

Summary of overnight US trading session

Symbol	Market	Settlement	24hr change	24hr change %	Open*	Low*	High*
INDU Index	DOW JONES INDUS. AVG	10174.41	39.21	-0.38%	10215.51	10170.29	10304.7
SPX Index	S&P 500 INDEX	1067.36	4.33	-0.40%	1073.36	1067.08	1081.58
NDX Index	NASDAQ 100 STOCK INDX	1808.31	17.44	-0.96%	1833.33	1807.84	1842.79
VIX Index	CBOE SPX VOLATILITY INDX	25.66	0.17	0.67%	25.97	24.62	25.97
GCV0 Comdty	GOLD 100 OZ FUTR Oct10	1227.3	0.30	-0.02%	1227.3	1227.3	1227.3
SIZ0 Comdty	SILVER FUTURE Dec10	18.042	0.001	0.01%	18.042	18.042	18.042
CLX0 Comdty	WTI CRUDE FUTURE Nov10	73.73	0.73	-0.98%	73.73	73.73	73.73
NGV0 Comdty	NATURAL GAS FUTR Oct10	4.084	0.053	-1.28%	4.065	4.065	4.065
HOV0 Comdty	HEATING OIL FUTR Oct10	197.65	1.66	-0.83%	197.7	197.7	197.75
W Z0 Comdty	WHEAT FUTURE(CBT) Dec10	725.500	13.500	1.90%	724.000	716.500	727.000
C Z0 Comdty	CORN FUTURE Dec10	432.750	3.500	-0.80%	436.750	430.500	437.250
S X0 Comdty	SOYBEAN FUTURE Nov10	1005.500	1.500	0.15%	1008.000	998.500	1009.500
KCZ0 Comdty	COFFEE 'C' FUTURE Dec10	183.25	1.80	-0.97%	185.1	182.45	188.65
JOU0 Comdty	FCOJ-A FUTURE Sep10	133.75	1.05	-0.78%	134.4	132.9	135.45
CCZ0 Comdty	COCOA FUTURE Dec10	2834	7.00	0.25%	2836	2815	2862
SBV0 Comdty	SUGAR #11 (WORLD) Oct10	20.07	0.12	0.60%	19.9	19.82	20.14
CTV0 Comdty	COTTON NO.2 FUTR Oct10	87.65	0.50	0.57%	87.29	87.29	88.53
LCV0 Comdty	LIVE CATTLE FUTR Oct10	99.750	0.50	0.50%	99.500	99.175	99.875
DXY Index	DOLLAR INDEX SPOT	83.22501	0.17	0.20%	83.053	82.844	83.275

\* For the gold, silver, crude oil, natural gas and heating oil markets, the open/high/low price reflects those values scored over the 24 hours prior to the settlement of the New York day session. The open/high/low prices for the equity indices and the agricultural commodity markets reflect the values scored during the day sessions at the respective exchanges.

US Equities

U.S. stocks fell for a third day, sending the Standard & Poor's 500 Index to a five-week low, as concern the economy may return to recession overshadowed speculation takeovers will continue to accelerate. Caterpillar Inc. and Cisco Systems Inc. lost at least 2.5 percent to lead the Dow Jones Industrial Average lower. Hewlett-Packard Co. lost 2 percent after offering to buy 3Par Inc., sending the data-center software company's shares up 45 percent. Potash Corp. of Saskatchewan Inc. climbed for a sixth day on speculation the fertilizer maker will get a higher takeover bid. The S&P 500 slipped 0.4 percent to 1,067.36 at 4 p.m. in New York after climbing as much as 0.9 percent in early trading.

The Dow Jones Industrial Average fell 39.21 points, or 0.4 percent, to 10,174.41. About three stocks declined for each that advanced on U.S. exchanges. "There's always a fear that companies might be overpaying in their M&A deals," said Peter Sorrentino, who helps oversee \$13.3 billion at Huntington Asset Advisors in Cincinnati. "Investors have become a lot more skeptical about mergers," he said. "On top of that, there's still a lot of concern about the macro picture. In the absence of good news on that front, you won't get a lot of conviction from investors wanting to buy stocks. Investors are taking a defensive stance." The S&P 500 has tumbled 12 percent from its high for the year in April as concern the recovery is

in jeopardy overshadowed better-than-estimated profit growth. Reports this week will probably show U.S. home sales fell and second-quarter gross domestic product grew even less than previously estimated, according to Bloomberg surveys of economists. The S&P 500 ended last week trading at 12.86 times its companies' estimated earnings, the lowest since July 6 and close to the July 2 level that preceded a 10 percent gain.

