

Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday:					31-May-13				
Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Jul	259.23	256.29	224.96	Soybeans	Jul	554.82	542.42	493.92
SRW Wheat	Dec	268.23	263.82	n/a	Soya Meal	Jul	492.97	472.03	434.88
HRW Wheat	Jul	275.95	274.02	234.05	Soya Oil	Jul	1,066.63	1,085.59	1,071.26
HRS Wheat	Jul	301.30	296.06	271.53	Canola	Jul	642.30	634.50	609.70
Corn	Jul	260.62	258.75	202.64	Canola	Nov	572.50	557.50	n/a
Corn	Dec	223.31	211.21	n/a	Crude Oil(WTI)	Jul	93.64	94.20	83.17
Ethanol	Jul	67.89	65.28	52.17	Dollar Index	Sep	83.69	84.03	83.37
Oats	Jul	242.83	236.67	184.80	DJIA	Sep	15,240	15,239	12,390

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

**COMMENT:** Heavy rainfall in the central and NW US corn belt has further delayed seeding with debate as to how much area will be diverted to soybeans or simply not planted. Export interest in old crop is limited and ethanol production demand has also seemingly been less robust. New crop export sales last week were supportive and new crop prices gained on old crop.

A report of the detection of an unapproved GMO strain in US western white wheat caused a negative reaction from several importers, but last week's new crop export sales were supportive. Reports have generally been for favourable overseas crop development with traditional north African importers currently harvesting their domestic crops.

Chinese export cancellation of old crop and purchases of new crop were a continuing feature of the oilseed complex. Slow farmer marketing of South American soybeans continues to support old crop prices. At this stage US planting delays appear to be supportive of soybeans in the context of reduced yield potential rather than weighing on values with the expectation of corn area being switched to soybeans.

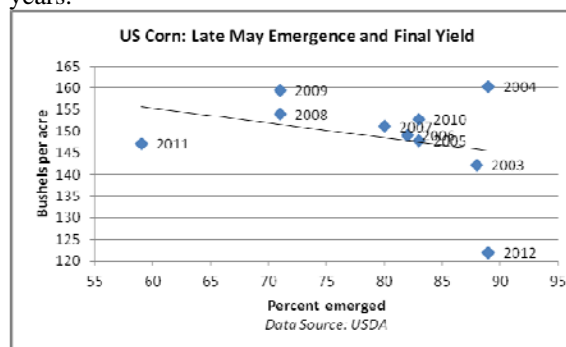
**NEWS:** Provincial crop reports indicate seeding progress as follows: for MB as of May27 - 75 to 85% complete; for SK as of May 27 - 67% complete overall compared to 74% last year and 70% 5-year average; and for AB as of May 21 - all crops 66% complete, and a 5-year average of 85%. While seeding may be a little behind average the absence of any major moisture concerns at this time suggests the 2013 crop is off to a good start.

The USDA reported US spring crop emergence to May 27 at 24, 14 and 42 percent, respectively, for corn, soybeans and spring wheat, compared to 89, 57 and 94 percent last year and five-year averages of 67, 30 and 66. The corn crop is over two weeks behind

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the 5-year average progress.

The US winter wheat crop was reported 60 percent headed compared to a 5-year average of 72 percent. Crop conditions were unchanged at 31 percent good and excellent and far below anything seen in recent years.



**OPINION:** The emergence of the US corn crop is as late as it has ever been in recent years. The simple explanation is that it has been too wet for US farmers to get on with seeding. The good news about this is that any "shadow" from last year's drought has been eliminated. The bad news is that a shorter growing period might mean less opportunity for vegetative growth and plant energy for grain development. But there seems to be no distinct relationship between early crop development and final yield. Both the highest and lowest yielding crops in recent years were early developers. But, of course, suitable weather for pollination is the most critical factor for yield development and the later a US corn crop is the more likely it is to run into poor pollinating weather. But even if the current crop avoids that challenge then the potential for an early frost looms. Hence there is plenty of justification for a risk premium in pricing this year even without drought concerns.

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