

Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday:					18-Jan-13				
Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	290.73	277.32	224.50	Soybeans	Mar	525.15	504.57	436.14
HRW Wheat	Mar	310.02	297.07	245.08	Soya Meal	Mar	456.81	445.68	343.82
HRS Wheat	Mar	320.77	310.57	293.49	Soya Oil	Mar	1,139.39	1,085.59	1,111.83
CWRS	Oct	291.00	290.50	n/a	Canola	Mar	598.40	583.10	519.90
Durum	Oct	312.40	312.40	n/a	Crude Oil(WTI)	Mar	95.87	93.75	98.23
Corn	Mar	267.31	260.42	240.74	Ethanol	Mar	63.14	61.08	56.85
Oats	Mar	228.41	224.84	190.96	Dollar Index	Mar	80.12	79.62	80.43
Barley	Mar	242.90	242.90	n/a	DJIA	Mar	13,562	13,420	12,610

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

COMMENT: The bullish momentum created for corn prices by the USDA stocks report last Friday carried over into early this week, but less positive and more immediate weekly ethanol use and export sales reports mid week dampened enthusiasm. Weather reports from South America were less positive for crop development.

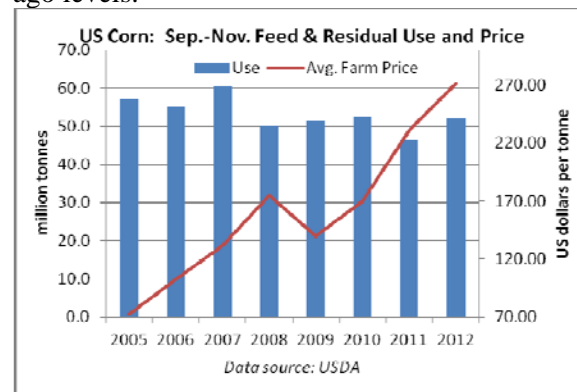
Last week's US wheat export sales report was positive but cumulative sales lag and there is divided opinion on sales prospects for the immediate future. Prices were supported by continued dry weather for the US hard red winter wheat crop.

Domestic demand for soybeans is reported as strong and export demand as explosive. This is reflected both in last week's sales and daily sales reported this week. Canola has moved up with US soybeans but has run into selling/hedging pressure when it has moved above the \$600 per tonne barrier.

NEWS: The USDA's export sales for the week ending Jan 13, the first full week since the Christmas holiday were 576K, 393K and 1,789K tonnes, respectively, for wheat, corn and soybeans. Soybeans sales were above and beyond trade expectations and the highest this crop year. The reporting of some option origin sales perhaps suggests that the seasonal decline in US sales is imminent as the southern hemisphere harvest approaches. Both wheat and corn sales were improved, but perhaps not the kind of New Year recovery that has been expected.

Outstanding sales, made but not shipped, for the current year were reported for wheat, corn and

soybeans at 5.59M, 6.23M and 9.24M tonnes respectively 136, 59 and 108 percent of year ago levels.



OPINION: The surprise in last week's USDA reports was the low level of corn stocks and the implicit high level of feed use, notwithstanding substantial price increases. Based on recent experience of fall quarter feed consumption of US corn one might be tempted to conclude that price rationing does not work. The truth might be that it takes time – in six of the last eight years more rationing has occurred in the year as a whole than the fall quarter. This year the USDA forecasted, after the stocks report, 12-month corn consumption down two percent against the 12 percent first quarter increase. The reality is that unlike foreign counterparts, alternate feed sources may be limited for US feeders and unlike industrial users the option of “closing the plant”- not finishing animals on feed is not available to them.

David Walker, Edmonton, AB, CA