CWA Global Markets
Commodities › Equities › FX

Broker Report
Wednesday, 1 September 2010

Summary of overnight US trading session

Symbol	Market	Settlement	24hr change	24hr change %	Open*	Low*	High*
INDU Index	DOW JONES INDUS. AVG	10014.72	4.99	0.05%	10006.42	9941.84	10073.38
SPX Index	S&P 500 INDEX	1049.33	0.41	0.04%	1046.88	1040.88	1055.14
NDX Index	NASDAQ 100 STOCK INDX	1767.43	4.64	-0.26%	1762.54	1755.38	1781.47
VIX Index	CBOE SPX VOLATILITY INDX	26.05	1.16	-4.26%	27.58	25.93	27.83
GCV0 Comdty	GOLD 100 OZ FUTR Oct10	1249	11.00	0.89%	1248	1232.4	1250.5
SIZ0 Comdty	SILVER FUTURE Dec10	19.432	0.358	1.88%	19.250	18.86	19.44
CLX0 Comdty	WTI CRUDE FUTURE Nov10	73.54	2.37	-3.12%	73.54	73.08	76
NGV0 Comdty	NATURAL GAS FUTR Oct10	3.816	0.004	0.10%	3.780	3.72	3.87
HOV0 Comdty	HEATING OIL FUTR Oct10	199.17	4.60	-2.26%	204	198	205
W Z0 Comdty	WHEAT FUTURE(CBT) Dec10	685.750	18.750	-2.66%	705.000	683.000	712.000
C Z0 Comdty	CORN FUTURE Dec10	439.250	2.250	-0.51%	440.500	438.000	444.500
S X0 Comdty	SOYBEAN FUTURE Nov10	1010.000	12.500	-1.22%	1015.000	1007.000	1026.500
KCZ0 Comdty	COFFEE 'C' FUTURE Dec10	178.45	2.95	-1.63%	180	177.2	183.2
JOU0 Comdty	FCOJ-A FUTURE Sep10	137.6	0.00	0.00%	137.4	135.85	137.8
CCZ0 Comdty	COCOA FUTURE Dec10	2736	22.00	0.81%	2720	2681	2779
SBV0 Comdty	SUGAR #11 (WORLD) Oct10	19.75	0.06	-0.30%	19.79	19.6	20.25
CTV0 Comdty	COTTON NO.2 FUTR Oct10	89.08	0.29	-0.32%	89.9	89.3	90.34
LCV0 Comdty	LIVE CATTLE FUTR Oct10	97.275	0.77	-0.79%	98.300	97.250	98.375
DXY Index	DOLLAR INDEX SPOT	83.079	0.09	-0.10%	83.16	82.87701	83.342

* 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 rose, trimming the biggest August slump since 2001, as regulators approved a Chinese investment in Morgan Stanley and gains in home prices and consumer confidence tempered concern the economy is faltering. Morgan Stanley jumped 1.1 percent as the Federal Reserve approved China Investment Corp.'s plan to buy as much as 10 percent of the company. AT&T Inc., JPMorgan Chase & Co. and Merck & Co. gained at least 1.2 percent to lead the Dow Jones Industrial Average higher. Benchmark indexes recovered after an hour-long afternoon slump triggered when the Fed signaled it doesn't plan large-scale asset purchases to bolster the economy. The Standard & Poor's 500 Index rose less than 0.1 percent to 1,049.33 as of 4 p.m. in New York, reversing a 0.8 percent loss. The Dow Jones Industrial Average gained 4.99 points, or 0.1 percent, to 10,014.72. "The market is oversold, there's no question about that," said Michael Mullaney, who manages $9 billion at Fiduciary Trust Co. in Boston. "The macroeconomic environment in general is still relatively dire. Until we get some stability there's not much chance that the market is going to do appreciably better." The S&P 500 lost 4.7 percent this month and is down almost 6 percent in 2010 amid concern the recovery from the worst economic slump since the Great Depression is stalling.

