

ASX feed barley prices continue to push higher...

- Markets:** The US Federal Housing Finance Agency reported that home prices fell by 0.3% in March to be down 5.8% on a year ago. And US durable goods orders fell by 3.6% in April after a 4.4% lift in March. Economists had tipped a fall of 2.2pct. French finance minister Christine Lagarde has signalled her interest to lead the International Monetary Fund. European shares rose for a second day and US sharemarkets rebounded on Wednesday.
- Currencies:** The AUD dipped 0.2% to USD1.0527 overnight (London close) while the USD index ended unchanged at 75.9pts.
- Weather:** A deep low is edging further east over the Tasman Sea, allowing wind and showers to ease on the NSW coast. Cold southerlies are only triggering drizzle patches and light Alpine snow showers over the southeast states. A large high is keeping the country's interior and west dry. (www.weatherzone.com.au)
- Grains:** US grain markets bounced strongly overnight.
 - CBOT wheat (Jul 11) rose for the first time in five sessions last night, closing higher by 2.1% (16 ¾ ¢) higher at US\$796.5/bu. Strong gains in Minneapolis wheat market (+3%) led the complex higher on fears that US spring wheat production will struggle because of planting delays. A Reuters' poll has indicated that US spring wheat plantings may only come in at 13.75 million acres against the USDA's existing estimate of 14.4 million acres because of exceptionally cold-wet conditions. Overhanging the market are expectations that export competition from the Black Sea region will intensify over the coming months.
 - CBOT corn (Jul 11) rose 9 cents (1.2%) to US\$742.25/bu last night, supported by new crop production fears and the stronger wheat market. The stiffest headwind for prices is price-induced demand destruction.
 - ASX NSW wheat (Jan 12) fell \$4 to \$304.5/t while WA Jan 12 wheat fell \$6 to \$322.5, however WA wheat still remains more expensive than CBOT. Trading was active in the ASX feed barley contract with values stronger across the board. The Jan 12 barley contract rose by more than \$5 to \$238/t, trimming the grain's discount to milling wheat and international corn values.
- Oilseeds:** CBOT soybeans (Jul 11) finished 0.3% (4¾¢) firmer at US\$1377/bu. Soybean prices lagged the other grains last night on expectations that unplanted corn acres in the US will shift into soybean production. A Reuters' poll has projected US 2011 soybean plantings at 76.8 million acres, up slightly from USDA's March 31 forecast of 76.6 million. Canadian canola (Jul 11) handed back early gains to finish largely unchanged at C\$586.5/t.
- Cotton:** NY cotton futures finished firmer across the curve last night – the strongest ginning in new crop supplies. The nearby Jul 11 contract rose 215pts to US\$156.03/lb while the Dec 11 contract surged 559pts to US\$131.35/lb. As we have been reporting for the past few weeks, new-crop production concerns in the US remain the most significant driver of prices.
- Sugar:** The sugar complex was stronger last night, led higher by the London white sugar market. The Aug 11 white sugar contract surged 4% to US\$648/t, the highest level since mid-April, while the Jul 11 NY raw sugar contract rallied 3.3% (73pts) to US\$22.64/lb. The spread between white and raw futures (Aug vs. Oct) has widened to US\$156/t, the widest level since February. In our view, the improved white premium is a constructive development for continued strong global sugar prices. Pent-up final demand in Europe and the slow pace of the Brazilian crush are the most supportive fundamental factors in the market right now. Finally, according to Bloomberg, the Mexican government has increased its sugar import quota by 150,000 to stabilise a recent escalation in domestic prices.
- Crude Oil:** NYMEX crude oil (Jul 11) rose 1.6% to USD101.18/bl.

