

At Market Master

by Shelley Wetmore

December 7, 2007.....

Wow! How many canola producers have EVER experienced these fantastic prices? Nearby canola rallied like crazy AND we had a reduction in nearby basis. That's how, on Friday, canola ended at \$10.71/bu delivered into Edmonton. Prices for fall delivery and October 2008 are also extremely attractive.

One important thing to take note of regarding next fall's contracts though is that the crusher at Fort Saskatchewan is already booked up for the months of September and October. That means, if you're counting on moving canola during those months for cash flow purposes to that particular crusher, you're out of luck at this point in time.

Lots of room yet, though, for fall contracts, **October 2009**. Who would have ever imagined the opportunity to lock-in \$10 canola as the lowest price of the year? How high can it go ... ?

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Jan 08	\$482.10	\$466.60	\$15.50
Mar 08	\$494.20	\$478.00	\$16.20
May 08	\$501.60	\$488.60	\$13.10
Jul 08	\$507.90	\$494.50	\$13.40
Nov 08	\$484.10	\$472.70	\$11.40
Jan 09	\$490.90	\$482.10	\$8.80
Mar 09	\$494.50	\$486.10	\$8.40
May 09	\$498.00	\$489.40	\$8.60
Jul 09	\$500.20	\$491.70	\$8.50
Nov 09	\$469.90	\$465.00	\$4.90
Wheat	This Week	Last Week	Diff +/-
Dec 07	\$184.00	\$184.00	\$0.00
Mar 08	\$185.00	\$185.00	\$0.00
May 08	\$191.00	\$191.00	\$0.00
Jul 08	\$194.00	\$194.00	\$0.00
Oct 08	\$164.00	\$164.00	\$0.00
Dec 08	\$167.00	\$167.00	\$0.00
Barley	This Week	Last Week	Diff +/-
Dec 07	\$198.20	\$188.00	\$10.20
Mar 08	\$199.00	\$197.30	\$1.70
May 08	\$206.30	\$205.40	\$0.90
Jul 08	\$213.00	\$209.90	\$3.10
Oct 08	\$197.50	\$196.40	\$1.10
Dec 08	\$198.00	\$196.40	\$1.60

Be Grainwise!

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

US Grain

Soy Complex

The soy complex put in a strong week, led by DEC meal which soared \$19.40 to \$307.70/t, establishing a new contract high. JAN beans followed suit, up 40¼ cents to \$11.20¼/bu, also a new contract high.

As often happens, when meal rallies, oil stumbles—DEC oil slipped .34 cents to 45.30/lb.

Unrelenting demand from China (which took the bulk of this week's 993,000 mt bean sale total) and growing concern over dryness in Argentina fuelled markets. Anticipation that the Fed may soon be lowering US interest rates, pressuring the dollar, was also on speculators' minds. A weaker dollar would make US grains even more attractive on the global market.

Corn

Corn rallied in sympathy with beans with DEC bouncing 15½ cents to settle at the psychological \$4.00/bu mark.

Weekly exports came in at 1.059 mmt. While at the lower end of expectations, this was still double what's required to meet USDA sales projections.

Strength came thanks to traders' beliefs that (with beans setting new contract highs) corn must keep pace in this early battle for next spring's acres. There's also a growing realization by market players that planting decisions are made earlier than they were even 10 years ago. The availability and early price discounting of hybrid seed means producers are committing to planting decisions earlier than ever before.

Wheat

Wheat is on fire! DEC MGE futures blasted 52¼ cents higher to top the \$10/bu mark at \$10.02. MGE futures closed limit up Friday all the way out to MAY 09 (see Strategies). CBOT and KCBT closed 35 and 40 cents higher.

Another solid week of exports at 367,400 mt combined with uncertainty over Argentina's crop potential to keep the pot boiling. A slight dip in US winter wheat conditions underpinned the

market. Late word of a sale to Bangladesh fuelled Friday's rally.

All markets put in a strong week and are ripe for a sell-off of some sort—particularly when speculative traders may be looking to pocket some of their profits before year-end to make the books look good for future investors.

Canadian Grain

Oilseeds

Despite a lacklustre bean oil performance, JAN canola rallied \$15.50 to \$482.10/MT.

A bullish surprise in this week's StatsCan final crop production figures was supportive (see Strategies). However, steady export interest from China and Mexico played a bigger role on this week's rally. A dollar currently trading just under par after this week's BOC interest rate cut of ¼% was also supportive as was the move in crude oil back over the \$90/bbl mark. A pickup in farmer sales as cash prices move well over \$10.00/bu put a lid on further gains. Nearby basis levels are widening out in most cases as endusers are well supplied for their immediate needs.

