



Ontario Grain Market Commentary for November 3rd, 2010
By Seamus Hoban, Grain Farmers of Ontario

Wednesday November 3, 2010

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Dec.	5.8100	↑	3 3/4	cents
Soybeans CBOT	Nov.	12.3700	↑	13 1/4	cents
Wheat CBOT	Dec.	7.2675	↑	36 1/2	cents
Wheat Minn.	Dec.	7.5850	↓	3 3/4	cents
Wheat Kansas	Dec.	7.5975	↑	13 1/3	cents
Canadian \$	Dec	0.9932	↑	232	points

CORN

Corn values finished slightly higher after a volatile week partly due to the rally in wheat and cotton prices.

Since 2006 cotton plantings have reduced by 3.38 million acres in the US, with production mostly being handed over to corn. If the strong rally in cotton prices continues, almost all these acres could be returned to cotton production in 2011.

Another factor which may restrict corn plantings is fertilizer prices, particularly ammonia which has almost doubled in price in the last 12 months. If prices continue to rise, corn may lose acres to lower input crops such as soybeans and wheat.

The US Federal Reserve announced plans for more quantitative easing (money printing) in 2011. The \$600 billion dollar announcement is on top off the \$250-300 billion program already planned for 2011. The additional supply of US dollars will devalue the currency against the Canadian dollar.

SOYBEANS

Nearby soybean futures finished 13.5 cents higher for the week after a choppy week of trading.

The USDA is expected to increase their soybean demand forecast in the November 9 supply/demand update. This should offset any increase in the production estimate. Early season soybean exports from the US are up 39% from the high amounts exported at this time last year.

This week the Chinese Government announced plans to continue purchasing domestic soybeans to bolster local prices and build the country's stockpile. The Chinese Government is paying Chinese producers a fixed price equivalent to US\$15.26 dollars per bushel (US\$570 per tonne).

Ontario growers should have by now received their RMP renewal notices ahead of the November 25 deadline. Pre-harvest prices will be released by Agricorp on Monday 8th November.

WHEAT

Wheat had a very mixed week, with disappointing US crop ratings producing a solid 4 day rally before a sharp sell-off due to profit taking. The US crop was rated 46% good/excellent, down



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1% from last week and compared to 64% last year. This is now the worst rated US winter wheat crop since 2001.

Ontario wheat basis levels have improved considerably in the past week as export demand strengthens.

The US Commodity Futures Trading Commission (CFTC) this week responded to criticism that the Variable Storage Rate (VSR) system implemented this year has failed to make futures and cash prices converge at contract expiry. Cash prices in Kansas City recently traded as much as \$1.95/bushel below the futures price at expiry. The CFTC said it is determined to solve the convergence issues in the wheat futures market, but ruled out placing limits on speculators.

On Wednesday a trader's mistake caused the Minneapolis wheat exchange to briefly jump 30 cents higher before returning to normal less than a minute later, by which time several hundred contracts had changed hands.

Contract prices for November 3rd, 2010 at the close are as follows:
SWW at \$235.99 per tonne (\$6.42/bu.), SRW at \$221.12 per tonne (\$6.02/bu.), HRW at \$247.15 per tonne (\$6.73/bu.), and HRS at \$253.93 per tonne (\$6.91/bu.).

Chart of the Week

