



Ag commodities mixed on Tuesday... More rain needed in South America.

- **Markets:** US chain store sales rose by 3.3% YOY in the first week to January according to the Johnson Redbook Retail Sales index. US wholesale sales rose by 0.6% in November and inventories rose just 0.1%. Both were below expectations. The slower level of business restocking may serve to crimp the economic growth estimate for the December quarter. French industrial production rose by 1.1% November to stand 0.9% higher than a year ago. The Bank of France business sentiment indicator turned up for the first time in nearly a year, edging up to 96 in December from 95. This maintains the pattern of stabilisation across European business surveys in late 2011. European shares posted solid gains on Tuesday with investors encouraged by earnings news in the US and hopeful of more stimulus to be applied to the Chinese economy. US sharemarkets rose sharply at the start of trade and then drifted lower over the session.
- **Currencies:** The AUD rose 1% to USD1.0318 overnight (London close) while the USD index fell 0.2% to 80.9pts.
- **Weather:** A low has developed into Tropical Cyclone Heidi, generating heavy rain and storms and strong winds in northern WA. A low in the southeast is sending cold, strong, showery winds over southeastern Australia and highland snow over TAS. A trough is triggering storms in the tropics. (www.weatherzone.com.au)
- **Grains:** US grain markets finished mixed overnight.
 - CBOT wheat (Mar 12) dipped 2 cents to US\$639.75/bu (~A\$229/t) last night while the Dec 12 contract finished flat at US\$714.25/bu. Rain in Texas and position squaring following Monday's 2.7% gains (and ahead of this week's USDA WASDE report, Thursday night, AEST) weighed on overnight wheat prices. Ukraine's wheat exports in 2011/12 will be 7.6 million tonnes according to local consultant UkrAgroConsult, down from the consultant's November estimate of 9.7 million tonnes because of a slower than expected shipment pace in November and December. Exports are expected to fall to 6.3 million tonnes in the 2012/13 because of the current drought. The size of the wheat crop may fall to 14.5 million tonnes in 2012/13 from 20.6 million in 2011/12 according to the report.
 - CBOT corn (Mar 12) traded higher and lower overnight before closing unchanged at US\$652/bu last night. The weaker USD, firmer crude oil markets and stronger equity markets supported corn prices for the session, however rain forecast for Argentina dampened the mood. The rain may temporarily relieve crop stress, but total falls may be insufficient to change the medium term drying trend, particularly given hot dry weather is to return next week.
 - Australian grain markets rose yesterday. The soon to expire NSW Jan 12 wheat contract jumped by more than \$6 to \$215.5/t, the March 12 contract traded at \$216/t and the Jan 13 NSW wheat contract rose \$3 to \$243.3/t. The subdued performance in global grain markets last night and the firmer AUD may pressure local grain markets today.
- **Oilseeds:** CBOT soybeans (Mar 12) ended 1 cent weaker at US\$1232/bu last night amid profit taking following Monday's 3% gains. Current rainfall across drought stricken Argentina also weighed on prices. Brazil's official crop forecaster raised its estimate of their soybean crop by ½ million tonnes to 71.75 million yesterday, but they warned that dry conditions in southern growing regions may cause yield losses. Chinese soybean imports totalled 52.6 million tonnes in 2011 according to official trade data, down 4% from 2010 imports and the first decline in seven years. Canadian canola (Mar 12) fell C\$2.4 to C\$530.9/t
- **Cotton:** NY cotton (Mar 12) recovered early losses to close 52pts firmer at US\$96.96/lb overnight, supported by expectations that La Nina conditions will hurt output in 2012/13.
- **Sugar:** NY raw sugar ended mostly flat at US\$23.32/lb last night, with prices remaining trapped between US\$22.70 - 24.70/lb. Egypt is seeking to buy 50,000-80,000 tonnes of raw sugar in a tender for March-May delivery.
- **Crude Oil:** NYMEX crude oil (Feb 12) ended 0.8% firmer at USD102.15/bl.

