

AGRIWEEK

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Board sees 8 million unseeded acres in the west

What are they smoking over at 423 Main St.?

The Canadian Wheat Board has the resources to produce the most accurate assessments of crop conditions in western Canada. Either it has used them to reveal a previously unsuspected and shocking reality about the area of the prairie grain belt that could not be seeded this spring due to excess water, or it is out to lunch. It said in a widely-publicized crop briefing last week that 6 to 8 million acres were unseeded, with the most likely number being 6.5 million, similar or higher than last year's. The estimate is at least double that from any credible anecdotal source.

The Board estimated wheat area actually seeded at 20.3 million acres, the second-lowest since 1971 and 1.7 million less than the five-year average. Durum area was put at 3.4 million and barley at 6.7, though the barley figure could still increase. Notwithstanding that there is no information currently on which to base yield estimates, it forecast the non-durum wheat harvest at 16.5 million tonnes, durum at 3.8 million and barley at 7.7 million. It projected an average wheat yield of 37.9 bushels per acre, durum at 35.5 and barley at 59.1.

It made no guesses about non-Board crops, thereby ignoring the strong possibility that some wheat and barley land was switched to canola because of its higher value relative to Board crops. However, unless all other ideas about seeding have been wrong, the Board's projections grossly inflate unseeded area.

About 55% of prairie crop land is in Saskatchewan, 30% in Alberta and 14% in Manitoba. The Board's estimate of unseeded area is 14% of the intentions. However Alberta farmers managed to get substantially all of their acres in. In Saskatchewan it was near 90%, according to provincial crop reports, or about 3.3 million acres unseeded. For the Board's overall estimate to be true between 40 and 60% of Manitoba land would had to have been left idle. Things are bad, but unlikely to be that bad.

In all, through sheer force of will, powerful equipment and lessons from the worse 2010 spring season, western farmers slugged it out to plant about 90% of the 58 million acres intended, which would leave at most 3 to 4 million acres unplanted.

Canola area for 2011 is of keen interest as use outruns 2010-11 supply. Using seed and fertilizer sales, field observations and farmer talk, trade sources appear to believe that canola area in Alberta may actually exceed original intentions. Saskatchewan should be 90% or higher and Manitoba 80% or higher. That would put canola acreage at above 18 million acres, compared to 16.6 million in 2010. Recent informed trade estimates have been 18 to 18.5 million.

By last week western farmers had done about all the seeding they will be able to do this year. Another heavy rain system crossed the region late last week, and even with the best of conditions by the time fields dry it will be too late for any crop.

Early crop conditions vary, with serious dryness in northern Alberta only slightly relieved last week. Soil moisture goes from short in western Saskatchewan to surplus in the southeast corner, but overall moisture is not as much of an impediment as cold weather. Most crops in southern Manitoba are poor or fair due to excess water but in central and northwest regions there is still every prospect of average yields.

In southern Ontario, where weather is usually comparatively dependable, corn and soybean planting was slowed by wet and cool weather, but by last week 95% of the corn and 80% of the soybeans were planted. Ontario winter wheat condition varies widely based on planting dates, fertilization and moisture conditions. Many areas were retarded by cool temperatures and above-normal precipitation in May. Some of the worst fields have been replanted.

The U.S. agriculture department reported that as of June 12 corn planting was 99% complete vs. 94% the previous week

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and 99% average, though it does not mean that 99% of intended area is in. Corn was 91% emerged against 96% average and nationally was rated 67% good or excellent compared to 69% a year ago. Soybeans were 87% planted against 89% normal and 91% last year. USDA rated soybeans at 67% good/excellent, down from 73% last year. Winter wheat harvesting was at 22% vs. 13% average because of premature ripening of hard red winter wheat in the plains states. Spring wheat was 88% planted vs. 79% week ago and 100% average with 68% good/excellent, down from 86% a year ago. Some additional soybean planting was expected to be done last week but otherwise the planting season is pretty much over.

The crop watch now begins in earnest, with a very wide range of outcomes possible in both Canada and the U.S. The American corn crop remains crucial for all crops in all countries. Planted area is expected to be 89.5 to 90 million acres, compared to pre-season intentions of 92.2 million. For each 1 million acres not planted the national average yield must rise by 2 bushels per acre to meet projected supply. Otherwise already-troublesome corn carryover at the end of 2011-12 will drop by 90 million bushels per bushel per acre.

