

Summary of overnight US trading session

Symbol	Market	Settlement	24hr change	24hr change %	Open*	Low*	High*
INDU Index	DOW JONES INDUS. AVG	10320.1	50.63	0.49%	10270.08	10253.96	10320.37
SPX Index	S&P 500 INDEX	1090.1	9.81	0.91%	1080.66	1080.39	1090.1
NDX Index	NASDAQ 100 STOCK INDX	1840.58	20.53	1.13%	1822.83	1817.99	1840.58
VIX Index	CBOE SPX VOLATILITY INDX	23.19	0.70	-2.93%	24.23	23.15	24.31
GCV0 Comdty	GOLD 100 OZ FUTR Oct10	1252.1	5.30	0.43%	1252.1	1244.3	1253.6
SIZ0 Comdty	SILVER FUTURE Dec10	19.672	0.279	1.44%	19.672	19.34	19.74
CLX0 Comdty	WTI CRUDE FUTURE Nov10	76.24	0.88	1.17%	76.24	74.45	76.36
NGV0 Comdty	NATURAL GAS FUTR Oct10	3.751	0.011	-0.29%	3.760	3.69	3.84
HOV0 Comdty	HEATING OIL FUTR Oct10	206.23	2.12	1.04%	202.12	201	206
W Z0 Comdty	WHEAT FUTURE(CBT) Dec10	713.750	5.000	0.71%	717.000	713.500	722.000
C Z0 Comdty	CORN FUTURE Dec10	447.500	0.750	0.17%	446.500	443.500	448.000
S X0 Comdty	SOYBEAN FUTURE Nov10	1009.000	3.500	0.35%	1008.000	1001.000	1010.500
KCZ0 Comdty	COFFEE 'C' FUTURE Dec10	184.85	2.50	1.37%	182	181.35	186.65
JOU0 Comdty	FCOJ-A FUTURE Sep10	142.4	0.40	0.28%	143	141	143
CCZ0 Comdty	COCOA FUTURE Dec10	2735	17.00	-0.62%	2734	2723	2754
SBV0 Comdty	SUGAR #11 (WORLD) Oct10	20.81	0.32	1.56%	20.45	20.27	20.94
CTV0 Comdty	COTTON NO.2 FUTR Oct10	90.87	0.74	0.82%	90.2	90.11	91.8
LCV0 Comdty	LIVE CATTLE FUTR Oct10	98.450	0.70	0.72%	97.750	97.750	98.900
DXY Index	DOLLAR INDEX SPOT	82.402	0.05	-0.06%	82.53001	82.29201	82.59801

* 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, with the Standard & Poor's 500 Index building on its biggest rally in almost two months, after retail sales improved, initial jobless claims fell and pending home sales unexpectedly increased. Nordstrom Inc., J.C. Penney Co. and Limited Brands Inc. advanced at least 3.2 percent after reporting August same-store sales that beat analyst estimates. Burger King Holdings Inc. gained 25 percent after affiliates of 3G Capital offered \$4 billion for the company. Mariner Energy Inc. sank 2.6 percent after an explosion at its Gulf of Mexico rig. The S&P 500 increased 0.9 percent to 1,090.10 at 4 p.m. in New York, the biggest two-day gain since early July. The Dow Jones Industrial Average climbed 50.63 points, or 0.5 percent, to 10,320.10. "Today's numbers are not going to hurt the market," said Timothy Ghriskey, chief investment officer at Solaris Asset Management in Bedford Hills, New York, which manages \$2 billion. "The more we see the economic data stabilize, and hopefully in time improve, the more upside we see to the market. The payroll numbers tomorrow are going to be critical." Stocks rebounded yesterday from the biggest August plunge in nine years, with the S&P 500 surging 3 percent, as faster-than-estimated growth in manufacturing tempered concern that the global economy will slow as governments withdraw stimulus measures. The S&P 500 remains 10 percent below this year's high in April amid concern that a slowdown in the economic recovery is harming the profitability of its companies.

