

At Market Master

by Shelley Wetmore

October 24, 2008.....

I attended the grand opening of the Lethbridge Inland Terminal this week, just south of Highway 4. What a great opportunity for those of you in that part of the province.

Grain markets continue to be volatile but you'll notice there are STILL respectable bids on the Bid Board. Call Monday for a price at your bin before these disappear. If you've put in rye, don't ignore the September 2009 offer.

Employment Opportunity

Maintenance Worker! **University of Alberta**, Cooling Plant (Utilities). Full-time, temporary position, 3 to 6 months.

Duties include: clean heat exchangers (brushing tubes); clean, wash, and paint plant equipment; and assist tradesmen.

Qualifications include: high school education, attention to detail, organizational and time management skills, mechanical aptitude an asset.

Salary range is \$19.35/hour. Send applications to:

Les Regula
University of Alberta
 Room B05 Heating Plant
 Edmonton, Alberta T6H 2N7
 (780) 492-6911
 les.regula@ualberta.ca

Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 08	\$422.60	\$408.00	↑ \$14.60
Jan 09	\$432.10	\$417.60	↑ \$14.50
Mar 09	\$441.20	\$426.80	↑ \$14.40
May 09	\$450.40	\$435.40	↑ \$15.00
Jul 09	\$458.20	\$442.90	↑ \$15.30
Nov 09	\$471.10	\$453.60	↑ \$17.50
Barley	This Week	Last Week	Diff +/-
Dec 08	\$166.10	\$166.10	→ \$0.00
Mar 09	\$176.00	\$175.60	↑ \$0.40
May 09	\$181.50	\$181.10	↑ \$0.40
Jul 09	\$182.50	\$182.10	↑ \$0.40
Oct 10	\$182.50	\$182.10	↑ \$0.40

Be Grainwise!

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

US Grain

Soy Complex

Despite the consensus that bean futures are oversold, buyers have been reluctant to step forward while global economic problems continue to swirl. Nevertheless, the last couple of trading sessions have shown a glimmer of hope that agricultural markets are willing to set their own course, despite outside pressures.

The best evidence came in the meal which bucked the trend to close up \$10.10 to \$268.30/t. However, oil slipped 4.03 cents to 31.47 cents/lb. which isn't too bad considering crude oil is now trading in the \$64/barrel area. NOV beans dipped 30¼ cents lower to \$8.63¼/bu but failed to test last week's low of \$8.25.

Despite the rise in the US dollar (see Strategies), weekly bean exports were above pre-report expectations at 784,100 mt. Meal exports were also very strong.

Frequent rains in the soy belt have slowed harvest, contributing to pod shelling. Early yield results have been disappointing, lending limited support.

Corn

DEC corn fell 30¼ cents to \$3.72¾/bu. Although wet weather in the Midwest is also hampering harvest efforts, corn remains captive to the overall negative tone that pervades all markets. Weekly exports were solid at 789,600 mt but did little to move the market.

Wheat

Wheat exports have been very strong, despite the strong US dollar. We're just 20 weeks into the marketing year and have already achieved 89% of the yearly USDA objective. This week's sales came in at a robust 676,000 mt. However, the overall investment climate and the perception we're headed for a substantial increase in global ending stocks are keeping wheat futures under wraps.

DEC CBOT wheat slipped 50 cents lower to \$5.16¼/bu while KCBT wheat dropped 50½ cents to \$5.47/bu. MGE wheat "only" lost 38½ cents to settle at \$6.01¾/bu. Unlike beans and corn which appear to be trying to carve out a bottom, wheat just keeps heading lower.

Canadian Grain

Oilseeds

After looking at the carnage in the US markets, NOV canola's rise of \$14.60 to \$422.60/t looks good. Most of that rise can be attributed to our weak dollar which traded under 79 cents. Rumours of Chinese interest also spurred gains as did steady crusher interest and a lack of farmer selling. Capping further gains was the perception that yearly ending stocks could rise significantly should we realize a 12 mmt canola crop.

Feedgrain

DEC barley closed unchanged at \$166.10/MT. Cash prices reacted similarly, showing some stability.

Edible pea prices vary considerably so it pays to shop around. However, if you don't need to sell right now, I'd be tempted to lock the bin for a while.

