



Wednesday December 28, 2011

Commodity	Period	Price	Weekly Movement - Wednesday to Friday		
Corn CBOT	Mar	6.4125	↑	23.75	cents
Soybeans CBOT	Jan	11.9750	↑	34.00	cents
Wheat CBOT	Mar	6.5025	↑	24.50	cents
Wheat Minn.	Mar	8.6050	↑	13.50	cents
Wheat Kansas	Mar	6.9925	↑	21.00	cents
Canadian \$	Mar	0.9750	↓	40.00	points

The ECB's balance sheet hit a record high of €2.73 trillion after it lent financial institutions €489 billion in low interest loans last week in an attempt to keep credit flowing to the economy during the debt crisis. Italy sold €9 billion of six-month Treasury bills with lower borrowing yields from the previous auction in response to the government's earlier measures aimed at trimming the euro region's second biggest debt. The loonie strengthened to the highest level in almost three weeks with the rise in the stock market and crude oil. The latter captured investor's attention with the prospect of sanctioning Iran's oil exports. The standoff heightened Tuesday after Iran threatened to close the Strait of Hormuz if Western nations press ahead with additional sanctions on the country's oil exports.

CORN

Corn rose in Chicago to near a six week high, as Argentina's dry weather continues to threaten the crop as it enters pollination stage, making stalks vulnerable to punishing weather. According to the USDA, Argentina is the second largest corn exporter and is expected to supply a fifth of the world's corn exports. A shortage in Argentinian supplies down the pipe may have a spillover effect on commodity markets. There's also lingering risk of the 'la Nina' weather phenomena impacting bordering Brazil with its corn supplies.

SOYBEANS

Soybean lost earlier gains in Chicago; however South American dry weather remains a stressing factor driving prices up ahead of other externalities such as the Eurozone debt crisis. Traders are concerned that lower exports from South America could reduce world food inventories as strong demand from livestock producers and ethanol makers is already straining global



Ontario Grain Market Commentary for December 28, 2011
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reserves. A shortage in South American exports may raise an opportunity for North American soybean.

WHEAT

Wheat rose in Chicago heading for the longest rally in four years, as dry weather risks depleting soil moisture and erodes prospects for dormant winter crops in the US Great Planes. European wheat also rose as traders rush for end of year short coverings. In retrospect, wheat dropped 19% this year after Russia, Australia and Canada boosted production. Harvest contract prices for December 28, 2011 at close, are as follows:

SWW at \$237.50 per tonne (\$6.46/bu.), HRW at \$269.54 per tonne (\$7.34/bu.),
HRS at \$309.20 per tonne (\$8.42 /bu.), and SRW at \$246.93 per tonne (\$6.72/bu.).