

Improving Chinese manufacturing data helps lift ag markets...

- **Markets:** Chinese manufacturing lifted in October according to HSBC's China Flash PMI, which rose from 49.9 to 51.1. Any reading above 50 suggests stronger growth in the manufacturing sector. But in contrast to China, the Markit EU composite PMI eased from 49.1 to 47.2 in October. And in the US the Chicago Fed national activity index improved from minus 0.59 to minus 0.22 in September – a weak result. Global sharemarkets posted solid gains on Monday with investors encouraged by the latest the Chinese economic data. Investors also appear hopeful that European leaders will deal with the debt crisis at a summit on Wednesday.
- **Currencies:** The AUD rose 1.2% to USD1.0452 overnight (London close) while the USD index fell 0.4% to 76.1pts.
- **Weather:** Warm northerlies for QLD and northern NSW ahead of a trough, which is triggering storms over the interior. Cooler southerlies are bringing showers to central and southern NSW and eastern VIC. A high is clearing western VIC, TAS and SA. A trough in the west is causing storms in WA (www.weatherzone.com.au)
- **Grains:** US grain markets finished higher overnight.
 - CBOT wheat (Dec 11) rose 1.7% (10½¢) to US\$642.5/bu (~A\$236/t) overnight. Rallying risk assets, led by the 4.8% gains in crude oil prices, supported ag markets for the night. In turn, encouraging Chinese manufacturing data and hopes of a resolution to the European debt crisis supported investor risk appetite. US wheat export inspections in the week ended 20th October rose 6% to 17.4 million bushels, yet the result was 27% lower YOY. The USDA reported US winter wheat planting is 82% complete, roughly in line with normal, emergence is 56% vs. to the normal rate of 63%, and the crop is rated 47% good to excellent which is in line with last year. This is a rather poor rating. The Texas crop is rated 50% poor to very poor, with only 25% 'good'.
 - CBOT corn (Dec 11) closed 1 ¾ cents firmer at US\$651/bu overnight after trading above US\$660/bu earlier in the session. Strong gains in crude oil supported corn prices, however seasonal harvest pressure pulled prices off their highs. US corn harvest has surged to 65% complete from 47% last week and the normal seasonal pace of 51% complete. Crop ratings remained unchanged at 54% good to excellent. US corn export inspections lifted 39% last week to 29.4 million bushels, but this remains below the prior 4 week average of 30 million bushels.
 - ASX NSW wheat (Jan 12) traded at \$225/t yesterday, up \$2 for the day, however this still remains a slight discount to Chicago wheat prices.
- **Oilseeds:** CBOT soybeans (Nov 11) rose 1.2% (14 ½ ¢) to US\$1226.75/bu, the first rise in six sessions. The USDA reported export inspections of US soybeans in the latest week at 41.2 million bushels, within a range of trade estimates. The USDA indicated that over 75% of the beans were destined for China. US soybean harvesting has progressed to 80% complete according to the USDA, up from the normal seasonal pace of 71%. Canadian canola futures traded higher for most of the session before closing flat to slightly lower across the curve. The Jan 12 Canadian canola contract has now fallen for six consecutive sessions.
- **Cotton:** NY cotton (Dec 11) bounced 84pts (0.9%) to US\$97.94/lb, supported by the improvement in Chinese manufacturing data and hopes of a resolution to the European debt crisis. The USDA reported that the US cotton harvest is now 44% complete, up from 34% last week and the normal seasonal pace of 36% complete. Yet crop conditions declined by 1pt to 29% good to excellent this week.
- **Sugar:** NY raw sugar (Mar 12) rallied 2.3% (62pts) to US\$27.10/lb overnight with strong across the curve. Analyst Datagro modestly revised lower their estimate of Brazil's CS cane crush from 498 million to 490.4 million tonnes. Bloomberg reported that the Thai floods may have caused the loss of 300 thousand tonnes of sugar this year, however most report still suggest they are on target to produce a record 10 million tonnes.
- **Crude Oil:** NYMEX crude oil (Nov 11) surged 4.8% to USD91.63/bl.

