



Ontario Grain Market Commentary for February 1, 2012
By Todd Austin, Grain Farmers of Ontario

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Commodity	Period	Price	Weekly Movement - Friday to Wednesday		
Corn CBOT	Mar	6.42	↑	3 ½	cents
Soybeans CBOT	Jan	12.15 ¼	↓	2 ½	cents
Wheat CBOT	Mar	6.74 ¼	↑	24	cents
Wheat Minn.	Mar	8.36 ¼	↑	8	cents
Wheat Kansas	Mar	7.22 ½	↑	25 ½	cents
Canadian \$	Mar	1.0001	↑	22	points

Commodities have strengthened by encouragement that the European debt crisis would be reined in, as European leaders backed a plan that will hopefully tackle the underlying causes.

CORN

While weather conditions have improved in Argentina, the market looks to be finding support from yield loss indications, due to drought conditions earlier in the growing season. Argentina's agriculture ministry had recently lowered its estimate of corn production to 23 million metric tonnes (mmt), compared to its preliminary estimate of 30 mmt and the USDA's recent estimate of 26 mmt.

Ukraine's grain exports fell 27% in January due to cold weather and insufficient railway carriers. Corn had accounted for 1.3 million tonnes, a decrease of 35% from the previous month. Since the beginning of the marketing year (July 1st) corn exports have reached 6.2 million tonnes.

SOYBEANS

The weather pattern in Argentina's main crop belt appears to be turning favourably, just as the soybean crop heads into its key growing period. The timely rain events should help prevent further yield losses, and may reduce South American crop concerns. Recently, Argentina's agricultural ministry lowered its soybean production to 48.9 million metric tonnes, from their preliminary estimate of 53 mmt. The USDA recently estimated production at 50.5 mmt.

The soybean markets can be characterized by slightly weaker demand, more abundant supplies and somewhat weaker price prospects than in mid-2011, says Darrel Good, University of Illinois agricultural economist. A potential boost for soybean demand and profits in 2012 is the increase in soybean oil targeted for biodiesel under government Renewable Fuels Standard mandates, though increased U.S. soybean exports will still hinge on South America production and global demand.



WHEAT

Wheat futures have rallied due to weakness in the U.S. dollar, spillover support from corn and concern over winterkill in parts of Europe where there is not adequate snow cover. There is also talk that Russia may soon put restrictions on grain exports.

U.S. winter wheat conditions are more favourable. Frequent rains especially in the eastern hard red winter wheat belt has replenished soil moisture levels and have allowed crop conditions to improve significantly of the 2011 levels.

Contract prices for February 1, 2012 at close, are as follows:

SWW at \$243.40 per tonne (\$6.62 /bu.), HRW at \$274.63 per tonne (\$7.47 /bu.),
HRS at \$290.89 per tonne (\$7.92 /bu.), and SRW at \$250.75 per tonne (\$6.82 /bu.).