Ag Commodity Markets: Daily Price Summary*

		Mar 12	Dec 12	Dec 13
US Wheat (CBOT)	US\$/bu	640 -0.3%	714 0.0%	745 -0.1%
	AUD/t **	229 -1.4%	261 -1.0%	279 -1.1%
AU Wheat - East (ASX)		Jan 12	Jan 13	Jan 14
	AUD/t	216 +3.1%	243 +1.2%	243 +1.2%
AU Wheat - WA (ASX)		Jan 12	Jan 13	Jan 14
	AUD/t	227 +1.6%	249 +1.1%	249 +1.1%
US Soybeans (CBOT)	US\$/bu	1232 -0.1%	1223 +0.1%	1203 -0.1%
	AUD/t **	442 -1.1%	447 -0.9%	451 -1.0%
CA Canola (ICE)		Mar 12	Nov 12	Nov 13
	CAD/t	531 -0.5%	518 -0.4%	526 -0.4%
	AUD/t **	509 -0.6%	504 -0.5%	523 -0.5%
AU Canola (ASX)		Jan 12	Jan 13	Jan 14
	AUD/t	500 0.0%	475 0.0%	475 0.0%
US Corn (CBOT)	US\$/bu	652 0.0%	587 +0.5%	564 +0.2%
	AUD/t **	250 -1.0%	230 -0.5%	226 -0.7%
AU Barley (ASX)		Jan 12	Jan 13	Jan 14
	AUD/t	187 -0.5%	205 0.0%	205 0.0%
AU Sorghum (ASX)		Mar 12	May 12	May 13
	AUD/t	202 +0.8%	203 +1.8%	207 +3.5%
US Raw Sugar (ICE)		Mar 12	Oct 12	Oct 13
	US\$/lb	23.32 -0.1%	22.97 +0.0%	22.90 +0.1%
	AUD/t **	500 -1.1%	503 -1.0%	515 -0.9%
US Cotton (ICE)		Mar 12	Jul 12	Jul 13
	US\$/lb	96.96 +0.5%	96.55 +0.3%	93.47 +0.5%
	AUD/bale **	472 -0.5%	475 -0.7%	473 -0.5%
AU Wool EMI (AWEX)		Latest	% chg	Last Pricing
	AUD/kg	11.97	0.7%	10/1/12
AU Cattle (EYCI)		Latest	% chg	Last Pricing
	AUD/kg	4.15	-1.0%	10/1/12
Crude Oil (WTI)		Latest	% chg	Last Pricing
	USD/bl	102.15	0.8%	10/1/12
	AUD/bl **	99.00	-0.2%	10/1/12
Commodity Indices		Latest	% chg	Last Pricing
	S&P Agri & L'stock (USD)	1190	0.0%	9/1/12
	S&P Agri & L'stock (AUD)	1165	0.0%	9/1/12
	S&P All Commodities (USD)	5017	0.0%	9/1/12
	S&P All Commodities (AUD)	4913	0.0%	9/1/12
Currencies		Latest	pts chg	% chg
	AUD/USD	1.0318	0.0107	1.0%
	AUD/CAD	1.0497	0.0020	0.2%
	AUD/JPY	79.26	0.75	1.0%
	USD Index	80.9	-0.2	-0.2%
Equity Markets		Latest	pts chg	% chg
	ASX S&P200	4152	47	1.1%
	US DJI	12456	63	0.5%
	UK FTSE	5697	84	1.5%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 10/01/12, previous pricing date is 09/01/12

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

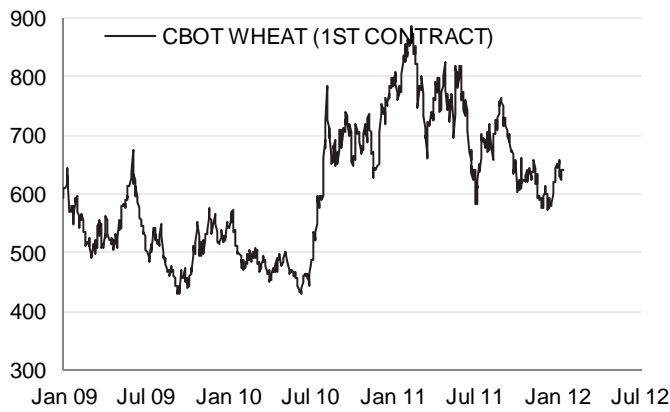


Figure 2: ASX NSW Wheat (Jan 12 Contract, A\$/t)



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



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

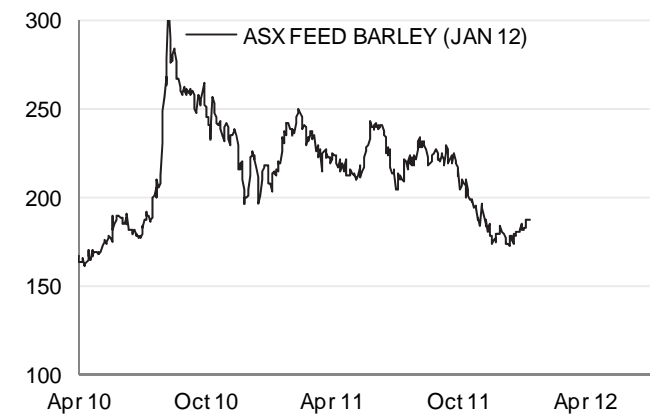


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

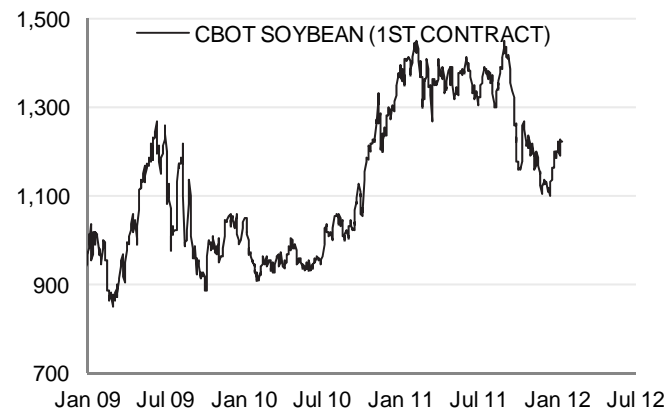


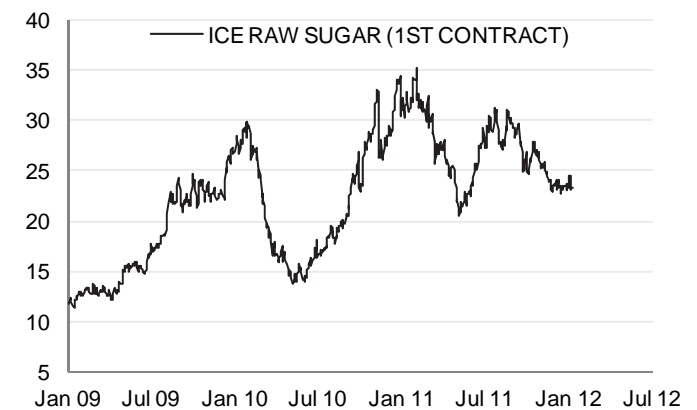
Figure 6: ICE Canola (1st Contract, C\$/t)



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



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





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