Grain and Oilseed Markets

For the week ending Friday, 26-Aug-11

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	280.07	268.32	243.24
HRW Wheat	Sep	318.20	300.93	258.12
HRS Wheat	Sep	351.36	347.31	259.77
Corn	Sep	296.25	279.91	165.74
Oats	Sep	245.75	225.97	172.16
W. Barley	Oct N	201.00	199.00	175.00
Ethanol	Sep	77.38	74.87	50.88

Oilseeds, Related & Others

Commodity	Month	This week	Last week	Year ago
Soya Beans	Sep	519.82	499.61	375.51
Soya Meal	Sep	414.48	390.34	339.30
Soya Oil	Sep	1,247.86	1,226.25	886.29
Canola	Nov	567.50	550.00	462.50
Crude Oil	Sep	84.12	82.26	75.18
Dollar Index	Sep	73.87	74.08	82.93
DJIA	Sep	11,244	10,850	10,141

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

COMMENT: This was a week for the corn market. Supply concerns were fed by reports from the US ProFarmer Crop tour at the same time as a 360Kt US corn sale to an unknown fed at least temporary relieved concern about the impact of prices on sales and use. Nearby corn futures are close to 12-month highs, but in contrast to a year appear to be supporting wheat values with the converse being the case a year ago.

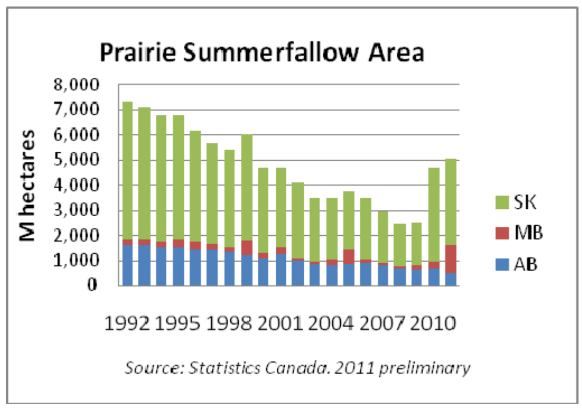
Harvest result for US spring wheat, seeding conditions for the 2012 US winter crop and reports of adverse weather for the European harvest appear additionally to have supported wheat values. Black Sea port supplies appear more than adequate.

NEWS: Statistics Canada preliminarily estimated, as of late July/early August, production of Canadian principal crops as follows:

	2011 Production M tonnes	2011 of 2010 percent	2011 of '05-'09 avg. percent
All wheat	24,076	104	95
Spring	17,365	99	99
Winter	2,962	111	95
Durum	3,749	124	79
Barley	8,274	109	75
Canola	13,193	111	127
Oats	2,886	126	72
Flaxseed	365	86	41
Grain Corn	9,983	85	99
Soybeans	3,862	89	119

Although Western Canadian harvest prospects are improved on 2010 with relative good yield prospects beyond the flooded out areas, last year was also exceptional re: unseeded area, see opinion below. Against the more normal average of the five-years before that prospects do not appear so favourable. Against last year harvest this years output probably reflects the downed out area moving south into an area where wheat is a more dominantly crop from a more general cropping area plus a big turnaround in the durum outlook. Against the prior five-year average all crops have lost out to canola.

In Eastern Canada the exceptionally favourable crop development condition of last year are not being repeated.



OPINION: The most striking feature of the StatsCan July Production estimate was the increase in summer fallow/unseeded area. Until 2009 the downward trend in summer fallow area was long, well established and hardly worthy of comment. Few would argue that last year's sharp reversal was quite exceptional. The same holds for this year, with the odds of back-to back year events probably reaching Lotto Canada proportions.

Comfort that nothing much has changed, except the weather, can probably be taken from the continued downward trend in Alberta summer fallow where the weather has been more normal.

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