Ontario Grain Market Commentary for August 31, 2011
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Wednesday August 31, 2011

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Sept	7.57 ½	↑	25 ¾	cents
Soybeans CBOT	Sept	14.49	↑	62 ½	cents
Wheat CBOT	Sept	7.45 ¼	↓	4	cents
Wheat Minn.	Sept	9.67	↑	41	cents
Wheat Kansas	Sept	8.71	↑	36	cents
Canadian $	Sept.	1.0216	↑	107	points

CORN

There is a continued fear of a smaller U.S. corn crop. Recent crop reports rated U.S. corn at 54 percent good to excellent, down 3 percentage points from last week. This is the worst rated crop since 2005 and the sixth worst rated on this date in 25 years.

Harvest in dried down corn areas, due to persistent drought, in Illinois and eastern corn belt show yields well below normal levels. The lack of moisture is prompting many to lower crop prospects.

Farm futures magazine has recently estimated that U.S. corn plantings for this upcoming year will be increased to 93.87 million acres.

SOYBEANS

The U.S. soybean crop rated 57 percent good to excellent, down 2 percentage points from previous reports. Trade continues to downgrade crop prospects with the persistent dryness in the eastern growing region. There is anticipation that further downgrades are possible. One private analyst has lowered yield predictions to 40.5 bushels per acre. Any smaller yield ideas could require a degree of U.S. demand rationing.

Soybean futures have climbed on speculation that adverse weather will hamper production in the U.S. and Brazil. More than a quarter of the Midwest will remain too dry for soybean pods to fill with beans in the next two weeks, even after today's rain in parts of soybean belt, according to the Commodity Weather Group. Lack of precipitation in northern and central Brazil has depleted soil moisture, which is unlikely to be replenished before seeding starts in mid-September, according to Oil World.

Farm Futures magazine is estimating that U.S. soybean planting will increase to 76.9 million acres next year.

WHEAT

There is increased concern over prospects of the continuing drought in south western U.S. hard red winter wheat areas, as this may limit plantings that normally occur in the month of

September. There have been some recent talks about the potential for rainfall over the next 10 days in some of the HRW areas. Any improvement in soil moisture would certainly be welcome news.

Farm Futures magazine estimates that U.S. all wheat plantings to increase 3.4 million acres to 58.63 million acres. A decrease in HRW production could produce subclass rationing shortages, though overall U.S. all wheat Supply & Demand might not change much due to the estimated acreage increase.

Harvest contract prices for August 31, 2011 at the close of the market, are as follows:

SWW at $265.01 per tonne ($7.21 /bu.), SRW at $261.41 per tonne ($7.11 /bu.), HRW at $295.60 per tonne ($8.05 /bu.), and HRS at $338.08 per tonne ($9.20 /bu.).