

At Market Master

by Shelley Wetmore

July 18, 2008.....

I'm back after a week in Montreal, attending the 22nd Annual CSCA (Canadian Special Crops Association) convention. There were many great speakers on a variety of topics but I'll relay what I think what most of you would be interested in which, of course, is the market outlook. One analyst gave forecasts, based Saskatchewan, on special crops, adding western Canada will become more reliant on India for exports, in light of the declining hog industry here:

- \$11.00/bu yellow peas
- \$12.00 to \$13.00/bu green peas
- \$0.40 to \$0.50/lb red lentils
- \$0.45/lb green lentils
- \$0.30/lb desi chickpeas
- \$0.35/lb kabuli chickpeas
- \$0.60/lb yellow mustard
- \$0.40/lb oriental mustard
- \$0.40 to \$0.45/lb canary seed.

For those of you who seeded green peas, another analyst also mentioned that if we experience any significant loss of current acres or quality that good greens could command a \$4.00 to \$5.00/bu premium over yellows.

Again, keep in mind these ARE just forecasts. We'll see what happens, like always, when the grain hits the bins everywhere. We're not alone ...

I'll be back in the office on Tuesday.

Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 08	\$634.60	\$681.20	(\$46.60)
Jan 09	\$646.30	\$692.90	(\$46.60)
Mar 09	\$656.20	\$703.50	(\$47.30)
May 09	\$667.10	\$712.90	(\$45.80)
Jul 09	\$679.00	\$718.40	(\$39.40)
Nov 09	\$666.00	\$703.20	(\$37.20)
Jan 10	\$670.70	\$707.90	(\$37.20)
Barley	This Week	Last Week	Diff +/-
Oct 08	\$253.40	\$270.20	(\$16.80)
Dec 08	\$261.00	\$275.00	(\$14.00)
Mar 09	\$266.00	\$281.30	(\$15.30)
May 09	\$268.30	\$283.60	(\$15.30)
Jul 09	\$268.30	\$283.60	(\$15.30)

Be Grainwise!

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

US Grain

Soycomplex

AUG beans plummeted \$1.45 to finally settle at \$14.70/t while meal dropped an incredible \$49.60 to \$396.0/t. AUG oil fared slightly better dipping "just" 2.54 cents to 62.09 cents/lb.

Bearish crop fundamentals and pressure from outside markets (see Strategies) were largely responsible for this week's precipitous fall.

Weekly exports were on the low side of expectations at 102,500 mt but this figure had little to do with this week's slide.

Word that the Argentinean government had finally complied with farmers demands to axe the controversial new soybean export tax weighed on the market. Confirmation of the negative impact that announcement had on the market came quickly when it was announced that an expected Chinese bean purchased of US beans had been switched to Argentina.

Corn

Corn futures took it on the chin for many of the same reasons that soybeans hit the skids (see Strategies).

Improving extended forecasts for the US corn belt have many traders feeling this year's crop may not be negatively impacted by severe heat during pollination after all. While we have a long way to go before the crop is in the bin, prospects look better than they did just a few short weeks ago.

Weekly exports fell within the range of expectations at 830,000 mt and did little to affect prices. Nevertheless, when the smoke cleared, SEP corn had fallen 81½ cents to sit at \$6.09½/bu—that's a drop of over \$1.70/bu in just over two weeks!

Wheat

Wheat fared better than either corn or beans partly because wheat has been under pressure for some time and didn't have as far to fall.

The ongoing harvest of HRW and SRW wheat has been pressuring the market for weeks. Weekly exports were slightly better than anticipated at 748,600 mt but were largely ignored in light of outside pressures. However, expectations

that wheat may now fit into feed rations in light of the recent strength of corn supported prices. Dryness in the Northern Plains also supported spring wheat.

SEP CBOT wheat dropped 26¾/bu to \$8.04 while KCBT slipped 30½ cents to \$8.34/bu. MGE wheat fared the best, dropping just 16¼ cents to \$8.80¼/bu.

Canadian Grain

Oilseeds

Spillover pressure from the entire oil complex (which includes beans, palm oil, and crude) all weighed on the canola market, sending NOV futures spiraling \$58.90 lower to \$634.60/MT.

