



Ontario Grain Market Commentary for July 6, 2012  
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Commodity	Period	Price	Weekly Movement - Thursday to Friday		
Corn CBOT	Sep	6.9375	↑	19.75	cents
Soybeans CBOT	Aug	15.7150	↑	42.00	cents
Wheat CBOT	Sep	8.1600	↑	16.75	cents
Wheat Minn.	Sep	9.2100	↑	23.50	cents
Wheat Kansas	Sep	8.2300	↑	20.50	cents
Canadian \$	Sep	0.9790	↓	61.00	points

The loonie strengthened to a two year high against the euro after the European Central Bank (ECB) cut key interest rates by 25 basis points to a record 0.75% to stimulate the economies. The loonie reached a seven week high over its US counterpart, as better than anticipated job growth statistics in the US surfaced. The Bank of England in an attempt to simulate the economy launched a monetary stimulus highlighting its intention to purchase 50 billion pounds of government bonds with the newly created money to help the economy out of the sticky situation. China, while still enjoying an 8% growth rate is not without its challenges in managing a lower growth in the economy compared to the pre-recession levels. The difficulties stem from finding a balance in maintaining lower interest rates in the short run to prevent a sudden dive in the economy while preventing long run inflationary effects on commodities which can cause political unrest. China cut its key lending rate for a second time in one month in an effort to reverse the signs of the global crisis and maintain a strong hold for its ruling party

### **CORN**

Corn rose in Chicago extending one of its biggest rallies ever. Weather forecasts offer no signs of rain as the crop remains at the mercy of a persistent drought. Traders shrugged the bearish influence of a rising US dollar and shifted focus to capitalize on what appears to be strong signs of a shrinking crop. Corn prices have experienced mere 30% growth over the past two weeks. This may bring some unwanted attention as food inflation continues to become a hot topic.



## **SOYBEANS**

Soybean rose in Chicago over the past week to its highest since an early 2008 record as traders fear of the drought becomes a clearer reality. Global supplies have already been strained by similar weather conditions in Brazil and Argentina. Traders will be watching the upcoming July 11<sup>th</sup> USDA reports with keen interest as reductions in the numbers are a likely scenario.

## **WHEAT**

Wheat rose in Chicago tracking the surge in corn prices due to the overwhelming weather conditions in the Midwest. With soaring prices come the rising issues of food security, which are back to the attention of world leaders after record high food prices in early 2011 contributed to the protests in the Middle East and North Africa. China, the second largest economy has taken measures to buffer inflationary effects of rising commodities by managing lower interest rates.

Contract prices for July 6<sup>th</sup> 2012 at noon, are as follows:

SWW at \$307.9 per tonne (\$8.38/bu.), HRW at \$321.04 per tonne (\$8.74 /bu.),  
HRS at \$319.73 per tonne (\$8.70/bu.), and SRW at \$291.01 per tonne (\$7.92/bu.).