



Ontario Grain Market Commentary for September 5, 2012
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Wednesday September 5, 2012

Commodity	Period	Price	Weekly Movement - Thursday to Friday		
Corn CBOT	Dec	7.9075	↓	5.00	cents
Soybeans CBOT	Nov	17.4750	↓	0.50	cents
Wheat CBOT	Dec	8.6775	↓	13.50	cents
Wheat Minn.	Dec	9.2975	↓	9.25	cents
Wheat Kansas	Dec	8.8700	↓	10.00	cents
Canadian \$	Sep	1.0093	↓	27.00	points

The Bank of Canada (BOC) is optimistic about the economy and it stood by its message on Wednesday to hike interest rates in the near future as the national economy gains momentum in the coming two years. BOC expects the economy to hit target inflation rates within the coming year. BOC extended a two-year freeze on the overnight interest rate (currently held at 1%) – the rate the central bank sets for commercial banks to borrow and lend from each another. However, US and EU policy makers aren't looking through the same lens and are contemplating more rounds of economic easing to keep the economy afloat. The euro dipped against the dollar ahead of the European Central Bank meeting and a US job market report. Canada's department of Natural Resource in a recent report showed the sector contributed nearly 20% of Canada's GDP (15% directly to Canada's nominal GDP and another 4% indirectly), equating to 10% of the country's overall employment. The manufacturing sector in Canada and the US is enjoying bolstered growth with sales up 9% in Chrysler, 10% in GM and 13% in Ford last month.

Corn

Corn edged higher in Chicago as tightening global supplies underpinned the market. Harvest progress for US corn is running at a record pace despite rains related to Hurricane Isaac last week. Corn silage harvest in Ontario is in top gear with some of the crop showing signs of a "black layer" and "ear drop" which may affect field productivity during harvest. Plentiful rains have also helped the corn growing season in Argentina; one of the world's biggest grain suppliers.

Soybeans

Soybeans rose in Chicago, hovering near an all-time high hit in the previous session on tight global supplies and market speculation. Ontario soybean harvest has begun in some of the drier areas, most notably North of London and Guelph area. In those areas a decreased seed size was reported. Remaining areas expect the harvest activity to take place in the next week or two. It has also been reported that Cercospora is visible in some of the crop, resulting in purple mottling of soybeans.



WHEAT

Wheat eased in Chicago for the fourth consecutive session as rain improved wheat prospects in the drought-stricken US. Investors and exporters alike are focused the tight competition for business from low priced Russian wheat. Russian wheat is still flowing into global markets despite fears the drought will cut the Russian crop by 30% this year. Ontario wheat producers intend to plant winter wheat this season, seeded acres are yet to be determined.

Contract prices for September 5th, 2012 at 4pm, are as follows:

SWW at \$297.35 per tonne (\$8.09/bu.), HRW at \$304.62 per tonne (\$8.29 /bu.),
HRS at \$307.16 per tonne (\$8.36/bu.), and SRW at \$284.62 per tonne (\$7.75/bu.).