



Wednesday July 6, 2011

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Sept	6.18 $\frac{3}{4}$	futures rolled To Next futures month		
Soybeans CBOT	Aug.	13.22 $\frac{1}{4}$			
Wheat CBOT	Sept.	6.27			
Wheat Minn.	Sept.	8.27 $\frac{1}{2}$			
Wheat Kansas	Sept.	7.36			
Canadian \$	Sept.	1.0284	↑	51	points

CORN

The USDA said exporters conducted deals to sell 120,000 metric tons of last year's corn crop to Egypt and 225,000 metric tons of the upcoming crop to South Korea. However, grain traders were still waiting for confirmation of sales to China, upon speculation that the country recently bought 500,000 metric tons.

The USDA's weekly crop progress report, issued after the markets closed Tuesday, indicated 69% of the corn crop was in good-to-excellent condition, up one percentage point from a week ago. The report was in line with the expectation of analysts, yet improvements in the excellent category surprised some traders. The large acreage reported at the end of June shocked the corn market. Good yields are vital in terms of producing a large crop.

Corn output in Brazil was cut by approximately 3.7 percent, after a frost damaged crops in Parana state. Parana, the biggest corn grower in Brazil, will produce 11.2 million metric tons this year, down from a June 20th estimate of 13.4 million tons, according to the state's agriculture secretariat. Brazil is expected to reap a total 57.1 million tons this year, the nation's Agriculture Ministry recently reported.

SOYBEANS

Palm oil slumped to the lowest level in more than eight months after a U.S. report showed larger- than-expected soybean inventories, and as a decline in crude oil prices cut the appeal of vegetable oils as biofuels. Soybean stockpiles as of June 1 were 619 million bushels, 4.6 percent more than forecast and above year-earlier supplies according to the USDA.

Soybean prices are seen as following the grains lower as a result of higher than expected stocks and spill-over bearish sentiment. The recent stocks report implied soybean demand during the third quarter fell to the lowest level since 2003-04 and will result in a bearish response to soybean prices. It is also likely to cause the USDA to revise ending stocks for the full 2010/11 marketing year.

With the lower than expected planted acreage report last week, the soybean market may be sensitive to crop conditions this year as the market will need to see high yields in order to avoid tightness next year. Strength in the wheat and corn markets helped support, but weakness in meal helped pressure. Weekly export inspections, released during the session yesterday, came



in at just 4.51 million bushels, which was well below trade expectations. Shipments need to average 12.96 million bushels each week to reach the USDA projection for the year.

WHEAT

Traders are keeping a close eye on demand for U.S. wheat as countries in the Black Sea region are poised to increase exports after limiting grain sales during the past year, following a devastating drought. Increased competition for export business from Russia and Ukraine, along with a strengthening U.S. dollar, could reduce demand for U.S. wheat.

These concerns about demand are rising as harvest is progressing across the Northern Hemisphere, bringing in fresh supplies to the marketplace. In the U.S., the winter wheat harvest was 56 percent complete, above the five-year average of 52% according to federal data.

The U.S. Department of Agriculture rated 70% of the crop as good to excellent, up one percentage point from a week earlier. Development remains slow due to late planting and wet conditions. The USDA said 13% of the spring wheat crop was in the headed stage of development, well below the five-year average of 52%.

Harvest contract prices for July 6, 2011 at the close of markets are as follows:

SWW at \$226.36 per tonne (\$6.16/bu.), SRW at \$206.82 per tonne (\$5.63/bu.), HRW at \$245.91 per tonne (\$6.69/bu.), and HRS at \$292.28 per tonne (\$7.95 /bu.).