

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	268.32	258.12	249.49
HRW Wheat	Sep	300.93	292.66	259.22
HRS Wheat	Sep	347.31	316.45	257.20
Corn	Sep	279.91	276.07	165.94
Oats	Sep	225.97	223.70	176.37
W. Barley	Oct N	199.00	205.00	168.00
Ethanol	Sep	74.87	73.57	49.08

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

Oilseeds, Related & Others

Commodity	Month	This week	Last week	Year ago
Soya Beans	Sep	499.61	487.86	370.83
Soya Meal	Sep	390.34	382.63	331.59
Soya Oil	Sep	1,226.25	1,194.07	871.30
Canola	Nov	550.00	550.20	439.20
Crude Oil	Sep	82.26	85.38	74.43
Dollar Index	Sep	74.08	74.70	83.11
DJIA	Sep	10,850	11,247	10,202

COMMENT: While financial markets had to contend with increasing evidence of slowing economic growth, crop prospects were the main drivers of ag commodity markets.

For US corn a farm press sponsored annual crop tour is expected to uncover serious damage from last month's heat wave. For wheat there is concern that significant late seeded area was planted for conservation purposes with the implication that a larger than usual proportion of the seeded area will be not be harvested. Soya beans were still in their critical pod setting phase and thus prices immediately sensitive to any change in weather forecasts.

On the demand side USDA export sales for last week were disappointing. At the same time Egypt passed on US offers preferring exclusively Black Sea port supplies. Canada, the US and Australia did, however, share a smaller Japanese tender.

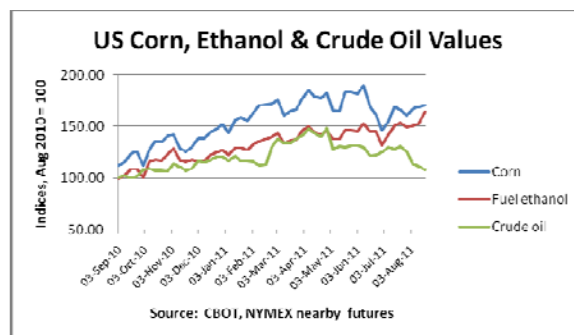
NEWS: Stats Can's "Normalized Difference Vegetation Index (NDVI)" maps for August 8 to 14, 2011, probably the last period before harvesting starts to effect measurements, suggest that crop conditions are better or much better than normal north and west of Regina and thus over most of the prairies.

<http://www26.statcan.ca/ccap-peec/index2.jsf>.

"Ground truthing" of this satellite generated data provided by provincial crop reports and other conventional surface based sources tends to

confirm this. Results of Statistics Canada's first surveyed production estimates will be published on Wednesday at 06h30, MDT.

The USDA reported winter wheat harvesting 91 percent complete as of August 14 with the bulk of what is left being in the Pacific Northwest. Spring wheat harvesting was becoming general about two week later than usual.



OPINION: While from a subjective standpoint there may have been some debate as to whether US fuel ethanol prices are beholden to corn or crude oil, over the last month or so the latter has certainly been the case, see graph. Fuel ethanol futures are trading at 12-month highs, while crude oil is close to the bottom of a 12-month range.

The objective justification would probably be that the value of ethanol is based on the demand resulting from the gasoline blending mandate rather than any competition with crude oil as an energy source.

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