

## At Market Master

by Shelley Wetmore

February 29, 2008.....

It was very exciting for me to book my first ever canola at over \$16.00/bu at the bin. A farmer from Millet will have that honour attached to him in my memory forever.

Yes, canola still continues to climb but, wow, have you noticed some of the basis levels lately? Many elevators in central Alberta, for either the nearby delivery period OR the fall, range from minus 25 to minus 60. In the Peace, basis levels for some contracts have reached minus 100. Unheard of!

So, even though the futures continue to rally, there's a lot of money being taken out of your SuperB through basis. If you can find a reasonable basis, it may be a good idea to lock it in. Today, a minus -20 basis appears very attractive. Think about it ... if your basis goes from minus 20 to minus 55, that's a difference of \$35. That translates to about \$1,500 for each SuperB you haul in which you DO NOT get in your bank account.

We're still on the hunt for high protein wheat. Barley remains flat, milling oats continue to climb.

## Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Mar 08	\$726.90	\$680.60	\$46.30
May 08	\$740.00	\$692.60	\$47.40
Jul 08	\$750.00	\$704.10	\$45.90
Nov 08	\$738.80	\$684.40	\$54.40
Jan 09	\$747.00	\$692.80	\$54.20
Mar 09	\$754.00	\$700.40	\$53.60
May 09	\$760.10	\$705.30	\$54.80
Jul 09	\$761.40	\$709.60	\$51.80
Nov 09	\$695.00	\$650.00	\$45.00
Jan 10	\$699.70	\$654.60	\$45.10
Mar 10	\$699.70	\$654.60	\$45.10
Wheat	This Week	Last Week	Diff +/-
Mar 08	\$287.80	\$281.80	\$6.00
May 08	\$295.00	\$276.80	\$18.20
Jul 08	\$288.00	\$276.80	\$11.20
Oct 08	\$288.00	\$269.80	\$18.20
Dec 08	\$288.00	\$269.80	\$18.20
Barley	This Week	Last Week	Diff +/-
Mar 08	\$225.90	\$219.00	\$6.90
May 08	\$234.10	\$223.00	\$11.10
Jul 08	\$244.00	\$233.00	\$11.00
Oct 08	\$244.50	\$235.00	\$9.50
Dec 08	\$248.70	\$236.90	\$11.80

## Be Grainwise!

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

### US Grain

#### Soy Complex

A slumping US dollar is supportive to all commodity markets. It's now projected by some analysts that crude oil may surge to \$110/bbl. That bullish attitude has flowed into the vegoil markets as well.

MAY soyoil blasted an amazing 5 cents/lb higher to set a new contract high of 68.02 cents/lb. In the process, it dragged the rest of the soy complex higher. MAY beans spiraled 97¼ cents higher to \$15.36/bu. Even meal managed to climb \$20.10 higher to \$381.30/t.

Demand from China, even at these elevated prices, remains a major supportive factor but speculative money from commodity and index funds sparked much of this week's fireworks.

Weekly exports came in at a solid 616,200 mt, almost ten times the number needed to meet current USDA annual sales projections.

#### Corn

MAY corn put in a solid week as well, rallying 20¼ cents to \$5.55¼/bu while setting a new contract high. However, much of corn's strength came courtesy of spillover support from beans.

Traders have to remain cognizant of the fact that sharply higher bean prices may steal spring acres from corn and that corn prices can afford to fall too far behind. Weekly exports were firm at 776,100 mt.

#### Wheat

Wheat prices have been all over the map with huge moves occurring on a daily basis. Expanded limits may help the market seek wheat's actual value but it can sure make for a bumpy ride. Concern that some producing countries are curtailing exports to contain food inflation within their own borders has the market on edge.

Countering that argument is that the world is set to produce a much larger wheat crop this year if weather is cooperative. The market is in a state of flux and the growing season in North America has yet to begin.

