

At Market Master

by Shelley Wetmore

November 2, 2007.....

Watch those canola basis! Our previously VERY nice -14 into containers for December and January into Edmonton has widened to -25. That equals to a change of 25 cents/bushel! Even the basis for fall delivery of 2008, those basis levels has widened as well. Basis can make a HUGE impact to your bottom line. Remember, when you come across a good, narrow basis, think about locking it in.

Feed barley seems to be flat to a little on the upside yet, at this point in time, you'll have to wait until spring to lock-in anything above that \$4.00/bu at the bin.

So, do you have #2 gradable greens peas? Did you notice the increase in those prices? Right now, buyers are at \$9.00/bu delivered. I suspect that price to increase as there doesn't seem to be much high quality greens in the country.

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 07	\$426.00	\$431.00	(\$5.00)
Jan 08	\$438.00	\$443.60	(\$5.60)
Mar 08	\$448.30	\$453.90	(\$5.60)
May 08	\$457.80	\$464.50	(\$6.70)
Jul 08	\$464.80	\$469.60	(\$4.80)
Nov 08	\$450.00	\$449.70	\$0.30
Jan 09	\$458.00	\$455.00	\$3.00
Mar 09	\$461.00	\$459.00	\$2.00
May 09	\$464.00	\$462.00	\$2.00
Jul 09	\$466.00	\$463.10	\$2.90
Nov 09	\$444.00	\$436.30	\$7.70
Wheat	This Week	Last Week	Diff +/-
Dec 07	\$178.00	\$173.50	\$4.50
Mar 08	\$186.00	\$179.30	\$6.70
May 08	\$192.00	\$185.30	\$6.70
Jul 08	\$195.00	\$188.30	\$6.70
Oct 08	\$165.00	\$158.30	\$6.70
Dec 08	\$168.00	\$161.30	\$6.70
Barley	This Week	Last Week	Diff +/-
Dec 07	\$185.30	\$184.00	\$1.30
Mar 08	\$200.20	\$198.00	\$2.20
May 08	\$206.20	\$204.00	\$2.20
Jul 08	\$208.20	\$208.00	\$0.20
Oct 08	\$199.00	\$196.00	\$3.00
Dec 08	\$198.00	\$196.00	\$2.00

Be Grainwise!

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

US Grain

In times of uncertainty, it's not uncommon for grain markets to look to each other for direction. However, lately, outside markets, like the surging crude oil market, have played the largest role in determining prices. As crude oil rises, vegoils are dragged along.

Also supportive to US prices has been the weakness in the US dollar—not only against our Canadian dollar but against most world currencies. In theory, this should make US exports more attractive on the world stage.

Soy Complex

Not surprisingly, bean oil was the complex leader with DEC firing up 1.26 cents to establish a new contract high at 42.64 cents/lb. However, when beans are crushed for oil, surplus meal is produced and this pushed DEC meal futures \$3.80 lower to \$274/t. As often happens, beans split the difference with the DEC climbing a modest 3½ cents to \$10.16¾/bu. A solid weekly export total of 804,200 mt was counteracted by Brazilian weather which remains conducive to planting and early crop development.

Corn

Unlike beans, corn exports were disappointing at 635,300 mt but shipments of previous sales totaled an impressive 1.250 mmt this week. Harvest pressure, as producers in the northern tier of corn producing states wind up their harvest, helped put a lid on prices, as are technical considerations.

Corn traders are confused. Ethanol expansion is slowing because of relatively high corn values, however, crude oil prices in the mid \$90s/bl should make such operations more profitable.

With fundamentals in a state of flux, technical considerations often come to the fore. Right now, it seems that few funds want to be long DEC corn at prices above \$3.80/bu. DEC futures settled a nickel higher at \$3.77/bu.

Wheat

Wheat continues to slide. This week's export totals were a real disappointment. (see Strategies). Despite the weaker US

dollar, exports are slowing.