CWA Global Markets Pty Ltd
Level 4, 8 Spring Street Sydney NSW 2000
telephone 1300 365 874
web cwa.net.au
Australian Financial Services Licence 279118
ABN 65 097 925 472

Benchmark indexes briefly erased gains after 2 p.m. in New York as minutes from the latest Federal Open Market Committee meeting disappointed investors speculating the central bank would resume "quantitative easing," or the purchase of debt, to bolster the economy. Some Federal Reserve officials were concerned their decision to maintain their balance sheet would send an unintended signal the central bank is ready to resume large- scale asset purchases, minutes of the Aug. 10 meeting showed. A few policy makers said the economic effects of the decision "likely would be quite small," while others voiced concern that further shocks would cause "significant slowing in growth." AT&T rose 1.5 percent to $27.03. JPMorgan Chase advanced 1.4 percent to $36.36, and Merck gained 1.2 percent to $35.16. The S&P/Case-Shiller index of property values increased 4.2 percent from June 2009, the group said today in New York. The rise reflected the influence of a government tax incentive and a sign the market was stabilizing before sales plunged in July.

The June gain in home prices reflected the influence of a government tax incentive and a sign the market was stabilizing before sales plunged in July. The median estimate of economists surveyed by Bloomberg News called for a 3.5 percent advance. The index is a moving three-month average, so the June data were still being influenced by transactions in April and May that may have benefited from the government incentive. "There's an awful lot of positive stuff here in our numbers today," Karl Case, co-creator of the home-price index and a former economics professor at Wellesley College in Massachusetts, said in a radio interview today on "Bloomberg Surveillance" with Tom Keene. "You've had a continuing increase of almost a year now." The housing market is "not quite stabilized yet, but it looks like it's beginning to," Case said. "So I'd say another couple of years before you can really declare victory." Toll Brothers, the largest builder of luxury houses in the U.S., rallied 1.3 percent to $17.29. Stocks moved higher after the Conference Board's consumer- confidence index increased to 53.5 in August from a five-month low of 51 in July, figures from the New York-based private research group showed today. The median forecast of economists in a Bloomberg News survey was for a gain to 50.7.

Financial shares rallied to the second-biggest gain of 10 industry groups in the S&P 500 after the Federal Deposit Insurance Corp. said U.S. lenders posted their biggest quarterly profit in almost three years, even as the number of banks at risk of failure rose to 11 percent of insured institutions. Bank profits totaled $21.6 billion in the second quarter, an increase from $18 billion in the first quarter, the FDIC said. Comerica Inc. gained 2.9 percent to $34.41. The Dallas- based bank, was raised to "outperform" from "neutral" at Robert W. Baird & Co. Inc. Morgan Stanley advanced 1.1 percent to $24.69 after the Federal Reserve approved China Investment Corp.'s application to take as much as a 10 percent stake in Morgan Stanley through the conversion of premium equity units that it purchased in 2007.

Dean Foods Co. climbed second most in the S&P 500, adding 4.3 percent to $10.22. The biggest U.S. maker of dairy products is seeing increased activity in its options trading "surrounding unsubstantiated takeover rumors," according to a note from Susquehanna International Group LLP. Trading of call options to buy the stock exceeded 5,300 contracts, or five times the four-week average. Barry Sievert, a Dean Foods spokesman, didn't immediately return a call for comment. Retailers rallied after sales at stores open at least a year rose last week by 3 percent from the year before, according to Johnson Redbook Research. J.C. Penney Co. advanced 2.5 percent to $19.98. Macy's Inc. increased 1.2 percent to $19.41. Saks Inc. jumped 20 percent to $7.90. The New York-based luxury retail chain may get a bid of $11 a share, or $1.7 billion, from a consortium of U.S. and U.K. private equity firms, the Daily Mail reported. Lions Gate Entertainment Corp. rose 10 percent to $7.14. Billionaire investor Carl Icahn, owner of about 33 percent of the movie studio, increased his offer to buy the remainder of the stock to $7.50 a share from $6.50.

Shares of semiconductors fell the most of 24 industry groups in the S&P 500. Intel Corp.'s agreement to purchase Infineon Technologies AG's wireless business could give the largest chipmaker a cost advantage over Marvell Technology Group Ltd., which declined 3.4 percent to $15.91; Broadcom Corp., which slumped 6.4 percent to $29.96, the most in the S&P 500; and Qualcomm Inc., which gained less than 1 percent to $38.30, according to Goldman Sachs Group Inc. Monsanto declined 5.8 percent, second most in the S&P 500, to $52.65, after it said it earned $2.45 a share at most in the fiscal year ending today, compared with a previous forecast of as much as $2.60 a share.

