

| Crop and Related Prices  |       |           |           |          | Oilseeds & Other Prices |       |           |           |                    |
|--|-------|-----------|-----------|----------|-------------------------|-------|-----------|-----------|--------------------|
| Commodity  | Month | This week | Last week | Year ago | Commodity               | Month | This week | Last week | 13-Jan-17 Year ago |
| SRW Wheat  | Mar   | 156.53    | 155.52    | 174.07   | Soybeans                | Mar   | 384.43    | 365.51    | 322.98             |
| HRW Wheat  | Mar   | 164.98    | 159.19    | 174.17   | Soya Meal               | Mar   | 302.90    | 282.40    | 245.57             |
| HRS Wheat  | Mar   | 214.13    | 203.10    | 182.71   | Soya Oil                | Mar   | 784.87    | 771.20    | 653.69             |
| CWRS Wheat   | Spot  | 239.04    | 238.48    | 242.18   | Canola                  | Mar   | 500.10    | 497.70    | 484.80             |
| CPS Wheat  | Spot  | 167.55    | 170.84    | 210.26   | Crude Oil(WTI)          | Mar   | 53.22     | 54.88     | 30.39              |
| Corn   | Mar   | 141.13    | 140.94    | 143.00   | Dollar Index            | Mar   | 101.80    | 102.25    | 98.84              |
| Ethanol  | Mar   | 39.71     | 41.40     | 36.19    | DJIA Mini-sized         | Mar   | 19,790    | 19,902    | 15,866             |
| Oats   | Mar   | 157.24    | 147.84    | 128.87   | Wheat                   | Dec   | 178.58    | 174.90    | 186.20             |
| Data in red are 12-month highs, in blue are 12-month lows  |       |           |           |          | Corn                    | Dec   | 150.88    | 151.76    | 151.67             |
| For price specs. go to: <a href="http://www.open-i.ca/PriceSpec.htm">www.open-i.ca/PriceSpec.htm</a> |       |           |           |          | Canola                  | Nov   | 492.00    | 488.80    | 493.00             |

**COMMENT:** The low USDA winter wheat area number supported prices as reports of improved northern hemisphere winter wheat crops weighed on them. Generally favourable South American crop development limited advances in corn prices which were tending to be lead higher by soybean markets. Thursday's USDA reports were seen as bullish for soybeans with prices moving back to pre Christmas levels.

**NEWS:** Three USDA survey reports were published on Thursday. The 2016 corn production estimate was lowered about one percent to 384.8M tonnes, 11 percent below 2015. Soybean production was also lowered one percent to 117.2M tonnes about 10 percent above 2015.

December 1 US stocks of corn, soybeans and wheat were placed at 314.6M, 78.8M and 56.4M tonnes, respectively, up 10, 7 and 19 percent from a year earlier. For corn and wheat stocks were slightly above trade expectation, soybeans slightly below.

Last fall's planted area for all US wheat was surveyed at 13.1M hectares, 10 percent below 2016, and the fourth successive year that US winter wheat area has declined. The hard red winter wheat area, the largest of the classes of US winter wheat, was down 13 percent.

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 revision of US wheat data was the reduction in feed and seed use resulting in a further increase in US ending stocks to the highest level since the late 1980's. Revisions to global wheat supply and use data were quite immaterial relative to record ending stocks which were even increased slightly.

Adjustments to US corn supply and demand elements were largely offsetting with projected ending stocks

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reduced by just two percent. Global coarse grain ending stocks were reduced slightly reflecting a cut in output. The lower US soybeans production estimate resulted in a 12 percent cut in the ending US stock projection which is still more than double last year's level. The global 2017 oilseed ending stocks projection was revised lower by less than one percent and is now slight above the 2105 level.

**OPINION:** The most remarkable of the data published by the USDA on Thursday was the US winter wheat area. While average trade expectations were for a five percent decline, the reported decline was 10 percent, with area down almost a quarter in the last three years and at a 108 year low. US winter wheat area has cycled in recent years with the coming and going of incentive wheat prices and with a trend generally lower. But the decline in recent years has been more pronounced than in the past. This is probably the result of the development of shorter season corn and soybean varieties. At more northerly latitudes this has meant less risk of frost damage. At more southerly latitudes these same varieties can be seeded and harvested before it gets too hot and dry for them to thrive in areas where growing spring crops as an alternative to winter wheat might have previously been viewed as too risky.

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