Global Markets Research

Commodities: Agri Commodities Daily Alert

21 April 2011

CommonwealthBank

The Aussie dollar trades above USD1.070. Crude oil over USD111/bbl.

- **Markets:** Existing US home sales rose by a larger than expected 3.7% in March. However the median home price fell 5.9% in March. The inventory of existing homes for sales fell from 8.5 to 8.4 months supply. European shares and US sharemarkets rallied on Wednesday, driven by upbeat earning and better than expected US existing home sales.
- **Currencies:** The AUD rallied 1.4% to USD1.0661 last night (London close), before briefly rallying above USD1.07early this morning. The USD index dropped 0.9% to 74.4pts overnight, mainly because of US fiscal issues.
- **Weather:** A broad low pressure trough in the east is generating isolated showers and thunderstorms over eastern NSW. A cold front is sweeping across TAS, bringing an increase in wind and showers. A ridge of high pressure is directing mild and dry winds across southern WA. (www.weatherzone.com.au)
- **Grains:** US grain markets gave-up early gains to finish mixed last night.
  - CBOT wheat (May 11) finished mostly unchanged at USc785/bu after earlier trading above USc805/bu, while the Dec 11 contract finished the session higher by 3 ½ cents at USc896.25/bu. Despite the stronger close in the Dec 11 CBOT contract, Aussie dollar denominated values fell by more than $3 a tonne because of the soaring AUD/USD exchange rate. The mid-session reversal in US wheat prices was largely influenced by forecasts for rain across the patched US Great Plains. Nonetheless, World Weather believes that the “resulting rain will be too light in most cases to significantly improve conditions for winter wheat’. Finally, Saudi Arabia's has issued a tender to purchase 330,000 tonnes of milling wheat according to Reuters.
  - CBOT corn (May 11) rallied strongly in early trade before turning lower and closing with 16 ¼ cent losses at USc732.75/bu. US Midwest corn planting progress will stall over the coming few weeks because of cool-wet weather. However relatively subdued US corn cash basis, influenced by high futures and competition from the South American corn harvest, weighed corn futures.
  - ASX NSW wheat for Jan 12 delivery was $5 dearer at $306/t and the WA Jan 12 wheat contract was $6 dearer at $327.5/t. Both markets were supported by production concerns in other parts of the world; yet the soaring AUD may act as a headwind to local prices today.
- **Oilseeds:** CBOT soybeans 15 ¾ cents firmer at USc1357.75 last night Canadian canola (May 11) rose C$3.6 to C$574/t. The oilseed market was supported by the weak USD and strength in crude oil prices.
- **Cotton:** NY cotton futures continue to lose ground. The nearby May 11 contract slumped 665pts (3.5%) to USc183.17/lb and the Jul 11 contract dropped 410pts to USc167.06/lb. The July contract has now declined for 8 of the past 10 sessions. Chinese cotton futures, however, carved-out modest gains, supported by talk that 2011 Chinese cotton production may fail to respond adequately to high prices. Bloomberg, quoting the Deputy Head for rural affairs at the Chinese National Development and Reform Commission, said that Chinese cotton acreage may be subdued because of strong competition from grain and oilseed crops.
- **Sugar:** NY raw sugar bounced last night, posting their strongest gains in nearly a month. The nearby May 11 contract rose 93pts (3.8%) to USc25.2/lb and the Oct 11 contract rallied 75pts to USc23.47/lb. The sharply weaker USD, soaring crude oil prices and chatter that Brazilian sugar output may struggle to match the current lofty forecasts supported the bounce in sugar prices. The recent improvement in the white-raw spread also indicates that physical demand may enter the market at these levels.
- **Crude Oil:** NYMEX crude oil (May 11) rallied 2.9% to USD111.45/bl, supported by the weaker dollar, strength in equity markets, and a sharper than expected weekly drawdown in US crude stockpiles.

