

At Market Master

by Shelley Wetmore

October 19, 2007.....

Can you say “harvest pressure”? Down go the prices, although not on everything. We had an increase in good #2 green edible peas to \$7.95/bu delivered to Innisfail. Plus, there’s an extremely good feed rye price at \$4.95/bu delivered to Three Hills. And, canola remains strong at a very acceptable price of \$9.70/bu, delivered into Edmonton by the end of Friday.

Feed wheat and feed barley prices continue to head south. Some feed wheat bids dropped 40 cents in a little over a week. It will be interesting to see if the CWB comes out with a strong FPC before the end of the month to attract more bookings—waiting for a year for a final payment is not most farmer’s wish. Speaking of wheat, there is more and more #3 and feed coming out of the woodwork as harvest ends.

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 07	\$431.70	\$434.80	\$6.90
Jan 08	\$433.70	\$446.00	(\$2.30)
Mar 08	\$453.50	\$455.40	(\$1.90)
May 08	\$461.70	\$461.20	\$0.50
Jul 08	\$468.10	\$467.10	\$1.00
Nov 08	\$447.20	\$449.00	(\$1.80)
Jan 09	\$453.10	\$453.10	\$0.00
Mar 09	\$457.10	\$458.00	(\$0.90)
May 09	\$460.10	\$461.00	(\$0.90)
Jul 09	\$462.20	\$463.00	(\$0.80)
Nov 09	\$429.90	\$434.20	(\$4.30)
Wheat	This Week	Last Week	Diff +/-
Dec 07	\$192.50	\$196.00	(\$3.50)
Mar 08	\$198.30	\$199.00	(\$0.70)
May 08	\$204.30	\$205.00	(\$0.70)
Jul 08	\$207.30	\$208.00	(\$0.70)
Oct 08	\$177.30	\$178.00	(\$0.70)
Dec 08	\$180.30	\$181.00	(\$0.70)
Barley	This Week	Last Week	Diff +/-
Dec 07	\$189.00	\$192.30	(\$3.30)
Mar 08	\$201.00	\$205.40	(\$4.40)
May 08	\$206.50	\$211.00	(\$4.50)
Jul 08	\$210.50	\$214.50	(\$4.00)
Oct 08	\$196.50	\$195.00	\$1.50
Dec 08	\$196.50	\$198.00	(\$1.50)

Be Grainwise!

A Farmer’s Perspective ... by John Stewart, Galahad, Alberta, (780) 583-2453

US Grain

Soy Complex

Weakness in soybeans was seen early in the week as rain in Brazil promised to increase bean acres. But, as the week wore on, beans gathered momentum, lead by oil. In fact, crude oil (which touched \$90/bbl) was a factor in turning bean’s fortunes around. The higher the crude oil price is, the more attractive bio fuels become—in this case, bio diesel.

The slumping US dollar was also supportive, making US exports more competitive in the world market. That fact was driven home with export totals coming in at a robust 771,000 mt. Probably more surprising was that 19,500 mt of that total was booked for next year’s beans.

Wet weather over the US Midwest has stalled harvest efforts for now and added support to the market.

NOV beans closed 11¼ cents higher at \$9.88/bu—despite a late round of profit taking Friday. DEC oil, which has been the complex leader, pushed 1.03 cents higher to 40.56 cents/lb, while meal limped \$2.60 lower to \$276.30/t.

Corn

Poor harvest conditions in the Midwest pushed DEC corn 19¼ cents higher to \$3.70¼/bu.

Technically, futures could run into resistance first in the \$3.80/bu area and then again at \$3.90. The sagging US dollar underpinned the corn market as it did all markets.

Weekly exports remained strong, exceeding expectations at 1.851 mmt. 500,000 mt of that figure was for the 2008 crop. Exports remain well above the pace needed to meet yearly USDA projections.

Wheat

Although pundits keep looking for wheat exports to fall off dramatically it hasn’t happened yet. This week’s total of 984,500 mt shows that the appetite for US wheat hasn’t dried up just yet.

Word that Russia may increase their wheat export tariff also bolstered the market. Offsetting that bullish optimism are expectations that not just US but

world wheat plantings will increase sharply in response to higher prices. Recent rains in the US plains should take this year’s winter wheat crop into dormancy in very good shape.

DEC CBOT wheat closed just 2 cents lower on the week at \$8.55½/bu, while MGE wheat dribbled ¼ cent lower to \$8.69¼/bu. KCBT wheat inched 1¼ cents higher to \$8.69/bu.

Canadian Grain

Oilseeds

Despite strength in crude oil and the US bean complex, canola struggled, hampered by our surging dollar which was last quoted in the \$1.035 area. Not surprisingly, fresh export business was slow. Concerns over the amount of canola in the commercial pipeline also weighed on futures. However, reluctant farmer selling and stronger crush margins prevented further losses.

NOV futures closed \$3.10 lower at \$431.70/MT. NOV 2008 futures remain strong at \$447.70.

Feedgrains

Winnipeg feed grains remain on the defensive. Shipments of lower priced corn into Southern Alberta have taken the steam out of the feed barley market. In fact, since the end of September, DEC barley futures have slid \$31.00/MT! That trend continued again, dropping \$3.30 to \$189.00 while DEC wheat slipped \$3.50 to \$192.50/MT.

Feed grains are down!



“Your grain watchdog.”

