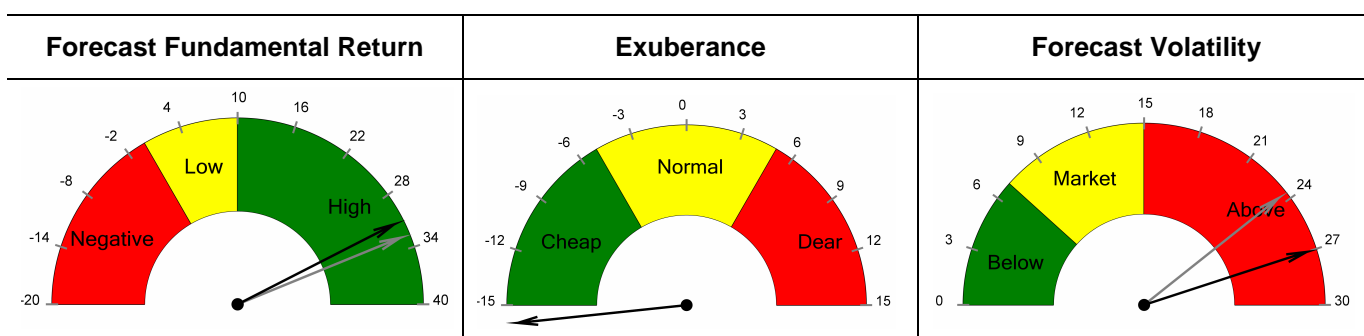


Commonwealth Bank Agri indicators

12 November 2008

- This month's data shows the first sign the storm may be abating for the Agribusiness sector. The CBA Agribusiness index gained 0.7% in the month to 11 November, just above the S&P/ASX200 accumulation index which gained 0.6% over the same period. Compared to the Agribusiness sector's performance over the past year this news is encouraging. Even during these difficult past 12 months Agribusiness has had a return of -26.2% out performing the S&P/ASX200's return of -36.5%.
- In a market where fear overrides fundamentals Agribusiness continues to be severely underpriced. Exuberance for Agribusiness, as with all other sectors, continues to be in the cheap region of the Exuberance dial. The Forecast Return has decreased marginally this month, although is still in excess of 30%. On a forecast risk-adjusted basis over of the next 12 months the Agribusiness sector is the 4th best performing sector, coming behind Health Care, Materials and IT.
- With Forecast Volatility increasing this month to 27% investors must remain cautious when entering the market. Until markets become more rational and return to using fundamentals, entering the market must be done appropriately and with current market events in mind.

Table 1: Current indicators Commonwealth Bank Agribusiness sector



Source: Investment Research, Reuters Knowledge

Note: The grey marker represents the previous month's dial value.

Forecast Fundamental Return: Forecast return (ignoring exuberance) for the sector over the next 12 months. Derived using our proprietary forecasting technique based on consensus forecasts of earnings and dividends for the individual stocks in the sector (sourced from Reuters Knowledge). Pricing bounds (eg negative, low and high) are relative to the S&P/ASX 200 and are the same across sectors to allow for comparison between sectors.

Exuberance: Proprietary measure of market mis-pricing. Defined as the ratio of the sector accumulation index to our estimate of fair value. Exuberance should be subtracted from the forecast fundamental return to derive an actual forecast from today's price. Experience shows that exuberance changes far more rapidly than our forecasts of fundamental returns. Pricing bounds (eg cheap, normal and dear) are sector specific and are based on the sector exuberance mean and standard deviation.

Forecast Volatility: Forecast volatility for the sector over the next 12 months. Derived using our proprietary methods of modelling realised volatilities, detecting changes in long-run levels (including at the end of the sample) and correcting for switchbacks and other correlation patterns in the data. Pricing bounds (eg low, normal and high) are relative to the S&P/ASX 200 and are the same across sectors to allow for comparison between sectors.

Figure 1: Commonwealth Bank Agribusiness index vs. S&P/ASX 200 index[^]

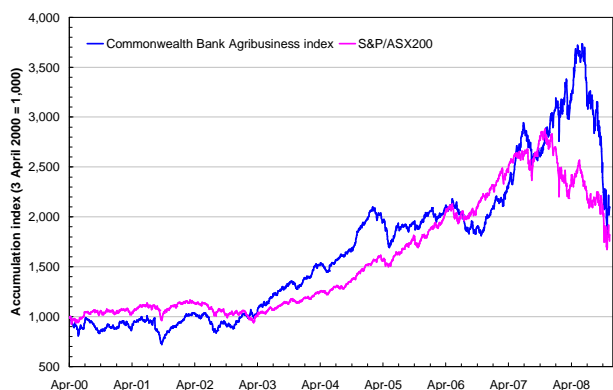


Table 2: Total Shareholder Return (%) (including dividends)[^]

