

Commodity markets on the back foot.

- **Markets:** US economic data was relatively weak overnight. US existing home sales fell by 0.8% in April, against expectations of a 2% rise. The median home price was \$163,700 in April, down 5% on a year ago. US jobless claims fell by a larger than expected 29,000 to 409,000 last week. The Philadelphia Fed business activity index fell to a seven month low with the new orders sub-index sharply weaker. The Conference Board US leading indicators index fell 0.3% in April marking its first decline since June last year - suggesting the "pace of economic activity may be choppy" in coming months. Still, US and European equities finished higher.
- **Currencies:** The AUD rose 0.3% to USD1.0639 overnight (London close) while the USD index fell 0.5% to 75.1pts.
- **Weather:** A large high is keeping most of southeastern Australia dry. Moist onshore winds are bringing coastal showers to eastern QLD and northern NSW. A trough moving through the Bight is generating isolated showers over southern SA. A front is bringing rain to the southwest.
- **Grains:** US grain markets finished mostly lower overnight.
 - CBOT wheat (Jul 11) traded either side of unchanged before closing lower by 5 cents (0.6%) at USc812/bu. Profit taking in the wheat pit was noted last night following the surge in values over the previous few sessions. US old-crop wheat export sales were disappointing this week, only coming in at 126.7 thousand tonnes, down 61% from the previous week and nearly 50% from the prior 4-week average. Yet new-crop export sales were more heartening, coming in at 672.2 thousand tonnes compared to 230 thousand tonnes the week prior.
 - CBOT corn (Jul 11) ended 1 ½ cents weaker at USc748.25/bu after trading above USc759/bu earlier in the session. Total US corn export sales were extremely strong this week, coming in at 1.15 million tonnes versus 457.5 thousand the week prior. It was the strongest weekly sales result since late March, and signals that significant pent-up demand was uncovered as corn prices slumped in early May.
 - ASX grain markets rallied sharply yesterday, supported by recent strong gains in international grain markets and the comparatively cheap price of Australian grain. The NSW Jan 12 milling wheat contract officially closed \$7.5 higher at \$302.5/t, however the contract traded up to \$307/t in the evening session. East coast feed barley for Jan 12 delivery firmed \$3.5/t to \$2226/t. Showers are currently extending into WA grain producing regions this morning – substantial rainfall is required, particularly considering the 8 day forecast is mainly dry.
- **Oilseeds:** CBOT soybeans (Jul 11) traded both higher and lower overnight before finishing the session unchanged at USc1379.5/bu. US old-crop soybean export sales for the week ended 12th May lifted markedly week-on-week to 166 thousand tonnes, however in reality, this remain a subdued sales result. More encouraging though was the fact that US exporters last night sold a further 110 thousand tonnes of soybeans to China for 2011/12 delivery. Canadian canola (Jul 11) rose C\$3.6 to C\$580.4/t.
- **Cotton:** NY cotton futures handed back some of the recent, hard earned gains overnight. The nearby Jul 11 contract tumbled 421pts (2.6%) to USc155.65/lb while the new-crop Dec 11 contract fell 379pts to USc119.19/lb after meeting sturdy technical resistance levels. Another bout of US cotton export cancellations by key importers weighed heavily on prices. The latest US weekly export sales data showed net cancellations of 30.5 thousand bales for the 2010/11 season, with Chinese importers cancelling 44 thousand bales. The cotton market is currently weighing up the influence of declining global demand vs. worries over 2011 production prospects. Weather conditions in the US and China are far from perfect, and in our view, if crop failures materialise prices could easily spike higher.
- **Sugar:** NY raw sugar (Jul 11) fell 103pts (4.5%) to USc21.82/lb overnight, the first loss in over a week. Far dated contracts ended with smaller losses.
- **Crude Oil:** NYMEX crude oil (Jul 11) fell 1.6% to USD98.48/bl.

Ag Commodity Markets: Daily Price Summary*

Commodity	Unit	Jul 11	Dec 11	Dec 12	
US Wheat (CBOT)	USc/bu	812 -0.6%	901 -0.2%	954 -0.4%	
	AUD/t	282 -0.9%	319 -0.5%	354 -0.6%	
AU Wheat - East (ASX)	AUD/t	290 +2.3%	303 +2.5%	324 +1.7%	
	AUD/t	376 0.0%	324 +2.5%	338 +2.4%	
US Soybeans (CBOT)	USc/bu	1380 0.0%	1350 -0.3%	1303 -0.4%	
	AUD/t	478 -0.3%	476 -0.5%	478 -0.7%	
CA Canola (ICE)	CAD/t	580 +0.6%	587 +0.6%	564 +0.8%	
	AUD/t	572 +0.6%	582 +0.6%	572 +0.8%	
AU Canola (ASX)	AUD/t	517 0.0%	543 0.0%	543 0.0%	
	US Corn (CBOT)	USc/bu	748 -0.2%	662 -1.6%	591 -1.0%
AUD/t		278 -0.5%	251 -1.9%	235 -1.2%	
AU Barley (ASX)	AUD/t	210 +1.4%	226 +1.6%	226 +1.6%	
	AU Sorghum (ASX)	AUD/t	235 +6.8%	239 +6.7%	239 +6.7%
US Raw Sugar (ICE)		USc/lb	21.82 -4.5%	21.61 -3.0%	21.68 -1.7%
	AUD/t	454 -4.8%	455 -3.2%	477 -1.9%	
US Cotton (ICE)	USc/lb	155.65 -2.6%	111.21 -3.3%	105.94 -0.9%	
	AUD/bale	734 -2.9%	542 -3.5%	522 -1.7%	
AU Wool EMI (AWEX)	AUD/kg	Latest 13.64	% chg 2.1%	Last Pricing 19/5/11	
AU Cattle (EYC)	AUD/kg	Latest 3.89	% chg 0.2%	Last Pricing 19/5/11	
Crude Oil (WTI)	USD/bl	Latest 98.48	% chg -1.6%	Last Pricing 19/5/11	
	AUD/bl	92.57	-1.9%	19/5/11	
Commodity Indices	Latest	% chg	Last Pricing		
	S&P Agri & L'stock (USD)	1364	-1.0%	19/5/11	
	S&P Agri & L'stock (AUD)	1282	-1.3%	19/5/11	
	S&P All Commodities (USD)	5180	-1.1%	19/5/11	
S&P All Commodities (AUD)	4869	-1.4%	19/5/11		
Currencies	Latest	pts chg	% chg		
	AUD/USD	1.0639	0.0028	0.3%	
	AUD/CAD	1.0312	0.0000	0.0%	
	AUD/JPY	86.97	0.48	0.6%	
USD Index	75.1	-0.4	-0.5%		
Equity Markets	Latest	pts chg	% chg		
	ASX S&P200	4756	63	1.3%	
	US DJI	12605	45	0.4%	
	UK FTSE	5956	33	0.5%	

