

Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday: 4-Jan-13									
Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	274.56	286.14	229.46	Soybeans	Mar	510.36	521.02	439.63
HRW Wheat	Mar	295.60	303.50	249.85	Soya Meal	Mar	439.84	468.28	344.37
HRS Wheat	Mar	309.01	318.84	294.31	Soya Oil	Mar	1,089.56	1,090.00	1,127.04
CWRS	Oct	290.50	290.50	n/a	Canola	Mar	578.40	596.60	523.40
Durum	Oct	312.40	312.40	n/a	Crude Oil(WTI)	Mar	93.47	91.53	101.75
Corn	Mar	249.94	255.00	253.34	Ethanol	Mar	57.62	58.78	59.25
Oats	Mar	215.76	226.30	186.26	Dollar Index	Mar	80.55	79.79	81.60
Barley	Mar	247.00	247.00	n/a	DJIA	Mar	13,369	12,940	12,319

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

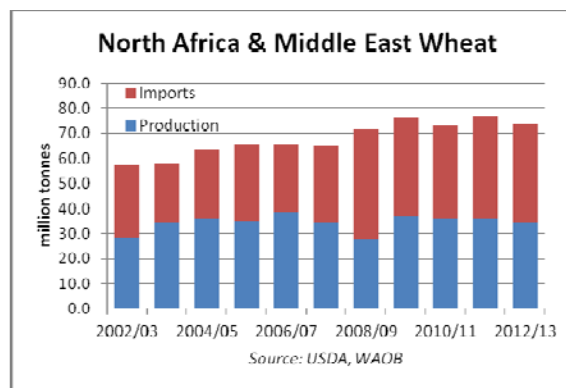
**COMMENT:** Both weekly corn demand reports, export sales and ethanol use, were viewed as being negative but being for a holiday period possibly not indicative of very much. Weather conditions were favourable for the development of the Argentine crop. The only positive news appeared to be a somewhat bullish hog inventory report but prices were lower for a fifth successive week. All three US wheat markets slipped again this week. Last week's US wheat export sales were somewhat disappointing after the previous week's excellent showing. Some monthly state reports indicate the condition of the hard red winter wheat crop has declined further. Canola, soybean and meal prices were lower, while oil held its ground. US export sales were lower in line with trade expectation. A Chinese sale cancellation dampened enthusiasm for a while. South American weather was favourable for soybean crop development. And with Brazilian crops reaching maturity trade focus may move away from North America.

**NEWS:** Canadian exports of canola seed, oil and meal for the first three months of the crop year were 2.03M, 0.68M and 0.87M tonnes, respectively down 3 and up 4 and 10 percent from a year earlier. This data does not reflect to any significant degree how rationing between seed and product exports will play out over the full crop year as it was only after the September forecast of production late in the reporting period that tighter supplies were confirmed. Possibly more indicative is Canada Grain Commission data for the 20 weeks to December 16 which reports bulk canola exports running 4 percent below a year ago while domestic

disappearance which includes crush for export and domestic markets up 19 percent.

**OPINION:** For several weeks there has been an expectation that US, and probably with it Canadian, export business would pick up in the New Year. While it is certainly too early to judge this, a report that Egypt has bought enough wheat to meet its requirements until mid June if taken at face value must raise concerns. It suggests disappointing US export sales reflect more than deferral of business.

Further, the circumstance of Egyptian, the largest world wheat importer, may also typify that of a range of countries across North Africa and the Middle East which are largely dependent on imports to supplement often variable output, a result of their arid or somewhat arid climates. While in the long term these are surely growth markets, for the moment they appear somewhat static.



David Walker, Edmonton, AB, CA