



Ontario Grain Market Commentary for December 14, 2011
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Wednesday December 14, 2011

Commodity	Period	Price	Weekly Movement - Wednesday to Friday		
Corn CBOT	Mar	5.8075	↓	8.50	cents
Soybeans CBOT	Jan	11.0000	↓	8.00	cents
Wheat CBOT	Mar	5.8075	↓	9.00	cents
Wheat Minn.	Mar	8.1575	↓	5.75	cents
Wheat Kansas	Mar	6.3550	↓	20.50	cents
Canadian \$	Mar	0.9596	↓	183.00	points

Last week's summit agreement by the 26 European Union states with Britain dissenting, had strong overtones but only a short lived positive ripple in financial markets. German chancellor Angela Merkel and Bundesbank chief Jens Weidmann echoed the need for European solidarity and to stray away from the illusion of a silver bullet solution. Other members like France expressed the need for another summit early in 2012 to discuss growth measures to offset the currently placed austerity measures. Moody's credit rating agency intends to review the ratings of all 27 members of the EU in the first quarter of 2012 after EU leaders offered little to resolve the crisis in last Friday's summit. Investors are bracing for a possible mass downgrade for all European countries. A Reuters poll suggests a brighter US economic growth in 2012; however it may be wise to take it with a grain of salt given the present conditions of high unemployment and a weak housing market. Canadian household debt, the ratio of household mortgages, consumer credit and loans to disposable income swelled to a record high in the third quarter with over 150%. According to Mark Carney, Canada's central banker this puts Canadians in more debt than their American and British counterparts and that household debt was one of the biggest, home grown risks to the financial system.

CORN

Corn futures traded higher on Tuesday over concerns of adverse weather conditions in Argentina and Brazil, but lost its modest gains on Wednesday over European debt fears and ease of global supplies. Forecasts of dryer weather will reduce soil moisture and increase stress on crops in parts of Argentina, Paraguay and Brazil according to T-Storm Weather LLC. If drier than normal South American weather lingers, a lower crop outlook could potentially increase demand for North American supplies.



SOYBEANS

Soybean prices rose initially on speculation that dry weather may affect crops in parts of Brazil and Argentina. However, Morgan Stanley lowered its price forecasts on Wednesday for soybean among other agricultural commodities because of rising global supplies and European debt concerns. A gap in South American soybean could potentially be filled with North American supplies.

WHEAT

Wheat fell in Chicago following USDA's earlier crop report which estimated higher US ending stock for 2010-11 by 16 million bushels and a record forecast of 689 million tons for global wheat supplies in 2011-12. A weaker euro showed signs of boosting European export prospects earlier when Egypt, the world's largest wheat importer bought 180,000 tonnes of Russian, French and Argentine wheat in its latest tender. Morgan Stanley cut its price forecasts for wheat and other agricultural commodities following the USDA's higher than expected commodity estimates.

Harvest contract prices for December 14, 2011 at market close, are as follows:

SWW at \$214.72 per tonne (\$5.84/bu.), SRW at \$246.26 per tonne (\$6.73/bu.),
HRW at \$297.04 per tonne (\$8.08 /bu.), and HRS at \$224.29 per tonne (\$6.10 /bu.).