Drought in Texas is now the worst ever recorded with over 51% of the state suffering exceptional drought, the most extreme level. About 30% of Oklahoma is in the same category. However, moisture and temperature conditions in the corn belt have turned nearly ideal, and crop ratings are expected to rise.

Free trade, non-WTO

Two-way trade agreements are a better bet

With the Doha Round negotiations in a coma, many countries are working feverishly to achieve bilateral trade agreements that will give them an advantage over competitors, or at least prevent falling into a disadvantage. Canada and South Korea are reported to be very close to concluding such an agreement, which will reduce duties on important agricultural exports, especially pork. The issue remaining in the long-running talks is beef, imports of which South Korea has refused to resume since the first mad-cow disease case in 2003. Canada has a complaint before the WTO on the issue and a preliminary ruling is expected in August. South Korea may remove the ban before the ruling to facilitate the bigger trade agreement, which would particularly benefit its manufactured goods.

However any advantage will be limited because the country is also negotiating agreements with Australia and the U.S. It concluded a trade agreement with Chile in 2004, and a similar pact with the EU takes effect July 1. Canada is in the position of needing an agreement to keep from losing market share of Korean agricultural imports more than gaining new trade. Generally South Korea is agreeing to phase out 25% tariffs on pork and other feed and food products over 10 years.

South, young man

Western farmers will not swamp North Dakota elevators

Proposed reforms to the Canadian Wheat Board's monopoly powers will have a long reach. Last week the North Dakota Wheat Commission, a long-time critic of the single desk monopoly, said it fears an influx of Canadian wheat and barley into U.S. border elevators almost at once that the monopoly is removed. A North Dakota State University economist also said the post-monopoly environment would result in U.S. elevators drawing Canadian grain from as far away as 100 miles, possibly depressing local markets. Canadian elevators near the border may have to reduce margins to maintain volumes.

This does not take into account the high probability that Canadian and U.S. prices will equalize, leaving no need for Canadian farmers to sell to American elevators. Canadian grain companies at the southern fringe will not watch idly as grain trucks rumble south. Removal of the monopoly will help create a continental market in wheat and barley. No one is going to flood the American system with Canadian grain, but if anyone does it will be the grain companies.

Stuntmen

It's the left-wing neo-bolshevik politics, stupid

The stupidest government in Canada has come up with the stupidest political stunt: a taxpayer-funded advertising campaign and petition to resist the federal government's plans for removing the mandatory, compulsory single-desk monopoly of the Canadian Wheat Board. The government is the Manitoba NDP and its hapless premier held a kick-off last week at the Board office in Winnipeg with a gaggle of his ministers, proudly hosted by Wheat Board chairman Oberg. Birds of a feather flocked together.

The commercials, which started running last week, are packed with deliberate misinformation and intentionally misleading statements centred on the claim that the Harper government intends to dismantle the Board. In fact the issue is only removal of the single-desk monopoly, allowing the Board to continue as a voluntary marketer on behalf of any

farmers who want to use it. The NDP ads claim that the Board cannot continue without the monopoly.

Even the Manitoba NDP is not stupid enough to imagine that this silly politicking will make any difference to the outcome. The NDP is just doing its duty as the fountain of archaic left-wing garbage.

The initiative was widely and favorably reported in the general and left-leaning farm press. No one noted that the Saskatchewan and Alberta governments support termination of the monopoly, or that Manitoba grows just 18% of wheat and less than 8% of the barley in the Wheat Board restricted area. With a Manitoba election due this fall, by the time of the Aug. 1 2012 target date for the change, the province will probably have an anti-monopoly provincial Conservative government as well.

Getting together

Two long-established firms and an unheard-of become one

First it was the independent fertilizer and crop supply businesses across western Canada that were snapped up by the grain companies, as the mainline grain trade itself consolidated into four major companies. Then it was farm equipment dealerships, which merged or were acquired by a handful of chains, including publicly-traded companies. Now it seems to be the mid-sized seed and special crops operations that are consolidating into bigger companies.

