



## WA crops set for downgrades...

**Markets:** The Chicago Fed national activity index rose from -0.7 to 0 in July. The zero value in the index indicates a national economy expanding at historical averages. European shares rallied off one-month lows on Monday but US shares fell in light trade on Monday. The Dow Jones fell by 39pts or 0.4pct.

**Currencies:** The AUD rose 0.3pct to USD0.8932 overnight night (London close), despite the electoral uncertainty, while the USD index rose 0.1pct to 83.1pts.

**Weather:** A trough and low over the east is being fed by a moist stream of tropical air from the northwest, bringing widespread rainfall. A cold front is bringing a burst of cool gusty showers to SA and VIC. Mostly clear and dry in the country's north. ([www.weatherzone.com.au](http://www.weatherzone.com.au))

**Grains:** Wheat futures (CBOT Sep 10) bounced 2pct (13¼¢) to USc692.25/bu on the back of strong US wheat export inspections. In the latest week the USDA said inspections in the latest week were 21.5m bushels, above trade estimates of 15-18m according to Reuters. European wheat futures were also stronger on the back of firm demand and harvest rain. Harvest results in Russia are confirming drought damage, with yields of 2.08t/ha vs. last year's result of 2.69t/ha. Total production through to Aug 19 is reportedly down 38pct yoy. US spring wheat crop condition ratings were unchanged at a strong 82pct good to excellent, and the spring wheat harvest is 53pct complete.

CBOT corn (Sep10) fell 0.9pct (4¢) to USc417.25/bu on seasonal pressure as the US corn harvest approaches and further weakness in energy prices. Thoughts that USDA yield estimates may have some downside provided underlying support. But after the close the USDA actually indicated that corn crop conditions improved by 1pt to 70pct good to excellent, against expectations of a 1pt fall. US corn export inspections in the latest week came in at 37.6m bushels which was a touch higher than most estimates.

ASX NSW Jan 11 wheat was quoted mostly unchanged at \$291/t yesterday however dipped to down to \$285.1/t in afterhours trading. The WA contract Jan 11 contract traded down to \$305.10/t yesterday, despite ending quoted at \$310/t. WA crop conditions continue to be of worry, suggesting the crop will come in between 5-6mt, significantly lower than last year's 8.2mt crop. Great east coast crop conditions are easing some of the pain from a national level.

**Oilseeds:** CBOT soybeans (Sep 10) ended 2¼¢ lower at to USc1007/bu overnight, however all other contracts finished a touch firmer. Brazilian soybean planting for the 2011/12 crop will commence within the next few weeks, and according to Reuters 12pct of the crop has been forward sold, up from 11pct last year. After the close the USDA indicated that US soybean crop conditions slipped 2pts to 64pct good to excellent. Canadian canola (ICE Nov 10) edged C\$1.4 to C\$440.6/t,

**Cotton:** ICE cotton (Dec 10) finished 0.6pct (54pts) firmer at USc84.09/lb. After the close, the USDA indicated that cotton crop conditions remained unchanged over the week at 62pct good to excellent.

**Sugar:** New York raw sugar (Oct 10 contract) chopped around unchanged for most of the session but ended 0.6pct (12pts) firmer at USc20.07/lb, which was the first close above 20 cents since 2<sup>nd</sup> March. Strong gains were observed throughout the curve with Mar11 up 29pts (to USc19.08/lb) and Oct11 up 20pts to USc16.68/lb. Iraq has reportedly issued a tender for a minimum of 200kt of refined sugar. More medium-term bearish news was contained in reports that Mexico has responded to high sugar prices by increasing its consumption of High Fructose Corn Syrup. Reuters reported that consumption of HFCS in Mexico for 2009/10 will be 1.2mt, nearly double 2008/09 usage.