BHP Billiton's hostile takeover offer for Potash Corp. of Saskatchewan last week has raised expectations that other companies will bid. China's Sinochem Group and Brazil's Vale SA have both contacted Potash as the company tries to fend off BHP's bid, said a person with knowledge of the matter. Potash shares rose 0.4 percent to \$150.20 in New York, an almost two-year high.

## Energy

Crude oil rebounded from its lowest level in more than six weeks as equity markets advanced, spurring confidence that the economy is improving and fuel demand will recover. Oil rose for the first time in four days as U.S. stocks gained amid speculation takeovers will accelerate, boosting the Standard & Poor's 500 Index after two weeks of losses. Tropical Storm Danielle may become the Atlantic season's second hurricane within a day, the National Hurricane Center forecast. "We're tracking the equities," said Gene McGillian, an analyst and broker at Tradition Energy, a procurement adviser in Stamford, Connecticut. "We track the perceptions of how the economy is playing out through the equities and the dollar," Crude oil for October delivery gained 51 cents, or 0.7 percent, to \$74.33 a barrel at 9:54 a.m. on the New York Mercantile Exchange. The price has fallen 6.3 percent this year. The September contract expired at \$73.46 on Aug. 20, the lowest closing level since July 6. The S&P 500 rose 0.9 percent to 1,080.89 after falling to a four-week low last week. The Dow Jones Industrial Average increased 84.54 points, or 0.8 percent, to 10,298.16. "The correlation is still strong with equities and it's likely to remain so," said Roland Stenzel, a crude and carbon trader at E&T Energie Handelsgesellschaft mbH in Vienna. "The market continues to fluctuate."

Danielle was over the Atlantic at about 850 miles west of the Cape Verde Islands and heading west-northwest at 14 mph on a course that won't take it near land for at least five days, the hurricane center said in an advisory on its website at about 4:45 a.m. Miami time. The dollar was little changed against the euro. The European currency was at \$1.2722, compared with \$1.2712 on Aug. 20. Brent crude for October delivery rose 56 cents, or 0.8 percent, to \$74.82 a barrel on the London-based ICE Futures Europe Exchange.

## Precious Metals

Gold fluctuated in New York as concern that the economic recovery is faltering helped fuel investor interest in the precious metal as a protection of wealth. The Reuters/Jefferies CRB Index of 19 commodities is down .5 percent this year as the U.S. struggles to recover from the worst recession since the Great Depression. Gold futures climbed to a seven-week high of \$1,239.50 an ounce on Aug. 19 and are 3 percent below a record. "Gold will hold its bid, but it will start working sideways," said Frank McGhee, the head dealer at Integrated Brokerage Services LLC in Chicago. "There's overall weakness in the markets on a slowing of the economy. You sell everything in this scenario, but the fear will come back and gold will catch a bid." Gold futures for December delivery rose 30 cents to \$1,228.50 an ounce at 10:21 a.m. on the Comex in New York. Prices swung between a gain of 0.4 percent and a 0.2 percent loss. A composite index based on a survey of euro-area purchasing managers in services and manufacturing industries declined to 56.1 from 56.7 in July, London-based Markit Economics said today. Economists expected a reading of 56.3, according to the median of 14 forecasts in a Bloomberg News survey. A reading above 50 indicates expansion.