Last week it was announced that Roy Legumex of St. Jean, Man. and Walker Seeds Ltd. of Tisdale will merge to form Legumex Walker Inc., and will float a public offering of shares. The combined firm will operate nine pulse and special crop processing plants in Manitoba and Saskatchewan. Had it merged before the last year-ends on Dec. 31 2010, the company would have had sales of \$288 million, and EBITDA (earnings before interest, taxes, depreciation) of \$15.3 million.

However there is a more interesting twist to the story. The new company will also have an 85% interest in a proposed canola crush operation called Pacific Coast Canola, which has been attempting with limited success to raise financing for a \$110-million crush plant and refinery at Warden, Washington. The plant will require nearly 300,000 tonnes of seed a year while canola area in the state is currently 10,000 acres. A 15% interest in Legumex Walker is also being acquired by commodity trading giant Glencore International.

The company will be headquartered in Winnipeg. Walker Seeds founder David Walker will be chairman of the board; Roy Legumex president Ivan Sabourin will be vice-president. However the CEO will be Joel Horn, a Seattle businessman and promoter who has been involved in the formation of Pacific Coast Canola since at least 2009.

Also in the acquisition news currently are Agrico Canada, which is in talks to be sold to La Coop Federee of Quebec, and Weyburn Inland Terminal, which is negotiating to buy assets of Sedley Seeds, special-crops processor at Sedley, Sask.

Free at last

Is what's good for Viterra good for the country?

In comments accompanying the release of solid first-quarter financial results in early June, Viterra CEO Schmidt said

THE BAD/OLD IS GOOD/NEW AGAIN

For the first time, agriculture ministers of the G20 countries will hold a summit meeting in Paris on June 23 to discuss the global food situation. Coincidentally, the UN Food & Agricultural Organization released a guide for food and agriculture policy makers, in book form under the title *Save and Grow*.

The so-called "new" approach is aimed at mainly subsistence farmers in developing countries, where there may be 2.5 billion very-low-income farm families. The FAO wants to show them how to lower their cost of production, "build healthy agro ecosystems" and invest the savings in their health and education. With little or no persuasive evidence, the book says that the present paradigm of intensive crop production cannot "meet the challenges of the new millennium."

It then proceeds to urge the adoption of intensive crop production in backward countries: 'conservation agriculture, rotation of cereals with legume crops, precision irrigation that saves water and precision fertilizer placement to make lower applications more effective, and integrated pest management. Applying "external inputs" at the right time and in the right amounts is part of the package. As a conclusion to reasoning that is very hard to follow, the FAO book says that "decades of intensive cropping" has encouraged pest attacks, eroded biodiversity and polluted air, soil and water. The FAO said it took "the past several years" to develop the 'Save and Grow toolkit'. Its methods, says the FAO, will help adapt crops to climate change, help grow more food and can reduce water needs of crops by 30% and energy needs by up to 60%. The FAO claims that average yields from farms practicing these techniques in 57 low-income countries increased almost 80%.

However this alleged save-and-grow model is nothing but already established practice in large-scale advanced commercial farming general in advanced countries. It even admits elsewhere that "there is no option but to further intensify crop production" if the world hopes to eradicate hunger. What it describes is exactly the type of high-input, high-tech farming that is much attacked from all kinds of quarters on the alleged grounds that it is destroying the 'family' farm.

The FAO said that policy makers must provide incentives for adoption of the 'new model' by rewarding good management and increasing agricultural investment. Oddly, or not, nowhere does the book urge expansion of genetically modified production, notwithstanding that genetic modification has produced most of the gain in yields and reduction of costs over the last 20 years.

removal of the monopoly will benefit his company by providing the western grain industry with more flexibility and opportunity. Viterra will be able to maximize its logistical capabilities and improve efficiency, increasing throughput, raising velocity in the system and realizing better rail car delivery. He said the changes will also result in higher returns to producers, the grain industry as a whole and Viterra shareholders. Investment analysts have also offered the opinion that ending the monopoly will be positive for Viterra earnings.

Other senior grain industry figures have not been as forthcoming as Schmidt, but what holds for Viterra will also apply to the other three large grain firms. Competition among them should intensify, which is exactly the point of removing the single desk. Not as clear is the outlook for some smaller grain firms, particularly remaining one-off producer-owned elevators. However they should have better opportunities to service niche situations which the Board and big firms often ignore.

