

## Oilseed futures rally.

- **Markets:** US economic data contained both positive and negative elements overnights. US consumer spending rose by 0.8% in July, marking the fastest pace in five months. When adjusted for inflation, spending was up 0.5%, the largest increase in 18 months. But the Dallas Fed manufacturing index fell from 10.8 to 1.1 in July, and the associated business confidence reading fell from -2 to -11.4. US pending home sales fell by 1.3% in July. US equities rallied strongly on better than expected consumer spending figures and expectations of further stimulus by Federal Reserve policymakers.
- **Currencies:** The AUD rose 0.4% to USD1.0617 overnight (London close) while the USD index fell 0.2% to 73.7pts.
- **Weather:** A front is bringing a cooler change and showers to eastern parts of VIC and NSW. A high is clearing VIC and SA, leading to a cold morning. Westerly winds in TAS are maintaining showers in the west. A trough in the east is causing a few showers and storms in eastern QLD.
- **Grains:** US grain markets finished mixed overnight.
  - CBOT wheat (Sep 11) handed back early gains to close 5 cents (0.7%) weaker at USc757.25/bu last night. The Dec 11 contract ended 2 cents weaker at USc795/bu (-A\$278/t). US wheat export inspections data last night was encouraging, coming in at 23.4 million bushels vs. forecasts of 17-22 million bushels. The latest weather reports suggest some of the driest US HRW wheat regions will get periodic rainfall over the next 10 days. Forecast totals are not expected to be large, but any improvement in soil moisture will be welcome ahead of the upcoming autumn planting period. After the close the USDA reported the US winter wheat harvest is now virtually complete (97%), while the spring wheat harvest is now half done, behind the normal seasonal pace of 71% complete. Spring wheat crop conditions deteriorated slightly last week to be now 61% good to excellent (down 1pt).
  - CBOT corn (Sep11) closed 3 ¼ cents (0.5%) stronger at USc756.25/bu overnight, buoyed by US production concerns, strong US equity and crude oil markets and the weak USD. Following last week's US crop tour, the USDA is widely expected to lower their US corn production estimate in their 12 September WASDE report. US corn export inspections last week were 27.3 million bushels, below estimates of 30-34 million bushels. After the close the USDA confirmed that corn crop conditions continue to decline, 54% is now rated good-to-excellent from 57% the week prior. This decline is likely to support corn prices today.
  - ASX NSW wheat (Jan 12) rose \$3.5 to \$273.8/t yesterday, while feed barley for Jan 12 delivery rose \$1.5 to \$227/t. Strength in US grain markets supported local values yesterday, despite yield boosting rain in northern NSW and Qld last weekend.
- **Oilseeds:** CBOT soybeans (Nov 11) rose 1.7% (23 ½ ¢) to USc1447/bu overnight after breaking through key resistance on Friday night (1400 cents). Supporting the technical break higher is continued concern regarding US soybean crop conditions, with World Weather reporting that "rain in the US Midwest will be slow in resuming" and "soybeans and other late crops will remain stressed" and that "some yield reductions are possible". Canadian canola (Nov 11) surged C\$13.7 (2.4%) to an eight week high of C\$581.2/t, supported by a technical break higher, reports of lower than expected yields in Canada and stronger soybean values. Harvest pressure could cap the rally unless yields fall sharply below expectations.
- **Cotton:** NY cotton (Dec 11) closed 60pts (0.6%) firmer at USc104.92/lb, supported by stronger outside market. The USDA this morning indicated that 27% of the US cotton crop now has open bolls, up from 16% last week, and that 30% of the crop is rated good-excellent, down 1 point for the week.
- **Sugar:** NY raw sugar (Oct 11) dropped 33pts (1.1%) to USc29.89/lb overnight with similar losses across the curve. Cosan reported that Brazilian CS cane production will fall to 490-500 million tonnes this year before recovering to 540 million next year.
- **Crude Oil:** NYMEX crude oil (Oct 11) rose 2.6% to USD87.56/bl.

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

Commodity	Unit	Price	% chg	Price	% chg	Price	% chg
US Wheat (CBOT)	USc/bu	757	-0.7%	795	-0.3%	868	+0.8%
	AUD/t **	263	-1.0%	278	-0.6%	315	+0.5%
AU Wheat - East (ASX)							
	AUD/t	259	0.0%	274	+1.3%	297	+0.4%
AU Wheat - WA (ASX)							
	AUD/t	376	0.0%	285	+1.2%	307	+1.2%
US Soybeans (CBOT)	USc/bu	1447	+1.7%	1456	+1.6%	1371	+1.3%
	AUD/t **	505	+1.3%	511	+1.3%	493	+1.0%
CA Canola (ICE)	CAD/t	581	+2.4%	589	+2.3%	580	+2.4%
	AUD/t **	563	+2.5%	574	+2.5%	576	+2.5%
AU Canola (ASX)							
	AUD/t	540	0.0%	565	0.0%	565	0.0%
US Corn (CBOT)	USc/bu	756	+0.5%	770	+0.4%	667	+0.2%
	AUD/t **	281	+0.1%	289	+0.0%	259	-0.2%
AU Barley (ASX)							
	AUD/t	213	0.0%	227	+0.7%	230	+0.7%
AU Sorghum (ASX)							
	AUD/t	235	0.0%	248	-0.6%	248	-0.6%
US Raw Sugar (ICE)	USc/lb	29.89	-1.1%	28.98	-1.2%	25.44	-0.8%
	AUD/t **	623	-1.5%	614	-1.5%	549	-1.1%
US Cotton (ICE)	USc/lb	104.92	+0.6%	100.13	+0.1%	98.02	+0.4%
	AUD/bale **	500	+0.2%	486	-0.2%	488	+0.1%
AU Wool EMI (AWEX)	AUD/kg	12.64	0.0%			24/8/11	
AU Cattle (EYCI)	AUD/kg	3.92	0.3%			29/8/11	
Crude Oil (WTI)	USD/bl	87.56	2.6%			29/8/11	
	AUD/bl **	82.47	2.2%			29/8/11	
Commodity Indices							
	S&P Agri & L'stock (USD)	1386	0.2%			29/8/11	
	S&P Agri & L'stock (AUD)	1305	-0.2%			29/8/11	
	S&P All Commodities (USD)	5016	0.8%			29/8/11	
S&P All Commodities (AUD)	4725	0.4%			29/8/11		
Currencies							
	AUD/USD	1.0617	0.0038			0.4%	
	AUD/CAD	1.0395	-0.0011			-0.1%	
	AUD/JPY	81.71	0.58			0.7%	
USD Index	73.7	-0.1			-0.2%		
Equity Markets							
	ASX S&P200	4263	63			1.5%	
	US DJI	11539	255			2.3%	
	UK FTSE	-	-			-	

\* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 29/08/11, previous pricing date is 26/08/11

Sources: Bloomberg and CBA

\*\* AUD Equivalent Price



Figure 1: CBOT Wheat (1<sup>st</sup> Contract, USc/bu)

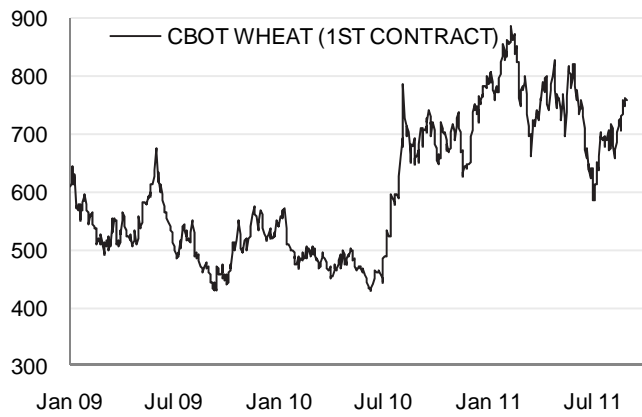


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)

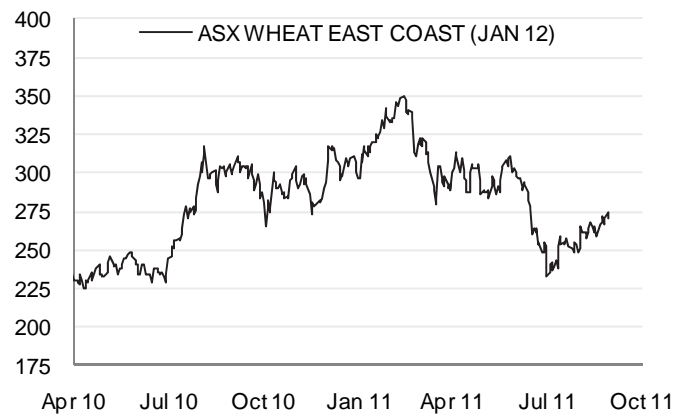


Figure 3: CBOT Corn (1<sup>st</sup> Contract, USc/bu)

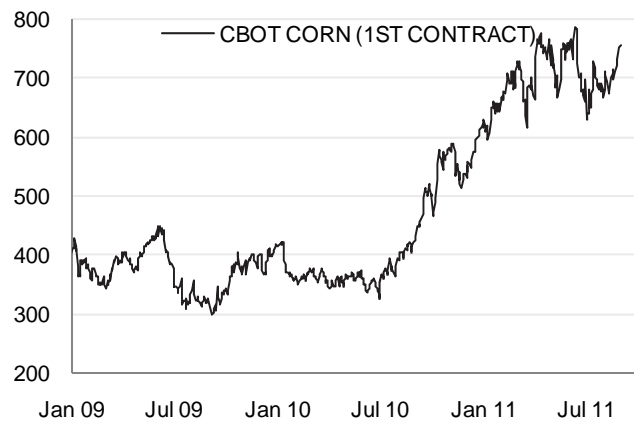


Figure 4: ASX Feed Barley (Jan 12 Contract, A\$/t)



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

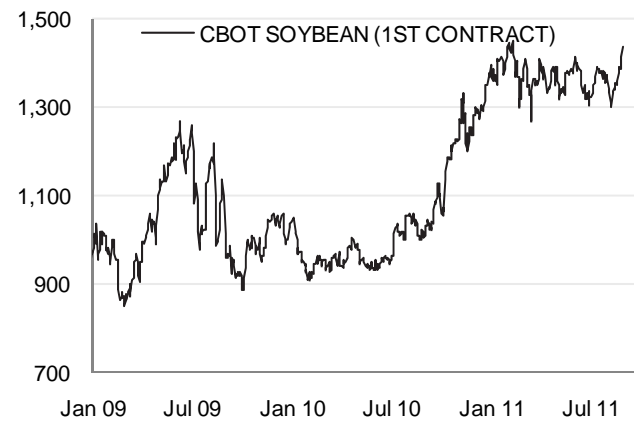


Figure 6: ICE Canola (1<sup>st</sup> Contract, C\$/t)



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



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





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