

**Friday's Settlement Prices for Selected Commodities in US or Can. \$ / tonne:**

## Grains &amp; Related

| Commodity | Month | This week | Last week | Year ago |
|-----------|-------|-----------|-----------|----------|
| SRW Wheat | Jul   | 267.31    | 279.06    | 173.24   |
| HRW Wheat | Jul   | 320.40    | 321.13    | 180.41   |
| HRS Wheat | Jul   | 330.78    | 332.07    | 188.40   |
| Corn      | Jul   | 268.49    | 270.17    | 142.91   |
| Oats      | Jul   | 223.38    | 219.81    | 126.44   |
| W. Barley | Jul N | 205.00    | 205.00    | 145.50   |
| Ethanol   | Jul   | 66.15     | 66.41     | 43.03    |

## Oilseeds, Related &amp; Others

| Commodity    | Month | This week | Last week | Year ago |
|--------------|-------|-----------|-----------|----------|
| Soya Beans   | Jul   | 488.50    | 487.21    | 350.35   |
| Soya Meal    | Jul   | 380.75    | 385.27    | 305.13   |
| Soya Oil     | Jul   | 1,237.72  | 1,227.80  | 826.98   |
| Canola       | Jul   | 554.80    | 560.80    | 379.70   |
| Crude Oil    | Jul   | 99.65     | 97.78     | 70.83    |
| Dollar Index | Jun   | 75.97     | 75.10     | 86.42    |
| DJIA         | Jun   | 12,555    | 12,569    | 10,609   |

Data points in **red** are new previous 12-month highs, in **blue** are new previous 12-month lows

**Comment:** Relative to a week ago prices in most markets were only slightly moved, the combination of four days on the plus side being offset by one on the minus side after the USDA's S&D report, see below.

The corn market was limited down following the report but generally higher at other times with concerns about delayed planting and signs of improved demand on Friday supportive. Wheat markets were supported by adverse crop reports from the southern Great Plains and Europe early in the week but improvement in such weighed on prices later. Prospect of delayed spring seeding for other crops and a larger late seeded soya bean area pressured soya prices.

**News:** Agriculture Canada's May S&D forecasts reflecting the recent seeding intentions and, to a lesser degree, quarterly grain stocks reports suggests that higher output for most commodities will find ready export markets without undue increases in ending stocks.

For wheat and durum the forecasts anticipate the added output from increased area to be exported. For canola where record output is again anticipated year end stocks will for a second year be relatively tight. An upward revision of this year's exports reduced ending stocks to pipeline levels. For barley a cut in this year's domestic feed use provides some but not complete relief from what looks like being a very tight supply situation next year. The same holds for oats where higher prices appear also to be limiting feed consumption.

The most remarkable changes are, however, occurring in Eastern Canada where prior to the

realization of a record corn harvest net trade was forecast this year at a negative 2.2M tonnes. The most recent forecast places it at a positive 0.8M tonnes. With some build in ending stocks currently projected for next year a second year of net export of corn is within the realm of possibility.

In most years interest in the May USDA S&D revisions is in the first monthly upcoming year forecasts but with a tight supply situation for both corn and soya beans old crop data stole the thunder. In particular the USDA raised this year's corn carryover while analysts on average were expecting further tightening. The USDA cut export projects. Likewise soya beans carryover was raised. With less than a month left in the wheat crop year, compared with over three for corn and soya beans, the ending stock forecast was left unchanged.

Global ending stocks for wheat and corn were left unchanged but those for soya beans were raised with an increase in Brazilian export projects and an implicit cut in usage.

**Opinion:** Just as in the US corn is the staple feed grain for livestock, so barley *was* for Canada. With barley now in third place this year behind corn and oats in terms of Canadian exports is indicative that the situation is changing. The long term implications for the feedlot industry in southern Alberta which was able to exploit its advantage of ready access to feed barley and feeder cattle looks threatened. Imported corn and DDG's have supplemented dwindling barley supplies but ultimately the salvation for the cattle feeders is likely to be yet earlier maturing varieties of corn... or some global warming.

David Walker, Edmonton, AB, CA, 110513