

Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday: 1-Feb-13									
Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	281.08	285.31	245.26	Soybeans	Mar	541.69	529.47	452.86
HRW Wheat	Mar	302.03	304.78	261.89	Soya Meal	Mar	472.03	459.02	362.23
HRS Wheat	Mar	313.51	317.83	308.09	Soya Oil	Mar	1,168.27	1,148.65	1,138.73
CWRS	Oct	291.00	291.00	264.50	Canola	Mar	622.90	612.50	525.50
Durum	Oct	312.40	312.40	270.00	Crude Oil(WTI)	Mar	96.71	95.88	97.55
Corn	Mar	270.43	264.83	253.73	Ethanol	Mar	65.41	63.01	57.40
Oats	Mar	232.94	235.38	203.77	Dollar Index	Mar	79.13	79.82	79.07
Barley	Mar	241.50	241.50	180.50	DJIA	Mar	13,940	13,812	12,806

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

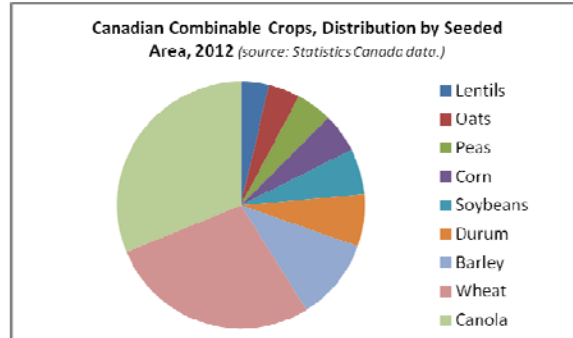
COMMENT: Ethanol and export demand for US corn continues to be a concern and increased farmer selling of both old and new crop was a noted feature. But news of less than ideal conditions for the Argentina crop supported values. Further financial and other outside markets was been supportive for some time.

Demand was also the issue for wheat this week with India seeming to take over from Russia most of the value conscious business. The gap between winter wheat crop prospects east – generally soft reds, and west – generally hard reds, of the Mississippi continues to widen.

Brazilian weather, although generally favourable, is delaying early soybean crop harvesting and hence providing nearby price support. This week's domestic Canadian canola crush was down and assessed to be at 69 percent of capacity as opposed to 89 percent for the crop year to date.

NEWS: Agriculture and AgriFood Canada (AAFC) update of its December Outlook and its first for the 2013/14 crop year, with Supply and Disposition tables, did not contain major surprises. With respect to the update of forecasts for this year, the biggest surprise is perhaps the lack of change from Decembers post final production estimates. It has not revised its domestic crush or export data for canola since October.

It is, of course, very early to be forecasting for the 2013/14, but area allocation between crops based on current conditions is instructive. Area seeded to wheat, durum, barley soybeans and peas were placed at 107, 103, 105, 115 and 103 percent of last year. For oats, corn, canola and lentils seeded area is forecast at 91, 98, 99 and 82 percent of 2012. Summer fallowing is also implicitly reduced.



OPINION: The diversity of Canadian crop production, relative to that of most other exporters, is striking. The diversity of climate is almost certainly a factor in this with Eastern Canadian crop area allocation, in contrast to the West similar to the US Mid West. On the Prairies, encouraged by past success, farmers have clearly accepted the challenge of growing more technically demanding crops than the traditional standbys of wheat and barley.

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