

Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday: 18-May-12									
Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Jul	255.46	219.36	296.33	Soybeans	Jul	516.24	516.61	507.15
HRW Wheat	Jul	259.04	224.13	342.81	Soya Meal	Jul	460.67	450.20	397.51
HRS Wheat	Jul	291.01	266.85	367.34	Soya Oil	Jul	1,153.50	1,151.74	1,266.82
CWRS	Oct	245.00	242.50	n/a	Canola	Jul	613.21	608.10	577.10
Durum	Oct	275.60	275.60	n/a	Crude Oil(WTI)	Jul	91.78	95.90	99.49
Corn	Jul	233.50	213.48	299.00	Ethanol	Jul	58.75	55.85	70.43
Oats	Jul	220.46	215.28	236.02	Dollar Index	Jun	81.82	80.41	75.80
Barley	Oct	184.00	184.00	n/a	DJIA	Jun	12,371	12,813	12,474

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

**COMMENT:** After hitting 12-month lows for nearby contracts, wheat markets had their best week in some year's this week with futures contracts advancing by upto 15 percent. The stimulus was reports of deteriorating Eastern European crops and drying conditions and forecasts in the US Great Plains following a three point cut in crop assessment last week. This reversal was all the more remarkable for occurring when Euro issues re-emerged as a concern in outside markets.

Corn followed wheat higher but more modestly with lower crude oil prices weighing on ethanol prices which were at 12-month lows. Likewise advances in the oilseed markets were more muted.

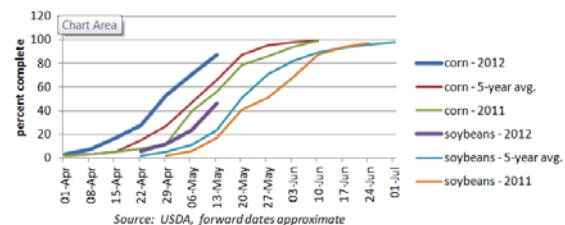
With ICE barley bid-offer spreads having narrowed, trade was significant for the first time in four months and open interest doubled. But the ICE wheat contracts remained dormant despite lively US markets.

**NEWS:** The US planting progress to May 13 was reported 87,46 and 94 percent complete, for maize, soya beans and spring wheat, compared respectively to 66, 24 and 64 percent five-year averages. Planting progress with all three crops is a full week ahead of average and the first crop condition reports for corn and spring wheat this week are expected to indicate very favourable crop conditions. There seems to have been enough moisture to keep earlier crops moving without inhibiting the planting of later crops. For winter wheat 60 percent of reports were for good or excellent crop condition, down three

points from last week but up 28 points on last year and 10 on a five-year average. While reports of US winter wheat crop conditions generally decline as the crop matures a drop of three points is somewhat out of the ordinary and weather last week suggests there will be a further decline next week.

On the Prairies probably about half the crop is seeded with good progress during this week's generally fine weather. More broken weather is now forecast which will slow progress but is likely to benefit crops already in the ground.

US corn and soybean planting progress



**OPINION:** As was the case last year, the market is somewhat focus on the rate of corn usage in the context of tight supplies and something of a scramble before the news crop is harvested. Two factors suggesting that this might not be as critical as current usage data might suggest were the option of feeding competitively priced wheat and, with an early planted crop, the potential for an early harvest. After this week's wheat market the first might not appear so certain. And with the late planting of last year's crop not resulting in a late harvest, one wonders about the certainty of the second.

David Walker, Edmonton, AB, CA