



Wednesday November 17, 2010

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Dec.	5.2575	↓	41	cents
Soybeans CBOT	Nov.	12.0500	↓	114	cents
Wheat CBOT	Dec.	6.3250	↓	77 1/2	cents
Wheat Minn.	Dec.	7.1050	↓	71 1/2	cents
Wheat Kansas	Dec.	6.9000	↓	97	cents
Canadian \$	Dec	0.9764	↓	233	points

CORN

Corn futures collapsed this week with a particularly sharp fall on Tuesday. The trade is still responding to last week's USDA report, which despite downgrading US yield and tightening carryout, was considered anticlimactic by the market.

With funds holding a record long position, market watchers are expecting further sell-offs between now and the end of the year. However with little new information expected, it is difficult to predict the timing and size of this sell-off.

The market is made more difficult to predict by the ongoing debate regarding US biofuels and ethanol policies. Following the US mid-term elections the now "lame duck" US congress will be mindful of the need to cut government spending in line with voter sentiment. However cutting subsidies to the ethanol industry would go against the government's top priority of job creation.

SOYBEANS

Soybean values fell sharply on news that China will impose price controls to curb rising food prices. This should temper short term speculative demand, but in the long term China will still require record imports in the coming year.

Despite the severe drop in values, many private analysts are now anticipating larger US crush and exports which will reduce US ending stocks to below 100 million bushels later this year.

The US dollar traded higher as markets become increasingly concerned about the level of debt in EU countries.

The longer term need for a substantial acreage expansion next year and tight supplies this year, should prevent soybeans from falling too far from current levels. However with nervous funds still holding large long positions, any negative news could trigger instability.

WHEAT

Wheat values collapsed in sympathy with corn and soybeans during the week. This despite wheat not having the same problem of nervous funds holding large long positions.



US wheat exports have been sluggish in recent weeks. A late season surge will be needed to reach the USDA's annual export forecast. However the recent price slump will make North American wheat more competitively priced for the export market.

The latest US crop report showed national winter wheat at 46% good/excellent, up 1% from last week but far below the standard of last year's crop (64% good/excellent).

With large stocks on hand, wheat is expected to follow corn price action for some time.

Contract prices for November 17th, 2010 at the close are as follows:

SWW at \$209.84 per tonne (\$5.71/bu.), SRW at \$209.84 per tonne (\$5.71/bu.), HRW at \$219.25 per tonne (\$5.97/bu.), and HRS at \$237.32 per tonne (\$6.46/bu.).

Chart of the Week