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Retailers helped shares of consumer discretionary companies climb the most of 10 industry groups in the S&P 500. August same-store sales rose 3.5 percent, according to Retail Metrics Inc., beating the group's forecast of 2.8 percent as back-to-school discounts and tax holidays lured consumers to malls. Nordstrom advanced 8.1 percent to \$32.76, the most in the S&P 500. The department-store chain with more than 100 namesake locations said August comparable sales rose 6.3 percent, beating analyst estimates for a 5.5 percent growth. J.C. Penney rose 3.2 percent to \$21.41. The third-biggest U.S. department-store chain said August same-store sales increased 2.3 percent, compared with growth of 1.6 percent in an analyst survey. Limited Brands Inc. climbed 6.1 percent to \$25.75. Sales at the owner of the Victoria's Secret chain climbed 10 percent, more than the 7 percent average of analysts' estimates compiled by Retail Metrics. Abercrombie & Fitch Co. fell 3.9 percent to \$35.16, the most in the S&P 500. While same store sales rose in August, promotions probably contributed to the gain, and sales growth is decelerating, Howard Tubin, an analyst at RBC Capital Markets, said in a report.

Burger King surged 25 percent to \$23.59 after it agreed to be acquired by 3G Capital in a deal valued at \$4 billion including debt, giving the New York investment firm control over the second-largest U.S. hamburger chain. The \$24-a-share price is 46 percent more than Burger King's \$16.45 close on Aug. 31, before reports of a deal surfaced. Wendy's/Arby's Group Inc., the third-largest U.S. fast-food chain, rose 6.8 percent to \$4.40. 3Par Inc. rose 2.5 percent to \$32.88. Hewlett-Packard Co. offered to buy the maker of storage systems for about \$2.3 billion, ending an 18-day battle with Dell Inc. and stepping up its rivalry with EMC Corp. Dell rose 2 percent to \$12.36.

Mariner Energy sank 2.6 percent to \$22.75 after the Coast Guard said the company's platform in the Gulf of Mexico was struck by an explosion, U.S. Coast Guard Petty Officer Casey Ranel said in a telephone interview. Apache Corp., the energy company that last month agreed to buy \$7 billion in assets of BP Plc after BP's Gulf of Mexico well caused the biggest U.S. offshore oil spill, fell 1.3 percent to \$91.30. Anadarko Petroleum Corp. increased 3 percent to \$50.24. BHP Billiton Ltd. may be interested in buying the U.S. partner in BP Plc's damaged Gulf of Mexico well, the Australian newspaper said. Initial jobless claims fell by 6,000 to 472,000 in the week ended Aug. 28, in line with the median forecast of economists surveyed by Bloomberg News, Labor Department figures showed. Applications exceeded the 463,000 average so far this year. The index of pending home resales rose 5.2 percent after a revised 2.8 percent drop the prior month, National Association of Realtors figures showed. A 1 percent decline was projected for July, according to the median forecast in a Bloomberg News survey of economists.

Homebuilders and home-improvement retailers advanced after the industry report. D.R. Horton Inc., the second-largest U.S. homebuilder by revenue, rose 2.5 percent to \$10.98. Home Depot Inc., the biggest home-improvement retailer, gained 2.6 percent to \$29.41. Lowe's Cos., Home Depot's rival, advanced 3.3 percent to \$21.94. Forest Laboratories Inc. gained 5.6 percent to \$29.19. The drugmaker's experimental antibiotic works as a treatment for pneumonia and skin infections, according to U.S. regulators weighing whether the drug should be cleared for sale. Wynn Resorts Ltd. jumped 2.5 percent to \$84.67. Casino revenue in Macau, the world's biggest gambling hub, rose 40 percent to \$2 billion in August after Wynn and its rivals added tables for high-stakes bettors. Revenue at Wynn and five other casino operators in the former Portuguese colony surged 63 percent from a year earlier in the eight months through August, according to Macau's Gaming Inspection and Coordination Bureau.

