Ontario Grain Market Commentary for July 21st, 2010
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Commodity	Period	Price	Weekly Movement		
Corn CBOT	Sep.	3.7975	↓	4 1/2	cents
Soybeans CBOT	Nov.	9.7840	↑	16	cents
Wheat CBOT	Sep.	5.8825	↑	29 1/4	cents
Wheat Minn.	Sep.	6.0350	↑	20 1/4	cents
Wheat Kansas	Sep.	6.0150	↑	29	cents
Canadian $	Sep.	0.9531	↓	124	points

CORN

The recent rally stalled this week as the US weather outlook improved. The changing forecast prompted funds to begin closing out long positions. Despite selling 13,000 Chicago corn contracts on Monday, funds maintain an overall long position of 176,000 contracts, suggesting that more selling could occur.

The US crop condition remains stable at 72% good/excellent, while heavy rain continues in the Western corn-belt through to Southern Illinos.

The continuing deterioration of Russian and European coarse grain crops is expected to create added export opportunities for North American corn.

The Iowa State University estimate that if the current 45 cent per gallon subsidy was ended for US ethanol, total US production would drop by 700 million gallons in 2011, with corn prices dropping by 23 cents per bushel.

SOYBEANS

Soybeans put in a relatively strong week compared finishing up 16 cents in Chicago. Prices were buoyed by higher basis levels in South America and the continuing rally in crude oil and petroleum.

Industry sources expect China to import 49.7 million MT of soybeans in 2010/11. This estimate above the USDA estimate (48 million MT) and significantly higher than last year's figures (41.1 million MT). Strong demand from China has absorbed a record large crop in South America with minimal impact on prices. Looking forward Western Hemisphere soybean plantings will need to expand by approximately 6 million acres, in order to meet the growing demand from China.

This week's US crop condition report showed a national average condition of 67% good/excellent, up 2% from last week. The improved condition is due to continued wet and warm weather in the US. However some areas have now received excess rainfall which may adversely affect yield.

WHEAT

Wheat again finished higher for the week, although the rally is showing signs of stalling. The abundance of wheat available on the cash market forced prices to retreat early in the week. Despite its production problems, Russian wheat is still selling well below US wheat. However in the longer term some in the trade expect exports from Russia to be restricted or even banned, as domestic supplies become tight.

The US winter wheat crop is now 71% harvested, slightly ahead of the 74% average for this time of year. The US spring wheat crop is in extremely good condition, rated 82% good/excellent compared with 73% last year.

In Ontario the wheat harvest is estimated to be 50% complete, with 95% complete in Essex County, 85% complete in Kent, 55% complete in Lambton and Norfolk/Niagra about 30% complete.

Contract prices for July 21st, 2010 at the close are as follows:
SWW at $218.72 per tonne ($5.95/bu.), SRW at $191.89 per tonne ($5.22/bu.), HRW at $218.72 per tonne ($5.95/bu.), and HRS at $203.38 per tonne ($5.54/bu.).

Chart of the Week