

AUD hits another new high. Ag commodity prices fall.

- Markets:** US consumer spending rose by 0.7% in February after an upwardly revised 0.3% gain in January. US personal incomes rose 0.3% in February. The Fed's preferred measure of consumer inflation - the core PCE excluding food & energy - rose by 0.2% in February after a similar rise in the prior month. The US pending home sales index unexpectedly rose by 2.1% to 90.8 in February. Pending home sales tends to lead existing home sales by around two months. European shares were mixed on Monday but US sharemarkets eased into the close after initial gains.
- Currencies:** The AUD ended 0.3% firmer at USD1.0278 overnight (London close) while the USD index closed 0.1% weaker at 76.2pts. The greenback eased against the Euro following comments from ECB President Trichet that inflation rates are above the bank's price stability target
- Weather:** A coastal trough is generating rain over the QLD tropics as moist winds send showers over the remainder of the east coast. A high is directing dry and warm north-easterlies into SA and WA. A strengthening monsoon trough is triggering showers and storms in the tropics. (www.weatherzone.com.au)
- Grains:** US grain markets finished weaker last night, despite weather risks.
 - CBOT wheat (May 11) closed 8 cents (1.1%) weaker at USc725.25/bu and the Dec 11 contract fell by 8 cents to USc825.5/bu (~\$304/t). Volumes traded remained light and wheat prices took direction from the sharp falls in corn prices. Wheat prices are also being influenced by poor weather conditions in many regions, particularly the US great plains, and expectations that world wheat area will increase sharply in 2011. Over the next month the medium term impact of these conflicting forces will become clearer, starting with the USDA's Planting Intentions report this Thursday night. In other news, a Belgium-based industry group (Coceral) has forecast that EU soft wheat production will rise 3% in 2011 to 131.4 million tonnes, while overall EU grain production is forecast to rise 3.6% or 10 million tonnes to 284.7 million tonnes.
 - CBOT corn (May 11) dropped sharply last night, closing 18 ½ cents (2.7%) lower at USc671/bu. Position squaring ahead of this week's set of USDA reports (Planting Intentions and Quarterly Stocks) pressured corn prices. US corn area is expected to be huge, and there are fears that stocks could surprise to the upside. Despite a reduction in long positions over the last month, speculators still have a larger long position in the CBOT corn market than they did back in 2006/07.
 - ASX NSW Jan 12 wheat traded down to \$295/t yesterday before closing down at \$293/t. Meanwhile, ASX WA Jan 12 wheat traded around \$312-313/, down a few dollars for the day, before officially closing at \$308/t.
- Oilseeds:** CBOT soybeans (May 11) closed 0.7% (9 ¼ c) lower at USc1348.5/bu overnight. Canadian canola (May 11) handed back early gains to close fractionally lower at C\$580.2/t. Weakness in corn and the USDA report this week are the key factors currently driving oilseed prices.
- Cotton:** NY cotton futures (May 11) dropped by the 7 cent daily limit to USc197.49/lb last night. Longer dated contracts, however, closed with more modest losses, again signally that the most severe volatility remains in old-crop supplies. The sustainability of the rally will be squarely in the spotlight after the USDA releases its planting report on Thursday.
- Sugar:** NY raw sugar (May 11) slumped 81pts (2.9%) to USc27.05/lb overnight, and there were similar losses posted across the curve. Bloomberg reported that sugar output in Thailand, the world's second largest exporter, has climbed by 12% to 7.57 million tonnes in the season through to March 20. According to FO Litch, output may rise to a record this season, meaning production will eclipse the 7.74 million tonne crop of 2007/08. There is talk that Indian production is also beating expectations; however no official comments have been made on the situation.
- Crude Oil:** NYMEX crude oil (May 11) fell 1.5% to USD103.82/bl.

