

Crop and Related Prices, Can or US\$/tonne, US\$/l ethanol					Oilseeds & Other Prices, Can or US\$/tonne or index					22-Mar-19
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago	
SRW Wheat	May	171.23	169.85	169.11	Soybeans	May	332.07	334.09	377.82	
HRW Wheat	May	163.51	162.78	176.10	Soya Meal	May	285.75	281.94	342.81	
HRS Wheat	May	210.27	203.56	221.47	Soya Oil	May	631.87	648.84	692.72	
CWRS Wheat	Spot	n/a	256.67	240.56	Canola	May	453.90	464.00	522.60	
CPS Wheat	Spot	n/a	215.31	188.74	Crude Oil(WTI)	May	58.93	58.81	65.62	
Corn	May	148.91	146.94	148.52	Dollar Index	Jun	96.20	96.76	89.03	
Ethanol	May	37.78	34.10	40.05	S&P 500	cash	2,817	2,824	2,588	
Oats	May	180.42	179.61	146.71	Wheat, SRW new crop	Dec	181.61	180.41	188.77	
For price specs. go to: www.open-i.ca/PriceSpec.htm					Corn, new crop	Dec	157.47	155.90	157.18	
Data in red are 12-month highs, blue are 12-month lows, green revised					Canola, new crop	Nov	474.80	483.40	515.00	

COMMENT: US wheat price were cited as being supported by a reduced pace of Russian exports and the successful negotiation of improved access to the Brazilian market for US wheat. Corn prices were supported by the prospect of late planting and reduced corn area and the announcement of the largest sale of corn to China in over five years. Soybean prices continue to be driven by the prospect of the resolution of the wide ranging US trade challenges with China. Canola prices tanked on Friday with the news of the informal Chinese embargo of Canadian canola.

NEWS: Following the suspension of Richardson’s Chinese canola import license two weeks ago, it seems an informal Chinese embargo on all Canadian canola imports has been implemented. The bad news on this is that it is clearly political in nature and therefore the timing of and any certainty over the eventual resolution is difficult to predict. The good news is that it has nothing to do with Chinese perceptions of canola as a commodity or the value of it. As Chinese imports are about 40 percent of the export market for the canola complex, it may take time to find alternate markets and/or an effective backdoor to the Chinese market.

Ag Canada revisions to its crop supply and demand forecasts this month were minor, with the exception of those for canola, see above. On the supply side expectation for current crop year total crop data was virtually unchanged. But exports were cut by slightly more than a million tonnes and ending stocks raised by a like amount. This was almost entirely the result of a one million tonne cut in forecast canola exports “due to lower import demand from Asia.” Canola ending stocks were raised to a record 3.3 million tonnes

This increase in ending stocks was carried forward to the 2018-19 crop year. Further 2019 area seeded to canola was revised lower by 4 percent, somewhat limiting the upward revision in total supplies. Exports forecasts were also reduced by a smaller amount than for the current crop year with the expectation for “partial normalization of Canada-China trade.” The 9 percent increase in 2020 all crops ending stock projection of 16.5M tonnes is the largest since 2014.

It should be noted that these revision were made prior to the full extent of the Chinese embargo was known. Hence, further major revisions are likely.

Canadian Grain Commission data indicates a pickup in farmer deliveries, primary elevator stocks and crop movements with warmer weather. This burst of activity may be rather short lived as road bans come into effect. Of specific interest at this time in the increase in canola stocks in country elevators to the highest level since before Christmas. In other circumstances this might have been taken as a sign that exports of canola were about to pick up. With the stall in Chinese imports, it might indicate that grain companies are faced with the need to met contractual commitments to take in canola at a time when export prospects have slowed.

OPINION: Next Friday the USDA publishes its crop stock data for March 1 and prospective plantings for their 2019 crop. While lots of other factors play a role in US farmers’ planting decision for corn or soybean, relative prices is certainly one of them. And as the prospective planting survey occurs in early March so prices at that time are the influence and prices favour increased corn/ reduced soybeans. This year farmers’ perception as to the outcome of US-China trade negotiation needs to be added to the decision making mix.

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