

At Market Master

by Shelley Wetmore

July 25, 2008.....

In case you haven't noticed, milling oat prices have declined dramatically! Just recently, next year's prices were over \$4.00/bu compared to current bids below \$3.00 at the bin. There's one attractive bid left for January delivery into Edmonton at \$3.75. Consider that as part of your marketing basket—it's a start if you haven't done anything yet.

Also, review my chart about feed wheat pricing. Compare off-board against on-board PROs that were issued this week. Off-board feed bids offer some very competitive alternatives. Call the office for a price at the bin in your area. Additionally, regarding milling wheat, we DO have an option for you. How would you like the ability to move 100% of your CWB contract when there's only a 25% call? We can make that happen. Call for details.

You'll notice there are no fall feed barley bids in the Bid Board. Why? Well, since corn futures have dropped faster than a plane with no engine, buyers are taking a wait-and-see stance. How low will barley go?

These last few weeks have been tumultuous in the futures markets. I think it's important to remember a few things ... speculators are in there, crude oil does have a huge impact, yet has there really been any huge fundamental changes in commodities? I think not ...

Watching ICE

Your weekly closing ICE futures \$/MT.

Commodity	This Week	Last Week	Diff +/-
Canola			
Nov 08	\$602.40	\$634.60	(\$32.20)
Jan 09	\$614.00	\$646.30	(\$32.30)
Mar 09	\$622.30	\$656.20	(\$33.90)
May 09	\$642.20	\$667.10	(\$33.90)
Jul 09	\$646.10	\$679.00	(\$36.10)
Nov 09	\$646.10	\$666.00	(\$25.80)
Jan 10	\$646.10	\$670.70	(\$24.60)
Barley			
Oct 08	\$238.10	\$253.40	(\$15.30)
Dec 08	\$246.50	\$261.00	(\$14.50)
Mar 09	\$252.50	\$266.00	(\$13.50)
May 09	\$254.80	\$268.30	(\$13.50)
Jul 09	\$254.80	\$268.30	(\$13.50)

Be Grainwise!

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

USGrain

Crop Condition Report

Corn and soybeans continued their sharp sell-off. Ideal growing conditions have erased previous premiums caused by flooding concerns.

The latest USDA report shows a slight increase in the condition of the US corn crop to 65% in the good-to-excellent category. Last year's condition was 62% at this juncture.

It's a similar story for beans which climbed to the 61% level in the good-to-excellent category, right on track with last year's numbers.

If there's any concern it lies in the fact that both corn and bean crops are lagging well behind last year's pace. But, for the time being, the weather looks favourable and futures are paying the price.

In fact, we're trading well below pre-flooding levels. The recent slide in crude oil had a domino effect which carried over into grains, however, almost overlooked in all this has been the role played by the US dollar which has been staging a rally.

Soy Complex

Weekly bean exports came in at double pre-report expectations at 735,400 mt which when combined with ideas that this market is oversold pushed futures higher Friday.

However, it was another dismal week with SEP beans down another 70 cents to \$13.88½/bu while meal slumped \$22.30 lower to \$369.00/t. SEP oil drifted 2.98 cents lower to 59.48 cents/lb.

Corn

It was a similar story in corn where weekly exports came in at a robust 823,100 mt and remain on pace to exceed current USDA projections. Nevertheless, SE corn skidded another 3¼ cents to \$5.77¼/bu.

Wheat

Wheat futures held their ground with SEP CBOT wheat plowing 7 cents higher to \$8.11/bu while KCBT futures climbed a nickel to \$8.23¾/bu. MGE wheat settled 5¼ cents higher at \$8.82¼/bu.

Much of the winter wheat crop has been combined so harvest pressure is subsiding.

Recent rains in parts of Australia have lessened drought concerns in that country, at least temporarily—further rain will be needed.

Another reason for wheat's relative strength is much of the weakness the other markets are now experiencing have already been factored into the wheat market.

