

Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday:					11-Jan-13				
Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	277.32	274.56	221.38	Soybeans	Mar	504.57	510.36	425.49
HRW Wheat	Mar	297.07	295.60	246.18	Soya Meal	Mar	445.68	439.84	332.14
HRS Wheat	Mar	310.57	309.01	294.40	Soya Oil	Mar	1,085.59	1,089.56	1,108.74
CWRS	Oct	290.50	290.50	n/a	Canola	Mar	583.10	578.40	511.90
Durum	Oct	312.40	312.40	n/a	Crude Oil(WTI)	Mar	93.75	93.47	99.05
Corn	Mar	260.42	249.94	236.01	Ethanol	Mar	61.08	57.62	56.43
Oats	Mar	224.84	215.76	183.18	Dollar Index	Mar	79.62	80.55	81.80
Barley	Mar	242.90	247.00	n/a	DJIA	Mar	13,420	13,369	12,325

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

COMMENT: US corn futures traded lower over most of the week under demand concerns and improved South American crop prospects, but turned abruptly higher with the mid morning publication of US Dec 1 stocks report that indicated much less price rationing of feed use than expected. Demand issues also weighed on wheat values but prices moved up with corn following the USDA stocks report. The soybean complex appeared to benefit less from the USDA report than the grains. Several major soybean sales to China were reported. While concerns over the tight canola supplies continue a “drop off” of export demand was reported.

NEWS: Of the four major USDA reports scheduled for release today, the stocks report was the most significant. Dec 1 stocks of wheat, corn and soybeans were estimated to be 45.2M, 203.9M and 53.5M, respectively, down slightly, 17 and 17 percent. Wheat stocks were somewhat below and corn stocks much below expectations indicating that US feed use has not been rationed by price as much as anticipated.

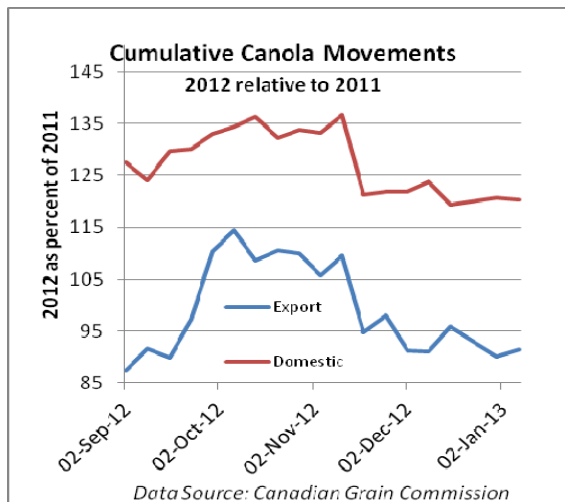
The final 2012 production estimates for corn and soybeans were 273.8M and 82.1M tonnes, 13 and 3 percent below 2011 output, but both up one from the November estimate and average trade expectations. Estimates for last fall’s planted area of all wheat was 16.9M hectares, one percent above a year earlier. Hard red, soft red and white winter wheat areas were, respectively, 98, 116, and 98 percent of year ago levels. The total was below the average of trade expectations. The reduced hard red wheat area was attributed to dry planting conditions and the larger soft red wheat area to an early completion of the spring crop harvests in Corn Belt.

After adjusting for these reports and other market developments, yearend stocks of wheat, maize and soybeans in the US’s monthly Supply and Use forecasts were revised to 19.5M, 15.3M and 3.7M

tonnes, respectively, about 96, 61 and 80 percent of year earlier levels. The largest adjustment from month earlier projections was for corn with an increase in anticipated feed use more than offsetting increased output and reduced exports.

The USDA’s forecasts for global ending stocks for wheat, corn and soybeans were 176.6M, 116.0M and 59.5M tonnes, respectively, 0.7M above, 1.6M below and 0.5M tonnes below December forecasts. Major revisions included the higher US corn crop estimate and improved crop prospects in South America which were offset by the forecast for higher US feed use.

OPINION: While some adjustment to the reality of reduced Canadian canola supplies has occurred further rationing is necessary. To sustain the 20 percent increase in domestic crush with a 10 percent reduction in exports - the adjustments to date this year, would require two million tonnes of canola more than are available.



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