

Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday:					21-Dec-12				
Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	291.01	299.09	228.73	Soybeans	Jan	525.70	548.02	427.32
HRW Wheat	Mar	309.38	317.55	248.02	Soya Meal	Jan	478.20	504.55	327.40
HRS Wheat	Mar	323.71	331.79	310.30	Soya Oil	Jan	1,073.91	1,099.92	1,123.52
CWRS	Oct	290.50	290.50	n/a	Canola	Jan	582.10	598.00	504.83
Durum	Oct	312.40	312.80	n/a	Crude Oil(WTI)	Jan	87.93	86.75	97.22
Corn	Mar	257.94	268.50	243.89	Ethanol	Jan	58.78	60.71	58.41
Oats	Mar	236.51	252.72	201.50	Dollar Index	Mar	79.71	79.64	80.26
Barley	Mar	247.00	248.00	n/a	DJIA	Mar	13,130	13,087	12,100

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

**COMMENT:** US corn traded lower over the week with disappointing reports of ethanol use on Wednesday and export sales on Thursday. South American corn continues to trade at a discount. A private forecast for an increase in US corn acreage next spring also weighed on prices. Reports of wet field condition continuing to delay planting in Argentina provided some support.

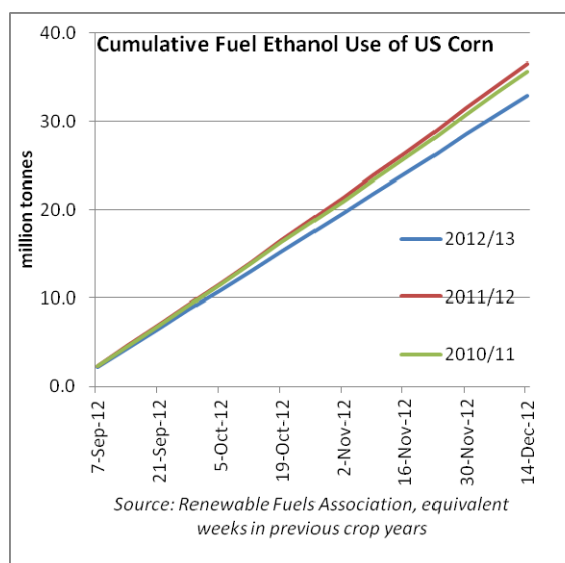
Wheat prices were also lower even though last week's export sales were better than expected and a weather system that moved across the Great Plains did not produce enough moisture over a wide enough area to give much relief to winter wheat crops.

Oilseed markets, lower over the week, had to contend with 840,000 tonne confidence sapping cancellations of soybean sales to China, export sales data for last week slightly below market expectations and generally favourable crop development conditions in South America.

**NEWS:** The USDA reported export sales for the week ending Dec 13 of 671K, 120K and 620K tonnes for wheat, corn and soybeans. Wheat sales were above trade expectations, but soybeans slightly below and corn sales well below trade expectations. The Renewable Fuels Association (RFA) reported ethanol production and hence corn US use for this purpose down 13 percent from a year ago. Cumulative crop year use has now slipped to 90 percent of year ago levels and in line with the forecast declined by the USDA for the full crop year.

While every reasonable effort is made to ensure this information is accurate, the author is unable to provide any guarantee over accuracy, or to be liable for the consequences of action taken on the basis of any information which proves to be inaccurate.

**OPINION:** The RFA data on corn usage for ethanol production has progressively run further behind last year's near record pace, both in absolute and relative terms, and is now about in line with the USDA's crop year forecast for 10 percent reduced use. Unlike some other market indicators implicit corn ethanol use is relatively stable – hence the rather straight lines, as it is a measure of plant throughput which in recent years has been close to capacity. The implication of this is that lost capacity will be difficult to recapture.



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