



Ontario Grain Market Commentary for December 19, 2012
By Ahmed Chilmeran, Grain Farmers of Ontario

Wednesday December 19, 2012

Commodity	Period	Price	Weekly Movement - Wednesday to Friday		
Corn CBOT	Mar	7.0300	↓	27.00	cents
Soybeans CBOT	Jan	14.3700	↓	57.50	cents
Wheat CBOT	Mar	8.0575	↓	10.00	cents
Wheat Minn.	Mar	8.9550	↓	9.00	cents
Wheat Kansas	Mar	8.5800	↓	4.75	cents
Canadian \$	Dec	1.0107	↓	14.00	points

The US government plans to sell back its remaining stake in General Motors (GM) over the next year. GM will spend \$5.5 billion to buy back 200 million shares of its stock from the US treasury by the end of this month. The remaining 300 million shares will follow on the open market starting January. The Canadian government, in contrast, indicated that now is not the right time to sell, given the likelihood that shares will be undervalued. Canada, both federally and provincially, has been the other bail-out partner of GM and Chrysler with a \$13.7 billion investment. In a recent report, CIBC downgraded the economic growth of Canada from 2% to 1.7%. This news was followed by advice from the International Monetary Fund (IMF) to the Bank of Canada to keep interest rates low throughout 2013 to mitigate global shocks. The Teranet-National Bank House Price Index, a popular index for Canadian housing prices, shows home prices fell in November in 10 of 11 major markets tracked; tightening mortgage regulations from Ottawa are partly responsible.

Corn

Corn was lower in Chicago on weaker demand and also after receiving news of China pulling back on soybean sales from the US. Favourable South American crop conditions are also putting pressure on the market. Informa Economics, a commodity analytics group, pegged corn plantings at 99 million acres, up from its October estimate of 97.7 million acres. Meanwhile, Ukraine is looking into exporting corn to the US, following the worst drought in half a century with talks about standards and conditions taking place.

Soybeans

Soybean was lower in Chicago following a big US order cancellation from China, putting weakness in the current demand for oilseeds. Export demand had been the main driver for prices and recent retreats have been attributed to speculative selling and profit taking. The Chinese news followed favourable conditions for the crop in Argentina and Brazil, the two largest producers in the world. The South American crop has the potential to replenish tight soybean supplies, putting downward pressure on prices.



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WHEAT

Wheat was up in Chicago following Egypt's purchase of US wheat. Egypt, the world's biggest importer, bought 180,000 metric tons of soft red winter wheat. In addition private exporters have reported sales of 110,000 metric tons of US hard red winter wheat. Japan, Asia's second biggest importer, intends to buy 121,026 tons from the US and Canada in the following days.

Contract prices for December 19th 2012 at 3:30pm, are as follows:

SWW at \$271.11 per tonne (\$7.38 /bu), HRW at \$274.75 per tonne (\$7.48/bu.),
HRS at \$291.01 per tonne (\$7.92/bu.), and SRW at \$265.66 per tonne (\$7.23/bu.).