



Ag markets collapse as North African fear intensifies.

- Markets:** Middle East tensions dominated market sentiment overnight. Global equity markets fell sharply, as did ag commodity markets, but crude oil prices jumped on supply concerns. US economic data contained both positive and negative elements. US consumer confidence rose from 64.8 to 70.4 in February - marking the highest reading in three years. But the S&P/Case Shiller home price composite index declined 0.4% in December - the 6th consecutive monthly decline. For the year prices fell 2.4%.
- Currencies:** The AUD fell 1% to USD0.9985 overnight (London close) while the USD index rose 0.2% to 77.8pts.
- Weather:** Tropical Cyclone Carlos will generate flooding rain and gales across northwest WA. Tropical moisture will feed south pushing storms over much of WA. A high will keep SA, VIC, TAS and much of NSW dry, whilst directing moist southeasterly winds and showers along the east coast. (www.weatherzone.com.au)
- Grains:** US grain markets collapsed the allowable daily limit overnight.
 - CBOT wheat (May 11) slumped 7% (60c limit) to USc795.75/bu with similar losses across the curve. The Dec 11 contract settled back at USc871.75/bu, 100c/bu (~A30/t) lower than its recent contract highs. Funds were huge sellers for the session, spooked by rising civil unrest in Libya. It is possible that the civil unrest in the North Africa / Middle East region could temper final grain demand, but it is too early to make that conclusion. Forecasts for North Chinese rain and expectations that the USDA will forecast a large US wheat plant in this week's Outlook Forum also contributed to the sell-off. There were some bullish news stories last night. US weekly wheat export inspections were strong, and above expectations. Egypt purchased 120kt of US SRW wheat. And Iraq and Morocco is tendering to buy wheat.
 - CBOT corn (May11) ended limit down (30cents) at USc679.75/bu amid the Libyan-induced ag commodity sell-off. Reuters reported that Funds liquidated around 30,000 contracts.
 - ASX wheat markets fell yesterday amid the uncertainty in global commodity markets. The Jan 12 NSW wheat contract traded \$7 lower to \$333/t and barley prices were also quoted lower. The collapse in global markets again last night will put significant pressure on local markets today.
- Oilseeds:** CBOT soybeans slumped the daily limit last night on the back of the North Africa civil unrest. The most active May 11 CBOT soybean contract was lower by 5% for the night and has lost over 10.5% for the past 7 sessions - the market is now at its lowest level since mid-December. Despite a stronger than expected US weekly soybean export inspections result, the market collapsed because of the Libyan-induced risk aversion. The market is also cautious ahead of the USDA's Outlook Forum this Thursday/Friday. Canadian canola (ICE May 11) slumped C\$30/t last night to C\$564.1/t.
- Cotton:** Cotton futures gapped lower overnight and the May 11 finished with 700pt, limit-losses at USc187.93/lb. Synthetically, the market was reported to trade down to USc182/lb. The reversal from last week's record highs has been brutal, and with the wider risk aversion currently gripping the markets, more losses are possible. However some in the market are pointing out that the Cotlook index is still well above the futures market, which is a signal the futures market could rally.
- Sugar:** NY raw sugar (May 11) finished slightly lower at USc28.38/lb overnight after opening sharply higher. Despite the strong tone in early trading, the sugar market succumbed to the wider ag-commodity risk aversion and sold off steadily throughout the session. Yet longer dated contract still managed to settle with modest gains. The white-raw spread continues to remain depressed, signalling weak final demand. But Reuters reported that white demand is just starting to lift and prices may follow.
- Crude Oil:** NYMEX crude oil (Mar 11) surged 8.5% to USD93.57/bl.