Weekly exports came in at 308,600 mt, well above what's needed to meet current annual export projections.

MAY CBOT wheat slammed 75¼ cents lower to \$10.90¼/bu while KCBT wheat pushed 46¼ cents higher to \$11.61¼/bu. MGE futures closed 4¼ cents higher at \$16.23/bu.

### Canadian Grain

#### Oilseeds

Canola futures are on fire, despite a sharply higher Canadian dollar with the MAY contract bounding \$47.40 higher to \$740.00/MT—amazing!

Routine export demand and slow farmer selling combined with general strength in vegoils to provide this week's push to higher prices. New crop prices remain equally strong.

#### Feedgrain

Speculation is swirling that Federal Agriculture Minister Ritz will soon table legislation that would remove the barley monopoly from the CWB. After the Liberals failed to take down the government over the budget, it will be interesting to see what their strategy will be should such legislation be forthcoming.

MAY barley pushed \$10.60 higher to \$234.10/MT but cash prices remain fairly constant.

MAY wheat closed the week \$18.20 higher at \$295.00/MT.

Edible pea prices have surged once again with prices over \$11.00/bu being seen in many areas.

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VOTE ON MONDAY!**



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## Strategies

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

I've been getting a lot of interest in CWB pricing options lately. While this information is available on the CWB website, it may be beneficial to do a quick overview of some of the programs available.

Undoubtedly, the program I've received the most calls about is the FPC and BPC contracts (Fixed Price Contract and Basis Price Contract). These two contracts are variations of the same program. Let's use new crop CWRS wheat as an example.

### CWB Fixed Price Contract

The CWB posts the DECEMBER futures price daily for wheat off the MGE (Minneapolis Grain Exchange) in Canadian \$/tonne. From that figure, a basis is "added". The basis can be either positive or negative. At the time of writing, the basis for #1 CWRS 13.5% wheat (the reference grade used in calculating the FPC and BPC) was minus \$30.10. The futures price was \$414.00. To arrive at the FPC or fixed price, you simply add the basis to the futures price.

DEC MGE price:	\$414.00
Add the basis:	-\$ 30.10
Your Price	\$383.90 FOB (instore Vancouver)

To obtain a price "at the bin", subtract the regular deductions of freight, elevation, etc from the FPC price. (Contact your local elevator to get your exact deductions.) In this example, you have locked-in both the futures price and the basis to arrive at your FPC price.

### CWB Basis Price Contract

However you CAN lock-in either the basis or the futures price alone if you choose and lock-in the other half of the contract at a later date. For example, if you like the futures price but not the basis, you can leave the basis to a later date in hopes it will move in your favour.

### How is the Basis Derived?

There's some confusion as to how the basis is arrived at. The CWB determines the basis by calculating the difference between the PRO and the average value they feel the MGE futures (in the case of CWRS

wheat) will trade at over the year. As such, it's not a true basis in the traditional sense of the word but it is helpful to know how it is arrived at in order to gain insight into which direction the basis might be moving.

### Changes to the Contracts

There have also been some recent changes surrounding the FPC and BPC contracts. A producer has until 9 pm CT to lock-in the posted prices of that day. However, the CWB has reintroduced the EFP program (Exchange for physicals) which I'm personally happy to see.

This allows a producer to short the futures well before the program begins and then exchange that futures position with the CWB for the futures part of an FPC contract. Since the FPC contract only runs from Feb 25 until Oct 31, producers can take advantage of rallies before the program begins in February.

If you've already locked-in the basis portion of your FPC, you can price the futures part of the contract right up until Nov 27. If the producer isn't happy with the futures price at that time, he can roll the basis over to a later month, for a \$1.00/MT charge, thereby extending the time period to lock-in the futures.

If a producer is unable to fulfill his contract (drought, hail, etc), he can buy-out the balance of the contract, based upon the difference between the producers contract price and the current contract price. If they can find another producer to take over the obligations of their FPC, they can reassign that contract to that producer for a \$15 administration fee.