Ag Commodity Markets: Daily Price Summary*

US Wheat (CBOT)	Jul 11	Dec 11	Dec 12
USc/bu	797 +2.1%	896 +1.9%	962 +1.3%
AUD/t **	279 +2.3%	320 +2.1%	360 +1.4%
AU Wheat - East (ASX)	Jul 11	Jan 12	Jan 13
AUD/t	293 -1.0%	305 -1.3%	330 -0.5%
AU Wheat - WA (ASX)	Jul 11	Jan 12	Jan 13
AUD/t	376 0.0%	323 -1.8%	337 -1.8%
US Soybeans (CBOT)	Jul 11	Nov 11	Nov 12
USc/bu	1377 +0.3%	1361 +0.5%	1327 +0.9%
AUD/t **	483 +0.5%	485 +0.7%	491 +1.0%
CA Canola (ICE)	Nov 11	Jan 12	Nov 12
CAD/t	587 +0.1%	593 +0.1%	571 -0.6%
AUD/t **	579 +0.4%	590 +0.4%	581 -0.3%
AU Canola (ASX)	Jul 11	Jan 12	Jan 13
AUD/t	535 0.0%	561 0.0%	561 0.0%
US Corn (CBOT)	Jul 11	Dec 11	Dec 12
USc/bu	742 +1.2%	671 +1.2%	603 +1.6%
AUD/t **	279 +1.4%	257 +1.4%	242 +1.7%
AU Barley (ASX)	Jul 11	Jan 12	Jan 13
AUD/t	219 +2.1%	238 +2.2%	243 +4.2%
AU Sorghum (ASX)	Jul 11	May 12	May 13
AUD/t	227 +0.4%	231 +0.4%	231 +0.4%
US Raw Sugar (ICE)	Jul 11	Oct 11	Oct 12
USc/lb	22.64 +3.3%	22.30 +2.9%	22.08 +1.4%
AUD/t **	476 +3.5%	474 +3.0%	490 +1.5%
US Cotton (ICE)	Jul 11	Mar 12	Jul 12
USc/lb	156.03 +1.4%	122.05 +4.7%	113.35 +2.2%
AUD/bale **	744 +1.6%	601 +4.8%	565 +2.3%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing
AUD/kg	13.75	0.8%	25/5/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing
AUD/kg	3.97	0.9%	25/5/11
Crude Oil (WTI)	Latest	% chg	Last Pricing
USD/bl	101.18	1.6%	25/5/11
AUD/bl **	96.11	1.8%	25/5/11
Commodity Indices	Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1352	1.5%	25/5/11
S&P Agri & L'stock (AUD)	1284	1.7%	25/5/11
S&P All Commodities (USD)	5280	1.7%	25/5/11
S&P All Commodities (AUD)	5016	1.9%	25/5/11
Currencies	Latest	pts chg	% chg
AUD/USD	1.0527	-0.0019	-0.2%
AUD/CAD	1.0287	-0.0031	-0.3%
AUD/JPY	86.28	-0.26	-0.3%
USD Index	75.9	0.0	0.0%
Equity Markets	Latest	pts chg	% chg
ASX S&P200	4585	-44	-1.0%
US DJI	12395	38	0.3%
UK FTSE	5870	12	0.2%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 25/05/11, previous pricing date is 24/05/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

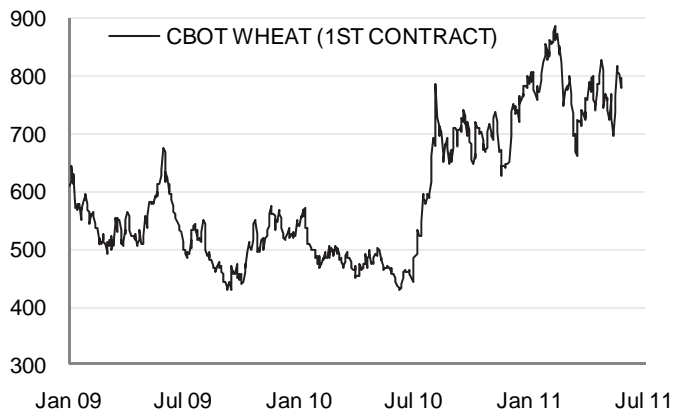


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)