Cigna Corp. declined 1.6 percent to \$33.02. The fifth-biggest U.S. health insurer by enrollment said Chief Financial Officer Annmarie T. Hagan will leave her post effective immediately. Thomas A. McCarthy, currently vice president and treasurer, will be the acting replacement. Collective Brands Inc. slumped 9.1 percent to \$12.51. The owner of Payless ShoeSource stores reported second-quarter earnings that fell short of the average projection of analysts surveyed by Bloomberg. Revenue also missed estimates. The S&P 500 has advanced for three straight days and is trading at its highest level since Aug. 18. Still, yesterday's 3 percent rally was missing the hallmarks of a move that's likely to last, said Jeffrey deGraaf, the top-ranked technical analyst. The market's trend turned negative in July and remains so in

September, historically the worst month for stocks, deGraaf said in an interview. Equities aren't "oversold," and while investor sentiment has deteriorated, it hasn't reached a pessimistic extreme, he said.

"It's noise," deGraaf said of the advance yesterday. "I would be more encouraged if volumes were heavier, if sentiment had reached what I thought was a capitulative extreme. Admittedly it's choppy, but I don't think it's for real." At MKM Partners LP, strategists forecast the benchmark index for U.S. stock options may fall below 20 for the first time in four months even after a "lackluster" report tomorrow that may show that the labor market is "recovering sluggishly." The VIX, as the Chicago Board Options Exchange Volatility Index is known, is likely to drop below its 20.4 average from the past two decades, Stamford, Connecticut-based options strategist Jim Strugger wrote in a note to clients today. The gauge has fallen by almost half since this year's peak in May, declining 2.9 percent to 23.19 today. Economists on average forecast that government data tomorrow will show private employers added 42,000 jobs in August, while a reduction in census workers dragged total payrolls down by 100,000 and pushed the unemployment rate up to 9.6 percent.

Industry groups in the U.S. stock market are moving in lockstep with the Standard & Poor's 500 Index at an almost record pace, showing that economic reports are having a bigger effect on the market than ever. Exchange-traded funds that mimic the 10 main S&P 500 groups are moving with the U.S. equity gauge at almost the highest rate since 1998, when Bloomberg started compiling the data. The correlation coefficient that measures how closely assets rise and fall together exceeds 90 percent for seven of the industries relative to the index, BNY ConvergeX Group LLC data show. Rising correlations show investors are ignoring relative values among industries and reacting to day-to-day signals on the economy, according to Mohamed El-Erian, the chief executive officer of Pacific Investment Management Co. The S&P 500 had the biggest rally in almost two months yesterday on better-than-estimated growth in U.S. and Chinese manufacturing. "Sharp markets moves are primarily driven by macro sentiment and indicators," El-Erian of Newport Beach, California-based Pimco, which runs the world's biggest bond fund, wrote in an e-mail. "As such, data releases can, and do have outsized impacts on market valuations in both directions."

Hiring probably cooled in August as companies scaled back amid signs of a slowdown, economists surveyed by Bloomberg News said. Private payrolls that exclude government agencies rose by 40,000 after a 71,000 July gain, while the unemployment rate climbed to 9.6 percent, the survey shows. Joblessness held at 9.5 percent in July and has fallen less than a percentage point from a 26-year high last year. The S&P 500 plunged 14 percent between April 23, when the index reached a 19-month high, and the end of August as widening budget deficits in Europe raised concern the global economy is in jeopardy. The benchmark for U.S. equities slumped to a seven-week low on Aug. 24 after a report showed a record plunge in existing home sales. Weaker-than-estimated sales of new homes and durable-goods orders also weighed on the market. ETFs of economically sensitive industries are among those with the highest correlation with the S&P 500, BNY ConvergeX data show. The Technology Select Sector SPDR Fund, the Industrial Select Sector SPDR Fund and the Energy Select Sector SPDR Fund's correlation with the U.S. equity benchmark is at least 93 percent, near the highest from the past 12 years, according to data compiled by Bloomberg and BNY ConvergeX. Financial stocks have the highest correlation, with a reading of 98 percent.