8543 - 75 Avenue
Edmonton, AB T6C 0G9
www.grainwatchdog.com
(800) 440-8390

This publication may not be reproduced without permission by **Market Master Ltd.**

Strategies

A Farmer's Perspective ... by John Stewart, Galahad, Alberta

US corn and bean futures found support from weather-related harvest delays in the Midwest. Having just traveled the I-29 highway corridor from Missouri to South Dakota, I can assure you that it is indeed wet. In many places, all you could see between the rows of corn was standing water. In that 400 mile stretch of highway, we didn't see a single combine running, nor was there any prospect of any running in the immediate future.

Wheat Thoughts

The wheat market remains interesting. After DEC KCBT dropped \$1.17/bu since Oct 1st, the market suddenly rallied. In fact, it closed limit up on Friday. Much of this was due to strong export totals but perhaps more important was that Russia was hiking their export tariff from 10% to 30%, essentially taking it out of the market as far as exports are concerned.

Speculative money rushed in once again. Whether this turns out to be a one day wonder or the beginning of another leg higher remains to be seen. To my way of thinking, it was a knee-jerk reaction and may not have much staying power. Next week's trading will tell the tale on that one.

However, here's something to note. While the aforementioned contract dropped \$1.17/bu, new DEC 2008 futures have remained the same, essentially closing the gap by \$1.17/bu. That has special significance to anyone who might be looking at locking-in the futures on a small portion of new crop wheat sales through the CWB. I know it's a difficult thing to do when you can't also lock in the basis and (with the CWB) basis risk can be considerable. Something to keep an eye on.

Note: I like to use the KCBT of contract this time of year as it reflects HRW wheat which has already started its production cycle. There's another reason I prefer it over the CBOT contract and that is it generally attracts less speculative money and is less susceptible to daily market gyrations. MGE wheat, which reflects our spring wheat, attracts more focus after the new year.

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	October	\$4.17 del Lethbridge
barley	November	\$3.72 del Ponoka
barley	November	\$3.98 del Daysland
barley	Nov-Dec	\$3.98 del Czar
barley	November	\$3.72 del Olds
barley	November	\$3.96 del Calgary
barley	January 08	\$4.06 del Lacombe
wheat, feed	Nov-Dec	\$5.12 del Lacombe
wheat, feed	November	\$5.61 del Edberg
wheat, 14.0% prt	Nov-Dec	\$5.53 del Red Deer
wheat, 12.5% prt	Nov-Dec	\$5.80 del Red Deer
wheat, feed	Jan 08-Mar 08	\$5.81 del Lloydminster
wheat, feed	February 08	\$5.61 del Edmonton
wheat, feed	Apr 08-May 08	\$5.95 del Lloydminster
peas, feed	October	\$5.67 del Edmonton
peas, yellow # 2	October	\$7.05 del Innisfail
peas, green max 30% bleach	Nov-Dec	\$6.21 del Innisfail
peas, green max 15% bleach	Nov-Dec	\$6.40 del Innisfail
peas, green # 2	Nov-Dec	\$7.95 del Innisfail
rye, feed	November	\$4.95 del Three Hills
oats, milling	November	\$2.43 del Barrhead
oats, milling	December	\$2.46 del Barrhead
oats, milling	December	\$2.36 del Martensville
oats, milling	January 08	\$2.48 del Martensville
oats, milling	February 08	\$2.51 del Martensville
oats, milling	March 08	\$2.56 del Martensville
oats, milling	April 08	\$2.59 del Martensville
oats, milling	May 08	\$2.62 del Martensville
oats, milling	June 08	\$2.64 del Martensville
canola	November	\$9.57 del Edmonton
canola	November	\$10.25 del Vancouver
canola	Dec-Jan	\$9.70 del Edmonton
canola	June 08	\$10.11 del Fort Sask
canola	Oct 08-Nov 08	\$9.53 del Fort Sask
canola	November 08	\$9.25 del Joffre
flax	November	\$12.50 FOB Alberta

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, malt	CWB PRO	Oct-Dec	Camrose
wheat, feed	\$5.67 del Red Deer	November	Sangudo
wheat, feed	\$5.64 FOB	November	Three Hills
wheat, feed	\$5.77 del Red Deer	November	Tofield
wheat, feed	\$5.61 del Edmonton	Jan 08	St. Albert
wheat, feed	\$5.50 FOB	November	Camrose
peas, yellow	\$6.75 FOB	November	Three Hills
canola	\$9.50 del Edmonton	November	Camrose
canola	\$9.82 del Edmonton	December	St. Albert
canola	\$9.43 del Edmonton	November	St. Albert
canola	\$9.85 del Fort Sask	Feb 08	Bon Accord
canola	\$9.50 del Edmonton	November	New Sarepta
canola	\$9.33 del Edmonton	November	Thorsby
canola	\$9.70 del Edmonton	December	Leduc
canola, heated	\$5.76 FOB	October	Boyle
corn, feed	\$5.34 FOB Ferintosh	October	Ferintosh

GPOs Work!

Grain Pricing Orders work while you're busy. Set your target, see the target get hit, move some grain. See the latest list on the website.

By the Number	This Week	Last Week	Diff
CME Live Cattle (OCT)	95.300	94.450	0.850
CME Live Hogs (DEC)	56.925	57.625	(0.700)
CDN Dollar (DEC)	1.037	1.028	0.009
Minneapolis Wheat (DEC)	8.55	8.57	(0.020)
Kansas City Wheat (DEC)	8.69	8.68	1.010
Chicago Oats (DEC)	2.82	2.77	0.050