Ontario Grain Market Commentary for January 26th, 2011
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Commodity	Period	Price	Weekly Movement		
Corn CBOT	Mar.	6.580	↓	1 ¼	cents
Soybeans CBOT	Mar.	13.850	↓	28 ¼	cents
Wheat CBOT	Mar.	8.565	↑	63 ¼	cents
Wheat Minn.	Mar.	9.760	↑	71	cents
Wheat Kansas	Mar.	9.410	↑	64 ½	cents
Canadian $	Mar.	1.0034	↑	7	points

CORN

Corn futures fell to a one-week low, earlier this week, as demand from consumers and investors dropped following a price rally to a 30-month high. Losses were posted in corn as funds liquidated their long positions, commodity index funds sold an estimated 13,000 corn contracts. The market had been attempting to slow global demand and encourage farmers to expand plantings this spring to replenish low supplies. World corn supplies will fall 14 percent this year, the U.S. Department of Agriculture said last week.

Corn is competing for acres with soybeans, as one analyst commented; the acreage battle in the U.S. is on. Informa raised its estimate for corn plantings to 93.1 million acres, up 5% from planted acres last year. The crops are locked in a battle for acreage as tight supplies have shoved U.S. futures prices to historic highs.

SOYBEANS

Marketing year-end stocks of soybeans were recently projected at 140 million bushels or 4.2 percent of projected consumption. Though the 2010 crop was only 0.8 percent smaller than the previous year, beginning stocks were low and exports are expected to be at record levels.

Informa Economics on Thursday projected U.S. farmers in 2011 will plant 2.4% fewer acres with soybeans or 76.65 million acres. This estimate ignited a rally in deferred U.S. soybean futures contracts, which represent next year's crop, as the market attempted to convince farmers to increase plantings.

China recently wrapped up its biggest ever single U.S. soybean purchase in a $6.7 billion deal equivalent to nearly half of last year’s total trade. China has purchased 11.5 million tonnes of soybeans following China’s recent state visit to the United States.

WHEAT

Wheat continued its impressive rally this week on renewed concerns about the global supply of high protein milling wheat. Recent losses in the U.S. dollar index added to speculation of increased export demand. World wheat supplies are tight and grain demand so strong that any new hiccup in a major producing area would drive the market higher until either production increases or demand is rationed.

North African importers have boosted purchases to curb food inflation amid riots over high prices. Algeria has tendered 600,000 tonnes of optional origin wheat, while Egypt has purchased over 659,000 tonnes since June, an increase of 80% from last year at this time.

Importers are rushing into the market because they expect the U.S. will remain the only reliable supplier as competing exporters struggle to boost output. Russia has a ban on wheat exports; Europe has sold most of its exportable surplus and is not competitive anymore, and Australia has quality as well as infrastructure issues with getting the grain to port.

Current contract prices for January 26th, 2011 at the close are as follows:
SWW at $291.67 per tonne ($7.94/bu.), SRW at $291.67 per tonne ($7.94/bu.), HRW at $306.32 per tonne ($8.34/bu.), and HRS at $339.46 per tonne ($9.24/bu.).

Chart of the Week