Ethanolics

The political assault on U.S. ethanol is unrelenting

The U.S. Senate last week voted 59-40 to defeat a bill that would have immediately removed the blenders' tax credit and import duties on ethanol. However a string of similar measures is on the way and it is just a matter of time before government financial support is ended.

It has become a case of damage control. The ethanol lobby now supports legislation that will reduce ethanol subsidies and then eliminate them, such as the Ethanol Reform & Deficit Reduction Act which would replace fixed credits with variable tax incentives linked to the crude oil price. The variable tax credit would expire at the end of 2014. The bill is calculated to save \$2.5 billion over the next three years, of which \$1 billion would be earmarked for deficit reduction.

At least the U.S. agriculture department has begun to more accurately account for the impact of ethanol use on the livestock feed supply by including distillers' grains in the supply side. Each bushel of corn distilled into ethanol leaves 18 lbs of distillers' grains, with much higher protein content than corn. Of the 5.05 billion bushels of corn to be used for ethanol in 2011-12, the equivalent of 909 million bushels will remain in the domestic feed supply or will be exported in place of raw unprocessed corn. In a way ethanol production is also a means to upgrade corn as feed.

GPS-ed off

How could the FCC allow such a thing to happen?

LightSquared is a new U.S. company financed by New York private capital which is developing a wireless high-speed (100 Mbps) 4G internet network based on satellite communications. It has launched a \$600-million satellite into a stationary orbit over North America, providing coverage over the entire U.S. and into Canada. It has begun testing the system for a full-scale roll-out later this year. However, there is a problem. The LightSquared signal, in frequencies between 1525 and 1559 MHz, creates severe interference with high-precision GPS receivers used in transportation, construction and farming. High-precision receivers are more sensitive than consumer-type receivers with which it was

tested before approval was given by the Federal Communications Commission.

Prominent in precision farming GPS technology is Deere & Co., which owns NavCom Technology, which operates the similar StarFire network. It claims that interference from LightSquared will make high-end GPS systems practically useless. So far no satisfactory solution has been found. Deere and others are lobbying the FCC to prevent the LightSquared network from going into operation until the interference issue is resolved.

OTO: Competition Bureau of Canada

"The Canadian Wheat Board is a government entity currently the object of considerable controversy arising from plans by the Government of Canada to alter its regulatory and enforcement powers. On its web site it makes a claim to the effect that the Wheat Board is owned by farmers. This is patently untrue and known to be untrue by the Wheat Board management and the author(s) of this statement. It is misleading at a time of political controversy when facts are needed. The Board should be immediately enjoined from making this or similar statements in any public communication, pursuant to the truth-in-advertising requirements of the Consumer Packaging & Labelling Act."

M.W. Dorosh

A WEEK IN THE MARKETS *Daily futures prices — spot contract month*

<i>(Conventional units in native currencies)</i>	06/09	06/10	06/13	06/14	06/15
CANOLA	592.80	590.20	589.00	582.70	585.50
BARLEY	205.00	205.00	205.00	205.00	205.00
CHICAGO WHEAT	7.45	7.49	7.43	7.31	7.08
MINNEAPOLIS WHEAT	10.20	10.00	9.85	9.68	9.37
KANSAS CITY WHEAT	8.71	8.68	8.51	8.39	8.19
CHICAGO CORN	7.85	7.87	7.82	7.55	7.25
SOYBEANS	13.93	13.87	13.82	13.68	13.68
SOYBEAN OIL	57.40	56.85	56.82	56.85	57.05
SOYBEAN MEAL	372.90	373.30	370.10	358.70	360.00
CHICAGO OATS	3.95	3.95	4.01	3.87	3.67
CRUDE OIL	101.73	99.28	97.04	99.20	95.23
CANADIAN DOLLAR	102.76	102.21	102.37	103.20	102.14

Miscellany

The 2011 wheat crop in India is forecast to set a fourth consecutive record, rising 6.4% to 86 million tonnes as attractive prices increased planted area. India will account for 13% of world wheat production in the new wheat year, projected at 664 million tonnes. India banned wheat exports in early 2007, building up state reserves of food grains to 65.6 million tonnes, almost tripling in five years. Limited exports are expected to resume on a highly regulated basis in 2011-12.

