Grainwise

At Market Master

by Shelley Wetmore

October 26, 2007………………………

As you'll read further, we've finally found our **"farmer's daughter".** I'm so thrilled to have this person join us, starting in November—yahoo!

Here's a summary of grain pricing activity:

- Feed barley: flat to lower
- Feed wheat: flat to lower
- Oats: flat
- Canola: slightly up
- Flax: slightly up
- Peas: flat to higher
- Rye/triticale: steady as she goes

Overall, prices are still considerably higher than what we've been used to over the past ten to fifteen years. Remember, we are in the harvest-pressure timeframe. Do take advantage of forward pricing—especially for NEXT fall's canola where every location should be well over $9.00/bu for 2008.

Watching Winnipeg

Your weekly closing WCE futures $/MT.

Canola	This Week	Last Week	Diff +/-
Nov 07	$431.00	$431.70	($0.70)
Jan 08	$443.60	$433.70	($0.10)
Mar 08	$453.90	$453.50	$0.40
May 08	$464.50	$461.70	$2.80
Jul 08	$469.60	$468.10	$1.50
Nov 08	$449.70	$447.20	$2.50
Jan 09	$455.00	$453.10	$1.90
Mar 09	$459.00	$457.10	$1.90
May 09	$462.00	$460.10	$1.90
Jul 09	$463.10	$462.20	$0.90
Nov 09	$436.30	$429.90	$6.40
Wheat	**This Week**	**Last Week**	**Diff +/-**
Dec 07	$173.50	$192.50	($19.00)
Mar 08	$179.30	$198.30	($19.00)
May 08	$185.30	$204.30	($19.00)
Jul 08	$188.30	$207.30	($19.00)
Oct 08	$158.30	$177.30	($19.00)
Dec 08	$161.30	$180.30	($19.00)
Barley	**This Week**	**Last Week**	**Diff +/-**
Dec 07	$184.00	$189.00	($5.00)
Mar 08	$198.00	$201.00	($3.00)
May 08	$204.00	$206.50	($2.50)
Jul 08	$208.00	$210.50	($2.50)
Oct 08	$196.00	$196.50	($0.50)
Dec 08	$196.00	$196.50	($0.50)

Be Grainwise!

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

US Grain

Soy Complex

A slumping US dollar and surging crude oil prices (above $90/bl) drove JAN beans 24 cents higher to $10.25¼/bu. Only a late round of profit-taking Friday prevented futures from closing even higher.

Weekly bean exports were solid at 463,400 mt but meal sales exceeded expectations at 244,400 mt and bolstered the bean complex.

Despite these lofty levels, my reading from following many of the US online forums is corn still may have the nod when it comes to buying new crop acres. As such, there's been pressure on beans to remain competitive. I feel it's a little too early to be overly concerned about new crop acres but it shows the market mentality out there. It should be noted that many producers purchase their seed before the end of the year for tax purposes and are making seeding plans earlier than many realize.

DEC meal bounced $1.50 higher to $277.80/t while oil closed .82 cents higher at 41.38 cents/lb.

Corn

DEC corn closed 1¾ cents higher at $3.72/bu. Strong weekly exports of 1.547 mmt offset the negative impact of an increase in US Midwest harvest activity midwest as the weather starts to dry out.

Technically, corn has been trading in a sideways pattern but that pattern is tilting higher. Friday's action has futures bumping up against short-term resistance. Should that barrier be penetrated, the next significant line of resistance lies at $3.86/bu.

Wheat

Wheat took it on the chin for reasons I'll go into with more detail in "Strategies". At these levels, it takes very little to trigger a round of technical selling and that was the case this week. Not surprisingly, the spread between old crop and new crop futures continues to close. In a very short space of time, market sentiment has turned from rampant bullishness to feelings that this market is done.

DEC CBOT wheat closed 55½ cents lower at $8.00/bu, while MGE wheat dipped 42¾ cents to $8.27/bu. KCBT wheat dropped 41½ cents to $8.27½/bu.

Canadian Grain

Oilseeds

JAN canola finished as it started it at $443.60/MT. Strong crude oil prices and support from US beans counteracted the negative influence of our dollar which has touched $1.04 US.