Ag Commodity Markets: Daily Price Summary*

US Wheat (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	643 +1.7%	678 +1.8%	744 +1.8%
AUD/t **	227 +0.5%	242 +0.6%	272 +0.7%
AU Wheat - East (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	225 +0.9%	227 ~	253 ~
AU Wheat - WA (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	228 0.0%	228 ~	255 ~
US Soybeans (CBOT)	Nov 11	Jan 12	Nov 12
USc/bu	1227 +1.2%	1235 +1.2%	1230 +1.7%
AUD/t **	432 +0.0%	438 0.0%	449 +0.6%
CA Canola (ICE)	Nov 11	Jan 12	Nov 12
CAD/t	523 +0.1%	531 -0.1%	518 -0.2%
AUD/t **	499 -0.5%	509 -0.6%	509 -0.8%
AU Canola (ASX)	Nov 11	Jan 12	Jan 13
AUD/t	560 ~	550 ~	550 ~
US Corn (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	651 +0.3%	662 +0.3%	606 +0.4%
AUD/t **	246 -0.9%	253 -0.8%	237 -0.8%
AU Barley (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	196 -2.3%	198 ~	219 ~
AU Sorghum (ASX)	Nov 11	May 12	May 13
AUD/t	214 ~	212 ~	216 ~
US Raw Sugar (ICE)	Mar 12	Oct 12	Oct 13
USc/lb	27.10 +2.3%	24.80 +2.2%	24.08 +1.8%
AUD/t **	580 +1.1%	539 +1.0%	538 +0.7%
US Cotton (ICE)	Dec 11	Jul 12	Jul 13
USc/lb	97.94 +0.9%	95.41 +0.6%	94.22 +1.5%
AUD/bale **	470 -0.3%	469 -0.5%	477 +0.4%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing
AUD/kg	11.58	0.0%	20/10/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing
AUD/kg	3.97	-0.1%	24/10/11
Crude Oil (WTI)	Latest	% chg	Last Pricing
USD/bl	91.63	4.8%	24/10/11
AUD/bl **	87.67	3.6%	24/10/11
Commodity Indices	Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1252	1.0%	24/10/11
S&P Agri & L'stock (AUD)	1197	-0.2%	24/10/11
S&P All Commodities (USD)	4902	2.4%	24/10/11
S&P All Commodities (AUD)	4690	1.1%	24/10/11
Currencies	Latest	pts chg	% chg
AUD/USD	1.0452	0.0123	1.2%
AUD/CAD	1.0489	0.0057	0.5%
AUD/JPY	79.55	0.81	1.0%
USD Index	76.1	-0.3	-0.4%
Equity Markets	Latest	pts chg	% chg
ASX S&P200	4255	113	2.7%
US DJI	11914	105	0.9%
UK FTSE	5548	59	1.1%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 24/10/11, previous pricing date is 21/10/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

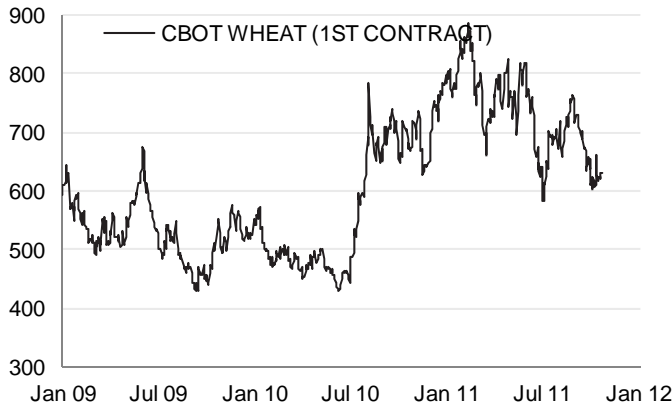


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

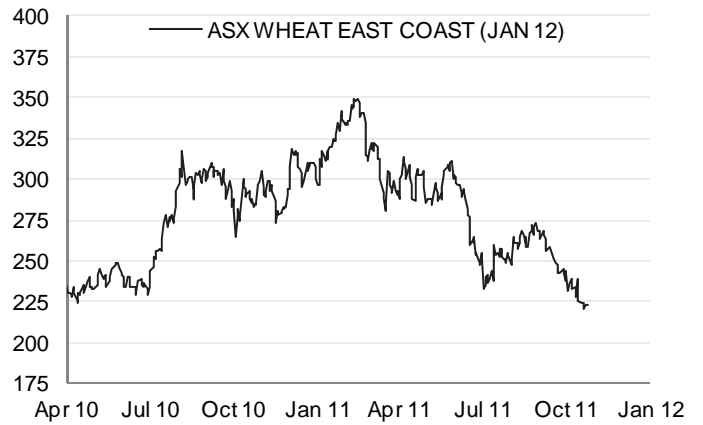


Figure 3: CBOT Corn (1st Contract, US\$/bu)

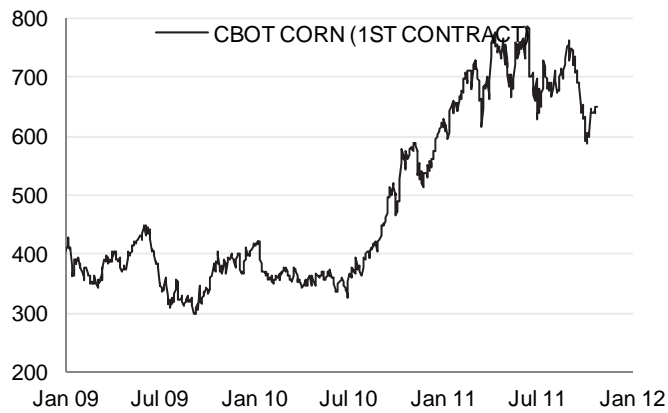


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)

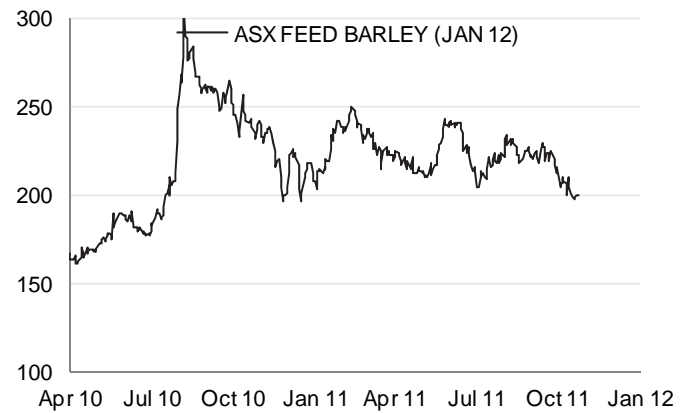


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)



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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