

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	Dec	223.86	235.43	240.67
HRW Wheat	Dec	258.67	268.68	253.25
HRS Wheat	Dec	327.84	312.68	264.92
Corn	Dec	233.26	251.37	183.36
Oats	Dec	212.68	214.95	216.09
W. Barley	Oct N	211.70	208.00	180.00
Ethanol	Dec	61.50	64.33	48.40

Oilseeds, Related & Others

Commodity	Month	This week	Last week	Year ago
Soya Beans	Nov	433.20	462.23	388.37
Soya Meal	Dec	340.19	363.89	319.57
Soya Oil	Dec	1,106.98	1,155.26	966.32
Canola	Nov	523.80	530.30	468.00
Crude Oil	Dec	79.33	79.85	82.55
Dollar Index	Dec	79.13	79.20	78.27
DJIA	Dec	10,945	10,648	10,768

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

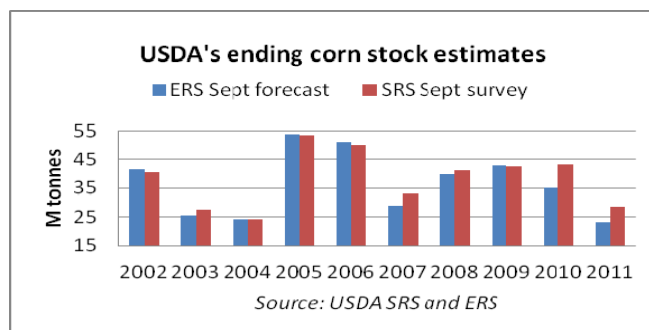
COMMENT: Corn was again the price leader this week, sinking when the Euro's hour was darkest, and soaring when it seemed that the EU might just be able to unravel the tangle it had created. It was, however, old fashioned fundamentals that provided definite downward direction to prices late in the week with both expectations for, and reality of, very significant upward revisions in ending stocks and corresponding downward revision in US corn usage.

Soya beans and wheat followed, restrained to some degree by better than expected export sales for soya beans and a cut in the USDA's production estimate for better quality spring wheats.

NEWS: Prairie harvest conditions were less favourable last week with cooler temperatures, rain and, of course, shorter day lengths. Further frost was reported but likely resulted in little damage due to maturity or the damage being done earlier. The CWB estimated harvest overall 84 per cent complete as of September 26, ahead of a 78 % normal. MB is about 95 % complete, compared to 90 % normal, SK at 85 compared to 78 and AB at 78 which is about normal

Today's final USDA small grains crop estimates placed wheat at 54.6M tonnes three % below the August estimate and nine % below 2010 output, with winter wheat up one % and other spring and durum down 25 and 51 % respectively. Oats and barley output were down 33 and 14 % from a year ago.

The USDA also reported today US September 1 stocks in all positions of wheat, maize and soya beans at 58.5M, 28.7M and 5.8M tonnes, respectively, down 12, down 34 and up 12 % from a year earlier. As was the case last year wheat and soya bean stocks were within the range of trade expectation but those for maize were outside it.



OPINION: Traditionally, volatility in ending stocks and hence prices has largely resulted from fluctuations in exports which are well monitored at several levels in both Canada and the US. Thus, ending stocks could be accurately pegged. For two years in a row both official forecasts and trade anticipations have been wide of the mark for US corn. The circumstantial evidence suggests that this might be related to the advent of very significant fuel ethanol production and with it the relatively lightly documented "recycling" of distillers dried grain (DDG) into feed consumption.

Note: The USDA's Economic Research Service (ERS) forecasts ending stocks in early Sept at the same time as the Statistical Reporting Service (SRS) surveys for the same data, but published later.

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