Rumours of fresh export activity propped up futures, although few details were forthcoming. Steady crusher buying was also supportive.

New crop futures continue to look strong with JAN 2009 futures closing out at $455.00. At these levels, it would be very difficult to fault anyone who wished to start pricing small increments of next year's expected production. Locally, bids of $9.77/bu are currently available for that time period.

Feedgrains

DEC feed wheat futures nosedived, dropping $19.00/MT to $173.50 in very light trade. Spillover bearishness from the US wheat markets prompted strong liquidation of long positions. Fortunately, cash bids have not seen the same sort of hit.

DEC barley fared comparatively well, slipping just $5.00/MT to $184.00. Cash bids seem to have stabilized for the time being.

Green and yellow edible pea bids remain strong with bids seen as high as $8.00/bu and $7.00/bu respectively.

market master ltd.

"Your grain watchdog."

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

Strategies

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

Wheat has been in a free fall. Last week, Russia contemplated an increase in their wheat export tax from 10% to 30%. Over the weekend, there were rumours the tax might be raised to 50%. Then, early this week, Russia announced no such increases were in the cards and the 10% tax would remain in place. Although many analysts feel this doesn't mean Russia actually wishes to dump wheat into the export market, they do think the turnaround may be an attempt to keep Russian internal prices from climbing further. Whatever the case, the market response was swift. Futures dropped the 30 cent limit Monday and again on Tuesday.

Adding to wheat's woes is the perception that demand for US wheat is waning. This week's export totals came in below expectations at 602,800 mt (22.1 mln bu) but demand has been so strong that just 5.6 mln bu would be required to meet USDA export projections for the year.

So in that context, this week's sales were not bad. But, futures trading is a game of perceptions and right now the perception is that the high's are in for this market and, for the immediate future at least, the least path of resistance is down.

Nothing much has changed on the fundamental front. This is a technical sell-off, looking for a trigger to start the slide. That trigger came in the form of the aforementioned news.

Notwithstanding the tight global carryout (this week the IGC edged its global carryout projection from 107 to 109 mmt.), in my opinion, the highs for old crop futures are probably in. Record futures prices have started to do their job of rationing demand. And, while new crop futures appear to have secured additional acres for next year's crop, word of potential production loss to any major wheat growing area in the coming months and we could be off to the races again.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, feed	$3.65 FOB	November	Morinville
wheat, feed	$5.81 del Lloydminster	Jan 08-Feb 08	Camrose
wheat, feed	$5.81 del Lloydminster	Jan 08-Feb 08	Monitor
wheat, feed	$5.95 del Lloydminster	Apr 08-May 08	Tofield
wheat, feed	$5.65 FOB	October	Redwater
wheat, feed	$5.20 FOB	Oct-Nov	Calmar
wheat, feed	$5.50 FOB	November	Kingman
wheat, feed	$5.23 FOB	November	Kingman
wheat, feed	$5.23 FOB	Nov-Dec	Millet
wheat, feed	$5.25 FOB	November	Clive
wheat, feed	$5.39 FOB	February 08	Calmar
wheat, feed	$5.61 del Edmonton	February 08	Morinville
wheat, feed	$5.23 FOB	Nov-Dec	Kingman
wheat, feed	$5.50 FOB	Nov-Dec	Kingman
wheat, feed	$5.61 del Edmonton	February 08	Athabasca
wheat, feed	$5.25 FOB	November	Clive
wheat, feed	$5.47 del Ponoka	October	Wetaskiwin
barley, 48 lb	$3.70 FOB	November	Calmar
barley, 52 lb	$3.93 del Ponoka	November	Camrose
peas, feed	$5.91 FOB	October	Innisfree
peas, green	$6.25 FOB	November	Camrose
canola	$9.29 del Edmonton	December	St. Paul
canola	$9.63 del Edmonton	December	Camrose
canola	$9.49 del Edmonton	November	Leduc
canola	$9.50 del Edmonton	November	St. Albert
canola	$9.60 del Edmonton	December	Wainwright
canola	$9.44 del Edmonton	December	Camrose
rye, feed	$4.50 FOB	Nov-Dec	Stavely

