

| Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday: | | | | | 9-Aug-13 | | | | |
|--|-------|-----------|-----------|----------|-------------------|-------|-----------|-----------|----------|
| Grains | | | | | Oilseeds & Others | | | | |
| Commodity | Month | This week | Last week | Year ago | Commodity | Month | This week | Last week | Year ago |
| SRW Wheat | Sep | 232.77 | 242.69 | 325.27 | Soybeans | Sep | 447.71 | 445.60 | 614.80 |
| SRW Wheat | Dec | 237.83 | 247.29 | n/a | Soybeans | Nov | 434.40 | 433.94 | n/a |
| HRW Wheat | Sep | 256.20 | 259.69 | 328.12 | Soya Meal | Sep | 354.47 | 349.44 | 574.43 |
| HRS Wheat | Sep | 268.69 | 272.36 | 343.73 | Soya Oil | Sep | 914.95 | 936.78 | 1,185.69 |
| Corn | Sep | 183.36 | 191.92 | 293.94 | Canola | Nov | 483.70 | 493.60 | 617.10 |
| Corn | Dec | 178.44 | 182.57 | n/a | Crude Oil(WTI) | Sep | 106.15 | 106.78 | 93.32 |
| Ethanol | Sep | 56.56 | 57.51 | 68.92 | Dollar Index | Sep | 81.18 | 82.01 | 82.63 |
| Oats | Sep | 232.78 | 219.65 | 251.75 | DJIA | Sep | 15,400 | 15,566 | 13,133 |

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

COMMENT: US corn prices again made life of contract lows as temperatures continued non-threatening and most production areas benefitted from some rain. The EPA decision, see below, did not appear to move the markets as favourable export prospects have been supportive. With something of a lull between US winter and spring wheat harvests price have been supported by relative favourable export data particularly for hard wheats. Soft wheat markets have been more influenced by the decline in corn values. Soybean prices have been supported by concerns that the crop is late in some areas with the potential for yield loss in an extended pod filling period and even early frosts. The Chinese continue to buy US beans. There are similar concerns with an otherwise good looking Prairie canola crop.

NEWS: On Tuesday the US Environmental Protection Agency (EPA) announced 2013 Renewable Fuel Standards equivalent of a 9.74 percent blend, just shy of the 10 percent "E10 ethanol blend wall." It also gave the industry an extra four months into 2014 to comply. It further indicated that, with declining in overall US fuel consumption, it will propose a reduction in the standard volumes for 2014 rather than raise the E10 wall. If implemented, other things being equal, this will result in a small decline in US corn use for ethanol production.

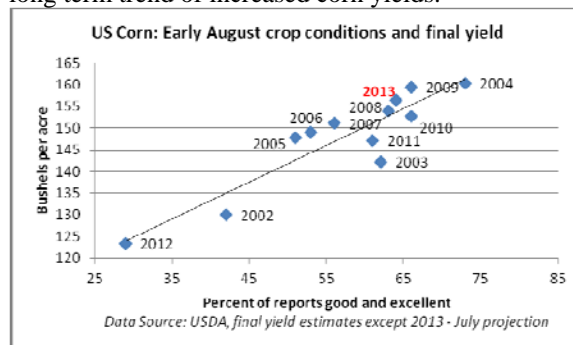
This week's USDA weekly crop progress reports indicate little change in the condition of spring seeded crops which remain close to 5-year averages. For corn 86 percent of reports indicated silking, suggesting the crop is now past this critical stage. For soybeans 39 percent of reports indicated pod setting suggesting the crop in aggregate is less than a week behind a five-year average stage of development.

While every reasonable effort is made to ensure this information is accurate, the author is unable to provide any guarantee over accuracy, or to be liable for the consequences of action taken on the basis of any information which proves to be inaccurate.

Prairie crops look good but concern is emerging particularly for longer season crops that the cool damp conditions that have promoted excellent growth are slowing maturity.

OPINION: With US corn and soybean crop condition "normal" Monday's USDA production estimates are unlikely to produce any major surprises. Further with improved supplies some adjustments in output are possible without much in the way of price movement.

The USDA July projection for corn yield, used in last month's supply and demand projections and the chart below, as was footnoted "based on a weather adjusted trend, lowered to reflect the asymmetric yield response to July precipitation and the slow pace of May planting." Monday's estimates will be based on "Objective yield [on randomly located sample plots] and farm operator surveys [...] conducted between July 25 and August 6 to gather information on expected yields as of August 1." The USDA's weekly progress reports are informed, but ultimately subjective. Their large numbers, about 4,000, however, result in a degree of objectivity. That the 2013 data point is above the trend line may reflect the long term trend of increased corn yields.



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