Improving crop prospects both in Canada and the US also pressured futures.

Rumours of export sales to both Mexico and Japan combined with steady crusher buying to lend underlying support, as did slow farmer selling. (I'd hate to think what would happen without all that "support".)

Technically the NOV chart looks rather ugly with prices slipping through support at \$650. The next layer of support appears to be in the \$628 area. Should that fail, we'd be looking at contract lows just over \$600 as the next line of defense.

Feedgrain

Cash barley bids are holding up fairly well—at least for now. OCT futures, on the other hand, tumbled \$16.80 to \$253.40/MT in response to the slide in corn.

Wheat futures remained unchanged and untraded at \$285/MT.

Edible pea bids remained largely unchanged.



"Your grain watchdog."

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Strategies

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

What Happened This Week?

A combination of bearish outside market influences and generally favourable weather over the US Midwest sent grains and oilseeds futures sharply lower.

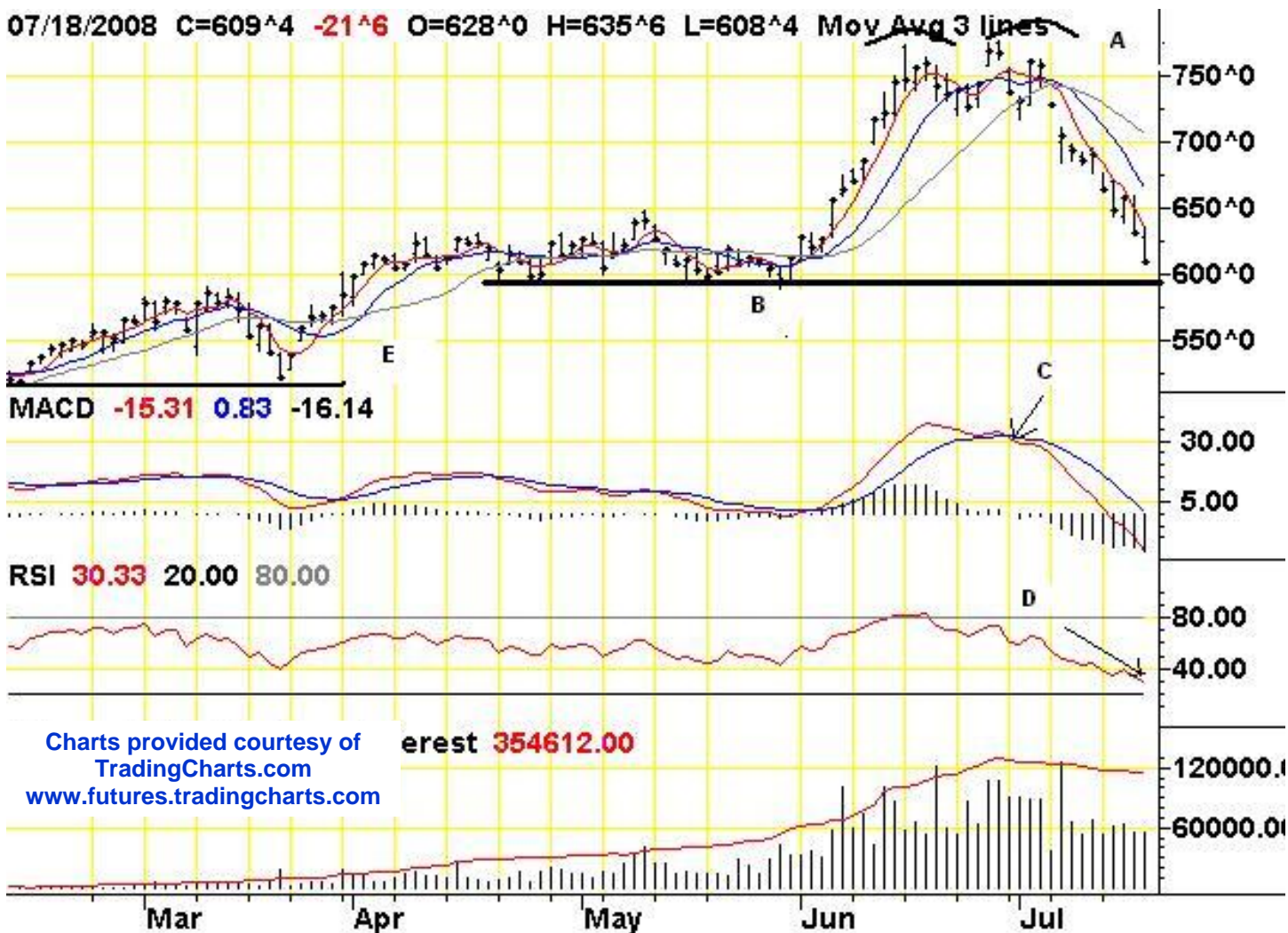
Concern over the US banking industry, as some smaller banks have actually become insolvent, weighed on the market. Even the giant mortgage lenders known as Fannie Mae and Freddie Mac appeared to be in trouble and required government assistance to remain operating. This sent shudders throughout the entire US economy. Personal debt and unease with the economy are forcing consumers to rein-in their spending. A slow-down in the U.S. economy also sent crude oil markets sharply lower with spot prices dipping below \$129/barrel, close to \$20 lower than its recent highs. Spillover pressure from the crude market also weighed on corn and soybeans, in particular, as speculators looked to lighten their positions in all commodities.

