



Ontario Grain Market Commentary for February 27, 2013  
By Ahmed Chilmeran, Grain Farmers of Ontario

Wednesday February 27, 2013

Commodity	Period	Price	Weekly Movement - Wednesday to Friday		
Corn CBOT	May	6.9525	↑	4.25	cents
Soybeans CBOT	May	14.3950	↓	44.50	cents
Wheat CBOT	May	7.1200	↓	10.50	cents
Wheat Minn.	May	7.9650	↓	14.25	cents
Wheat Kansas	May	7.4275	↓	14.50	cents
Canadian \$	June	0.9751	↓	22.00	points

A Statistics Canada report on investment in construction, machinery and equipment estimates growth will be 1.7% in 2013, the smallest increase since the economic downturn in 2009. The main contributor to the decline is lower growth in the mining and oil and gas extraction sector. However, public sector capital spending is expected to rise by 5% to \$88 billion, the second consecutive increase. Agriculture and Agri-Food Canada released three reports discussing the outlook of the agriculture sector. The reports were entitled the Farm Income Forecast for 2012 and 2013, the Medium Term Outlook, and the Farm Income, Financial Conditions and Government Assistance Data Book 2012. They all give a positive overview of the financial health of the sector in the year ahead. Oil prices are rising with West Texas Intermediate finding support from positive US goods and housing data. The loonie seems to be holding well against the greenback's upward momentum.

### **Corn**

Corn futures were trading higher at midday in Chicago over positive ethanol data. Ethanol production for the week ending February 22<sup>nd</sup> averaged 812,000 bpd, a 1.9% increase over last week. According to Information Consulting Ltd., feed demand by China may possibly rise in the near term over concerns in demand shortage before fall harvest. Wet weather in northern China has increased moisture in farmers' unsold grain, making it more vulnerable to mould and less suitable for animal consumption according to Yigu Information Consulting Ltd. The USDA expects the crop will be an all-time high following the worst drought in seven decades.

### **Soybeans**

Soybean futures were trading slightly higher. According to CME, traders are showing interest in buying the July contract over the November contract. Futures are also finding support from the long delays to load soybean vessels in Brazil. US basis was slightly weaker as the barge markets



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back off slightly and domestic crush margins contract modestly. South American weather conditions are mixed with current drier conditions in Argentina easing later this week. Brazil continues to see a favourable mix of scattered showers and warmer temperatures

### **WHEAT**

Wheat futures were positive over a continued climb in export demand of US soft wheat. Wheat is also finding support from positive corn movement, with better ethanol consumption numbers. The Canadian Wheat Board (CWB), which was one of the world's biggest grain marketers, hedged much of the price risk using the three major wheat exchanges. The CWB's hedging strategy has moved to a wider number of smaller grain marketers and buyers in recent times. These recent developments mean the major exchanges are struggling to secure trading volume.

Contract prices for February 27, 2013 at 4pm, are as follows:

SWW at \$245.68 per tonne (\$6.69 /bu), HRW at \$253.22 per tonne (\$6.89/bu.),  
HRS at \$264.33 per tonne (\$7.19/bu), and SRW at \$240.02 per tonne (\$6.53/bu.).