Ag Commodity Markets: Daily Price Summary*

		May 11	Dec 11	Dec 12
US Wheat (CBOT)	USc/bu	796 ~	872 ~	853 ~
	AUD/t	295 ~	332 ~	336 ~
AU Wheat - East (ASX)		Mar 11	Jan 12	Jan 13
	AUD/t	335 -1.2%	335 -1.5%	348 -1.4%
AU Wheat - WA (ASX)		Mar 11	Jan 12	Jan 13
	AUD/t	362 +0.3%	345 -0.3%	359 -0.3%
US Soybeans (CBOT)	USc/bu	1311 ~	1274 ~	1174 ~
	AUD/t	486 ~	483 ~	463 ~
CA Canola (ICE)	CAD/t	564 ~	546 ~	516 ~
	AUD/t	576 ~	567 ~	551 ~
AU Canola (ASX)		Mar 11	Jan 12	Jan 13
	AUD/t	580 0.0%	595 0.0%	595 0.0%
US Corn (CBOT)	USc/bu	690 ~	583 ~	508 ~
	AUD/t	274 ~	238 ~	214 ~
AU Barley (ASX)		Mar 11	Jan 12	Jan 13
	AUD/t	227 +0.2%	238 -0.8%	238 -0.8%
AU Sorghum (ASX)		Mar 11	May 11	May 12
	AUD/t	235 0.0%	245 0.0%	245 0.0%
US Raw Sugar (ICE)	USc/lb	28.38 ~	24.69 ~	20.75 ~
	AUD/t	631 ~	560 ~	491 ~
US Cotton (ICE)	USc/lb	187.93 ~	179.56 ~	104.90 ~
	AUD/bale	948 ~	913 ~	557 ~
AU Wool EMI (AWEX)		Latest	% chg	Last Pricing
	AUD/kg	12.54	0.0%	17/2/11
AU Cattle (EYCI)		Latest	% chg	Last Pricing
	AUD/kg	3.95	0.2%	22/2/11
Crude Oil (WTI)		Latest	% chg	Last Pricing
	USD/bl	93.57	8.5%	22/2/11
	AUD/bl	93.71	10.3%	22/2/11
Commodity Indices		Latest	% chg	Last Pricing
	S&P Agri & L'stock (USD)	1413	-3.4%	22/2/11
	S&P Agri & L'stock (AUD)	1415	-1.8%	22/2/11
	S&P All Commodities (USD)	5127	1.9%	22/2/11
	S&P All Commodities (AUD)	5135	3.6%	22/2/11
Currencies		Latest	pts chg	% chg
	AUD/USD	0.9985	-0.0102	-1.0%
	AUD/CAD	0.9856	-0.0056	-0.6%
	AUD/JPY	82.56	-1.28	-1.5%
	USD Index	77.8	0.1	0.2%
Equity Markets		Latest	pts chg	% chg
	ASX S&P200	4857	-43	-0.9%
	US DJI	12190	~	~
	UK FTSE	5997	-18	-0.3%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 22/02/11, previous pricing date is 21/02/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

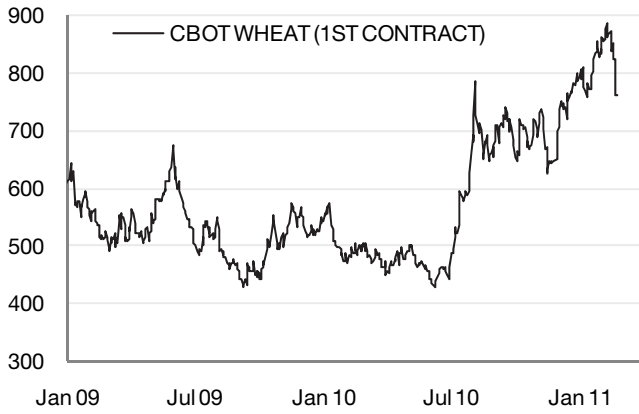


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

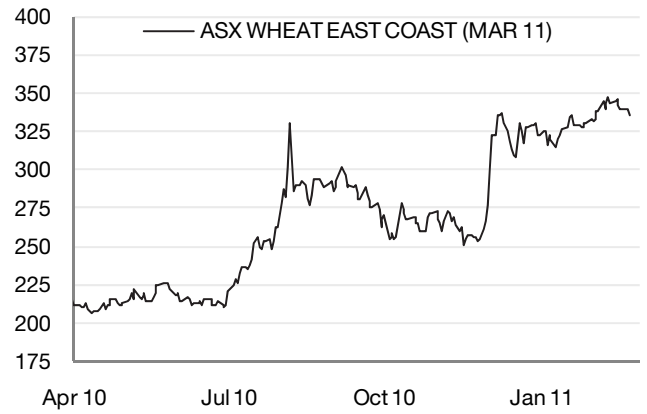


Figure 3: CBOT Corn (1st Contract, USc/bu)