Environment Canada, in its official long-term forecast for the summer, said most parts of the country except the east and west coasts will see higher-than-normal temperatures. June-August precipitation may be above average in the prairie region while southern Ontario and Quebec could be drier. Environment Canada cautioned against putting too much stock in these predictions.

The Australian winter wheat crop, which has just been seeded, is already threatened by a cyclical explosion of the field mouse population. Mice eat newly-planted seeds before they can germinate. A shortage of zinc phosphide bait has developed, at exactly the time it is most needed to prevent what some call a crisis. Some farmers have had to apply bait four times. The plague is the most extensive and serious in 20 years.

Goldman Sachs said the U.S. agriculture department's June corn production estimates, reduced by 305 million bushels from May, are still too high. USDA forecasts for soybeans and wheat may also not be achieved. It said flooding of the Mississippi and Missouri rivers reduced corn acreage by 1 million and soybeans by 500,000. It forecast average corn yield at 158.0 bushels per acre vs. USDA's 158.7, and the 2011 harvest at 13.13 billion bushels, 70 million less than the USDA May estimate.

Glencore International, the Swiss-based commodity trader that recently went public, reported first-quarter earnings up 47% to \$1.3 billion and revenues up 39% to \$4.2 billion compared to the year-earlier period. Trading margins in agricultural commodities more than doubled to \$94 million. The company traded 642,000 tonnes of grain and oilseeds during the quarter, up 2%. The results were considered disappointing relative to information provided as part of the initial public offering.

"My father was frightened of his mother; I was frightened of my father, and I am damned well going to see to it that my children are frightened of me."

King George V

Jim Rogers, the investor-cum-media star, said he is "incredibly pessimistic" about the future of the U.S. dollar, though he is currently long in dollar futures. "Printing endless money" will eventually bring "an inevitable day of reckoning." He said he will sell his dollar positions if it rises, or falls. Rogers advises buying gold, hard commodities and other physical assets including land. Gold at \$1,500 an ounce "is not a bubble."

Western wheat and durum growers have until June 30 to apply to the Canadian Wheat Board for the privilege of transferring remaining 2010-11 grain deliveries into the 2011-12 pool. The Board's own pool return outlook reports are no guide; the projected price for 1CWRS 13.5% protein wheat is \$346 a tonne for the current year and \$345 for 2011-12. The Board will charge per-tonne penalties and an administrative fee.

The Board will also allow prairie wheat and barley growers who use elevators on Canadian Pacific rail lines extra time to deliver 2010-11 crops after the crop year ends July 31. Weather and other difficulties prevented the CPR from maintaining normal grain service and at one time its shipments were two months behind.

Agriculture Canada estimated canola carryover at the end of 2011-12 at 650,000 tonnes, compared to a May estimate of 850,000. Carryover at the end of the current 2010-11 year was forecast at 700,000 tonnes. The recent high for canola carryover was 2.1 million tonnes at the end of 2009-10, before the latest additions to domestic crush capacity.

The weekend around July 1-6 will be quite a time. The U.S. agriculture department releases key planted acreage and June 1 grain stocks data on June 30. American traders will have one session in which to adjust to the figures before the three-day Independence Day holiday. The Winnipeg market will be closed July 1 for Canada Day, so Canadian canola traders will not be able to align with the soy complex until July 5. The next day it's USDA's weekly crop report after the close, normally issued on Mondays.

The Westeel subsidiary of Vicwest Inc. has contracted with Swedish manufacturer Skandia Elevator to distribute Scandia's state-of-the-art grain elevator equipment and handling systems. Scandia is the largest grain handling equipment maker in Europe. The Swedish products will be Westeel-branded and integrated with its own products to create entire customized systems.

Cargill is closing a 12,000-tonne grain elevator and crop supply outlet at Strathroy, Ont. as of July 1. It has a bigger, newer elevator and retail site at nearby Melbourne.

Viterra sought to clarify information posted on the web site of the European Bank of Reconstruction & Development to the effect that it has financing arranged for previously-rumored grain infrastructure projects in Ukraine. The company said it is exploring opportunities in the country but has reached only an exploratory stage.

AGCO Corp. is upgrading its Hesston, Kansas manufacturing plant at a cost of \$40 million, the first major investment in farm production capacity in some time. The project is to be completed in 2013. The plant was originally the Hesston Corp. hay machine factory, located there since 1947.