VF Corp. sank 3.1 percent to $70.57. The world's largest apparel maker was downgraded to "neutral" from "overweight" at Piper Jaffray. Research In Motion Ltd. lost 6 percent to $42.84. The Blackberry maker faces "a scary outlook" in the corporate market, Sanford C. Bernstein & Co. said in a note, citing the segment's high e-mail penetration and the threat from other smartphone makers. Mediacom Communications Corp. plunged 15 percent to $5.80. The seventh-largest U.S. cable operator's founder and Chief Executive Officer Rocco B. Commisso withdrew his bid to take the company private after its board rejected a sweetened offer. Strayer Education Inc. led a decline in for-profit U.S. education stocks as Senator Dick Durbin said industry practices should be curbed. Strayer retreated 9.1 percent to $144.64. An index of 12 education stocks fell 3.2 percent, the most since Aug. 16, after Durbin discussed the industry with students and executives in Chicago.

Precious Metals

Investors are accumulating enough bullion to fill Switzerland's vaults twice over as gold's most- accurate forecasters say the longest rally in at least nine decades has further to go no matter what the economy holds. Analysts raised their 2011 forecasts more than for any other precious metal the past two months, predicting a 10th annual advance, data compiled by Bloomberg show. The most widely held option on gold futures traded in New York is for $1,500 an ounce by December, or 18 percent more than the record $1,266.50 reached June 21. Holdings through bullion-backed exchange-traded products are already at more than 2,075 metric tons, within 0.1 percent of the all-time high. "Either a swift economic recovery or further dismal economic performance should bring new buyers into the market," said Eugen Weinberg, an analyst at Commerzbank AG in Frankfurt who was the most accurate forecaster in the first quarter and expects the metal to rise as high as $1,400 next year. "A stronger economy would create more jewelry demand. If the economy stays weak or gets worse, then investors will be looking for a safe haven." Investors added to their gold holdings through ETPs for three consecutive weeks, reflecting demand for assets typically favored in times of financial stress. Two-year Treasury yields fell to a record low of 0.4542 percent on Aug. 24 and the yen reached a 15-year high against the dollar the same day. Pacific Investment Management Co., Deutsche Bank AG and Citigroup Inc. have announced or are offering funds or traded instruments designed to guard against sudden market declines.

Buyers accumulated almost 278 tons of gold in 2010 across 10 ETPs tracked by Bloomberg, worth $10.4 billion at this year's average price. Total holdings are almost twice Switzerland's official reserves of 1,040 tons, data compiled by the World Gold Council show. ETP holdings reached a record 2,078 tons July 19, data compiled by Bloomberg show. One of the biggest buyers has been Soros Fund Management LLC, which oversees about $25 billion. George Soros, who made $1 billion breaking the Bank of England's defense of the pound in 1992, described gold as "the ultimate asset bubble" at the World Economic Forum's January meeting in Davos, Switzerland. Buying at the start of a bubble is "rational," he said. Soros Fund Management sold 341,250 shares of the SPDR Gold Trust, the largest ETP backed by bullion, in the second quarter, according to an Aug. 16 Securities and Exchange Commission filing. That still left a holding of 5.24 million shares, equal to almost 16 tons. Soros declined to comment on the change, through a spokesman.

Gold may rise as high as $1,500 next year, 21 percent more than the $1,240 traded at 1:45 p.m. in London, according to the median in a Bloomberg survey of 29 analysts, traders and investors. Dan Brebner, an analyst at Deutsche Bank in London who is the most accurate forecaster so far this year, says the metal may reach $1,550. Bullion gained 13 percent since January, beating an 8.4 percent return on Treasuries, an 8 percent decline in the MSCI World Index of shares and the 10 percent slump in the S&P

GSCI Total Return Index of 24 raw materials. Investors are concerned the recovery is weakening. Sales of new U.S. homes fell to an all-time low in July, the Commerce Department said Aug. 25. The U.S. economy grew at a 1.6 percent annual rate in the second quarter, less than previously calculated, the department said Aug. 27. U.S. growth will slow to 2.8 percent next year, compared with 3 percent in 2010, according to the median of as many as 69 economists' forecasts compiled by Bloomberg.

