

# Commodities Report

April 14, 2010

	<u>Close April 14, 2010</u>	<u>March 31</u>	<u>2 week change</u>
<i>Dec Corn</i>	3.89	3.77	+ .12
<i>Nov. Soybeans</i>	9.46	9.17	+ .29
<i>July Wheat</i>	4.87	4.65	+ .22
<i>July Soymeal</i>	274.00	266.00	+ 8.00
<i>April Hogs</i>	77.45	73.30	+ 4.15
<i>April Cattle</i>	97.15	96.45	+ .70
<i>June Cdn \$</i>	100.17	98.51	+ 1.66
<i>US \$ Index</i>	80.17	80.98	- .81
<i>April Gold</i>	1159.00	1115.00	+ 44.00
<i>May Crude Oil</i>	85.90	83.70	+ 2.20
<i>US 10 Yr Notes</i>	116-10	116-10	0
<i>TSX Stocks</i>	12190	12039	+ 151

Grains firmed over the past two weeks. Weather forecasts are for generally decent planting weather the next two weeks. Traditional funds were the main buyers, as moving averages in soybeans turned up. Funds had been the largest sellers since January.

Demand news and rumors were positive. China bought more US soybeans again, as logistical problems persist in South America. They are not set up properly to handle the record crop they are producing, so ships are waiting and spoilage is common in interior areas.

There were also rumors China would import corn this year to make up for their shortfall caused by the drought last summer. Two million mt is talked about, but no confirmation has been given. Where there is smoke, there is fire.

Also supportive is that some respected meteorologists are comparing this spring to 1988, when the US had one of their worst droughts ever. Long range forecasts tend not to be too accurate, however.

The Canadian dollar today closed over par for the first time since May, 2008. The news is all positive. The US dollar is weaker and commodities (including crude oil and metals) are stronger. Our economy is faring better than most, as evidenced that Canada recorded it's largest trade surplus in March in 16 months.

This is negative to basis, as is the stronger Chicago markets. Ontario cash prices are a long ways from their recent highs. Cash crop farming isn't nearly as profitable as it has been the past couple of years. This adds stress to marketing decisions. They are hoping for something better, but remain fearful they could head lower yet.

Soybeans, particularly old crop, have been the best performing crop market. Cash beans , fob farm, are still near the \$9.50 level. Soybean stocks in North America are the lowest in years. However, the crush rate in Ontario has been reduced, as Ont soymeal has been harder to export, and soy oil stocks are unusually high.

Stock markets remain resilient, as the economy continues on its road to recovery. TSE stocks are now up 68 % from the lows hit at the depths of the financial meltdown in March last year. Some think Bay and Wall Streets are ahead of main street in terms of recovery. This is especially true in labor markets.