One feature I'd like to see the CWB adopt is a simple message board on their website where producers (who are looking for someone to assume all or part of a contract they are unable to fill) could post that information allowing other producers who may be looking for pricing opportunities the chance to assume that contract.

You can now use the e-Services feature on the CWB website to conduct FPC and BPC transactions. This is just a quick overview of the FPC and BPC programs. As mentioned above, full details are available on the CWB website.

## Classifieds

**Certified Seed:** Superb wheat @ \$11.00/bu, AC Metcalfe and CDC Copeland @ \$9.00/bu. Phone Todd Clark, Edmonton area at (780) 499-5060.

**Bales:** 800 first-cut alfalfa bales, dairy quality, good twine, easy to haul, 1,350 lbs, Thorsby area. Cal Warren at (780) 789-3747.

**Puppies:** Beautiful, purebred Golden Retriever puppies. Ready mid-February. All shots given but no papers. Call Norm Olsen, Killam, at (780) 385-0536.

**Grain Dryer:** Vertec dryer, 12 foot—12 tier, natural gas—12 million BTU, 3 phase power, minimal fire damage to body only, \$15,000 OBO. Call Lorne Semler at (780) 349-0712.

## Poultry Biosecurity Workshop

The Poultry Research Centre at the U of A is hosting a Biosecurity Is For The Birds workshop. The workshop will provide information to improve biosecurity through vigilance, informed decision-making, improved practices, and minor infrastructure retrofits:

- why biosecurity matters
- managing access and visitors to the farm
- lapses in biosecurity that have led to disease outbreaks
- moving within the farm premises
- managing farm inputs
- manure and mortality management
- cleaning and disinfection
- pest management



The workshop is at the Lethbridge Lodge on March 13 and at Olds College on March 14. Cost is \$40. Call [Laurie Heidebrecht](mailto:Laurie.Heidebrecht@ualberta.ca) (780) 492-1561 or [Matt Oryschak](mailto:Matt.Oryschak@ualberta.ca) (780) 492-7694. [biosecurity.prc@ualberta.ca](mailto:biosecurity.prc@ualberta.ca).



**At The Bin**

*Prices booked this week (net to the producer).*

Grain	Price	When	Producer
barley, 48 lb	\$4.50 FOB	February	Nisku
barley, 48 lb	\$4.40 FOB	Feb-Mar	Edberg
barley, 48 lb	\$4.63 del Castor	February	Paradise Hill
barley, 48lb	\$4.09 FOB	February	Stony Plain
barley, 48 lb	\$4.20 FOB	March	Castor
barley, 48 lb	\$4.40 FOB	April	Donalda
barley, 51 lb	\$4.70 del Lacombe	April	Bashaw
barley, 51 lb	\$4.41 del Lacombe	March	New Norway
barley, 52 lb	\$4.46 FOB	April	Bashaw
barley, malt	\$6.70 del Beiseker	08-09	Three Hills
canola	\$14.61 FOB	December	Bashaw
canola	\$15.25 del Lloyd	Jan 09	Killam
canola	\$14.03 del Fort Sask	Sept 09	Killam
canola	\$15.10 del Fort Sask	Jan 09	Holden
canola	\$15.79 FOB	Apr-May	Millet
canola	\$15.81 del Edmonton	Apr-May	Edmonton
canola	\$15.91 FOB	November	St. Paul
canola	\$16.10 FOB	Apr-May	Millet
canola, heated	\$8.23 del Edmonton	Feb-Mar	Leduc
canola, heated	\$8.23 del Edmonton	Feb-Mar	Grimshaw
canola, heated	\$8.23 del Edmonton	March	Beaverlodge
canola, heated	\$8.23 del Edmonton	March	Meeting Creek
canola, heated	\$6.41 del Edmonton	Feb-Apr	Edmonton
canola, heated	\$8.23 del Edmonton	Feb-Apr	Wetaskiwin
canola, heated	\$8.23 del Edmonton	Feb-Apr	Vegreville
wheat, feed	\$7.03 FOB	March	Kingman
wheat, feed	\$7.03 FOB	March	Oyen
wheat, feed	\$8.36 FOB	Feb-Mar	Lamont
wheat, feed	\$8.41 FOB	March	St. Albert
wheat, feed	\$8.50 FOB	Feb-Mar	Wetaskiwin
wheat, feed	\$7.03 FOB	March	Coronation
wheat, feed	\$8.36 FOB	Feb-Mar	Lamont
wheat, feed	\$8.28 FOB	Feb-Mar	Vegreville
oats, milling	\$3.48 FOB	April	St. Michael
oats, milling	\$3.53 FOB	April	Smoky Lake
oats, milling	\$3.57 FOB	April	Vermilion
oats, milling	\$3.60 FOB	July	Boyle
oats, milling	\$3.53 FOB	June	Fort Kent
oats, milling	\$3.57 FOB	July	Fort Kent
oats, milling	\$3.63 FOB	June	Star
oats, feed	\$2.40 FOB	March	St. Paul
rye, feed	\$8.44 FOB	Apr-May	High Prairie