Gauges of technology makers, industrial companies and energy producers have dropped 13 percent since April 23, when the S&P 500 closed at 1,217.28, its high for the year. In the same period, the equity benchmark declined 11 percent. "This is not a healthy market," Nicholas Colas, chief market strategist at BNY ConvergeX in New York, wrote in a report yesterday. "When everything moves in sync, asset allocators have to pull in their horns. Chances of a significant, lasting market rally appear rather slim." Concern about the recovery also sent the correlation between the S&P 500 and its individual members to 0.81 in the 50 trading days through July 7, almost twice its 30-year average, Birinyi Associates Inc. data

show. The last time the relationship was this strong was on Oct. 19, 1987, when it rose to 0.83 during the stock market crash known as "Black Monday," according to the Westport, Connecticut-based research firm.

"The macro environment is dominating the trading action more so than individual company news," said Alan Gayle, senior investment strategist at RidgeWorth Capital Management in Richmond, Virginia, which oversees \$63 billion. "That's a pattern that is likely to change as we get closer to the end of the third quarter and companies start to pre-announce earnings." Economists predict a 3 percent expansion in U.S. gross domestic product this year, the biggest since 2005, according to estimates compiled by Bloomberg. Earnings for S&P 500 companies may rise 36 percent in 2010 and 16 percent in 2011, the largest two-year advance since the period ended in 1995. The index is trading at 14.34 times forecast 2010 earnings, compared with an average multiple of about 16.4 since 1954 using reported profit, the data show. The correlations for "defensive" industries are the lowest relative to the S&P 500, BNY ConvergeEx data show. Health-care and utilities ETFs are at least 81 percent correlated with the U.S. equity benchmark. Gauges of both groups have outperformed the S&P 500 last month. "It's a general trend through this risk-on, risk-off area of the market that the correlations have all come closer together," said Chad Morganlander, a Florham Park, New Jersey-based money manager at Stifel Nicolaus & Co., which oversees \$90 billion. "It's my belief that until stabilization within the global economic framework occurs, the correlated trade will continue to be persistent."

Precious Metals

Gold climbed for a third day this week on speculation that the world's central banks will keep interest rates low for an extended period, boosting the appeal of the metal as an alternative investment. Today, the European Central Bank kept its benchmark interest rate at 1 percent, the lowest ever, to help revive the region's economy. The Federal Reserve has kept the U.S. benchmark from zero percent to 0.25 percent since December 2008. Gold has gained 14 percent this year, reaching a record \$1,266.50 an ounce in June. "The markets are anticipating low rates for a protracted period and perhaps another round of quantitative easing and stimulus," said Frank McGhee, the head dealer at Integrated Brokerage Services LLC in Chicago. "This will let the metals move up. The currencies can stay flat, and gold can still rally." Gold futures for December delivery rose \$5.30, or 0.4 percent, to settle at \$1,253.40 at 1:46 p.m. on the Comex in New York. Yesterday, the price reached \$1,256.60, the highest level for a most-active contract since June 28. The European Union plans to limit so-called naked-short sales of shares and government debt which it says can cause a "disorderly market and possible systemic risks." That may spur a shift to gold by investors, said Daniel Brebner, an analyst at Deutsche Bank AG.

"It underscores gold's usefulness as a hedge against uncertainty and as a tool to preserve wealth," Brebner said from London. In a naked-short sale, the seller has no intention of making delivery of the shares when entering the transaction. Holdings in 10 exchange-traded products tracked by Bloomberg rose to a record yesterday. Investment in ETFs backed by bullion in the last quarter was the second-highest ever, according to the producer-funded World Gold Council. Investors should buy gold for "insurance" purposes, said Dennis Gartman, an economist and the editor of the Suffolk, Virginia-based Gartman Letter. "We've absolutely no interest at all in being short of gold." Silver futures for December delivery climbed 27.9 cents, or 1.4 percent, to \$19.672 an ounce on the Comex. Platinum for October delivery gained \$15.80, or 1 percent, to \$1,551.50 an ounce on the New York Mercantile Exchange. Palladium futures for December delivery rose \$5.15, or 1 percent, to \$525.25 an ounce.