"Investors are increasingly worried about how much steam the economic recovery still has left," said Anne-Laure Tremblay, a London-based analyst at BNP Paribas SA. "This uncertainty is supportive of gold at the moment. Though high prices act to mitigate physical demand, we are entering a seasonally stronger period when jewelers start restocking." Hedge-fund managers and other large speculators increased their net-long positions in New York gold futures, or bets prices will rise, by 7.1 percent in the week ended Aug. 17, according to U.S. Commodity Futures Trading Commission data. That's the biggest increase since April. Gold has gained for three straight weeks. Assets in the SPDR Gold Trust, the biggest exchange-traded fund backed by bullion, were unchanged at 1,299.47 metric tons on Aug. 20, the company's website showed. Holdings are 1.6 percent below June's record of 1,320.44 tons. Silver futures for December delivery rose 1.9 cents, or 0.1 percent, to \$18.06 an ounce on the Comex. Platinum futures for October delivery slipped \$1, or 0.1 percent, to \$1,512.90 an ounce on the New York Mercantile Exchange while palladium futures for September delivery rose \$4.80, or 1 percent, to \$481 an ounce.

## Grains

Wheat rose for the third time in four sessions as demand builds for inventories from the U.S., the world's largest shipper, after Russia banned foreign sales amid the worst drought in at least 50 years. U.S. exporters sold 1.41 million metric tons of wheat in the week that ended on Aug. 12, up 4.6 percent from the prior seven days, according to the U.S. Department of Agriculture. The grain has surged 51 percent since the end of June as production declined in Russia, which tied with Canada as the second-biggest exporter last year. "Traders decided they wanted to be bullish about this Russian export thing again," said Louise Gartner, the owner of Spectrum Commodities in Beavercreek, Ohio. "Russia not only supplies wheat to the market, but also feed grains to the market. Buyers are scrambling to get supplies." Wheat futures for December delivery rose 13.5 cents, or 1.9 percent, to close at \$7.255 a bushel at 1:15 p.m. on the Chicago Board of Trade. The price has gained 9.7 percent this month on improved demand. Many farmers will plant more winter wheat after they harvest their corn this year because of the price, Gartner said. That happened in 2008 when the grain reached a record \$13.495 a bushel in Chicago. Growers seeded 37.7 million acres with winter wheat last year, down 13 percent from 2008, USDA data show. "When wheat starts hitting \$7 and \$8," farmers will plant more, Gartner said. "I don't see why they wouldn't shift some acres into wheat again. They're going to have an early corn harvest, which will work in their favor, and they have good moisture conditions to double-crop. Farmers respond financially." Wheat is the fourth-biggest U.S. crop, valued at \$10.6 billion in 2009, behind corn, soybeans and hay, government data show.

Corn fell for the second time in three sessions as declining oil prices reduced the appeal of alternative fuels made from crops. Soybeans gained. "When the energies drop off," corn loses support, said Louise Gartner, owner of Spectrum Commodities in Beavercreek, Ohio. "The one thing that's lurking in the background is what our economy is going to do." Corn futures for December delivery fell 3.5 cents, or 0.8 percent, to close at \$4.3275 a bushel at 1:15 p.m. on the Chicago Board of Trade. The price has gained 16 percent since the end of June on increased demand for U.S. grain. Soybean futures for November delivery rose 1.5 cents, or 0.1 percent, to \$10.055 a bushel in Chicago. The commodity has slipped 4.1 percent since reaching \$10.49 on Aug. 5, the highest level in almost seven months. "Demand for soybeans has been insatiable," Gartner said. "Technically, we're coming into a good support zone at that \$10 level. I would imagine prices would hold there because of demand." Corn is the biggest U.S. crop, valued at \$48.6 billion in 2009, followed by soybeans at \$31.8 billion, government figures show.

## Softs

Coffee retreated from its highest price in almost 13 years as traders sold futures to lock in gains amid speculation that a record crop in Brazil, the world's largest producer, will ease tight supplies. Brazil's output may increase 23 percent to a record 55.3 million bags, as crops enter the more-productive phase of a two-year cycle, the U.S. Department of Agriculture has forecast. Earlier, coffee reached \$1.8865 a pound, the highest level since Sept. 11, 1997. "There's a little bit of technical consolidation," said Hector Galvan, a senior trading adviser at RJO Futures in Chicago. "People are waiting to see if Brazil is going to shower the market with big numbers." Arabica coffee for December delivery fell 1.8 cents, or 1 percent, to close at \$1.8325 a pound at 2 p.m. on ICE Futures U.S. in New York. "The fundamentals have not changed," Galvan said. Prices may rise to \$1.90 a pound "very easily" and \$2 is still the target, he said. The commodity has gained 35 percent this year after output in Colombia, the second-largest Arabica producer, dropped to a 33-year low, contributing to a drawdown in global inventories. On the Liffe exchange in London, robusta-coffee futures for November delivery fell \$14, or 0.8 percent, to settle at \$1,777 a metric ton at 5:30 p.m. local time. Arabica coffee is grown mainly in Latin America and brewed by specialty companies including Starbucks Corp. Robusta beans, used in instant coffee, are harvested mostly in Asia and parts of Africa. A bag of coffee weighs 60 kilograms (132 pounds).

