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Grain and Oilseed Markets

For the week ending Friday, 20-Feb-'15

Grain and Related Prices					Oilseeds & Other Prices				20-Feb-14
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	187.49	195.85	224.05	Soybeans	Mar	367.16	363.95	503.67
HRW Wheat	Mar	195.94	206.78	250.87	Soya Meal	Mar	315.24	301.45	413.48
HRS Wheat	Mar	208.25	215.69	244.07	Soya Oil	Mar	694.04	714.32	902.82
CWRS Wheat	Spot	209.87	214.57	176.68	Canola	Mar	470.10	467.40	414.60
CPS Wheat	Spot	183.86	187.50	145.74	Crude Oil(WTI)	Apr	53.67	52.78	102.140
Corn	Mar	151.67	152.45	178.34	Dollar Index	Mar	94.34	94.28	80.29
Ethanol	Mar	38.09	38.09	54.42	DJIA	Mar	18,070	17,982	16,085
Oats	Mar	177.34	180.59	301.84	*New crop Canola*	*Nov*	*448.60*	*448.40*	*451.80*
Data points in red are 12-month highs, in blue are 12-month lows					*New crop SRW wheat*	*Dec*	*195.39*	*203.01*	*231.67*
For price specs. go to: www.open-i.ca/PriceSpec.htm					*New crop corn*	*Dec*	*163.87*	*164.36*	*182.77*

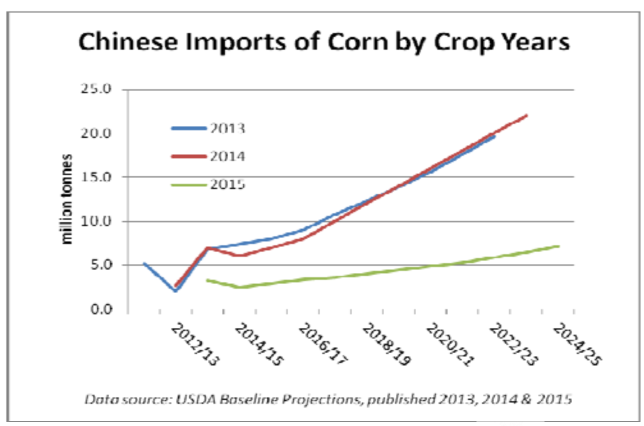
COMMENT: Wheat prices were lower late in the week on disappointing export sales data for last week and the USDA expectation of an increase in US ending stocks next year even after factoring in reduced planting and improved export and domestic use.

US corn prices were relatively stable for a second week. Prices were supported by relatively favourable US export sales last week and the prospect of reduced US plantings with relatively modest increases in use reducing US stocks modestly by the end of their 2015-16 crop year.

Soybean prices were higher over the week. Last week's export sales were considered positively in view of the progress with South American harvest. But with only a modest cut in US soybean area, a further build in their ending stocks to the highest level in 9 years is forecast by the USDA. This weighed on prices on Friday. Canola prices held gains even with lower soya oil prices.

NEWS: The update in Tuesday's Ag Canada's Feb supply and demand forecast resulted from adjustments for the Dec 31 Stats Can crop stocks survey which indicated reduced feed usage particularly for barley. In aggregate crop ending stocks were raised by 4 percent for this crop year but lowered slightly for next crop year with a recovery in domestic use. Ending stocks of all crops are relatively tight in an historic context.
The initial USDA cropping forecasts for 2015 presented at the USDA's Annual Outlook Forum this week suggest that cropping in aggregate will be down about 1 percent with corn and wheat down about 2 percent, soybeans about unchanged and a swing from cotton to sorghum. Lower prices with higher costs and current Chinese imports of sorghum in preference to corn were seen as driving these changes.

OPINION: The annual USDA baseline projections published in February, based on economic conditions during the fourth quarter of the previous year, do not provide much if any new information relevant to current market conditions. But the report of close to 100 pages is a mine of information relating to global agriculture. This includes both the assumptions about conditions external to agriculture – population, income, political factors, and such, and internal development resulting from those external assumptions.
As it is not possible to do justice to such a report in few lines it is necessary to select a dramatic aspect and this year it is undoubtedly the change in Chinese corn import prospects. The report notes that sorghum and barley are already benefitting from the lower level of corn imports which appear to be indirectly the consequence of Chinese programs to support their domestic corn production. The Chinese will likely need a lot of fertilizer to close the gap between the USDA's 2014 and this year's projection.



David Walker, Edmonton, AB, CA