

## Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday: 12-Oct-12

| Grains    |       |           |           |          | Oilseeds & Others |       |           |           |          |
|-----------|-------|-----------|-----------|----------|-------------------|-------|-----------|-----------|----------|
| Commodity | Month | This week | Last week | Year ago | Commodity         | Month | This week | Last week | Year ago |
| SRW Wheat | Dec   | 314.80    | 315.07    | 228.91   | Soybeans          | Nov   | 570.34    | 570.07    | 466.64   |
| HRW Wheat | Dec   | 327.11    | 322.88    | 259.96   | Soya Meal         | Dec   | 512.81    | 519.43    | 361.13   |
| HRS Wheat | Dec   | 339.60    | 337.85    | 327.93   | Soya Oil          | Dec   | 1,117.12  | 1,128.59  | 1,180.40 |
| CWRS      | Oct   | 297.40    | 295.00    | n/a      | Canola            | Nov   | 606.70    | 609.50    | 538.00   |
| Durum     | Oct   | 312.40    | 313.50    | n/a      | Crude Oil(WTI)    | Dec   | 91.97     | 90.18     | 87.00    |
| Corn      | Dec   | 276.77    | 274.84    | 251.96   | Ethanol           | Dec   | 63.77     | 63.16     | 68.42    |
| Oats      | Dec   | 254.18    | 238.13    | 220.46   | Dollar Index      | Dec   | 79.75     | 79.51     | 76.90    |
| Barley    | Dec   | 250.00    | 250.00    | n/a      | DJIA              | Dec   | 13,246    | 13,519    | 11,532   |

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

**COMMENT:** This week's trade was very similar to last week's with prices generally lower over much of the week with demand prospects being a common concern. But a sharp upward correction from a positively construed corn supply related USDA reports on Thursday again offset the losses. For wheat improved soil conditions for the 2013 hard red winter wheat crop weighed on prices. Another large soybean sale to China was reported earlier in the week which suggests that a disappointing export sales report for last week is only a temporary setback.

**NEWS:** The USDA's October estimates of corn and soya beans production were 271.9M and 77.9M tonnes, respectively down slightly and up 9 percent from the September estimates. In both instances most of the adjustment resulted from yield estimates. The two crops are down 13 and 8 percent from 2011 and the smallest crops since 2006 and 2007.

Revisions in USDA's Supply and Use projections for **wheat** included higher feed use and lower exports with ending stocks down 6 percent. For **corn** both beginning stocks and output estimates were lower and balanced by reduced exports and lower ending stocks. Most of the increase in beginning stocks and output of **soybeans** was balanced by a rise in the export forecast although domestic crush and ending stocks were raised slightly.

World **wheat** production was lowered 5.7M tonnes with lower output from Australia, Russia and the EU. Most of this was balanced by reduced ending stocks. Adjustments to world **coarse grain** projections mainly reflected US revisions. An 11.0M tonne cut in supply was offset by a 4.4M tonne cut in use and a 6.6M tonne cut in ending stocks forecast. The global supply situation for oilseeds was seen as easing some with 2013 ending stocks higher and now marginally above this year's level.

**OPINION:** Attempting to make sense of levels of outstanding US export sales - sales made but yet to be shipped, is hazardous. The level of export sales may not necessarily respond positively to a fall in prices as buyers may hold back expecting further cuts.

Similarly higher prices may not necessarily result in slower sales as buyers may advance commitments in fear of yet higher prices. For wheat and particularly corn these forward commitments are currently at a historically low level. World supplies of wheat are at a level that really allows buyers to wait. But corn buyers may be turning to wheat as an alternative feed grain resulting in consistently low weekly sales and declining outstanding sales.

For soybeans there almost seems to be an element of panic with the very substantial forward sales possibly reflecting forward commitments rather than much added business. Any element of speculative procurement can, of course, disappear very quickly.



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