

Crop and Related Prices

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Sep	150.47	152.86	140.73
HRW Wheat	Sep	148.63	152.30	143.21
HRS Wheat	Sep	239.02	245.73	180.96
CWRS Wheat	Spot	252.32	254.59	216.44
CPS Wheat	Spot	151.76	159.06	163.55
Corn	Sep	133.36	138.58	124.50
Ethanol	Sep	39.63	39.81	38.12
Oats	Sep	156.43	165.19	109.58

Data in red are 12-month highs, in blue are 12-month lows

For price specs. go to: www.open-i.ca/PriceSpec.htm

Oilseeds & Other Prices

Commodity	Month	This week	Last week	Year ago
Soybeans	Sep	345.03	344.38	364.04
Soya Meal	Sep	268.97	269.61	291.38
Soya Oil	Sep	763.05	741.00	726.45
Canola	Nov	500.90	506.70	459.90
Crude Oil(WTI)	Oct	47.70	48.78	47.65
Dollar Index	Sep	92.69	93.30	95.40
DJIA Mini-sized	Sep	21,847	21,716	18,323
Wheat	Dec	159.84	162.59	149.55
Corn	Dec	139.17	143.99	127.95

25-Aug-17

COMMENT: US grain prices were lowered for a fifth successive week. For wheat concerns over the large Russian crop were dominant. For corn prospects for at least an average crop have improved. For soybeans crop prospect are also improving but positive demand news has been offsetting, some of which was related to expectations for US to apply import tariffs on biodiesel. For canola a relatively strong vegetable oil market has been supportive but a stronger Can\$ was offsetting.

NEWS: Ag Can's August Outlook for Principal Field Crops published on Tuesday were very interesting from a statistical standpoint but may not have changed outlook for the coming year by very much.

Aggregate crop export estimates for the 2016-17 crop year just ended were raised by about 0.3M tonnes, domestic residual use cut by almost 1.0M tonnes, and ending stocks raised by about 0.7M tonnes. Almost all the adjustments were made for canola. While the need for revision of last year's output estimate has been evident all summer, there may have been reluctance to highlight the reality of this evident from a negative residual use estimate(see below).

For the 2017-18 crop year, just begun, the issue was to adjust yield expectations on account of drought conditions in advance of official Stats Can estimates. The two challenges in this context were no doubt assessing the geographic distribution of crops and susceptibility of various crops to heat and moisture stress. Accepting Ag Canada's August estimates, if not the last word, as more indicative than their July trend averages means that aggregate crop ending stocks in 2018 at 10.4M tonnes will be the lowest in 20 years, those of 2013 apart.

OPINION: August is a difficult month for Ag Can to make crop forecasts but also an important one. The danger is that the delay in the preparation for publication of Ag Can's economic based production forecasts will result in them being released after the more meaningful Stats Can's survey based information. This would be certain to cause confusion. In some years Ag Can's August forecast has been omitted. Last year it was published on September 1 and after the Stats Can July estimate of production was released. This year Stats

Can estimate has been delayed until August 31 and Ag Can published its forecast in advance of the first Stats Can July estimate. Prior to the July Stats Can estimate, Ag Can typically uses average trend yields for its production estimates. In view of the adverse crop condition this year over large areas of southern SK and AB, Ag Can has shaved trend yield expectations.

The reality is that these estimates will be replaced after just 10 days on Thursday by Stats Can's survey derived data.

As US agricultural statistics are generated within the USDA, so survey production estimates and economic forecasts can be more easily coordinated and published at the same time.

Where the USDA and Ag Can have been faced with the same challenge and resorted to the same solution has been with the underestimate of crop production. In 2014 the USDA had negative residual use of soybeans. This year it is Ag Can's turn with canola production.

These situations only occur for crops where there is very limited farm use and when supplies are tight. For Canada residual use includes farm use for which there is no accurate measure. Estimate errors may often get lost behind farm gates. Anecdotal evidence suggests that spring canola harvests were better than expected at the time last fall when Stats Can surveyed for its "final" estimate, resulting in the need for the delayed revision.

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