

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 | 247.10 | 254.35 | 243.06 |
| HRW Wheat | Sep | 281.82 | 286.60 | 247.83 |
| HRS Wheat | Sep | 305.24 | 306.80 | 252.70 |
| Corn | Sep | 262.39 | 271.64 | 154.62 |
| Oats | Sep | 224.03 | 228.89 | 172.48 |
| W. Barley | Oct N | 205.00 | 205.00 | 159.10 |
| Ethanol | Sep | 71.78 | 73.81 | 44.01 |

Oilseeds, Related & Others

| Commodity | Month | This week | Last week | Year ago |
|--------------|-------|-----------|-----------|----------|
| Soya Beans | Sep | 495.48 | 507.42 | 371.84 |
| Soya Meal | Sep | 389.35 | 401.26 | 328.39 |
| Soya Oil | Sep | 1,230.22 | 1,251.83 | 880.56 |
| Canola | Nov | 557.20 | 560.90 | 455.80 |
| Crude Oil | Sep | 96.13 | 99.87 | 78.95 |
| Dollar Index | Sep | 74.00 | 75.43 | 81.73 |
| DJIA | Sep | 12,124 | 12,620 | 10,417 |

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

COMMENT: The uncertainty over “the powers that be” in the US being able to come to an agreement over raising US government debt weighed on all markets. Generally moderate weather also improved prospects on the supply side further pressuring prices. Corn prices sustained the largest losses with the weather being most critical at this stage in corn crop development. Also last week's exports sales were disappointing. The IGC raised its prediction of Chinese corn imports to 3M tonnes but the market seems to have discounted this. Higher quality wheats held their value better even in the face of improving hard red spring crop prospects. They are perhaps less threatened by the return of Black Sea port exports.

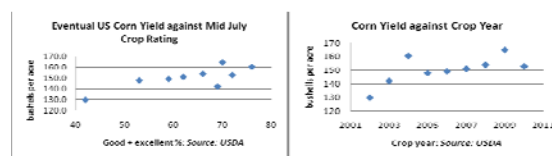
NEWS: The percent of good and excellent corn crop condition ratings in the USDA crop progress report for July 24 fell 4 point to 62 compared to 72 last year and a 66 five-year average. That was after the hot and dry conditions of the week before last, rather than the more moderate conditions this week. Soya beans dropped a more modest 2 points to 62 percent, on a par with the five-year average but 5 points below last year. Beans will soon be entering their critical pod forming period when they will no doubt be the focus of attention. In aggregate crop development appears about a week behind the five-year average.

Spring wheat conditions, no doubt helped by the great soil moisture reserves that delayed seeding, have held up well. At 74% good and excellent, the rating has increased 5 point over the last five weeks while the 5-year average has slipped 9 points to 65. Last year's rating at this time was an exceptional 82. The rate at which the winter wheat harvest is progressing has slowed relative to the average,

possibly as a result of more moderate weather conditions and heavier crops at high latitudes.

Canadian exports of canola oil and meal for the 10 months of the 2010-11 crop year to May totaled 2.031M and 2.487M tonnes, up 43% and 63% respectively. Oil exports to the US were up 23 percent despite the recessionary conditions, the adverse exchange rate, and such. Most of the growth in exports was to China, with the Black Leg “concerns” being a factor with that. Canola meal trade with the US is back to normal after the 2009 “inadvertent” FDA actions. However, as with oil the dominance of the US as a trading partner is being challenged by China. Although Stats Can has yet to specify exports to China, as a residual they were in the order of 800K tonnes over the 10 months.

OPINION: Last week we raised the question as to the relationship between crop ratings and eventual yield, relatively early in the season. Over the last 9 years there seems to have been something of such a relationship, although not as close as the one for trend yield, see graphs.



Not surprisingly the relationship between crop ratings and final yield estimates improves as the summer progresses and the chances of weather events diminishing yield potential decline.

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