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Grain and Oilseed Markets

For the week ending Friday, 21-Sep-12

Settlement Prices for Selected Commodities in US or Can.$ / tonne for week ending Friday: **21-Sep-12**

Grains

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Dec	329.68	339.60	235.43
HRW Wheat	Dec	340.33	348.32	268.68
HRS Wheat	Dec	351.91	359.35	312.68
CWRS	Oct	301.50	299.60	n/a
Durum	Oct	311.90	304.50	n/a
Corn	Dec	274.93	287.33	251.37
Oats	Dec	243.81	256.94	214.95
Barley	Oct	250.30	250.30	n/a

Oilseeds & Others

Commodity	Month	This week	Last week	Year ago
Soybeans	Nov	595.97	638.41	462.23
Soya Meal	Dec	535.74	579.17	363.89
Soya Oil	Dec	1,208.84	1,264.84	1,155.26
Canola	Nov	613.90	651.60	530.30
Crude Oil(WTI)	Oct	91.87	99.00	79.85
Ethanol	Oct	59.70	63.98	64.33
Dollar Index	Dec	79.40	79.01	79.20
DJIA	Dec	13,531	13,487	10,648

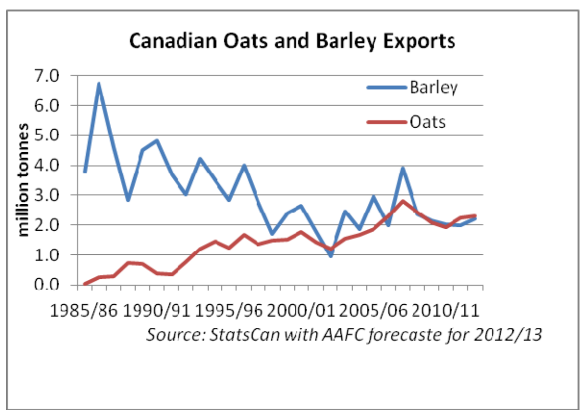
Data points in red are new previous 12-month highs, in blue are new previous 12-month lows

COMMENT: Most prices were lower over the week. The focus of the market has shifted from the very poor US corn crop to dwindling demand with weekly export sales disappointing and reports of traditional offshore corn users switching to feed wheat. Also wetter Brazilian forecast pressured prices. Some news for wheat seemed positive – dry weather in Australia, improve wheat feeding prospects, doubts about a Russian export embargo, but US wheat is still regarded as overpriced overseas and the tone of most markets was negative. Reports of better than expected US soybean yields and better/wetter Brazilian weather forecasts weighed on prices but export sales news has been positive with China still the main buyer.

NEWS: The Prairie harvest has been relatively early and completion is likely to be particularly so following generally fine and dry weather over most of September. As always there have been early frosts but as yet there does not seem to be evidence of much damage.

Agriculture and Agri-Food Canada (AAFC) published revised supply and disposition forecasts this week to reflect StatsCan's preliminary, July, crop estimates and end of crop year, July 31, stocks. For wheat, smaller than expected ending stocks for last year suggested higher feed and residual use, which for 2012-13 was largely offset by an increase in the production estimate. Ending stocks were revised down close to last year's level. For durum, larger than expected stocks largely offset smaller than expected output leaving disposition not materially changed. For canola, after StatsCan had made an upward adjustment to its 2011 harvest estimate to accommodate a larger than expected stocks estimate, and with 2012 production slightly smaller than anticipated, this year disposition is not expected to be much different from last year with minimal ending stocks again. For barley, July stocks were very much larger than expected suggesting reduced feed and residual use which with a larger than expected 2012 crop allowed for increased exports and ending stocks forecasts. A similar scenario is evident for oats although with a more modest revision in 2012 output, which is now about unchanged from 2011, increased ending stocks are still below year earlier levels.

OPINION: This week's AAFC forecasts placed 2012/13 oat exports ahead of barley. On a volume basis, oats exports have been on a par with barley for ten years. Like flax, oats reinvented itself. At one time, however, the Canadian Wheat Board gave up marketing oats as the business was not worth the trouble.



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