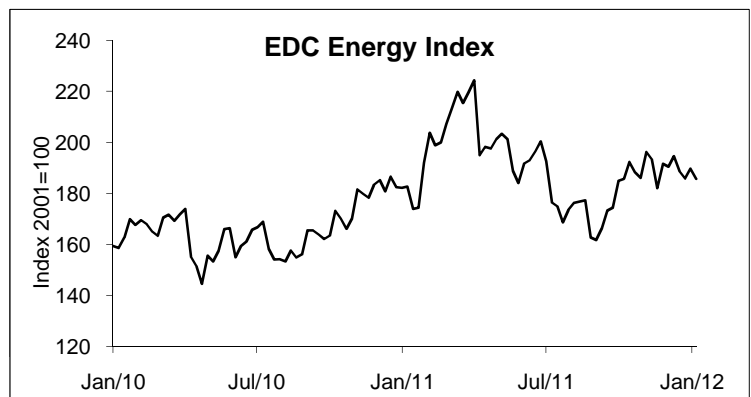
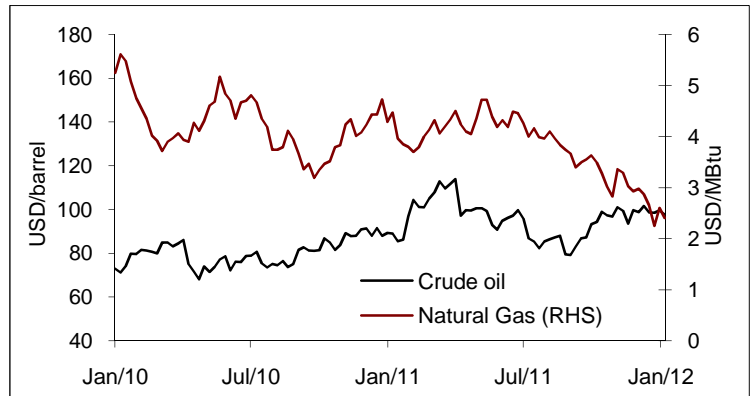


Energy

The EDC energy index slipped a notch on the month due to a combination of softer natural gas and oil prices across North America. Coal prices were unchanged, while electricity prices eased lower in tandem with natural gas. However, crude oil and natural gas prices in Europe and Asia moved higher on the month.

The price of WTI has generally moved sideways throughout the month. Ample crude and products supplies in North America offset supply concerns in Europe where the price of Brent went up 2.4% due to political uncertainties in the Middle-East. These trends will remain active in coming months.

Natural gas on the Henry Hub dipped 16% on the month to close at US\$2.60/mmbtu. A mild January combined with ample supplies linked to shale gas production have combined to keep prices soft. Prices across the US Northeast are higher -- linked to the weather.

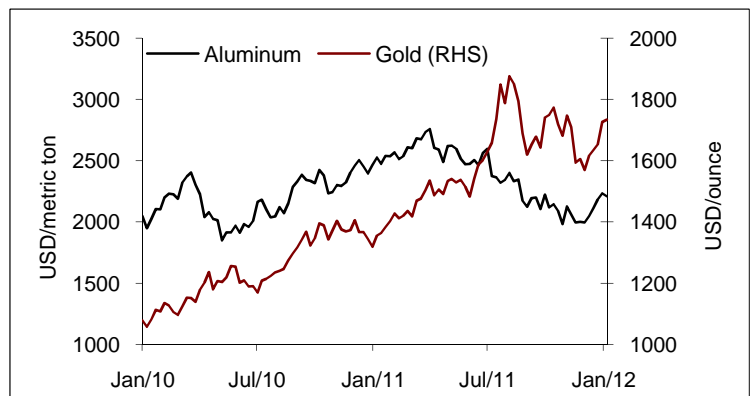
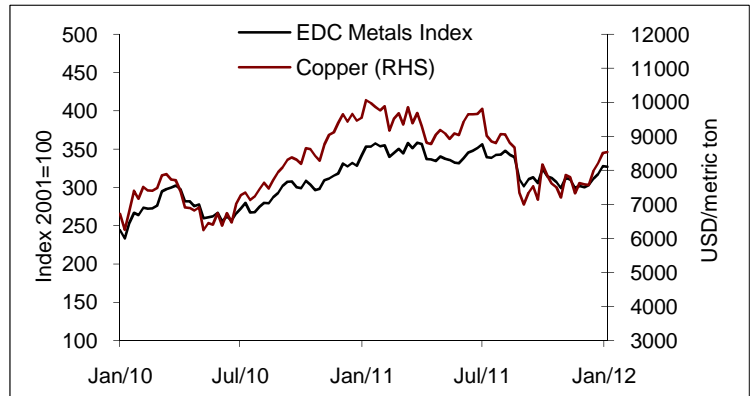