For Sale

Round, wheat and barley straw bales, net wrapped, delivery available.

Call Larry @ (780) 878-1562 or Ross @ (780) 878-1885, Edberg/Meeting Creek area.



"Your grain watchdog."

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Strategies

A Farmer's Perspective ... by John Stewart, Galahad, Alberta,

Without question, the commodity and index funds are still long the agricultural markets (which speaks volumes as to the influence they had on the ride up) and are now taking advantage of every selling opportunity to lighten their positions.

Flight to US Dollars

There continues to be a market mentality out there that simply says, sell everything and put it into US dollars or, to be more precise, US treasury bills. The perception that the US government will back these bills—no matter what—has made them a “safe haven” for investors.

It may seem odd that capital is flooding into US dollars despite the fact that much of the financial turmoil the world now finds itself in originated in the US. Nevertheless, the flight to US securities has sent the US dollar soaring in value.

Meaning to Canadian Dollars?

That has been a double edged sword for Canadian producers as a higher dollar pressures US futures by discouraging exports from that country and, as we all know, Chicago has a tremendous influence over prices here in Canada. However, the rise in the US dollar has sent oil prices tumbling. And, because our dollar is seen around the world as a petro dollar, its value has dropped accordingly. That has made our commodities that much more competitive in the world market.

It should also be noted that ocean freight has dropped significantly over the past few months. In fact, in some cases, the drop has been as much as 85%. This too should make grain exports from Canada all the more attractive to foreign buyers.

What Should Canadian Producers Do?

The advice hasn't changed much from last week. Lock-in good canola basis levels that are currently available for future deliveries to take full advantage of any rallies down the road.

I've had questions concerning buying canola call options as a method of re-owning previously priced canola. On paper, it's not a bad plan, however, it may be difficult to get your order filled in Winnipeg. If you go that route I'd recommend buying quality rather than loading up calls that are way out of the money.

At this time, I wouldn't recommend buying soyoil options as a cross hedge. There's WAY too much currency volatility for that strategy at the moment.

CWB & Basis Contracts

For producers who've been holding CWB basis contracts (where the futures have been locked in but the basis has remained open) ... you're running out of time. As far as locking-in today's basis levels along with the current adjustment factor in anticipation of locking in a higher futures price down the road, I'd leave that to gambling stocks only.

The bulk of production I'd leave in the pool ... with the full knowledge we'll probably be seeing further deterioration of the PROs in upcoming months. It's not that the former strategy couldn't work out well, it's just that the spread between current PRO's and the priced that could be realized using current basis levels at today's future's price is quite wide.

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Nov	\$3.97 del Lethbridge
Barley	Nov	\$3.86 del Picture Butte
Barley	Nov-Dec	\$3.75 del Lethbridge
Barley	Nov-Dec	\$3.53 del Coronation
Barley	Jan-Mar	\$3.86 del Calgary
Barley	Jan-Mar	\$3.86 del Brooks
Barley	Jan-Mar	\$3.95 del Lethbridge
Wheat, 12.5% prt	Oct-Nov	\$5.11 del Lethbridge
Wheat, feed	Oct-Nov	\$4.84 del Olds
Wheat, 12.5% prt	Nov-Dec	\$5.38 del Red Deer
Wheat, feed	Nov-Dec	\$4.57 FOB Edmonton
Wheat, feed	Nov-Dec	\$4.02 del Red Deer
Wheat, 12.5% prt	Jan-Mar	\$5.66 del Red Deer
Wheat, feed	Jan-Mar	\$4.29 del Red Deer
Peas, feed	Oct	\$6.06 del Taber
Peas, yellow	Nov-Dec	\$5.95 del Three Hills
Peas, yellow	Nov-Dec	\$6.31 del Innisfail
Peas, yellow	Nov-Dec	\$5.95 del Wembley
Peas, green	Nov-Dec	\$9.10 del Innisfail
Peas, green	Nov-Dec	\$8.73 del Three Hills
Peas, green	Nov-Dec	\$8.73 del Innisfail
Rye, feed	Nov-Dec	\$5.17 del Lethbridge
Rye, milling	September 2009	\$6.52 del Lethbridge
Flax, milling	Nov-Dec	\$10.94 del Lethbridge
Canola	October	\$9.01 del Joffre
Canola	December	\$9.24 del Lloydminster
Canola	January	\$9.08 del Fort Sask
Canola	January	\$9.24 del Lloydminster
Canola	March	\$9.43 del Fort Sask
Canola	March	\$9.49 del Lloydminster
Canola	November 2009	\$9.70 del Fort Sask
Oats, #2 CW	Nov-Dec	\$2.75 del Lethbridge
Oats, milling	January	\$2.45 del Martensville
Oats, milling	March	\$2.54 del Martensville
Oats, milling	April	\$2.40 del Barrhead
Oats, #2 CW	April	\$2.54 del Edmonton
Oats, #2 CW	May-Jun	\$2.74 del Edmonton
Oats, milling	July	\$2.74 del Martensville
Oats, milling	July	\$2.54 del Barrhead

