

Grain and Related Prices					Oilseeds & Other Prices				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	245.27	241.41	310.39	Soybeans	Jan	484.18	484.83	528.64
HRW Wheat	Mar	260.61	257.58	329.77	Soya Meal	Jan	397.79	381.91	487.68
HRS Wheat	Mar	259.96	259.71	337.49	Soya Oil	Jan	892.02	913.85	1,089.34
CWRS Wheat	Spot	212.62	211.75	n/a	Canola	Jan	490.50	492.70	594.30
CPS Wheat	Spot	179.25	176.05	n/a	Crude Oil(WTI)	Mar	93.24	94.81	88.91
Corn	Mar	167.12	168.99	274.84	Dollar Index	Mar	80.83	80.75	80.16
Ethanol	Mar	41.84	43.32	63.61	DJIA	Mar	16,002	16,008	13,008
Oats	Mar	215.92	210.09	233.92					

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

For price specs. go to: [www.open-i.ca/PriceSpec.htm](http://www.open-i.ca/PriceSpec.htm)

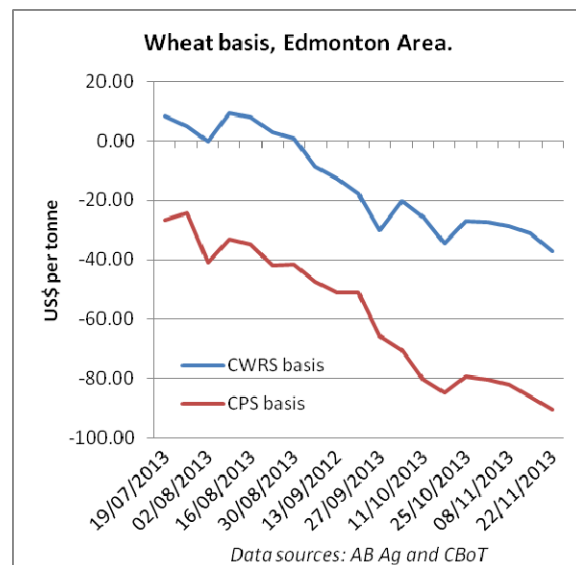
**COMMENT:** US corn prices were slightly lower over the week with improve prospects for Argentine production. Last week's US export sales were at the high end of trade expectations, but a report of rather modest growth in Chinese feed grain consumption was a disappointment. Perception that international wheat demand is improving and news of weather challenges with southern hemisphere harvesting, gave the wheat market a lift. The weakness of the Canadian dollar was not fully reflected in higher country elevator prices. Last week's US export sales were a little bit higher than expected. Soybeans had a strong finish to the week with last week's export sales report again exceeding expectations by a wide margin. Earlier in the week prices had suffered from Chinese sales cancellations and good South American soybean seeding progress.

**NEWS:** The November 24 USDA crop progress report, the last until April, placed the winter wheat crop down one percentage point in terms of good and excellent reports at 62 percent but well ahead of last year's 33 percent and a 5-year average of 52 percent. The crop was reported 93 percent emerged compared with 88 percent last year and a 89 percent five-year average. The only state with much in the way of poor and very poor reports was Texas. The impact, if any, of a recent US cold spell will not been known until the spring. Some late season Midwestern tornadoes the previous week likely did little crop damage as nearly all of the soybeans and most of the corn had been harvested.

**OPINION:** Street grain prices are being subject to two sources of downward pressure. Generally lower international prices are a consequence of more abundant global supplies. Further local prices are suffering from limiting transportation capacity. One would expect fairly stable relationships between roughly equivalent Canadian and US wheats - CWRS

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with HRSW and CPS with HRWW, as their value in destination markets are backed off by transportation and handling costs. The widening discounts on Canadian wheat are a message to farmers to restrain sales. But the question yet to be answered by experience is what are reasonable relationships with US markets. In a tactical context it is unfortunate that we do not have a functioning Canadian wheat futures market to provide clear incentives for delayed selling.



There is no denying that this kind of situation would never have been seen to happen under wheat board jurisdiction. It would, of course, have been hidden by pooling. The challenge in a strategic context is whether further deregulation of transportation system is merited in the hope of attracting investment in, or allocation of, resources to grain movement.

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