Canadian Grain

Oilseeds

NOV canola followed the bean complex lower, settling \$32.20 lower at \$602.40/MT. Generally favourable growing conditions over the prairies (although some areas need a good rain pressured prices. The last three weeks have not been kind to canola bulls with futures dropping over \$100 during that time frame. A slow down in farmer selling and routine export buying lent limited support.

Feedgrain

Cash barley bids are slipping slightly but nothing like the futures which saw the OCT contract drop another \$15.30 to \$238.10/MT. Generally good prospects on the prairies and weakness in outside markets pressured prices.

As usual, wheat futures were unchanged and untraded.

Edible pea bids have slipped slightly but remain strong. All eyes are on India in order to get a grasp on the scope of this year's buying program.

Classifieds

Equipment for sale: 1995 CASE IH 2188 combine for \$69,000. 22 1/2' flex header for sale as well. Call Ray Hittinger, St. Albert, (780) 939-3601.



"Your grain watchdog."

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Strategies

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

Crude Oil and Our Commodities

Optimal weather in the US Midwest has alleviated production fears that pushed the markets sharply higher just a few short weeks ago. I have no doubt, with the lateness of this year's crop, we may yet see a frost scare but for now the market seems content with what its seeing.

However, in the interim, traders looked to outside markets for direction, for example, crude oil. While many look to the slowing of the US economy and its reduced need for oil as a signal that lower crude prices are here to stay, others feel this is just a healthy correction in an overall bull market. They argue that while US oil consumption is still a major market factor, it doesn't have the significance it once did. Countries such as China and India now consume huge amounts of fuel with no sign of that trend abating.

However, in the absence of fundamental news, market traders tend to look to technicals for direction and lately those technicals have been anything but friendly.

Technical Analysis

Let's review the SEP Brent Crude oil contract. Note the double top "A" signifying a possible top in the market has been achieved and a correction imminent. That proved to be the case when futures fell through the trend line and long-time support line "B". This was a significant line of support and futures dropped quickly once that support was violated. Our next line of support lies at line "C" where previous lows had been struck. Of course, no support is 100% secure and should line "C" fail to hold, we could see the next significant low illustrated by line "D".

Note how the MACD is trading into negative territory with the FMA line slipping below the SMA line. Also note the timing—many say the MACD is great at showing trends once that trend has already reversed but, in this case, the crossover happened before the final push to the upside.

This is a very rudimentary look at technicals in the crude oil market. While market traders use highly sophisticated technical tracking methods, often the simplest technical indicators hold up. One thing is for certain—commodity and index funds rely heavily on these indicators to base their investment decisions.

Charts provided courtesy of [TradingCharts.com](http://www.futures.tradingcharts.com)
www.futures.tradingcharts.com



At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	\$5.00 FOB	Sep-Oct	Wetaskiwin
barley, 48 lb	\$4.50 FOB	Sep-Oct	High Prairie
barley, 48 lb	\$4.50 FOB	Sep-Oct	High Prairie
barley, 48 lb	\$4.75 FOB	Jul	Radway
barley, 48 lb	\$4.70 FOB	Jul-Aug	Millet
barley, 48 lb	\$4.35 FOB	Jul	Paradise Hill
barley, 48 lb	\$4.52 FOB	Jul-Aug	Bawlf
barley, 49 lb	\$3.25 FOB	Aug	Wainwright
barley, 50 lb	\$4.49 FOB	Jul-Aug	St. Paul
canola, htd	\$7.43 del Edmonton	Aug	Millet
oats, feed	\$2.70 FOB	Aug	Millet
oats, feed	\$3.10 FOB	Jul-Aug	Hanna
oats, milling	\$2.91 FOB	Aug	Vermilion
oats, milling	\$2.99 FOB	Aug	Bruce
oats, milling	\$3.29 FOB	Jan 09	Deadwood
oats, #2 CW	\$3.65 del Edmonton	Nov	Athabasca
oats, #2 CW	\$3.65 del Edmonton	Nov	Hilliard
wheat, feed	\$7.60 FOB	Jul-Aug	Calmar
wheat, feed	CWB contract	Jul-Aug	St. Paul
wheat, feed	\$7.35 FOB	Jul-Aug	Barrhead
rye, clean	\$8.50 FOB	Jul-Aug	Gadsby
rye, feed	\$7.40 FOB	Jul-Aug	Grimshaw
flax	\$17.00 FOB	Jul-Aug	Bawlf

