



Ontario Grain Market Commentary for October 3, 2012
By Ahmed Chilmeran, Grain Farmers of Ontario

Friday October 3, 2012

Commodity	Period	Price	Weekly Movement - Wednesday to Friday		
Corn CBOT	Dec	7.5675	↑	0.50	cents
Soybeans CBOT	Nov	15.3175	↓	62.50	cents
Wheat CBOT	Dec	8.7300	↓	27.20	cents
Wheat Minn.	Dec	9.2975	↓	23.50	cents
Wheat Kansas	Dec	8.9100	↓	31.50	cents
Canadian \$	Dec	1.0103	↓	46.00	points

The EU debt situation will not be the only main course served at upcoming G7 meeting in Tokyo, where country leaders will discuss the state of the economy over dinner. Another important item on the agenda will likely be the rising concern over the directions of US fiscal policy. The US's 'fiscal cliff' – the anticipation of a significantly large reduction in budget deficit followed by a corresponding economic slowdown if a combination of certain programs are allowed either to be reenacted such as tax increases or expired such as unemployment relief, and defense spending cuts among others - is contentious item and will likely receive much attention in the weeks to come. Meanwhile, the TSX was slightly lower over lower oil prices. Housing sales of houses in Canada are expected to be slowing down and prices are likely to follow suit according to the Royal LePage's house price survey. The loonie was trading slightly lower than its US counterpart.

Corn

Corn fell in Chicago over speculation that rains seen earlier in August improved crop prospects. Lower demand for corn for ethanol is showing according to the US department of energy. Corn for ethanol is estimated to have fallen about 3% last week. According to Ontario crop specialist Peter Johnson, corn is generally looking well. He indicated that moisture of harvested corn in several cases being around 22%. Yields are as low as 40 bu/acre in few isolated cases. Cases of ear drop is reported for beginning harvest, although ear drop is reported to probably have less of an effect on yield than one might expect. Majority of corn is the 27% to 28% moisture, causing growers to delay harvest. There is a bit of low test weight corn for no particular reason.

Soybeans

Soybeans fell in Chicago on improved weather conditions. The USDA estimated crop condition for soybeans to have improved in three of the past four weeks. Essex County reports show soybean harvest progressing well with yields in the 38 – 45 bu/acre. Later beans are expected to have higher yields benefiting from the later rains. Quality is good with the exception for



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tough straw hampering harvest efforts. It was estimated that Essex is 40 to 45% harvested. Soybean yields of 50 - 60 bu/ac were reported for the Dresden – Wallaceburg area.

WHEAT

Wheat fell in Chicago as favourable crop news surfaced coupled with weak macro-economic data. The state buyer in Egypt, the world's top wheat importer, bought 180,000 tonnes of French wheat along with 60,000 tonnes of Argentine wheat. No black sea wheat was recorded this time around, strategically showing a shift towards Western European and South American wheat. The trend could suggest a likelihood of shifting back to North American wheat as more supplies are built up.

Contract prices for October 3rd, 2012 at 4pm, are as follows:

SWW at \$297.74 per tonne (\$8.10/bu), HRW at \$303.19 per tonne (\$8.25/bu.),
HRS at \$299.28 per tonne (\$8.15/bu.), and SRW at \$285.23 per tonne (\$7.76 /bu.).