Energy

Crude oil rose for a second day after a platform owned by Mariner Energy Inc. in the Gulf of Mexico was struck by an explosion, bolstering concern that regulations will reduce output in the region. Oil rebounded after the U.S. Coast Guard reported the blast, which occurred 90 miles off the Louisiana coast. The Obama administration instituted a temporary moratorium on deep-water oil and gas drilling in the Gulf on May 27 in reaction to a BP Plc oil spill, the worst in U.S. history. "We're rallying because of the explosion on the oil platform," said Carl Larry, president of Oil Outlooks and Opinions LLC in Houston. "It's clear that the government now has the ammunition to move ahead with a drilling moratorium. There will be higher costs and a slowdown in production from the Gulf." Crude oil for October delivery rose \$1.11, or 1.5 percent, to settle at \$75.02 a barrel on the New York Mercantile Exchange. Prices are up 10 percent from a year ago. Futures dropped as much as 80 cents, or 1.1 percent, prior to the platform blast. Brent crude oil for October settlement rose 58 cents, or 0.8 percent, to end the session at \$76.93 a barrel on the London-based ICE Futures Europe exchange. Thirteen workers were on the platform at the time of the blast. All have been rescued after evacuating into the water, Coast Guard Petty Officer Thomas Blue said in a telephone interview. The platform is burning, he said.

"The explosion reminds folks of the dangers of drilling offshore," said Rick Mueller, director of oil markets at Energy Security Analysis Inc. in Wakefield, Massachusetts. "This may delay the lifting of the moratorium." Mariner reported an oil sheen one-nautical mile long by 100 feet wide near the platform, U.S. Coast Guard Petty Officer Bill Colclough said in a telephone interview. "I'm surprised we're not higher given that a hurricane is coming and a rig explosion," said Hamza Khan, an analyst at the Schork Group in Villanova, Pennsylvania. "We rallied yesterday on a really bearish inventory report, so the market's probably put in a bottom." Hurricane Earl bore down on North Carolina with winds of 125 miles (205 kilometers) per hour, prompting coastal evacuations and emergency declarations, while storm warnings were issued in Bermuda as Tropical Storm Fiona advanced. Earl was 245 miles south of Cape Hatteras moving north at 18 mph, the National Hurricane Center said at 2 p.m. Miami time. Oil in New York climbed 2.8 percent yesterday, the biggest increase in a month, and dropped 3.7 percent on Aug. 31, the most since June 4.

Oil also increased and equities climbed after the National Association of Realtors said that the number of contracts to purchase previously owned houses in the U.S. rose 5.2 percent in July. Initial jobless claims fell by 6,000 to 472,000 in the week ended Aug. 28. The Standard & Poor's 500 Index gained 0.6 percent to 1,086.64 at 3:10 p.m. in New York, and the Dow Jones Industrial Average climbed 23.35 points, or 0.2 percent, to 10,292.82. U.S. crude oil stockpiles climbed 3.43 million barrels to 361.7 million last week, an Energy Department report showed yesterday. The increase left supplies 11 percent above the five-year average for the period, according to the department. "U.S. inventories are pretty enormous," said Alexander Ridgers, head of commodities at London-based CMC Markets, which handles more than \$150 million a day in U.S. crude contracts.

