



Wednesday August 25, 2010

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Sep.	4.2125	↑	2 1/2	cents
Soybeans CBOT	Nov.	10.0400	↓	26 3/4	cents
Wheat CBOT	Sep.	6.7900	↑	23	cents
Wheat Minn.	Sep.	7.1425	↑	17 1/2	cents
Wheat Kansas	Sep.	7.0070	↑	15 3/4	cents
Canadian \$	Sep.	0.9427	↓	284	points

CORN

Corn finished slightly higher for the week as wheat regained some lost ground.

Investment funds maintain a 327,000 long position in Chicago corn futures, which is relatively large. However the trade is anticipating a potential sell-down by investment funds as the seasonal harvest weakness approaches.

Despite the anticipation of a bumper US crop, the early harvest results in Illinois have been disappointing with yields well below last year's crop.

The export trade situation following the Russian drought continues to be debated, with many different projections being put forward. The USDA expect combined coarse grain production from the EU and Former Soviet Union to be down 24 MMT from last year while feed use is expected to fall by only 3MMT. With wheat following a very similar pattern, there should be significant demand for North American corn exports.

SOYBEANS

Soybean futures fell sharply last week as soybean oil values over-extended their rally and went into freefall as funds rushed to sell. Soyoil also suffered as nervousness about the health of the global economic recovery pushed crude oil lower.

Values recovered some ground early this week as production issues emerged in the US crop and forecasts remained dry for most states. The national US crop condition reports dropped 2% to 64% good/excellent.

Argentina is expected to cut soybean export taxes from 35% to 30% for this coming year and then systematically reduce rates to 15% in 2015. The controversial taxes were introduced in 2008 as a means of discouraging exports and controlling local food prices. Export taxes for corn and wheat may be reduced at a faster rate in an effort to encourage producers to diversify away from soybean production.

Investment funds long 122,000 contracts of soybean futures, 65,000 of soymeal and 36,000 of soyoil.



WHEAT

Chicago wheat traded as high as \$7 late last week before falling sharply early this week.

The trade was surprised by the price paid by Egypt for a large purchase of Canadian and French wheat. The trade expected the wheat to draw a much higher price.

The Ukraine crop estimate (17.4 MMT) was slightly above the USDA's August estimate (17 MMT), prompting the government to delay any decision to impose export quotas. Meanwhile wet weather in Germany and the Baltic states have improved production prospects in these areas.

Investment funds hold a 43,000 contract long position which may be reduced in the coming weeks as the world supply situation becomes clearer and the market settles down.

GFO released final payments for the 2009/10 Pool Program last week. Total payments were as follows;

	/tonne	/bushel
• Pool A (SWW)	\$206.98	\$5.606
• Pool B (HRW)	\$185.22	\$5.041
• Pool C (HRS)	\$211.38	\$5.753
• Pool E (SRW)	\$161.19	\$4.387
• Pool G (Feed)	\$150.40	\$4.093

Contract prices for August 25th, 2010 at the close are as follows:

SWW at \$221.31 per tonne (\$6.02/bu.), SRW at \$188.54 per tonne (\$5.13/bu.), HRW at \$221.31 per tonne (\$6.02/bu.), and HRS at \$215.62 per tonne (\$5.87/bu.).

Chart of the Week

