

At Market Master

by Shelley Wetmore

November 30, 2007.....

I attended the Informa Economics market outlook this week in Calgary and will produce a summary of what the analysts said in next week's Grainwise.

Some grain markets fluctuated wildly while I was gone and I'm anxious to see what's going to happen with cash feed grain prices, specifically barley and wheat, which have been flat lately. Corn isn't getting any cheaper so perhaps end users will reintroduce these products back into rations ... that is IF producers want to sell. It's easy to keep feed grains in the bin and wait for an increase when there's the option to sell canola or peas at VERY attractive levels.

Reminder ... If you plan on attending FarmTech 2008 this year, book early as hotel space is gobbled up quite quickly. We'll have our booth as usual, plus, I'll be delivering the market outlook again. Look forward to seeing you there!

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Jan 08	\$466.60	\$466.90	(\$0.30)
Mar 08	\$478.00	\$478.00	\$0.00
May 08	\$488.60	\$486.10	\$2.50
Jul 08	\$494.50	\$493.00	\$1.50
Nov 08	\$472.70	\$473.20	(\$0.50)
Jan 09	\$482.10	\$481.90	\$0.20
Mar 09	\$486.10	\$485.90	\$0.20
May 09	\$489.40	\$489.30	\$0.10
Jul 09	\$491.70	\$491.50	\$0.20
Nov 09	\$465.00	\$467.20	(\$2.20)
Wheat	This Week	Last Week	Diff +/-
Dec 07	\$184.00	\$182.00	\$2.00
Mar 08	\$185.00	\$184.50	\$0.50
May 08	\$191.00	\$190.50	\$0.50
Jul 08	\$194.00	\$193.50	\$0.50
Oct 08	\$164.00	\$163.50	\$0.50
Dec 08	\$167.00	\$166.50	\$0.50
Barley	This Week	Last Week	Diff +/-
Dec 07	\$188.00	\$178.00	\$10.00
Mar 08	\$197.30	\$190.70	\$6.60
May 08	\$205.40	\$198.50	\$6.90
Jul 08	\$209.90	\$203.00	\$6.90
Oct 08	\$196.40	\$190.90	\$5.50
Dec 08	\$196.40	\$194.40	\$2.00

Be Grainwise!

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

US Grain

Soy Complex

Lower crude oil and gold prices weighed on grains and oilseeds in a volatile week of trading.

JAN beans flirted with the \$11.00/bu mark all week but finally succumbed to a late round of profit-taking, closing 20¼ cents lower at \$10.80/bu.

While weekly exports remained strong at 1.117 mmt the non-commercial (speculative) money was looking for outside reassurance from the crude oil market to justify their overwhelmingly long positions in the market. When that reassurance was not forthcoming, profit-taking kicked-in.

Technically, the JAN contract looks to be producing some topping action but it's probably too early to tell. DEC meal slipped \$3.70 lower to \$288.30/t while oil dropped 1.03 cents to 45.64 cents/lb.

Corn

DEC skidded 4½ cents lower to \$3.84½/bu in a choppy week of trade.

Corn's export figure remained strong at 1.841 mmt which is even more impressive when one considers that last week was a US holiday week. Additional support came from Europe on word that EU officials may be rethinking their anti GMO import policy particularly as it pertains to feedgrains. However, at week's end, spillover pressure from beans kept corn bulls at bay.

Wheat

Concerns out of South America and the US southern plains (see Strategies) had wheat prices firing higher.

Weekly exports were solid but not spectacular at 498,000 mt, however, wheat sales were so strong earlier in the year that even this week's total is 4 times higher than what's necessary to reach the USDA yearly projection.

DEC CBOT wheat fired 46½ cents higher to \$8.73/bu while KCBT futures soared 53 cents to \$9.07/bu. MGE wheat closed up 42 cents at \$9.50/bu. Friday's trade was especially volatile with the DEC KCBT trading over a range of 42 cents.