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	Jul-Aug	\$5.28 del Lethbridge
barley	Aug	\$5.18 del Lethbridge
barley	Jul-Aug	\$4.75 del Vegreville
barley	Aug	\$4.96 del Calgary
wheat, feed 13% prt	Jul-Aug	\$7.98 del Red Deer
wheat, feed	Jul	\$6.75 del Sedgewick
wheat, feed	Aug	\$6.07 del Red Deer
wheat, feed 12.5% prt	Sep-Oct	\$7.30 del Red Deer
wheat, feed	Sep-Dec	\$6.75 del Red Deer
wheat, feed 12.5% prt	Nov-Dec	\$7.43 del Red Deer
wheat, feed 12.5% prt	Jan-Mar 09	\$7.71 del Red Deer
peas, feed	Aug	\$7.71 del Edmonton
peas, yellow edible	Aug-Oct	\$9.45 del Innisfail
rye, feed	Aug-Sep	\$6.94 del Lethbridge
rye/triticale, feed	Aug	\$5.54 del Red Deer
canola	Jul	\$12.71 del Lloydminster
canola	Aug	\$12.71 del Ft. Sask
canola	Oct	\$12.59 del Lloydminster
canola	Dec	\$12.97 del Lloydminster
canola	Jan 09	\$13.08 del Lloydminster
oats, feed	Aug	\$2.85 del Vermilion
oats, feed	Aug	\$3.40 del Coaldale
oats, milling	Nov	\$2.97 del Martensville
oats, milling	Dec	\$2.99 del Martensville
oats, milling	Jan 09	\$3.24 del Martensville
oats, #2 CW	Jan 09	\$3.75 del Edmonton
oats, milling	Feb 09	\$3.26 del Martensville
oats, milling	Mar 09	\$3.29 del Martensville

Alberta Agriculture
presents

FutureSim

December 8 through 11, 2008

Leduc, Alberta

\$200 per person, limited to 20 people

You've all had the privilege of reading Neil Blue's marketing comments in Grainwise. Now, you can attend FutureSim this December, taught by Neil. I attended FutureSim myself about 10 years ago and found it an invaluable marketing course.

FutureSim is an interactive marketing course to instruct you in the basics of futures, options, basis, and cash grain marketing.

To register, contact Neil Blue at (780) 853-8239 or email him at neil.blue@gov.ab.ca

Scholarships for the Young-At-Heart Agripreneur

Agri-preneurs can learn a lot when they take or make an opportunity to see how others handle a business similar to theirs. Learning new techniques to attract customers is something that can benefit any business.

"Learning can happen in many different ways," says Marian Williams, farm direct marketing specialist with Alberta Agriculture, Camrose. "Some call it self-directed learning which can entail visiting businesses, researchers and other knowledgeable individuals, or attending a conference, workshop or business training session."

Consider asking about a scholarship to take business training, attend workshops, conferences related to for your farm direct marketing or ag-tourism business. The scholarships can be applied to training that is national or international in scope that will allow applicants to bring back ideas to share as well as to grow their own operation.

"To develop a self-directed learning plan, an agri-preneur needs to decide what they need to know and make a plan to research and study it on their own," says Williams. "Doing a quick review of what needs to be learned or which business skills need to be improved is a good first step. If new ideas for marketing or more efficient processes are what are needed, a self-directed learning plan can be a great opportunity to capture some specific information and bring it back to the business. It is said that good ideas can be borrowed from others and duplicated at home. Part of good management is taking the initiative to learn from others."

For more information on the agri-preneur scholarship program call Williams at 780-679-5168 for an application package.

