

Unica trims Brazilian centre-south sugar output, but only slightly...

Markets: US economic data was a little more positive overnight, with jobless claims falling 31k to 473k in the past week. The US Chicago Fed manufacturing index rose 2.2pct to 81.4 in July. But US GDP data will be out tonight and expectations are not great. The Dow Jones fell below 10,000 points, ending lower by almost 74pts or 0.7pct while the S&P 500 fell by 0.8pct.

Currencies: The AUD rose 0.9pct to USD0.8876 overnight night (London close) while the USD index fell 0.5pct to 82.9pts.

Weather: Strong, cold westerly winds are bringing blustery showers and highland snow to southern NSW, VIC and TAS. A trough is producing some rain on the QLD coast. A high is easing winds and showers over SA whilst keeping the interior and WA mainly clear and dry. (www.weatherzone.com.au)

Grains: Wheat futures (CBOT) bounced strongly overnight, however the gains were trimmed in the final few hours of trading. The nearby Sep 10 contract ended 1.4pct higher at USc656.5/bu, and the Dec 10 contract ended 1.2pct firmer at USc688.5/bu. The USDA indicated that US wheat export sales in the week ended 19th Aug were again very strong at 1.078mt, above trade estimates of 750-900kt. Also helpful for prices were reports that Russian analyst SovEcon expects Russia to import up to 6mt of grain in 10/11, including 1.5mt of wheat. Finally, the IGC further reduced global wheat production forecasts because of the FSU drought, but perhaps the most interesting aspect of the report is the forecast of higher than expected global wheat consumption.

CBOT corn (Sep10) rose 2.9pct (11 $\frac{3}{4}$ ¢) to USc416.5/bu. The Dec 10 contract ended 3pct stronger at USc432/bu and is nearing recent peaks (resistance levels) around USc437-438/bu. Funds were active buyers on the night after the USDA revealed very strong US corn export sales in the latest week of 1.74mt, well above trade estimates of 1-1.2mt.

Activity was reasonably subdued in ASX wheat markets yesterday. The NSW Jan 11 wheat contract dipped ~\$3to \$282.5/t while the WA contract was untraded, but quoted at \$303/t. ASX feed barley for Jan 11 delivery traded ~\$5 lower to \$252/t, however was officially quoted at \$255.5/t. Dryness is still persisting in WA grain regions; however a front from Sunday is forecast to bring rain Monday and Tuesday. Every drop that falls is critical.

Oilseeds: CBOT soybeans (Sep 10) rose 1.3pct (13¢) to USc1013/bu amid support from strong corn and wheat prices, plus confirmation of a stronger than expected US soybean crush in July. However final product demand was a little more subdued, resulting in a build in both US soy meal and oil stocks. US soybean export sales in the latest week were within expectations at 992kt. Canadian canola (ICE Nov 10) rose C\$2.9 to C\$456.6/t, extending recent gains.

Cotton: ICE cotton futures broke above recent highs overnight. The Dec 10 contract jumped 1.5pct (129pts) to USc86.15/lb while the nearby Oct 10 contract is now within a whisker of the 90 cent mark. Despite tight stocks and high prices, global demand for US cotton remains very strong.

Sugar: New York raw sugar bucked the positive trend in the ag commodity complex overnight after finishing with sharp losses. The nearby Oct 10 contract slumped nearly 4pct (76pts) to USc19.27/lb while the Mar 11 contract fell 49pts to USc18.91/lb. London whites also had a poor night after they opened lower and then extended further to the downside. Unica released their latest CS production forecasts overnight, and they have slightly trimmed sugar output to 33.7mt (from 34.1mt forecast in March) because of recent dryness. However, the downward revision was less severe than recent private estimate had suggested may occur, and production is still forecast 18pct higher than last year's sugar output of 28.6mt. The cane crush itself is forecast to come in at 573.8mt, down from the previous estimate of 596mt, but up from 2009/10 cane production of 542mt. Ethanol output estimates were trimmed by 3.7pct.

Crude Oil: NYMEX WTI crude oil (Sep10) rose 1.2pct to USD73.36/bl.