Overall petroleum stockpiles, a combination of oil and fuel inventories, climbed 4.04 million barrels, or 0.4 percent, to 1.14 billion, the highest level since at least 1990, according to yesterday's report. Gasoline for October delivery rose 3.25 cents, or 1.7 percent, to settle at \$1.9216 a gallon in New York. Heating oil for October climbed 2.12 cents, or 1 percent, to end the session at \$2.0623 a gallon, the highest settlement since Aug. 11. Refineries operated at 87 percent of capacity, down 0.7 percentage point from the prior week, the department said. It was the lowest level since April. Refiners often idle units for maintenance in September and October as gasoline demand falls and before heating-oil use increases. "Prices will probably come under pressure unless there is a weather disruption," Mueller said. "It looks like refiners are throttling back on operating rates as the summer driving season comes to an end." Oil volume on the Nymex was 673,517 contracts as of 3:17 p.m. in electronic trading in New York. Volume totaled 816,879 contracts yesterday, 31 percent above the average of the past three months. Open interest was 1.31 million contracts, the highest since June 16.

Grains

Wheat futures rose after Prime Minister Vladimir Putin indicated that Russia, a leading global exporter, may extend a ban on grain exports by as long as 11 months. "We can only review lifting the ban on grain exports after the next year's crop is harvested and we have clarity on the balances," Putin said today. The export ban, originally set from Aug. 15 to Dec. 31, may last until November 2011, the time that the country normally completes its harvest. The most-severe drought in at least 50 years has slashed production. The drop in exports from Russia and other parts of Europe boosted demand for supplies from the U.S., the leading producer and shipper. From June 1 through Aug. 26, overseas buyers committed to purchase 14.1 million metric tons of U.S. wheat, up 59 percent from a year earlier, government data show. Russia tied last year with Canada as the second-largest exporter. Wheat futures for December delivery rose 5 cents, or 0.7 percent, to close at \$7.1375 a bushel at 1:15 p.m. on the Chicago Board of Trade. On Aug. 6, the price reached \$8.68, the highest level for a most-active contract in two years. The grain has soared 58 percent since June 1.

Russia slashed its forecast on grain output to 60 million to 65 million tons from the original estimate of 97.1 million tons, the same as last year's output. The export ban was imposed on Aug. 5. U.S. exporters have shipped 5.97 million tons since June 1, up 31 percent from a year earlier, USDA data show. Yesterday, Egypt, the biggest buyer, bought 225,000 tons from the U.S. for shipment from Oct. 11 through Oct. 20. "Demand for wheat continues to be strong, obviously bolstered by problems in Europe," said Tomm Pfitzenmaier, a partner at Summit Commodity Brokerage in Des Moines, Iowa. The harvest in Saskatchewan, Canada's biggest grain producer, has been slowed by wet weather, the province's Ministry of Agriculture said today. About 8 percent of crops were harvested, up from a five-year average of 28 percent. 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 touched a 14-month high and soybeans rose after adverse weather damaged crops in Russia, Europe and Canada, boosting demand for U.S. supplies to make animal feed, food and fuel. U.S. exporters have sold 10.616 million metric tons of corn for delivery after Sept. 1, up 36 percent from the same time a year earlier, the Department of Agriculture said today. Soybean sales reached 15.315 million tons as of Aug. 26, up 8.7 percent from a year earlier. Egypt bought 120,000 tons of corn and 100,000 tons of soybeans overnight, the USDA said today in a separate report. "Export demand continues to be very good," said Mark Schultz, the chief analyst for Northstar Commodity Investment Co. in Minneapolis. The "U.S. is going to continue to pick up extra demand" after world production was reduced in exporting nations, Schultz said. Corn futures for December delivery rose 0.75 cent, or 0.2 percent, to close at \$4.475 a bushel at 1:15 p.m. on the Chicago Board of Trade. Earlier, the price touched \$4.48, the highest level since June 2009. The contract erased earlier losses of as much as 0.8 percent. The commodity rose 8 percent in August as Russia halted grain exports to protect domestic supplies. Soybean futures for November delivery rose 3.5 cents, or 0.3 percent, to \$10.09 a bushel in Chicago, rebounding from an earlier decline. Last month, the most-active futures rose 0.5 percent and reached a seven-month high of \$10.49 on Aug. 5.

