

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

28-Sep-12

Grains

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Dec	331.61	329.68	223.86
HRW Wheat	Dec	340.79	340.33	258.67
HRS Wheat	Dec	352.18	351.91	327.84
CWRS	Oct	300.50	301.50	n/a
Durum	Oct	311.90	311.90	n/a
Corn	Dec	277.87	274.93	233.26
Oats	Dec	240.24	243.81	212.68
Barley	Oct	250.30	250.30	n/a

Oilseeds & Others

Commodity	Month	This week	Last week	Year ago
Soybeans	Nov	588.26	595.97	433.20
Soya Meal	Dec	536.73	535.74	340.19
Soya Oil	Dec	1,159.67	1,208.84	1,106.98
Canola	Nov	597.70	613.90	523.80
Crude Oil(WTI)	Dec	92.43	91.87	79.33
Ethanol	Oct	61.92	59.70	61.50
Dollar Index	Dec	80.50	79.40	79.13
DJIA	Dec	13,350	13,531	10,945

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

COMMENT: Corn prices eased all week under the influence of diminished demand but with a bullish stocks report on Friday those losses were recouped. Wheat prices were lower with the prospect of wetter weather in US winter wheat areas and in Western Australia and perceptions that US wheat was overpriced. But a bullish stocks report resulted in price losses of earlier in the week being offset. News of large daily sales of soybeans to China and positive weekly sales data continue to support oilseed prices although Friday's stocks report was not as positive as that for the grains.

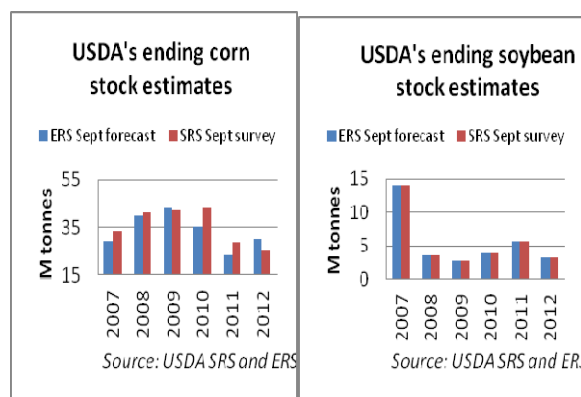
NEWS: Today's final USDA small grains crop estimates placed wheat at 61.8M tonnes, 10% above 2011 output, with winter wheat and durum up 8 and 60% from last year and other springs about unchanged. Oats and barley output were up 19 and 41% from a year ago. Last year adverse spring field conditions had a major impact on output. While in aggregate the wheat estimate was close to the August forecast and trade guesses, an increase in other spring wheat was offset small declines in other wheat classes.

The USDA also reported today US September 1 stocks in all positions of wheat, corn and soybeans - old crop for corn and soybeans, at 57.2M, 25.1M and 4.6M tonnes, respectively, down 2, 12 and 21% from a year earlier. Corn and wheat stocks were below trade expectations and soybeans were above. The USDA revised up its 2011 soybean estimate to allow for positive residual use.

OPINION: When a supply situation is tight, end of season stocks often produce surprises. In the case of US corn the situation is complicated, particularly in an early year such as this, by new crop corn being harvested before the end of the old crop year on August 30. Even in an average year short-season corn varieties being grown in drought prone areas

result in early harvesting. The supposition is that this new crop grain tends to replace old crop supplies adding to the old crop stocks, although, of course, not to overall supplies. The stocks estimates are for old crop only. Thus, anticipating corn stocks this year not only required putting a figure on feed and residual use, but also on how much new crop corn replaced old crop. That the trade were 3.2M tonnes – equal to about one percent of the crop, high on their expectations resulted in prices being up the trading limit on the day the report was released, highlighting the sensitivity of this information.

The situation for soybeans is somewhat different as most of the crop use is recorded as the year progresses. Residual use is quite small but, of course, should be positive. Average trade guesses were about 1.0M tonnes low which was about by what the USDA raised its 2011 crop estimate. The unfortunate difference between the USDA and Statistics Canada which had the same challenge with canola earlier in the month is that the USDA was open about their revision.



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