



Ontario Grain Market Commentary for January 11, 2012
By Ahmed Chilmeran, Grain Farmers of Ontario

Wednesday January 11, 2012

Commodity	Period	Price	Weekly Movement – Friday to Wednesday		
Corn CBOT	Mar	6.5125	↑	3.50	cents
Soybeans CBOT	Jan	11.9750	↓	6.50	cents
Wheat CBOT	Mar	6.4100	↑	11.25	cents
Wheat Minn.	Mar	8.1625	↑	2.25	cents
Wheat Kansas	Mar	6.9800	↑	12.00	cents
Canadian \$	Mar	0.9792	↑	34.00	points

Europe and Japan moved ahead Tuesday in planning for punitive cuts in oil imports from Iran. EU governments will bring forward a foreign ministers' meeting to decide on an oil embargo on Iran by January 23, however the bloc remains indecisive when a ban should be imposed. Some EU states are pushing for a long grace period before sanctions imposed. This raises the question of how will the 27 oil dependant economies will fair after dropping a key supplier and scramble for alternatives? Japan consulted with Saudi Arabia and the United Arab Emirates to help it make up any shortfall in oil supplies. Anxiety about the potential Iranian embargo pushed oil prices up. The energy-heavy TSX hit its highest level in two months on Tuesday following a spike of imports out of China, which rivals the EU as Iran's biggest customer for crude. This also saw the loonie up against its US counterpart. Meanwhile, economists from the big five banks are warning against the possibility of a housing market downturn in major cities in Canada as a result of a potential investors buildup of inventories. However, statistics released by CMHC recently shows little signs of a slowdown, as the number of housing starts rose by more than 7% in last December.

CORN

Corn rose slightly as Argentina, which approximately provides a fifth of the world corn, got scattered showers early on Tuesday. The National Meteorological Service is calling for rain late Tuesday and Wednesday in the northern part of key agricultural hubs in Argentina. Lack of water has shrunk Argentina's corn crop at a time when the nation is being counted on to replenish global supplies after a lower than expected US harvest.



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SOYBEANS

Soybean rose in Chicago as Argentina, which approximately provides half of the world soyoil, got scattered showers early on Tuesday. The National Meteorological Service is calling for rain late Tuesday and Wednesday in the northern part of key agricultural hubs in Argentina. Lack of water has been estimated to have shrunk Argentina's soy crop by 20% to 30%.

WHEAT

Wheat futures edged lower on Tuesday, as traders continued to monitor the La Nina weather patterns in major wheat producing countries in South America ahead of the anticipated USDA report on Thursday. European wheat futures edged higher on Tuesday, gaining momentum from the rise in crude oil and equities markets and export expectations linked to Algeria's tender to buy milling wheat later this week.

Harvest contract prices for January 11, 2012 at close, are as follows:

SWW at \$233.43 per tonne (\$6.35/bu.), HRW at \$265.38 per tonne (\$7.22/bu.),
HRS at \$291.88 per tonne (\$7.94/bu.), and SRW at \$244.70 per tonne (\$6.66/bu.).