open i

Crop Market Summary

For the week ending Friday, 27-Mar-'20

Crop and Related Prices, Can or US$/tonne, US$/l ethanol				
Commodity	**Month**	**This week**	**Last week**	**Year ago**
SRW Wheat	May	209.26	198.14	167.92
HRW Wheat	May	178.85	172.33	158.00
HRS Wheat	May	197.32	191.44	203.84
CWRS Wheat	Spot	237.84	243.81	256.91
CPS Wheat	Spot	213.89	229.38	224.96
Corn	May	136.21	135.33	140.35
Ethanol	May	26.15	26.21	35.77
Oats	May	172.16	169.89	174.43

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

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

Oilseeds & Other Prices, Can or US$/tonne or index		27-Mar-20		
Commodity	**Month**	**This week**	**Last week**	**Year ago**
Soybeans	May	323.90	316.92	324.91
Soya Meal	May	293.10	295.01	278.04
Soya Oil	May	591.96	565.29	625.25
Canola	May	462.90	461.90	455.30
Crude Oil(WTI)	May	21.76	25.03	60.27
Dollar Index	Jun	98.64	103.56	96.20
S&P 500	cash	2,585	2,330	2,630
Canola, new crop	*Nov*	*481.60*	*472.70*	*498.00*
Wheat SRW,new crop	*Dec*	*206.96*	*200.90*	*206.04*
Corn, new crop	*Dec*	*142.32*	*143.10*	*158.65*

COMMENT: After a week of unprecedented attempts by governments to offset the economic impact of measures introduced to slow the spread of COVID-19, most markets have responded positively. The exception was crude oil. USDA data for last week's export sales of wheat, corn and soybeans were all above expectations.

Russia has put a cap on its wheat exports for the balance of their crop year. Ethanol production margins resulting from falling crude oil prices weighed on corn values. Delays in soybean export shipping from South America was supportive. Prairie prices suffered from a weakening of the US dollar.

NEWS: While COVID-19 pandemic measures have slowed much of the economy, it has yet to have had any impact on crop shipment, at least not yet. CGC data indicates exports for the week ending March 22 of over a million tonnes, the highest level since before the Great Lakes shipping season closed in December. Likewise domestic disappearance was the highest in more than two months. To achieve this, movement from the country was also at the highest level since before Christmas. Also grain companies seem to have been successful with the help of farmers in raising primary elevator stocks prior to the road ban and spring field work seasons when farmer deliveries naturally decline. Primary elevator stocks last week were reported close to 4.7 million tonnes, the highest level at this season since at least 2014 when the CGC adjusted its reporting. This will enable grain companies to run stocks down by about 2 million tonnes to meet on going export demand that does not pause in the spring. Primary elevator stocks have been kept at a relatively high level for a couple of months now suggesting there has not been a lack of export business or at least there has been a degree of confidence about this.

The USDA's March 1 stocks and prospective plantings survey results are scheduled to be published on Tuesday March 31 and the first nation-wide weekly 2020 crop progress report will be published by the USDA on Monday, April 6.

OPINION: Twenty-twenty hindsight usually allows for plausible explanation of price developments but not, of course, for future trends. By way of example wheat prices had a pretty good run up over the fall months as crop prospects declined in the Southern Hemisphere and particularly in Australia. From mid January concerns over COVID pressured almost all markets and wheat did not seem to escape. More recently there has been a very sharp recovery in wheat values, at least those reflected in the May Chicago wheat futures. This despite record global wheat supplies and no material change in this over the last week or so.

This may be attributable to the toilet paper effect as evident on empty grocery store shelves.. In turn we attribute this to speculative demand – the sudden feeling that toilet paper, or wheat, is a good thing to own beyond normal use requirements. It seems likely that once we reach the other side of the COVID pandemic, opinions on holding larger than usual stocks of toilet paper and wheat will evaporate, and ongoing demand will be temporally depressed while the accumulated consumer inventories are worked off. The trick is to sell while these inventories are being accumulates and avoid selling while they are being worked off.

David Walker,
Edmonton, AB, CA