

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 | Sep | 255.27 | 239.29 | 215.76 |
| HRW Wheat | Sep | 280.90 | 267.21 | 220.09 |
| HRS Wheat | Sep | 302.67 | 300.19 | 224.68 |
| Corn | Sep | 276.07 | 252.94 | 155.41 |
| Oats | Sep | 230.19 | 226.62 | 173.45 |
| W. Barley | Oct N | 205.00 | 205.00 | 156.50 |
| Ethanol | Sep | 72.30 | 68.34 | 42.56 |

Oilseeds, Related & Others

| Commodity | Month | This week | Last week | Year ago |
|--------------|-------|-----------|-----------|----------|
| Soya Beans | Sep | 508.16 | 494.19 | 366.70 |
| Soya Meal | Sep | 399.16 | 383.95 | 328.72 |
| Soya Oil | Sep | 1,269.03 | 1,246.76 | 848.37 |
| Canola | Nov | 575.40 | 563.40 | 455.00 |
| Crude Oil | Sep | 97.60 | 99.14 | 76.00 |
| Dollar Index | Sep | 75.48 | 75.13 | 82.58 |
| DJIA | Sep | 12,420 | 12,571 | 10,035 |

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

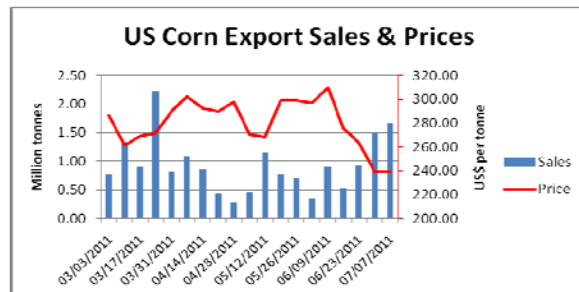
COMMENT: The corn market again lead the other grains and oilseeds this week with forecasts for hot weather detrimental for corn pollination and yield potential the dominating concern. A USDA revised ending stocks projection below trade expectations was supportive, as was a good week for export sales although the later was anticipated and probably discounted by the market.

With soft red winter wheat at a discount to corn, there was little latitude for wheat not to follow corn although the premium for hard wheats narrowed. Egypt passing on US wheat in its tender this week and improved spring wheat crop conditions weighed on prices, while enhanced export prospects on account of reduced Canadian export was supportive. As with corn the concern for soya beans was next week's heat wave, although the critical period for soya beans is still several weeks away.

NEWS: This week's USDA revision to US S&D's reflected wheat production estimates, area estimates for other spring seeded crops and recent quarterly grain stocks reports with the latter dominating. For corn both planted area and higher beginning stocks contributed to larger supplies which was balanced by increases in feed and ethanol use and exports with ending stocks only rose by 25 percent. Almost all of a 2.7M tonne upward revision in wheat supplies is expected to be exported. Soya bean supplies are expected to be lower than previously anticipated which cut into export and ending stock forecasts.

Revisions in world wheat S&D's were largely offsetting resulting in a one percent cut in ending stocks which are still expected to be well above 2008 levels. For coarse grains an increase in global output is expected to be balanced by an increase in use. For world oilseeds adjustments were not significant.

The CWB noted earlier this week that "on-going warm temperatures and limited rains were precisely what was required at this point" for Prairie crops. The reality is that while most recent news coverage has related to flooding in a relatively restricted area, elsewhere the moisture causing the flooding has created the potential for excellent crops.



OPINION: After three months of corn export sales running almost consistently below the average level, 0.9M tonnes, needed on a 52- week basis to hit the USDA's projection for crop year exports, sales have picked up in the last two weeks. This coincided with a decline in prices which was attributed as the cause of the increase in sales. This relationship would be supported by economic theory. But at other times declining prices have been seen as depressing sales as buyers hold off purchases expecting prices to continue declining. This might be supported by psychological theory.

What may be evident in a practical context is that buyers, even those from China, may have had little latitude in terms of continuing to speculate in this manner after three months. The break in prices arising from supply side fundamentals may have been opportune for such buyers.

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