

Commodities Report

June 9, 2010

	<u>Close Wed June 9</u>	<u>May 26</u>	<u>2 week change</u>
<i>Dec corn</i>	3.59	3.91	- .32
<i>Nov Soybeans</i>	8.97	9.10	- .13
<i>July Wheat</i>	4.28	4.62	- .34
<i>July Soymeal</i>	285.50	271.00	+ 14.50
<i>June Hogs</i>	77.60	81.65	- 4.05
<i>June Cattle</i>	89.80	90.80	- 1.00
<i>Sept Cdn \$</i>	96.92	93.92	+ 3.00
<i>US \$ Index</i>	87.92	87.24	+ .68
<i>June Gold</i>	1228.00	1220.00	+ 8.00
<i>July Crude Oil</i>	74.05	71.51	+ 2.54
<i>US 10 Yr Notes</i>	121-21	121-05	+ 16
<i>TSX Stocks</i>	11482	11543	- 61

Grains were weaker again, as weather has been near perfect for the newly planted crops. About 75 % of the corn and soybeans in the US are rated good or excellent. These are very high numbers for this time of year.

Ontario crops also look good so far, although a few isolated areas are suffering from too much rain. You can see the crops grow on a daily basis. Crop development is quite advanced for this time of year, so harvest should start sooner than it has in recent years.

USDA came out with new demand/supply estimates on June 10. The soybean carry-out is expected to be 185 mln bu for the 2009/10, and rise to 360 mln bu at the end of the 2010/11 crop year. These were very close to what traders expected.

Corn was a different story. The 09/10 carry-out was reduced from 1.738 bln bu to 1.603, as USDA hiked the amount of corn going to ethanol by 150 mln bu. They then lowered the 10/11 ending stocks to 1.573 bln, compared to 1.818 estimated last month. This was due to the smaller carry-in and 100 mln hike in ethanol use to 4.7 bln for 10/11. These numbers were considered bullish.

The wheat carry-out is expected to hold steady at just under 1 bln bu for the two crop years. This is the largest since 1987. Wheat has the poorest fundamentals of all the grain markets, despite US soft red winter wheat acres being the lowest since 1918. The US is becoming a smaller and smaller player in world wheat trade.

The Canadian dollar has been on a wild roller coaster ride. From the Feb low of .93, it rallied to over par by April, only to fall to under .93 again by May 25. In the past two weeks it has recovered again to the .97 area. Basis on soybeans fluctuated with the dollar movements. Corn basis has been disappointing, stuck at just under Chicago.

It sure didn't pay to store corn this year. Current bids, fob farm are in the \$3.40/bushel range. End users appear covered well into July, and farmers are selling to make space for wheat, or to raise cash to pay for this spring's inputs.

Livestock futures also weakened over the past two weeks. Our dollars recent strength further hurt local cash prices. However, feed costs remain subdued, so there is still profitability in the industry right now for most producers.

Financial markets were relatively stable over the past two weeks. The US dollar index seems to be the lead market. If the US dollar is higher, crude, gold and the stock market will tend to be lower. The ongoing debt crisis in Europe has been supporting the US dollar