

Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday:

15-Jun-12

Grains

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Jul	223.95	231.57	247.01
HRW Wheat	Jul	231.48	241.03	295.60
HRS Wheat	Jul	290.55	282.65	329.68
CWRS	Oct	252.70	252.70	n/a
Durum	Oct	275.50	275.60	n/a
Corn	Jul	217.06	219.72	275.68
Oats	Jul	199.55	196.63	227.92
Barley	Oct	183.00	180.00	n/a

Oilseeds & Others

Commodity	Month	This week	Last week	Year ago
Soybeans	Jul	506.32	524.14	489.97
Soya Meal	Jul	452.07	473.79	384.72
Soya Oil	Jul	1,067.96	1,090.44	1,232.87
Canola	Jul	601.90	615.00	581.10
Crude Oil(WTI)	Jul	84.27	84.49	93.01
Ethanol	Jul	53.55	54.87	69.77
Dollar Index	Sep	81.61	82.95	74.60
DJIA	Sep	12,673	12,457	12,047

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

COMMENT: US corn future prices, with mixed and changing US weather forecasts, concern over the outcome of the Greek election and the future of the euro, lower US crop ratings and disappointing US weekly export sales, ended the week slightly lower. Markets acknowledged tightening wheat fundamentals, with lowered output forecasts for the Black Sea region, parts of western Europe, China and Australia. US winter crop forecasts were towards the top end of trade expectation and US weekly exports were about as expected. A daily report of an export sale of soft red winter wheat to China was the largest since 2004. Soybean markets faced the same mix of US weather considerations as corn, weekly US export sales exceeded trade expectations but outside market were reported as a more dominant influence.

NEWS: US winter wheat production was forecast, as of June 1, at 45.8Mt, 1 percent lower than the May forecast, but 13 percent above 2011. A cut in hard red winter wheat yields was the main cause for the revision.

June revisions to domestic USDA 2012-13 supply and demand forecasts published on Tuesday were limited. For wheat, lower winter wheat production and beginning stock were accommodated mainly by a lower ending stock forecast. For corn forecasts were not revised despite declining crop conditions. For soybeans lower domestic and export use was partially offset by an increase in beginning stocks with ending stocks reduced very slightly.

Projections for global wheat output were cut more than those for use resulting in a small reduction in ending stocks. Conversely an increase in global coarse grain output exceeded higher use expectation resulting in a small increase in ending stocks.

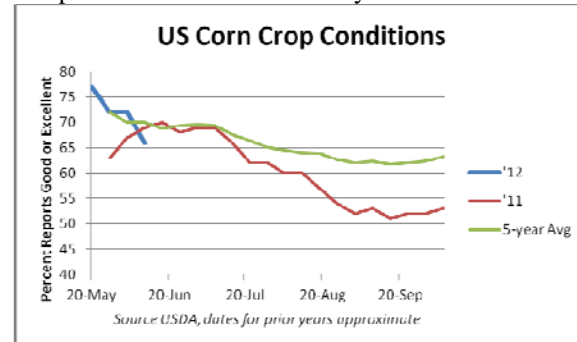
Revision in oilseed S&D's were not significant in aggregate.

Revisions to Ag Canada's supply and disposition projections were limited to minor adjustments to

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export forecasts as there have been no major statistical reports since the last forecasts were made.

OPINION: The USDA's weekly crop reports are put together from individual reports from about 4,000 "respondents whose occupations provide them opportunities to make visual observations and frequently bring them in contact with farmers" and who "provide subjective evaluations of crop conditions." While the individual reports may be subjective, a degree of objectivity results from the massive number of reports particularly when comparisons are made between years.



But some challenges may occur for respondents when crops are unusually early or late in the context of harvest potential early in the season. Hence last year's late seeded corn crop may initially have been discounted unduly, with the converse tendency with this year's early seeded crop. What is always critical is weather conditions during the silking stage which is expected to occur earlier this year with more favourable conditions probable.

There is still plenty of opportunity for crop conditions to improve or slip and anything less than a record crop will be regarded as bullish by the market.

David Walker, Edmonton, AB, CA