



Wednesday November 24, 2010

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Dec.	5.3800	↑	12 1/4	cents
Soybeans CBOT	Jan.	12.5500	↑	50	cents
Wheat CBOT	Dec.	6.4750	↑	15	cents
Wheat Minn.	Dec.	7.3300	↑	22 1/2	cents
Wheat Kansas	Dec.	7.1900	↑	29	cents
Canadian \$	Dec	0.9886	↑	122	points

CORN

Corn futures finished higher for the week on news that the Chinese government is being lobbied to provide farm support on account of severe corn shortages. This news added to speculation that China will need to significantly ramp up corn imports in the coming year.

The fate of US ethanol subsidies is expected to become clearer when President Obama meets with Congressional leaders on November 30. Opposition to the subsidies appears to be growing. However some analysts see the decision as having minimal impact on the overall corn use, provided blending margins remain positive and the mandated use requirements remain in place.

To meet 2011 demand the US will require record acreage and good weather to produce yields at trend or better. Even then, US stocks will plunge to demand rationing levels. Therefore a significant risk premium will be factored into values at least until spring.

SOYBEANS

Soybeans finished higher for the week with the trade responding to further sales of US beans to China. Overall US exports are up over 18% from a year ago with US shipments to China up 11%. Total Chinese soy imports are up 13% year to year.

The trade is now expecting the USDA to boost both their crush and export forecasts in mid December, and perhaps also in subsequent S&D updates. Private analysts see much larger demand ahead which will drop US carryout to below 100 million bushels vs USDA's 185 million bushel estimate in November. As a result many believe the November 2011 futures are dramatically undervalued at present.

Many areas of Brazil and Argentina have received only 50 – 70% of normal moisture for November.

WHEAT

Wheat values followed corn and soybeans higher during the week.

Early in the week wheat markets fell sharply following North/South Korea conflict. South Korea was the fifth largest customer for U.S. wheat last year and the third-largest buyer of corn. The market rallied once it appeared the attack was likely a once-off.



The trade is monitoring continued dryness in the Middle East where poor crops could trigger a dramatic increase in wheat imports. Meanwhile Russia is expected to remain out of the wheat export market next year, barring a large jump in spring wheat plantings.

The Eastern Australia wheat-belt is expecting rain in the coming days to further delay harvest. Very good yields had been expected, however wheat quality is now in jeopardy.

Contract prices for November 24th, 2010 at the close are as follows:
SWW at \$216.68 per tonne (\$5.90/bu.), SRW at \$216.68 per tonne (\$5.90/bu.), HRW at \$225.97 per tonne (\$6.15/bu.), and HRS at \$242.90 per tonne (\$6.61/bu.).

Chart of the Week