Canadian sales of the biggest farm tractors rose during May, according to the Assn. of Equipment Manufacturers, leading an increase in total deliveries of 3,071 units compared to 2,858 in the year-ago month. Sales of large four-wheel-drives were 180 for the month vs. 115 last May. Year-to-date tractor sales were 9,145 down from 9,280 a year ago. Harvester combine sales were 280 during May and 819 so far this year vs. 305 and 751. U.S. tractor sales for the month were off 6% but less than 1% since Jan. 1. Large four-wheel-drive sales were up 18% for the month and 16% so far this year. Combine sales were 11% lower for the month but up 25% for the year to date.

Western Canadian ethanol plants are having trouble sourcing feed wheat, as corn imports become prohibitively expensive and supplies of 2010-crop Manitoba corn run low. Ethanol plants are reported offering above \$6 a bushel (\$220 a tonne) compared to the Wheat Board's pool return estimate of \$241 for 2011-12 and \$240 for 2010-11 before elevator and freight deductions of upwards of \$50 a tonne, but getting few offers. Farm-stored feed wheat quantities may be much lower than reported.

The Prairie Agricultural Machinery Institute (PAMI) has completed studies of biodiesel performance under typical prairie farm conditions, concluding that bio-based fuels mostly act and perform as well as conventional petroleum fuels. The research, supported by 10 public and private entities from across western Canada, tested engine horsepower output for a range of blends from 5% to 100% in both newer and older engines. Except at the highest blends, no significant power loss was observed. In storage tests under winter conditions, no deterioration was seen in biodiesel stored outdoors over two winters. Users reported no differences in engine operation.

A trial to determine the accuracy of planting at different ground speeds, carried out at a Purdue University research farm, found that accuracy declined as speed increased, with 4 miles per hour being the most accurate and 5 mph less accurate than 6 mph. However there was no apparent yield difference. At 7 mph, accuracy dropped off substantially and the incidence of skips and doubles rose. There is no technical obstacle to building seeders that are accurate at higher speeds, possibly up to 8 mph, and this may be the next area of development.

German officials finally positively pinned down the source of the *E.coli* outbreak, and it turned out to be the bean sprouts grown on an organic farm after all. A more thorough epidemiological investigation confirmed that a large and long-established organic operation was the source. The O104:H4 incident was the deadliest in history, implicated in 37 deaths and more than 3,000 cases of illness, including at least four in the U.S. and one in Ontario. More than 700 people are believed to have contracted a life-threatening complication known as hemolytic uremic syndrome (HUS). The European Union agreed to pay over \$300 million to farmers who suffered losses due to the outbreak in the form of reduced demand and prices for produce. The Canadian Food Inspection Agency embargoed imports (which are negligible) of fresh tomatoes, cucumbers and lettuce from the EU. The incident has drawn some attention to the completely unregulated status of organic farming.

Bioniche Life Sciences of Belleville, Ont. has patented the world's first vaccine to inoculate cattle against *E.coli* infection. Trademarked Econiche, the vaccine enables a treated animal to produce antibodies that block proteins secreted by the bacteria as it attempts to establish itself in the intestinal wall. Blocked from attaching to the cell wall, bacteria die out instead of multiplying. Bovines routinely carry one of more *E.coli* types in their intestinal tracts. The bacteria do not harm the animals but when released in manure, can migrate to other animals, humans and food.

African swine fever may spread beyond Russia and the Caucasus region into Europe, according to the United Nations FAO. There is no vaccine against the disease, which is now established in Georgia, Armenia and southern Russia. It can be spread long distances in pork products carried by travellers, setting off outbreaks at the destination. ASF was introduced into Georgia from southern Africa in 2006 in the refuse of a ship that docked at the Black Sea port of Poti.

A contiguous block of nearly 1 million acres of farm land in Argentina is for sale, thought to be the biggest single private land transaction in history. The Estancia Punta del Agua in north west Argentina is owned by members of wealthy old-line family most of who live abroad, and is being sold because no one in the family wants to run it. Previously isolated, a main highway now runs through the property to the Chilean coast. The land is not the best but has grown sugar beets, alfalfa, olives, vineyards and sunflowers. There are currently no restrictions on foreign ownership of land in Argentina. Meanwhile a new record was set for farm land prices in Illinois at \$13,500 per acre, topping the previous mark of \$12,900 set eight days earlier.

