

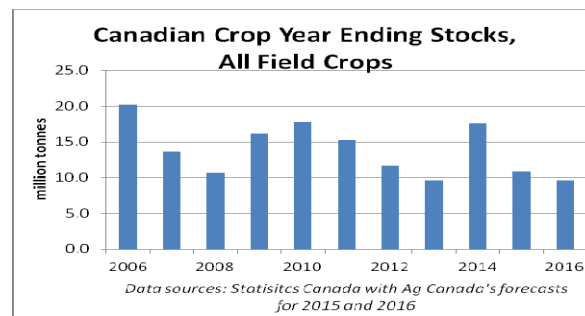
Grain and Related Prices					Oilseeds & Other Prices				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	30-Jan-15 Year ago
SRW Wheat	Mar	184.73	194.74	204.20	Soybeans	Mar	353.11	357.43	471.32
HRW Wheat	Mar	198.51	207.24	226.16	Soya Meal	Mar	299.27	300.72	386.54
HRS Wheat	Mar	204.57	211.65	221.93	Soya Oil	Mar	661.41	696.69	829.85
CWRS Wheat	Spot	201.95	204.18	158.68	Canola	Mar	453.40	461.50	430.20
CPS Wheat	Spot	174.31	180.02	128.25	Crude Oil(WTI)	Mar	47.42	45.55	97.510
Corn	Mar	145.66	152.26	170.86	Dollar Index	Mar	95.01	95.09	81.36
Ethanol	Mar	36.64	38.25	47.97	DJIA	Mar	17,260	17,720	15,660
Oats	Mar	178.64	188.20	263.10	<i>New crop Canola</i>	Nov	435.20	436.10	464.40
Data points in red are 12-month highs, in blue are 12-month lows					<i>New crop SRW wheat</i>	Dec	195.75	204.20	214.13
For price specs. go to: <a href="http://www.open-i.ca/PriceSpec.htm">www.open-i.ca/PriceSpec.htm</a>					<i>New crop corn</i>	Dec	157.77	164.26	177.16

**COMMENT:** US wheat prices continue to slide, now off almost a third from mid December peaks, with the strong US dollar currently cited as pressuring values. Last week's export were, however, towards the top end of the range of industry expectations. US corn prices were likewise down but again with last week's export sales data being positive. Soybean and oil prices were lower with the Chinese making and cancelling sales but last week's sales data was respectable. The Brazilian harvest is now under way. Canola was lower with the soya complex but with some support from a weak Canadian dollar.

**NEWS:** Last Friday's Ag updated its Canadian outlook for 2014/15 and added its first for the 2015/16 crop year. Revisions to this year's forecasts were limited to an increase in imports and cut in exports in corn with a corresponding increase in feed use. The very early forecasts for the next crop year account for an anticipated 1.6M hectare increase in seeded area, with more favourable seeding conditions reducing summer fallow. Supplies will, however, be lower with reduced beginning stocks more than offsetting increased production. Aggregate use is expected to be reduced but ending stock will still fall again. Some increase in area is seen for all major crops. Yields used for the forecasts are little changed from actual 2014 yields except for some increases for peas and soybeans. For durum the resulting increase in output is largely offset by lower beginning stocks with exports and ending stocks unchanged. For wheat supplies are expected to be lower with beginning stocks reduced. Exports will be limited with a cut in ending stocks. The same scenario is forecast for barley with supplies and ending stocks tighter despite some increase in output. For oats higher output with beginning stocks about unchanged and a limited increase in exports, allows for a small increase in ending stocks. For canola an area related increase in production only partially offset lower beginning stocks and with a cut in

exports but increase in domestic crush, a small reduction in ending stocks is anticipated. The increase in flax output is expected to allow for higher exports. For soybeans an increase in supplies is expected to be mostly exported with only a limited increase in ending stocks. With both an increase in area and better yields, supplies of peas will result in some recovery in ending stocks. With an increase in lentil supplies ending stocks are also expected to recover.

**OPINION:** Barring a year such as 2013 when almost all crops benefitted from almost perfect weather almost everywhere on the Prairies, the law of compensating errors means any forecasts for all crops is likely to be more accurate than that for any individual crop. If the area seeded to wheat is less than expected that seeded to canola or peas or some other crop is likely to be greater. Hence, the sum of all crop forecasts by Ag Canada for 2015-16 is likely to be more accurate than any individual crop forecasts. Last Friday's forecast suggests a further cut in total crop ending stocks for and for some supply limits on exports. Except for the blip following the massive 2013 crop, end of year inventory has been relatively low in recent years. It seems that in aggregate there is adequate demand for Prairie crops. The question is can that demand be met profitably.



David Walker, Edmonton, AB, CA

