

Summary of overnight US trading session

Symbol	Market	Settlement	24hr change	24hr change %	Open*	Low*	High*
INDU Index	DOW JONES INDUS. AVG	10040.45	133.96	-1.32%	10173.05	9991.18	10173.05
SPX Index	S&P 500 INDEX	1051.87	15.49	-1.45%	1063.2	1046.68	1063.2
NDX Index	NASDAQ 100 STOCK INDX	1775.27	33.04	-1.83%	1783.2	1767.36	1793.43
VIX Index	CBOE SPX VOLATILITY INDX	27.46	1.80	7.01%	27.91	26.32	28.77
GCV0 Comdty	GOLD 100 OZ FUTR Oct10	1232.2	4.90	0.40%	1232.2	1232.2	1232.2
SIZ0 Comdty	SILVER FUTURE Dec10	18.428	0.386	2.14%	17.830	17.830	17.830
CLX0 Comdty	WTI CRUDE FUTURE Nov10	72.36	1.37	-1.86%	72.36	72.36	72.36
NGV0 Comdty	NATURAL GAS FUTR Oct10	4.059	0.025	-0.61%	4.060	4.060	4.060
HOV0 Comdty	HEATING OIL FUTR Oct10	195.37	2.28	-1.15%	195.8	195.8	195.8
W Z0 Comdty	WHEAT FUTURE(CBT) Dec10	707.750	17.750	-2.45%	712.000	704.000	716.750
C Z0 Comdty	CORN FUTURE Dec10	420.500	12.250	-2.83%	423.000	415.500	424.750
S X0 Comdty	SOYBEAN FUTURE Nov10	999.000	6.500	-0.65%	998.000	994.000	1002.000
KCZ0 Comdty	COFFEE 'C' FUTURE Dec10	168.45	14.80	-8.08%	182.75	167.7	183.15
JOU0 Comdty	FCOJ-A FUTURE Sep10	136.55	2.80	2.09%	133.5	133	139.65
CCZ0 Comdty	COCOA FUTURE Dec10	2812	22.00	-0.78%	2829	2776	2843
SBV0 Comdty	SUGAR #11 (WORLD) Oct10	20.16	0.09	0.45%	20.06	19.09	20.2
CTV0 Comdty	COTTON NO.2 FUTR Oct10	88.42	0.77	0.88%	87.65	86.3	88.75
LCV0 Comdty	LIVE CATTLE FUTR Oct10	99.450	0.30	-0.30%	98.825	98.700	99.600
DXY Index	DOLLAR INDEX SPOT	83.355	0.23	0.28%	83.35101	82.855	83.55901

* 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 Stocks

U.S. stocks declined, sending the Standard & Poor's 500 Index to a seven-week low, as a record plunge in home sales cast further doubt on the viability of the economic recovery. Boeing Co., Alcoa Inc. and Caterpillar Inc. lost at least 2.7 percent to lead declines in the Dow Jones Industrial Average. Dell Inc. tumbled 3 percent amid reports it will increase its offer for 3Par Inc. Pfizer Inc. dropped 1.7 percent after its cancer treatment Sutent failed to improve overall survival in patients with a form of lung cancer. The S&P 500 tumbled 1.5 percent to 1,051.87 as of 4 p.m. in New York. The Dow Jones Industrial Average retreated 133.96 points, or 1.3 percent, to 10,040.45 after earlier falling as low as 9,991. "The big shock is the housing numbers," said Bruce McCain, who oversees \$25 billion as chief investment strategist at the private-banking unit of KeyCorp in Cleveland. "We probably should have expected that because the housing market has given a number of signs of weakness up to this point. We knew the incentive pulled forward quite a bit of demand. When you see the number in print it's always a bit of a shock." The S&P 500 has fallen 14 percent from its 2010 high on April 23 as reports on U.S. jobs and manufacturing pointed to a slowdown and the Federal Reserve said a recovery may take longer than expected. The decline has pushed the gauge's valuation to 14 times its companies' reported earnings, the lowest level in about six weeks.