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

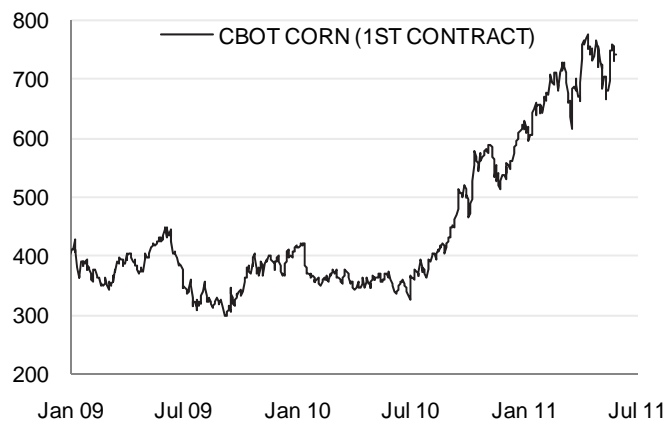


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)

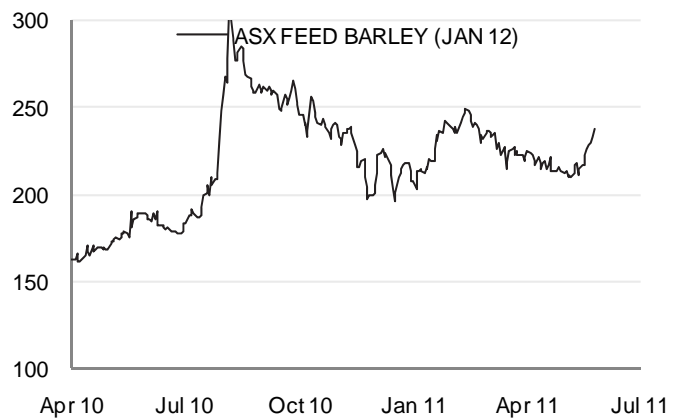


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

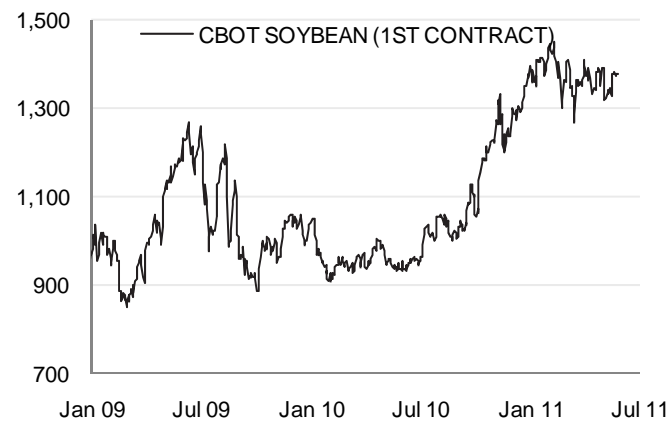


Figure 6: ICE Canola (1st Contract, C\$/t)

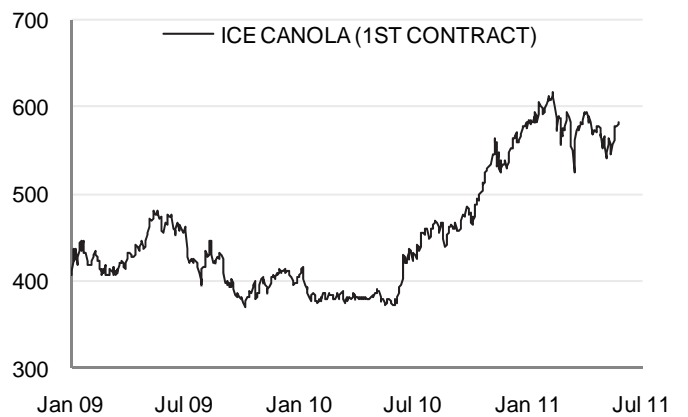


Figure 7: ICE Cotton (1st Contract, US\$/lb)

