

All eyes on Europe tonight...

- **Markets:** US economic data released last night was weak. US consumer confidence fell from 46.4 to 39.8 in October, a 30 month low of. The Richmond Fed manufacturing index was unchanged at -6 in October. And the Case Shiller home price series for 20 cities was flat in seasonally adjusted terms in August. Home prices are down 3.8% on a year ago. US and European equity markets dipped overnight on the weaker US economic data and caution ahead of tonight's European debt summit.
- **Currencies:** The AUD edged 0.1% lower to USD1.0446 overnight (London close) while the USD index firmed 0.2% to 76.2pts.
- **Weather:** A trough across eastern and northern Australia is generating showers and storms, heaviest over the central east. A low in the west is generating showers and storms over WA and western SA. Some of the storms across southwest WA and on the west coast may be severe. (www.weatherzone.com.au)
- **Grains:** US grain markets finished mostly lower overnight.
 - CBOT wheat (Dec 11) fell 6¼ cents (1%) to US\$636.25/bu (~A\$225t) however the longer dates Dec 12 contract rose 0.6% to US\$748.25/bu (~A\$273/t). Volumes were relatively light, with traders waiting for tonight's European debt announcement to set the macroeconomic direction. According to Bloomberg, Russia's wheat harvest is now 98% complete, with total volumes at 58.9 million tonnes, up 37% from 2010.
 - CBOT corn (Dec 11) finished flat overnight at US\$650.75/bu after trading both sides of unchanged. Northern hemisphere harvest pressure once again weighed on values overnight. But supportive for prices were reports from China's NGOIC that their corn imports will surge to 5 million tonnes in the year ended 30 Sep 2012. This would represent a 4-fold increase YOY. But perhaps tempering enthusiasm was reports that they have already imported 3-4 million tonnes, meaning the most significant buying has already occurred.
 - ASX NSW wheat (Jan 12) officially closed unchanged at \$225/t yesterday however the most recent trades went through a touch firmer at \$226/t. WA Jan 12 wheat also traded \$1 higher at \$228.5/t. Feed barley futures however were quoted lower for the day, pressured by forecasts that above average November/December rainfall may result in additional supplies of feed wheat this year. Widespread rain has fallen across the WA wheat belt over the past 24 hours, with more rain on its way today. Harvest disruptions are occurring in the Geraldton port zone, but the later SW crops will benefit from the moisture. Patchy rain has also fallen in central/southern NSW and Vic over the past 24hrs. The rain is beneficial for crops that were hit by hot temperatures last week.
- **Oilseeds:** CBOT soybeans (Nov 11) closed slightly lower at US\$1225.5/bu after a choppy session. Canadian canola (Nov 11) rallied C\$7 to C\$529.6/t. The oilseed market, like everything else, is anxiously awaiting official announcements from tonight's European summit to set price direction.
- **Cotton:** NY cotton (Dec 11) rallied 174pts (1.8%) to US\$99.68/lb last night amid stronger volumes. Media reports said the 26% YOY lift in Chinese cotton imports for the month of September supported values, yet the monthly improvement comes on the back of a dull year for imports.
- **Sugar:** NY raw sugar (Mar 12) traded either side of unchanged before closing 16pts (0.6%) weaker at US\$26.94/lb. London white sugar prices finished higher, allowing the white-raw spread to open to the widest levels for the month. Talk of strong Chinese sugar demand remains supportive for the complex, but increasing supplies in India and European hindered prices. Indian sugar production will rise to 28.3 million tonnes in the year beginning October according to the USDA, up from 26.65 million tonnes in 2010/11. But exports are forecast to drop from 3.1 million tonnes to 2.5 million according to the report. Meanwhile, EU output is forecast to rise to 16.74 million tonnes from 15.1 million according to the USDA.
- **Crude Oil:** NYMEX crude oil (Nov 11) rose 1.4% to USD92.54/bl.