Metals

So far this year, the industrial metals complex has been benefiting from both fundamental support and the abundant liquidity being supplied to the market by the central banks around the world. Gold prices have also been enjoying substantial uplift during the month as the US Fed signaled an extension to the current (extremely loose) monetary environment and even hinted at further quantitative easing.

The rally in copper markets began mid-January on the release of Chinese data reporting that imports of refined copper hit an all-time high. A hefty drop in inventories, along with better-than-expected manufacturing and employment data out of the US and Germany further underpinned the price rally. Market balance will remain tight in 2012 with price movements sensitive to supply-side developments.

The combination of firming demand and production cuts have fuelled a rally the Aluminum market this year, however, given the prevalence of financing deals the key market mover last month was the US Federal Reserve announcement of 0% interest rates through 2014.



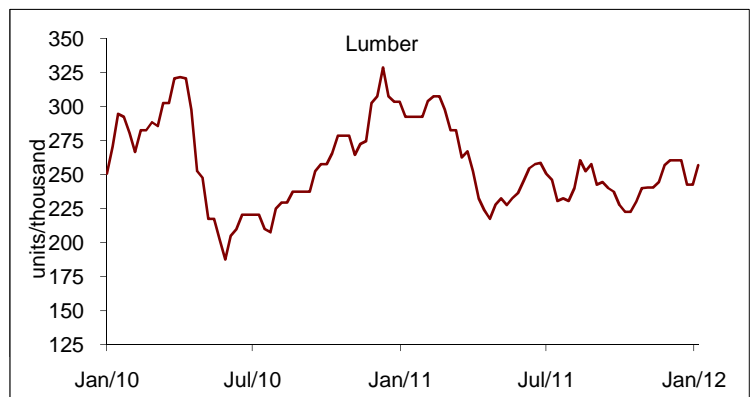
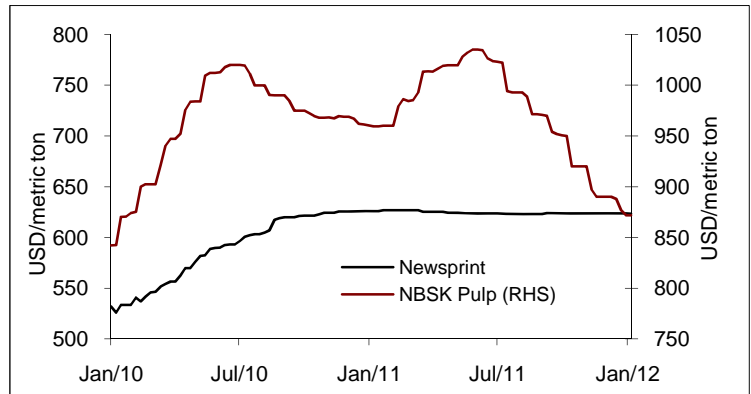
The Commodity Price Tracker is a weekly report on activity in the commodity markets most relevant to Canadian exporters. The report includes the latest average prices, as well as charts and tables highlighting recent trends. Once a month we include a commentary, The Commodity Price Analyst, on the short-term outlook.

