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Crop Market Summary

Week ending Jul 10, 2020

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

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Sep	196.76	180.78	192.17
HRW Wheat	Sep	165.81	159.47	171.69
HRS Wheat	Sep	193.64	187.49	199.43
CWRS Wheat	Spot	247.47	237.15	238.68
CPS Wheat	Spot	219.23	209.86	221.02
Corn	Sep	133.06	135.23	178.83
Ethanol	Sep	34.34	33.95	42.32
Oats	Sep	185.77	186.58	182.53

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 10-Jul-20

Commodity	Month	This week	Last week	Year ago
Soybeans	Sep	326.29	327.02	337.68
Soya Meal	Sep	265.52	270.69	287.11
Soya Oil	Sep	622.61	623.05	626.80
Canola	Nov	478.40	474.90	450.70
Crude Oil(WTI)	Sep	40.73	40.35	60.40
Dollar Index	Sep	96.60	97.23	96.43
S&P 500	cash	3,181	3,130	3,010
Wheat SRW, new crop	*Dec*	*204.20*	*183.63*	*206.04*
Corn, new crop	*Dec*	*135.72*	*139.17*	*158.65*

COMMENT: Wheat prices were supported by continuing reports of declining European and Black Sea region crop prospects and US export demand as confirmed by a large Chinese purchase on Friday. For US corn shifting weather forecasts moved the market in both direction, but Friday's USDA supply and demand data was sufficiently bearish to offset confirmation of a previously rumoured, substantial corn sale to China. The USDA's report was bearish soybeans with output and ending stock estimate exceeding expectations.

NEWS: The Prairie provincial crop reports indicate generally favourable moisture conditions.

For MB, as of July 7: With good soil moisture the risk for Fusarium Head Blight development in cereals is extreme.

For SK, as of July 9: Moisture conditions continue to improve with cropland topsoil moisture rated at 82 per cent adequate compared to 79% in 2019, 59% in 2018 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 5, of corn, soybean and spring wheat crops at 71, 71 and 70 % good or excellent, compared to 57, 53 and 78 last year and 5-years averages of 68, 64 and 66%, and down 2, unchanged and up 1 percentage point respectively from last week. By July 5, 10% of corn crops had reached the silking phase compared to 7% last year and a 5-year average of 16%.

The USDA's July all **US wheat production** estimate was for 49.6mmt, down 5% from 2018. Winter wheat production at 33.1 mmt was down 4% from the June estimate and up 5% from last year. This season's first survey based estimates for durum and other spring wheat were respectively up 3 and down 2% from 2019 output, at 1.5 and 15.0 mmt.

For **2020-21 US wheat** the USDA July forecasts were largely unchanged with larger beginning stocks offsetting lower production, ending stock adjustment minimal and other elements unchanged. **Global wheat** outlook is for smaller supplies, reduced use and ending stocks. At 314.84 mmt ending stock forecast is lower by less than one percent but still a record.

For **US corn** the lower forecast for output more than offsets increased estimates for beginning stock and lower domestic use expectations. The ending stock forecast was reduced by 23 percent but is still 18 above the beginning stock estimate.

A 2 percent cut in **world coarse grain** production – almost entirely due to expectations for US output, only partially offset by reduced global use, resulted in 7 percent reduction in the ending stock forecasts and slightly more than one percent above beginning stocks..

For 2020-21 **US soybeans,** small upward revisions in beginning stocks and output were only slightly offset by a higher crush forecast. With the export forecast unchanged ending stock are up 8 percent from the June forecast but still 31 percent below the beginning estimate.

For **global oilseeds** a small decrease in output and increase in use leaves ending stocks two percent lower than forecast last month and on a par with beginning stocks.

OPINION: Chinese government grain stocks are massive. Even allowing for the reality that estimates of their size are at best tentative, they have the potential to be an important market factor. They are likely regarded by the Chinese government as a better place to park funds than US government bonds. The security they provide must be particularly valued at this time. But the weak point in this protection is surely soybeans where the stocks use ratios are a rather conventional 24 percent. For wheat it is reputedly 125 percent, equivalent of 15 months use.

David Walker,
Edmonton, AB, CA