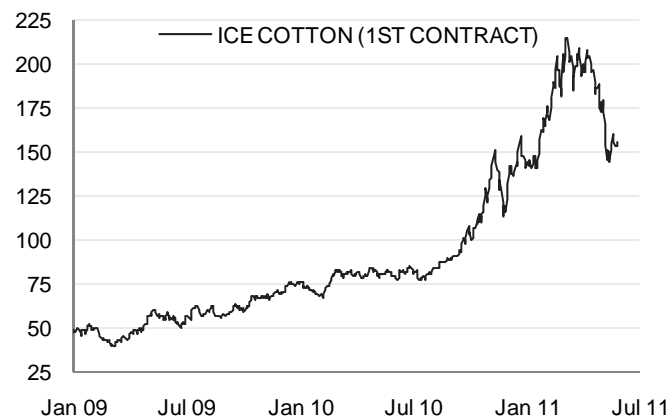


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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Research

Commodities		Telephone	Email Address
Luke Mathews	Agri Commodities	+612 9118 1098	luke.mathews@cba.com.au
Lachlan Shaw	Mining & Energy Commodities	+613 9675 8618	lachlan.shaw@cba.com.au

Economics		Telephone	Email Address
Michael Blythe	Chief Economist	+612 9118 1101	michael.blythe@cba.com.au
Michael Workman	Senior Economist	+612 9118 1019	michael.workman@cba.com.au
John Peters	Senior Economist	+612 9117 0112	john.peters@cba.com.au
James McIntyre	Economist	+612 9118 1100	james.mcintyre@cba.com.au

Fixed Income		Telephone	Email Address
Adam Donaldson	Head of Debt Research	+612 9118 1095	adam.donaldson@cba.com.au
Philip Brown	Fixed Income Quantitative Strategist	+612 9118 1090	philip.brown@cba.com.au
Alex Stanley	Associate Analyst, Fixed Income	+612 9118 1125	alex.stanley@cba.com.au
Michael Bors	Credit Research Analyst	+612 9118 1108	borsma@cba.com.au
Steve Shoobert	Credit Research Analyst	+612 9118 1096	steve.shoobert@cba.com.au
Winnie Chee	Securitized Product	+612 9118 1104	winnie.chee@cba.com.au
Tally Dewan	Quantitative Analyst	+612 9118 1105	tally.dewan@cba.com.au
Kevin Ward	Database Manager	+612 9118 1960	kevin.ward@cba.com.au

Foreign Exchange		Telephone	Email Address
Richard Grace	Chief Currency Strategist	+612 9117 0080	richard.grace@cba.com.au
Joseph Capurso	Currency Strategist	+612 9118 1106	joseph.capurso@cba.com.au
Peter Dragicevich	FX Economist	+612 9118 1107	peter.dragicevich@cba.com.au
Andy Ji	Asian Currency Strategist	+65 6349 7056	andy.ji@cba.com.au

Delivery Channels & Publications		Telephone	Email Address
Monica Eley	Internet/Intranet	+612 9118 1097	monica.eley@cba.com.au
Ai-Quynh Mac	Information Services	+612 9118 1102	maca@cba.com.au

New Zealand		Telephone	Email Address
Chris Tennent-Brown	CBA NZ Economist	+64 9374 8819	chris.tennent-brown@asb.co.nz
Nick Tuffley	ASB Chief Economist	+64 9374 8604	nick.tuffley@asb.co.nz
Jane Turner	Economist	+64 9374 8185	jane.turner@asb.co.nz
Christina Leung	Economist	+64 9369 4421	christina.leung@asb.co.nz

Sales

Institutional	Telephone	Equities	Telephone
Syd FX	+612 9117 0190	Syd	+612 9118 1446
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