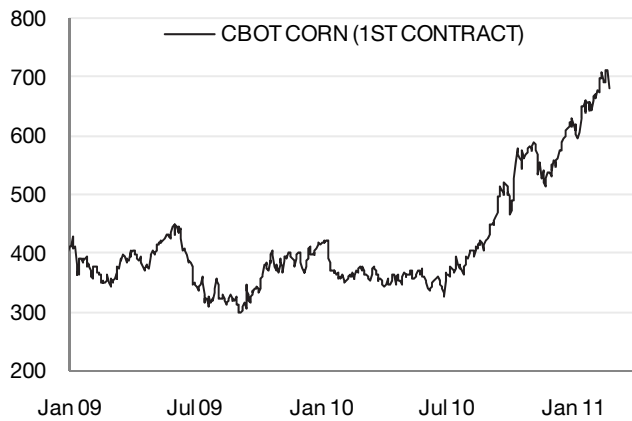


Figure 4: ASX Feed Barley (Jan 11 Contract, A\$/t)



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

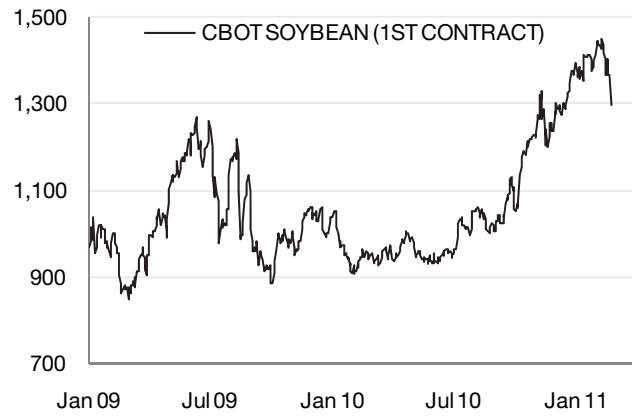


Figure 6: ICE Canola (1st Contract, C\$/t)

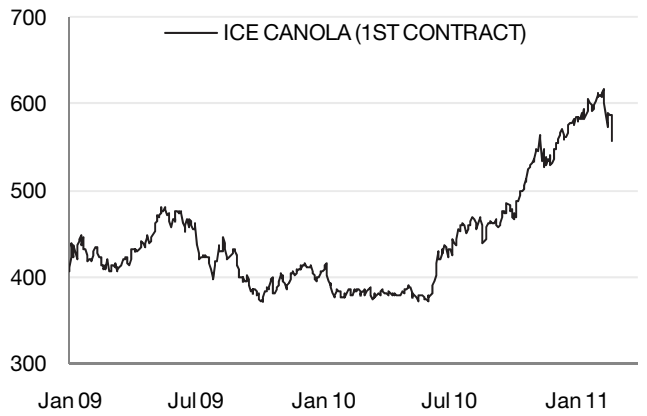


Figure 7: ICE Cotton (1st Contract, USc/lb)

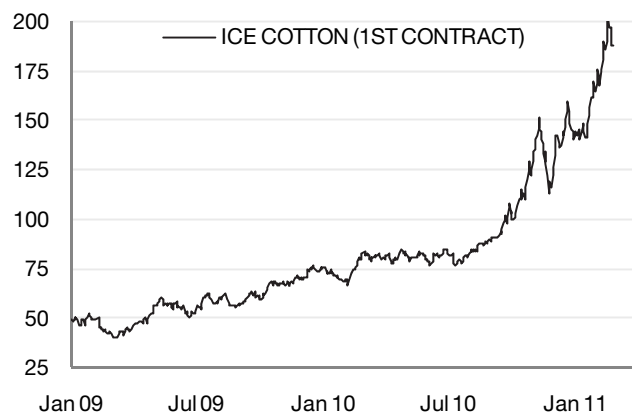
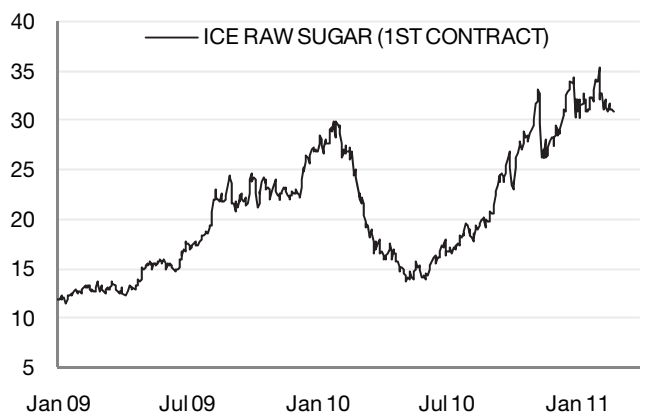


Figure 8: ICE Sugar (1st Contract, USc/lb)





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