

Crop and Related Prices					Oilseeds & Other Prices					14-Dec-18
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago	
SRW Wheat	Mar	194.74	195.20	153.68	Soybeans	Jan	330.88	336.85	355.41	
HRW Wheat	Mar	190.43	188.13	153.41	Soya Meal	Jan	278.77	282.31	290.97	
HRS Wheat	Mar	214.58	213.67	227.81	Soya Oil	Jan	628.12	633.63	731.08	
CWRS Wheat	Spot	267.78	262.60	247.33	Canola	Jan	477.80	485.50	495.00	
CPS Wheat	Spot	237.91	224.00	185.62	Crude Oil(WTI)	Jan	51.15	52.42	57.31	
Corn	Mar	151.47	151.57	136.80	Dollar Index	Mar	96.90	96.01	93.46	
Ethanol	Mar	34.74	33.52	35.00	DJIA Mini-sized	Mar	24,126	24,446	24,689	
Oats	Mar	186.42	186.74	164.86	<i>Wheat, SRW new crop</i>	Dec	206.04	206.04	174.63	
For price specs. go to: www.open-i.ca/PriceSpec.htm					<i>Corn, new crop</i>	Dec	158.95	151.57	149.60	
Data in red are 12-month highs, in blue are 12-month lows					<i>Canola, new crop</i>	Nov	492.40	498.00	501.10	

COMMENT: Markets appeared to spend most of the week attempting to match export sales with the US president's sales rhetoric, or at least some discount of it. The USDA monthly supply and demand forecast were secondary. Wheat prices finished the week mixed but within an upward trend. Rain at the wrong time in Argentina and Australia was supportive. Corn prices held onto last week's gain despite some less than positive ethanol usage reports. The US did some done soybean business with China but not enough it seems to stoke a fire under prices. Canola prices probably suffered from improved trade prospect for US soybeans although a continued decline in the value of the Canadian dollar was supportive.

NEWS: The USDA December revisions to its supply and demand estimates were minor. It is really too late for major northern hemisphere production adjustments and too early for such from the southern hemisphere, winter seeded wheat aside. Further the USDA may have been reluctant to make any adjustment to US export prospects for soybeans and corn for fear of being seen as second guessing "trade war" uncertain developments initiated by the US administration. US **wheat** supply were unchanged, exports lowered and ending stock projections raised but only by 0.7 million tonnes (mmt) with the ending stock forecast still 11 percent below last year. World supply forecasts were, perhaps surprisingly, raised slightly as the cut in Australian output was offset by the higher Canadian crop estimate and a retrospective increase in the Russian beginning stock estimate. The ending stock forecast was raised slightly but is till 4 percent below last year. Revision to US **corn** supply and demand data featured reduced imports and ethanol usage resulting in 3 percent increase in ending stocks which are still forecast 17 percent below last year. Adjustments to global coarse grain supply and demand projections were minor with only a slight increase in ending stocks which are still placed 9 percent below a year ago. Revisions to country output estimates were largely offsetting. US **soybean** supply and demand forecasts - politically sensitive at this time, have been left unchanged. The ending stock forecast remains more than double beginning stocks and at a record level. Increased expectations for global soybean

production are partially offset by reduced rapeseed/canola output. While revision to aggregate trade is minor there are offsetting components. The ending stock forecasted raised 2 percent to a record 129.2mmt, 10 percent above a year ago.

OPINION: With crude oil pipeline capacity restricting movement of crude oil from Western Canada and almost certainly record quantities being moved by rail, the question might rightfully be asked as to whether this has had an impact on crop movement.

Canadian Grain Commission data measuring the sum of crop movement from primary elevators, producer car loading and process elevator shipments of processed productions indicates movement of 16.9 mmt since the beginning of September when new crop supplies were generally available. This is 7 percent above 2017 and the largest level for the five years when comparable data has been available.

Assuming that as crop and crude oil move in different directions and use different rail cars it is likely to be engines and engineers that are likely to be limiting and the supply of which may have been augmented from elsewhere. Although both Canadian railways have announced planned investment to increase their handling capacity, this is far from an immediate fix. What has probably helped has been the relative "trade war" induced lull in US export rail movement and resulting capacity available to their northern neighbour. The question then is how quickly will any equipment hired from the US have to be returned if trade issues between the US and China are resolved and regular levels of movement of soybeans resumes, particularly to the Pacific North West.

David Walker, Edmonton, AB

