

US commodity prices rally, along with the Aussie dollar...

Markets: The US economy grew at a 1.6pct annualised pace in the June quarter, down from the original estimate of 2.4pct. Economists had tipped a result near 1.3pct. US consumer sentiment rose from 67.8 to 68.9 in August, short of forecasts near 69.6. US Federal Reserve chairman Ben Bernanke has indicated that the Fed is prepared to do what it takes to boost economic growth: *"The committee is prepared to provide additional monetary accommodation through unconventional measures if it proves necessary, especially if the outlook were to deteriorate significantly."* US sharemarkets rose on Friday with investors encouraged by comments from the Federal Reserve chairman and positive economic data. The Dow Jones rose 1.7pct with the S&P 500 up 1.7pct. Over the week the Dow Jones lost 0.6pct.

Currencies: The AUD rallied 1pct to USD0.8968 on Friday night (London close) but the USD index ended mostly unchanged at 82.9pts.

Weather: A broad high is keeping much of the country dry and calm, leading to a cold morning in the southeast. Moist southeasterly winds are affecting north QLD and are causing showers, mainly on the east coast. A trough is generating isolated light showers in western and southern WA. (www.weatherzone.com.au)

Grains: Chicago wheat (Sep 10) ended 0.9pct (6c) higher at USc662.5/bu on Friday while the Dec 10 contract rose 6½c to USc695/bu. Friendly outside markets and a USDA attaché report which suggested the Russian 2010 wheat crop will be only 41mt, down from the USDA's current official estimate of 45mt supported prices. Drought conditions in Argentina and slow crop maturation in Canada warrant monitoring. But capping the gains is the slow easing in the Russian drought which is supporting planting of the 2011 winter wheat crop.

CBOT corn (Sep10) rose 1.1pct (4½c) to USc421/bu, and the most active Dec 10 contract finished 0.9pct stronger at USc436/bu after earlier breaking above USc440/bu for the first time since January. Weather concerns in parts of the US, Argentina and Asia supported prices, along with export demand for US corn and the bounce in the crude oil prices. China's national Grains and oilseed Information centre has indicated that corn imports in the year beginning October will fall to 600kt from 1,000kt this year.

ASX wheat values firmed slightly on Friday with the Jan 11 NSW contract up ~\$3to \$285.5/t while the WA contract traded up to \$307.5/t after the official close. ASX feed barley (Jan 11) traded at firm values around \$255-256/t. Scattered rain is falling in the WA today and will continue through to Wednesday, before heavy rain extends to eastern Australia by the weekend.

Oilseeds: CBOT soybeans (Sep 10) rose 0.9pct (9c) to USc1022/bu on the back of strength in other markets and weather concerns in the US Midwest. Canadian canola (ICE Nov 10) rose C\$5.9 to C\$462.5/t to post the biggest weekly gain in two months. Reuters reported farmer selling remains limited.

Cotton: ICE cotton (Dec 10) rallied 115pts to a fresh high of USc87.30/lb early on Friday night before turning sharply lower into the close. In the end, the Dec contract finished at USc86.07/lb, down 8pts for the day. Tight fundamentals, reassuring comments by the US Fed Chairman, and reports that China may step up international cotton purchases in a bid to rebuild depleted stockpiles supported prices. But profit taking pulled the market off its highs.

Sugar: Sugar markets continue to display huge volatility and unpredictability. On Friday the Oct 10 raw contract surged 3.6pct (69pts) to USc19.96/lb, following the 4pct slump on Thursday. Technical buying was cited as the primary driver of Friday's price action, with little change in the fundamental situation from the prior session. India's monsoon forecasts for September are favourable, but fears are mounting that dryness in Brazil will further cut into cane output, particularly for the next crop.

Crude Oil: NYMEX WTI crude oil (Sep10) rose 2.5pct to USD73.36/bl.

