

Grain and Related Prices					Oilseeds & Other Prices				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	12-Aug-16 Year ago
SRW Wheat	Sep	155.24	152.86	186.11	Soybeans	Sep	367.07	363.03	339.97
HRW Wheat	Sep	152.95	151.29	179.95	Soya Meal	Sep	301.63	303.35	295.01
HRS Wheat	Sep	188.77	181.88	190.52	Soya Oil	Sep	706.17	675.08	641.13
CWRS Wheat	Spot	211.15	209.59	216.87	Canola	Nov	461.40	449.80	486.50
CPS Wheat	Spot	165.55	162.23	192.01	Crude Oil(WTI)	Aug	44.67	41.80	42.31
Corn	Sep	126.17	127.65	143.30	Dollar Index	Sep	95.71	96.23	96.53
Ethanol	Sep	37.38	37.33	38.83	DJIA Mini-sized	Sep	18,526	18,477	17,409
Oats	Sep	108.29	115.91	147.52	Wheat	Dec	161.67	160.94	188.04
For price specs. go to: <a href="http://www.open-i.ca/PriceSpec.htm">www.open-i.ca/PriceSpec.htm</a>					Corn	Dec	131.10	131.59	147.83
Data in red are 12-month highs, in blue are 12-month lows									

**COMMENT:** Prospects of large wheat crops in Eastern Europe but weather reduced expectations in Western Europe appeared supportive of prices over the week, offsetting US harvest pressure from big North American crops. Prairie price basis for wheat seem to have been widening since seeding as prospects of a favourable crop have improved.

Support from positive demand data was sufficient to hold US corn prices despite the prospect of a record harvest. A continued stream of US export sales to China was sufficient to raise soybean prices in the face of the increased certainty of a record harvest. Higher soya oil prices were also supportive. Canola prices were higher for a second week after previously suffering a five-week, 15 percent, slide.

**NEWS:** The USDA's first survey based 2016 production estimates for corn and soybeans were for 384.9M and 110.5M tonnes, respectively, up 11% and 3% from last year. Yield and output are records for both corn and soybeans. All wheat production is up 3% from the July forecast and 13% from 2015. Durum and other spring wheat output estimates were 2.5M and 15.6M tonnes, respectively up 11% and 4% from the July estimate, and up 11% and down 5% from last year. Winter wheat production at 45.1M tonnes was up 2% from the July estimate and up 21% from last year.

The USDA's adjustments to US 2016-17 supply and demand projections reflected these updated harvest prospects.

For wheat the expectation for increased supply was offset mainly by improved export projections resulting in slightly lower ending stocks. Globally a cut in EU harvest prospects were offset by improved output expectations in most places and especially Eastern Europe and North America. Use is expected to increase enough to result in a small cut in record ending stocks.

Projected US corn ending stocks are expected to increase to the highest level since 1988 with higher feed and export use not matching the increase in supplies. Globally a 20M tonne increase in coarse grain production is forecast to be only partially offset by increased use with ending stocks projections being revised higher by 5 percent.

For soybeans the recent rather frantic pace of US export sales to China has caused upward revision in US exports and a 2.6M tonne cut in current, 2015-16, crop year ending stocks. But for the upcoming 2016-17 crop year revisions to the export forecasts are modest and with the bigger crop, ending stocks have been revised up 1.9M tonnes. Globally the upward revision in 2016-17 oilseeds output is expected to exceed use with an upward revision in ending stocks expected but not to the level of the current year's ending stocks.

**OPINION:** The market seems to be fully engaged in a titanic struggle between apparent supply and demand prospects, particularly for soybeans. The description titanic is almost certainly appropriate in the context of very favourable US harvest prospects and persistent news of large Chinese purchase commitments for US soybeans. The caveat of apparent relates to the reality that the US soybean crop is yet to be harvested and that much of the Chinese interest may be speculative in character being for shipment beyond the time frame of logistics planning and subject to possible cancellation.

As much as can be said in such a situation is that a major price break in either direction is possible and prices are likely to be volatile for a while yet. Soybean prices will surely lead any such movement but prices for corn and even wheat, to some degrees, will likely follow. Canola prices would almost certainly follow closely.

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