

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

14-Sep-12

Grains

| Commodity | Month | This week | Last week | Year ago |
|-----------|-------|-----------|-----------|----------|
| SRW Wheat | Dec | 339.60 | 332.52 | 252.88 |
| HRW Wheat | Dec | 348.32 | 339.23 | 288.07 |
| HRS Wheat | Dec | 359.35 | 352.00 | 314.61 |
| CWRS | Oct | 299.60 | 300.50 | n/a |
| Durum | Oct | 304.50 | 306.90 | n/a |
| Corn | Dec | 287.33 | 293.39 | 272.43 |
| Oats | Dec | 256.94 | 253.21 | 224.03 |
| Barley | Oct | 250.30 | 260.00 | n/a |

Oilseeds & Others

| Commodity | Month | This week | Last week | Year ago |
|----------------|-------|-----------|-----------|----------|
| Soybeans | Nov | 638.41 | 638.04 | 501.54 |
| Soya Meal | Dec | 579.17 | 580.83 | 390.23 |
| Soya Oil | Dec | 1,264.84 | 1,249.18 | 1,254.47 |
| Canola | Nov | 651.60 | 640.60 | 551.00 |
| Crude Oil(WTI) | Oct | 99.00 | 96.33 | 88.44 |
| Ethanol | Oct | 63.98 | 66.39 | 67.79 |
| Dollar Index | Dec | 79.01 | 80.43 | 77.10 |
| DJIA | Dec | 13,487 | 13,200 | 11,415 |

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

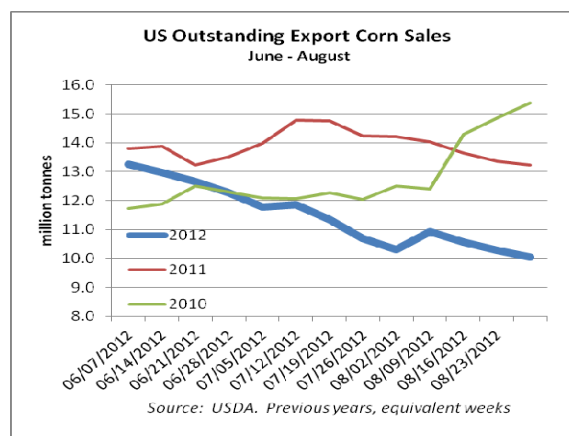
COMMENT: It was the US's turn this week to stimulate the market by "printing money". But there were other grain fundamentals at play. For corn higher than anticipated US crop yield weighed on prices mid week. But wheat prices have been supported by perception that competition from Russia is lessening even if last week's export sales data was disappointing. Australian wheat crop estimates are also being progressively cut back. US soybean yield estimates were close to expectation which with reduced usage forecasts highlighted the need for price rationing. Soybean export sales last week were described as impressive. While lower corn values may have limited gains in soya meal, nearby soya oil and canola contracts set 12-month highs.

NEWS: The downward revisions of 2012 production estimates for US corn and soybeans in Wednesday's USDA report were anticipated, but the degree of change provided some surprises. The yield estimate of 122.8 bushels per acre was towards the top end of the range of trade expectation but still 17% below last year's yield. The soybean yield at 35.3 bushels per acre was slightly below average trade expectations and 15% below last year.

Production estimates were likewise above for corn and slightly below for soybeans trade expectations. As both crops are relatively early there is likely to be less adjustment to production estimates in the later production estimates.

US corn supply and use projections were revised to reflect the reduced crop estimate, slow pace of export sales over recent weeks and an early harvest which creates some technical allocation challenges. The bottom line on this was a 13% increase in ending stock to 18.6Mt which is still very tight. In a global context the USDA offset reduced coarse grain supplies with a cut in use leaving their forecast ending stocks unchanged.

For US soybeans crush and exports were reduced offsetting the cut in supply forecasts leaving ending stocks unchanged, probably at pipeline levels. Globally the USDA balanced reduced supplies of oilseeds by reducing its use projections with only a small downward revision in the ending stocks. The USDA left aggregate domestic wheat forecasts unchanged. Globally it lowered its Russian output by 3.1Mt but ending stocks were lowered by only 0.5Mt as most of the change was dissipated by offsetting improved production prospects or reduced usage.



OPINION: With an early US corn crop, supply prospects are largely set and attention is shifting to use prospects as evident in the USDA cutting its exports projections. Outstanding export sales, sales reported less actual corn physically exported, suggest a reluctant of importers to commit to purchases as prices rose. The situation was somewhat the same in 2011 with prices not rising until July, but 2010 might be regarded as more usual with increased interest as harvest approached.

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