

Grain and Related Prices					Oilseeds & Other Prices				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	15-May-15 Year ago
SRW Wheat	Jul	187.76	176.92	247.75	Soybeans	Jul	350.26	358.71	538.30
HRW Wheat	Jul	199.06	186.84	282.01	Soya Meal	Jul	275.14	284.39	435.66
HRS Wheat	Jul	206.59	198.79	271.63	Soya Oil	Jul	729.09	726.67	898.42
CWRS Wheat	Spot	202.57	193.29	214.62	Canola	Jul	455.30	458.10	488.00
CPS Wheat	Spot	175.68	166.53	173.11	Crude Oil(WTI)	Jun	59.71	59.46	101.990
Corn	Jul	143.89	142.91	190.34	Dollar Index	Jun	93.27	94.92	80.11
Ethanol	Jul	44.28	42.66	56.66	DJIA Mini-sized	Jun	18,210	18,123	16,410
Oats	Jul	161.13	155.30	218.52	<i>New crop Canola</i>	Nov	449.20	446.40	482.20
Data points in red are 12-month highs, in blue are 12-month lows					<i>New crop SRW wheat</i>	Dec	195.48	186.02	256.01
For price specs. go to: www.open-i.ca/PriceSpec.htm					<i>New crop corn</i>	Dec	150.68	148.91	189.36

COMMENT: Most of the wheat news – anticipated removal of the Russian export tax, lack of supporting export news, USDA stocks projections above expectation, was bearish but prices were sharply higher on Thursday offsetting all this possibly the result of speculative short covering and/or news of a developing El Nino weather pattern. Corn prices were under pressure from favourable US planting conditions but the USDA's S&D report suggested supply prospects not as abundant as expected. But for the prospects of abundant oilseed supplies in 2015-16, 2014-15 ending stock forecasts coming in below trade expectation would probably have given prices a boost.

NEWS: The USDA's first survey based winter wheat production estimate placed all wheat output at 40.1M tonnes, up 7% from 2014 - area is up 5% and yield up 2%. Hard red winter output is up 16% with a recovery in yields in the Southern Great Plains and soft red winters are down 9% with reduced area resulting from a late corn harvest in the Corn Belt last fall.

The USDA's first monthly forecast for US 2015-16 supply and demand suggest a further build in US and global supplies of wheat and soybeans. US and global supplies and ending stocks of coarse grains are expected to be slightly lower. This early in the season these forecasts are naturally very tentative. US projections for spring seeded crops which are only now being put in the ground are based on weather adjusted yield trends that assume normal summer weather.

Late revisions to the US current crop year projections included for wheat a small increase in wheat imports and a cut in exports resulting in an increase in carryover; for corn a cut in minor domestic use items resulting in a small increase in ending stocks; and for soybeans increases in domestic crush and export expectations resulted in a small cut in ending stocks.

Some quite material adjustments were made to the global 2014-15 crop year estimates but these were overshadowed by the 2015-16 forecasts. Beginning 2014-15 global wheat stock estimates were increased with a corresponding increase in ending stock forecasts. For coarse grains an increase in output estimates resulted in a higher ending stock forecast. For oilseeds an increase in supplies appears to be the major component in a cut in ending stocks.

OPINION: At first blush the USDA's global projections for 2015-16 do not appear positive for price prospects. For a third year, albeit with projections for normal crops, aggregate supplies and ending stocks of grains and oilseeds are forecast to increase. With no major crop failures and the fuel ethanol component of demand having plateaued, production has been running ahead of demand. But for the coming crop year it seems the need to meet the demands of oilseed product markets have impinged on coarse grain output - particularly for corn, enough to result a small reduction in ending stocks. This is may be the light at the end of the tunnel.

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