International Stop the Tar Sands Day was observed June 18 by, among others, the Council Against Canadians, assorted ecofreaks, ecokooks, Green Party syndrome sufferers and some well-meaning but misguided church and religious groups. Most protesters immorally drive cars with gas in their tanks. The tar sand deposits are one of God's innumerable gifts to Canada, by some reckoning the largest petroleum reserve in the world. Church organizations which involve themselves in trying to sabotage energy development should lose their tax-free status.

Weekly commodity prices

	LATEST	WWEK AGO	MONTH AGO	YEAR AGO
WHEAT				
CWB export No. 1CWRS 13.5%, St. Lawrence, \$/tonne	471.11	510.37	424.43	259.15
CWB export No. 1CWAD durum, St. Lawrence, \$/tonne	628.87	557.00	431.30	260.81
Central Saskatchewan feed wheat cash, off-Board, \$/tonne	206.00	190.98	184.49	133.00
Ontario No. 1 red winter, \$/tonne	272.63	279.32	277.81	166.96
Chicago BoT future, next-nearest month, US\$/bu	7.39	7.80	7.59	4.45
Minneapolis DNS spring future, next-nearest month, US\$/bu	8.96	9.51	9.26	4.98
Kansas City HRW future, next nearest month, US\$/bu	8.38	8.93	9.00	4.70
BARLEY				
Alberta 1CW feed cash, off-Board,\$/tonne	175.27	171.27	168.74	122.18
Winnipeg ICE domestic feed future, next-nearest month, \$/tonne	205.00	205.00	205.00	145.00
OATS				
Saskatchewan 1CW cash, \$/tonne	188.20	186.48	192.27	8.54
Chicago BoT future, next nearest month, US\$/bu	3.74	3.77	3.41	2.08
CANOLA				
Winnipeg ICE cash, No. 1 Canada Vancouver, \$/tonne	610.50	612.20	590.30	420.10
Manitoba cash 1CW, \$/tonne	549.98	549.98	541.86	370.60
Saskatchewan cash 1CW, \$/tonne	564.70	566.48	556.84	366.16
Alberta cash 1CW, \$/tonne	583.10	562.80	551.10	379.40
Winnipeg ICE future, next-nearest month, \$/tonne	588.70	590.70	565.30	395.10
FLAX				
Saskatchewan cash 1CW, \$/tonne	564.90	538.61	505.49	316.58
PEAS				
Saskatchewan cash No 1, \$/tonne	160.10	160.55	169.74	99.77
CORN				
Ontario No. 2 yellow track price, \$/tonne	273.33	258.42	258.42	128.44
Chicago BoT future, next-nearest month, US\$/bu	7.05	7.17	6.77	3.47
SOYBEANS				
Ontario No. 2 track price, \$/tonne	456.82	439.72	437.77	313.07
Chicago BoT future, next-nearest month, US\$/bu	13.65	13.88	13.32	9.21
SOYBEAN MEAL				
Decatur IL, cash US\$/short ton	350.12	355.77	338.91	265.78
Chicago BoT future, next-nearest month, US\$/short ton	359.10	364.90	347.60	272.60
SOYBEAN OIL				
Decatur IL, cash US cents/lb	54.68	55.56	53.82	35.27
Chicago BoT future, next-nearest month, US cents/lb	57.26	58.18	56.36	36.94
SLAUGHTER CATTLE				
Slaughter steers, southern Alberta live, \$/cwt	99.50	99.50	106.50	90.75
Slaughter heifers, southern Alberta live, \$/cwt	100.00	97.75	106.00	90.25
Cows, Ontario D1-D2 live, \$/cwt	77.12	78.25	81.20	59.85
Choice slaughter steers, U.S. midwest live, US\$/cwt	107.00	107.00	115.00	96.00
Chicago Mercantile future, next-nearest month, US\$/cwt	104.15	103.50	109.05	92.05
FEEDER CATTLE				
Steers 800-900 lbs. southern Alberta, \$/cwt	117.00	118.50	124.00	103.50
Steers 500-600 lbs. southern Alberta, \$/cwt	138.00	139.00	141.00	116.00
Chicago Mercantile future, next-nearest month, US\$/cwt	127.00	125.17	129.07	109.75
HOGS				
Ontario pork board dressed weight \$/kg	1.88	1.61	1.79	1.63
Manitoba dressed weight \$/kg	1.61	1.59	1.58	1.57
Alberta dressed weight \$/kg	1.59	1.58	1.61	1.53
U.S. midwest 1-2 cash live weight, US\$/cwt	65.17	62.96	63.25	54.50
Chicago Merc lean hog future, next-nearest month, US\$/cwt	94.95	89.75	92.03	80.00
CANADIAN DOLLAR				
Bank of Canada exchange rate, US cents	102.14	102.51	104.04	95.75