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Today's losses came after the National Association of Realtors said sales of U.S. previously owned homes plunged 27.2 percent to a 3.83 million annual rate in July. The pace compares with the median forecast of a 4.65 million rate and 13.4 percent decline, according to a Bloomberg News survey. Dell fell 3 percent to \$11.59. The company is readying a sweetened offer for data-storage provider 3Par after its earlier bid was bested by a \$1.6 billion proposal by Hewlett-Packard Co., according to a person familiar with the matter. The offer may be sent in the coming days, said the person, who declined to be identified because the plans aren't public. Last week, Dell had agreed to pay about \$1.15 billion. It couldn't be determined how much Dell planned to boost its price. HP said yesterday it's willing to pay more than twice what 3Par's shares were worth before Dell's bid was announced. Global announced mergers and acquisitions have totaled \$1.3 trillion so far this year, up 23 percent from the same time last year, according to data compiled by Bloomberg.

"I think there's a bright spot around the Labor Day corner," Dick Grasso, former chief executive officer of the New York Stock Exchange from 1995 to 2003, said today on Bloomberg Television's "In Business With Margaret Brennan." "Corporations have a record amount of cash, you're starting to see targeted strategic acquisitions, you're starting to see private equity firms come in and make bids." Pfizer lost 1.7 percent to \$15.82. The cancer treatment Sutent failed in a large-scale study to improve overall survival in patients with a form of lung cancer. The drug, when combined with Roche AG's Tarceva, improved the length of time patients lived without their tumor progressing, though that didn't translate into an overall benefit in survival when compared with Tarceva alone, the company said.

Medtronic Inc. helped drag health-care stocks to the second-biggest retreat among 10 groups in the S&P 500, falling 11 percent to \$31.21, the biggest drop in the gauge. The world's largest maker of heart devices lowered its fiscal-year 2011 adjusted earnings forecast to \$3.45 to \$3.53 a share from \$3.54 to \$3.64 a share. Other medical device makers also slipped, sending the S&P 500 Health Care Equipment & Services Index down the second-most of 24 industry groups. Stryker Corp. dropped 6.4 percent to \$43.20 and Zimmer Holdings Inc. fell 4.9 percent to \$46.97. Freeport-McMoRan Copper & Gold Inc. declined 4.7 percent to \$67.05, helping drag materials stocks to the biggest loss of 10 industry groups in the S&P 500. The world's second-largest copper producer was cut to "neutral" from "overweight" at HSBC Holdings Plc. SanDisk Corp. fell 6 percent to \$38.27, the third-biggest drop in the S&P 500. The largest maker of flash-memory cards declined after Pacific Crest Securities Inc. said its share price was "unwarranted," given that NAND memory prices may plunge in coming months. Xerox Corp. declined 3.9 percent to \$8.46. The world's largest maker of high-speed color printers won final approval for the \$69 million settlement of a shareholder lawsuit challenging its \$6 billion takeover of Affiliated Computer Services Inc.

Homebuilder stocks rose after Citigroup Inc. said today marks the end of the tax-credit-skewed housing data and continued to recommend investors "go long some homebuilder exposure." "With investor expectations very low, homebuilder stocks at the low end of their valuation range and housing headline risk likely abating over the next few days, we think the risk-reward profile is more favorably skewed," New York-based Citigroup analyst Josh Levin wrote in a note to clients today. Meritage Homes Corp. climbed 3 percent to \$16.87. KB Home jumped 2.5 percent to \$10.04. Shares of utilities companies advanced after Standard & Poor's upgraded the sector to "market weight" from "underweight," citing weakening U.S. economic growth projections and slumping expectations for consumer spending as causes for investors to buy defensive stocks. Southern Co. rose the most in the S&P 500, jumping 1.5 percent to \$36.42. Ameren Corp. had the third-biggest gain in the gauge, increasing 1.4 percent to \$28.04. PG&E Corp. climbed 1.2 percent to \$46.73.

