Crop Market Summary

For the week ending
Friday, 22-Dec-'17

Crop and Related Prices					Oilseeds & Other Prices				22-Dec-17
Commodity	**Month**	**This week**	**Last week**	**Year ago**	**Commodity**	**Month**	**This week**	**Last week**	**Year ago**
SRW Wheat	Mar	156.07	153.68	144.59	Soybeans	Jan	348.88	355.41	363.40
HRW Wheat	Mar	155.15	153.41	149.27	Soya Meal	Jan	283.76	290.97	279.40
HRS Wheat	Mar	224.78	227.81	195.02	Soya Oil	Jan	721.82	731.08	762.83
CWRS Wheat	Spot	247.49	247.33	235.02	Canola	Jan	496.20	495.00	505.30
CPS Wheat	Spot	187.22	185.62	166.39	Crude Oil(WTI)	Mar	58.35	57.24	52.97
Corn	Mar	138.58	136.80	136.11	Dollar Index	Mar	92.92	93.46	103.01
Ethanol	Mar	35.90	35.00	40.37	DJIA Mini-sized	Mar	24,752	24,689	19,856
Oats	Mar	157.24	164.86	141.68	*SRW Wheat - New Crop*	*Dec*	*175.09*	*174.63*	*166.63*
For price specs. go to: www.open-i.ca/PriceSpec.htm					*Corn - New Crop*	*Dec*	*151.37*	*149.60*	*148.12*
Data in red are 12-month highs, in blue are 12-month lows					*Canola - New Crop*	*Nov*	*497.20*	*501.10*	*491.80*

COMMENT: With lower prices, US export sales prospects appear to have improved. Concerns over dry conditions on the southern US Great Plains and the development of the US winter wheat crop were cited as supportive.

Corn also appeared to have benefitted from improved sales prospects at lower prices but a four million tonne hike in EU output estimate weighed.

For soybeans, however, the downward price trend continued with demand news mixed including an improved vegetable oil supply in south Asia. South American soybean crops seem less threatened by weather.

Canola prices were around $500, seemingly the divide between riches and ruin, with old crop prices below year ago levels but new crop prices above.

NEWS: The Ag Canada's December revisions to its Canadian crop supply and use forecasts included Stats Can's November estimates of production which added 4.6M tonnes, or over 5 percent, to output. The forecast for crop year exports was raised by about 1.3M tonnes and domestic use raised by about 0.7M. The ending stocks forecast was, however, raised to 15.7M tonnes, 7 percent above beginning stocks and above 6 of the last ten years.

The biggest contributors to the increase in output were wheat, canola, durum and barley adding 2.2, 1.6, 0.6 and 0.6 M tonnes respectively, with corn, soybean and oats production revised lower. With the increase in supplies forecast exports of wheat, canola, durum and barley were raised by 0.9, 0.5, 0.2 and 0.2M tonnes. The soybean export forecasts were lowered by 0.5M tonnes.

Always of interest is the USDA perspective of Canadian prospects compared to AgCan's. They were in step, raising their export forecasts by 1.0M tonnes to 22.0M tonnes. Both raised their expectations for feed use which is somewhat surprising in view of the tight global supply of hard red spring wheat and the better quality of the Canadian crop.

In January Ag Canada will begin to focus on projections for the 2018-19 crop year.

OPINION: The upward revision of the 2017 Canadian crop estimate and the adjustment to the supply and demand balance certainly suggest a higher than average ending stock figure for total Canadian crops. What suggests a less pessimistic outlook is the ratio of ending stocks to use – export and domestic, ratio. The reason for this is the significant increase in the movement of Canadian crops in recent years. Exports and domestic use last year totalled 93.2M tonnes, 24 percent above 10 years earlier.

This raises the issue as to why this has occur which will perhaps provide some insight into whether these gains can be sustained.

Prairie farmers have certainly been very successful in diversifying particularly away from wheat. With the rather dramatic return of the Russians in recent decades to the international wheat market this has been important. And geography has for a change presented advantage. Last year 73 percent of Canadian exports moved through Pacific ports and it is in that direction where growth in demand has occurred.

Merry Christmas everyone.

David Walker, Edmonton, AB, CA