Feedgrain

MAR barley closed \$5.70 higher to \$202.50/MT in the wake of a bullish StatsCan crop production surprise (see Strategies) and higher corn values.

DEC wheat remained unchanged this week at \$184 in a market becoming more irrelevant by the day.

Edible pea bids continued their strong showing with bids now approaching or surpassing \$9.00/bu in some areas.



"Your grain watchdog."

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Strategies

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

StatsCan Production Report

Thursday saw the release of StatsCan's December production report and there were bullish surprises across the board.

Canola production edged down from 8.864 mt to 8.751 mt. Nothing earth shattering but, considering that much of the trade was anticipating a higher figure, it has to be construed as bullish.

Perhaps more surprising was the drop in **barley** production from 11.822 mt to 10.984 mt. Once again, the market was anticipating a boost in production so this number took many by surprise.

Wheat too experienced a dip of 587,000 mt from 20.641 to 20.054 mt.

So what does this report mean to prairie producers?

Wheat

Considering we're a rather small fish in the overall global pond of grain production, probably not a lot on its own. But, for instance, in the wheat market where:

- global stocks are tight to begin with
- there's concern over possible frost damage to the Argentinean crop

- there's fear the US winter wheat crop is going into dormancy in less than ideal condition

... it just gives traders one more little reason to be bullish.

Considering that the bulk of Canadian wheat production is CWRS, you'd expect the MGE futures (reflects HRS wheat) to respond to this news more acutely than either KCBT or CBOT wheat. That was the case. While both KCBT and CBOT futures had strong days, MGE futures almost doubled the gains in the other exchanges.

Canola

As far as canola goes, the decrease in production is small but should put to rest ideas that farmers were sitting on more canola than officially thought. Canola futures have been strong again this week (in fact setting new contract highs in most trading months) but I suspect the declining dollar and recent strength in soybeans is playing a much larger role than a small cut in canola production. Nevertheless, it does lend underlying support to a market that has been surging of late.

Barley

The impact on the barley market, despite a drop in production of 838,000 mt, is likely to be muted. The arrival of US corn and threat of even more deliveries has taken the luster off the feed barley market. Additionally, the lack of opportunities to participate in the international barley market has left us with a uniquely domestic market that appears to be somewhat stagnant at the moment. With limited access to outside markets, I find it difficult to imagine barley prices moving dramatically without help from corn.

Some analysts have suggested selling your physical barley into the local market and then buying either corn futures or call options.

The thinking is the corn market has a better chance to rally into spring than barley. While I can't argue with that sentiment, be prepared to deal with currency risk. However, if you feel the Canadian dollar has topped and may slide back into the mid-90 cent range, it might be worth considering. However, it's a highly speculative play. July 2008 \$4.40 corn calls are currently trading at 33½cents/bu. Lot size is 5000 bu.

Nominate a Young Farmer!

Canada's Outstanding Young Farmers' (OYF) program is calling for nominations for its 28th competition. The program recognizes young farmers who exemplify excellence in their profession, demonstrate outstanding achievement in agricultural production, conservation and community involvement, and promote the significant contribution of agriculture and rural Canada.

Nominees may be an individual, couple or managing partner/shareholder of a farm group. To qualify, the nominee must derive a minimum of two-thirds of their gross income from farming and not have reached the age of 40 as of January 1, 2008.

Nominees are judged according to the following criteria:

- progress made in their agriculture career
- environmental and safety practices
- crop and livestock production history
- financial and management practices
- contributions to the well-being of their community, province, nation

Any individual or organization can nominate a farmer or farm couple who meet the age and income qualifications. The nomination process consists of two parts. Part one includes basic demographic information about the nominator and nominee, and must be received no later than January 31, 2008. Part two, requesting further information, will then be sent to the nominee and must be returned by mail no later than March 15, 2008.

The regional Alberta/NWT OYF program event will be hosted in conjunction with the Calgary Exhibition and Stampede on July 6 to 8, 2008. One of the nominees will be selected to represent the region at the National Awards Program, being held in Calgary from November 18 to 23, 2008.