Precious Metals

Gold rose, rebounding from the biggest drop in four weeks, as some investors purchased the metal as a haven from tumbling equity markets. The Standard & Poor's 500 Index fell for the fourth straight session on speculation that the economy will be slow to recover. Sales of previously owned U.S. homes slumped more than forecast in July and the number of unsold houses swelled, the National Association of Realtors said. Gold has gained 13 percent this year, touching a record \$1,266.50 an ounce in June. "We're in the midst of another freak-out," said Matt Zeman, a metals trader at LaSalle Futures Group in Chicago. "Investors are pulling money out of equities in droves and looking to the perceived safety of gold." Gold futures for December delivery rose \$4.90, or 0.4 percent, to settle at \$1,233.40 an ounce at 1:38 p.m. on the Comex in New York. Earlier, the price fell as much as 1.4 percent, the biggest intraday drop since July 27. Before today, the S&P 500 lost 4.3 percent this year and the Reuters/Jefferies CRB Index of 19 commodities declined 6.1 percent, while gold headed for a 10th straight annual gain. The CRB fell 1.5 percent as of 2 p.m., heading for the biggest one-day slide since June 29. "There's an overall crisis in confidence in the U.S. recovery, so investors are adjusting their positions in commodities," said Adam Klopfenstein, a senior market strategist at Lind-Waldock in Chicago. "The flight-to-quality crowd is jumping on gold."

Still, gold's gains may be limited after rallying for three straight weeks. Some investors are selling the metal after prices topped \$1,200, Zeman of LaSalle said. Assets in the SPDR Gold Trust, the biggest exchange-traded fund backed by bullion, were unchanged at 1,299.47 metric tons yesterday, data on the company's website showed. Holdings are 1.6 percent below June's record of 1,320.44 tons. "Right now, you don't have a lot of physical demand," said Zeman. "The other thing that's missing is big-fund buying. When that comes back, gold can go much higher." Silver for December delivery rose 38.6 cents, or 2.1 percent, to \$18.428 an ounce on the Comex. Platinum for October delivery gained \$9.10, or 0.6 percent, to \$1,517.70 an ounce on the New York Mercantile Exchange, while palladium for September delivery increased 55 cents, or 0.1 percent, to \$484.25 an ounce.

Energy

Oil dropped to its lowest level in 11 weeks as sales of previously owned U.S. homes fell more than forecast in July, boosting speculation that economic growth is slowing and curbing fuel demand. Futures declined 2 percent as U.S. stocks plummeted after the National Association of Realtors reported purchases of existing homes tumbled 27.2 percent to a 3.83 million annual rate. U.S. crude supplies rose last week amid a 20-year high in petroleum stockpiles, according to estimates of analysts surveyed by Bloomberg News. "We're getting all the classic signals that the economy is slowing down," said Bill O'Grady, chief market strategist at Confluence Investment Management in St. Louis. Crude for October delivery fell \$1.47 to settle at \$71.63 a barrel on the New York Mercantile Exchange, the lowest level since June 7. Oil has lost 13 percent since Aug. 3 and has decreased 3.7 percent in the past year. Prices declined from the settlement as equities extended losses after oil closed. The American Petroleum Institute reported at 4:30 p.m. that U.S. crude-oil stockpiles decreased 1.85 million barrels to 356.8 million. October oil fell to \$71.50 a barrel in electronic trading at 4:38 p.m. Home sales were forecast to decline 13.4 percent to a 4.65 million rate, according to a Bloomberg News survey. The July figure was lower than all 74 responding economists estimated.

The Standard & Poor's 500 Index fell 1.5 percent to 1,051.87, and the Dow Jones Industrial Average lost 1.3 percent to 10,040.45. U.S. gross domestic product growth probably slowed to a 1.4 percent annual pace in the second quarter, down from an estimate of 2.4 percent last month, based on the median forecast of 79 economists surveyed by Bloomberg News before a Commerce Department report Aug. 27. Oil demand typically declines in the third quarter at the end of the U.S. summer driving season, the peak

gasoline consumption period. Many refiners schedule maintenance on their plants at that time. U.S. retail gasoline demand fell 1.2 percent in the week ended Aug. 20, MasterCard Inc. reported today. Motorists bought an average 9.46 million barrels a day of the fuel, down from 9.57 million the week before, according to the company's SpendingPulse report. "The market continues to slip on worries about demand," said Tom Bentz, a broker with BNP Paribas Commodity Futures Inc. in New York. "The market is oversupplied, especially with gasoline."