By the Number	This Week	Last Week	Diff
CME Live Cattle (AUG)	\$97.825	\$97.500	\$0.325
CME Live Hogs (AUG)	\$78.600	\$76.900	\$1.700
CDN Dollar (SEP)	\$0.980	\$0.993	(\$0.013)
Minneapolis Wheat (SEP)	\$8.13	\$8.04	\$0.090
Kansas City Wheat (SEP)	\$8.32	\$8.37	(\$0.050)
Chicago Oats (SEP)	\$3.84	\$4.00	(\$0.160)
Clear Diesel (spot, Edmonton)	\$1.28	\$1.28	\$0.00
Crude Oil (AUG)	\$123.50	\$129.80	(\$6.30)

CWB July 2008-09 Average PRO

	July PRO	Alberta		Sask		BC	
		Average Deduc	Return	Average Deduc	Return	Average Deduc	Return
Wheat							
1 CWRS 14.5	\$9.47	\$1.38	\$8.09	\$1.63	\$7.84	\$1.32	\$8.15
1 CWRS 13.5	\$9.23	\$1.38	\$7.85	\$1.63	\$7.60	\$1.32	\$7.91
1 CWRS 12.5	\$9.06	\$1.38	\$7.68	\$1.63	\$7.43	\$1.32	\$7.74
1 CWRS 11.5	\$8.90	\$1.38	\$7.52	\$1.63	\$7.27	\$1.32	\$7.58
2 CWRS 13.5	\$9.06	\$1.38	\$7.68	\$1.63	\$7.43	\$1.32	\$7.74
2 CWRS 11.5	\$8.74	\$1.38	\$7.36	\$1.63	\$7.11	\$1.32	\$7.42
3 CWRS 13.0	\$8.65	\$1.38	\$7.27	\$1.63	\$7.02	\$1.32	\$7.33
3 CWRS	\$8.41	\$1.38	\$7.03	\$1.63	\$6.78	\$1.32	\$7.09
4 CWRS	\$8.00	\$1.38	\$6.62	\$1.63	\$6.37	\$1.32	\$6.68
1 CWHW 13.5	\$9.23	\$1.38	\$7.85	\$1.63	\$7.60	\$1.32	\$7.91
1 CPSR	\$8.27	\$1.38	\$6.89	\$1.63	\$6.64	\$1.32	\$6.95
1 CPSW	\$8.27	\$1.38	\$6.89	\$1.63	\$6.64	\$1.32	\$6.95
1 CWRW Select 11.5	\$8.46	\$1.38	\$7.08	\$1.63	\$6.83	\$1.32	\$7.14
1 CWRW	\$8.14	\$1.38	\$6.76	\$1.63	\$6.51	\$1.32	\$6.82
1 CWES	\$8.41	\$1.36	\$7.05	\$1.64	\$6.77	\$1.32	\$7.09
1 CWSWS	\$7.54	\$1.38	\$6.16	\$1.63	\$5.91	\$1.32	\$6.22
CW Feed	\$6.42	\$1.38	\$5.04	\$1.63	\$4.79	\$1.32	\$5.10
Durum							
1 CWAD 14.5	\$11.21	\$1.37	\$9.84	\$1.47	\$9.74	\$1.32	\$9.89
1 CWAD 13.0	\$11.05	\$1.37	\$9.68	\$1.47	\$9.58	\$1.32	\$9.73
1 CWAD 12.5	\$11.02	\$1.37	\$9.65	\$1.47	\$9.55	\$1.32	\$9.70
1 CWAD 11.5	\$10.94	\$1.37	\$9.57	\$1.47	\$9.47	\$1.32	\$9.62
2 CWAD 13.0	\$10.80	\$1.37	\$9.43	\$1.47	\$9.33	\$1.32	\$9.48
2 CWAD 11.5	\$1.67	\$1.37	\$0.30	\$1.47	\$0.20	\$1.32	\$0.35
3 CWAD 13.0	\$10.37	\$1.37	\$9.00	\$1.47	\$8.90	\$1.32	\$9.05
3 CWAD	\$10.12	\$1.37	\$8.75	\$1.47	\$8.65	\$1.32	\$8.80
4 CWAD	\$9.47	\$1.37	\$8.10	\$1.47	\$8.00	\$1.32	\$8.15
5 CWAD	\$6.42	\$1.37	\$5.05	\$1.47	\$4.95	\$1.32	\$5.10
Feed Barley							
1 CW Pool A	\$5.33	\$1.23	\$4.10	\$1.39	\$1.39	\$1.15	\$4.18
Designated Barley							
SS CW 2-row	\$7.84	\$1.25	\$6.59	\$1.39	\$6.45	\$1.20	\$6.64
SS CW 6-row	\$7.40	\$1.25	\$6.15	\$1.39	\$6.01	\$1.20	\$6.20