Canadian Grain

Oilseeds

Despite sharply lower bean futures, JAN canola held up well, closing just 30 cents/MT lower at \$466.60. Steady crusher and export buying gave futures a lift with China responsible for much of the export activity.

With the Canadian dollar settling back to par with the US dollar, our exports are looking more attractive to foreign buyers. Look for next Tuesday's meeting of the Bank of Canada to set the tone for the dollar in the immediate future. A cut in interest rates would be a shot in the arm to all grain prices.

Steady farmer selling (cash prices now in excess of \$10) capped further gains.

Feedgrain

Cash barley bids have been kept in check by a steady stream of US corn flowing into southern Alberta. Some estimate this year's imports will top the 1 mmt mark. A shot of colder weather was mildly supportive to barley futures which closed \$10.00/MT higher in the DEC at \$188 but that had little impact on the cash market.

DEC wheat closed \$2.00/MT higher at \$184 amid a total lack of interest. Unless something dramatic happens, it appears the Winnipeg feed wheat futures contracts may soon go the way of the "dodo". Commercials would rather use US exchanges for hedging activities and, without their support, the feed wheat contract simply can't attract the volume it requires to remain viable.

Edible pea bids remain strong for both old and new crop bids. A lower dollar would be beneficial here as well.



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Strategies

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

What's Happening with Wheat?

It wasn't long ago that most analysts (including myself) had written-off any substantive rally in wheat, at least until new crop conditions were better known in the spring, but the market hasn't waited.

The steady decline in US winter wheat crop conditions (due to drought conditions in the southern plains) has wheat traders on edge. At this point last year, 53% of the US winter wheat crop was in the good-to-excellent categories. This year, we sit at 44% in the same categories.

Although spring conditions are much more important to the outcome of the US winter wheat crop than are fall conditions, global wheat supplies are such that it's lending support to the market anyway.

We're also getting additional support from the uncertainty in Argentina. There have been frost concerns there for a

couple of weeks. The market initially wrote it off as insignificant but the story just won't go away. This week, Argentine officials slapped a 5 day moratorium on wheat exports until the damage could be fully assessed. This sent market bears running for cover as futures soared. Some analysts are now predicting up to 2 mmt of wheat may have been lost.

At this point, we just don't know how it will all play out but traders have long memories and remember how the market initially discredited the Easter freeze in the US winter wheat crop this spring which turned out to be a big mistake.

This ALL adds up to uncertainty in a market that has very little wiggle room to start with.

Wheat Technical Analysis

From a technical standpoint, the market has done a complete "180" since the recent downtrend as represented by line "A" on the DEC KCBT chart. Line "B" shows the recent uptrend. Line "C" shows initial resistance which the market has since penetrated, while line "D" indicates substantive resistance at the old contract high established in early October.

Technically, there's little resistance between lines "C" and "D". Note how the MACD turned into positive territory "E" when the market changed directions. Volume and open interest are declining as you'd expect as market players role their positions into deferred contracts as the DEC contract winds down.

Charts provided courtesy of TradingCharts.com
www.futures.tradingcharts.com



Horse Breeders & Owners Conference

A specialist in equine internal medicine is one of 15 international presenters at the 26th annual Horse Breeders & Owners Conference. Dr. Josie Traub-Dargatz, professor of equine medicine, Colorado State University, College of Veterinary Medicine and Biomedical Science, will discuss the wise use of antibacterial drugs in horses.

“Dr. Traub-Dargatz will present information on selecting the most appropriate drug or drugs to treat specific conditions,” says Teresa van Bryce, manager, Horse Industry Association of Alberta. “She will be discussing various conditions, the appropriate drug therapy, and how some antibacterial and antimicrobial drugs have the potential for healing as well as for adverse effects. Information on acquired resistance and the transfer of resistance genes will round out her presentation.”