Cotton futures rose to a one-week high on signs of global demand and limited supplies as the worst floods in Pakistan's history have wiped out crops. Orange-juice prices were little changed. The Kissan Board of Pakistan, a trade group, said floods in the world's fourth-largest cotton producer ruined 30 percent of the crop. Damage to transportation infrastructure will make it "very hard" to get cotton to mills, said John Flanagan, the president of Flanagan Trading Corp. in Fuquay-Varina, North Carolina. "You've got just tremendous demand from around the world, especially from Asia," Flanagan said. Cotton for December delivery rose 1.35 cents, or 1.6 percent, to 84.9 cents a pound at 10:26 a.m. on ICE Futures U.S. in New York. Earlier, the price reached 85.26 cents, the highest level for a most-active contract since Aug. 13. The U.S., the world's largest exporter, will ship 15 million bales to foreign buyers in the year that began Aug. 1, according to the Department of Agriculture. That's up 25 percent from 12 million bales in the previous year. A bale weighs 480 pounds (218 kilograms). Before today, the fiber rallied 42 percent in the past year as textile makers have boosted purchases to rebuild depleted inventories. In the week ended Aug. 17, hedge-fund managers and other large speculators, increased their net-long positions, or bets prices will rise, by 23 percent to the highest level since January. Orange-juice futures for November delivery fell 0.9 cent, or 0.7 percent, to \$1.36 a pound in New York. Before today, prices rose 6.1 percent this year.

Raw sugar may extend gains from a five-month high as adverse weather lowers output in countries including Russia and China and as a logjam in Brazilian ports slows exports from the top producer, broker Kingsman SA said. "We have very low stocks of sugar around the world and we have a number of weather problems that are threatening to affect production," Managing Director Jonathan Kingsman said today in a telephone interview from Lausanne in Switzerland. "It's a combination that's making people bullish." Prices have jumped 54 percent from a 13-month low reached on May 7 on signs that damage from drought in Russia and floods in Pakistan would spur imports. Russia said last week its output may be 20 percent smaller than forecast and Pakistan said Aug. 16 it may start buying raw sugar by December to make up for the deficit. Production in Indonesia, Southeast Asia's largest buyer, may miss a target due to heavy rain, the government said Aug. 19. "The weather is weird all over the place," said Kingsman, who's hosting a conference next week in New Delhi. "We have terrible floods in Pakistan, a mix of floods and dry weather in China and wet weather in Indonesia. If the problems get worse, then the market could explode on the upside." Raw sugar for October delivery was unchanged at 19.97 cents a pound on ICE Futures U.S. The price touched 20.07 cents on Aug. 20, the highest level for a most-active contract since March 11. White sugar for October delivery climbed as much as 0.8 percent to \$580 a ton in London, the eighth consecutive gain.

"If the price holds above 20 cents you could see some of the biggest funds come and buy," Kingsman said. Those purchases "could push it further but it's difficult to say how high. The price may fall to 17.5 cents if weather problems are resolved." Hedge-fund managers and other large speculators increased their net-long positions in New York sugar futures in New York by 6.6 percent in the week ended Aug. 17 from a week earlier, according to U.S. Commodity Futures Trading Commission data. Vessels waiting to export sugar from the ports of Santos and Paranagua in Brazil's Center South numbered 113 as of Aug. 19, down from 128 a week earlier, according to Santos Associados Consultoria Ltd., a research firm in Brazil. "Refineries and importers have run down stocks globally and they're all trying to restock at the same time. That's what is causing this traffic jam in Brazilian ports," said Kingsman. "Brazil is the main supplier. The demand is pretty exceptional at the moment." Futures more than doubled last year after excess rainfall in Brazil and a weak monsoon in India crimped production.