**Crude Oil:** NYMEX WTI crude oil (Sep10) fell 1.0pct to USD73.1/bl.

## Ag Commodity Markets: Daily Price Summary\*

		Sep 10	Dec 10	Dec 11
<b>US Wheat (CBOT)</b>	USc/bu	692 +2.0%	726 +1.9%	727 +1.8%
	AUD/t **	285 +1.6%	302 +1.6%	316 +1.5%
<b>AU Wheat - East (ASX)</b>	AUD/t	281 0.0%	291 +0.2%	303 -0.3%
<b>AU Wheat - WA (ASX)</b>	AUD/t	288 0.0%	310 +0.3%	307 -3.0%
<b>US Soybeans (CBOT)</b>	USc/bu	1007 -0.2%	1006 +0.1%	997 +0.2%
	AUD/t **	415 -0.6%	417 -0.2%	428 -0.1%
<b>CA Canola (ICE)</b>	CAD/t	441 +0.3%	445 +0.3%	411 +0.1%
	AUD/t **	472 -0.2%	480 -0.2%	453 -0.4%
<b>AU Canola (ASX)</b>	AUD/t	452 0.0%	512 0.0%	517 0.0%
<b>US Corn (CBOT)</b>	USc/bu	417 -0.9%	433 -0.8%	440 -0.5%
	AUD/t **	184 -1.3%	193 -1.1%	205 -0.8%
<b>AU Barley (ASX)</b>	AUD/t	266 0.0%	269 +0.7%	267 -0.4%
<b>AU Sorghum (ASX)</b>	AUD/t	245 0.0%	239 -1.6%	239 -1.6%
<b>US Raw Sugar (ICE)</b>	USc/lb	20.07 +0.6%	19.08 +1.5%	16.68 +1.2%
	AUD/t **	497 +0.3%	481 +1.2%	430 +0.9%
<b>US Cotton (ICE)</b>	USc/lb	87.65 +0.6%	84.09 +0.6%	76.34 +0.1%
	AUD/bale **	493 +0.2%	476 +0.3%	456 -0.2%
<b>AU Wool EMI (AWEX)</b>	AUD/kg	8.74	0.0%	19/8/10
<b>AU Cattle (EYCI)</b>	AUD/kg	3.662	-0.4%	23/8/10
<b>Crude Oil (WTI)</b>	USD/bl	73.1	-1.0%	23/8/10
	AUD/bl **	81.84	-1.3%	23/8/10
<b>Commodity Indices</b>	S&P Agri & L'stock (USD)	1081	0.6%	23/8/10
	S&P Agri & L'stock (AUD)	1211	0.2%	23/8/10
	S&P All Commodities (USD)	4043	-0.6%	23/8/10
	S&P All Commodities (AUD)	4527	-0.9%	23/8/10
<b>Currencies</b>	AUD/USD	0.8932	0.0031	0.3%
	AUD/CAD	0.9389	0.0049	0.5%
	AUD/JPY	76.18	-0.08	-0.1%
	USD Index	83.1	0.1	0.1%
<b>Equity Markets</b>	ASX S&P200	4429	-2	0.0%
	US DJI	10174	-39	-0.4%
	UK FTSE	5235	40	0.8%

\* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 23/08/10, previous pricing date is 20/08/10

Sources: Bloomberg and CBA

\*\* AUD Equivalent Price



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

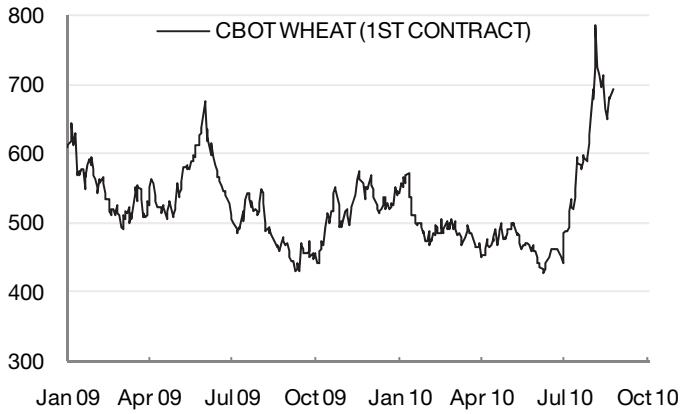


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

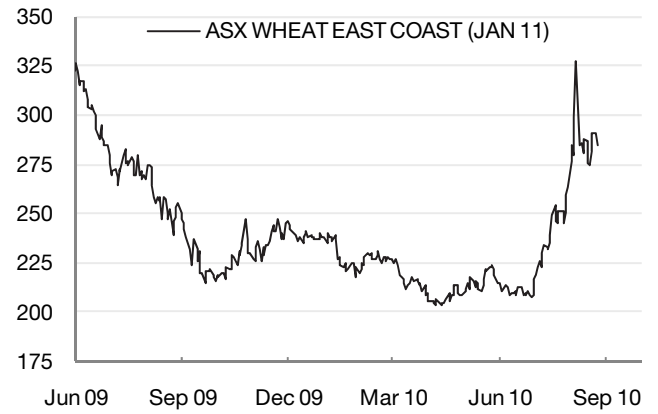


Figure 3: CBOT Corn (1<sup>st</sup> Contract, US\$/bu)

