

Grain and Related Prices					Oilseeds & Other Prices				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	15-Jan-16 Year ago
SRW Wheat	Mar	174.07	172.05	195.75	Soybeans	Mar	322.98	317.93	364.41
HRW Wheat	Mar	174.17	173.71	212.01	Soya Meal	Mar	245.57	243.75	295.91
HRS Wheat	Mar	182.71	183.54	214.77	Soya Oil	Mar	653.69	653.47	736.15
CWRS Wheat	Spot	242.18	239.47	201.42	Canola	Mar	484.80	481.30	450.60
CPS Wheat	Spot	210.26	202.76	170.68	Crude Oil(WTI)	Mar	30.39	34.27	49.00
Corn	Mar	143.00	140.54	152.35	Dollar Index	Mar	98.84	98.59	92.99
Ethanol	Mar	36.19	35.85	36.19	DJIA Mini-sized	Mar	15,866	16,398	17,348
Oats	Mar	128.87	136.65	187.23	Canola	Nov	493.00	490.20	426.60
For price specs. go to: www.open-i.ca/PriceSpec.htm					Wheat	Dec	186.20	188.68	204.94
Data in red are 12-month highs, in blue are 12-month lows					Corn	Dec	151.67	150.779	163.28

COMMENT: With volatility in outside markets, agricultural markets for the moment seem to be relatively tranquil. Wheat prices were generally a little stronger with last week's US exports sales meeting rather modest trade expectations and lower US winter wheat area for a second year.

Corn prices benefitted from last week's US export sales exceeding expectations but favourable weather for South American crop development and the implication for ethanol margins of lower crude oil prices probably limited price advances.

For soybeans Tuesday's bullish USDA reports and another good week for export sales supported prices but favourable weather for South American crops must have dampened prospects. A weaker Canadian dollar helped canola prices against an increase in farmer marketings.

NEWS: Three USDA survey reports were published on Tuesday. The corn production estimate was lowered slightly to 345.5M tonnes, 4 percent below 2014. Yield was the largest adjustment. Soybean production was reduced 1 percent to 107.0M tonnes, still a record, and up slightly from 2014. Trade expectations were for the production estimate to be raised.

December 1 US stocks of corn, soybeans and wheat were placed at 284.8M, 73.9M and 47.3M tonnes, respectively, about unchanged, up 7 and up 14 percent from a year earlier. For corn and soybeans these estimates were close to trade expectations and for wheat towards the top end of the range of expectations. Last fall's planted area for all US wheat was surveyed at 14.8M hectares, 7 percent below 2015, 14 percent below 2014 and below the range of trade expectations. The hard red winter wheat area is down more than other classes.

The market implications of these three reports and other market factors were summarized in USDA's revised monthly Supply and Use forecasts.

The most significant revisions were for US soybeans, with ending stocks reduced by 5 percent, with lower

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export forecasts partly offsetting the smaller crop estimate. The projection for ending world stocks of all oilseeds was reduced by over 4M tonnes but a record level is still forecast. This resulted from both reduced output and increased use projections.

For US corn, the small cut in US output was more than offset by prospects for slightly lower domestic use and exports which resulted in a small increase in the ending stocks. A 4M tonne drought related cut in South African corn production was the major components of 6.6M tonne reduction in the USDA's global coarse grain forecast. But this will be largely offset by reduced use with ending stocks about 2.2M tonnes, or 1 percent lower.

While the downward revision in US wheat use as feed was large in percentage terms, feed is a relatively small component of total US wheat use. It was balanced by a 3 percent increase in ending stocks. Various small adjustments to world wheat output added 1.2M tonnes. Ending stocks were raised to a record 232.0M tonnes, 9 percent larger than last year's record level.

OPINION: Crude oil prices do not paint a pretty picture for the oil patch or those dependent on it. Looking positively at the situation, lower prices should provide opportunities for others, but the question is how quickly will this happen.

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