Ag Commodity Markets: Daily Price Summary*

		May 11	Dec 11	Dec 12	
US Wheat (CBOT)	USc/bu	725 -1.1%	826 -1.0%	846 -0.8%	
	AUD/t	260 -1.4%	304 -1.2%	323 -1.0%	
AU Wheat - East (ASX)	AUD/t	306 0.0%	293 -1.8%	306 -1.8%	
AU Wheat - WA (ASX)	AUD/t	348 0.0%	308 -2.2%	322 -2.1%	
US Soybeans (CBOT)	USc/bu	1349 -0.7%	1342 -0.6%	1255 -0.3%	
	AUD/t	484 -1.0%	493 -0.9%	479 -0.5%	
CA Canola (ICE)	CAD/t	580 -0.2%	566 -0.2%	535 -0.2%	
	AUD/t	580 +0.0%	576 0.0%	561 0.0%	
AU Canola (ASX)	AUD/t	540 0.0%	566 0.0%	566 0.0%	
US Corn (CBOT)	USc/bu	671 -2.7%	597 -2.1%	550 -2.1%	
	AUD/t	258 -2.9%	236 -2.3%	225 -2.3%	
AU Barley (ASX)	AUD/t	214 0.0%	223 0.0%	223 0.0%	
AU Sorghum (ASX)	AUD/t	225 +1.4%	228 +2.7%	228 +2.7%	
US Raw Sugar (ICE)	USc/lb	27.05 -2.9%	23.90 -2.2%	21.62 -3.2%	
	AUD/t	582 -3.2%	524 -2.5%	496 -3.4%	
US Cotton (ICE)	USc/lb	197.49 -3.4%	190.11 -3.6%	109.34 -0.4%	
	AUD/bale	964 -3.7%	935 -3.8%	563 -0.7%	
AU Wool EMI (AWEX)	AUD/kg	Latest 13.79	% chg 0.0%	Last Pricing 24/3/11	
AU Cattle (EYC)	AUD/kg	Latest 4.242	% chg 0.5%	Last Pricing 28/3/11	
Crude Oil (WTI)	USD/bl	Latest 103.82	% chg -1.5%	Last Pricing 28/3/11	
	AUD/bl	101.01	-1.7%	28/3/11	
Commodity Indices	Latest	% chg	Last Pricing		
	S&P Agri & L'stock (USD)	1387	-1.7%	28/3/11	
	S&P Agri & L'stock (AUD)	1350	-2.0%	28/3/11	
	S&P All Commodities (USD)	5400	-1.1%	28/3/11	
S&P All Commodities (AUD)	5254	-1.4%	28/3/11		
Currencies	Latest	pts chg	% chg		
	AUD/USD	1.0278	0.0026	0.3%	
	AUD/CAD	1.0039	-0.0021	-0.2%	
	AUD/JPY	83.98	0.54	0.6%	
USD Index	76.2	0.0	-0.1%		
Equity Markets	Latest	pts chg	% chg		
	ASX S&P200	4734	-9	-0.2%	
	US DJI	12198	-23	-0.2%	
	UK FTSE	5904	4	0.1%	

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 28/03/11, previous pricing date is 25/03/11

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

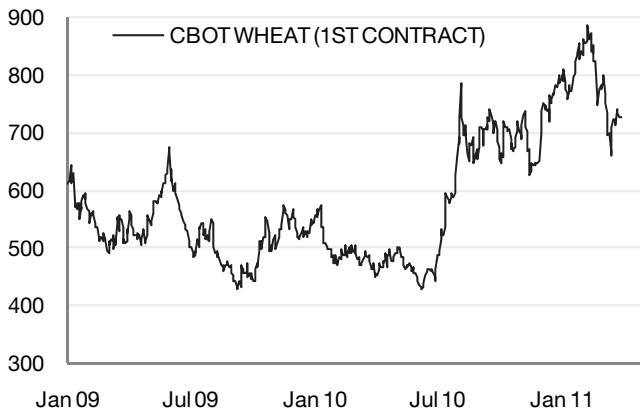


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)



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



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



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

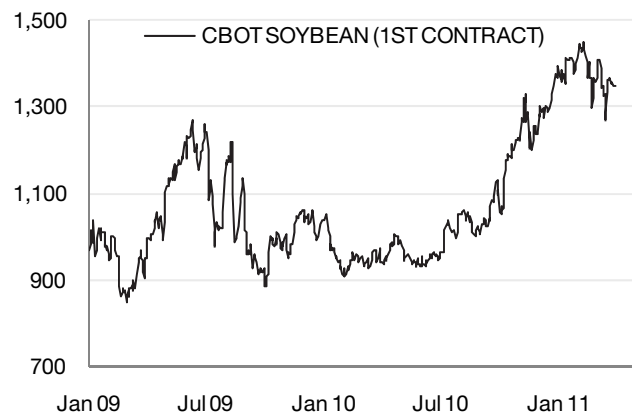


Figure 6: ICE Canola (1st Contract, C\$/t)



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

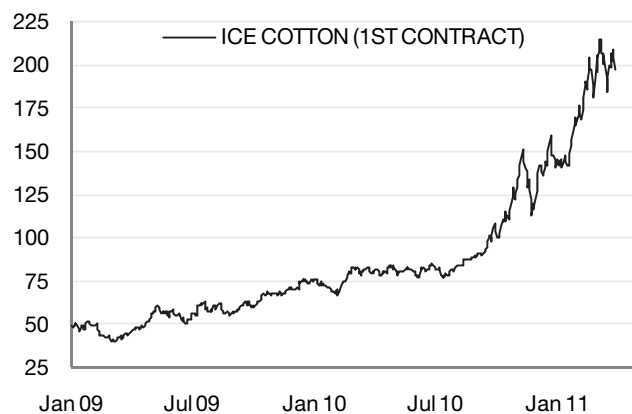


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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