Ag Commodity Markets: Daily Price Summary*

US Wheat (CBOT)		**May 11**		**Dec 11**		**Dec 12**	
	USc/bu	785	*-0.1%*	896	*+0.4%*	925	*+1.0%*
	AUD/t **	271	*-1.5%*	317	*-1.0%*	342	*-0.3%*
AU Wheat - East (ASX)		**May 11**		**Jan 12**		**Jan 13**	
	AUD/t	293	*+0.8%*	306	*+1.7%*	322	*+1.6%*
AU Wheat - WA (ASX)		**May 11**		**Jan 12**		**Jan 13**	
	AUD/t	348	*0.0%*	328	*+1.9%*	342	*+1.8%*
US Soybeans (CBOT)		**May 11**		**Nov 11**		**Nov 12**	
	USc/bu	1358	*+1.2%*	1366	*+0.9%*	1326	*+0.7%*
	AUD/t **	469	*-0.2%*	482	*-0.5%*	489	*-0.6%*
CA Canola (ICE)		**May 11**		**Nov 11**		**Nov 12**	
	CAD/t	574	*+0.6%*	583	*+0.8%*	568	*+0.9%*
	AUD/t **	565	*-0.5%*	583	*-0.3%*	587	*-0.2%*
AU Canola (ASX)		**May 11**		**Jan 12**		**Jan 13**	
	AUD/t	540	*0.0%*	566	*0.0%*	566	*0.0%*
US Corn (CBOT)		**May 11**		**Dec 11**		**Dec 12**	
	USc/bu	733	*-2.2%*	656	*-3.0%*	583	*-2.3%*
	AUD/t **	271	*-3.5%*	249	*-4.4%*	230	*-3.6%*
AU Barley (ASX)		**May 11**		**Jan 12**		**Jan 13**	
	AUD/t	207	*+1.5%*	222	*+2.3%*	222	*+2.3%*
AU Sorghum (ASX)		**May 11**		**Jul 11**		**May 12**	
	AUD/t	230	*0.0%*	229	*0.0%*	232	*0.0%*
US Raw Sugar (ICE)		**May 11**		**Oct 11**		**Oct 12**	
	USc/lb	25.20	*+3.8%*	23.47	*+3.3%*	22.69	*+2.4%*
	AUD/t **	522	*+2.4%*	495	*+1.9%*	497	*+0.9%*
US Cotton (ICE)		**May 11**		**Jul 11**		**Jul 12**	
	USc/lb	183.17	*-3.5%*	167.06	*-2.4%*	108.95	*-0.5%*
	AUD/bale **	861	*-4.8%*	790	*-3.8%*	535	*-1.9%*
AU Wool EMI (AWEX)		**Latest**		**% chg**		**Last Pricing**	
	AUD/kg	13.25		-0.8%		20/4/11	
AU Cattle (EYCI)		**Latest**		**% chg**		**Last Pricing**	
	AUD/kg	4.133		0.2%		20/4/11	
Crude Oil (WTI)		**Latest**		**% chg**		**Last Pricing**	
	USD/bl	111.45		2.9%		20/4/11	
	AUD/bl **	104.54		1.5%		20/4/11	
Commodity Indices		**Latest**		**% chg**		**Last Pricing**	
	S&P Agri & L'stock (USD)	1416		-0.3%		20/4/11	
	S&P Agri & L'stock (AUD)	1329		-1.7%		20/4/11	
	S&P All Commodities (USD)	5680		1.8%		20/4/11	
	S&P All Commodities (AUD)	5327		0.3%		20/4/11	
Currencies		**Latest**		**pts chg**		**% chg**	
	AUD/USD	1.0661		0.0148		1.4%	
	AUD/CAD	1.0175		0.0113		1.1%	
	AUD/JPY	87.89		1.23		1.4%	
	USD Index	74.4		-0.7		-0.9%	
Equity Markets		**Latest**		**pts chg**		**% chg**	
	ASX S&P200	4859		66		1.4%	
	US DJI	12454		187		1.5%	
	UK FTSE	6022		125		2.1%	

* Prices are the closing exchange traded futures prices.
Changes are daily. Last pricing date is 20/04/11, previous pricing date is 19/04/11
Sources: Bloomberg and CBA

** AUD Equivalent Price

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

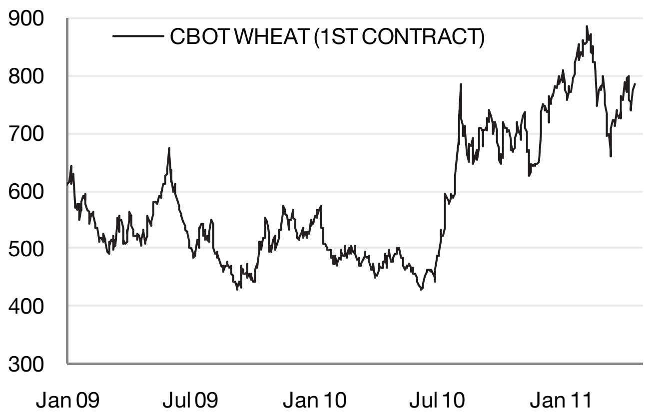

Figure 2: ASX NSW Wheat (Jan 12 Contract, A$/t)

