

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

Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	235.52	236.63	285.31	Soya Beans	Mar	469.94	465.72	501.73
HRW Wheat	Mar	250.22	253.34	326.09	Soya Meal	Mar	367.85	366.81	402.91
HRS Wheat	Mar	288.98	302.12	336.47	Soya Oil	Mar	1,196.93	1,177.31	1,255.58
CWRS	Oct	257.00	264.00	n/a	Canola	Mar	567.70	548.20	575.00
Durum	Oct	265.90	265.90	n/a	Crude Oil	Mar	105.84	103.47	99.36
Corn	Mar	252.25	252.65	280.30	Ethanol	Mar	59.07	58.51	67.21
Oats	Mar	207.17	209.93	239.43	Dollar Index	Mar	78.39	79.44	77.25
Barley	Oct	182.40	182.40	n/a	DJIA	Mar	12,956	12,931	12,113

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

COMMENT: This week was very much the tale of two crops, particularly for corn and increasingly as the week progressed. That the USDA would forecast increased new crop supplies was probably not a surprise to many. Hence new crop corn prices were down as much the day before the USDA Outlook Forum report as they were on the day of the report. The increase in supplies after harvest, however, does nothing to augment supplies prior to harvest. Thursday's export sales report for last week confirmed the current strong export demand situation which was bolstered by further rumours of Asian business this week.

For wheat the divide was between HRS and SRW with the prices for the former sliding with the prospect to an increased US spring area and the latter being supported, at least in old crop positions, by corn.

Soybean prices continued to advance with the approaching reality of reduced South American output, increased Chinese demand, and an anticipated increase in the 2012 US harvest needed to match the opportunity.

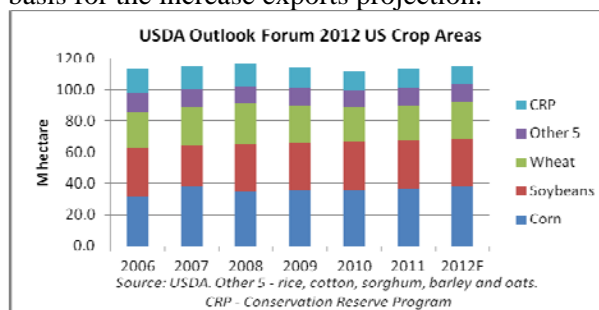
NEWS: Today's USDA Outlook Forum crop's paper highlighted the implications of current incentive grain prices and at best uncertain prospects for the global economy, specifically increased US output, supplies and ending stocks. The USDA forecasts an extra 2.2M hectares will be planted to its 8 major crops with a reduction in Conservation Reserve Program area and with less excessive soil moisture in the northern states an increase in spring seeded area.

For **wheat**, with improved soil conditions for winter wheat in the southern Great Plains and an

increased area of spring wheats, the USDA has added 4.5Mt to 2012 output with most of the corresponding adjustment in disposition being a 3.0Mt increase in ending stocks.

For **corn** added area with better planting conditions and a return to trend for the yield forecast, output is a record 362Mt. A recovery in feeding and exports for 2012-13 more than offsets a second successive marginal decline in ethanol usage, with ending stocks doubling from this year's very tight level but still remaining below 2010.

For **soybeans**, area is forecast unchanged and with improved, trend yields supplies will increase by 8 percent. But the USDA sees a 22 percent recovery in exports cutting ending stocks by 25 percent. Less favourable South American harvests and burgeoning Chinese demand are the basis for the increase exports projection.



OPINION: For consumer the salvation from high prices is high prices, just as the cure for low prices for producers is low prices. The former was the very definite byword from the USDA's Outlook Forum. The question is not so much as to whether extra output can be squeezed as to from where it will come.

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