

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

Grains

Commodity	Month	This week	Last week	Year ago
SRW Wheat	May	236.07	248.02	264.09
HRW Wheat	May	251.32	264.18	302.76
HRS Wheat	May	295.78	305.52	315.37
CWRS	Oct	260.50	260.50	n/a
Durum	Oct	265.50	265.90	n/a
Corn	May	253.93	257.86	261.51
Oats	May	186.42	198.25	227.27
Barley	Oct	185.00	185.00	n/a

Oilseeds & Others

Commodity	Month	This week	Last week	Year ago
Soya Beans	May	491.26	489.79	490.34
Soya Meal	May	399.82	395.85	385.82
Soya Oil	May	1,196.49	1,192.30	1,233.53
Canola	May	584.50	570.50	558.10
Crude Oil	May	107.76	107.80	102.35
Ethanol	May	60.23	60.84	64.35
Dollar Index	Jun	80.48	79.80	77.05
DJIA	Jun	12,851	12,901	11,990

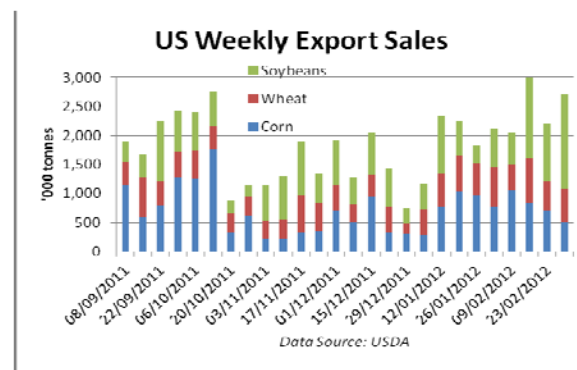
Data points in red are new previous 12-month highs, in blue are new previous 12-month lows

COMMENT: Grain and oilseed markets were reported all week to be adjusting to anticipated Friday revision to USDA S&D projections. These anticipations were relatively accurate so the report appeared to have been a minor impact after the fact.

A stronger dollar weighed on corn values for most of the week while rumour of Chinese business and a tighter cash market were supportive later in the week. Global wheat fundamentals remain burdensome but the market was supported by a small cut in USDA's forecasted ending stocks. Against this US winter wheat conditions are reported to be improving. Another week of positive export sales were probably more of a driver than the USDA confirming lower South American output.

NEWS: Significant revisions to the USDA's 2011-12 global and domestic supply and demand (S&Ds) forecasts today were limited to a reduction in South American soybean output which was widely and relatively accurately anticipated, and an increase in Chinese wheat use which seems to have gone unnoticed. Improved US wheat export sales were factored into US S&D's with ending stocks being reduced by 0.5M tonnes. Otherwise US domestic S&D's were virtually unchanged except for a 77,000 tonne increase in oat imports from Canada which were rather oddly added to US ending stocks. This is the second successive month that this has occurred suggesting that oats are underneath the USDA's radar.

Chinese wheat use was raised by 3.5M tonnes and with other adjustments offsetting further increases in Australia's record crop, ending global wheat stocks were forecast to decline by 3.5M tonnes but still well above levels of recent years. Only slight changes were made to global coarse grain S&D's. Global oilseed output was revised lower by 6.8M tonnes mainly as a result of reduced expectation for South American soybean harvests. Ending stocks were lowered by 3.4M tonnes to the lowest level since 2009.



OPINION: US weekly export sales have in recent weeks recovered to levels they reached in the fall before doubt about the future of the Euro appeared to put a damper on forward commitments. The composition of sales has changed, however. The decline in corn's share may reflect some buyers finding better value in feed wheat. Much improved soybean sales undoubtedly reflects concern about South American supplies and again buyers increase confidence in forward buying. Of course, most of the latter is Chinese interest.

David Walker, Edmonton, AB, CA