

Sugar digs in deep and remains in positive territory.

- Markets:** US economic data contained many positive elements overnight. Existing home sales soared by 12.3% to annual rate of 5.28 million far surpassing forecasts for a rise to 4.85 million. Jobless claims fell by 37k to 404k over the past week. And the Conference Board's leading index rose by 1.0% in Dec. But, the Philadelphia Fed Index eased from 20.8 to 19.3 in January. Yesterday's raft of Chinese economic data beat most analyst expectations. GDP in Q4 was strong (+9.8% yoy), Industrial production grew faster than expected, and headline inflation slowed to 4.6% yoy. But Food price inflation remains strong and of concern to policy markets. Because of the strong data, markets are expecting further Chinese policy tightening. European shares fell for the second straight session, and US sharemarkets were modestly weaker, on investor profit taking.
- Currencies:** The AUD slumped 1.4% to USD0.98.75 overnight (London close) while the USD index firmed 0.3% to 78.8pts..
- Weather:** A trough in the east is triggering showers and storms in northern NSW and southern QLD. An active monsoon is generating heavy storms in the northern tropics. Another trough is causing thundery showers over the western interior. A high is keeping the southeast generally dry. (www.weatherzone.com.au)
- Grains:** US grain markets clawed back early losses and finished higher.

 - CBOT wheat (Mar 11) finished higher by 0.8% (6¼¢) at US\$803.5/bu after earlier falling below US\$783/bu. The Dec 11 contract finished higher by 3 ¼ cents at US\$884.75/bu and in Aussie dollar terms rose strongly to ~A\$341/t. Additional US export business was reported yesterday - Jordon purchased 150kt of US HRW wheat at US\$382/t (C&F). In other news, the International Grain Council (IGC) released their monthly market report overnight. They lifted their 2010/11 production forecast by 3 million tonnes, largely reflecting better Argentine crops. Importantly, the IGC has forecast the 2011/12 crop to lift to 670mt from this season's 647mt crop. Area planted is forecast to lift by 3% because of strong prices.
 - CBOT corn futures traded nearly 2% lower by the start of the US session before surging higher into the US close. The Mar 11 contract closed at US\$654/bu, up 2% (12¼¢). Bullish for prices was a downgrade to Argentina's corn crop to 19.5mt (from 20.4mt last week) by the Buenos Aires Grain Exchange. The USDA's forecast is 23.5mt.
 - Yesterday's expiry of ASX grain contracts occurred with barely a whimper. The Jan 11NSW wheat contract finished at \$344/t; there were no closing fireworks. With January now gone, the focus is definitely on March. And Mar NSW wheat values fell sharply, but, at A\$329.5/t, still remain relatively expensive. Longer dated wheat was untraded, but Jan 12 NSW wheat, at \$324/t, is nearly \$20 cheaper than US markets. The value for producers for the 2011/12 harvest is not in the local market.
- Oilseeds:** CBOT soybeans (Mar 11) clawed back early losses to close a few cents higher at US\$14.24.5/bu overnight. Soybeans were a follower of wheat and corn prices last night. There are forecasts of some much needed rainfall in Argentina's soybean regions over the next week. Canadian canola (ICE Mar 11) fell C\$4.8 to C\$599.9/t.
- Cotton:** ICE cotton futures were volatile overnight, but the nearby Mar 11 contract still closed higher by the 4 cent daily limit at US\$152.94/lb. Longer dated contracts finished with relatively benign gains, further inverting the futures curve. Reuters reported that foreign mill buying propelled the market higher. Tonight the USDA releases weekly US cotton export sales data – the market needs proof of strong demand to hold these high prices.
- Sugar:** NY raw sugar (Mar 11) slumped nearly 4% to US\$30.04/lb midway through the session, before staging a gritty fight-back to close at US\$31.31/lb, up 13pts for the day. Thailand sold 63kt of raw sugar at premiums of 101-408pts over NY futures according to Reuters.
- Crude Oil:** NYMEX crude oil (Feb 11) dropped 2.2% to USD88.85/bl.