Grain prices also rose after Russia said it would extend its ban on grain exports until the harvests in November 2011, increasing demand for alternative supplies. The announcement by Russian Prime Minister Vladimir Putin came as a surprise, because Russia originally had banned exports through the end of this year, said Tim Hannagan, a grain analyst for PFG Best Inc. in Chicago. Russians have responded to slashed harvest forecasts by hoarding staples, which has contributed to price gouging, a government official said. The ban by Russia, which tied last year with Canada as the world's second-largest wheat exporter, began Aug. 15. Lower quality Russian wheat competes with corn and other grains in livestock feed. "The U.S. is the grocery store to the world," Hannagan said. "Export demand is unlikely to slow." Corn is the biggest U.S. crop, valued at \$48.6 billion in 2009, government figures show, followed by soybeans at \$31.8 billion.

Softs

Cotton futures rose, closing at the highest price since 1995, on concern that supplies will fall short amid rising demand from Asia. Orange-juice fell for the first time in a week. Global cotton consumption will rise 2 percent in the year ending July 31 to 25.1 million metric tons, the International Cotton Advisory Committee said yesterday. China and India, the top consumers, will account for most of the gain, the group said. The ratio of year-end inventories to mill use may drop to 36 percent, the lowest level since 1990, it said. "The rally is based on the continuation of tightness of supply worldwide," said Tom Reardon, the president of Delta Brokerage in New York. "The demand versus the available supply right now is just what's pushing us up," he said, citing imports by China and Brazil. Cotton futures for December delivery rose 2.08 cents, or 2.4 percent, to settle at 89.49 cents a pound at 2:39 p.m. on ICE Futures U.S. in New York. That's the highest settlement price for a most-active contract since Oct. 4, 1995. Earlier, the price reached 89.91 cents, the highest level for a most-active contract since March 5, 2008. The fiber has gained 18 percent this year. In the week ended Aug. 24, hedge-fund managers and other large speculators increased their net-long positions, or bets on rising prices, to 47,599 contracts, the highest level since March 2008, government data show. Orange-juice futures for November delivery dropped 0.55 cent, or 0.4 percent, to settle at \$1.4105 a pound at 2 p.m. in New York. The price jumped 3.6 percent in the previous four sessions and gained 9.3 percent this year.

Arabica coffee rose to the highest price in more than a week as exportable supplies tighten in Colombia, the world's second-biggest producer. Sugar gained, while cocoa declined. Colombia's 2011 coffee harvest may slide after wet weather caused the worst outbreak this year of a plant-damaging fungus in a quarter century, robbing plants of nutrients, according to Jose Sierra, who represents Antioquia, the nation's largest coffee-growing province. Coffee futures jumped 35 percent since June 1 as prospects for the crop dimmed. "People are worried about the weather conditions," said Rodrigo Costa, the vice president of institutional sales at Newedge USA LLC in New York. "Also, the short-term fundamentals are bullish." Arabica coffee for December delivery gained 2.5 cents, or 1.4 percent, to settle at \$1.8485 a pound at 2 p.m. on ICE Futures U.S. in New York, after touching \$1.8665, the highest level for a most-active contract since Aug. 23. Prices jumped 53 percent from a year earlier as global production lagged behind demand. In London, robusta coffee for November delivery declined \$6, or 0.4 percent, to \$1,641 a metric ton. Arabica coffee is grown mainly in Latin America and favored for specialty beverages such as those made by Starbucks Corp. The beans are milder than robusta, which is used in instant coffee and espresso and cultivated mostly in Asia and parts of Africa.