Board of Off-Board?

I've used **Three Hills** to illustrate off-board feed wheat prices this fall versus the CWB JUL PRO. The other benefit besides getting all your money up front (versus initial then final payments) is that the wheat will actually move in the timeframe allotted. Even review #1 CPSR versus off-board feed without proteins.

	Price	Less Freight to Elevator/Buyer	Price/bu at the bin
#1 CWRS 13.5% prt	\$7.85	\$0.22	\$7.63
#3 CWRS	\$7.03	\$0.22	\$6.81
#1 CPSR	\$6.89	\$0.22	\$6.67
#1 CWRW	\$6.76	\$0.22	\$6.54
CW Feed	\$5.04	\$0.22	\$4.82
Off-board, feed wheat Sep-Dec delivery	\$6.75	\$0.35	\$6.40
Off-board, feed wheat, 12.5% prt Sep-Oct delivery	\$7.30	\$0.35	\$6.95
Off-board, feed wheat, 12.5% prt Jan-Mar delivery	\$7.71	\$0.35	\$7.36

PRO Commentary 2008-09 Crop Year

Wheat

Futures markets moved lower due to favourable weather conditions for the US **winter wheat** harvest and improved row-crop prospects. World wheat production continues to be a negative factor as the northern hemisphere winter cereal harvest is underway. International wheat prices have dropped in response to the harvest, especially in the Black Sea and Europe. World wheat production is still forecast to be a record, with the USDA's recent estimate at 664 million MT, up 53 MT from last year. Winter wheat prices have been supported a poor start to the growing season in the southern hemisphere. Lingering drought in Australia and Argentina have lowered crop production expectations.

Spring wheat has been pressured by harvest and improved quality of the US HRW crop. HRW quality has been good with only minor harvest damage reported. Although SRW and white winter wheat basis levels have improved, they remain extremely low when compared with historical averages.

Improved crop conditions for US row crops have resulted in a drop in DEC corn of over \$1.70/bu. Corn export prices are now comparable to prices for SRW at the Gulf. In Western Canada, production prospects have increased from last year but are still below the five-year average.

Durum

International prices have softened as harvest in the Mediterranean finishes. European harvest conditions have been favourable in southern areas, resulting in an average quality harvest which will pressure prices.

Western Canadian prospects have improved as rainfall in the southern Prairies has boosted soil moisture levels. Production is expected to be higher and above the five-year average. Durum in the US Northern Plains report mixed conditions, with crop stress reported in the extreme western areas of North Dakota and eastern Montana.

Feed barley

Winter barley harvest is underway in Europe/Black Sea, resulting in large declines in international prices. Yield prospects remain good as crops enjoy a stress-free growing season. Feed barley prices in North America have declined, due to the drop in corn values. Dryness in Australia is providing support as prospects for average yields decline. Crop conditions in Canada are good, despite poor moisture levels and reduced yield expectations in the Peace. Late-season dryness in the PNW, Montana, and North Dakota has stressed barley crops, causing ratings to drop. Deteriorating US conditions are price supportive.

Designated barley

International prices have softened due to the impending harvest of spring barley in Europe. Although recent rains are causing concern about quality in the EU, prices have been pressured downward by favourable yield prospects. Declining conditions in Australia will support prices. Good growing conditions in Canada have been offset by increased concerns about US malting barley prospects. Dry conditions in North Dakota and Montana have stressed the barley crops in the Northern Plains and resulted in declining crop conditions.