



Wednesday September 1, 2010

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Sep.	4.245	↑	3.25	cents
Soybeans CBOT	Nov.	10.08	↑	4	cents
Wheat CBOT	Sep.	6.755	↓	3.5	cents
Wheat Minn.	Sep.	6.975	↓	16.75	cents
Wheat Kansas	Sep.	6.8775	↓	13	cents
Canadian \$	Sep.	0.9501	↑	74	points

CORN

Corn values followed wheat prices to finish slightly higher.

The US harvest continues to produce disappointing yield results in the eastern and southern corn-belt areas. This is being attributed to late season heat and dryness, particularly in Iowa which is experiencing its third hottest summer since 1983. As a result the trade is expecting to see yield and production estimates downgraded in the coming week. Some are also suggesting that the crops green biomass has masked smaller ear size and weight.

Despite the dryness, climatologists do not expect the US corn-belt to enter drought. If true, this will extend an unprecedented 22 year drought-free run.

FCStone have flagged 2010-11 as a year of a potentially dramatic acreage shortage in the US combined with a sharp reduction in world buffer stocks. This could set the stage for even more explosive price action in 2011-12.

SOYBEANS

Soybeans were slightly higher for the week.

The hot and dry weather coming into harvest is not expected to impact US soybean crops as much as it has corn. Yield estimates are not expected to fall to the same degree as corn, due to record pod counts and a much reduced aphid threat. Still US crops are experiencing sudden death syndrome.

Private estimates put Argentina's coming soybean crop at 52 mmt and Brazil at 70 mmt. These estimates are 7 mmt above the USDA's combined estimate for the two countries. If true, this could leave soybeans lagging wheat and corn price action for another crop cycle.

Reports from South America also suggest Argentina may increase its biodiesel export tax from 20 to 32 percent. This comes after the Government last week announcing plans to reduce export taxes for soybeans.



WHEAT

Wheat values fell lower during the week before making up some lost ground when Egypt purchased 225,000 tonnes of US wheat. Germany was also seen purchasing US spring wheat suggesting the country's recently harvested crop has some quality issues.

A world shortage of quality milling wheat is expected to see demand pushed to Canada and the US. Pakistan floods have apparently decimated the country's seed supplies which will likely impact on autumn wheat planting.

Substantial areas of the Former Soviet Union wheat growing areas remain dry. Ukraine has slightly downgraded its winter wheat planting estimate, while Russian officials continue to squish speculation their country may need to import grain in the coming year.

Meanwhile Australia is experiencing a mixed season with very good rains received in the eastern states and dry conditions continuing in Western Australia.

Contract prices for September 1st, 2010 at the close are as follows:

SWW at \$222.02 per tonne (\$6.04/bu.), SRW at \$193.36 per tonne (\$5.26/bu.), HRW at \$226.07 per tonne (\$6.15/bu.), and HRS at \$234.42 per tonne (\$6.38/bu.).

Chart of the Week

