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Grain and Oilseed Markets

For the week ending Friday, 12-Feb-'16

Grain and Related Prices					Oilseeds & Other Prices				12-Feb-16
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	Year ago
SRW Wheat	Mar	168.10	171.50	195.85	Soybeans	Mar	319.12	318.75	363.95
HRW Wheat	Mar	163.24	166.82	206.78	Soya Meal	Mar	237.67	240.40	301.45
HRS Wheat	Mar	178.21	180.32	215.69	Soya Oil	Mar	701.09	688.53	714.32
CWRS Wheat	Spot	232.44	233.71	214.57	Canola	Mar	467.50	468.80	467.40
CPS Wheat	Spot	193.93	198.97	187.5	Crude Oil(WTI)	Mar	29.31	30.87	52.78
Corn	Mar	141.23	143.99	152.45	Dollar Index	Mar	96.06	97.05	94.28
Ethanol	Mar	36.19	37.94	38.09	DJIA Mini-sized	Mar	15,883	16,079	17,982
Oats	Mar	127.25	127.74	180.59	*Canola*	*Nov*	*483.30*	*489.00*	*448.40*
For price specs. go to: www.open-i.ca/PriceSpec.htm					*Wheat*	*Dec*	*180.41*	*183.08*	*203.01*
Data in red are 12-month highs, in blue are 12-month lows					*Corn*	*Dec*	*150.29*	*153.24*	*164.36*

COMMENT: US wheat prices were lower again this week and are at the lowest level in over five years. Not so, of course, Canadian prices in Canadian dollars. The relative strength of the US dollar and lacklustre demand continue to pressure US prices. US corn prices were lower with lower crude oil prices and last week's US export sales below the range of trade expectations. Soybean prices were higher with increases in vegetable oil values stemming from declining palm oil output and better than expected US export sales data.

NEWS: With no major USDA survey results published this month, its February US domestic supply and demand forecast revisions were generally quite limited and within the range and in direction of trade expectations. A common theme was a decline in demand. For wheat 0.7M tonnes was cut from the export projection and added to ending stocks with competition from Canada noted as the competition. Corn exports were cut by 1.4M tonnes but an upward revision in ethanol use partially offset this. For soybeans, 0.3M tonnes was cut from the domestic crush forecast and added to ending stocks. By and large all this was marginal.

The big adjustments were made in the world supply and demand forecasts. Forecast wheat ending stocks were increased by 6.8M tonnes, 6M stemming from a cut in Chinese consumption - 2M in 2014-15 and 4M for this year. This was only partly offset by an increase in Chinese corn consumption this crop year of 2M tonnes. Ending stocks of wheat were raised to a record 238.9M tonnes. The forecast for world coarse grain ending stocks were raised only slightly, expectations for higher output in South America were offset by less favourable drought related prospects in South Africa and the increase in Chinese corn consumption.

The USDA's raised its projection for global oilseed output slightly. With supply and use down slightly ending stocks are forecast to be up again at a record level.

OPINION: The US powers that be, or rather that were, spent much time and effort directed towards the supposed subsidization of the Canadian Wheat Board and the unfair competitive advantage it provided Canadian wheat in the international market place. This month the USDA reported "US [wheat] exports are lowered on increased international competition, especially from Canada. This export total is the lowest since 1971/72." It is tempting to suggest that the moral of this story is – be careful about what you wish for.

The reality is that it is easier to be competitive with a declining currency, and before costs start to catch up, let alone when the currency starts to appreciate which is where the US has been.

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