Forestry

Lumber trading picked up a notch late in January, with steady Asian demand and favourable weather conditions supporting construction activity. December single starts rose a solid 4.4% m/m to 470k units, the highest since the end of tax credits in April 2010. **Both new and existing home for sales, in months' supplies, are at their lowest since 2006.** While the level of activity is still anemic, improvements are underway.

Pulp markets tightened in December as shipments to China soared to a record 1.243 million tonnes, driven by inventory restocking and expectations of rising prices. As a result, global inventories fell 2 days to 35 days despite limited shipments to other regions. However, the inventory decline was driven by hardwood pulp, which is why softwood pulp prices continued to fall in January. Nonetheless, the bottom of the price cycle is around the corner.

Newsprint prices remain flat, with producer downtime in 2011, both temporary and permanent, partly offsetting the structural decline in demand.



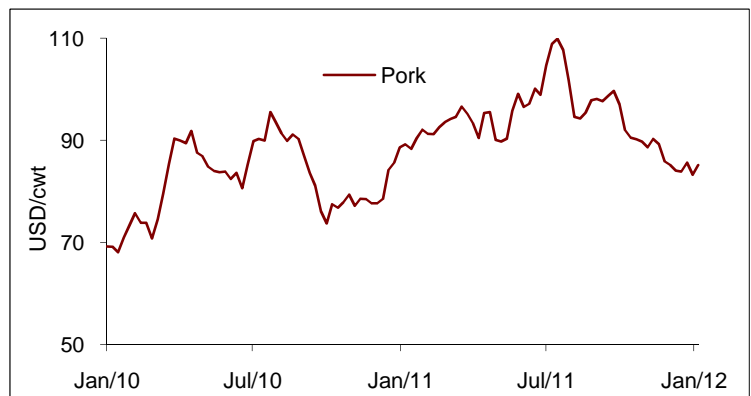
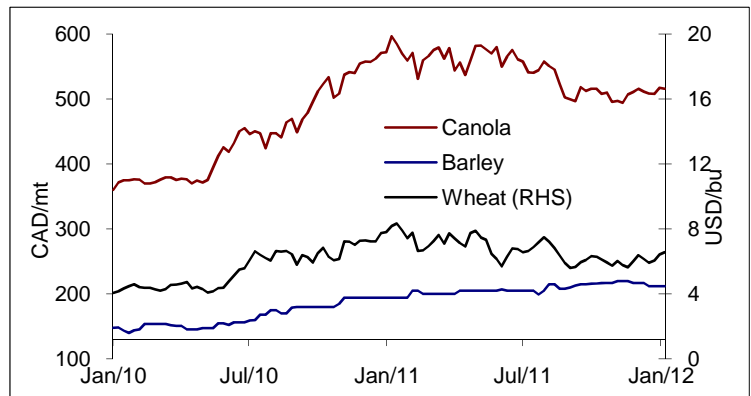
Agriculture

Wheat prices rose on freezing temperatures across Eastern Europe. Ukraine has warned that extreme cold temperatures (below minus 30°C in some regions) have damaged about a third of its winter wheat crop.

Soybean prices rose to their highest level in more than three months on concerns over supply problems from drought-hit South America. China is likely to buy more U.S. soybeans this quarter, as a withering drought is expected to cut the South American harvest, pushing soy prices up to fresh highs.

Beef prices reached another all-time high last week as a perfect storm of conditions – drought in Texas and Oklahoma, shrinking US and Canadian herd sizes and soaring foreign demand with US exports soaring 23%.

Corn prices went on a rollercoaster ride last week as traders were shocked by the latest US Department of Agriculture estimates of how much corn is being grown and stockpiled. Traders expressed skepticism and frustration at reports showing far more corn than expected.



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