

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

Grains & Related

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Jul	278.33	284.58	161.95
HRW Wheat	Jul	321.32	335.37	171.59
HRS Wheat	Jul	347.22	394.53	184.36
Corn	Jul	309.63	296.84	137.59
Oats	Jul	258.07	245.10	147.19
W. Barley	Jul N	205.00	205.00	147.50
Ethanol	Jul	73.36	70.03	41.90

Oilseeds, Related & Others

Commodity	Month	This week	Last week	Year ago
Soya Beans	Jul	507.61	519.18	347.68
Soya Meal	Jul	410.18	406.44	319.35
Soya Oil	Jul	1,247.86	1,294.82	813.53
Canola	Jul	590.20	599.80	395.40
Crude Oil	Jul	99.29	100.22	74.25
Dollar Index	Sep	75.26	74.18	87.72
DJIA	Sep	11,905	12,169	10,197

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

COMMENT: Trade this week was dominated by USDA reports on Thursday morning which proved positive for corn and negative for soya beans with wheat somewhere in between, but with soft red winter wheat being supported by record corn prices. Also supporting markets were continued concerns about overly wet conditions in part of the Corn Belt, northern tier US states and neighbouring areas in Canada, US river flooding but drought conditions in north western Europe. But at least in North America more seasonal weather conditions were beginning to prove more positive prospects for harvests.

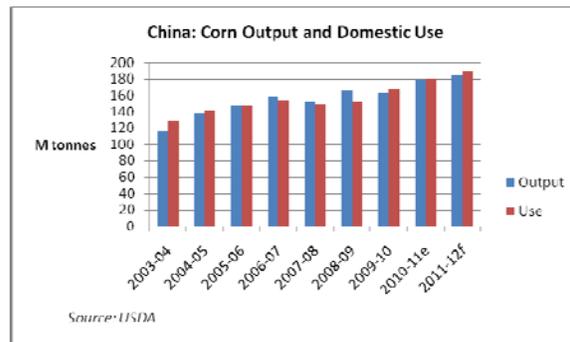
NEWS: The USDA's June 1 estimate of US winter wheat production of 39.7M tonnes was up two percent from May's estimate but two percent below 2010 output. Most of the increase is the result of increases in estimates for hard red winter in central and northern Great Plains states and whites in the Pacific North West. Usually crop conditions decline in May but this year was an exception and thus although conditions did not improve they are probably better than earlier anticipated.

Revisions to the 2011-12 USDA's US wheat supply and demand(S&D) projections included a decline in beginning stocks more than offsetting the larger harvest. Disposition revisions were virtually unchanged. Global S&D revisions were in aggregate also limited.

For corn an area determined cut in output was balanced mainly by a further cut in ending stocks, but also included is a two-percent reduction in domestic feed and residual. The most significant revisions in the whole report by a wide margin were 8M and 13M tonne increases in Chinese corn consumption this year and next. This left 2012 ending coarse grain

stock projections 11 percent below May's forecasts and 8 percent below 2011 stocks. Expectations flipped from improved to tighter supplies.

For the US 2011-12 soya beans the USDA lowered its export projection to reflect increased supplies and competition from South America and raised its ending stock forecaste by 19 percent. Global oilseed revision were limited.



OPINION: The Chinese have been remarkably successful in increasing corn production to balance increasing consumption in recent years. They have over the last five years, however, moved from being a consistent net exporter of corn to a net importer. While this trade has not been overly significant, the question as to whether Chinese output will continue to match per income driven increasing demand needs watching. Revisions in USDA estimates/forecasts of Chinese corn consumption, which are often a little hazy, highlighted this.

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