People "fear another crisis and so they will diversify into gold," said Thorsten Proettel, an analyst at Landesbank Baden-Wurttemberg in Stuttgart, Germany, who was also the most- accurate forecaster in the first quarter. He expects gold to trade as high as $1,350 next year. Anne-Laure Tremblay, an analyst at BNP Paribas SA in London whose forecast was also the best in the period, is estimating a 2011 high of $1,370. Bullion's four-fold rally since the end of 2000 has attracted fund managers Eric Mindich and John Paulson. Mindich's $13 billion Eton Park Capital Management LP bought almost 6.58 million shares of the SPDR Gold Trust in the second quarter, according to an Aug. 16 SEC filing. That's equal to about 20 tons of gold. Paulson & Co., managing $31 billion, held 31.5 million shares in the SPDR Gold Trust, making it the largest investor, an Aug. 16 SEC filing shows.

Astor Asset Management LLC, with about $570 million of assets, once had as much as 10 percent of its holdings in the SPDR Gold Trust, according to Bryan Novak, managing director of the Chicago-based company. The firm sold the stake at the end of last year for a profit and now owns silver, copper and a multicommodity ETP. "We don't believe we're heading into a double-dip recession," Novak said. "Gold carries some risk because a lot of people are piling into the trade." A plunge in equities may spur investors to sell their gold holdings to raise cash, he said. The Standard & Poor's 500 Index dropped 14 percent since this year's peak on April 26. Investment demand of 1,901 tons last year exceeded jewelry consumption of 1,759 tons for the first time in three decades, according to London-based researcher GFMS Ltd. That trend continued into the second quarter, with total demand advancing 36 percent to 1,050.3 tons, the WGC in London said Aug. 25.

Earnings at Newmont Mining Corp., the largest U.S. gold producer, may increase 47 percent to $1.93 billion in 2010, according to the mean estimate of seven analysts' forecasts compiled by Bloomberg. The 16-member Philadelphia Stock Exchange Gold and Silver Index advanced 8.7 percent since January. Bets on gold may pay off even if economic recoveries strengthen. World growth will be 4.6 percent this year, the most since 2007, the International Monetary Fund said July 7. China, the second-biggest bullion buyer after India, will expand 10 percent in 2010, compared with 9.1 percent last year, according to the median of 24 economists' forecasts compiled by Bloomberg. Gold imports by India this year may total 600 tons to 625 tons, compared with an estimated 480 tons to 485 tons last year, according to Anjani Sinha, chief executive officer of National Spot Exchange Ltd., the country's biggest bourse for trading physical gold. While growth may curb investors' appetite for gold to protect their wealth, it may also bolster purchases of jewelry, reviving demand that fell to a 21-year low in 2009, according to Jochen Hitzfeld, an analyst at UniCredit SpA in Munich and the best forecaster in the last three quarters. He's predicting a 2011 high of $1,350.

Analysts are getting more bullish. Their median estimate for next year's average gold price climbed 6.2 percent since June 16 to $1,247.50, according to 17 forecasts compiled by Bloomberg. That compares with a 2.6 percent gain in silver forecasts, 0.6 percent advance in platinum predictions and a 0.5 percent jump in their palladium outlook. Gold averaged $1,166.43 since January, heading for a ninth consecutive year of higher average prices. That's the longest streak since at least 1920. Options traders are also betting on prices rallying. The biggest position is in call options expiring in November 2010, giving traders the right to buy the metal at $1,500 by then. The next biggest position is the call option for $2,000 expiring in November 2011, data from the Comex exchange in New York show. "Investors' interest is still growing and still hasn't reached a reasonable part of their portfolio," UniCredit's Hitzfeld said. "Gold is still an under-owned asset, that's perfectly clear."

CWA Global Markets Pty Ltd
Level 4, 8 Spring Street Sydney NSW 2000
web cwa.net.au

