

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

7-Sep-12

Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Dec	332.52	326.83	268.13	Soybeans	Nov	638.04	645.39	524.23
HRW Wheat	Dec	339.23	332.89	305.89	Soya Meal	Dec	580.83	587.99	413.49
HRS Wheat	Dec	352.00	348.42	333.35	Soya Oil	Dec	1,249.18	1,258.44	1,294.38
CWRS	Oct	300.50	298.60	n/a	Canola	Nov	640.60	637.60	573.00
Durum	Oct	306.90	300.60	n/a	Crude Oil(WTI)	Oct	96.33	96.45	87.41
Corn	Dec	293.39	293.85	289.95	Ethanol	Oct	66.39	67.60	71.19
Oats	Dec	253.21	257.75	225.81	Dollar Index	Dec	80.43	81.53	77.71
Barley	Oct	260.00	264.50	n/a	DJIA	Dec	13,200	12,994	10,879

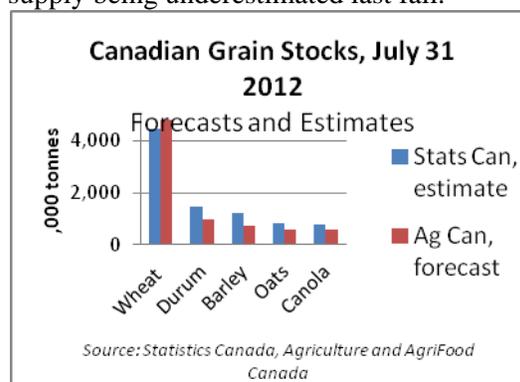
Data points in red are new previous 12-month highs, in blue are new previous 12-month lows

COMMENT: Europe again selected the option of short term gain for long term pain with the European Central Bank committing to bail outs for southern European economies. The resulting strength of the euro and weakness of the US dollar supported prices late in the week. The wheat market appeared to be leading this week particularly on Thursday when a bunch of international tenders was very supportive. Last week's export sales were in line with expectations and some concern has arisen over Australian and Argentinean crops.

Last week's US corn export sales were disappointing although a couple of large sales this week were supportive. A four-week upward trend in the soy complex prices was broken this week, but canola values held. Supportive across the board is the anticipation that there will be further cuts in USDA corn and soybean yield estimates next week.

NEWS: Statistics Canada revised its 2011 canola **production** estimate up by 2 percent to 14.493M tonnes in its July 31 grain stocks report. As for **Stocks**, those of wheat (excluding durum), durum, barley, canola, peas and flax at 4.4M, 1.4M, 1.2M, 0.8M, 0.3M and 0.1M tonnes, respectively, 21, 9, 15, 64, 48 and 27 percent below year earlier levels. Oats and lentils stocks at 0.8M and 0.8M, respectively, were 6 and 5 percent above year earlier levels. While pre-harvest stocks are general lower than a year ago, with the exception of wheat, they are higher than Ag Can's August forecast and probably most expectations. Those expectations may not have fully factored in the amount of

poor quantity wheat harvest in 2011 and the competitiveness and hence use of lower quality wheat as a feed grain and the growth in use of distillers grain as an energy feed. For canola it was simply a matter of production and hence supply being underestimated last fall.



OPINION: The revision in last year's canola production estimate included without comment in today's Canadian stocks report highlights the challenges that Statistics Canada faces. The moment of truth for grain statistics occurs when ending stocks of a grain, or in this case an oilseed, that is not used much on farm are very low. In other instances errors can be hidden in this residual use item. When a negative residual is threatened, something has to be adjusted. But Statistics Canada has a fundamental challenge. That the generation of statistics are delegated to an independent body, rather than within a line department as in this case would be Agriculture, removes any tendency for bias. But when it comes to budget cutting the political protection from a department would be valued. As it is, what you pay for, is what you get.

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