Gasoline inventories fell 0.2 percent last week, based on the median estimate from 17 analysts surveyed by Bloomberg News before an Energy Department report tomorrow. Supplies of the motor fuel probably declined 450,000 barrels from 223.3 million in the prior week, when they were 10 percent above the five-year average, according to the Energy Department. The API report showed that gasoline stockpiles gained 692,000 barrels, or 0.3 percent, to 226.2 million. Gasoline for September delivery fell 3.16 cents, or 1.7 percent, to settle at \$1.8494 a gallon, the lowest closing price since Dec. 15. "There's way too much product inventory, and the economy is looking scarier by the day," said Michael Lynch, president of Strategic Energy & Economic Research in Winchester, Massachusetts. "People are hearing the train coming."

Stockpiles of oil and fuels climbed 5.3 million barrels to 1.13 billion in the week ended Aug. 13, the highest level since at least 1990, when the Energy Department began to collect weekly data. On a monthly basis, supplies are at the highest level since November 1983. U.S. oil supplies probably increased 300,000 barrels last week from 354.2 million in the prior week, according to the Bloomberg poll. "The market is extremely weak fundamentally and without a strong euro or a strong stock market, it just doesn't have anything else to peg its hopes on," said Peter Beutel, president of trading advisory company Cameron Hanover Inc. in New Canaan, Connecticut. The euro was little changed at \$1.267 at 4:25 p.m. in New York. Before the housing report, it touched \$1.2588, the lowest level since July 13. A weaker euro curbs the investment appeal of dollar-based commodities such as crude oil. Saudi Aramco, Saudi Arabia's state oil and gas producer, said crude prices may end the year as high as \$82 a barrel because of demand from China and India.

"The prospect is good," Mohamed Daoudi, head of research and technology at Aramco Overseas Co. BV, said yesterday in an interview in Stavanger, Norway. "There will be a need for more oil. You see India and China and the needs that are required because the developments there are huge. Most of Saudi Aramco's exports go to that region." Brent crude for October delivery lost \$1.24, or 1.7 percent, to \$72.38 a barrel on the London-based ICE Futures Europe Exchange. Oil volume in electronic trading on the Nymex was 549,657 contracts as of 4:25 p.m. in New York. Volume totaled 415,365 contracts yesterday, 32 percent below the average of the past three months and a four-week low. Open interest was 1.24 million contracts.

U.S. heating oil and diesel inventories probably climbed to a 27-year high as the slowing economic recovery curbed demand, a Bloomberg News survey showed. Supplies of the distillate fuels rose 1 million barrels, or 0.6 percent, in the seven days ended Aug. 20 from 174.2 million a week earlier, according to the median of 18 analyst estimates before an Energy Department report tomorrow. The last time supplies were so high was January 1983, two months after the U.S. exited a recession. "We really have some risk that the normal, seasonal uptrend in heating oil prices will be disrupted because of high inventories and weak ongoing demand," said Tim Evans, an analyst at Citi Futures Perspective in New York. Fuel supplies surged as the worst recession since the 1930s sapped consumption. Prices dropped today after sales of existing U.S. homes fell 27 percent in July, twice as much as forecast by economists surveyed by Bloomberg News. A report on Aug. 27 will probably show that gross domestic product slowed to a 1.4 percent annual pace in the second quarter, down from an earlier estimate of 2.4 percent. Heating oil for September delivery lost 1.97 cents, or 1 percent, to \$1.9357 a gallon on the New York Mercantile

Exchange today, the lowest settlement since July 6. Futures have fallen 8.6 percent this year. Prices have reached their annual peak in September, October or November in four of the past six years.

Hedge funds and other large speculators cut bets on rising prices in heating oil by 87 percent in the week ended Aug. 17, the most since February 2009, according to a Commodity Futures Trading Commission report on Aug. 20. All of the Bloomberg survey respondents forecast an increase in distillate supplies. Gasoline inventories fell 0.2 percent, according to the poll. Refineries probably operated at 89.6 percent of capacity, down 0.45 percentage point from the previous week, the survey showed. "Refiners overestimated demand this summer so we are going into the fall turnaround season with fuel supplies at the highest level in a generation, especially for distillate," said Stephen Schork, president of consultant Schork Group Inc. in Villanova, Pennsylvania. "You have to go back to the Reagan years to see anything like this."