Ag Commodity Markets: Daily Price Summary*

		Mar 11	Dec 11	Dec 12
US Wheat (CBOT)	US\$/bu	804 +0.8%	885 +0.4%	871 +0.5%
	AUD/t	300 +2.2%	341 +1.8%	347 +1.9%
AU Wheat - East (ASX)		Mar 11	Jan 12	Jan 13
	AUD/t	330 -1.6%	324 +0.3%	343 +0.3%
AU Wheat - WA (ASX)		Mar 11	Jan 12	Jan 13
	AUD/t	343 0.0%	324 0.0%	338 0.0%
US Soybeans (CBOT)	US\$/bu	1425 +0.2%	1342 +0.4%	1212 +0.5%
	AUD/t	536 +1.7%	517 +1.9%	484 +1.9%
CA Canola (ICE)		Mar 11	Nov 11	Nov 12
	CAD/t	600 -0.8%	566 -0.5%	528 -0.6%
	AUD/t	611 +0.5%	590 +0.7%	565 +0.7%
AU Canola (ASX)		Mar 11	Jan 12	Jan 13
	AUD/t	605 0.0%	605 0.0%	605 0.0%
US Corn (CBOT)	US\$/bu	654 +2.0%	576 +1.4%	531 +1.3%
	AUD/t	262 +3.5%	238 +2.8%	227 +2.7%
AU Barley (ASX)		Mar 11	Jan 12	Jan 13
AUD/t	216 +0.2%	231 -1.2%	231 -1.2%	
AU Sorghum (ASX)		Mar 11	May 11	May 12
AUD/t	240 +0.6%	227 +0.7%	227 +0.7%	
US Raw Sugar (ICE)		Mar 11	Oct 11	Oct 12
	US\$/lb	31.31 +0.4%	25.43 -0.4%	20.79 +0.0%
AUD/t	702 +1.9%	586 +1.1%	498 +1.5%	
US Cotton (ICE)		Mar 11	Jul 11	Jul 12
	US\$/lb	152.94 +2.7%	140.36 +2.9%	96.25 +0.8%
AUD/bale	777 +4.2%	724 +4.4%	517 +2.3%	
AU Wool EMI (AWEX)		Latest	% chg	Last Pricing
AUD/kg	11.91	-4.1%	20/1/11	
AU Cattle (EYC)		Latest	% chg	Last Pricing
AUD/kg	4.063	-0.3%	20/1/11	
Crude Oil (WTI)		Latest	% chg	Last Pricing
USD/bl	88.86	-2.2%	20/1/11	
AUD/bl	89.98	-0.8%	20/1/11	
Commodity Indices		Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1383	0.9%	20/1/11	
S&P Agri & L'stock (AUD)	1400	2.4%	20/1/11	
S&P All Commodities (USD)	4934	-1.2%	20/1/11	
S&P All Commodities (AUD)	4997	0.2%	20/1/11	
Currencies		Latest	pts chg	% chg
AUD/USD	0.9875	-0.0144	-1.4%	
AUD/CAD	0.9856	-0.0125	-1.3%	
AUD/JPY	81.84	-0.23	-0.3%	
USD Index	78.8	0.2	0.3%	
Equity Markets		Latest	pts chg	% chg
ASX S&P200	4784	-51	-1.1%	
US DJI	11816	-9	-0.1%	
UK FTSE	5868	-109	-1.8%	

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 20/01/11, previous pricing date is 19/01/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

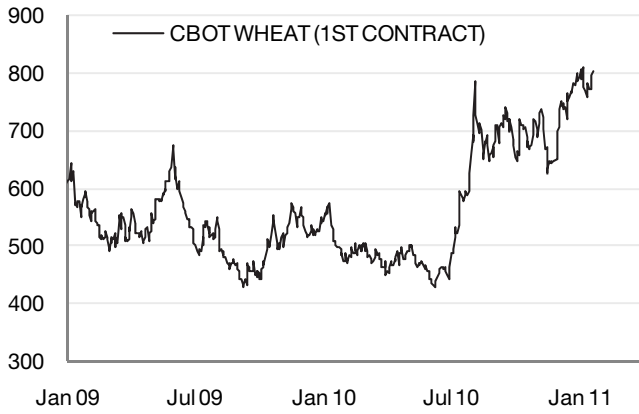


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

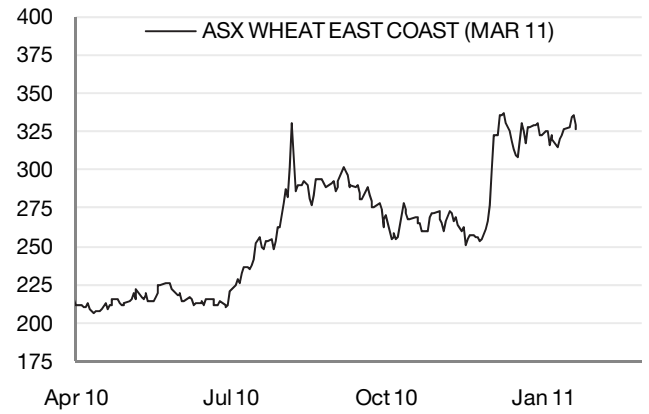


Figure 3: CBOT Corn (1st Contract, US\$/bu)



