

Crop and Related Prices					Oilseeds & Other Prices				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	153.68	153.96	150.37	Soybeans	Jan	355.41	363.67	380.94
HRW Wheat	Mar	153.41	153.59	152.40	Soya Meal	Jan	290.97	300.90	287.66
HRS Wheat	Mar	227.81	224.51	199.98	Soya Oil	Jan	731.08	741.22	810.01
CWRS Wheat	Spot	247.33	247.34	240.79	Canola	Jan	495.00	505.10	518.30
CPS Wheat	Spot	185.62	183.86	172.32	Crude Oil(WTI)	Jan	57.31	57.33	51.93
Corn	Mar	136.80	138.87	140.25	Dollar Index	Mar	93.46	93.51	102.86
Ethanol	Mar	35.00	36.19	40.76	DJIA Mini-sized	Mar	24,689	24,290	19,787
Oats	Mar	164.86	156.92	145.25					

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

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

COMMENT: Chicago wheat prices hit their lowest level in over a year before staging some recovery. Minneapolis hard red spring wheat prices were somewhat stronger. Dry and cool conditions in the southern Great Plains were cited as supportive and export sales last week exceeded pre-report expectations with further sales announced n Friday.

Corn prices were lowered pressured by improving weather condition in South America. Export sales data from last year met expectations.

Soybean complex prices were lower with a negatively interpreted USDA report, export sales last week at the low end of expectations, and improving weather in South America all pressuring prices. The US domestic crush for November was a record but this was not entirely positive for canola as it resulted in larger than anticipated soya oils stocks.

NEWS: The USDA made no adjustments on the supply side in its December Supply and Demand forecasts published Tuesday for wheat, corn or soybeans as there was no new US production or stock data. The US wheat export forecast was cut by 0.7M tonnes as increased competition in Pacific markets was expected from Canada as a result of our larger crop. As no other use data was changed US ending stocks were raised by a little less than 3 percent and are still expected 19 percent above last year. Globally wheat supply was raised by over 3M tonnes mainly due to the recent increase in Canadian output estimate. The revision in the usage forecast was somewhat less resulting in a further increase in record ending stocks.

US corn use for ethanol production was raised by 1.3M tonnes and the ending stocks projection lowered by the same amount but they are still expected to be 6 percent above beginning stocks. The global coarse grain forecast was raised marginally as was the forecast for ending stocks which are still 9 percent below last year's level.

Stronger competition from South America was reflected in a small cut in US soybean exports. Ending stock projections were raised accordingly and at 48 percent above last year's level are expected to be at the highest level in over ten years. Global oilseed output was raised slightly and use expectations lowered. Ending stocks were raised by just over one percent

with lower South American stocks largely offsetting larger Northern Hemisphere stocks. They are now forecast two percent above this year's beginning stock level.

OPINION: Every year the USDA publishes long term agricultural projections, just tables in December with further commentary in the following February. It does this for the benefit of politician and they are referred to as Base Line Projections. They are based on a multitude of assumptions with no major shocks to agricultural markets. They are almost certainly of more interest in a long, rather than short, term prospective.

Over the last 15 years or so we have seen US corn area expand to accommodate demand for fuel ethanol and then soybean area grow to meet increasing demand for protein feed for China and other fast developing economies. At the same time wheat area has declined with amongst other things advances in plant breeding allowing corn and soybeans to be produced in areas previously believed to be too dry or too cool.

By 2017 soybean area came close to matching corn, with both almost doubling wheat.

Looking forward forecasts suggest this situation is likely to persist with soybean area exceeding corn and no material recovery in wheat. In any particular year actual areas will vary from the line suggested on the economist's chart which resulted from such assumptions as normal weather..

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