

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

16-Nov-12

Grains

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Dec	307.91	325.73	219.17
HRW Wheat	Dec	321.87	338.96	252.98
HRS Wheat	Dec	334.27	349.24	337.03
CWRS	Oct	303.50	310.30	n/a
Durum	Oct	312.40	312.40	n/a
Corn	Dec	267.12	271.72	240.25
Oats	Dec	236.35	235.70	197.12
Barley	Dec	250.00	250.00	n/a

Oilseeds & Others

Commodity	Month	This week	Last week	Year ago
Soybeans	Jan	508.43	533.23	430.45
Soya Meal	Dec	468.06	495.73	329.93
Soya Oil	Dec	1,037.31	1,053.19	1,127.04
Canola	Jan	575.30	591.40	518.70
Crude Oil(WTI)	Dec	86.67	86.13	97.41
Ethanol	Dec	62.11	62.90	68.68
Dollar Index	Dec	81.31	81.11	78.23
DJIA	Dec	12,536	12,780	12,090

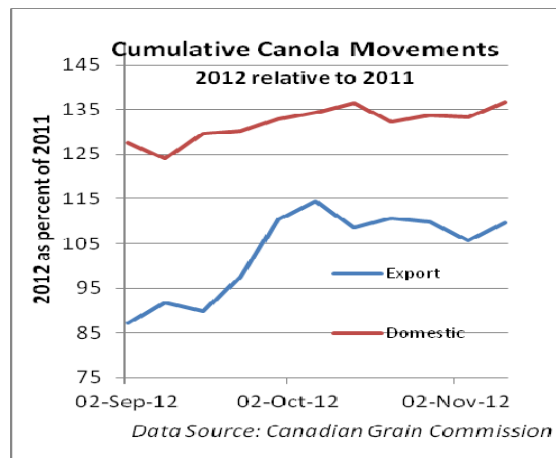
Data points in red are new previous 12-month highs, in blue are new previous 12-month lows

COMMENT: US corn prices benefitted from the decision of the EPA to extend the US fuel ethanol mandate and from improved ethanol use data, but with less than encouraging export sales and favourable weather in South American the market was lower on the week. US wheat prices were lower on concerns over export sales despite the perception that US prices are competitive. The rapidly deteriorating condition of the US hard red winter wheat crop did not seem to provide much support. Soya complex prices have now almost declined to levels in the spring before the emergence of the Mid West drought. While export demand is still seen as strong, the report of a cancellation of a 600,000 tonne contract by a Chinese crusher may result in the market taking a less sanguine attitude to export sales prospects.

NEWS: Revisions from a month earlier to Agriculture and Agri-Food Canada's November S&D projections were limited to a \$10 per tonne rise in the price projection for barley and \$20 per tonne cut in the forecast price range for soybeans. As very limited revisions were made last November, the apparent stability may reflect administrative rather than market considerations.

Only 36 percent of USDA crop reports this week rated the winter wheat crop in good or excellent condition, 3 points below last week, and 13 and 19 points below last year's and a five-year average for this date. This may be a record low and is certainly well below the range of conditions over the last 10 years. What are described as exceptional and extreme drought conditions are reported over much of the Great Plains, from Oklahoma to South Dakota. While the area does not appear to be expanding moisture is needed before dormancy for crop establishment. Mid-west crop were in relatively good shape. Drought conditions have seemingly moved west.

OPINION: It is now about six weeks since the reality of reduced Canadian canola supplies and the need for price rationing became apparent following the cut in the September production estimates. Further much of the business done during those six weeks was probably based on the expectation of earlier 2012-13 supply projections and indeed, before harvest, carry-in stocks. To date both export and particularly domestic movements have been running ahead of last year. As with reduced available supplies, by the end of the crop year combined cumulative exports and domestic movements will be about 85 percent of year ago levels, it is evident that price rationing has yet to kick in. Pressure on crushing margins, which will surely ensue, will be a relatively new experience for recently completed plants. It will no doubt be watched with particular interest by those planning further capacity. Pre-harvest experience suggests most of the adjustment will be with exports. As most of domestic movement is exported as oil and meal, it would seem that the Canadian crushing industry is competitive.



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