Energy

Oil tumbled, capping its worst month since May, on forecasts Hurricane Earl will pelt the U.S. East Coast, curbing fuel demand during the Labor Day holiday weekend. Crude dropped the most in 12 weeks amid speculation that stormy weather will keep beachgoers and travelers at home. Labor Day is the traditional end of the U.S. summer driving season, the peak gasoline demand period. U.S. gasoline demand slid to a 12-week low last week, MasterCard Inc. reported today. "It's the last thing we need," said John Kilduff, a partner at Again Capital LLC, a New York-based hedge fund that focuses on energy. "It's a big gasoline consumption weekend. Given how poor the gasoline demand has been, it will be a final parting blow for the summer driving season if people won't hit the beach in droves." Oil for October delivery fell $2.78, or 3.7 percent, to settle at $71.92 a barrel on the New York Mercantile Exchange, the biggest drop since June 4. Prices tumbled 8.9 percent this month and have risen 2.8 percent in the past year. Prices declined from the settlement as the industry-funded American Petroleum Institute reported at 4:30 p.m. that U.S. crude-oil stockpiles jumped 4.77 million barrels to 361.5 million. October oil fell to $71.64 a barrel in electronic trading at 4:32 p.m. Emergency agencies along the Eastern Seaboard are preparing for the arrival of Earl, which threatens to graze North Carolina and lash coastal Massachusetts with wind and rain before going ashore in Nova Scotia. Craig Fugate, administrator of the Federal Emergency Management Agency, said today that evacuations may be needed if the storm doesn't turn north.

Earl was about 1,000 miles (1,605 kilometers) south- southeast of Cape Hatteras, North Carolina, and heading west- northwest at 14 mph, the U.S. National Hurricane Center said in an advisory at 5 p.m. Miami time. It was a Category 4 storm with winds of 135 miles an hour. Tropical Storm Fiona trails Earl across the Atlantic Ocean. Both storms are forecast to miss the Gulf of Mexico, the top U.S. oil producing and refining region. "It's washing away the Labor Day holiday weekend for the entire East Coast," said Phil Flynn, vice president of research at PFGBest in Chicago. "Those fears were heightened after the MasterCard numbers came out." U.S. gasoline demand slid 3.1 percent in the seven days ended Aug. 27, MasterCard Inc. said today in its SpendingPulse report. Motorists bought an average 9.17 million barrels of fuel a day, down from 9.46 million the prior week. It was the lowest level since June 4.

"We have this hurricane coming, so it's a safe assumption that demand for product could be lower," said Stephen Schork, president of consultant Schork Group Inc. in Villanova, Pennsylvania. "We're going into a time of weak demand, and you do tend to see seasonal weakness in the oil market at the end of the third quarter." Gasoline for September delivery lost 4.47 cents, or 2.3 percent, to expire at $1.8894 a gallon on the Nymex. Prices fell 10 percent in August, the most since May. October gasoline fell 5.04 cents, or 2.6 percent, to $1.8574. Oil also retreated after the Federal Reserve said some officials were concerned about a further slowdown in the economy yet signaled no plans to resume large-scale asset purchases at the Federal Open Market Committee meeting Aug. 10. The minutes were released today.

The Institute for Supply Management-Chicago Inc.'s business barometer fell to 56.7 in August, the lowest level since November. Figures greater than 50 signal expansion. U.S. oil supplies rose to a one-month high last week, according to a Bloomberg survey before an Energy Department report tomorrow. Inventories probably climbed 1.2 million barrels, or 0.3 percent, in the seven days ended Aug. 27 from 358.3 million a week earlier, according to the median of 16 analyst estimates. That would leave stockpiles at their highest level since July 23. Twelve respondents forecast an increase. Oil prices are likely to rise to $95 a barrel by the end of the year, according to a forecast by Hussein Allidina, head of commodity research at Morgan Stanley. "In the near term, we're going to see some concern as refiners here in the U.S. go down for maintenance," he said on Bloomberg Television's "InBusiness" with Scarlet Fu. "As we go into the back half of the year things do start to look more positive."

Futures are likely to stay in their "large, choppy sideways" range until next year, said Gordon Manning, a Sydney- based technical analyst at National Australia Bank Ltd. Brent crude for October settlement dropped $1.96, or 2.6 percent, to $74.64 a barrel on the ICE Futures Europe Exchange in London. It fell 4.5 percent this month. Brent cost $2.72 more than New York futures, the widest spread between the two contracts since May 20. Oil volume in electronic trading on the Nymex was 844,493 contracts as of 3:54 p.m. in New York. Volume totaled 561,115 contracts yesterday, 9.1 percent below the average of the past three months. Open interest was 1.26 million contracts.

