



Ontario Grain Market Commentary for September 28, 2011
By Ahmed Chilmeran, Grain Farmers of Ontario

Wednesday September 28, 2011

Commodity	Period	Price	Weekly Movement		
Corn CBOT	Dec.	6.308	↓	18.00	cents
Soybeans CBOT	Nov.	12.235	↓	42.50	cents
Wheat CBOT	Dec.	6.388	↓	4.25	cents
Wheat Minn.	Dec.	8.613	↑	24.00	cents
Wheat Kansas	Dec.	7.268	↑	0.25	cents
Canadian \$	Dec.	0.969	↓	31.00	points

Finland's parliament approved changes to the European Financial Stability Facility (EFSF) on Wednesday with a guarantee of €13.97 billion instead of the €7.9 billion initially proposed. The EFSF, Europe's temporary bailout fund which will act as a safety net to member states that don't have a bailout program through a flow of credit lines will sit on top of €440 instead of €250. In addition, the European Union proposed a financial transactions tax on stocks, bonds and derivatives that would take effect in 2014 and raise about €57 billion a year. The latter sparked an opposing UK treasury response suggesting that such levy would need to be applied globally among other practical issues. All these dynamics left the Canadian dollar weaker and closer to its US counterpart as the euro zone sorts through its difficulties.

CORN

Corn prices declined from this year's high in June by 18% according to the UN's Food and Agricultural Organization. Investors sold on concern that the global recovery was faltering. The decline helped ease near-record food prices, curbing inflationary pressures as governments seek to boost growth. The Morgan Stanley report indicated that U.S. stockpiles declined to 882 million bushels as of Sept. 1, about 38 million bushels less than the USDA's latest estimate. That would be the smallest total for a period since 1995, and down from 1.7 billion bushels a year ago according to USDA data.

SOYBEANS

Soybean market didn't escape the poor economic performance and concerns over financial conditions in the euro zone and the US. Prices continued a downward trend with November CME futures \$2 lower on Sept. 26 since a peak of \$14.65/bu. on the last day of August. Harvesting of soybeans began in Minnesota with an estimated 3% harvested compared with 6% last year, and a 9% average according to the USDA weekly crop weather report. The extent of market conditions on prices will show in USDA's stocks report later this week and a crop production update in mid-October. USDA's soybean stocks were last estimated at 225 million bushel for the fiscal year.



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WHEAT

Wheat futures weakened dropping to a two-day low amid easing concerns over global crop conditions, while euro zone issues added to selling pressure. Russia is poised to again become the world's second-biggest wheat exporter as the nation's largest grain port raises shipping capacity by as much as 67% in four years. This news comes after a one-year ban on grain exports expired on July 1 as a result of the worst drought in Russia in half a century. The recent drought wiped 37% of wheat crops in 2010-11. Anticipated increase in exports may weigh in on demand for US supplies, which are the world's third largest wheat producer and biggest exporter.

Harvest contract prices for September 28, 2011 at closing, are as follows:

SWW at \$223.03 per tonne (\$6.07 /bu.), SRW at \$223.03 per tonne (\$6.07 /bu.), HRW at \$255.24 per tonne (\$6.95 /bu.), and HRS at \$322.48 per tonne (\$8.78 /bu.).