India's output may be 25 million tons in the year starting Oct. 1, more than the annual demand of 23 million tons, Kingsman said. Exports may be 2 million tons, comprising mainly white sugar, if "world prices are good," he said. His production forecast is less than the 25.5 million tons predicted by the Indian Sugar Mills Association and as much as 28 million tons estimated in July by Bajaj Hindusthan Ltd., the nation's top producer. "If Indian production is higher, you will see the country exporting next year," Kingsman said. "There is unfulfilled demand in Indonesia and the Philippines. Chinese buyers may buy again if prices weaken to rebuild stocks. The situation in Asia is very, very tight." Refined sugar's premium over raw sweetener may stay "very strong" if India doesn't supply, said Kingsman, who correctly forecast in May that the white sugar market will stay in deficit this year even as raw-sugar output expands. The premium was at \$136.5 a ton, a two-week high, at 10:32 a.m. New York time, data on the Bloomberg shows. "The only thing that can stop the market going higher is the Indian situation," he said. The government may allow export of as much as 200,000 tons lying at ports, Farm Minister Sharad Pawar said Aug. 12. India last sold sugar in the 2008-09 season and has been regulating exports since Jan. 1, 2009, to improve domestic supplies.

## Live Cattle

Hog futures rose for the first time in three sessions as wholesale pork surged to the highest price on record, signaling U.S. demand is outpacing the supply of animals available to meatpackers. Cattle also gained. Wholesale pork jumped to 95.49 cents a pound last week, the highest level since January 1997, when the U.S. Department of Agriculture began keeping comparable data. Warehouses held 391.25 million pounds (177,468 metric tons) of pork at the end of July, down 28 percent from the same time last year, the USDA said Aug. 20 after markets closed. Supplies are shrinking after farmers slashed hog herds because of losses in 2008 and 2009. "Pork in cold storage is at multiyear lows, and we have strong demand as we head into Labor Day," a holiday celebrated Sept. 6 when many U.S. consumers grill outdoors, said Don Roose, the president of U.S. Commodities Inc. in West Des Moines, Iowa. Hog futures for October settlement rose 1.025 cents, or 1.3 percent, to close at 78.225 cents a pound at 1 p.m. on the Chicago Mercantile Exchange. The most-active contract is up 63 percent in the past year, as pork supplies shrank and demand recovered from recession and an outbreak of swine flu last year. On Aug. 20, meatpackers were making about \$24 per head of hogs, up from \$16 the previous day, Roose said. That marked "one of the biggest margins they've had in the last 10 years," he said.

Cattle futures for October delivery rose 0.5 cent, or 0.5 percent, to 99.75 cents a pound on the CME. The price is up 13 percent in the past year. Feeder-cattle futures for October settlement gained 0.075 cent to \$1.1765 a pound. Earlier, cattle fluctuated on the CME after a USDA report last week showed feedlots bought more young animals than analysts expected, while U.S. wholesale-beef and spot-market steer prices climbed. Feedlots purchased 1.754 million head of cattle last month, down 5.9 percent from a year earlier. Nine analysts in a Bloomberg News survey expected a 6.5 percent drop in so-called placements. "In the big picture, we're going to have numbers that are going to be tighter all of next

year," Roose said. "The placement number was maybe a little bit higher than expected, but it was still under a year ago." Wholesale choice-beef prices have jumped 6.8 percent in the past two weeks to \$1.6314 a pound at midday, the highest level since June 2. Spot-market steer prices averaged 98.65 cents a pound last week or 4.9 percent more than the previous week. U.S. beef stockpiles totaled 388.3 million pounds on July 31, down 13 percent from a year earlier, according to the USDA. "The low level of meat across the board bodes well for the entire protein space as it suggests higher demand can lead to immediately higher prices," Ken Goldman, a New York-based analyst for JPMorgan Chase & Co., said in a report.

Source: Bloomberg News