Grains

Soybeans fell the most in more than a week on speculation that Chinese and U.S. demand is slowing after prices rose as much as 16 percent since the end of June. Corn fell for the first time in four sessions. Soybean processors in Heilongjiang, China's top-producing province, are in talks to buy government stockpiles, which may ease demand for imports from the U.S., the largest grower and exporter. U.S. inventories of soy-based animal feed rose 21 percent at the end of July from a year earlier, the Census Bureau said last week. Soybean-oil inventories rose to the highest level since December 2003. "Chinese demand for U.S. soybeans may be slowing," said Chad Henderson, a market analyst for Prime Agricultural Consultants in Brookfield, Wisconsin. "U.S. demand for soybean meal and cooking oils appears to be slowing." Soybean futures for November delivery fell 12.5 cents, or 1.2 percent, to close at $10.10 a bushel at 1:15 p.m. on the Chicago Board of Trade, after earlier gaining as much as 0.4 percent. The decline was the biggest since Aug. 19. Prices rose 0.5 percent in August, reaching a seven-month high of $10.49 on Aug. 5, as Chinese imports surged to a record. Soybean-oil futures for December delivery fell 0.48 cent, or 1.2 percent, to close at 40.05 cents a pound in Chicago, the biggest decline since Aug. 19. The vegetable oil fell 1.2 percent in August, the third decline in four months. China was expected to increase soybean imports by 20 percent to a record 49.5 million metric tons in the marketing year that ends Sept. 30, up from 41.1 million a year earlier, U.S. Department of Agriculture said on Aug. 12.

Corn prices fell from a 14-month high on speculation that demand for ethanol will slow, after crude oil plunged 8.9 percent in August and rain improved prospects for global production of wheat, a competing livestock feed. After the close of trading Aug. 27, the Commodity Futures Trading Commission reported speculator bets on rising corn prices rose to a record. Corn speculators including hedge funds and commodity- trading advisers held long positions that exceeded shorts by 345,359 futures and options contracts as of Aug. 24, up 3.5 percent from a week earlier, the commission said. "Commodity-wide selling was the feature to the last half of Tuesday's trade," said Mike Zuzolo, the president of Global Commodity Analytics & Consulting LLC in Lafayette, Indiana. "Program and end-of-the-month selling weighed on corn," after the declines in oil and wheat prices, Zuzolo said. Corn futures for December delivery fell 2.25 cents, or 0.5 percent, to close at $4.3925 a bushel on the Chicago Board of Trade. The most-active futures, which gained 8 percent in August, rose yesterday to touch $4.4525, the highest since June 2009. The soybean crop in the U.S., the world's largest grower, was valued at $31.8 billion last year, second only to corn at $48.6 billion, government figures show.

Wheat fell for the first time in four sessions on speculation that rain will improve crop prospects in the U.S. and Australia. Precipitation in the southern Great Plains will improve soil moisture in areas where growers are preparing to seed winter varieties, said Larry Glenn, an analyst at grain marketer Frontier Ag in Quinter, Kansas. Western Australia, the country's biggest growing state, has received "desperately needed" rain, Perth-based CBH Group said today. "There's some rain in the eastern section of the southern Plains," Glenn said. "They've been a bit dry, so they need it for planting. In Western Australia, they're counting on some moisture." Wheat futures for December delivery fell 18.75 cents, or 2.7 percent, to close at $6.8575 a bushel at 1:15 p.m. on the Chicago Board of Trade, after earlier rising as much as 1.3 percent. Wheat gained 3.7 percent this month, touching $8.68 on Aug. 6, the highest price in almost two years, as a drought damaged the crop in Russia and prompted the government to halt grain exports. In Western Australia, more rainfall is needed to boost crop conditions, according to CBH Group. Some parts of the country may receive light rainfall this week, Bureau of Meteorology forecaster Dan Goddard said by telephone. Last year, the U.S. was the world's largest exporter, Canada and Russia were tied at No. 2, followed by Australia, Ukraine, Kazakhstan and Argentina, U.S. Department of Agriculture data show. Wheat is the fourth-biggest U.S. crop, valued at $10.6 billion in 2009, behind corn, soybeans and hay, government data show.