The conference is at the Capri Centre, Red Deer, January 11 to 13, and features an agenda filled with internationally recognized speakers. The full conference schedule is available at www.albertahorseindustry.ca. Registration is \$95 per person and includes the Friday and Saturday night receptions. Registrations received before December 14 will be entered for early bird prizes. Contact Teresa van Bryce at (403) 948-8521.

FarmTech 2008
 January 30, 31, February 1
 Mayfield Inn, Edmonton
 Book Early!
 (866) 327-6832
www.farmtechconference.com

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

By the Number	This Week	Last Week	Diff
CME Live Cattle (DEC)	93.850	96.755	(2.905)
CME Live Hogs (DEC)	54.900	55.600	(0.700)
CDN Dollar (DEC)	0.999	1.014	(1.015)
Minneapolis Wheat (DEC)	8.74	8.26	0.480
Kansas City Wheat (DEC)	9.07	8.54	0.530
Chicago Oats (DEC)	2.69	2.73	(0.0400)

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	December	\$3.91 del Ponoka
barley	December	\$4.20 del Magrath
barley	December	\$3.98 del Lacombe
barley	Feb-Mar 08	\$3.96 del Czar
wheat, feed	December	\$5.12 del Lacombe
wheat, feed	Dec-Mar 08	\$5.53 del Red Deer
wheat, 12.5% prt	Dec-Mar 08	\$5.80 del Red Deer
wheat, feed	Jan-Mar 08	\$5.41 del Lloydminster
wheat, feed	Apr-May 08	\$5.54 del Lloydminster
peas, feed	Jan 08	\$5.94 del Edmonton
peas, yellow edible	Nov-Dec	\$8.30 del Crossfield
peas, green edible	Jan 08	\$10.00 del Innisfail
peas, yellow edible	Jan 08	\$8.35 del Innisfail
peas, yellow edible	Sep-Oct 08	\$7.00 del Innisfail
rye, feed	Feb-Mar 08	\$5.95 del Stony Plain
rye, feed	Feb-Mar 08	\$5.95 del Three Hills
oats, milling	December	\$2.49 del Barrhead
oats, milling	Feb 08	\$2.58 del Barrhead
oats, milling	Feb 08	\$2.63 del Martensville
oats, milling	Mar 08	\$2.60 del Barrhead
oats, milling	Mar 08	\$2.65 del Martensville
canola	December	\$10.27 del Edmonton
canola	Jan 08	\$10.20 del Edmonton
canola	Jul 08	\$10.71 del Fort Sask
canola	Nov 08	\$10.16 del Fort Sask
canola	Oct 09	\$9.91 del Fort Sask
flax	Dec-Jan 08	\$13.95 del Edmonton
oats, organic	Jan-May 08	\$5.20 del Barrhead

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	\$3.71 FOB	Dec	Ferintosh
barley, 48 lb	\$3.70 FOB	Dec	Athabasca
barley, 50 lb	\$3.91 del Ferintosh	Dec	Meeting Creek
barley, 50 lb	\$3.85 FOB	Dec	Bruderheim
barley, 52 lb	\$4.00 FOB	Dec	Thorhild
barley, malt	CWB	Dec	St. Micheal
canola	\$10.00 del Edmonton	Dec	Stettler
canola	\$10.05 del Edmonton	Dec	Beauvallon
canola	\$10.58 del Ft. Sask	April 08	Irma
canola	\$10.31 del Edmonton	Dec	Tofield
canola	\$9.93 del Ft. Sask	Oct 09	Millet
canola	\$9.97 del Edmonton	Dec	Glendon
canola, heated	\$5.85 FOB	Dec	Edmonton
canola	\$10.09 del Edmonton	Dec	Edmonton
canola	\$10.31 del Edmonton	Dec	Leduc
canola	\$10.11 del Ft. Sask	Sep 08	Hilliard
canola, heated	\$5.85 FOB	Dec	Three Hills
oats, #2 CW	\$3.17 FOB	Nov	St. Albert
rye, feed	\$5.95 del Stony Plain	Feb 08	Westlock
flax	\$13.95 del Edmonton	Dec	Camrose