Grain and Oilseed Markets

For the week ending Friday, 14-Aug-'15

Grain and Related Prices

Commodity	Month	This week	Last week	Year ago
SRW Wheat	Sep	186.11	187.58	202.55
HRW Wheat	Sep	179.95	181.15	227.54
HRS Wheat	Sep	190.52	192.72	223.86
CWRS Wheat	Spot	216.87	217.70	187.46
CPS Wheat	Spot	192.01	196.12	151.3
Corn	Sep	143.30	146.74	143.99
Ethanol	Sep	38.83	38.67	56.98
Oats	Sep	147.52	153.03	236.67

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

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

Oilseeds & Other Prices 14-Aug-15

Commodity	Month	This week	Last week	Year ago
Soybeans	Sep	339.97	358.44	405.10
Soya Meal	Sep	295.01	312.33	352.25
Soya Oil	Sep	641.13	664.28	724.68
Canola	Nov	486.50	506.40	429.50
Crude Oil(WTI)	Sep	42.31	43.87	97.28
Dollar Index	Sep	96.53	97.62	81.50
DJIA Mini-sized	Sep	17,409	17,274	16,615
New crop SRW wheat	*Dec*	*188.04*	*189.51*	*206.96*
New crop corn	*Dec*	*147.83*	*151.07*	*148.42*

COMMENT: Prices of all commodities suffered from the very bearish USDA reports on Wednesday and the demand dampening devaluations of the Chinese yuan. For wheat prices the latter appeared more severe than the former. Corn was perceived to have benefitted from improved demand with lower prices later in the week. For soybeans, not only was the reports very negative, but favourable US weather weighed on prices.

NEWS: The USDA's first survey based 2015 production estimates for corn, soybeans, durum and other spring wheat were 347.6M, 106.6M, 2.1M and 16.9M tonnes, respectively down 4, down 1, up 2 and up less than 1 percent from last year. Soybean areas were resurveyed for farmers who had not finished seeding in late June at the time of the initial area survey. About 0.5M hectares was cut from the earlier area estimate. The yield and thus production estimates for corn and soybean were above the range of expectations. Adjustments to US 2015-16 supply and demand projections reflected these updated harvest prospects.
For wheat, a 0.3M lower supply estimate was more than offset by a 0.7M tonne cut in export forecast with ending stocks raised by about one percent to the highest level since 2011.
For corn the supply forecast was raised by almost 4M tonnes, exports reduced, domestic use raised resulting in ending stocks forecasts being raised by 7 percent from a month ago but still below this year's level.
For soybeans, the supply forecast was raised upward by 0.4M tonnes, use cut by 0.7M tonnes with lower exports offsetting an increased crush, and ending stocks raised by 11 percent, at the highest level since 2007.
The USDA's global wheat output projection was revised up by 4.5M tonnes but this was partially offset by a reduced starting stocks estimate. Improved harvest prospects in Eastern Europe were noted. Use was raised only slightly and ending stocks increased to the highest level in more than 15 years.
Global coarse grain supplies were raise with beginning stocks and output both up. Higher feed wheat use in Europe is expected to limit growth in coarse grain use, so ending stocks are expected to increase.
While global oilseeds output was lowered and use increased, yearend stocks are still expected to increase from current levels for a second successive record.

OPINION: The news of the week was the gap between the USDA yield estimates for corn and soybeans and analysts expectation for them. The former must have surely double checked their data before publication and the latter after, with no explanation emerging.
The gaps in terms of US yields were about 3 and 5 percent for corn and soybeans which was amplified to 17 and 36 percent for US ending stocks. In a global context ending corn stocks were 4 percent higher than expected by analysts but soybean stocks 3 percent lower as result of other adjustments to the forecasts.
In retrospect and in a global perspective the gap was not that big. That the reaction in terms of price was so abrupt was probably a result of the history of pre release estimates being a relatively accurate.

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