



Wednesday, September 22, 2010

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Dec.	5.0500	↑	9 3/4	cents
Soybeans CBOT	Nov.	10.8850	↑	46	cents
Wheat CBOT	Dec.	7.1975	↓	7	cents
Wheat Minn.	Dec.	7.6400	↑	5 1/2	cents
Wheat Kansas	Dec.	7.5625	↓	3 1/2	cents
Canadian \$	Dec	0.9708	↓	8	points

CORN

Corn finished higher as large amounts of fund capital are reportedly flowing into agricultural commodities, particularly corn. Funds are estimated to be long 487,000 contracts of corn with total open interest not far from the record levels of 2008.

The market is starting to see the first clear signs of demand rationing. Ethanol blending margins are now at zero even with the 45 cent blenders credit. At this level ethanol production could be reduced to the minimum level required by the mandate. This could cut corn demand by almost 200 mln bu per year. The trade is also considering the possibility of the blending credit expiring on January 1 2011, generating massive losses.

SOYBEANS

Soybeans rallied strongly during the week, as China experienced some frost damage prompting panic buying and concerns linger about South American weather.

Values were also supported by the possibility of intense competition between corn and soybeans for 2011 acres. Even with a larger US crop this year, surging demand may prevent soy from relinquish any acreage to corn next year. Cotton is now also competing for acres, on account of recent price gains.

With record demand, any legitimate weather threat in South America would be explosive. At the same time, US soy yields are clearly record exceeding previous levels by huge margins.

WHEAT

Wheat had a mixed week. Concerns about the frost in Western Canada were eclipsed by weather forecasts providing Prairie growers with much needed dry weather to enable harvesting. Forecasts also point to more rain in the Former Soviet Union to enable planting.

Cumulative US exports are up 30% from last year with USDA forecasting annual exports up 36%. The trade appears undecided about short-medium term prices with more than adequate US stocks seen but growing world tightness this year and likely again next.

US winter wheat is now 18% planted vs 21% average. Meanwhile Russia has planted 8.1 million hectares vs 11.2 last year.

Contract prices for September 22nd, 2010 at the close are as follows:



Ontario Grain Market Commentary for September 22nd, 2010
By Seamus Hoban, Grain Farmers of Ontario

SWW at \$219.27 per tonne (\$5.97/bu.), SRW at \$202.00 per tonne (\$5.50/bu.), HRW at \$226.16 per tonne (\$6.17/bu.), and HRS at \$234.06 per tonne (\$6.37/bu.).

Chart of the Week