Late word that the USDA would not be releasing large tracts of land from current CRP contracts may lend support to markets down the line. Analysts feel a maximum of 2 mln acres may find their way back into production. Many were expecting a much higher number.

Corn Technical Analysis

This week's action did a lot of technical damage as illustrated by this September corn chart. Note the almost perfect **Double Top** signified by "A". A classic double top would suggest prices will decline to the point where the rally first started (B), which has become our next important line of support. However, should that support fail, we'd be looking at contract lows (E) as our final line of defense.

Also, note how the MACD has crossed over into negative territory (C). This adds further fuel to the negative technical picture. Perhaps the only point of hope market bulls can take from this chart is that the RSI (D) appears to indicate the market is getting oversold. Next week should be another interesting week.



At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	\$5.11 FOB	Jul-Aug	Ponoka
barley, 48 lb	\$4.90 FOB	Jul-Aug	Bonnyville
barley, 48 lb	\$5.00 FOB	Sep-Oct	Wetaskiwin
barley, 48 lb	\$4.96 FOB	Sep-Oct	Morinville
barley, 50 lb	\$4.85 del Calgary	Jul-Aug	Beauvallon
barley, 50 lb	\$4.94 FOB	Jul-Aug	Vegreville
barley, 51 lb	\$4.81 FOB	Jul-Aug	St. Paul
canola, htd	\$11.06 FOB	Jul-Aug	Falher
canola, htd	\$9.36 FOB	Jul-Aug	Falher
canola, htd	\$9.36 del Edmonton	Jul-Aug	Lougheed
oats, milling	\$3.21 FOB	Jul-Aug	Castor
wheat, feed	\$7.08 FOB	Jul-Aug	Grassland
wheat, feed	\$7.84 del Edmonton	Jun-Jul	Provost
wheat, feed	\$7.76 FOB	Jul-Aug	Boyle
wheat, feed	\$7.86 FOB	Jul-Aug	Westlock
wheat, feed	\$7.05 FOB	Jul	Castor
wheat, feed	\$7.68 FOB	Jul	Marwayne
wheat, feed	\$8.07 FOB	Jul-Aug	Gadsby
rye, clean	\$6.85 FOB	Jul	Pickardville
flax	\$17.00 FOB	Jul	Castor

By the Number	This Week	Last Week	Diff
CME Live Cattle (AUG)	\$97.500	\$101.100	(\$3.600)
CME Live Hogs (AUG)	\$76.900	\$74.975	\$1.925
CDN Dollar (SEP)	\$0.993	\$0.990	\$0.003
Minneapolis Wheat (SEP)	\$8.04	\$8.19	(\$0.150)
Kansas City Wheat (SEP)	\$8.37	\$8.53	(\$0.160)
Chicago Oats (SEP)	\$4.00	\$4.37	(\$0.370)
Clear Diesel (spot, Edmonton)	\$1.28	\$1.31	(\$0.03)
Crude Oil (AUG)	\$129.80	\$144.15	(\$14.35)

Lacombe Field Day!