For further information on the program, contact Sharon Mueller, Alberta/NWT region nominations committee, at 780-674-6713 or visit Alberta's OYF program website at:

www.oyfalberta.com

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 45 lb	\$3.45 FOB	Dec	Alliance
barley, 44 lb	\$3.27 FOB	Dec	Vegreville
barley, 46 lb	\$3.55 FOB	Dec	Ferintosh
barley, 48 lb	\$4.00 del Czar	Dec	Elk Point
barley, 48 lb	\$4.00 del Willingdon	Dec	Kingman
barley, 50 lb	\$3.85 FOB	Dec	Warburg
barley, 52 lb	\$3.95 FOB	Dec-Jan 08	Kirriemuir
barley, 52 lb	\$3.87 FOB	Dec	Ferintosh
barley, malt	CWB	Dec	Willingdon
canola	\$9.91 FOB	Dec	Alliance
canola	\$10.14 del Fort Sask	Nov 08	Leduc
canola	\$10.35 FOB	Apr 08	Calmar
canola	\$10.02 del Fort Sask	Oct 09	Killam
canola	\$10.02 del Fort Sask	Oct 09	Mundare
canola	\$10.82 del Fort Sask	July 08	Mannville
canola	\$10.19 FOB	Jan 08	Elk Point
canola	\$9.97 FOB	Dec	Consort
canola	\$10.26 FOB	Jan 08	Meeting Creek
canola	\$10.30 FOB	Jan 08	Warburg
canola	\$10.21 FOB	Dec	Warburg
canola	\$10.20 FOB	Dec	Ferintosh
canola	\$10.07 FOB	Jan 08	Altario
canola	\$10.07 FOB	Nov 08	Camrose
canola	\$10.56 del Edmonton	Jan 08	Tofield
canola	\$10.68 del Edmonton	Jan 08	Rochester
canola	\$10.71 del Edmonton	Jan 08	Killam
canola	\$10.71 del Edmonton	Jan 08	Tofield
canola	\$10.24 FOB	Dec 08	Ryley
canola	\$10.97 del Fort Sask	Jul 08	Derwent
canola	\$10.71 del Edmonton	Jan 08	St. Albert
oats, feed	\$2.25 del Wainwright	Dec	Wainwright
wheat, feed	\$5.50 FOB	Dec	Bruderheim
flax	\$13.95 del Edmonton	Jan-Feb 08	Monitor



Christmas Hours

Friday, Dec 22: closed at noon
 Monday, Dec 24 to Friday, Dec 28: office closed
 Tuesday, Jan 1: office closed

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	December	\$4.00 del Czar
barley	December	\$3.98 del Lacombe
barley	December	\$4.00 del Vegreville
barley	December	\$3.96 del Wainwright
barley	December	\$4.00 del Willingdon
barley	December	\$4.00 del Coronation
barley	December	\$4.00 del Killam
barley	Jan 08	\$3.83 del Ponoka
barley	Jan-Feb 08	\$4.05 del Vegreville
barley	Jan 08	\$4.04 del Czar
barley	Feb-Mar 08	\$4.00 del Ferintosh
barley	Mar 08	\$4.10 del Vegreville
wheat, feed	Dec-Jan 08	\$5.50 del Ferintosh
wheat, 12.5% prt	December	\$5.80 del Edberg
wheat, 13.0% prt	Jan-Mar 08	\$5.80 del Red Deer
wheat, feed	Jan-Mar 08	\$5.41 del Lloydminster
wheat, feed	February 08	\$5.31 del Lacombe
wheat, feed	Apr-May 08	\$5.54 del Lloydminster
peas, feed	Jan 08	\$6.00 del Edmonton
peas, yellow edible	December	\$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	\$2.42 del Barrhead
oats, milling	December	\$2.20 del Innisfail
oats, milling	Feb 08	\$2.52 del Barrhead
oats, milling	Mar 08	\$2.54 del Barrhead
oats, milling	Mar 08	\$2.54 del Martensville
canola	Jan 08	\$10.71 del Edmonton
canola	Mar 08	\$11.31 del Vancouver
canola	Mar 08	\$10.70 del Edmonton
canola	Jul 08	\$10.97 del Fort Sask
canola	Nov 08	\$10.36 del Fort Sask
canola	Oct 09	\$10.02 del Fort Sask
flax	Dec-Jan 08	\$13.95 del Edmonton
oats, organic	Jan-May 08	\$5.25 del Barrhead

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By the Number	This Week	Last Week	Diff
CME Live Cattle (DEC)	94.025	93.850	0.175
CME Live Hogs (DEC)	55.475	54.900	0.575
CDN Dollar (DEC)	0.996	0.999	(0.003)
Minneapolis Wheat (DEC)	9.03	8.74	0.290
Kansas City Wheat (DEC)	9.49	9.07	0.420
Chicago Oats (DEC)	2.66	2.69	(0.030)