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

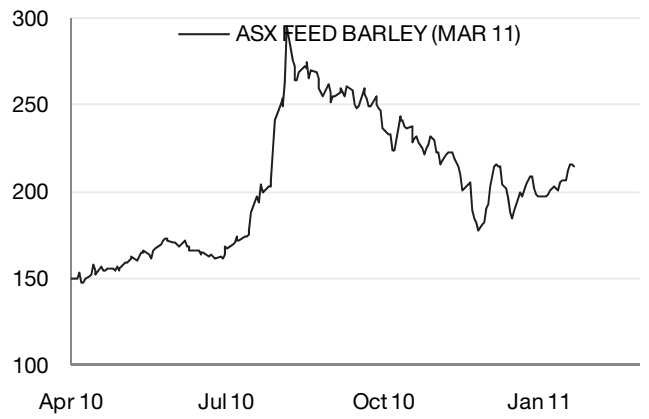


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

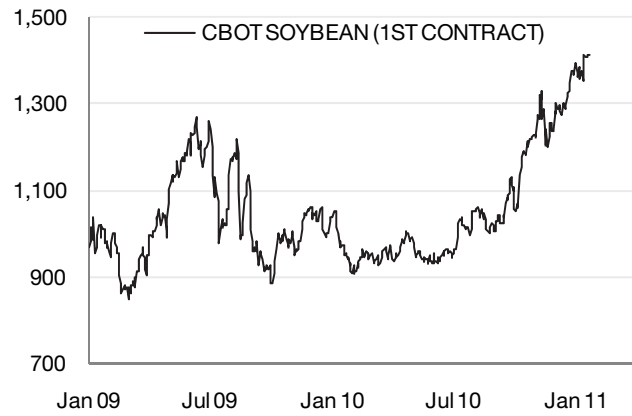


Figure 6: ICE Canola (1st Contract, C\$/t)

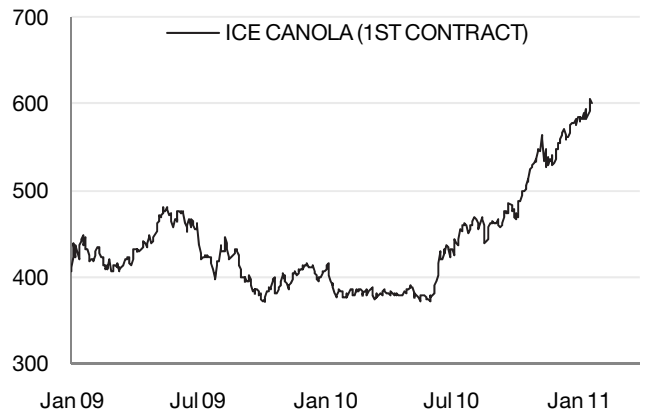


Figure 7: ICE Cotton (1st Contract, US\$/lb)

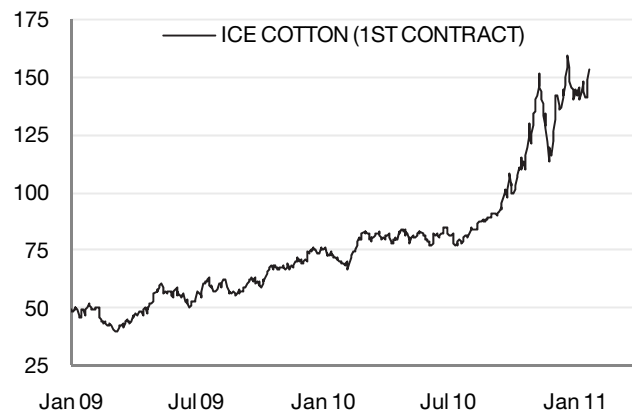
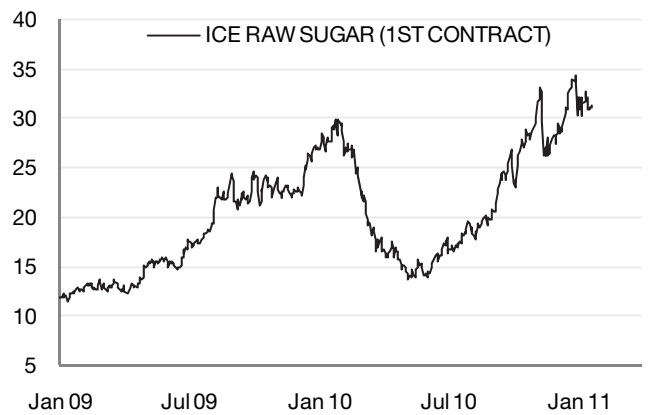


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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