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Grain and Oilseed Markets

For the week ending Friday, 08-Feb-13

Settlement Prices for Selected Commodities in US or Can.$ / tonne for week ending Friday: **8-Feb-13**

Grains					Oilseeds & Others				
Commodity	**Month**	**This week**	**Last week**	**Year ago**	**Commodity**	**Month**	**This week**	**Last week**	**Year ago**
SRW Wheat	Mar	277.87	285.31	231.48	Soybeans	Mar	533.69	529.47	451.57
HRW Wheat	Mar	293.67	304.78	247.28	Soya Meal	Mar	465.63	459.02	352.75
HRS Wheat	Mar	307.26	317.83	299.18	Soya Oil	Mar	1,133.88	1,148.65	1,158.13
CWRS	Oct	291.00	291.00	259.80	Canola	Mar	636.90	612.50	535.30
Durum	Oct	309.20	312.40	269.00	Crude Oil(WTI)	Mar	95.72	95.88	98.88
Corn	Mar	260.51	264.83	248.71	Ethanol	Mar	63.72	63.01	58.43
Oats	Mar	250.13	235.38	206.20	Dollar Index	Mar	80.10	79.82	79.26
Barley	Mar	241.50	241.50	180.00	DJIA	Mar	13,926	13,812	12,725

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

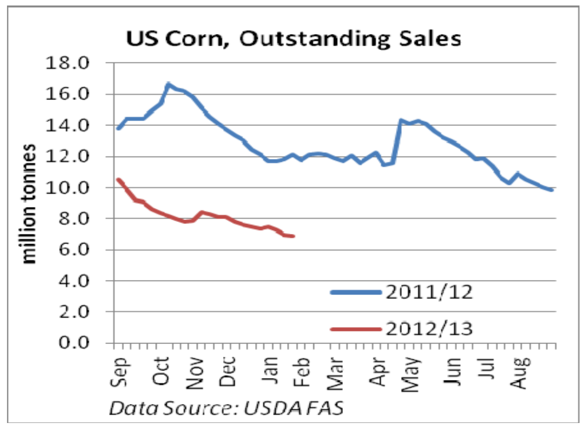
COMMENT: Corn prices were lower as export sales data continues to disappoint and the Fridays USDA supply and use revisions were bearish relative to trade expectations.

The revisions to USDA's wheat supply and use projections were considered price positive but offset by a rather poor week for international demand related news.

The USDA Brazilian soybean production forecast was well above trade expectations but this was offset in terms of prices by another week of "explosive" sales data.

NEWS: The USDA revisions to its February US wheat, corn and soybean supply and use projections were limited – all with a single exception less than a million tonnes. Feed use of wheat was raised slightly. Projected exports of corn were lowered by 1.3M tonnes which was partially offset by an increase in non-ethanol industrial use but ethanol use itself was left unchanged. US domestic soybean crush was raised slightly resulting in a small decline in ending stock.

Globally, wheat output was about unchanged from a month ago but use was increased as a result of increased feeding. Most of the increase in global coarse grain output projection stemmed from a 1.5M tonne increase in Brazilian corn production. Argentine output was lowered 1.0M tonnes. As with corn improved prospects for Brazilian crops more than offset declining harvest prospects for Argentina.



OPINION: With US net exports sales continuing to disappoint, outstanding sales – sales less export movements, continue to drift lower and are about half of year ago levels. They bring into question whether even the modest USDA export projection is attainable. While a few weeks of million tonne sales, not an uncommon in the past, would certainly change the complexion of the situation, it difficult to see where this demand would come from. Feed grain use will surely start to decline as the Northern Hemisphere winter comes to a close.

The uptick in outstanding sales last year was the consequence of a probably politically motivated massive Chinese sale last April. It seemed to do little to reverse the downward trend.

David Walker, Edmonton, AB, CA - absurdly late