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 19/05/11, previous pricing date is 18/05/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



Figure 1: CBOT Wheat (1st Contract, USc/bu)

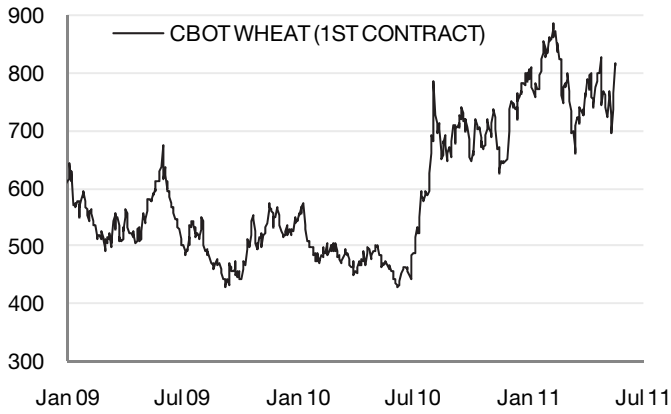


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

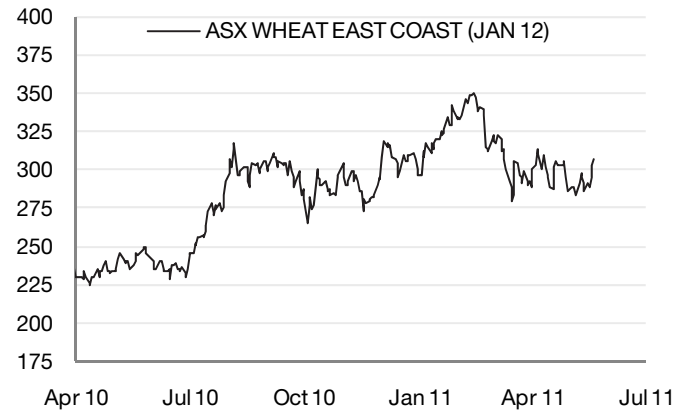


Figure 3: CBOT Corn (1st Contract, USc/bu)

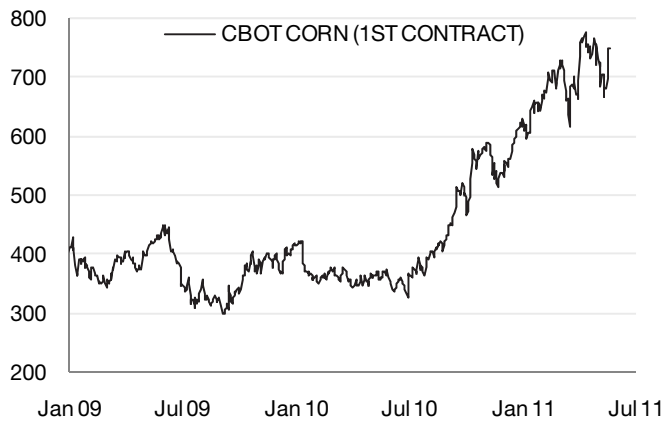


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)

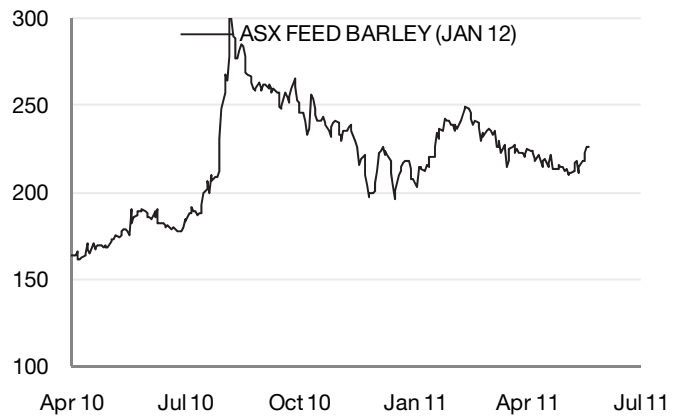


Figure 5: CBOT Soybeans (1st Contract, USc/bu)



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



Figure 7: ICE Cotton (1st Contract, USc/lb)



Figure 8: ICE Sugar (1st Contract, USc/lb)





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