

| 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   | 162.04    | 156.25    | 154.51   | Soybeans                | Mar   | 362.11    | 359.08    | 385.54   |
| HRW Wheat  | Mar   | 162.78    | 156.99    | 159.56   | Soya Meal               | Mar   | 304.53    | 300.81    | 311.15   |
| HRS Wheat  | Mar   | 225.98    | 223.59    | 205.77   | Soya Oil                | Mar   | 722.92    | 711.68    | 755.55   |
| CWRS Wheat   | Spot  | 238.00    | 240.93    | 233.71   | Canola                  | Mar   | 493.70    | 494.80    | 517.90   |
| CPS Wheat  | Spot  | 187.92    | 187.29    | 168.64   | Crude Oil(WTI)          | Mar   | 66.09     | 63.36     | 53.19    |
| Corn   | Mar   | 140.35    | 138.77    | 142.71   | Dollar Index            | Mar   | 88.91     | 90.36     | 100.56   |
| Ethanol  | Mar   | 36.46     | 35.85     | 39.68    | DJIA Mini-sized         | Mar   | 26,493    | 26,000    | 20,027   |
| Oats   | Mar   | 172.48    | 167.29    | 164.21   | SRW Wheat New Crop      | Dec   | 183.26    | 177.38    | 177.01   |
| For price specs. go to: <a href="http://www.open-i.ca/PriceSpec.htm">www.open-i.ca/PriceSpec.htm</a> |       |           |           |          | Corn - New Crop         | Dec   | 153.34    | 152.26    | 153.24   |
| Data in red are 12-month highs, in blue are 12-month lows  |       |           |           |          | Canola - New Crop       | Nov   | 502.00    | 504.10    | 505.10   |

**COMMENT:** The US dollar index, a measure of exchange rates against the US dollar, is at its lowest level since 2014. As a result US prices are higher than they might otherwise be and Canadian prices conversely lower. US wheat prices were higher with the weaker US dollar concern about dry conditions in the southern Great Plains and last week's US export sales towards the top of the range of pre report expectations. Corn prices were also higher with good export sales last week and a cut in Argentinean harvest expectations. Soybean prices were higher but concern over Chinese demand and, for a change, disappointing weekly export sales may have limited advances.

**NEWS:** On Thursday Ag Canada published its January Outlook for Principle Field Crops with its first preliminary perspective for the 2018-19 crop year and some trade related revisions to its December outlook for 2017-18. Dominating the 2017-18 revisions was 24 percent cut in the lentil export forecast, a result of the deterioration in Indian prospects. This pushed the ending stock forecast for lentils over the million tonne mark for the first time, eclipsing the previous 2011 record. But on a stocks use ratio basis, at 0.53, the ending stock forecast is still below that of 2011. Corn imports were raised by 0.2M tonnes which was partially offset by an increase in feed use, but ending stocks were also raised to a record level. The stocks use ratio of 0.18 for corn is less daunting than that for lentils. Mainly as a result of these revisions aggregate crop ending stocks were raised by 4 percent to the highest level since 2014.

Looking ahead to the 2018-19 Ag Canada sees farmers reducing pea and lentil areas by 12 and 17 percent, which is not surprising in view of the rather dramatic decline in short term market prospects for these two crops. Most of the 2018 swing out of pulses is expected to be into canola and wheat.

Using trend yield on forecasted areas to calculate production forecasts and adding in beginning stocks and imports, Ag Canada data suggests a one percent increase in total crop supplies. Supplies of crops individually are projected to be within 5 percent of this year's level with the cut in pea and

lentil output resulting from reduced areas generally offset by increased beginning stocks.

As to use expectations for the rather distant period of the twelve months from August, canola and soybeans use was raised again and some recovery from peas and lentils is also anticipated.

The forecast for total crop ending stocks in 2019 is 3 percent below the expectation for this year. Ending stocks for corn, oats, peas and lentils look on the high side. For other crops things look a little better

**OPINION:** It may be a bit early to be making much in the way of meaningful projections for the 2018-19 crop year. But seeding decisions are being considered, so guidance is starting to be sought and even just the right direction is of value. Comparing last January's forecast for current year ending stocks - an indication of marketing prospects, with current forecasts, Ag Canada got the direction right for seven of ten crops monitored. Interestingly their best "performance" was with peas and lentils, but only after the unpredictable Indian trade restrictions. This highlights the reality that there is always an element of luck when it comes to predicting the future! Don't bet the *whole* farm on them.

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