U.S. stockpiles of oil and fuel climbed 5.3 million barrels to 1.13 billion in the week ended Aug. 13, the highest level since at least 1990, when the Energy Department began to collect weekly data. On a monthly basis, supplies are at the highest level since November 1983. "Demand has been OK this summer, but not as strong as we would usually see coming out of a recession," said Rick Mueller, director of oil markets at Energy Security Analysis Inc. in Wakefield, Massachusetts. U.S. distillate-fuel consumption peaked at an average 4.96 million barrels a day in 2007, according to the Energy Department. It has averaged 3.72 million barrels a day this year, down 13 percent from the same period in 2007. Demand rose 5.8 percent to 3.534 million barrels a day over the past four weeks from a year earlier. Distillate fuel exports surged to a record 756,000 barrels a day in May, the most recent month available, according to the Energy Department.

"If it weren't for exports, we would have an even bigger glut of distillate fuel," Evans said. U.S. refineries often shut units for maintenance in September and October as gasoline demand falls and before heating-oil use increases. They typically complete those operations during the winter, when distillate demand peaks. Crude stockpiles probably jumped 300,000 barrels, or 0.1 percent, last week according to the survey. "Demand for crude oil will dry up even more than usual this fall as refiners shut units," Schork said. The U.S. Northeast, where 84 percent of the country's residential heating oil is used, will probably have above-normal temperatures in September, October and November, according to a National Weather Service report on Aug. 19. The heating season begins in October and ends in March. The Energy Department is scheduled to release its weekly report at 10:30 a.m. tomorrow in Washington.

Grains

Wheat fell the most in a week on speculation that wet weather will boost crop prospects globally. Rainfall will be "near normal" in parts of drought-plagued Russia and Ukraine this week, and precipitation in Australia may help plants that have been deprived of moisture, according to Accuweather.com. Wheat futures have dropped 18 percent since reaching a 23-month high on Aug. 6 on speculation that global inventories will help offset smaller crops in Russia and Ukraine. "There are forecasts for rain in the former Soviet Union, and Australia is supposed to pick some up," said Jerod Leman, a broker at Wellington Commodities in Carmel, Indiana. "Some forecasts are looking a shade better." Wheat futures for December delivery fell 17.75 cents, or 2.4 percent, to close at \$7.0775 a bushel at 1:15 p.m. on the Chicago Board of Trade, the biggest decline since Aug. 16. The price has gained 7 percent this month on speculation that demand would improve for U.S. grain after Russia banned exports and Ukraine said it was considering limiting shipments. The U.S. is the world's largest wheat exporter. Last year, Russia was tied with Canada as the second-biggest, followed by Australia and Ukraine, USDA data show. Futures also may be slumping as investors sell contracts and liquidate positions after the price reached \$8.68 on Aug. 6, Leman said. Wheat is the

fourth-biggest U.S. crop, valued at \$10.6 billion in 2009, behind corn, soybeans and hay, government data show.

Corn prices should come under seasonal weakness in coming weeks as U.S. harvest activity picks up, but futures trade may remain volatile with strong demand offsetting the impact of large new-crop supplies. The corn crop is maturing at a near-record pace with USDA reporting that 54% of U.S. corn was denting as of Sunday, Aug. 22, far ahead of last year's 17% and the five-year average of 37%, while 8% of the crop was already mature, vs. only 3% last year and a five-year average of 6%. USDA data indicates the only times that crop development was farther along in mid-August were in 1987 and in the severe drought year of 1988. Scattered harvesting has begun in the southern Corn Belt, putting increasing downward pressure on prices despite strong export demand. Corn harvest has started for real in Kansas, with that state's crop reported 3% harvested as of Sunday. The quality of early harvested corn has been very good so far, which is something that U.S. exporters are no doubt happy to hear. They continue to scramble to find sufficient supplies of good quality corn to mix with large stocks of No. 3 corn from the 2009 crop. Reports from cash sources on Tuesday morning indicated Gulf export terminals were offering 12-14¢ over published price bids for No. 1 quality corn. Exporters should have large shipments to make in early 2010-2011. Export demand for U.S. corn has been very strong recently with end users concerned locking in supplies due to the short grain crop in the Black Sea region and USDA's tight U.S. supply/demand forecast, which indicates a stocks-to-usage ratio for 2010-2011 of 9.7%, the lowest since 2003-2004. The weekly sales total of 113.7 million bushels reported for the week ended Aug. 12, which included sales of 90.3 million bushels for 2010-2011 delivery, was the largest weekly export sales total since December of 1994. Advance corn sales for 2010-2011 delivery have now moved 11% ahead of a year earlier. There should also be a significant carryover into the new marketing year of sales that were originally made for 2009-2010. There are widespread ideas U.S. exports will wind up stronger than USDA's current estimate of 2.050 billion bushels, which could cause the stocks-to-usage ratio to grow even tighter. However, export buyers should back away from the market for awhile if they are convinced that prices have put in a pre-harvest high and will move lower as new-crop supplies become available. Fall price weakness could wind up worse than expected if the performance of the general economy continues to deteriorate. Falling crude oil and gasoline prices are putting pressure on the ethanol market with the premium held by unleaded gasoline futures over ethanol futures having fallen to only about 4¢ as of Tuesday morning. The narrowing of this spread will limit demand for ethanol from fuel blenders to the amount they need to meet the federal renewable fuels standard.

