



Ontario Grain Market Commentary for March 28, 2012
By Ahmed Chilmeran, Grain Farmers of Ontario

Friday March 28, 2012

| Commodity | Period | Price | Weekly Movement - Wednesday to Friday | | |
|---------------|--------|---------|---------------------------------------|-------|--------|
| Corn CBOT | May | 6.2025 | ↓ | 28.00 | cents |
| Soybeans CBOT | May | 13.6750 | ↓ | 18.00 | cents |
| Wheat CBOT | May | 6.3075 | ↓ | 19.75 | cents |
| Wheat Minn. | May | 7.9775 | ↓ | 15.25 | cents |
| Wheat Kansas | May | 6.7000 | ↓ | 16.25 | cents |
| | | | | | |
| Canadian \$ | June | 0.9989 | ↑ | 39.00 | points |

The Ontario Budget is received with mixed reviews following its release on Tuesday. The budget is poised to be one of the toughest in recent years with various austerity measures including capping Ontario's agricultural risk management program to the \$100 million mark. The 2012 budget is to set a tone of frugality for the coming years in hopes of balancing the budget in 2017-18. The yield and price of government bonds tend to move in opposite directions and following the budget's announcement the bond market saw some dynamics with a slight dip in 5 and 10 year bond yields supported by increased investor's demand. The increase in the price and drop in in yield reflect the bold measures taken in the budget to rein in on the province's deficit. Oil prices have declined following reports of larger US stockpiles, dragging global commodity and energy heavy indices down. The loonie followed suit falling against its US counterpart.

CORN

Corn fell in Chicago as traders are wary of large increases in prospective plantings ahead of the USDA inventory and planting report on Friday. Lower crude oil and stronger US dollar strength are also contributing the selling pressure. Farmers are returning to the field following a stint of rains that fell over much of the central US recently and resuming what so far has been a jump start to the crop season.

SOYBEANS

Soybean rose in Chicago ahead of the USDA's inventory and planting report, finding support from diminished South American crop. According to Goldman Sachs report the lower South American production combined with a limited US acreage gain and increased imports by China will bring support to the 2012-13 prices.



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WHEAT

Wheat fell in Chicago reversing early gains due to lower crude oil prices and traders tendency to act cautiously ahead of the USDA's inventory and planting estimates on Friday. European benchmark wheat followed suit. The conditions of the wheat crops in the top producing states has recovered to its highest since 2010, helped in part by rains which to continue to boost the crops revival.

Contract prices for March 28th, 2012 at close, are as follows:

SWW at \$228.4 per tonne (\$6.21/bu.), HRW at \$257.76 per tonne (\$7.02 /bu.),
HRS at \$275.05 per tonne (\$7.49 /bu.), and SRW at \$233.86 per tonne (\$6.36 /bu.).