

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

## Grains &amp; Related

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Sep	254.35	255.27	230.75
HRW Wheat	Sep	286.60	280.90	232.22
HRS Wheat	Sep	306.80	302.67	236.90
Corn	Sep	271.64	276.07	146.16
Oats	Sep	228.89	230.19	171.67
W. Barley	Oct N	205.00	205.00	156.50
Ethanol	Sep	73.81	72.30	42.32

## Oilseeds, Related &amp; Others

Commodity	Month	This week	Last week	Year ago
Soya Beans	Sep	507.42	508.16	364.12
Soya Meal	Sep	401.26	399.16	320.12
Soya Oil	Sep	1,251.83	1,269.03	862.92
Canola	Nov	560.90	575.40	460.00
Crude Oil	Sep	99.87	97.60	78.98
Dollar Index	Sep	75.43	75.48	82.65
DJIA	Sep	12,620	12,420	10,383

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

**COMMENT:** Markets were again lead by corn, which at this time is turning on every twist of each and every weather forecast. Hot and dry weather in the US mid west early in the week with a cut in the USDA's crop ratings supported prices. Later with forecasts for a break in the weather prices slid but this was limited by the prospect of hot weather returning.

With soft red winter wheat futures still at a discount to corn, wheat markets were bound to follow the lead of corn even though demand for wheat is seen as soft and supplies adequate.

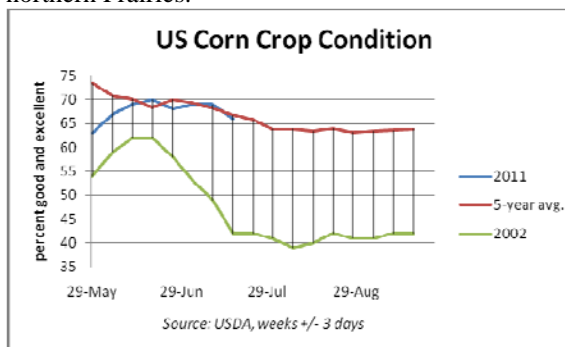
As the critical podding period for soya beans is still several weeks away, weather might have been less of a factor. Export sales exceeded trade expectation with the Chinese taking new crop supplies. The currency circus in Europe hardly got a mention.

**NEWS:** USDA's weekly crop progress report for July 17 indicated that 35 percent of the maize crop was silking, compared to 62 percent last year and a 47 percent 5-year average. This indicates that crop development is less than a week behind average. The condition of the maize crop at 66 percent good and excellent, down three point from last week, six point below the 2010 crop at this time but only one point behind the 5-year average.

For soya beans good or excellent reports at 64 percent were 1 point above the 5-year average but 3 points below last year.

The US winter wheat harvest progressed to 68 percent complete compared to a 70 percent 5-year average, with the slowing probably indicative of better yields as harvesting moves north. Spring wheat heading advanced to 60 percent, compared to an 88 percent average indicating the crop is now in aggregate about 10 days behind average. The condition of the crop held at 73 percent good and excellent while the five-year average declined to 66.

The Canadian Wheat Board noted, as of July 18, sunny and hot weather helped to improve water-stressed crops across the eastern Prairies, while rains continued in northern and western growing areas. Farmers were focused on disease and weed control. The heat wave threatening crops south of the 49<sup>th</sup> did not stretch into more productive regions of the northern Prairies.



**OPINION:** First, a caveat on this week's opinion. It is assumed that the measure, so closely watched by the market, of percent of USDA's weekly crop reports rating good or excellent, is a meaningful measure of ultimate performance/yield.

In recent years corn crop conditions have on average declined during July and held for the balance of the growing season, but by about one percentage point rather than the three we saw last week. The most extreme decline over the silking period was in 2002 of about 4 points per week. This suggests that damage to yield potential to date may be quite limited. And with just two weeks of reporting left in July we won't see the disaster of 2002. The issue is, however, that even a relatively small loss in yield will have serious price implications for users.

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