Softs

Raw sugar gained for a third straight session on signs that importers in Asia are stepping up purchases of the sweetener. China's imports last month jumped 130 percent from a year earlier, commodity broker and researcher FCStone Group said today in a report. China's cane crop has been damaged by too much rain in the west and not enough in other areas. Sugar futures have jumped 33 percent in the past three months as unusual weather damaged crops in Russia, Pakistan and Indonesia. "In this scenario, sugar futures may continue on the upward movement," Bruno Lima, a risk-management consultant at FCStone in Campinas, Brazil said. Raw sugar for October delivery gained 0.09 cent, or 0.4 percent, to settle at 20.16 cents a pound at 2 p.m. on ICE Futures U.S. in New York. Sugar futures rebounded from an earlier decline of as much as 4.9 percent, amid a decline in commodities. Signs that the economic recovery may be faltering sent the Reuters/Jefferies CRB Index of 19 raw materials down 1.3 percent at 2:45 p.m., heading for the biggest decline since June 29. Coffee, corn and nickel fell the most. Refined sugar for October delivery declined \$7.90, or 1.4 percent, to \$569.90 a metric ton on NYSE Liffe in London, the biggest drop since Aug. 9. "A gloomy macro picture seems to be weighing on the market," Thomas Kujawa, an analyst at Sucden Financial Ltd. in London, wrote in a report today.

Coffee declined the most in more than two years as a bigger-than-expected plunge in U.S. home sales stoked concern the economy may relapse into a recession, eroding demand for commodities. The Standard & Poor's 500 Index fell for a fourth day as global equity markets sank. The Reuters/Jefferies CRB Index of 19 raw materials plunged the most since June 29, led by the drop in coffee. Before today, the commodity surged 50 percent in New York during the past year and yesterday touched the highest price in almost 13 years. "There is long liquidation after the market rose to a new high," said Boyd Cruel, a senior analyst at Vision Financial Markets in Chicago. "The weakness in the equity markets is also adding selling pressure." Arabica coffee for December delivery slumped 14.8 cents, or 8.1 percent, to settle at \$1.6845 a pound on ICE Futures U.S. in New York, the biggest decline for a most-active contract since March 17, 2008. Yesterday, the commodity reached \$1.8865, the highest level since Sept. 11, 1997, on concern that demand will outpace production. On London's Liffe exchange, robusta-coffee futures for November delivery retreated \$137, or 7.7 percent, to settle at \$1,640 a metric ton, the biggest drop since at least January 2008. Today's settlement at a lower price one day after reaching a high is a "very negative signal," according to Doug Whitehead, an analyst at Rabobank International in London. "With such a weak technical signal, you would think that would prompt additional selling, as producers and traders might find prices could head lower for the next few days," Whitehead said. Sales of existing houses plunged by a record 27 percent in July to a 3.83 million annual pace, the lowest in a decade of record keeping, the National Association of Realtors showed today in Washington. Demand for single-family houses dropped to a 15-year low and the number of homes on the market swelled. The decline was worse than the most pessimistic forecast of economists surveyed by Bloomberg News as the effects of a government tax credit waned, showing a lack of jobs threatens to undermine the U.S. economic recovery. The Dow Jones Industrial Average dropped as much as 1.8 percent and the S&P 500 Index fell as much as 1.9 percent.

