



Ontario Grain Market Commentary for May 16, 2012  
By Ahmed Chilmeran, Grain Farmers of Ontario

Wednesday May 16, 2012

Commodity	Period	Price	Weekly Movement - Wednesday to Friday		
Corn CBOT	July	6.2000	↑	41.00	cents
Soybeans CBOT	July	14.2200	↑	0.00	cents
Wheat CBOT	July	6.3875	↑	42.25	cents
Wheat Minn.	July	7.6000	↑	27.50	cents
Wheat Kansas	July	6.5600	↑	45.25	cents
Canadian \$	June	0.9874	↓	147.00	points

Failure of political parties in Greece to form a government following an inconclusive election earlier has left investors in a state of panic with the idea of Athens leaving the euro zone and a spillover to larger economies being a realistic option. European banks have been on the worst end of the deal, with Greek banks shedding up to 18% in the past three month. The weak state of the banking sector in Greece is characterized with Greeks pulling euros out of the banks in fear that their country might abandon the euro, even though EU powerhouses Germany and France intend on keeping Athens inside the club. EU's STOXX volatility index, a crude measure of investor fear in Europe, has risen up by more than 100% since mid-March when Spain issues about not being able to meet its austerity targets surfaced. The TSX initially dipped on EU fears, but recovered by midday Wednesday. The loonies rebounded from a 16 week low on Wednesday following better than expected North American data.

### CORN

Corn rose in Chicago for the third straight day following US sales to China, the world's biggest hog producer, signaling increased demand for feedstock. China purchased 900,000 tonnes of US corn in the 8<sup>th</sup> largest one-day trade ever, with most of the supplies ready for shipment in the next marketing year according to the USDA.

### SOYBEANS

Soybean was firm in Chicago with spot basis bids steady to higher at processors and river terminals around the Midwest. Crop supplies tightened due to slow farmer sales, according to various dealers. The China National Grain and Oils Information Center projected a 7% drop in



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China's 2012 soy production after a 10.5% fall in 2011 as farmers shift to grow corn due to higher returns.

### **WHEAT**

Wheat prices rose in Chicago to a two week high over concerns about dry conditions for the developing US winter crop. The lack of rain hitting the driest US areas is expected to continue in the near future and may have an impact on yields. The cash market on the other hand was quiet for the most part on Wednesday as farmers are focusing on planting and not booking wheat for sale.

Contract prices for May 16<sup>th</sup>, 2012 at close, are as follows:

SWW at \$230.26 per tonne (\$6.27/bu.), HRW at \$258.17 per tonne (\$7.03 /bu.),  
HRS at \$267.94 per tonne (\$7.29 /bu.), and SRW at \$232.12 per tonne (\$6.32 /bu.).