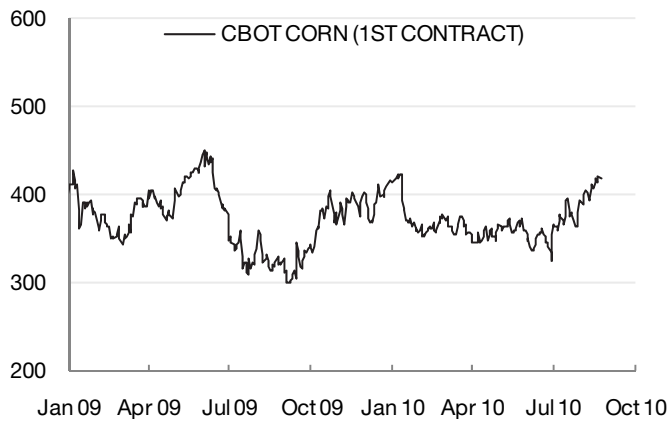


Figure 4: ASX Feed Barley (Jan 11 Contract, A\$/t)

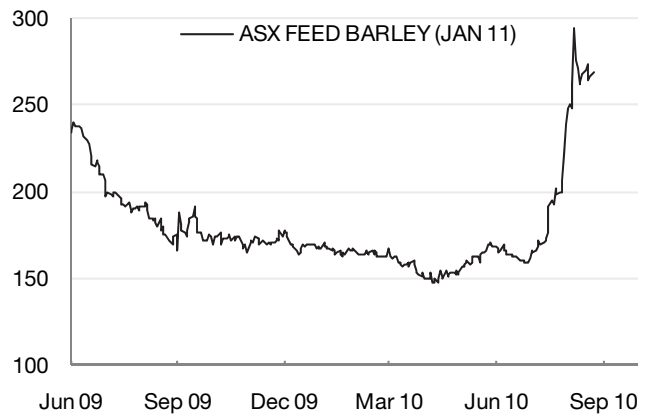


Figure 5: CBOT Soybeans (1<sup>st</sup> Contract, US\$/bu)

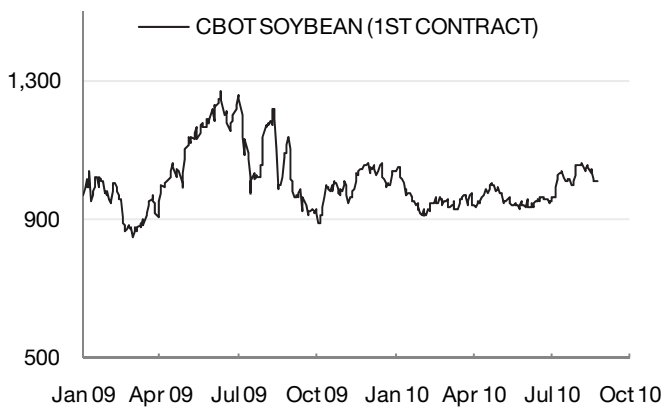


Figure 6: ICE Canola (1<sup>st</sup> Contract, C\$/t)

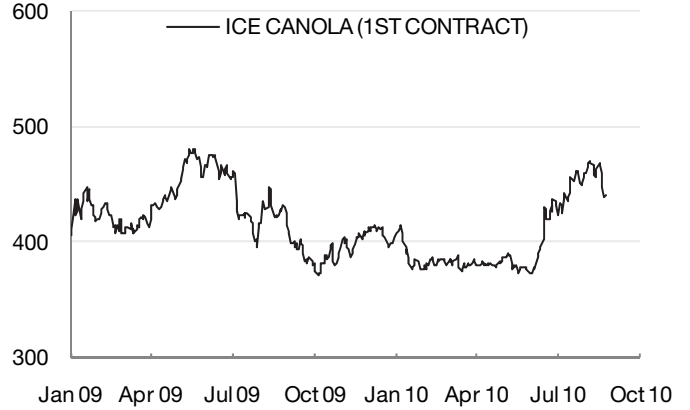


Figure 7: ICE Cotton (1<sup>st</sup> Contract, US\$/lb)



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





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