Ontario Grain Market Commentary for August 24, 2011
By Todd Austin, Grain Farmers of Ontario

Wednesday August 24, 2011

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Sept	7.31 ¾	↑	20 ¼	cents
Soybeans CBOT	Sept	13.86 ½	↑	29 ¾	cents
Wheat CBOT	Sept	7.49 ¼	↑	21 ¾	cents
Wheat Minn.	Sept	9.26	↑	9 ¼	cents
Wheat Kansas	Sept	8.35	↑	11 ¾	cents
Canadian $	Sept.	1.01090	↓	87	points

CORN

The condition of the U.S. crop is driving the market. It was stressed throughout July from hot, and in many places, dry weather. Futures had gained on speculation that dry weather in the U.S. would limit yields. Preliminary reports in central Indiana and Nebraska indicated that corn yields may be lower than last year. There are also thoughts that there will be lower corn yields in Ohio and South Dakota.

Worsening conditions in July and August reflect the extreme heat and increasing dryness in the Midwest. Average temperatures in the Midwest were as much as 13 degrees Celsius above normal in July. Farms from south-central Minnesota to Ohio got less than a third of normal rain since July 1. The corn-ear size is determined early in the plant's life cycle, when Midwest flooding and cool temperatures stunted growth. Heat in July damaged corn reproduction, reducing the number of kernels on each ear.

SOYBEANS

The fundamentals for soybeans remain supportive for prices. U.S. pod-setting soy should receive some rainfall at midweek but more is needed soon and this week's rain will miss some of the driest crop areas. The U.S. Department of Agriculture recently reported a decline in condition ratings for U.S. corn and soybeans.

Worries have shifted to soybeans because it is still in a key growing phase, whereas the corn crop's key growth period has already passed. Soybeans need rain in August to develop pods and fill them with beans.

WHEAT

U.S. domestic feed demand is expected to remain strong after the U.S. Department of Agriculture reported cattle placed on feedlots was again higher than expectations in July. The number of cattle placements has surged in recent months, due largely to a severe drought in the southern Plains that has scorched much of the available grazing land.

Russia has joined the growing list of countries with potential wheat quality issues, also following concerns in Ukraine, where as little as 40% of wheat may be of milling grade, according to private analysts. Germany, the European Union's second-ranked producer of the grain, has compromised quality for a second year in a row, due to wet weather.

Harvest contract prices for August 24, 2011 at the close of the market, are as follows:

SWW at $261.17 per tonne ($7.11 /bu.), SRW at $257.56 per tonne ($7.01 /bu.), HRW at $290.01 per tonne ($7.89 /bu.), and HRS at $321.84 per tonne ($8.76 /bu.).