Ag Commodity Markets: Daily Price Summary*

		Sep 10	Dec 10	Dec 11
US Wheat (CBOT)	USc/bu	657 +1.4%	689 +1.2%	715 +1.6%
	AUD/t **	272 +0.5%	288 +0.3%	312 +0.8%
AU Wheat - East (ASX)	AUD/t	281 0.0%	283 -1.2%	298 -1.8%
AU Wheat - WA (ASX)	AUD/t	303 0.0%	303 -1.1%	300 -2.3%
US Soybeans (CBOT)	USc/bu	1013 +1.3%	1015 +1.6%	1005 +1.4%
	AUD/t **	420 +0.4%	423 +0.7%	434 +0.5%
CA Canola (ICE)	CAD/t	457 +0.6%	461 +0.6%	433 +1.5%
	AUD/t **	490 +0.5%	497 +0.3%	479 +1.3%
AU Canola (ASX)	AUD/t	452 0.0%	491 0.0%	495 0.0%
US Corn (CBOT)	USc/bu	417 +2.9%	432 +2.9%	440 +1.9%
	AUD/t **	185 +2.0%	194 +2.0%	206 +1.0%
AU Barley (ASX)	AUD/t	249 -1.0%	256 -0.8%	258 -0.8%
AU Sorghum (ASX)	AUD/t	245 0.0%	239 0.0%	239 0.0%
US Raw Sugar (ICE)	USc/lb	19.27 -3.8%	18.81 -2.5%	16.45 -2.3%
	AUD/t **	480 -4.6%	477 -3.4%	426 -3.1%
US Cotton (ICE)	USc/lb	89.24 +1.2%	86.15 +1.5%	76.88 +0.5%
	AUD/bale **	505 +0.4%	491 +0.6%	461 -0.3%
AU Wool EMI (AWEX)	AUD/kg	8.72	-0.2%	26/8/10
AU Cattle (EYCI)	AUD/kg	3.652	0.1%	26/8/10
Crude Oil (WTI)	USD/bl	73.36	1.2%	26/8/10
	AUD/bl **	82.65	0.3%	26/8/10
Commodity Indices	S&P Agri & L'stock (USD)	1059	0.7%	26/8/10
	S&P Agri & L'stock (AUD)	1193	-0.2%	26/8/10
	S&P All Commodities (USD)	4043	1.3%	26/8/10
	S&P All Commodities (AUD)	4556	0.5%	26/8/10
Currencies	AUD/USD	0.8876	0.0076	0.9%
	AUD/CAD	0.9368	0.0015	0.2%
	AUD/JPY	75.15	0.78	1.0%
	USD Index	82.9	-0.4	-0.5%
Equity Markets	ASX S&P200	4356	36	0.8%
	US DJI	9986	-74	-0.7%
	UK FTSE	5156	46	0.9%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 26/08/10, previous pricing date is 25/08/10

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

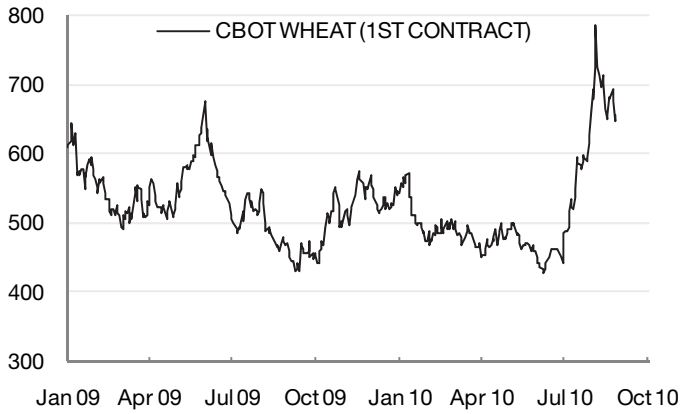


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

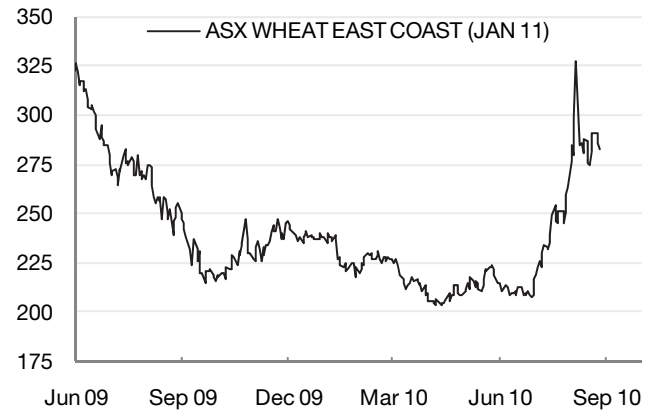


Figure 3: CBOT Corn (1st Contract, US\$/bu)

