



Ontario Grain Market Commentary for August 10, 2012
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Commodity	Period	Price	Weekly Movement - Thursday to Friday		
Corn CBOT	Sep	8.1100	↑	1.00	cents
Soybeans CBOT	Aug	17.1000	↑	80.00	cents
Wheat CBOT	Sep	8.8575	↓	13.50	cents
Wheat Minn.	Sep	9.3925	↓	24.75	cents
Wheat Kansas	Sep	8.9050	↓	14.50	cents
Canadian \$	Sep	1.0076	↑	33.00	points

Federal finance minister Jim Flaherty indicated in a news report that the EU needs to do more to remedy the current crisis. The news came ahead of the annual summer policy retreat in Ottawa, in which policy makers, business leaders and academics alike gather to discuss current affairs. The EU debt stricken economy shrank in the second quarter after flat lining in the first, despite German growth which economists say could soon follow suit. Meanwhile, China's economy is showing signs of slowing down with data last week that suggested that the economy has not stabilized despite two interest rate cuts. China's export growth, factory output and retail sales further weakened in July. Food vs. Fuel is back on the radar of EU policy and industry leaders after record high grain prices as a result of the draught conditions. The renewed anxiety adds to pressure on the EU's executive Commission to ink a deal that would ultimately prevent the biofuel industry from clashing with food production or the environment.

Corn

Corn rose in Chicago following the USDA's August 10th report. The report estimated domestic output will drop by 13% to a six-year low of 10.78 billion bushels. China's corn output is also expected to be affected due to pest infestation; this will help maintain high prices on top of the drought driven price rally in major producer countries. While traders are fairly ready to handle this year's lower harvest supply, the food vs. fuel debate continues. The supply chain between livestock, ethanol plants and food companies is complex and what end-consumers will receive in price is yet to be determined.



SOYBEANS

Soybean rose in Chicago following the USDA's August 10th report. The report estimated domestic output will slip to 2.692 billion bushels, the lowest since 2007. Rainy weather is in the forecast for the US Midwest; however it may be a bit too late to remedy the crop damage. While traders are fairly ready to handle this year's lower supply, the food vs. fuel debate continues and how much prices will rise to end-consumers remains a question.

WHEAT

Wheat rose in Chicago on fears that Russia will instill another grain export ban. Russia banned grain exports previously for almost a year after a harsh draught two years ago, a move that helped prices rally earlier. The crop continues to enjoy high demand with Egypt, the world's largest wheat buyer, buying 120,000 tonnes of wheat from Russia and Ukraine.

Contract prices for August 15th, 2012 at 3:30 pm, are as follows:

SWW at \$297.26 per tonne (\$8.09/bu.), HRW at \$306.34 per tonne (\$8.34 /bu.),
HRS at \$308.24 per tonne (\$8.39/bu.), and SRW at \$282.73 per tonne (\$7.69/bu.).