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	Nov-Dec	$3.91 del Olds
barley	November	$3.98 del Calgary
barley	November	$4.15 del Lethbridge
barley	February 08	$3.95 del Lacombe
wheat, feed	Nov-Dec	$5.12 del Lacombe
wheat, feed	November	$5.61 del Edberg
wheat, 12.5% prt	Nov-Mar 08	$5.67 del Red Deer
wheat, feed	Jan 08-Mar 08	$5.68 del Lloydminster
wheat, feed	Apr 08-May 08	$5.81 del Lloydminster
peas, feed	November	$5.94 del Edmonton
peas, green max 10% bleach	Nov-Dec	$6.95 del Innisfail
peas, green max 30% bleach	Nov-Dec	$6.45 del Innisfail
peas, green max 15% bleach	Nov-Dec	$6.70 del Innisfail
peas , green edible	Nov-Dec	$8.00 del Innisfail
peas, yellow edible	November	$7.05 del Innisfail
rye, feed	Dec 07-Jan 08	$4.95 del Bashaw
rye, feed	Dec 07-Jan 08	$4.95 del Three Hills
oats, milling	November	$2.11 del Innisfree
oats, milling	November	$2.41 del Barrhead
oats, milling	December	$2.44 del Barrhead
oats, milling	January 08	$2.49 del Barrhead
oats, milling	January 08	$2.53 del Martensville
oats, milling	February 08	$2.51 del Barrhead
oats, milling	February 08	$2.57 del Martensville
oats, milling	March 08	$2.53 del Barrhead
oats, milling	March 08	$2.59 del Martensville
canola	November	$9.54 del Edmonton
canola	November	$9.73 del Vancouver
canola	Dec 07-Jan 08	$10.00 del Edmonton
canola	June 08	$10.15 del Fort Sask
canola	Oct 08-Nov 08	$9.58 del Fort Sask
canola	November 08	$9.65 del Joffre
flax	November	$12.50 FOB Alberta

Farmer's Daughter Found!

We're very excited to welcome **Ivy Wyllie** to our team at Market Master. Many of you already know Ivy from past grain dealings with other grain companies.

Ivy was born and raised on a farm near Tofield, Alberta, and has many happy memories of her Dad at harvest, driving the combine, and Mum taking out supper to the field, and has always wanted to maintain some of that farming background.

She worked for AGT in Vegreville for 17 years, was married, and has two sons. She then worked for UGG out of Irma and Vegreville for 6 years. After that, she moved to AgPro in Lavoy, first in a small, on-site trailer, then watched the construction of the current, high throughput terminal and fertilizer shed. Ivy later moved to Fort Saskatchewan, where she was employed with Bunge Canada (Canamera) for 4 years.

Ivy will be in the office, starting the first full week in November. Welcome aboard!

