

Grain and Related Prices					Oilseeds & Other Prices				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	22-Jan-16 Year ago
SRW Wheat	Mar	174.72	174.07	194.74	Soybeans	Mar	322.06	322.98	357.43
HRW Wheat	Mar	173.06	174.17	207.24	Soya Meal	Mar	243.57	245.57	300.72
HRS Wheat	Mar	182.62	182.71	211.65	Soya Oil	Mar	672.43	653.69	696.69
CWRS Wheat	Spot	243.43	242.18	204.18	Canola	Mar	481.70	484.80	461.50
CPS Wheat	Spot	210.45	210.26	180.02	Crude Oil(WTI)	Mar	31.93	30.39	45.55
Corn	Mar	145.76	143.00	152.26	Dollar Index	Mar	99.60	98.84	95.09
Ethanol	Mar	36.40	36.19	38.25	DJIA Mini-sized	Mar	15,965	15,866	17,720
Oats	Mar	133.25	128.87	188.20	Canola	Nov	493.60	493.00	436.10
For price specs. go to: <a href="http://www.open-i.ca/PriceSpec.htm">www.open-i.ca/PriceSpec.htm</a>					Wheat	Dec	186.48	186.20	204.20
Data in red are 12-month highs, in blue are 12-month lows					Corn	Dec	154.32	151.665	164.26

**COMMENT:** US corn prices were up over the week with the South African drought cited as being supportive. Wheat prices were mixed with some appearing to be supported by stronger corn values. Soybean prices were about unchanged with stronger oil values offsetting weaker meal prices. Chinese demand continues to be supportive with some reports of less than ideal Brazilians crop development also helpful.

**NEWS:** Canadian Grain Commission crop year to date "Producer Deliveries" of all crops totalled 27.0M tonnes to the week ending January 17, 11 percent above last year's pace. Total Canadian supply of all crops is more than 3 percent lower than that of 2014-15. Individually deliveries of most crops are running ahead of last year's pace. Exports to date are running 4 percent above a year ago with canola the major contributor to the faster pace. Domestic disappearance is running 7 percent above a year ago with canola again being the main contributor to the increase. US export sales for last week appear to be robust particularly for soybeans, 1.0M tonnes - above trade expectations, at a time when abundant new crop South American supplies are starting to compete in the international market place. Corn export sales of 1.3M tonnes were well above the range of trade expectations. Wheat sales of 0.44 M tonnes were also slightly above trade expectations. And all this was during a week when outside markets were in a state of turmoil.

**OPINION:** The USDA's survey of winter wheat area, published last week, is probably the first reasonably reliable indicator of at least the direction of wheat output for the coming crop year. Of course crop development has a significant impact on yield and output but, other things being equal, area is indicative. Also it is a major variable over which farmers have control and again, other things being equal, is an indicator of how farmers view prospects.

While every reasonable effort is made to ensure this information is accurate, the author is unable to provide any guarantee over accuracy, or to be liable for the consequences of action taken on the basis of any information which proves to be inaccurate.

At least three trends in this indicator have been apparent over the last thirty years. A downward trend particularly in the margins of US wheat growing areas resulting from more rapid improvement in corn and soybean genetics has enabled them to outperform wheat economically.

There is a natural random weather dependent component. Overly dry soil conditions may discourage seeding in the hard red winter wheat growing areas of the Great Plains. Conversely, unduly wet conditions in the Corn Belt may delay row crop harvests and prevent seed getting into the ground.

The third trend is cyclical and appears to be driven by market prospects. Wheat prices bottomed out in the fall of 2009 and peaked in 2012 with prices generally improving during that period and seeded area increasing. Conversely the 15 percent decline in seeded area over the last three years has been accompanied by declining prices. Weather does not seem to have been a major issue for US farmers seeding winter wheat last fall.

US winter wheat production is not the beginning and the end of global supply but farmers in most other countries and certainly this one are likely to some degree to be feeling the same economic pressures as their US counterparts. They will likely react in a similar manner. The decline in the area of US winter wheat does not signal a very immediate recovery in prices, but suggests that adjustments necessary for this have begun.

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