



Wednesday 23 February 2011

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Mar.	6.91 ½	↑	1	cents
Soybeans CBOT	Mar.	13.200	↓	46	cents
Wheat CBOT	Mar.	7.63	↓	74	cents
Wheat Minn.	Mar.	9.06 ¾	↓	50 ¾	cents
Wheat Kansas	Mar.	8.78 ¾	↓	51 ¾	cents
Canadian \$	Mar.	1.0098	↓	43	points

CORN

Corn supplies are going to be extremely tight this year. Considering that the U.S. harvested its third-largest crop last year, this is a demand market. Global economic growth is driving demand for improved diets, and rising populations continue to boost exports.

With the smallest corn inventories in 37 years, farmers around the globe are failing to produce enough grain to meet rising consumption, even as planting expands and food prices surge. Despite a great harvest, the U.S. will just be getting back to comfortable levels in terms of stockpile levels.

Recent turmoil in the Middle East and northern Africa has sent commodity prices tumbling as funds move money out of grains and back into oil. Traders speculate that with the escalation of violence, this region will curb its demand for grain, or, at the very least, temporarily disrupt shipments of grain. Corn futures have fallen 4.5 percent since the 17th of February.

SOYBEANS

For soybeans, stocks at the end of the current marketing year are expected to be very small, but prospects remain good for a large South American harvest that is currently under- way. Seasonal declines in U.S. exports are expected at this time of the year, as importers switch to South American supplies. The cancellation of 120,000 tonne purchase of U.S. beans by the Chinese is likely to be attributed to a switching of suppliers.

U.S. exporters sold 396,332 metric tonnes of soybeans from this crop year and next harvest in the marketing week up to February 10. This represents a 59 percent decline from a week earlier, according to data from the U.S. Department of Agriculture.

WHEAT

After the President's Day holiday on Monday, wheat markets opened sharply lower on Tuesday on increased tensions in the Middle East and specifically Libya. This resulted in a massive non-commercial selloff leading to a limit down trading session of 60 cents. Fundamentally, wheat markets should have shown some strength on Tuesday as it was announced that Egypt purchased another quantity of US wheat. Weather concerns around the globe should also have helped to temper this sell off; however, this was not to be, as the market assumes that the Middle East will stop importing until recent turmoil subsides.



Ontario Grain Market Commentary for February 23, 2011
By Todd Austin, Grain Farmers of Ontario

The futures markets continued to erode into Wednesday, trying to find a level where buyers would be interested. Even though the crude oil markets moved higher this week, the Canadian dollar did not move up with it as it has in the past, due in part to the offsetting devaluation in Canadian commodities and stocks.

Lower futures values across the board could allow basis levels to remain steady or even lead to some stronger basis levels. Grain companies may provide a pricing incentive to farmers who have just watched some very attractive prices slip away in the last week.

Current contract prices for February 23, 2011 at the close are as follows:

SWW at \$255.80 per tonne (\$6.96 /bu.), SRW at \$255.80 per tonne (\$6.96 /bu.), HRW at \$270.36 per tonne (\$7.36 /bu.), and HRS at \$311.75 per tonne (\$8.48 /bu.).