Shelley Wetmore

CWB October 2007-08 Average PRO

	OCT	Alberta Average		Sask Average		BC Average	
	PRO	Deduc	Return	Deduc	Return	Deduc	Return
Wheat							
1 CWRS 14.5	$8.11	$1.38	$6.73	$1.63	$6.48	$1.32	$6.79
1 CWRS 13.5	$8.03	$1.38	$6.65	$1.63	$6.40	$1.32	$6.71
1 CWRS 12.5	$7.95	$1.38	$6.57	$1.63	$6.32	$1.32	$6.63
1 CWRS 11.5	$7.89	$1.38	$6.51	$1.63	$6.26	$1.32	$6.57
2 CWRS 13.5	$7.87	$1.38	$6.49	$1.63	$6.24	$1.32	$6.55
2 CWRS 11.5	$7.73	$1.38	$6.35	$1.63	$6.10	$1.32	$6.41
3 CWRS 13.0	$7.67	$1.38	$6.29	$1.63	$6.04	$1.32	$6.35
3 CWRS	$7.57	$1.38	$6.19	$1.63	$5.94	$1.32	$6.25
4 CWRS	$6.97	$1.38	$5.59	$1.63	$5.34	$1.32	$5.65
1 CWHW 13.5	$8.03	$1.38	$6.65	$1.63	$6.40	$1.32	$6.71
1 CPSR	$7.48	$1.38	$6.10	$1.63	$5.85	$1.32	$6.16
1 CPSW	$7.48	$1.38	$6.10	$1.63	$5.85	$1.32	$6.16
1 CWES	$7.65	$1.36	$6.29	$1.64	$6.01	$1.32	$6.33
1 CWSWS	$7.51	$1.38	$6.13	$1.63	$5.88	$1.32	$6.19
CW Feed	$5.99	$1.38	$4.61	$1.63	$4.36	$1.32	$4.67
Durum							
1 CWAD 14.5	$12.87	$1.37	$11.50	$1.47	$11.40	$1.32	$11.55
1 CWAD 13.0	$12.76	$1.37	$11.39	$1.47	$11.29	$1.32	$11.44
1 CWAD 12.5	$12.71	$1.37	$11.34	$1.47	$11.24	$1.32	$11.39
1 CWAD 11.5	$12.63	$1.37	$11.26	$1.47	$11.16	$1.32	$11.31
2 CWAD 13.0	$12.49	$1.37	$11.12	$1.47	$11.02	$1.32	$11.17
2 CWAD 11.5	$12.41	$1.37	$11.04	$1.47	$10.94	$1.32	$11.09
3 CWAD 13.0	$12.30	$1.37	$10.93	$1.47	$10.83	$1.32	$10.98
3 CWAD	$12.22	$1.37	$10.85	$1.47	$10.75	$1.32	$10.90
4 CWAD	$11.89	$1.37	$10.52	$1.47	$10.42	$1.32	$10.57
5 CWAD	$5.99	$1.37	$4.62	$1.47	$4.52	$1.32	$4.67
Feed Barley							
1 CW Pool A	$5.53	$1.23	$4.30	$1.39	$4.14	$1.15	$4.38
Designated Barley							
SS CW 2-row	$6.31	$1.25	$5.06	$1.39	$4.92	$1.20	$5.11
Std. Sel. 2-row	$6.21	$1.25	$4.96	$1.39	$4.82	$1.20	$5.01
SS CW 6-row	$5.68	$1.25	$4.43	$1.39	$4.29	$1.20	$4.48
Std. Sel. 6-row	$5.57	$1.25	$4.32	$1.39	$4.18	$1.20	$4.37

CWB PRO Commentary 2007-08 Crop Year

Wheat

DEC MGE futures fell almost 60 cents/bu and KBT futures almost 90 cents. The US continues to report large export sales and has sold 89% of its 2007-08 export program, versus 49% last year. The strong Canadian dollar has negatively impacted projected returns. The Australian crop continues to decline with estimates between 11 and 13 mil tonnes. Conversely, Argentina received timely rain, improving wheat prospects. The Argentine Agriculture Secretariat estimates the crop at 14.9 million tonnes. The focus continues to rest on the southern hemisphere harvest, as well as the developing winter wheat crops worldwide.

Durum

World durum prices continue to move up, surpassing record highs set last month. USDA estimates suggest the US has already sold its entire 2007-08 durum export program, meaning they're now effectively out of the international durum market if domestic demand is to be met without increasing imports. World supplies of durum are expected to remain tight until the new-crop harvest begins, which will support high durum prices. Tight supplies are due to rain during the European harvest and dryness in North America. The strengthening Canadian dollar forecast has constrained projected producer returns.

Feed barley

The Australian crop has stabilized but will fall short of earlier expectations. Ukraine and Russia have instituted measures to control barley exports. Corn weighs heavily on North American and offshore markets and creates a price ceiling for feed barley in any market where barley and corn are substitutable.

Designated barley

The EU now has a small malting barley surplus, raising the possibility of EU malting barley exports. Prices have been volatile but the global malting price outlook remains firm due to tight global supplies, with quality concerns in Canada and the US supportive of malting barley prices. Australian prospects have dropped due to quality concerns related to high protein levels and reduced test weights. Prices should be supported throughout the Australian harvest and into the early 2008.