

Crop and Related Prices, Can or US\$/tonne, US\$/l ethanol					Oilseeds & Other Prices, Can or US\$/tonne or index					29-Jan-21
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago	
SRW Wheat	Mar	243.61	233.14	203.47	Soybeans	Mar	503.39	481.99	320.59	
HRW Wheat	Mar	234.43	225.33	171.04	Soya Meal	Mar	390.98	382.46	263.98	
HRS Wheat	Mar	232.96	224.87	196.12	Soya Oil	Mar	983.74	931.93	660.09	
CWRS Wheat	Spot	278.14	281.38	235.11	Canola	Mar	691.00	649.60	450.50	
CPS Wheat	Spot	259.54	261.01	206.80	Crude Oil(WTI)	Mar	52.13	52.24	51.59	
Corn	Mar	215.34	197.04	150.09	Dollar Index	Mar	90.55	90.20	97.25	
Ethanol	Mar n	45.17	41.61	35.93	S&P 500	cash	3,715	3,846	3,232	
Oats	Mar	226.62	223.70	196.96	SRW Wheat	Dec	231.67	231.67	208.71	
For price specs. go to: www.open-i.ca/PriceSpec.htm					Corn	Dec	175.19	169.38	153.83	
Data in red are 12-month highs, blue are 12-month lows, green revised					Canola	Nov	555.30	544.20	475.10	

COMMENT: Farm commodity prices were higher this week making up most if not all of last week's losses. Chinese buying has tended to switch to corn and new crop soybeans with predictable results. The canola market was supported by higher vegetable oil values. Wheat values appeared to be supported by higher corn prices.

NEWS: Ag Canada January Outlook for Principal Field Crops with its first preliminary perspective for the 2021-22 crop year was published on Monday. Some minor trade related revisions were made to its December outlook for 2020-21. Export forecasts for durum, wheat, barley, corn, canola and soybeans were all raised with ending stocks reduced. The only crop to buck this trend was lentils for which ending stocks were previously projected at a very low level. Barley seems to be most positively affected by AgCan data as Canada appears to be continuing to benefit from a Chinese import duty on Australian barley. Looking ahead to the 2021-22, Ag Canada sees farmers harvesting 30.7M hectares of all major crops, one percent more than last year. But with average yields this will result in a harvest of 96.3M tonnes, down rather less than three percent from this year. Further beginning stocks currently forecast at 13.4M tonnes, down about 6 percent. Total supplies of 112.9M tonnes will be about three percent below this year. While total crop use is expected to be down about two percent in view of the tighter supply situation, ending stocks are forecast at 12.8M tonnes are currently expected to decline more than a further four percent and the lowest level since 2013. In response to current market conditions, farmers are expected to increase seeding of wheat, oilseeds and pulses generally at the expense of feed grains. But supplies of most crops are expected to be lower recognizing that the weather here and elsewhere can soon change prospects. Further expectations for use look less certain this year than usual.

The bottom line to all this is that 2021 currently does look to be a year to start planning to push rotations.

OPINION: The March canola futures contract made a high of \$724 per tonne this month. There is no telling whether this will be the high for the year or we will see better. This level exceeds the July 2012 peak of \$691, but fell short of \$744 in March 2008. Assuming that supply and demand are in some way responsible for these prices, we would note AgCan. data indicate stocks to use ratios in the relevant months of 2021, 2012 and 2008 of 0.10, 0.05 and 0.09.

Also, recognizing that soybean markets have a big part to play in canola pricing, we would note high prices of soybeans futures for these times of US\$14.36 per bushel this year, \$17.77 in 2012 and \$15.71 in 2008. USDA forecasts suggested stocks to use ratios of 0.03, 0.04 and 0.05.

And finally we would note that the oilseed market is currently much concerned about somewhat mixed crop prospect in South America and continued Chinese demand. In March 2012 the concern was reduced soybean planting as a result of favourable prospects for corn with Chinese demand the wild card. In July 2008 the issue was declining US supply forecasts.

David Walker,
Edmonton, AB, CA