Minimizing production risks through agronomy and genetics is the theme of the Lacombe Field Day on July 31. Speakers and topics for this year's event include:

- oat breeding for food
- rotations and management for biodiesel crop production - production inputs: fertilizer, herbicides and seeding trails- integrated crop management
- cereal diseases: resistance, rotations, fungicides with herbicides, alternative seed treatments
- net blotch: a spot of trouble
- disease development and screening methods
- barley breeding: strategies for minimizing production risks in feed improvement- defining quality for feed improvement through genetics

Registration is \$20 per person and includes lunch, tour, and refreshments. Registration is requested prior to July 25. Contact Loree at (403) 782-8114 or e-mail verquinl@agr.gc.ca

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	Jul-Aug	\$5.10 del Round Hill
barley	Jul-Aug	\$4.85 del Vegreville
barley	Jul	\$5.50 del Lethbridge
barley	Jul	\$5.44 del Lethbridge
barley	Aug	\$5.50 del Lethbridge
barley	Aug	\$5.28 del Calgary
barley	Aug	\$4.96 del Irma
barley	Sep-Oct	\$5.50 del Lethbridge
barley	Nov-Dec	\$5.55 del Lethbridge
barley	Jan-Mar 09	\$5.39 del Brooks
barley	Jan-Mar 09	\$5.72 del Lethbridge
wheat, feed	Jul-Aug	\$7.43 del Red Deer
wheat, feed 13% prt	Jul-Aug	\$8.44 del Red Deer
wheat, feed	Sep-Nov	\$6.75 del Red Deer
wheat, feed 12.5% prt	Sep-Oct	\$7.43 del Red Deer
wheat, feed 12.5% prt	Nov-Dec	\$7.57 del Red Deer
wheat, feed 12.5% prt	Jan-Mar 09	\$7.84 del Red Deer
peas, feed	Jul	\$7.71 del Edmonton
peas, feed	Jul	\$7.43 del Wetaskiwin
peas, yellow edible	Aug-Oct	\$9.45 del Innisfail
rye/triticale, feed	Jul-Aug	\$7.20 del Red Deer
rye, feed	Aug-Sep	\$7.57 del Lethbridge
rye, milling	Aug-Dec	\$7.20 FOB Alberta
canola	Jul	\$13.44 del Lloydminster
canola	Aug	\$13.44 del Ft. Sask
canola	Oct	\$13.32 del Lloydminster
canola	Dec	\$13.70 del Lloydminster
canola	Jan 09	\$13.81 del Lloydminster
oats, feed	Jul-Aug	\$3.42 del Pincher Creek
oats, feed	Jul-Aug	\$2.95 del Vermilion
oats, feed	Jul-Aug	\$3.11 del Lethbridge
oats, feed	Jul-Aug	\$3.42 del Coaldale
oats, #2 CW	Oct	\$3.45 del Edmonton
oats, #2 CW	Nov	\$3.60 del Edmonton
oats, milling	Nov	\$3.09 del Martensville
oats, #2 CW	Dec	\$3.70 del Edmonton
oats, milling	Dec	\$3.11 del Martensville
oats, milling	Jan 09	\$3.32 del Martensville
oats, milling	Feb 09	\$3.34 del Martensville
oats, milling	Mar 09	\$3.36 del Martensville

Alberta Soils Tour—July 22 and 23, Lacombe

The tour begins at the AAFC Research Station. Stops include Alberta Agriculture's Beneficial Management Practices Evaluation Project at Whelp Creek, where participants will discuss current and future regulations with respect to well site reclamation. Other stops in Red Deer county and Rocky Mountain House will also focus on land use planning and range and pasture health issues. July 23, the tour heads to Drayton Valley, then east on 616 back towards Highway 2. Tour stops include peat extraction, area woodlots, and the UofA's Breton Plots and Bentley Preserve. Discussions on clubroot and municipal responsibilities and activities will round out the tour. To register, contact Dr. Jason Cathcart at (780) 427-3432.