



## Ags bounce back – China buys US wheat. ...

- **Markets:** US durable goods orders fell 0.9% in February. The result was well below economist expectation which centred of a 1.1% rise. However the January result was revised higher to a gain of 3.6%. US jobless claims fell by 5,000 to 382,000 last week. The four week moving average of claims - a better gauge of underlying trends - continued to fall, holding at near three year lows. European and US share markets rallied on Thursday.
- **Currencies:** The AUD firmed 0.6% to USD1.0204 overnight (London close) while the USD index dipped 0.1% to 75.7pts.
- **Weather:** A deep low is directing brisk south-westerlies over south-eastern SA, TAS, VIC and inland NSW, causing isolated showers. A trough is generating storms over the upper east coast. Hot easterlies are persisting in WA. The monsoon trough is bringing storms to the tropics. ([www.weatherzone.com.au](http://www.weatherzone.com.au))
- **Grains:** US grain bounced higher on Thursday night.
  - CBOT wheat (May 11) jumped 25 ¼ cents higher to US\$739.5/bu last night and the Dec 11 contract rallied 22 ¾ cents to US\$840/bu (~A\$309/t). A surprise purchase by 116 thousand tonnes of US wheat by the Chinese, the largest weekly purchase by China since July 2005, was the main supportive influence for prices last night. China's entry in the market has increased speculation that the impacts of a dry winter on the Chinese wheat crop could be larger than first expected. Total US net wheat sales were 745.8 thousand tonnes, down from 858.4 thousand tonnes the week prior.
  - CBOT corn (May 11 rallied 21 ½ cents to US\$702.5/bu, the first close above 700 cent mark since 8<sup>th</sup> March. US corn export sales in the week ended 17<sup>th</sup> March came in at 895 thousand tonnes, down 14% from the week prior, but within trade estimates of 750-1000 thousand tonnes.
  - ASX NSW wheat for Jan 12 delivery lost further ground yesterday, closing \$3.5 weaker at \$291/t. ASX NSW wheat's discount to CBOT has now widened to \$21, owing to the strong gains in US markets last night. ASX wheat prices are likely to firm today and help close the gap.
- **Oilseeds:** CBOT soybeans (May 11) traded both higher and lower before closing largely unchanged at US\$1354.5/bu. US soybean export sales in the latest week came in at a low 264.8 thousand tonnes. Slow export sales are typical of this time of the year and reflect importers shifting demand to South American origin. Canadian canola (May 11) recovered early losses and closed C\$6.4 firmer at C\$579.4/t
- **Cotton:** NY cotton futures (May 11) surged 695pts to US\$208.82/lb however longer dated contracts finished modestly lower. The volatility in the cotton remains severe; in the past four sessions the daily trading ranges have exceeded 700 points. US cotton export sales surged 3-fold to 545 thousand bales in the week ending 17<sup>th</sup> March, including 331 thousand bales of old-crop supplies, indicating that demand global cotton remains strong, even when prices are soaring. It was the strongest weekly sales result since November last year.
- **Sugar:** NY raw sugar (May 11) closed 87pts (3.3%) weaker at US\$27.45/lb, the first gain in four sessions. The gains in sugar prices appeared to be influenced by strong performances elsewhere and potential bargain hunting. Also supporting higher prices are fears that early cane crushing in Brazil's centre-south could be delayed because of wet weather. After such a shocking few seasons in terms of global sugar weather, the market is particularly sensitive to any new adverse weather news.
- **Crude Oil:** NYMEX crude oil (Apr 11) dipped 0.3% to USD105.43/bl.

