

## Brazilian sucrose yields better than expected...

■ **Markets:** European leaders plan to leverage up the bailout fund (EFSF) "several fold" to a mooted 1 trillion euros, with finance ministers to decide details in November. The EFSF will have the flexibility to deploy two models – risk insurance and special purpose vehicle – simultaneously. Italy has promised to deliver an economic development plan by November 15. Further details and analysis is expected to be available from today. In the US, new home sales rose by 5.7% to a 313,000 annual rate – well above forecasts centred on a result near 300,000. Despite the lift, this is still a historically subdued result. The supply of new homes fell to 6.2 months, the lowest since April 2010. The median sale price was down 10.4% YOY. US durable goods orders fell by 0.8% in September, in line with forecasts. Non defence capital goods orders less aircraft (business investment) rose by 2.4%, the biggest rise since March. US sharemarkets rose on Wednesday as details started to emerge of decisions made at the Euro summit.

■ **Currencies:** The AUD fell 1% to USD1.0345 overnight (London close) while the USD index ended 0.2% firmer at 76.3pts.

■ **Weather:** A pair of troughs in the east are triggering showers and storms in southern QLD and northern NSW. A low and trough in the west is generating potentially severe thunderstorms over southeastern parts of WA. A high is keeping SA, TAS, VIC and far western NSW mostly sunny.

■ **Grains:** US grain markets fell sharply overnight.

– CBOT wheat (Dec 11) fell 2.6% (16¼ ¢) to US\$619.5/bu (~A\$221/t) last night, pressured by reports that Egypt bought another 120 thousand tonnes of Russian wheat. According to Reuters, US traders didn't bother making an offer because their wheat is too expensive. The Russian wheat was purchased at US\$243/t (fob), plus US\$16/t freight. French wheat was offered between US\$268-280/t (fob), and Argentine wheat was offered at US\$248/t, however their freight was uncompetitive.

– CBOT corn (Dec 11) fell 2.1% (13½ ¢) to US\$637.25/bu, weighed down by weaker crude oil prices and continued European uncertainty.

– ASX grain prices pushed higher yesterday after drawing further support from Australia's recent large wheat sale to China. NSW wheat (Jan 12) rose \$3 to \$228t, and the Jan 13 contract traded nearly \$4 higher at \$255/t. The gains in the NSW wheat market came despite confirmation yesterday that Australian wheat stocks at the start of the 2011/12 are a record large 8.2 million tonnes, most of which are located on the east coast. In addition, half of the total inventories are of feed quality. These burdensome supplies are likely to keep pressure on local basis levels and Aussie feed grain values. Losses in international markets last night will pressure local values today.

■ **Oilseeds:** CBOT soybeans (Nov 11) fell 1.2% (15 ¢) to US\$1210.5/bu, the seventh loss in eight sessions. Canadian canola (Nov 11) traded either side of unchanged before closing slightly weaker at C\$529.9/t,

■ **Cotton:** NY cotton futures (Dec 11) were volatile overnight but they closed 64pts (0.6%) stronger at US\$100.32/lb. Media reports suggest that physical demand has picked up with prices under 100 cents, yet we have not seen strong confirmation of this. Current seasonal conditions suggest Australia's cotton output will rise to a record in 2012.

■ **Sugar:** NY raw sugar (Mar 12) dropped 59pts (2.2%) to US\$26.35/lb last night, but only marginal declines were observed further out the curve. Unica released their fortnightly Brazilian CS cane crush statistic last night. For the fortnight ended 16<sup>th</sup> October, sugarcane output totalled 23 million tonnes, down 11% YOY. But sugar production was 1.75 million tonnes, up 17% YOY, because of better sucrose yields and an increased allocation of cane to sugar production over ethanol. Total ethanol output fell 13% YOY. For the 2011/12 season, total sugar output now stands at 27.73 million tonnes, down 3% YOY. Unica is expected to finalise their 2011/12 CS sugar output forecast on the 1<sup>st</sup> Nov. Bloomberg reported that Thailand will tender to sell 192 thousand tonnes of sugar on Nov. 3 for delivery from Mar-Jul 2012.

■ **Crude Oil:** NYMEX crude oil (Dec 11) fell 2.5% to USD90.80/bl.

