

Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday: 15-Feb-13									
Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	272.73	277.87	236.63	Soybeans	Mar	530.02	533.69	465.72
HRW Wheat	Mar	285.68	293.67	253.34	Soya Meal	Mar	451.30	465.63	366.81
HRS Wheat	Mar	302.58	307.26	302.12	Soya Oil	Mar	1,124.84	1,133.88	1,177.31
CWRS	Mar	291.00	291.00	264.00	Canola	Mar	630.20	636.90	548.20
Durum	Mar	304.20	309.20	265.90	Crude Oil(WTI)	Mar	96.41	95.72	103.47
Corn	Mar	256.74	260.51	252.65	Ethanol	Mar	62.16	63.72	58.51
Oats	Mar	246.08	250.13	209.93	Dollar Index	Mar	80.58	80.10	79.44
Barley	Mar	241.50	241.50	182.40	DJIA	Mar	13,950	13,926	12,931

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

COMMENT: US Corn prices were generally lower under the influence of continued disappointing export demand plus the forecast for yield enhancing rain in Argentina. Corn ethanol production data was, however, rather more positive than it has been for several weeks.

The US hard red winter crop is beginning to get the moisture it so desperately needs but this trend will need to persist for a couple of months if anything close to average yield are to be harvested. Supply pressure would have been greater but for a positive export sales report. Canadian spring wheat crops will be seeded into good moisture conditions if snow cover on the Prairies is anything to judge by.

Soybean export sales were very disappointing last week mainly because of Chinese sales cancellations. It would almost seem as though Chinese buyers have purchased US soybeans on a worst case scenario in terms of weather delays in the start of the Brazilian harvest and new crop supplies.

NEWS: The USDA's 10-year baseline projections were published this week with a 105 page report at

www.usda.gov/oce/commodity/projections/

This report, a very useful reference, is too much to read or summarize. In terms of assumptions 10-year US GDP growth was placed at 2.6 percent per annum and 3.3

percent for the rest of us, on average in aggregate. The study projects US will regain its share of global corn trade with US growth in ethanol use slowing appreciably.

From a Canadian perspective, mandatory marketing through the CWB is assumed not to be reinstated and redirection of some wheat exports to the US due to logistical considerations. Canada's total area seeded to barley continues to decline as canola remains more profitable. US canola oil imports are expected to continue grow strongly.

OPINION: The USDA released its annual 10-year, to 2022, projections early in the week. As this report continues to be misinterpreted, it is worth relating where it fits into market information. As this report is an elephantine undertaking so it has an extended gestation. The report is based on fourth quarter 2012 information – November USDA supply and use data and legislation at it was at that time. It is therefore does not a provide much of an insight into this year.

Its purpose is to give US law makers a view of how things might be 10 years hence and thus what adjustments in legislation they might want to consider. It is probably also of value to capital investment decision making.

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