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Crop Market Summary

For the week ending Friday, 13-Dec-'19

Crop and Related Prices, Can or US$/tonne, US$/l ethanol

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	195.66	192.72	194.74
HRW Wheat	Mar	162.68	158.37	190.43
HRS Wheat	Mar	194.10	188.40	214.58
CWRS Wheat	Spot	225.78	223.46	267.78
CPS Wheat	Spot	203.43	197.01	237.91
Corn	Mar	149.99	148.32	151.47
Ethanol	Mar	37.20	37.38	34.74
Oats	Mar	192.74	189.50	186.42

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

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

Oilseeds & Other Prices, Can or US$/tonne or index

Commodity	Month	This week	Last week	13-Dec-18 Year ago
Soybeans	Jan	333.45	326.65	330.88
Soya Meal	Jan	269.33	271.51	278.77
Soya Oil	Jan	718.73	688.31	628.12
Canola	Jan	460.60	458.40	477.80
Crude Oil(WTI)	Jan	59.99	59.21	51.15
Dollar Index	Mar	96.75	97.68	96.90
S&P 500	cash	3,169	3,148	2,600
Canola, new crop	*Nov*	*487.20*	*482.60*	*498.00*
Wheat SRW, new crop	*Dec*	*198.14*	*195.66*	*206.04*
Corn, new crop	*Dec*	*155.60*	*153.63*	*158.65*

COMMENT: A US/Sino "Phase one" agreement reducing some U.S. tariffs in exchange for increased Chinese purchases of American farm products and other goods was reported and confirmed today, Friday. The announcement contained less details than market participant would have liked so the market response was less than it otherwise might have been. Earlier in the week conventional indicators of demand were generally favorable with prices of most crops continuing higher. The impact of Tuesday's USDA supply and demand estimate revisions was basically neutral. The volume of canola futures trade continued higher than usual and canola stocks in country elevators continue to rise suggesting a quickening of trade.

NEWS: The USDA December revisions to its US wheat supply and demand forecasts included a lowering of anticipated ending stocks by just over a million tonnes resulting from a slower pace of imports and faster pace of exports. The **world wheat** supply forecast is about unchanged with reduced expectations for southern hemisphere crops largely offset by some late revisions to northern hemisphere crop estimates. But lower use expectations mean an increase of less than half a percent in ending stocks about half of which are held by China. With no new production estimates, US **corn** supply and demand data is unchanged from a month ago. The **global coarse grain** production estimate was raised by 0.5 percent which was only partially offset by expectations for increased use, with ending stocks up 1.4 percent, but still 4.3 percent below beginning stocks.

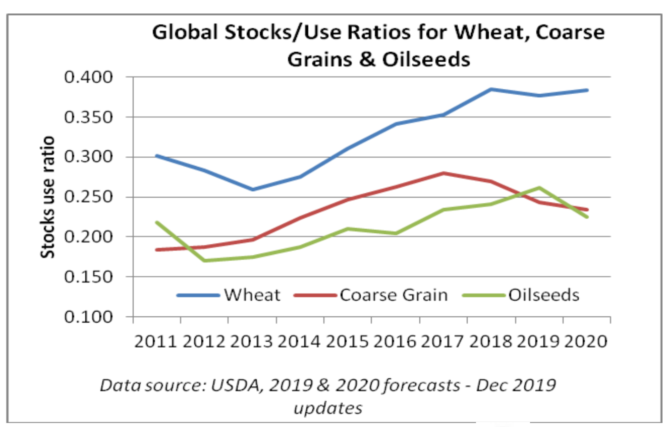
US soybean supply and demand forecasts were unchanged, with no fresh production estimates or confirmed changes in US trade relationships with China. **Global oilseed production** was raised 0.6 percent with several commodities contributing to the increase. It was partially offset by an expected increase in use with ending stocks expected 1.4 percent higher but still 12.8 percent below beginning stocks.

OPINION: USDA projections continue to suggest a tightening global supply situation for coarse grains and oilseeds and a stable situation for wheat as reflected in stocks to use ratios. In such a situation it would reasonable to expect a strengthening price situation with current prices at a premium to those of a year ago and new crop prices at a premium to current prices. Further premiums for new crop that were evident a year ago seem to have evaporated. On the flip side of this, prices held relatively well until recently despite worsening supply demand balances as reflected in aggregate data.

Not unsurprisingly the elephant in the room in recent years has been China. And its influence goes beyond its trade war with the US. Its habit of building grain stocks seems to have made a degree of nonsense of global supply and demand data.

It should be recognized that such USDA data on China is subject to major revisions. But over the last ten years Chinese end of crop year stocks have risen by about 100M tonnes to 150M tonnes, about half the global total and in excess of Chinese annual consumption. For coarse grains the increase in Chinese ending stocks has been in the region of 150M tonnes, again over half global stocks and two thirds of Chinese annual use. All this is probably in the interest of Chinese political stability. But effectively removing this amount of grain from the global market must have supported prices even as normal measures suggested prices should have been softening.

Interestingly the Chinese have been less successful in building soybeans stocks, if this was their intent. It now seems a gap in their trade war armour. It might be reasonable to expect that they will be intent on changing this.



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