

Settlement Prices for Selected Commodities in US or Can.\$ / tonne for week ending Friday: 16-Aug-13

Grains					Oilseeds & Others				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Sep	234.24	232.77	321.13	Soybeans	Sep	471.51	447.71	614.71
SRW Wheat	Dec	236.45	237.83	n/a	Soybeans	Nov	462.69	434.40	n/a
HRW Wheat	Sep	256.56	256.20	324.72	Soya Meal	Sep	370.84	354.47	575.98
HRS Wheat	Sep	270.80	268.69	325.36	Soya Oil	Sep	943.83	914.95	1,170.92
Corn	Sep	186.51	183.36	293.94	Canola	Nov	498.90	483.70	607.40
Corn	Dec	182.47	178.44	n/a	Crude Oil(WTI)	Sep	107.40	106.15	96.08
Ethanol	Sep	58.73	56.56	68.42	Dollar Index	Sep	81.34	81.18	82.66
Oats	Sep	244.78	232.78	248.83	DJIA	Sep	15,050	15,400	13,242

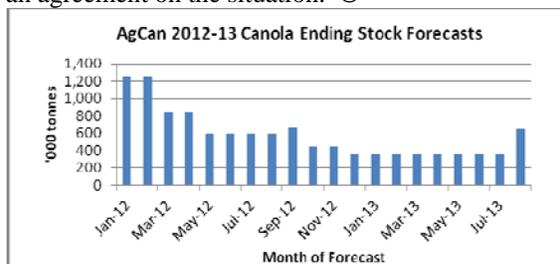
Data points in red are new previous 12-month highs, in blue are new previous 12-month lows

COMMENT: US corn prices were stronger following bullish USDA reports on Monday, a positive export sales reports and concerns over drier weather forecasts. Monday's USDA reports were only considered slightly bullish for wheat and export sales are for the moment fading. Overseas wheat supply prospects are improving. Soybean prices benefitted from positive USDA reports on Monday, continuing daily export sales reports – mainly to China, and drier weather forecasts. Nov. futures prices were up more than 6 percent over the week recovering most of what they had lost over the previous three weeks.

NEWS: The USDA's first surveyed production estimates for corn, soybeans, durum and other spring wheat were 349.6M, 88.6M, 1.6M and 13.9M tonnes, respectively up 26, up 8, down 27 and down 6 percent from last year. The corn production estimate would be a record but both corn and soybean estimates were below trade expectations. The USDA raised its 2013-14 wheat export projections by 0.7M tonnes and lowered its ending wheat stocks by the same amount. Global wheat production was raised by 7.5M tonnes but projected ending stocks by only 0.6M tonnes, with higher feed use of wheat anticipated. Coarse grain supplies and ending stocks were revised down from a month ago but are substantially above year ago levels. For oilseeds this month's expectation for lower US oilseed production was largely offset for increases elsewhere with globally ending stocks down slightly but still above levels seen in recent years. Revisions to AgCan crop supply and disposition projections were limited except for canola for which 2012-13 domestic use and ending stocks were raised by 3 and 86 percent respectively, evidently indicating a switch in their assessment of the relative reliability information sources.

OPINION: Agriculture and Agri-Food Canada (AgCan) forecasts Supply and Disposition (S&Ds) for almost all crops monthly, starting in the January before the spring crops are seeded and continuing for 24 months. Pre-seeding forecasts are economic – for instance for production figuring out what farmers will seed and applying average yields. These forecasts are refined or replaced as statistical estimates or the implications of administrative data become available. Canola S&Ds are most closely followed with the ending stock figure receiving most attention. Two Januaries ago production prospects for canola looked favourable with a big 2012 crop expected and prospects were for ending stocks of 1.25M tonnes. But following spring floods and a pre-harvest Astor Yellows outbreak output estimates were cut and ending stocks prospects were reduced to pipeline levels – 0.35M tonnes. By the end of the crop year, however, the sum of exports, domestic use and ending stocks as implicit from Canadian Grain Commission administrative data exceeded supposed supplies. In light of this AgCan seemingly reassessed its beginning stocks data above StatsCan estimate causing confusion.

The solution: either ensure that these agencies are, one way or another, adequately funded, or, as the US does, lock the parties up in a room until they come to an agreement on the situation. ☺



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