



Cotton trades limit-up, then limit-down in one session!

- Markets:** The People's Bank of China has tightened monetary policy again, lifting bank reserve requirements by 50bps to a record 19.5%. G20 finance ministers say the global economic recovery "is strengthening but is still uneven and downside risks remain." But, unsurprisingly, ministers failed to reach agreement on how to deal with imbalances. European shares were mixed while US sharemarkets rose in quiet trade on Friday. US Markets are closed for the President's Day Holiday today.
- Currencies:** The AUD ended a touch firmer at USD1.0145 on Friday night (London close) while the USD index fell 0.4% to 77.7pts.
- Weather:** Ex-Tropical Cyclone Carlos is causing heavy, thundery rain over the Kimberley. Tropical Cyclone Dianne is well offshore and moving further away. Troughs are causing showers and storms and showers across the northern half of the country. A high is keeping the south generally dry. (www.weatherzone.com.au)
- Grains:** US grain markets finish lower on Friday night.
 - CBOT wheat (May 11) fell 3.1% (27¼¢) to US\$855.75/bu and the Dec 11 contract fell 22 ½ cents to US\$928.25/bu (~A\$348/t). For the week, prices fell by more than 5%, the biggest weekly loss since mid-Nov. Funds were large sellers on the night, apparently spooked by the Peoples Bank of China's move to lighten liquidity provisions. Newswise, the USDA confirmed that Turkey purchased 100kt of US HRW wheat, while drought conditions persist in northern-Chinese wheat regions.
 - CBOT corn (May11) finished 0.4% (2¼¢) weaker at US\$720.25/bu, pulled lower by the weaker performance in other agricultural markets.
 - ASX wheat markets were quoted a touch firmer on Friday; however this disguised the softer trading activity for the day. In particular, the NSW Jan 11 wheat contract was officially quoted at \$340.5/t, but traded down to \$336/t late in the day. Lower ASX grain markets are the result of the recent weaker tone in global markets and the still strong AUD. WA milling wheat for nearby delivery remains much more expensive than east-coast origin.
- Oilseeds:** CBOT soybeans fell sharply on Friday, influenced by the continual shift in export demand away from the US to Sth America and China's increase in bank reserve requirements. Recent improvements in Argentine crop conditions have added to the negative recent bearish market mood. The most active May 11 contract fell 2.5% (35½¢) to US\$1381/bu and there were similar losses throughout the curve. Canadian canola (ICE May 11) fell C\$4 to C\$594.1/t and finished with the biggest weekly loss in three months.
- Cotton:** What a night in the NY cotton pit!! Following an initial limit-up (700pt) surge to a record US\$208.93/lb the May 11 cotton contract turned on its heels and slumped 1400 points – YES, 1400 POINTS – to close limit down at US\$194.93/lb. Limit-losses (700pt) were observed for all but one contract on Friday. Options markets were also locked on Friday night after trading synthetically to US\$187.93/lb. Last week we commented that the near-term direction in the cotton market was particularly uncertain considering the 200 cent target had been satisfied, however, not in our wildest dreams were we expecting anything like what happened on Friday night... Markets will be shut today for the US President's Day holiday, but tomorrow's session promises to be closely watched.
- Sugar:** NY raw sugar (May 11) fell 1.5% (44pts) to US\$28.42/lb on Friday night. The loss was the fourth in five sessions, and the market has now declined for three consecutive weeks. Expectations that India will make an announcement this week regarding 500kt of potential sugar exports – and expectations that they will approve those exports – kept the market offered. As did talk the Russian beet crop could rise to 4.0-4.2mt from last year's drought affected 2.7mt crop.
- Crude Oil:** NYMEX crude oil (Mar 11) ended a touch lower at USD86.40/bl.

Ag Commodity Markets: Daily Price Summary*

Commodity	Unit	Price	% chg	Price	% chg	Price	% chg
US Wheat (CBOT)	US\$/bu	856	-3.1%	928	-2.4%	904	-1.8%
	AUD/t	312	-3.4%	348	-2.6%	351	-2.0%
AU Wheat - East (ASX)	AUD/t	339	0.0%	341	+0.6%	354	+0.6%
	AUD/t	361	+0.4%	346	0.0%	360	0.0%
US Soybeans (CBOT)	US\$/bu	1381	-2.5%	1342	-2.3%	1233	-2.5%
	AUD/t	504	-2.7%	501	-2.5%	478	-2.7%
CA Canola (ICE)	CAD/t	594	-0.7%	576	-0.7%	544	-0.6%
	AUD/t	599	-0.9%	591	-0.9%	574	-0.8%
AU Canola (ASX)	AUD/t	585	0.0%	600	0.0%	600	0.0%
	AUD/t	585	0.0%	600	0.0%	600	0.0%
US Corn (CBOT)	US\$/bu	720	-0.4%	613	-0.4%	537	-1.2%
	AUD/t	282	-0.6%	246	-0.7%	223	-1.5%
AU Barley (ASX)	AUD/t	233	+1.7%	241	+0.9%	241	+0.9%
	AUD/t	233	+1.7%	241	+0.9%	241	+0.9%
AU Sorghum (ASX)	AUD/t	235	0.0%	245	+1.0%	245	+1.0%
	AUD/t	235	0.0%	245	+1.0%	245	+1.0%
US Raw Sugar (ICE)	US\$/lb	28.42	-1.5%	24.66	-1.7%	20.62	-1.0%
	AUD/t	623	-1.7%	550	-1.9%	480	-1.3%
US Cotton (ICE)	US\$/lb	194.93	-3.5%	186.56	-3.6%	109.58	-6.0%
	AUD/bale	968	-3.7%	933	-3.8%	572	-6.2%
AU Wool EMI (AWEX)	AUD/kg	12.54	0.0%			17/2/11	
AU Cattle (EYCI)	AUD/kg	3.93	-0.1%			18/2/11	
Crude Oil (WTI)	USD/bl	86.2	-0.2%			18/2/11	
	AUD/bl	84.97	-0.4%			18/2/11	
Commodity Indices	S&P Agri & L'stock (USD)	1462	-1.4%			18/2/11	
	S&P Agri & L'stock (AUD)	1441	-1.6%			18/2/11	
	S&P All Commodities (USD)	5031	0.0%			18/2/11	
	S&P All Commodities (AUD)	4959	-0.2%			18/2/11	
Currencies	AUD/USD	1.0145	0.0023			0.2%	
	AUD/CAD	0.9986	0.0019			0.2%	
	AUD/JPY	84.35	0.04			0.0%	
	USD Index	77.7	-0.3			-0.4%	
Equity Markets	ASX S&P200	4937	-2			0.0%	
	US DJI	12391	73			0.6%	
	UK FTSE	6083	-4			-0.1%	

