



Wednesday, February 24th, 2010

Commodity	Period	Price	Weekly Movement
Corn CBOT	Mar.	\$ 3.7525	↑ 15 1/4 cents
Soybeans CBOT	Mar.	\$ 9.5550	↑ 4 cents
Wheat CBOT	Mar.	\$ 5.0025	↑ 5 1/2 cents
Wheat Minn.	Mar.	\$ 5.1275	↑ 1 3/4 cents
Wheat Kansas	Mar.	\$ 4.9825	↓ 4 1/4 cents
Canadian \$	Mar.	\$ 0.9475	↓ 98 points

CORN

Corn rose during the week on the back of spring weather concerns. It appears much of the US corn-belt is likely to be subject to spring flooding unless gradual warming weather conditions allow the substantial snow-cover to melt slowly. Spring flooding would result in late planting, reduced planted acres and lower yield projections.

The trade is becoming increasingly sensitive to production risks which threaten to limit the required switch in acres from soybeans to corn. Presently in the US margins for planting corn are marginally better than for soybeans. However a further widening of the price gap will be needed if the required corn acres are to be obtained.

The recent rally in corn has put pressure on ethanol margins, particularly as the market for dry distillers grain (DDG) remains weak. Some US plants are now running at breakeven or negative returns, accounting for all costs. Despite pressure on ethanol plant margins, blending economics remain strong.

SOYBEANS

Soybean values finished the week marginally higher, as the impact of rallying oil prices was offset by the prospect of good South American rainfall boosting yields. Despite price fluctuations caused by tight old crop supplies and outside influences, soybean prices appear to be working their way lower in anticipation of the upcoming South American crop.

In many parts of Brazil soybean prices have dropped below the cost of production due to currency movements and record high freight rates. Producers in North East Brazil are paying as much as US\$3.25 to freight beans to southern export ports.

Investment funds now hold moderate long positions for soybeans, meal and oil. Rallying cotton prices are expected to capture some soybean acres particularly in the US.

The US Federal Reserve has indicated it intends to keep interest rates at near record low levels for several more months. The strategy will likely see the Canadian dollar rise against the greenback.

WHEAT

After rallying for much of February, wheat values consolidated gains during the week to finish steady.

Despite fertilizer supply issues India is forecasting back to back record crops with the prospect of some export sales.

Cold and snowy winter in the Black Sea area has led to delays of 1 to 1 ½ months as ports have partially frozen over making loading out difficult.

With EU budgets under pressure following the Greece bailout, there is an increased likelihood of wheat subsidies being cut in order to free up funds for other government programs.

Contract prices for February 25th, 2010 at the close are as follows:
SWW at \$172.56 per tonne (\$4.70/bu.), SRW at \$164.81 per tonne (\$4.49/bu.), HRW at \$184.18 per tonne (\$5.01/bu.), and HRS at \$179.34 per tonne (\$4.88/bu.).

Chart of the Week