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

US Wheat (CBOT)	Dec 11	Mar 12	Dec 12
USc/bu	620 -2.6%	656 -2.5%	733 -2.1%
AUD/t **	221 -1.7%	236 -1.5%	270 -1.3%
AU Wheat - East (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	228 +1.3%	231 +1.7%	255 +0.8%
AU Wheat - WA (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	234 +2.4%	237 +3.1%	260 +1.4%
US Soybeans (CBOT)	Nov 11	Jan 12	Nov 12
USc/bu	1211 -1.2%	1220 -1.1%	1221 -0.9%
AUD/t **	431 -0.2%	436 -0.2%	450 -0.1%
CA Canola (ICE)	Nov 11	Jan 12	Nov 12
CAD/t	530 +0.1%	531 -0.6%	519 -0.9%
AUD/t **	508 +1.5%	511 +0.8%	512 +0.3%
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	637 -2.1%	650 -1.9%	601 -1.3%
AUD/t **	243 -1.1%	251 -1.0%	237 -0.5%
AU Barley (ASX)	Jan 12	Mar 12	Jan 13
AUD/t	194 +0.2%	196 +0.2%	214 +0.1%
AU Sorghum (ASX)	Nov 11	May 12	May 13
AUD/t	214 0.0%	215 +1.2%	218 +1.2%
US Raw Sugar (ICE)	Mar 12	Oct 12	Oct 13
USc/lb	26.35 -2.2%	24.43 -1.3%	23.99 0.0%
AUD/t **	569 -1.3%	536 -0.4%	540 +0.7%
US Cotton (ICE)	Dec 11	Jul 12	Jul 13
USc/lb	100.32 +0.6%	97.66 +0.2%	96.24 +0.2%
AUD/bale **	487 +1.6%	484 +1.0%	491 +1.0%
AU Wool EMI (AWEX)	Latest	% chg	Last Pricing
AUD/kg	11.87	2.5%	26/10/11
AU Cattle (EYCI)	Latest	% chg	Last Pricing
AUD/kg	4.00	0.3%	26/10/11
Crude Oil (WTI)	Latest	% chg	Last Pricing
USD/bl	90.8	-2.5%	26/10/11
AUD/bl **	87.77	-1.6%	26/10/11
Commodity Indices	Latest	% chg	Last Pricing
S&P Agri & L'stock (USD)	1224	-1.6%	26/10/11
S&P Agri & L'stock (AUD)	1184	-0.6%	26/10/11
S&P All Commodities (USD)	4843	-1.8%	26/10/11
S&P All Commodities (AUD)	4682	-0.8%	26/10/11
Currencies	Latest	pts chg	% chg
AUD/USD	1.0345	-0.0101	-1.0%
AUD/CAD	1.0448	-0.0148	-1.4%
AUD/JPY	78.68	-0.66	-0.8%
USD Index	76.3	0.1	0.2%
Equity Markets	Latest	pts chg	% chg
ASX S&P200	4243	15	0.3%
US DJI	11869	162	1.4%
UK FTSE	5553	28	0.5%

\* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 26/10/11, previous pricing date is 25/10/11

Sources: Bloomberg and CBA

\*\* AUD Equivalent Price



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

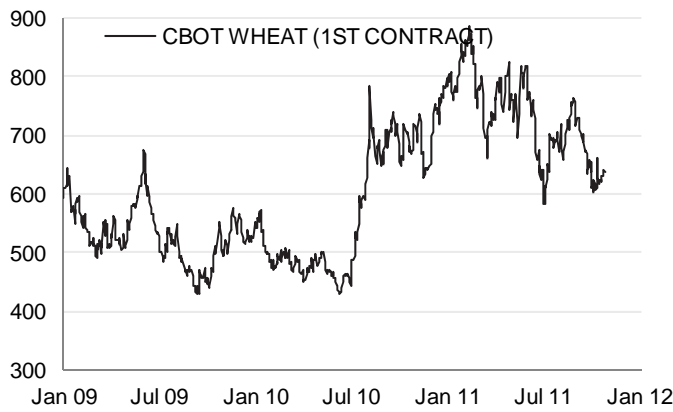


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

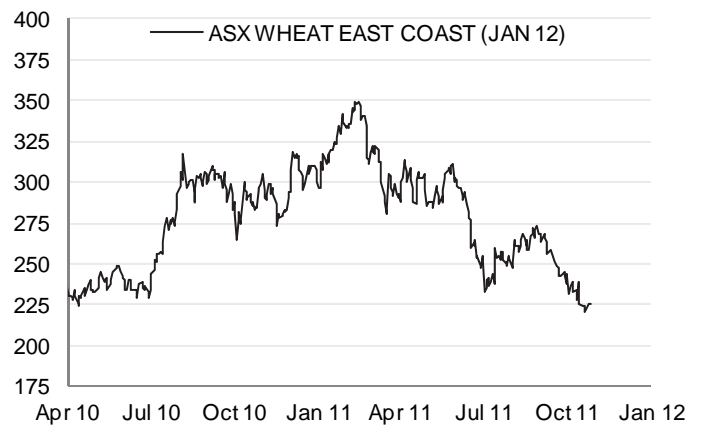


Figure 3: CBOT Corn (1<sup>st</sup> Contract, US\$/bu)



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

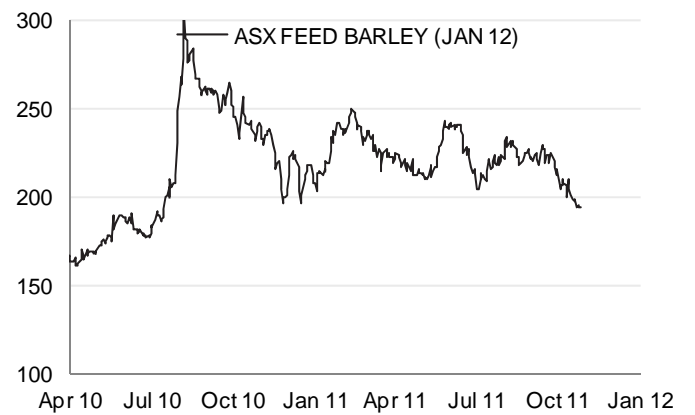


Figure 5: CBOT Soybeans (1<sup>st</sup> Contract, US\$/bu)



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



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



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





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