	Commonwealth Bank Agribusiness index	S&P/ASX 200 index
Last month	0.7	0.6
3 months	-29.9	-19.6
6 months	-43.8	-29.4
12 months	-26.2	-36.5
Since April 00*	109.0	75.7

* Start of the Commonwealth Bank Agribusiness index
[^] Data to 11 November 2008

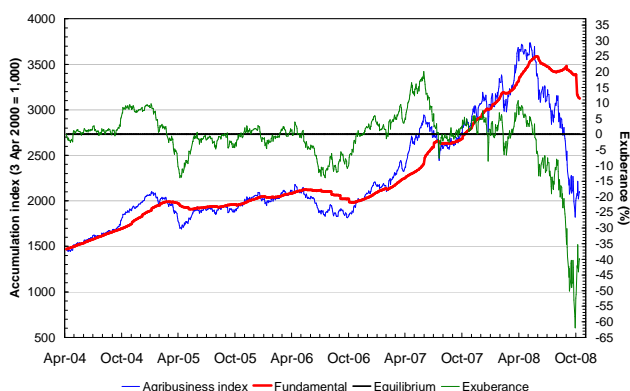
Source: Investment Research, PCS

The information in this report is made available only for persons who are wholesale clients or sophisticated investors in terms of the Corporations Act 2001. This document is for distribution within Australia only.

Important disclosures and analyst certifications regarding subject companies can be found in the Disclosure and Disclaimer Appendix of this document and on our website at research.commbank.com.au.

This report is published, approved and distributed by the Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945.

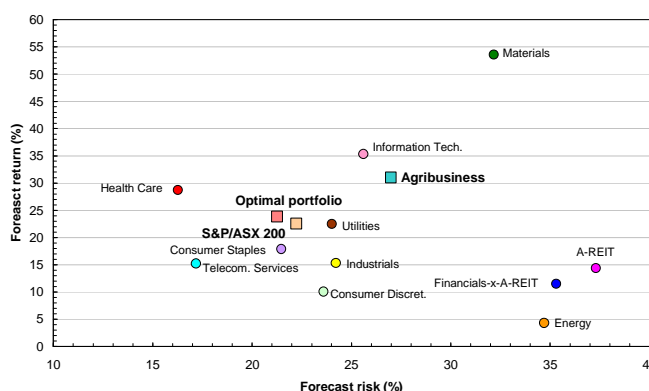
Figure 2: Commonwealth Bank Agribusiness index, fundamental and exuberance



Source: Investment Research, PCS

Note Figure 2: We show the relative pricing of the Commonwealth Bank Agribusiness index to 'fair value' in Figure 2. The fundamental of the Commonwealth Bank Agribusiness index is constructed using a proprietary method based on consensus forecasts of earnings and dividends (sourced from Reuters Knowledge) for the companies in the Commonwealth Bank Agribusiness sector. Exuberance is a proprietary measure of market mis-pricing, defined as the ratio of the index to the fundamental. Positive exuberance indicates over-pricing, while negative exuberance indicates under-pricing. We do not advocate using exuberance as a trading signal but as part of a 'scientifically' based market entry strategy.

Figure 3: Forecast risk-return profile of Commonwealth Bank Agribusiness sector vs. S&P/ASX 200 sectors



Note Figure 3: We compare the forecast risk-return profile of the Commonwealth Bank Agribusiness sector to the S&P/ASX 200 index and its sectors in Figure 3. The 'Optimal Portfolio' is the Maximum Sharpe Ratio portfolio in the efficient frontier optimisation of the S&P/ASX 200 sectors. This portfolio represents the best risk-adjusted return of all efficient portfolios. In the Optimal Portfolio we restrict sectoral weight to be between 0.5 and 2.0 times index weight. Allocation to the Commonwealth Bank Agribusiness sector is not included in the Optimal Portfolio. To be consistent with our other publications, forecasts of returns are quoted in simple terms while forecasts of risk are quoted in $\ln(1+r)$ terms. Forecasts are for the next 12 months.

Commonwealth Bank Agribusiness index details

The Commonwealth Bank Agribusiness index measures the performance of the Commonwealth Bank defined 'Agribusiness' sector over time. The Commonwealth Bank Agribusiness sector currently consists of 16 rural-dependent companies: Australian Agricultural Company Limited (AAC), ABB Grain Limited (ABB), AWB Limited (AWB), Futuris Corporation Limited (FCL), Forest Enterprises Australia Limited (FEA), GrainCorp Limited (GNC), Gunns Limited (GNS), Great Southern Limited (GTP), Incitec Pivot Limited (IPL), Nufarm Limited (NUF), Primeag Australia Limited (PAG), Ruralco Holdings Limited (RHL), Ridley Corporation Limited (RIC), Select Harvests Limited (SHV), Tassal Group Limited (TGR), Timbercorp Limited (TIM). Companies previously included in the sector but since removed due to delisting or exiting the All Ordinaries index include Queensland Cotton Holdings Limited (QCH) and Auspine Limited (ANE).

