Figure 6: ICE Canola (1<sup>st</sup> Contract, C\$/t)



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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