

Crop and Related Prices, Can or US\$/tonne, US\$/l ethanol					Oilseeds & Other Prices, Can or US\$/tonne or index					12-Jul-19
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago	
SRW Wheat	Sep	192.17	189.23	185.56	Soybeans	Sep	337.68	324.17	322.43	
HRW Wheat	Sep	171.69	163.60	188.50	Soya Meal	Sep	287.11	278.95	306.71	
HRS Wheat	Sep	199.43	195.94	205.12	Soya Oil	Sep	626.80	607.62	639.80	
CWRS Wheat	Spot	238.68	243.89	237.05	Canola	Nov	450.70	438.80	523.20	
CPS Wheat	Spot	221.02	221.81	207.89	Crude Oil(WTI)	Sep	60.40	57.67	71.56	
Corn	Sep	178.83	172.73	141.82	Dollar Index	Sep	96.43	96.85	93.79	
Ethanol	Sep	42.32	34.10	38.04	S&P 500	cash	3,010	2,992	2,760	
Oats	Sep	182.53	180.59	155.95	Wheat, SRW new crop	Dec	196.58	193.09	194.74	
					Corn, new crop	Dec	180.80	174.10	146.84	

For price specs. go to: www.open-i.ca/PriceSpec.htm
Data in red are 12-month highs, blue are 12-month lows, green revised

COMMENT: Thursday's USDA supply and demand revisions were supportive of prices particularly for wheat. They offset disappointing export sales data published the same day. The report did not, however, resolve the issue of lost output from very late planting of spring crops. US and China are back talking trade. A strong Canadian dollar and a mostly wet week on the Prairies weighed on Canadian prices.

NEWS: The Prairie provincial crop reports indicate improved crop development

For MB, as of July 9: While rainfall occurred locally, dry conditions remain in some areas.

For SK, as of July 9: Warm weather and moisture favoured crop development which is at or behind normal progress. Cropland top soil moisture is 79% adequate, compared to 59% last year and 41% in 2017.

For AB, as of July 10: No report

This week's USDA **US crop progress** report placed the condition, as of July 7, of corn, soybean and spring wheat crops at 57, 53 and 78 % good or excellent, compared to 74, 71 and 80 last year and 5-years averages of 61, 59 and 69%, and up 1, down 1 and up 3 percentage points respectively from last week. By July 7, only 8% of corn crops had reached the silking phase compared to 34% last year and a 5-year average of 22%.

The USDA's July all **US wheat production** estimate was for 52.3mmt, up 2% from 2018. Winter wheat production at 35.1mmt was up one percent from the June estimate and up 9% from last year. This season's first survey based estimates for durum and other spring wheat were respectively down 25 and 8% from 2018 output, at 1.6 and 16.7 mmt.

The salient feature of Thursday's USDA Supply and Demand revisions was a number of small cuts in production for major foreign crop producers which together resulted in a bullish report even before the impact of the very late US seeding. For 2019-20 US wheat, a lower estimate of beginning stocks offset a slightly higher estimate of output, which with an upward revision of expected use resulted in a 7 percent cut in the ending stocks forecast. World wheat forecasts included lower output in Eastern and Western Europe, Canada and Australia which were the major cause of a 3 percent cut in the

ending stock forecast. At 286.5 mmt ending stocks are still at a relatively high level.

For **US corn** increases in beginning stock and output forecasts offset higher expectation for use with ending stocks raised 20 percent but still below levels of recent years. In the context of very late US spring planting the USDA used early June estimates of corn area and did not adjust projected yield.

The increases in US corn production and ending stocks were the main reason for **world coarse grain** production and ending stock forecasts being raised. The USDA's ending stock projection is still 8 percent below this year's expected level.

For **US soybeans** the USDA has lowered its forecasts for 2019-20 beginning stocks, production, exports and ending stocks. But ending stocks are now placed 24 percent lower than this year's forecast record level but still 81 percent above 2018 ending stocks. A higher than usual degree of uncertainty is evident in this data in the context of the very late planting season and as it is based on estimates made in early June, well within the planting period for soya beans. Further there is hope if not a great deal of expectation that the US and China will resolve their trade differences and the 25 percent Chinese import duty on US soybeans will be removed.

Forecasts for **global oilseed** production and stocks were cut from last month's level with ending stocks now 7 percent below both last month's and this year's record forecast.

OPINION: While markets have been focused on the immediate implications of very late US spring planting and US-China trade negotiation, wider and longer term developments suggest improving prospects.

David Walker, Edmonton, AB, CA

