



Wednesday 2 February 2011

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Mar.	6.6925	↑	11 ¼	cents
Soybeans CBOT	Mar.	14.540	↑	69	cents
Wheat CBOT	Mar.	8.630	↑	6 ½	cents
Wheat Minn.	Mar.	10.1025	↑	34 ¼	cents
Wheat Kansas	Mar.	9.5275	↑	11 ¾	cents
Canadian \$	Mar.	1.0113	↑	79	points

CORN

Corn continued its rally higher this week. Low projected US ending stocks are making the trade very nervous. Failure to confirm significant acreage expansion or encountering any planting or growing problems whatsoever could send prices spiking sharply higher to ration demand. Ethanol usage estimates were higher this week, meaning stocks could be even tighter than originally expected. Ocean freight rates continue to decline on huge new vessel arrivals, making grain more affordable to transport.

SOYBEANS

Soybeans moved higher this week on fears of an extended Argentina dock and processor workers strike. Weather has been beneficial in South America which supports good crop potential in Brazil and Argentina. Soy has been gaining on corn in the battle for US plantings this spring as traders see a greater need for soy acres than corn. Without a substantial acreage expansion and nearly ideal growing conditions, US stocks could plunge to demand rationing tightness next year.

WHEAT

Wheat traded lower early in the week due to concerns about political unrest in Egypt, but by Wednesday had made up for any losses. Egypt is one of the top importers of wheat and some feared that they would default on purchases as well as there would be disruptions on shipments through the Suez Canal. After it was determined that these fears were not warranted, the wheat market continued its upward ascent.

Cold weather across the US plains had traders worried about winterkill in those areas which also was supportive of markets.

The spread between Minneapolis futures contracts and Chicago continues to grow reaching \$1.45/bu on Wednesday. This increasing spread indicates the premium available for high protein milling wheat compared to the lower protein soft red.

Egyptian worries led crude oil and the Canadian dollar higher which continued to gnaw at basis levels.

Current contract prices for February 2, 2011 at the close are as follows:

SWW at \$291.75 per tonne (\$7.94/bu.), SRW at \$291.75 per tonne (\$7.94/bu.), HRW at \$306.28 per tonne (\$8.34/bu.), and HRS at \$348.88 per tonne (\$9.50/bu.).