CWB October 2008-2009 Average PRO

	OCT PRO	Alberta		Saskatchewan		BC	
		Average Deduc	Return	Average Deduc	Return	Average Deduc	Return
Wheat							
1 CWRS 14.5	\$8.68	\$1.45	\$7.23	\$1.66	\$7.02	\$1.36	\$7.32
1 CWRS 13.5	\$8.36	\$1.45	\$6.91	\$1.66	\$6.70	\$1.36	\$7.00
1 CWRS 12.5	\$8.14	\$1.45	\$6.69	\$1.66	\$6.48	\$1.36	\$6.78
1 CWRS 11.5	\$7.95	\$1.45	\$6.50	\$1.66	\$6.29	\$1.36	\$6.59
2 CWRS 13.5	\$8.19	\$1.45	\$6.74	\$1.66	\$6.53	\$1.36	\$6.83
2 CWRS 11.5	\$7.78	\$1.45	\$6.33	\$1.66	\$6.12	\$1.36	\$6.42
3 CWRS 13.0	\$7.67	\$1.45	\$6.22	\$1.66	\$6.01	\$1.36	\$6.31
3 CWRS	\$7.35	\$1.45	\$5.90	\$1.66	\$5.69	\$1.36	\$5.99
4 CWRS	\$7.02	\$1.45	\$5.57	\$1.66	\$5.36	\$1.36	\$5.66
1 CWHW 13.5	\$8.36	\$1.45	\$6.91	\$1.66	\$6.70	\$1.36	\$7.00
1 CPSR	\$7.29	\$1.45	\$5.84	\$1.66	\$5.63	\$1.36	\$5.93
1 CPSW	\$7.29	\$1.45	\$5.84	\$1.66	\$5.63	\$1.36	\$5.93
1 CWRW Select 11.5	\$7.48	\$1.45	\$6.03	\$1.66	\$5.82	\$1.36	\$6.12
1 CWRW	\$7.16	\$1.45	\$5.71	\$1.66	\$5.50	\$1.36	\$5.80
1 CWES	\$7.46	\$1.41	\$6.05	\$1.65	\$5.81	\$1.36	\$6.10
1 CWSWS	\$6.34	\$1.45	\$4.89	\$1.66	\$4.68	\$1.36	\$4.98
CW Feed	\$5.31	\$1.45	\$3.86	\$1.66	\$3.65	\$1.36	\$3.95
Durum							
1 CWAD 14.5	\$9.80	\$1.47	\$8.33	\$1.57	\$8.23	\$1.35	\$8.45
1 CWAD 13.0	\$9.53	\$1.47	\$8.06	\$1.57	\$7.96	\$1.35	\$8.18
1 CWAD 12.5	\$9.47	\$1.47	\$8.00	\$1.57	\$7.90	\$1.35	\$8.12
1 CWAD 11.5	\$9.39	\$1.47	\$7.92	\$1.57	\$7.82	\$1.35	\$8.04
2 CWAD 13.0	\$9.17	\$1.47	\$7.70	\$1.57	\$7.60	\$1.35	\$7.82
2 CWAD 11.5	\$9.04	\$1.47	\$7.57	\$1.57	\$7.47	\$1.35	\$7.69
3 CWAD 13.0	\$8.79	\$1.47	\$7.32	\$1.57	\$7.22	\$1.35	\$7.44
3 CWAD	\$8.60	\$1.47	\$7.13	\$1.57	\$7.03	\$1.35	\$7.25
4 CWAD	\$7.95	\$1.47	\$6.48	\$1.57	\$6.38	\$1.35	\$6.60
5 CWAD	\$5.31	\$1.47	\$3.84	\$1.57	\$3.74	\$1.35	\$3.96
Feed Barley							
1 CW Pool A	\$4.20	\$1.24	\$2.96	\$1.49	\$2.71	\$1.17	\$3.03
Designated Barley							
SS CW 2-row	\$7.12	\$1.27	\$5.85	\$1.47	\$5.65	\$1.23	\$5.89
SS CW 6-row	\$6.68	\$1.27	\$5.41	\$1.47	\$5.21	\$1.23	\$5.45