Ag Commodity Markets: Daily Price Summary*

US Wheat (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	636 -1.0%	673 -0.7%	748 +0.6%
AUD/t **	225 -0.9%	240 -0.7%	273 +0.6%
AU Wheat - East (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	225 0.0%	227 0.0%	253 0.0%
AU Wheat - WA (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	229 +0.4%	230 +0.7%	256 +0.6%
US Soybeans (CBOT)	Nov 11	Jan 12	Nov 12
USc/bu	1226 -0.1%	1234 -0.1%	1232 +0.1%
AUD/t **	432 0.0%	437 -0.1%	450 +0.2%
CA Canola (ICE)	Nov 11	Jan 12	Nov 12
CAD/t	530 +1.3%	534 +0.6%	524 +1.2%
AUD/t **	501 +0.3%	507 -0.4%	510 +0.2%
AU Canola (ASX)	Nov 11	Jan 12	Jan 13
AUD/t	560 0.0%	550 0.0%	550 0.0%
US Corn (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	651 0.0%	662 0.0%	609 +0.5%
AUD/t **	246 +0.0%	253 +0.0%	238 +0.5%
AU Barley (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	194 -0.8%	196 -1.0%	214 -2.5%
AU Sorghum (ASX)	Nov 11	May 12	May 13
AUD/t	214 0.0%	212 0.0%	216 0.0%
US Raw Sugar (ICE)	Mar 12	Oct 12	Oct 13
USc/lb	26.94 -0.6%	24.75 -0.2%	24.00 -0.3%
AUD/t **	577 -0.6%	538 -0.2%	536 -0.3%
US Cotton (ICE)	Dec 11	Jul 12	Jul 13
USc/lb	99.68 +1.8%	97.51 +2.2%	96.04 +1.9%
AUD/bale **	479 +1.8%	479 +2.2%	486 +1.9%
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	3.99	0.6%	25/10/11
Crude Oil (WTI)	Latest	% chg	Last Pricing
USD/bl	92.54	1.4%	25/10/11
AUD/bl **	88.59	1.4%	25/10/11
Commodity Indices	Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1244	-0.6%	25/10/11
S&P Agri & L'stock (AUD)	1191	-0.6%	25/10/11
S&P All Commodities (USD)	4931	0.6%	25/10/11
S&P All Commodities (AUD)	4720	0.6%	25/10/11
Currencies	Latest	pts chg	% chg
AUD/USD	1.0446	-0.0006	-0.1%
AUD/CAD	1.0596	0.0107	1.0%
AUD/JPY	79.33	-0.22	-0.3%
USD Index	76.2	0.2	0.2%
Equity Markets	Latest	pts chg	% chg
ASX S&P200	4228	-27	-0.6%
US DJI	11707	-207	-1.7%
UK FTSE	5526	-23	-0.4%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 25/10/11, previous pricing date is 24/10/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

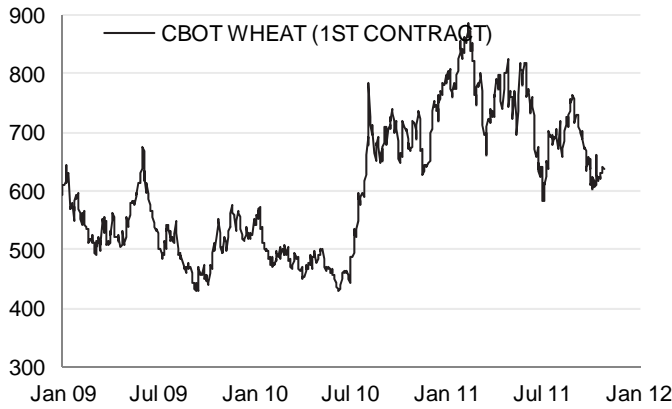


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

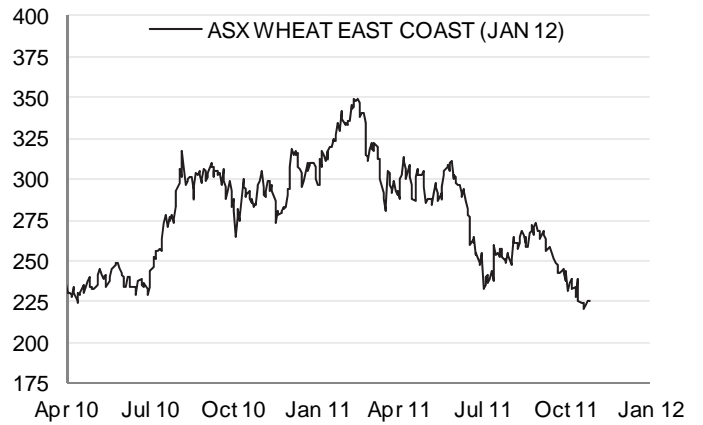


Figure 3: CBOT Corn (1st Contract, US\$/bu)

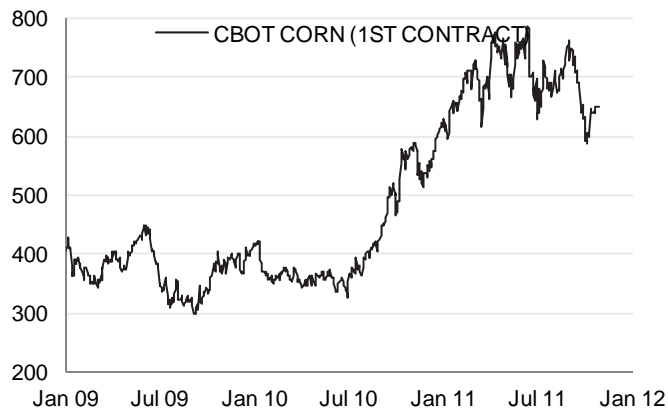


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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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