Raw sugar for October delivery gained 0.32 cent, or 1.6 percent, to 20.81 cents a pound on ICE. Earlier, the most-active contract had declined as much as 1.1 percent. Brazilian mills will produce 38.2 million tons of the sweetener this year, less than the 38.7 million estimated on April 29, as dry weather may curb output, the nation's Agriculture Ministry said today. On NYSE Liffe in London, white sugar for October delivery gained \$11.30, or 2 percent, to \$592.20 a ton. Cocoa for December delivery fell \$17, or 0.6 percent, to \$2,735 a ton on ICE. In London, cocoa for September delivery rose 17 pounds, or 0.9 percent to 1,943 pounds (\$2,990) a ton.

Live Cattle

Cattle futures rose to a one-week high on signs that global demand for U.S. beef is increasing. Hogs gained the most in two weeks. U.S. beef-export sales in the four weeks ended Aug. 26 rose 14 percent from a year earlier, the Department of Agriculture said today. Wholesale choice-beef prices have climbed 17 percent this year. The MSCI World Index of equities advanced for the second straight day, signaling an improving economic outlook. "There's been a lot of talk of exports and potential exports," said Dick Quiter, an account executive at McFarland Commodities LLC in Chicago. "They've been a little better than people expected, and that's added to a little of the support the market has shown." Cattle futures for October delivery rose 0.7 cent, or 0.7 percent, to close at 98.45 cents a pound at 1 p.m. on the Chicago Mercantile Exchange. Earlier, the price reached 98.925 cents, the highest level since Aug. 26. The most-active contract has climbed 14 percent this year as beef supplies declined and demand rebounded. Feeder-cattle futures for October settlement rose 0.65 cent, or 0.6 percent, to \$1.155 a pound. Wholesale choice beef advanced 0.2 percent at midday to \$1.6295 a pound, according to the USDA.

Hedge funds and other large speculators may be increasing bets on a price increase amid signs that meat demand is recovering, said Elaine Johnson, an analyst at CattleHedging.com in Westminster, Colorado. In the week ended Aug. 24, so-called net-long positions in cattle futures rose for a sixth straight week, according to the most-recent government data. Wagers on a hogs rally jumped 33 percent in the week. Higher livestock prices today "may be no more complicated than a little fund buying," Johnson said. "Some of the outside markets are higher, and the economy is looking a little better, depending on who you talk to." Hog futures for October settlement rose 1.475 cents, or 2 percent, to 76.425 cents a pound, the biggest gain since Aug. 18. The October contract traded 6.6 cents below than the CME's Lean Hogs Index, a gauge of spot-market prices. The wide spread may support futures, McFarland's Quiter said.

Japan, the world's third-largest beef importer, may boost purchases next year, a U.S. government agency said. Pork imports also may increase. Beef imports may rise 1.3 percent to 704,000 metric tons (1.552 billion pounds) from an estimated 695,000 tons this year, the U.S. Department of Agriculture's Foreign Agricultural Service said today in a report on its website. The U.S. share will be steady at 105,000 tons. Japan only imports U.S. beef from cattle 20 months of age or younger, since the 2003 discovery of mad cow disease in the U.S. herd. "The Japanese beef market clearly lacks a sufficient supply of affordable beef to meet the average consumer's needs," the FAS said in the report. "Overall market growth has been seriously hampered by a lack of medium-quality grain fed cuts that only the United States can provide." An outbreak of foot and mouth disease in livestock herds may reduce Japanese pork and beef production by 1 percent to 2 percent this year. The outbreak that lasted from April to July may have cost the Japanese government "tens of billions" of yen, according to the FAS report. About 288,000 pigs and cows were slaughtered because of the highly contagious disease, according to the Miyazaki prefecture government. Japan's pork imports may rise to 1.157 million tons in 2011, up 0.5 percent from 1.151 million tons last year, the FAS said. Purchases from the U.S. will be flat at 514,000 tons, according to the report. Rising pork imports will be due to "an increase in prepared/processed products from China, rather than the increase of seasoned ground pork from the United States/Canada," the FAS said. Japan, the largest pork importer, trails only the U.S. and Russia for the amount of beef it buys from overseas, according to USDA data.

Source: Bloomberg News