The Commonwealth Bank Agribusiness index is a non-float adjusted, market-cap weighted index constructed using the same methodology as the S&P index series. To be considered for inclusion in the index, each stock must be a in the All Ordinaries index. The Commonwealth Bank Agribusiness index begins on 3 April 2000 which is the same date as the launch of the S&P/ASX index series in Australia. At inception there were 8 stocks included in the index. This number is currently 16.

Table 3: Current Commonwealth Bank Agribusiness index membership and weights

Code	GICS Tier 1	GICS Tier 2	Current Market Cap (\$mil)	Current index weight (%)
AAC	Consumer Staples	Packaged Foods & Meats	\$522	3.8
ABB	Consumer Staples	Food Distributors	\$1,425	10.5
AWB	Consumer Staples	Food Distributors	\$965	7.1
FCL	Consumer Staples	Agricultural Products	\$1045	7.7
FEA	Materials	Forest Products	\$154	1.1
GNC	Consumer Staples	Agricultural Products	\$441	3.2
GNS	Consumer Staples	Forest Products	\$824	6.1
GTP	Materials	Forest Products	\$110	0.8
IPL	Materials	Fertilizers & Agricultural Chemicals	\$5,039	37.2
NUF	Materials	Fertilizers & Agricultural Chemicals	\$1,828	13.5
PAG	Consumer Staples	Agricultural Products	\$191	1.4
RHL	Industrials	Div Commercial & Professional Services	\$163	1.2
RIC	Consumer Staples	Agricultural Products	\$281	2.1
SHV	Consumer Staples	Agricultural Products	\$167	1.2
TGR	Consumer Staples	Packaged Foods & Meats	\$240	1.8
TIM	Materials	Forest Products	\$169	1.2

Source: Investment Research, IRESS

DISCLOSURE AND DISCLAIMER APPENDIX

Important Information: The Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 ("the Bank") is incorporated in Australia with limited liability. Please view our website at research.commbank.com.au for further important disclosure information.

Important Information Appendix - All Investors: The Bank and its subsidiaries, including CommSec, Commonwealth Australia Securities LLC, CBA Europe Ltd, Commonwealth Private Ltd, Commonwealth Research and Investment Research, are domestic or foreign entities or business areas of the Commonwealth Bank Group of Companies (CBGOC). CBGOC and their directors, employees and representatives are referred to in this Appendix as "the Group". This report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy any securities or financial instruments. This report has been prepared without taking account of the objectives, financial situation and capacity to bear loss, knowledge, experience or needs of any specific person who may receive this report. No member of the Group does, or is required to, assess the appropriateness or suitability of the report for recipients who therefore do not benefit from any regulatory protections in this regard. All recipients should, before acting on the information in this report, consider the appropriateness and suitability of the information, having regard to their own objectives, financial situation and needs, and, if necessary seek the appropriate professional, foreign exchange or financial advice regarding the content of this report.

We believe that the information in this report is correct and any opinions, conclusions or recommendations are reasonably held or made, based on the information available at the time of its compilation, but no representation or warranty, either expressed or implied, is made or provided as to accuracy, reliability or completeness of any statement made in this report. Any opinions, conclusions or recommendations set forth in this report are subject to change without notice and may differ or be contrary to the opinions, conclusions or recommendations expressed elsewhere by the Group. We are under no obligation to, and do not, update or keep current the information contained in this report. The Group does not accept any liability for any loss or damage arising out of the use of all or any part of this report. Any valuations, projections and forecasts contained in this report are based on a number of assumptions and estimates and are subject to contingencies and uncertainties. Different assumptions and estimates could result in materially different results. The Group does not represent or warrant that any of these valuations, projections or forecasts, or any of the underlying assumptions or estimates, will be met. Past performance is not a reliable indicator of future performance. The Group has provided, provides, or seeks to provide, investment banking, capital markets and/or other services, including financial services, to the companies described in the report and their associates. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject any entity within the Group to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to the Group. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior written permission of the appropriate entity within the Group. In the case of certain products, the Bank or one of its related bodies corporate is or may be the only market maker. The Group, its agents, associates and clients have or have had long or short positions in the securities or other financial instruments referred to herein, and may at any time make purchases and/or sales in such interests or securities as principal or agent, including selling to or buying from clients on a principal basis and may engage in transactions in a manner inconsistent with this report.

All investors - Analyst Certification and Disclaimer: Each research analyst, primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the report. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing, and interpreting market information. Directors or employees of the Group may serve or may have served as officers or directors of the subject company of this report. The compensation of analysts who prepared this report is determined exclusively by research management and senior management (not including investment banking). No inducement has been or will be received by the Group from the subject of this report or its associates to undertake the research or make the recommendations. The research staff responsible for this report receive a salary and a bonus that is dependent on a number of factors including their performance and the overall financial performance of the Group, including its profits derived from investment banking, sales and trading revenue.