**New Heated Canola Prices!**

max 5%	\$10.04
max 35%	\$8.23
max 50%	\$7.32
max 65%	\$6.87

**Bid Board**

*Buyers looking for grain (net prices).*

Grain	When	Location
barley	March	\$4.55 del Tiger Lily
barley	April	\$4.57 del Olds
barley	May	\$4.63 del Olds
barley	May	\$4.52 del Lacombe
barley	Sep-Oct	\$4.40 del Vegreville
barley	Nov-Dec	\$4.33 del Vegreville
wheat, 13.0% prt	March	\$8.79 del Red Deer
peas, green edible	Mar-Apr	\$10.50 del Innisfail
peas, yellow edible	Mar-Apr	\$10.50 del Innisfail
peas, yellow edible	Sep-Oct	\$9.40 del Innisfail
rye, feed	Apr-May	\$8.95 del Stony Plain
rye, feed	Apr-May	\$8.95 del Three Hills
oats, milling	Apr-May	\$3.89 del Martensville
oats, milling	June	\$3.99 del Martensville
oats, milling	July	\$4.02 del Martensville
oats, milling	August	\$4.05 del Martensville
oats, milling	Sept-Oct	\$4.12 del Martensville
oats, milling	November	\$4.17 del Martensville
oats, milling	December	\$4.22 del Martensville
canola	Apr-May	\$16.28 del Edmonton
canola	July	\$15.83 del Fort Sask
canola	October	\$15.91 del Lloydminster
canola	Jan 2009	\$16.32 del Lloydminster
canola	Jan 2009	\$15.87 del Fort Sask
canola	Mar-Apr 2009	\$16.10 del Fort Sask
flax	Apr-May	\$17.01 del Edmonton

**Grain Pricing Orders (GPOs)**

Easily set price targets! Call the office to set your price, set your terms. Especially convenient during seeding when you're too busy to watch markets!

By the Number	This Week	Last Week	Diff
CME Live Cattle (FEB)	92.975	92.000	0.975
CME Live Hogs (APR)	59.950	63.525	(3.575)
CDN Dollar (MAR)	1.017	0.984	0.033
Minneapolis Wheat (MAR)	1.07	10.49	(9.417)
Kansas City Wheat (MAR)	11.70	11.10	0.600
Chicago Oats (MAR)	4.22	3.84	0.380

**Conversion Table**

40 MT of	Equals	# of bu
barley	x 45.930	1,837 bushels
wheat, peas	x 36.744	1,470 bushels
canola	x 44.092	1,764 bushels
flax, rye, corn	x 39.368	1,575 bushels
oats	x 64.842	2,594 bushels

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