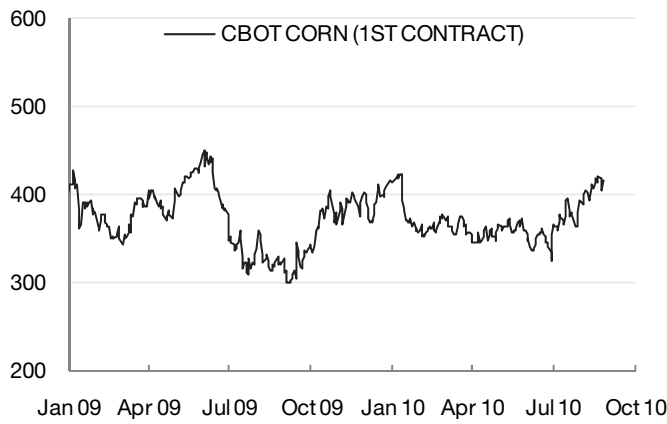


Figure 4: ASX Feed Barley (Jan 11 Contract, A\$/t)

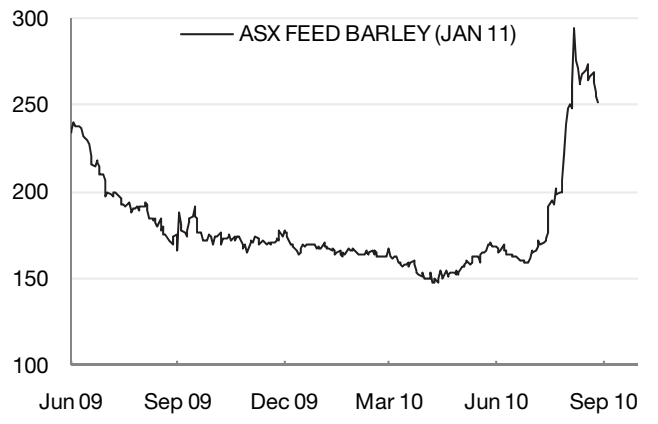


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

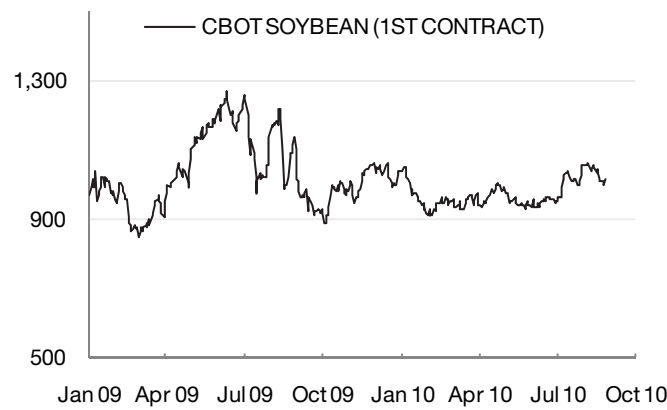


Figure 6: ICE Canola (1st Contract, C\$/t)

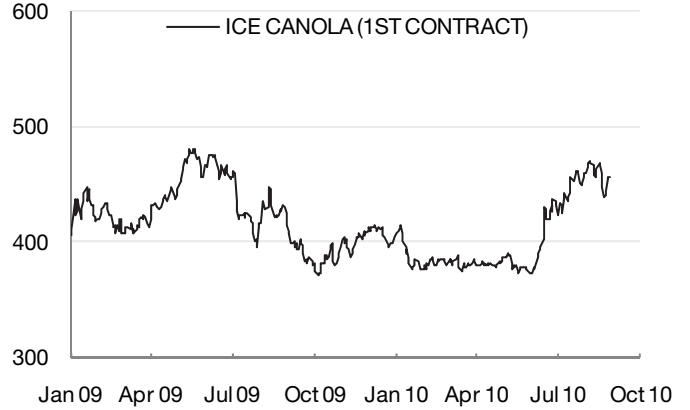


Figure 7: ICE Cotton (1st Contract, US\$/lb)



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





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