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$2.71 FOB	October	Grande Prairie
Barley, 48 lb	\$2.71 FOB	October	Worsley
Barley, 48 lb	\$3.15 FOB	October	Round Hill
Barley, 50 lb	\$3.44 FOB	October	Ferintosh
Barley, 50 lb	\$3.27 FOB	Oct-Nov	Gwynne
Barley, 50 lb	\$3.21 FOB	October	Wetaskiwin
Barley, 50 lb	\$3.30 FOB	October	Castor
Barley, 50 lb	\$3.21 FOB	Oct-Nov	Gwynne
Barley, 50 lb	\$3.25 FOB	Oct-Nov	Kingman
Barley, 50 lb	\$3.36 FOB	Jan 09	Millet
Canola	\$9.01 del Joffre	October	Ponoka
Oats, milling	\$2.45 FOB	Nov-Dec	Castor
Oats, milling	2.39 FOB	Jan 09	Millet
Peas, green	\$8.73 del Wembley	Nov-Dec	Beaverlodge
Wheat, feed	\$4.51 FOB	November	Innisfree
Wheat, 12.5% prt	\$5.30 FOB	Jan-Mar	Strathmore
Wheat, 13% prt	\$5.10 FOB	Jan 09	Wostok
Wheat, 14.6% prt	\$5.30 FOB	Jan 09	Rollyview

CWB October PRO Commentary

Wheat

The uncertainty in global financial markets continued to cause increased volatility in the commodity sectors with future prices moving sharply lower. US wheat values dropped over 20%.

The record world wheat crop, now nearly all harvested, continues to pressure prices internationally. Increased forecasts for both wheat and corn production in North America have contributed to the negative sentiment. Prices offered from major exporting countries have followed and, in some cases, exceeded the drop in North American values.

Exports from Europe and the Black Sea region continue to be strong and will have a major influence on prices into 2009. Despite a drop in yield potential in Australia last month, wheat production is still expected to be significantly larger than last year. Prices are expected to be pressured by the additional supplies of Australian wheat.

Durum

Durum prices moved lower, following the general trend in wheat prices. Supplies of durum wheat are significantly larger than last year, especially in the two major exporters, North America and Europe. A large European crop and slow export demand have pressured prices in the Mediterranean region. World durum demand remains slow, as most importing countries are still using domestic supplies. Demand is expected to improve as these supplies begin to diminish. The drop in spring wheat prices has also contributed to the lower durum outlook as the spread between the two commodities remains historically high.

Feed Barley

Feed barley prices in North America dropped due to the ongoing barley harvest in Canada and the United States. Corn futures values have dropped by over 30% during the last month and 10% since the October 9 mid-month PRO. Aggressive export competition from Europe and the Black Sea region pressured international prices, especially in the Mediterranean and Middle Eastern markets. Dryness in Australia continues to provide limited support for international values.

Designated Barley

Although malting barley market prices have continued to weaken on both demand and supply side fundamentals, the collapse of ocean freight rates, the weaker Canadian dollar and particularly the relatively advanced sales position of the malting barely pool have kept the projected pool return stable since the October 9 mid-month PRO was released.

International prices continued to move lower since the last update. The general downward movement of commodity markets and the decline in feed barley prices have lowered international malting barley values. European malting barley values have dropped significantly during the past month and, with the drop in freight rates, are providing significant competition in global markets. Australian prospects continue to deteriorate, but supplies are still expected to be larger than last year. The Australian harvest is rapidly approaching and should increase competition in the malting barley market over the next two months.