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If you ask me . . .

BACKGROUNDERS / *Morris W. Dorosh*

What the grain trade of Canada and the world needs is a more accurate, reliable and timely system for evaluating crop progress and condition, and also a more trustworthy process for tracking grain usage and stored stocks.

The Canadian grain industry is particularly poorly served when it comes to crop reporting. The agriculture departments of the prairie provinces and Ontario issue reports during the growing season, but Alberta's comes out erratically more or less every two weeks and Manitoba's and Ontario's are abbreviated, vague and disjointed to the point of uselessness. The Saskatchewan report is the most useful but is not as timely as it should be with an excessive lag between the end of the survey period and each report's appearance. The prairie wheat pools, when they existed, had credible reports which they shared publicly. Some grain companies have semi-structured internal reporting from their elevator agents but no company has a sufficiently geographically-representative network.

In the U.S., state and federal agriculture departments collaborate to produce disciplined and structured weekly reports that quantify crop progress and condition. State crop reporters gather the field information according to a standardized procedure and submit it each Sunday to Washington, where all results are consolidated in tabular form and published reliably at 3:00 PM central time every Monday. Though there is a poor correlation between reported percentages of normal and eventual yields, the weekly changes are the accepted guide to trends in the crop situation. USDA also reports supply and demand conditions monthly derived from a thorough data input system and reports from government attaches in every important agricultural country.

Statistics Canada issues only five national crop production reports a year, two being annual acreage estimates based on large-scale surveys and three production reports, which are frequently and sometimes repeatedly revised long after first publication.

Other countries have other systems, including many private reporting services which charge hefty fees for the information. It is unlikely that a comprehensive private crop reporting service would be supported financially in Canada.

The International Grains Council is the leading compiler of world grain production and use statistics, but it relies on data provided by sovereign government agencies which often have their own agendas. China is the largest producer of some crops and the largest user of virtually all crops, but its statistics are notoriously obscured, unreliable and probably manipulated. An intentional or unintentional error in China distorts the entire world picture. The same applies to India, Russia and Ukraine. The IGC also does not gather information on oilseeds, at least not up to this time.

Crop information is obviously of the most value to grain markets. As much as futures trading has been bent out of shape in recent times by massive automated high-frequency speculative trading, crop fundamentals sooner or later still establish the parameters and upper and lower limits for commercial pricing. Everybody in the grain chain and everybody with a stake in the crop economy needs this information. An accurate idea of crop supply is essential for proper planning in grain handling and transportation; many of the difficulties experienced by the CPR in grain movement over the past winter arose when it was given wrong information or misinterpreted it concerning seasonal capacity requirements. Financial institutions need a continuous update of crop conditions and outlooks because of the impact on the revenues of farmers and agribusinesses and their loan requirements and servicing capacity. Suppliers of crop inputs need it perhaps more than anyone.

Less than the expected use appears to be made of satellite imagery for crop evaluation. If so it is not due to the lack of data. Hundreds of satellites circle the globe constantly, obtaining high-resolution data of virtually every square foot of the earth's surface. What is missing is the software to process photographic and infrared imaging so as to produce meaningful crop information. It is undoubtedly being developed, but not in any coordinated fashion. There is no strictly technical reason why every field in the world cannot be monitored using information already being gathered.

Among farmers themselves there is a widespread feeling that crop information can hurt their interests. Crop evaluation or stocks estimates might be too optimistic, perhaps causing undue pressure on prices. However the true facts always come out eventually. The sooner everybody has them, the better for rational management.