

## Sugar prices rally. Election uncertainty weighs on Aussie Dollar...

**Markets:** Economic data flows were limited on Friday, and US equity finished slightly lower in light trade. The Dow Jones fell by 57pts or 0.6pct after being down 120pts. Over the week the Dow Jones lost 0.9pct with the S&P 500 down 0.7pct. The inclusive result in Australian Federal Election over the weekend caused the Australian dollar to drop one cent in early Australasian trade this morning.

**Currencies:** The AUD fell 0.3pct to USD0.8901 on Friday night (London close) while the USD index rose 0.7pct to 82.5pts.

**Weather:** A trough is stretching across the interior and east, funneling in tropical moisture from the Indian Ocean and generating widespread rain. A high pressure ridge is keeping most of QLD clear for now. A front is approaching the southeast, causing cloud to increase. ([www.weatherzone.com.au](http://www.weatherzone.com.au))

**Grains:** Wheat futures (CBOT Sep 10) edged 2¼¢ lower to USc679/bu on Friday night despite improving demand for US wheat. Bearish for wheat prices was the bigger than expected Canadian wheat crop forecast by StatsCan (22.66mt vs. average trade estimates of 21.2mt), the firmer USD, scattered showers across Russia and further reports from the Russian Ag minister that they won't import grain in 2010.

CBOT corn (Sep10) rallied 1.7pct (7¢) to USc421.25/bu amid corn/wheat spreading. International demand for US corn has recently improved while private estimates suggest US corn yields/production potentials have declined.

ASX NSW Jan 11 wheat rallied nearly \$9 on Friday \$290/t while the Jan 11 WA contract traded above \$310/t in the evening session. ASX feed barley remained well supported on Friday, rising \$3 to \$267/t. Some light scattered showers were received throughout WA over the weekend; however coverage and totals are insufficient to allay fears of declining yield potentials.

**Oilseeds:** CBOT soybeans (Sep 10) fell 0.7pct (7½¢) to USc1009.25/bu on the back of weak crude oil prices and the stronger USD. Reuters reported that China is going to start selling soybeans from its domestic reserves which could result in a tempering of import demand. Canadian canola (ICE Nov 10) fell C\$9.1 to C\$439.2/t, the weakest close for over a month. StatsCan forecast the Canadian crop at 10.87mt, slightly higher than trade estimates of 10.7mt.

**Cotton:** ICE cotton (Dec 10) finished 0.7pct (59pts) lower at USc83.55/lb on Friday on light volumes, pressured by further weakness in outside markets because of ever increasing concerns over the health of the US economy.

**Sugar:** New York raw sugar (Oct 10 contract) rallied sharply (59pts, 3%) in the first two hours of trade on Friday, breaking above recent peaks and 20cents in the process. The rest of the session was comparatively quiet, with the market drifting sideways before ultimately finishing at USc19.95/lb, up 47pts for the day. It was the highest close since early March; but there was little fresh news that could be cited as the reason for the break higher. The backwardation in the raw sugar curve intensified with contracts for delivery from mid 2011 ending lower. Talk of a supply squeeze against the nearby white and raw futures contract supported those contracts.

