

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	228.91	223.21	258.86
HRW Wheat	Dec	259.96	251.51	273.74
HRS Wheat	Dec	327.93	337.85	277.32
Corn	Dec	251.96	236.21	221.64
Oats	Dec	220.46	211.55	240.08
W. Barley	DecN	213.00	213.00	180.00
Ethanol	Dec	68.42	65.73	56.77

Oilseeds, Related & Others

Commodity	Month	This week	Last week	Year ago
Soya Beans	Nov	466.64	426.59	435.41
Soya Meal	Dec	361.13	335.45	361.79
Soya Oil	Dec	1,180.40	1,087.36	1,053.19
Canola	Nov	538.00	518.60	489.40
Crude Oil	Dec	87.00	83.17	81.93
Dollar Index	Dec	76.90	79.16	77.20
DJIA	Dec	11,532	11,070	11,025

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

COMMENT: Strong outside commodity markets and short covering ahead of Wednesday's USDA reports resulted in a surge in prices on Tuesday. Subsequent price movements largely reflected the actual content of the reports relative to prior expectation. Oilseeds held their gains, corn held most of its gain and wheat lost pretty all it gained the day before the report. Corn was also supported on Friday by a second successive week of export sales above expectations.

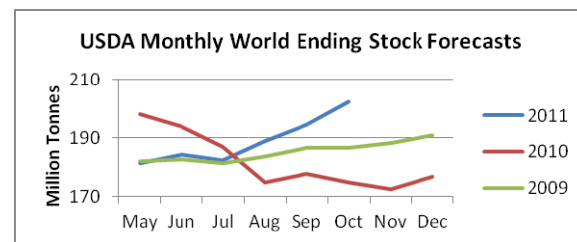
NEWS: The USDA's October estimates of corn and soya beans production were 315.8M and 83.3M tonnes, both down one percent from the September estimates. Corn yields were unchanged but harvested area was reduced. For soya beans both yield and area were reduced slightly. If the current yield forecasts for these two crops hold, they will be the lowest in six and eight years.

Revisions in USDA's Supply and Demand (S&D) projections were significant. For US wheat demand issues, lower than earlier anticipated feed use and exports, more than offset a cut in spring wheat output resulting in higher ending stocks – but still below beginning stocks. For corn upward revision in beginning stocks offset the cut in output and together with forecasts for lower exports resulted in higher ending stocks, which are still expected to be well below anything seen in recent years. For US soya beans a tighter supply, both stocks and output, revision was balanced by a cut in exports leaving ending stocks at the pipeline levels of the last two years.

Revisions to world wheat S&D's included a 4 percent increase in ending stocks which are now above levels of both the last two years. Previously they were below them. Beginning stocks and output were revised up and usage down following lower usage last year implied by the upward revision in this year's beginning stocks.

While every reasonable effort is made to ensure this information is accurate, the author is unable to provide any guarantee over accuracy, or to be liable for the consequences of action taken on the basis of any information which proves to be inaccurate.

The scenario was similar for coarse grains with the exception that usage was revised up on account of a forecast for continuing growth in Chinese use.



OPINION: This week's revisions to US domestic S&D data appeared fairly well anticipated, but those to global data, particularly for wheat, may not have been. Typically once we are into the northern hemisphere fall, dominant northern hemisphere crop estimates tend to have firmed up and revisions in USDA forecasts are, as a result, more modest than in the summer.

Three successive and significant upward revisions to the bell wether global wheat ending stocks at this time of year is unusual. To put this in perspective it is about the same as the adjustment that occurred as a result of last year's European droughts. But, of course, it was without such a single marquee event.

Putting current price developments into the perspective of the recent past, wheat prices were more than \$50 per tonne lower in the summer of 2010 and before the drought hit Europe than they are now.

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