Softs

Cocoa futures rose for the first time in six sessions on renewed demand after the price fell to a 13-month low. Sugar and coffee also gained. Cocoa futures plunged 11 percent in August, the biggest monthly decline since February 2009. Earlier today, they reached $2,681 a metric ton, the lowest level for a most-active contract since July 17, 2009. "An oversold bounce was long overdue," said Spencer Patton, the founder and chief investment officer of Chicago- based Steel Vine Investments LLC. " The bounce will test the previous support level of $2,800." Cocoa for December delivery rose $22, or 0.8 percent, to settle at $2,736 at 2 p.m. on ICE Futures U.S. in New York. The commodity has dropped 17 percent this year. On London's Liffe exchange, cocoa for September delivery dropped 30 pounds, or 1.5 percent, to settle at 1,951 pounds ($2,994) a ton, after earlier falling as low as 1,919 pounds, the lowest price since Sept. 16. Cocoa fell earlier on prospects for bigger crops in West Africa. Output in Ghana, the second-biggest grower of the beans used to make chocolate, may rise about 3 percent in the year ending Sept. 30, Tony Fofie, the chief executive officer of the country's cocoa board, said last week. Carsten Fritsch, a Commerzbank AG analyst in Frankfurt, said weather conditions in the region are favorable for crops in the new season, which begins in October.

Raw sugar for October delivery declined 0.06 cent, or 0.3 percent, to settle at 19.75 cents a pound at 2 p.m. on ICE. The price gained 0.9 percent in August, paring this year's decline to 27 percent. Cane output in Brazil's Center South, the world's largest producing region, may be less than forecast should dry weather last beyond September, industry association Unica said today. Refined sugar for October delivery gained $1.40, or 0.2 percent, to $578.70 a ton on NYSE Liffe in London. Arabica coffee for December delivery fell 2.95 cents, or 1.6 percent, to $1.7845 a pound in New York. The most-active contract gained 1.2 percent this month and is up 31 percent for the year. Robusta coffee for November delivery gained $4, or 0.2 percent, to $1,641 a ton on NYSE Liffe.

Live Cattle

Hog futures rose as signs of ample demand for U.S. pork fueled speculation that last week's price slide was exaggerated. Cattle declined, capping the longest slump since 2008. Spot-market hogs sold for 83.89 cents a pound today, 8.7 cents above October futures. Wholesale pork has climbed 61 percent in the past year. Exports of the meat rose 7.9 percent in the first half from a year earlier, and demand in the U.S. is "quite strong," said Dan Vaught, the owner of Vaught Futures Insights in Altus, Arkansas. "As long as some of these wholesale cuts remain stable, the outlook seems to improve," Vaught said. Futures have "already built in some pretty substantial discounts to cash, so at this point, traders are really trying to gauge how much seasonal weakness the market will experience," as meatpacker supplies rise based on hog-breeding cycles, he said. Hog futures for October settlement climbed 0.275 cent, or 0.4 percent, to close at 75.15 cents a pound at 1 p.m. on the Chicago Mercantile Exchange. The most-active contract dropped 3.1 percent last week and 4.9 percent this month. The CME's Lean Hogs Index, the gauge of spot prices, rose 1.1 percent in August. As of yesterday, wholesale pork dropped 3.6 percent from a record on Aug. 24 to 93.26 cents a pound, U.S. Department of Agriculture data show.

Cattle futures for October delivery slipped 0.775 cent, or 0.8 percent, to 97.275 cents a pound. The price was down for the sixth straight session, the longest slide since December 2008. The commodity gained 2.8 percent this month. Feeder-cattle futures for October settlement fell 0.825 cent, or 0.7 percent, to $1.151

a pound. The price of steers for immediate delivery to meatpackers rose 0.3 percent last week to about 99 cents a pound, USDA data show. Some traders are "pessimistic" that prices will climb further because beef demand may slow after the Labor Day holiday weekend starting Sept. 4, when many people grill outdoors, Vaught said. Earlier, cattle futures rose as much as 0.3 percent on speculation that meatpacker demand for animals will increase as profit improves. In August, wholesale choice beef climbed 8.1 percent through midday, heading toward the biggest monthly rally since March. Meatpackers are making almost $20 per head of cattle in profit and may boost spot bids for animals, said Dennis Smith, a senior account executive at Archer Financial Services Inc. in Chicago. "Tight supplies versus good demand is what brought us here, and that trend remains intact," Smith said. "Beef-packer margins are very profitable. They have every incentive to keep pushing for cattle."

Source: Bloomberg News