Also, the surging crude oil market doesn't play the same role in wheat as it does in beans and corn. In fact, it may have a detrimental effect as ocean shipping rates continue to climb in response to higher fuel costs.

DEC CBOT wheat slipped 21½ cents lower to \$7.78½/bu, while KCBT wheat dropped 21¼ cents to \$8.06¼/bu. MGE wheat fared the best of the three exchanges with the DEC contract sliding "just" 13½ cents to \$8.13½/bu.

Canadian Grain

Oilseeds

If the weaker US dollar is positive for US exports, then it stands to reason that our own dollar's recent ascent has been detrimental to our exports. Canola futures failed to respond to higher US soy and world vegoil prices. Export interest dried up this week as did crusher buying. Profit taking ahead of the weekend also pressured values.

Technically, canola remains in a sideways trading pattern with support in the \$435.00 area and resistance at \$450. JAN canola slipped \$5.60 lower to \$438.

Feedgrain

DEC barley responded positively to corn's advances, posting gains of \$1.30 to settle at \$185.00/MT. While the advance is modest, it's refreshing to see some black numbers in the barley pit. Cash bids have remained constant, giving some stability back to the market.

DEC wheat climbed \$4.50 higher to \$178.00/MT in a very thinly traded market.



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Strategies

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

Wheat Fundamentals

Chicago DEC 2007 wheat futures continued their retreat since the highs of \$9.50/bu established just one month ago. Since then, it's been one steady decline with values now testing the \$8.00/bu area.

The fundamentals have become slightly bearish. Export totals, while still well over the pace required to meet USDA yearly projections, have tailed-off. In fact, this week's total of just 180,200 mt took even the most bearish traders by surprise. World wheat stocks have been ratcheted up slightly by the IGC. Australia's wheat crop is another disaster but that story has become old news and has been already factored into the market.

There have been rumours of additional export interest coming out of India but so far nothing has materialized—just one more disappointment for the market. Then, there was the famous rumour that Russia was going to restrict wheat exports by raising export taxes to as high as 50%.

When that speculation was put to rest by Russian officials, the market reacted predictably. Actually, there are now whisperings Russia may yet increase export taxes should world wheat prices rally too high to avoid shortages at home. This time, though, the market didn't even ripple—once bitten, twice shy, I guess.

The tone of the market has changed completely in the past month from one of unbridled bullishness to resignation that the market will likely fall further. Breaks to the upside are now considered selling opportunities. Speculative money which drove the market to its peak is seeking another home. As I've mentioned before, fund traders (speculative money) tend to use technical considerations to guide their decisions. With that in mind, let's look at the DEC 2007 KCBT wheat contract.

Wheat Technical Analysis

Note the down trending channel "A" that's emerged since the highs struck in early October. Although we never know

when a market will peak, the charts were giving us signs that a correction of some sort was in the works. Note how the MACD crossed into negative territory when the FMA (Fast Moving Average) line crossed below the SMA (Small Moving Average) line, at "C". One of my most reliable indicators, in the short term, the RSI was also giving off warning signals when it topped the 80 mark "D". It's been my experience that no market trades higher for very long when the RSI has is over 80.

Where do we go from here? Obvious points of resistance and support are the lines which make up the down trending channel "A". A move above the higher line would be considered bullish and a move below the lower line would be bearish. In the short term, there's minor support at "B" where the market gapped higher back on September 7th.

For now, it appears the path of least resistance is to the downside.



At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, malt	CWB PRO	Oct-Dec	Camrose
barley, malt	CWB PRO	Oct-Dec	Halkirk
barley, malt	CWB PRO	Oct-Dec	Morinville
barley, malt	CWB PRO	Nov-Dec	Camrose
barley, 48 lb	\$3.67 FOB	November	Vermillion
wheat, feed	\$5.18 FOB	December	Morinville
wheat, feed	\$5.20 FOB	Oct-Nov	Donalda
wheat, feed	\$5.37 FOB	Nov-Dec	Donalda
wheat, feed	\$4.75 FOB	November	Ferintosh
wheat, CWRS	CWB FPC	Jan 08-Mar 08	Wainwright
peas, green	\$7.35 FOB	November	Leduc
canola	\$9.50 del Edmonton	November	St. Albert
canola	\$9.36 del Edmonton	December	Ponoka
canola	\$9.57 del Joffre	Sep 08-Oct 08	Ponoka
canola	\$9.70 del Edmonton	January 08	Holden

