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Crop Market Summary

For the week ending Friday, 20-Dec-'19

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

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	199.24	195.66	188.86
HRW Wheat	Mar	169.85	162.68	184.73
HRS Wheat	Mar	197.22	194.10	206.23
CWRS Wheat	Spot	233.00	225.78	259.28
CPS Wheat	Spot	208.24	203.43	233.99
Corn	Mar	152.65	149.99	149.01
Ethanol	Mar	37.75	37.20	34.05
Oats	Mar	189.34	192.74	179.77

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 — 20-Dec-18

Commodity	Month	This week	Last week	Year ago
Soybeans	Jan	341.08	333.45	325.09
Soya Meal	Jan	271.24	269.33	277.36
Soya Oil	Jan	744.97	718.73	614.89
Canola	Jan	468.30	460.60	474.80
Crude Oil(WTI)	Mar	60.37	59.99	45.43
Dollar Index	Mar	97.30	96.75	96.45
S&P 500	cash	3,222	3,169	2,416
Canola, new crop	*Nov*	*495.80*	*487.20*	*498.00*
Wheat SRW, new crop	*Dec*	*206.59*	*198.14*	*206.04*
Corn, new crop	*Dec*	*158.16*	*155.60*	*158.65*

COMMENT: Almost all farm commodity prices were higher for a second week with spill over strength from the previous week having held despite the absence of firm confirmation of Part One of the US China trade deal. US export sales data was positive exceeding trade expectations. Canola futures volume continues well above average.

NEWS: Ag Canada's December revisions to its Canadian crop supply and use forecasts included November estimates of 2019 production together with some adjustment for crop movement. Stats Can's November estimate of production of all crops was 93.1 million tonnes (mmt) down about 2.3 mmt from the September estimate. Forecasts for 2019-20 exports were lowered by over 0.6mmt, domestic use raised by 0.1 mmt and ending stocks lowered by 0.5 mmt. This brings aggregate ending stocks down into line with levels of the last three years. Using the very crude barometer of ending stocks against past five-year average ending stocks, the Canadian outlook for durum, flax, corn and oats is relatively positive. For canola, wheat, barley, soybeans, peas and lentils it is less so.

For **durum**, with the November estimate of production about unchanged, higher expectations for exports due to improved movement todate and some quality related increase in the feed use, ending stocks have been revised lower, now about half beginning stocks and the lowest level in more than ten years.

For **wheat** other than durum adjustments were minor with ending stocks unchanged - 18 percent above beginning stocks but on a par with 2017 and 2018 levels.

For **barley** with the increase in the production estimate only partially offset by added domestic feed use means an increase in the ending stock projection to double the level of beginning stocks and a level almost 40 percent above the five-year average for ending stocks. The lower **corn** production estimate was offset by a cut in net trade and domestic use, with the ending stock forecast unchanged and slightly below beginning stocks and a five-year end stock average. For **oats** the increase in production estimate is expected to result in higher ending stocks, now expected to be over 50 percent above beginning stocks but still below the five-year average for this measure.

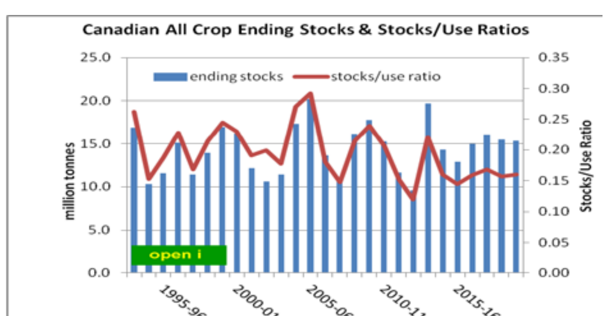
For **canola** the 0.7 mmt cut in the production estimate together with an increase in expected domestic crush resulted in a 25 percent cut in the ending stock forecast which is now below the beginning level but still above a five-year average. For **flax** a cut in estimated 2019 output is forecast to result in the lowest carry out in 15 years. For **soybeans** the ending stock forecast were lowered mainly as a result of a lower production estimate. Ending stocks are placed below beginning stocks and the five-year average.

A cut in **field peas** output is expected to result in one third lower ending stocks which are still above both beginning stocks and five-year average. A similar scenario exists for lentils. Stats Can's Supply and Demand data for last year was unchanged from November. In January Ag Canada is expected to include very early projections for the 2019-20 crop year.

OPINION: Much is being made of the ability of the Chinese to purchase $40 billion worth of US agricultural commodities - part of Part One of the US China trade peace pact. There is little doubt that the Chinese have the resources to do this and the need appears to be there at least in the short term. The last time the US was faced with something like this was in 1972 with the "Great Russian Grain Robbery". At least this time everyone will have seen it coming.

Wishing you a Merry Christmas.

David Walker, Edmonton, AB, CA



Data source: Stats Canada, 2019-20 use Ag Can forecasts