Ag Commodity Markets: Daily Price Summary*

		Sep 10	Dec 10	Dec 11
US Wheat (CBOT)	USc/bu	663 +0.9%	695 +0.9%	722 +1.1%
	AUD/t	272 -0.1%	288 -0.1%	312 +0.1%
AU Wheat - East (ASX)	AUD/t	287 +2.0%	286 +1.1%	300 +0.8%
AU Wheat - WA (ASX)	AUD/t	298 -1.8%	304 +0.2%	303 +1.1%
US Soybeans (CBOT)	USc/bu	1022 +0.9%	1026 +1.1%	1015 +1.0%
	AUD/t	419 -0.1%	423 +0.1%	434 0.0%
CA Canola (ICE)	CAD/t	463 +1.3%	467 +1.3%	436 +0.7%
	AUD/t	491 +0.1%	498 +0.2%	477 -0.4%
AU Canola (ASX)	AUD/t	452 0.0%	491 0.0%	495 0.0%
US Corn (CBOT)	USc/bu	421 +1.1%	436 +0.9%	441 +0.1%
	AUD/t	185 +0.0%	193 -0.1%	204 -0.9%
AU Barley (ASX)	AUD/t	250 +0.4%	254 -0.6%	259 +0.4%
AU Sorghum (ASX)	AUD/t	245 0.0%	239 -0.2%	239 -0.2%
US Raw Sugar (ICE)	USc/lb	19.96 +3.6%	19.37 +3.0%	16.79 +2.1%
	AUD/t	492 +2.5%	486 +1.9%	431 +1.0%
US Cotton (ICE)	USc/lb	89.03 -0.2%	86.07 -0.1%	76.88 0.0%
	AUD/bale	498 -1.3%	485 -1.1%	457 -1.0%
AU Wool EMI (AWEX)	AUD/kg	8.72	0.0%	26/8/10
AU Cattle (EYCI)	AUD/kg	3.652	0.0%	27/8/10
Crude Oil (WTI)	USD/bl	75.17	2.5%	27/8/10
	AUD/bl	83.82	1.4%	27/8/10
Commodity Indices	S&P Agri & L'stock (USD)	1068	0.9%	27/8/10
	S&P Agri & L'stock (AUD)	1191	-0.2%	27/8/10
	S&P All Commodities (USD)	4109	1.6%	27/8/10
	S&P All Commodities (AUD)	4582	0.6%	27/8/10
Currencies	AUD/USD	0.8968	0.0092	1.0%
	AUD/CAD	0.9478	0.0110	1.2%
	AUD/JPY	76.48	1.33	1.8%
	USD Index	82.9	0.0	0.0%
Equity Markets	ASX S&P200	4370	14	0.3%
	US DJI	10151	165	1.7%
	UK FTSE	5202	46	0.9%

* Prices are the closing exchange traded futures prices.

Changes are daily. Last pricing date is 27/08/10, previous pricing date is 26/08/10

Sources: Bloomberg and CBA

** AUD Equivalent Price



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

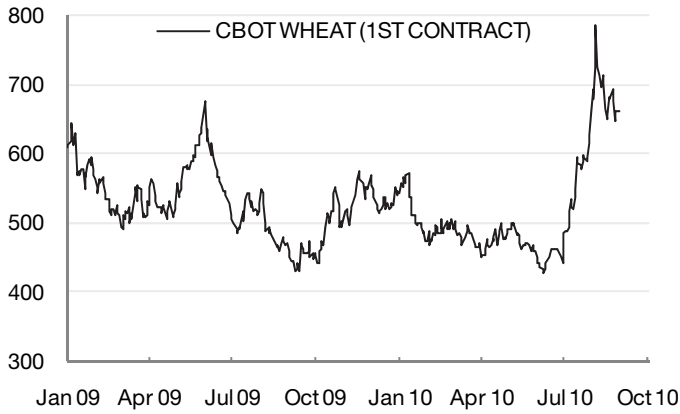


Figure 2: ASX NSW Wheat (Jan 11 Contract, A\$/t)

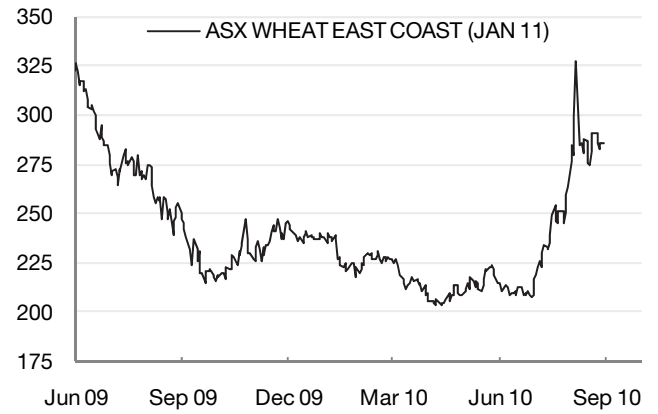


Figure 3: CBOT Corn (1st Contract, US\$/bu)