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

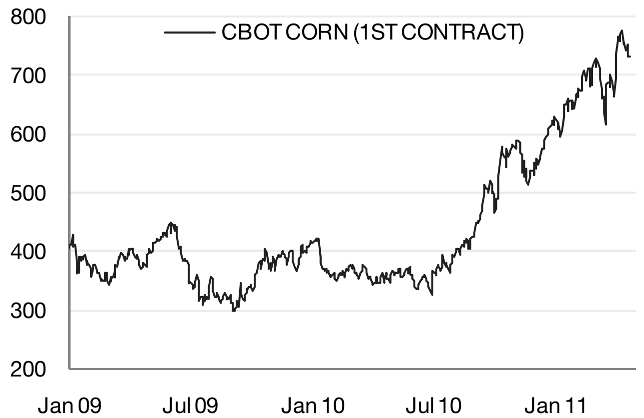

Figure 4: ASX Feed Barley (Jan 12 Contract, A$/t)

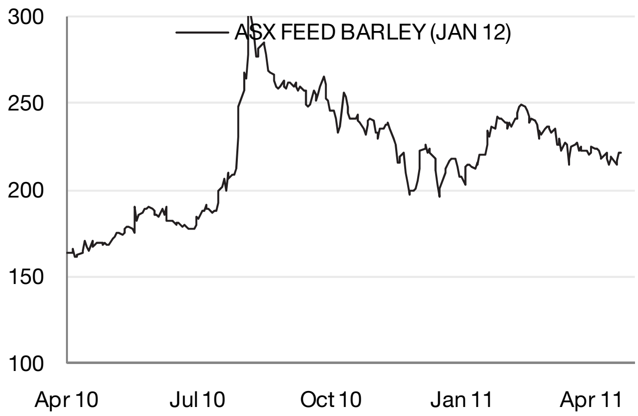

Figure 5: CBOT Soybeans (1st Contract, USc/bu)

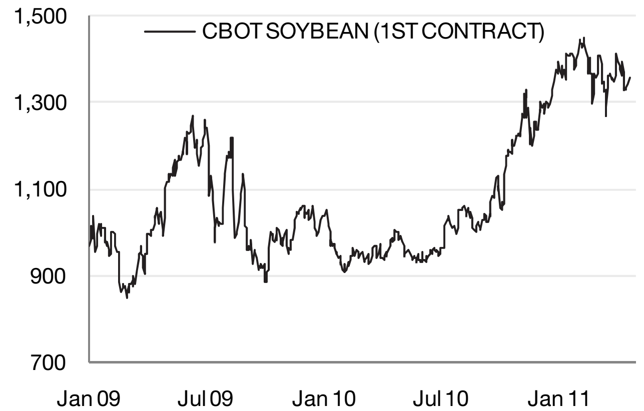

Figure 6: ICE Canola (1st Contract, C$/t)

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

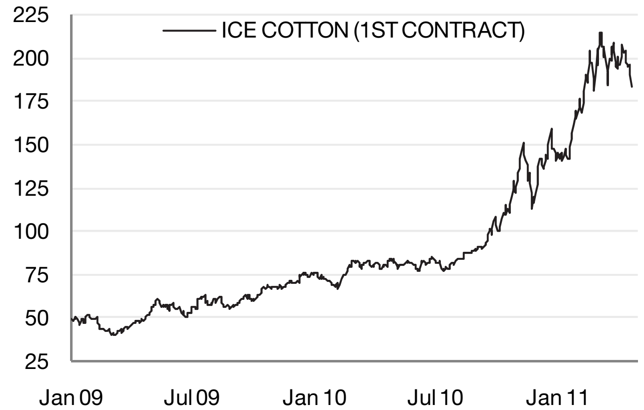

Figure 8: ICE Sugar (1st Contract, USc/lb)

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