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 18/02/11, previous pricing date is 17/02/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

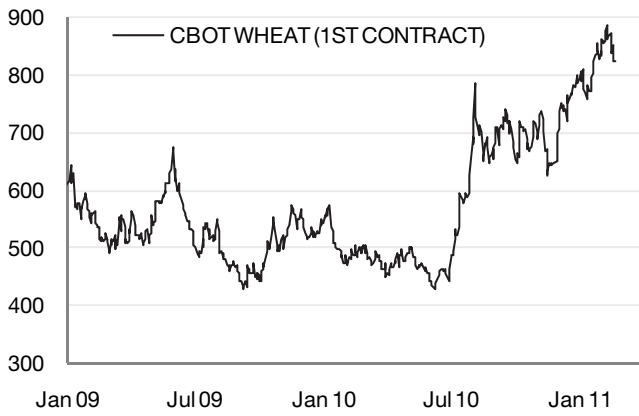


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

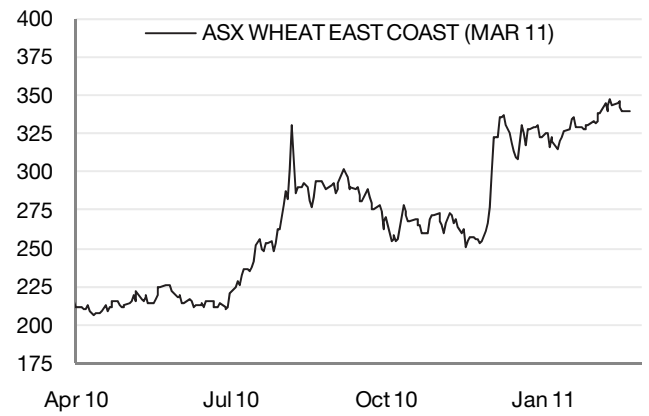


Figure 3: CBOT Corn (1st Contract, US\$/bu)



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

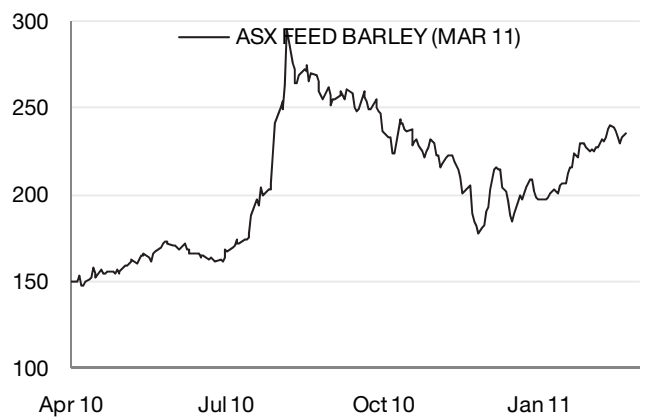


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

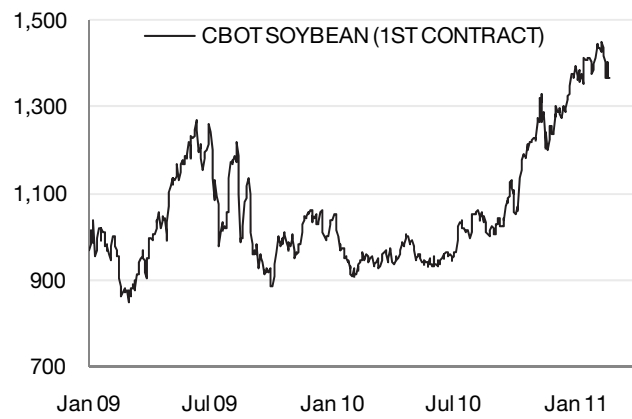


Figure 6: ICE Canola (1st Contract, C\$/t)



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

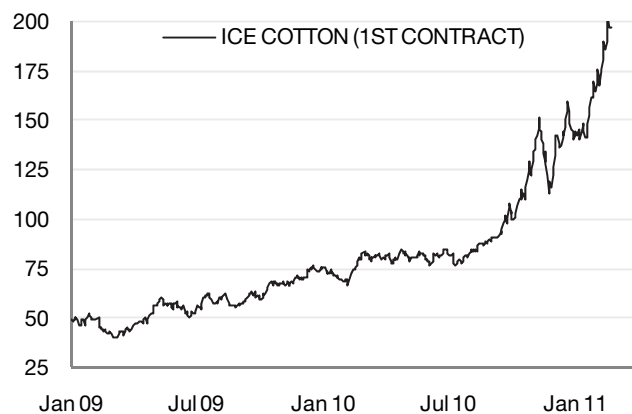


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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