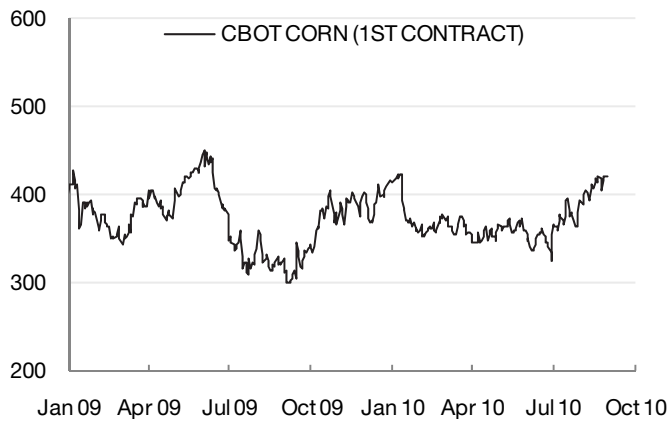


Figure 4: ASX Feed Barley (Jan 11 Contract, A\$/t)

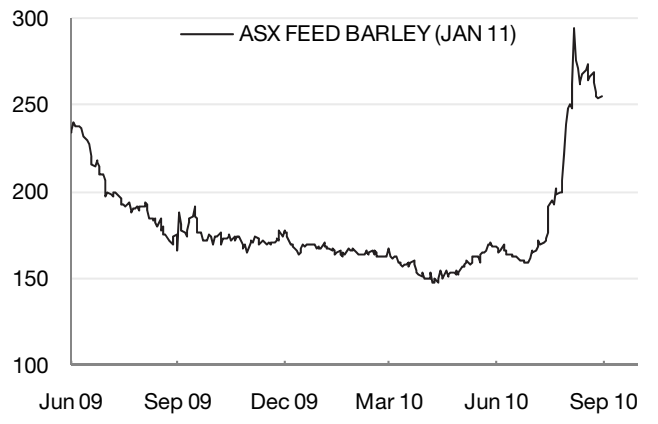


Figure 5: CBOT Soybeans (1st Contract, US\$/bu)

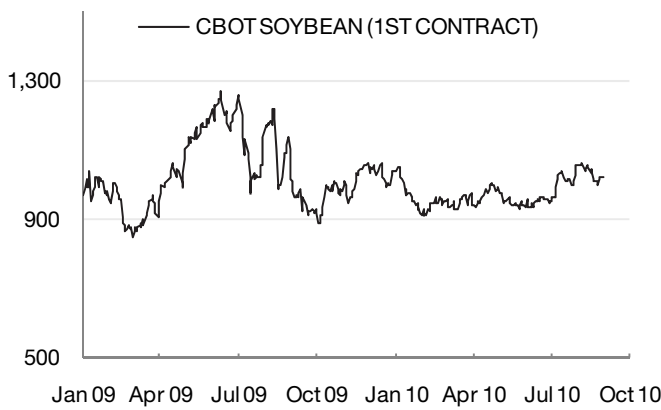


Figure 6: ICE Canola (1st Contract, C\$/t)

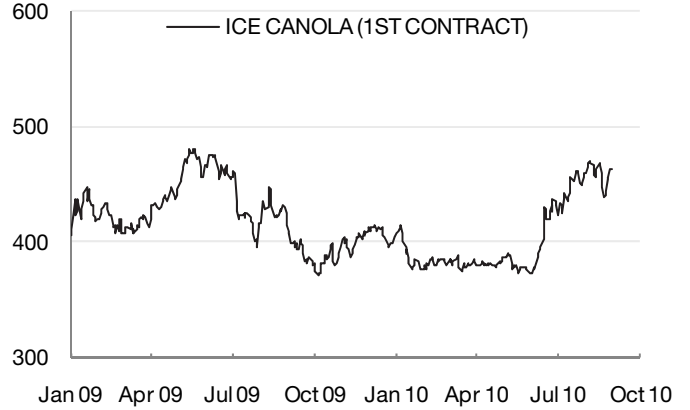


Figure 7: ICE Cotton (1st Contract, US\$/lb)

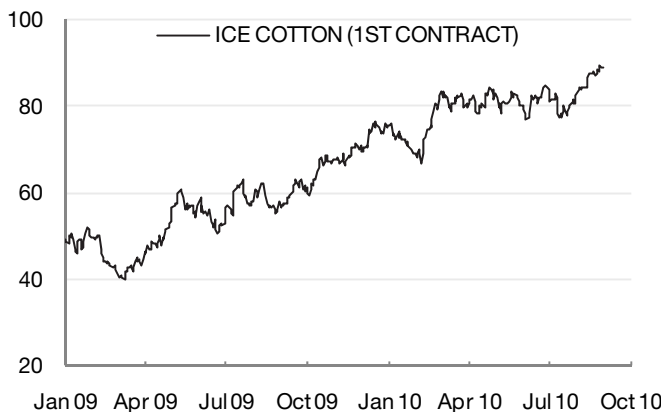


Figure 8: ICE Sugar (1st Contract, US\$/lb)





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