### Ag Commodity Markets: Daily Price Summary\*

	May 11	Dec 11	Dec 12
<b>US Wheat (CBOT)</b>			
US\$/bu	740 +3.5%	840 +2.8%	856 +1.9%
AUD/t	267 +2.9%	312 +2.2%	330 +1.2%
<b>AU Wheat - East (ASX)</b>	<b>May 11</b>	<b>Jan 12</b>	<b>Jan 13</b>
AUD/t	308 -2.1%	291 -1.2%	304 -1.1%
<b>AU Wheat - WA (ASX)</b>	<b>May 11</b>	<b>Jan 12</b>	<b>Jan 13</b>
AUD/t	348 0.0%	305 -0.5%	319 -0.5%
<b>US Soybeans (CBOT)</b>	<b>May 11</b>	<b>Nov 11</b>	<b>Nov 12</b>
US\$/bu	1355 +0.2%	1344 +0.8%	1248 +0.8%
AUD/t	490 -0.4%	497 +0.2%	481 +0.2%
<b>CA Canola (ICE)</b>	<b>May 11</b>	<b>Nov 11</b>	<b>Nov 12</b>
CAD/t	579 +1.1%	566 +1.0%	535 +1.0%
AUD/t	583 +0.9%	580 +0.7%	565 +0.8%
<b>AU Canola (ASX)</b>	<b>May 11</b>	<b>Jan 12</b>	<b>Jan 13</b>
AUD/t	540 0.0%	566 0.0%	566 0.0%
<b>US Corn (CBOT)</b>	<b>May 11</b>	<b>Dec 11</b>	<b>Dec 12</b>
US\$/bu	703 +3.2%	619 +1.5%	569 +1.6%
AUD/t	272 +2.5%	246 +0.9%	235 +1.0%
<b>AU Barley (ASX)</b>	<b>May 11</b>	<b>Jan 12</b>	<b>Jan 13</b>
AUD/t	214 +0.8%	225 +0.9%	225 +0.9%
<b>AU Sorghum (ASX)</b>	<b>May 11</b>	<b>Jul 11</b>	<b>May 12</b>
AUD/t	216 -3.9%	216 -3.9%	216 -3.9%
<b>US Raw Sugar (ICE)</b>	<b>May 11</b>	<b>Oct 11</b>	<b>Oct 12</b>
US\$/lb	27.45 +3.3%	24.23 +2.8%	21.92 +2.9%
AUD/t	595 +2.6%	536 +2.2%	506 +2.3%
<b>US Cotton (ICE)</b>	<b>May 11</b>	<b>Jul 11</b>	<b>Jul 12</b>
US\$/lb	208.82 +3.4%	200.49 +3.4%	108.62 -0.4%
AUD/bale	1027 +2.8%	994 +2.7%	563 -1.1%
<b>AU Wool EMI (AWEX)</b>	<b>Latest</b>	<b>% chg</b>	<b>Last Pricing</b>
AUD/kg	13.79	-0.6%	24/3/11
<b>AU Cattle (EYC)</b>	<b>Latest</b>	<b>% chg</b>	<b>Last Pricing</b>
AUD/kg	4.207	0.2%	24/3/11
<b>Crude Oil (WTI)</b>	<b>Latest</b>	<b>% chg</b>	<b>Last Pricing</b>
USD/bl	105.43	-0.3%	24/3/11
AUD/bl	103.32	-0.9%	24/3/11
<b>Commodity Indices</b>	<b>Latest</b>	<b>% chg</b>	<b>Last Pricing</b>
S&P Agri & L'stock (USD)	1411	2.2%	24/3/11
S&P Agri & L'stock (AUD)	1383	1.6%	24/3/11
S&P All Commodities (USD)	5465	0.4%	24/3/11
S&P All Commodities (AUD)	5356	-0.3%	24/3/11
<b>Currencies</b>	<b>Latest</b>	<b>pts chg</b>	<b>% chg</b>
AUD/USD	1.0204	0.0062	0.6%
AUD/CAD	0.9964	0.0022	0.2%
AUD/JPY	82.53	0.55	0.7%
USD Index	75.7	-0.1	-0.1%
<b>Equity Markets</b>	<b>Latest</b>	<b>pts chg</b>	<b>% chg</b>
ASX S&P200	4700	47	1.0%
US DJI	12171	85	0.7%
UK FTSE	5881	85	1.5%

\* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 24/03/11, previous pricing date is 23/03/11

Sources: Bloomberg and CBA

\*\* AUD Equivalent Price



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

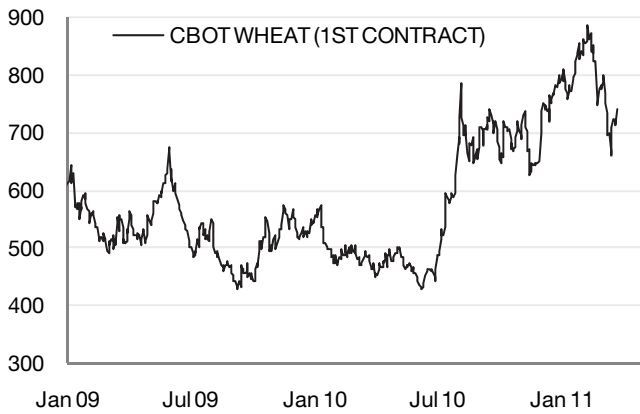


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)



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



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



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

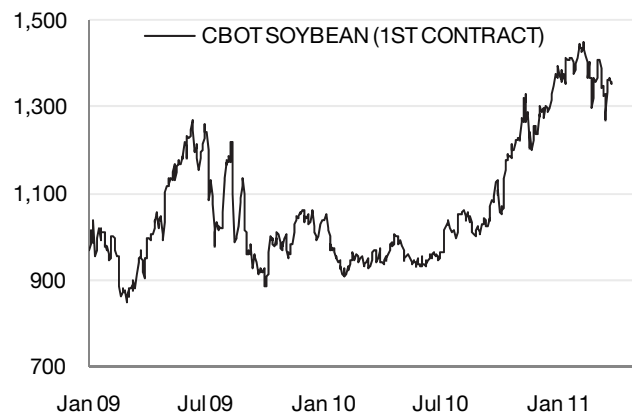


Figure 6: ICE Canola (1<sup>st</sup> Contract, C\$/t)



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

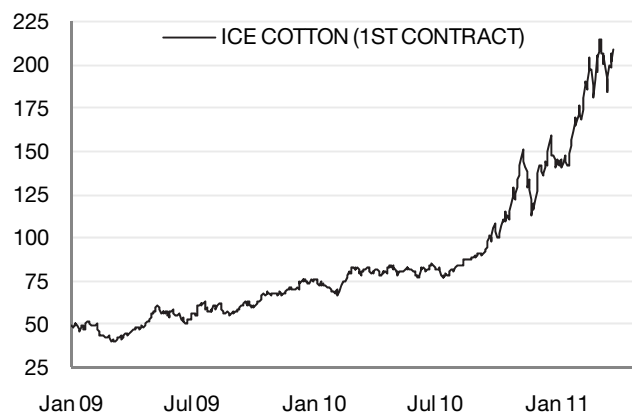


Figure 8: ICE Sugar (1<sup>st</sup> Contract, USc/lb)





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