Cocoa futures fell to a three-month low in New York on signs of weaker demand for commodities as the dollar rallied and equities slumped. Cotton prices rose. The dollar jumped to the highest level since July 14 against a basket of six major currencies before paring gains. Both the MSCI World Index of equities and the Reuters/Jefferies CRB Index of 19 raw materials fell to the lowest in more than a month. Cocoa is down on "economic jitters," said Adam Klopfenstein, a senior market strategist at Lind-Waldock, a broker in Chicago. "Stocks continue to head lower on a crisis of confidence in the United States," Klopfenstein said. "You're seeing spillover effects translating into lower commodity prices across the board." The strength in the dollar is also putting pressure on dollar-denominated raw materials, he said. Cocoa for December delivery fell \$22, or 0.8 percent, to settle at \$2,812 a metric ton at 2 p.m. on ICE Futures U.S. in New York. Earlier, the chocolate ingredient slumped to \$2,776, the lowest price for a most-active contract since May 17. On London's Liffe exchange, cocoa futures for September delivery rose 3 pounds to settle at 2,093 pounds (\$3,232) a metric ton at 4:51 p.m. local time. In the week ended Aug. 17, hedge-fund managers and other large speculators in New York cocoa futures reduced their net-long positions, or bets that prices will rise, to the lowest level since May 2009, government data show. Cotton for December delivery rose 1.13 cents, or 1.3 percent, to settle at 85.22 cents a pound at 2:44 p.m. on ICE in New York. Earlier, the most-active contract reached 85.36 cents, the highest price since Aug. 13. Cotton has jumped 44 percent in the last year.

Live Cattle

Cattle and hog futures fell the most in two weeks as a plunge in U.S. equities raised speculation that consumer demand for meat will shrink as the economy slumps. The Standard & Poor's 500 Index of stocks dropped for a fourth straight session as reports signaled slower economic growth. Record wholesale-pork prices and a 6.5 percent surge in choice beef in the last two weeks may deter consumers who are trying to save money, said Mark Schultz, the chief analyst at Northstar Commodity Investment Co. in Minneapolis. "Everyone is watching closely on the stock market, which seems to be rather anemic," Schultz said. "People are losing faith with what's happening in the global economy and wondering if

we're going to have some demand hiccups." Cattle futures for October delivery fell 0.3 cent, or 0.3 percent, to close at 99.45 cents a pound at 1 p.m. on the Chicago Mercantile Exchange. That marked the biggest drop since Aug. 6. The most-active contract is up 15 percent this year. Feeder-cattle futures for October settlement declined 0.45 cent, or 0.4 percent, to \$1.172 a pound. Wholesale choice beef climbed for a 13th-straight session at midday to \$1.6312 a pound, the highest level since June 2, according to the U.S. Department of Agriculture. The winning streak is the longest since an 18-day period ended in July 2008.

Hog futures for October settlement fell 0.95 cent, or 1.2 percent, to 77.275 cents a pound on the CME, also the biggest drop since Aug. 6. The most-active contract has climbed 18 percent this year after losses in 2008 and 2009 spurred farmers to cut herds. Grocers may be finished stockpiling meat before Labor Day in the U.S. on Sept. 6, when many consumers grill outdoors, said Doug Houghton, an analyst at Brock Associates in Milwaukee. Rising pre-holiday demand and tight supplies sent wholesale pork to 95.67 cents a pound yesterday, the highest level since January 1997, when the USDA began keeping comparable data. Slaughterhouses also are paying less for hogs since spot-market prices touched a three-month high last week, Houghton said. Hogs for immediate delivery at pork plants dropped 1.7 percent yesterday to 79.78 cents a pound, the third straight decline since touching 83.86 cents on Aug. 18, the highest price since May 14, USDA data show. "From late August through late fall, you'll see increasing hog numbers on a seasonal basis," Houghton said. "That's still going to be several percentage points below a year ago, but it'll be larger supplies relative to what we've had over the summer."

Source: Bloomberg News