

Friday's Settlement Prices for Selected Commodities in US or Can. \$ / tonne, etc:

Grains

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	231.02	231.48	302.21
HRW Wheat	Mar	253.34	247.28	341.62
HRS Wheat	Mar	302.12	299.18	351.08
CWRS	Oct	264.00	259.80	n/a
Durum	Oct	265.90	269.00	n/a
Corn	Mar	252.65	248.71	279.42
Oats	Mar	209.93	206.20	265.69
Barley	Oct	182.40	180.00	n/a

Oilseeds & Others

Commodity	Month	This week	Last week	Year ago
Soya Beans	Mar	465.72	451.57	500.44
Soya Meal	Mar	366.81	352.75	399.05
Soya Oil	Mar	1,177.31	1,158.13	1,246.76
Canola	Mar	548.20	535.30	585.90
Crude Oil	Mar	103.47	98.88	86.20
Ethanol	Mar	58.51	58.43	66.15
Dollar Index	Mar	79.44	79.26	77.66
DJIA	Mar	12,931	12,725	12,375

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

COMMENT: Corn prices were buoyed by export demand towards the end of the week with last week's export sales exceeding a million tonnes for the first time since October and a further substantial individual sale being reported on Friday.

Exports of wheat were also supportive although global supplies remain burdensome. But fresh sales to Egypt were made and concern over Black Sea port supplies are emerging, either cold weather related or more fundamental in nature.

With a high ranking Chinese diplomatic mission in the US Mid West the announcement of significant soybean sales was fully anticipated and supported oilseed markets all week. Further, concern over Brazilian crop development has re-emerged.

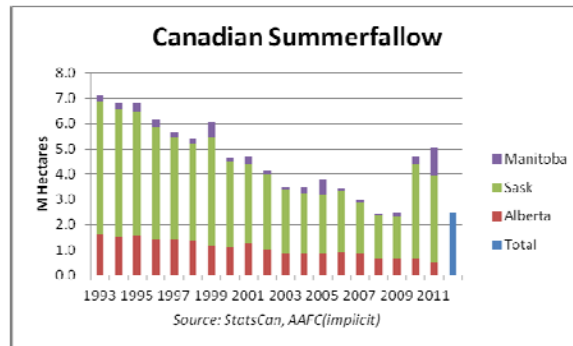
NEWS: Agriculture and AgriFood Canada (AAFC) published its first S&D's for the 2012-13 crop year this week. These are, of course, based on trend yields and such, with limited 2012 crop specific information available. With normal weather an increase in seeded area is expected to offset lower yields than from last year's exceptional harvests. In aggregate some increase in domestic and export use is projected leaving ending stocks higher but still below average.

Record area, output, exports and domestic use of **canola** are forecast with ending stocks at the low end of a 5- year range.

All elements of the **wheat** S&D's were within 5-year ranges with ending stocks projected in third place in that context. A rebound in **durum** area and output is modest in a historic context and with average exports ending stocks are forecast to remain unchanged and comfortable.

After a couple of meagre years **barley** area and output is forecast to increase, and with flat prospects for usage, some recovery in the very tight ending stocks is anticipated.

A projected 25 percent increase in **oats** area with a commensurate rise in supplies will, after an increase in expected exports, leave ending stocks in the middle of the 5-year range.



OPINION: With little snow cover and nothing in the way of a winter to speak of concerns continues over the implications of poor soil moisture for seeding in Western Canada. In the past with such conditions an increase in summer fallowing would be anticipated. But over the last 20 years, probably as a result of moisture conserving minimal tillage techniques, this seems to have become less of a consideration. Paradoxically the last two years have seen an increase in summer fallowing due to excess soil moisture. This week's AAFC projections implicitly suggest a return to summer fallow area of 2009, although the downward trend appears to have continued in Alberta where soil moisture has not been excessive at seeding over the last two years. With incentive level prices, there will likely be some Hail Mary seeding if conditions continue dry.

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