



Ontario Grain Market Commentary for January 30, 2013
By Ahmed Chilmeran, Grain Farmers of Ontario

Wednesday January 30, 2013

Commodity	Period	Price	Weekly Movement - Wednesday to Friday		
Corn CBOT	Mar	7.4025	↑	19.25	cents
Soybeans CBOT	Mar	14.7900	↑	40.50	cents
Wheat CBOT	Mar	7.8700	↑	9.50	cents
Wheat Minn.	Mar	8.6900	↑	2.75	cents
Wheat Kansas	Mar	8.4075	↑	14.00	cents
Canadian \$	Dec	0.9973	↑	64.00	points

US data suggest the US economy contracted by 0.1% in the fourth quarter of 2012, mainly due to a plunge in government defense spending and lower business inventories. This however doesn't indicate an onset of a recession, but rather tightening in government budget spending. The TSX was mostly positive despite the US news, with the unveiling of the new BlackBerry product and higher energy and gold prices. Other financial markets were also optimistic ahead of the US federal policy release, with the euro rising to the highest level in over a year. The US Federal Reserve will likely adopt another round of quantitative easing, maintaining an \$85 billion bond swapping budget. The Federal Reserve is also likely to keep interest rates near zero in the near future.

Corn

Corn futures strengthened in Chicago on recent dry weather news in South America boosting demand prospects for North American supplies. Corn prices are also finding support from dryness in the Corn Belt. Corn acreage in the US is expected to be around 99 million acres mark, however if enough rainfall is achieved, there is potential for a large corn crop which can put downward pressure on prices. US ethanol production data are at record lows, with rising inventories. US ethanol output fell by 22,000 bpd a day to 770,000 bpd the lowest since the Energy Information Administration began collecting data in 2010.

Soybeans

Soybean was higher on stories of continued dry weather in South America. Fields in parts of Argentina and Brazil are expecting less than half an inch of rain in the upcoming week, according to T-Storm Weather LLC. Heat is causing stress on the crop with temperatures reaching above 38C in those regions. In central Brazil on the other hand, rain will likely slow harvesting of mature crops in the coming week. According to AAFC, soybean acreage in Canada is estimated to be 4.794 million acres, with the majority being planted in Ontario.

WHEAT



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Wheat was up in Chicago finding support from oilseeds and the perpetuated fears of no rainfall in the upcoming week in the southern US Great Plains, putting local red winter wheat varieties under stress. Kansas, the biggest producer of winter wheat in the US rated 20% of the crop good or excellent as of Jan. 27, down from 24% on Dec. 30, according to the USDA.

Contract prices for January 30, 2013 at 4pm, are as follows:

SWW at \$269.74 per tonne (\$7.34/bu), HRW at \$277.11 per tonne (\$7.54/bu.),
HRS at \$287.06 per tonne (\$7.81/bu.), and SRW at \$264.22.35 per tonne (\$7.19/bu.).