By the Number	This Week	Last Week	Diff
CME Live Cattle (DEC)	94.725	94.375	0.350
CME Live Hogs (DEC)	52.425	54.525	(2.100)
CDN Dollar (DEC)	1.070	1.039	0.031
Minneapolis Wheat (DEC)	7.80	8.00	(0.200)
Kansas City Wheat (DEC)	8.06	8.27	(0.210)
Chicago Oats (DEC)	2.93	2.78	0.150



Futures, Options, Hedging
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Region 6 Meeting

November 21, 9:00 am to 4:00 pm
 Onway Legion, 4808—50 Street
Beef on a Bun Lunch

Agronomics/John Mayko
 Biodiesel Update/Barb Isman
 Clubroot Update/Dr. Sheau-Fang Hwang
 Consumer Perspective/Simone Demers-Collins
 Marketing Perspective/Dave Wong
 Bring resolutions for ACPC annual meeting.

Free Lunch—Door Prizes—Free Coffee

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	November	\$3.91 del Ferintosh
barley	November	\$3.89 del Daysland
barley	November	\$3.87 del Lacombe
barley	November	\$4.15 del Lethbridge
barley	December	\$3.91 del Czar
barley	Feb 08-Mar 08	\$4.11 del Calgary
barley	April 08	\$4.26 del Calgary
barley	May 08	\$4.24 del Calgary
wheat, feed	Nov-Dec	\$5.12 del Lacombe
wheat, 12.5% prt	Dec 07-Mar 08	\$5.53 del Red Deer
wheat, feed	Jan 08-Mar 08	\$5.68 del Lloydminster
wheat, feed	Apr 08-May 08	\$5.81 del Lloydminster
peas, green edible	Nov-Dec	\$8.45 del Bashaw
peas, green edible	Jan 08-Feb 08	\$8.70 del Bashaw
peas, feed	November	\$5.94 del Edmonton
peas, green edible	Nov-Dec	\$8.15 del Stettler
peas, green edible	Nov-Dec	\$9.00 del Innisfail
peas, yellow edible	November	\$6.51 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	\$2.48 del Barrhead
oats, milling	December	\$2.51 del Barrhead
oats, milling	January 08	\$2.58 del Barrhead
oats, milling	January 08	\$2.62 del Martensville
oats, milling	February 08	\$2.60 del Barrhead
oats, milling	February 08	\$2.65 del Martensville
oats, milling	March 08	\$2.62 del Barrhead
oats, milling	March 08	\$2.67 del Martensville
canola	Dec 07-Jan 08	\$9.32 del Edmonton
canola	June 08	\$10.04 del Fort Sask
canola	November 08	\$9.61 del Fort Sask
canola	Sep-Oct 08	\$9.43 del Joffre
canola	November 08	\$9.54 del Joffre

Mark Your Calendar!

- **Capturing Feed Grain & Forage Opportunities Conference:** December 11 & 12, Red Deer. Call (780) 416-6046 or www.areca.ab.ca/ihcm/news/areca/00104
- **Agronomy Update 2008:** Leading researchers and professionals present the latest information on crop protection products, weed and insect management, crop production for bioenergy markets, and farm-based environmental goods and services. January 15 and 16, Capri Centre, Red Deer. Cost is \$130+GST. Call (800) 387-6030 to register.
- **FarmTech 2008:** January 30, 31, and Feb 01, Edmonton. Call (866) 327-6832 or www.farmtechconference.com
- **Alberta Pork Congress:** March 12 & 13, Red Deer. Call (403) 244-7821 or www.albertaporkcongress.com