Ontario Grain Market Commentary for October 14th, 2010
By Seamus Hoban, Grain Farmers of Ontario

Wednesday October 13, 2010

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Dec.	5.6925	↑	80 3/4	cents
Soybeans CBOT	Nov.	11.7650	↑	114 1/2	cents
Wheat CBOT	Dec.	7.0225	↑	44 1/4	cents
Wheat Minn.	Dec.	7.5100	↑	45 3/4	cents
Wheat Kansas	Dec.	7.5100	↑	41	cents
Canadian $	Dec	0.9949	↑	61	points

CORN

Values consolidated after Friday's limit up reaction to the smaller than expected US corn crop estimate. After this sharp re-adjustment the trade may now face several weeks of limited new information inputs. The trade will however continue to debate the direction of final crop estimates fearing further reductions in production.

US corn stocks will now decline to minimally acceptable levels this year and an additional 9 million acres will be required next year to stabilize supply and demand. Total world grain supplies will decline nearly 2.2 billion bushels after a moderately smaller US crop and one of the worst droughts in history in the FSU.

As world buffer stocks are eroded, demand rationing is likely to occur and a global food crisis will become more likely.

SOYBEANS

Nearby soybean opened up more than $1 on Monday morning. US yield expectations were smaller than expected in last Friday's USDA report and ideas of larger demand now finds traders fearing only a moderate stock building this year and an extreme acreage battle next year competing with corn. Without an expansion of US soy plantings in 11-12 US stocks could decline to intolerably tight levels.

Chinese soybean imports were up 68% during September compared with last year. October loadings are projected to be up 51% and November 64% higher. Overall the USDA expect China to import 9% more soybeans this year.

Weekly US soybean exports are strong at 37.9 million bushels with last week revised up to 26 million and compared to 25.5 million last year.

WHEAT

Wheat markets were boosted higher by the corn market rally following Friday's USDA report. However since then values then traded independently lower. The wheat market does not appear to be suffering the same supply tightness as the corn and soybean markets. While world coarse grain and oilseeds S&D situations tighten dramatically in 11-12, world wheat supplies could stabilize with beneficial weather.

US winter wheat planting is now 70% complete, with indications SRW plantings may be as much as 3 million acres higher than last year.

Some better moisture for the Former Soviet Union and continued good weather in Western Canada is weighing on wheat markets.

Contract prices for October 13th, 2010 at the close are as follows:
SWW at $211.59 per tonne ($5.76/bu.), SRW at $194.97 per tonne ($5.31/bu.), HRW at $218.98 per tonne ($5.96/bu.), and HRS at $236.81 per tonne ($6.44/bu.).

Chart of the Week