**Crude Oil:** NYMEX WTI crude oil (Sep10) fell 1.3pct to USD73.82/bl.

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

		Sep 10	Dec 10	Dec 11
<b>US Wheat (CBOT)</b>	USc/bu	679 -0.3%	712 -0.3%	714 0.0%
	AUD/t **	281 -0.1%	297 0.0%	311 +0.3%
<b>AU Wheat - East (ASX)</b>	AUD/t	281 +0.4%	291 +3.1%	304 +2.8%
<b>AU Wheat - WA (ASX)</b>	AUD/t	288 0.0%	309 +2.9%	317 +2.2%
<b>US Soybeans (CBOT)</b>	USc/bu	1009 -0.7%	1004 -0.8%	995 -0.6%
	AUD/t **	417 -0.5%	418 -0.5%	429 -0.4%
<b>CA Canola (ICE)</b>	CAD/t	439 -2.0%	444 -1.9%	410 -1.3%
	AUD/t **	473 -2.7%	481 -2.5%	455 -2.0%
<b>AU Canola (ASX)</b>	AUD/t	452 0.0%	512 -1.4%	517 -1.2%
<b>US Corn (CBOT)</b>	USc/bu	421 +1.7%	436 +1.6%	442 +2.0%
	AUD/t **	187 +2.0%	195 +1.9%	206 +2.3%
<b>AU Barley (ASX)</b>	AUD/t	266 +1.0%	267 +1.1%	268 -0.6%
<b>AU Sorghum (ASX)</b>	AUD/t	245 +2.1%	243 +3.2%	243 +3.2%
<b>US Raw Sugar (ICE)</b>	USc/lb	19.95 +2.4%	18.79 +0.9%	16.48 -0.2%
	AUD/t **	496 +2.7%	476 +1.2%	426 +0.0%
<b>US Cotton (ICE)</b>	USc/lb	87.15 -0.9%	83.55 -0.7%	76.28 -0.2%
	AUD/bale **	491 -0.7%	474 -0.4%	457 +0.1%
<b>AU Wool EMI (AWEX)</b>	AUD/kg	8.74	0.0%	19/8/10
<b>AU Cattle (EYCI)</b>	AUD/kg	3.675	0.0%	19/8/10
<b>Crude Oil (WTI)</b>	USD/bl	73.82	-1.3%	20/8/10
	AUD/bl **	82.93	-1.0%	20/8/10
<b>Commodity Indices</b>	S&P Agri & L'stock (USD)	1076	0.4%	20/8/10
	S&P Agri & L'stock (AUD)	1208	0.7%	20/8/10
	S&P All Commodities (USD)	4066	-0.9%	20/8/10
	S&P All Commodities (AUD)	4568	-0.6%	20/8/10
<b>Currencies</b>	AUD/USD	0.8901	-0.0025	-0.3%
	AUD/CAD	0.934	0.0065	0.7%
	AUD/JPY	76.26	0.11	0.1%
	USD Index	83.1	0.6	0.7%
<b>Equity Markets</b>	ASX S&P200	4431	-48	-1.1%
	US DJI	10214	-58	-0.6%
	UK FTSE	5195	-16	-0.3%

\* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 20/08/10, previous pricing date is 19/08/10

Sources: Bloomberg and CBA

\*\* AUD Equivalent Price



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

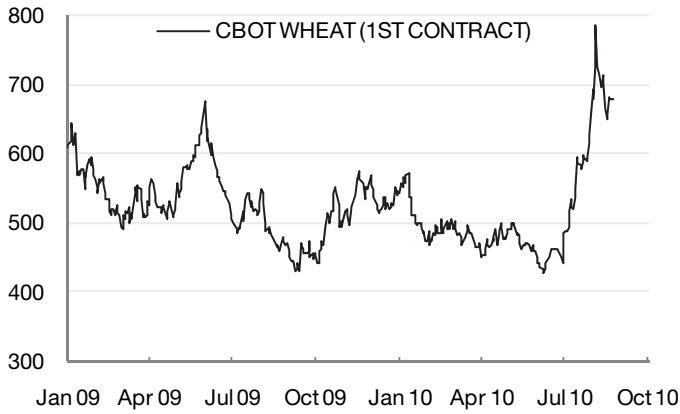


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

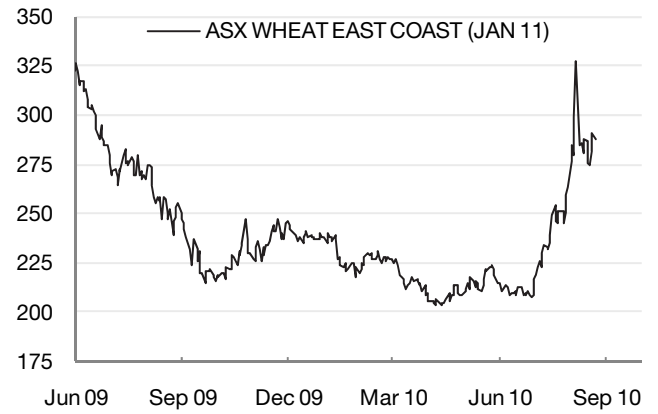


Figure 3: CBOT Corn (1<sup>st</sup> Contract, USc/bu)

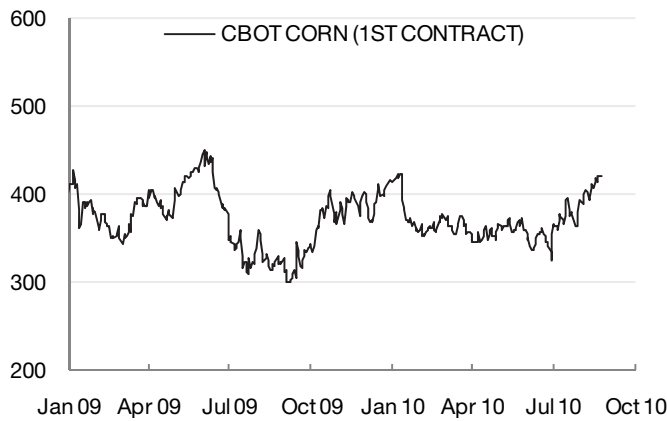


Figure 4: ASX Feed Barley (Jan 11 Contract, A\$/t)

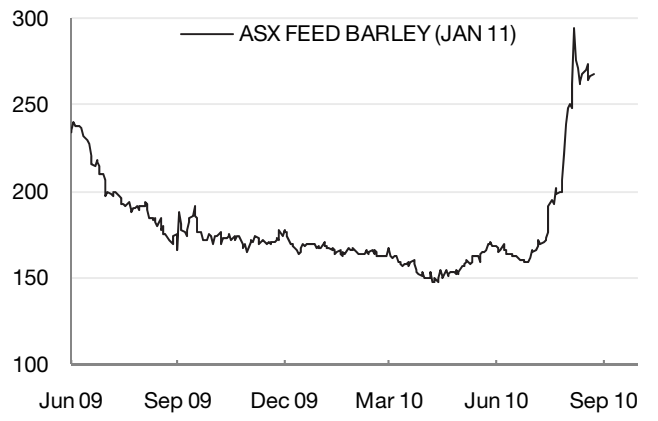


Figure 5: CBOT Soybeans (1<sup>st</sup> Contract, USc/bu)

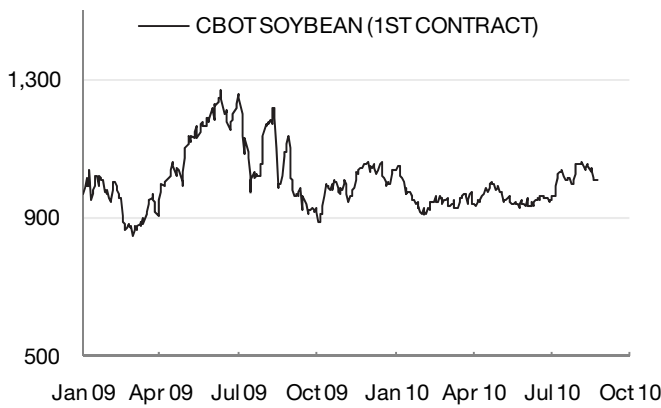


Figure 6: ICE Canola (1<sup>st</sup> Contract, C\$/t)

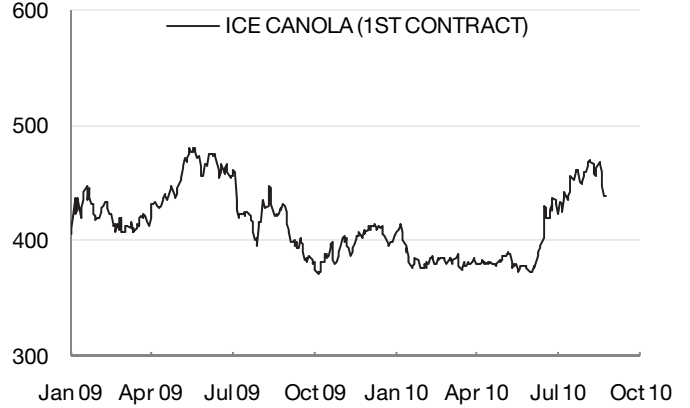


Figure 7: ICE Cotton (1<sup>st</sup> Contract, USc/lb)



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





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