

At Market Master

By Shelley Wetmore

January 9, 2009.....

The big excitement this week (will it continue next week?) was, of course, the rally in canola. A number of producers have been taking advantage of some very attractive spot basis levels plus forward pricing November canola at well over \$9.50 at the bin. The lower nearby basis levels are ranging from -5 to -10 for buyers really requiring the oilseed to -12 to -22 on average.

Some of you have been inquiring about prices for 2010 canola. I received a few indications late Friday and the range is from \$10.00 to \$10.20 from January through May 2010. The basis levels are NOT that great at this point but the cash pricing could still be satisfactory to some.

Feed barley continues to waffle. Most areas can lock-in \$3.00 at the bin or better. Here's what to consider at a local level:

- ◆ Where's all the malt barley going to go that's not attached to any contract?
- ◆ Just how much will feed wheat compete with feed barley?
- ◆ But, corn is not cheap to bring in.

Finally, a big congratulations to Doug Clemens from Mossleigh, Alberta who is our "Farmer of the Year" for 2008-2008.

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Mar 09	\$437.90	\$419.00	↑ \$18.90
May 09	\$446.00	\$427.20	↑ \$18.80
Jul 09	\$454.10	\$435.40	↑ \$18.70
Nov 09	\$460.30	\$447.90	↑ \$12.40
Jan 10	\$466.40	\$452.00	↑ \$14.40
Mar 10	\$470.40	\$456.00	↑ \$14.40
Barley	This Week	Last Week	Diff +/-
Mar 09	\$151.10	\$151.00	↑ \$0.10
May 09	\$156.70	\$158.50	↓ (\$1.80)
Jul 09	\$161.20	\$163.00	↓ (\$1.80)
Oct 09	\$161.20	\$163.00	↓ (\$1.80)
Oct 10	\$161.20	\$163.00	↓ (\$1.80)

Be Grainwise!

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

US Grain

Soy Complex

MAR beans enjoyed another strong week, climbing 59 cents to \$10.36/bu. Meal enjoyed similar support, bounding \$14.30 to \$314.50/t while oil climbed 2.84 cents to 36.72 cents/lb.

The overriding reason for this week's strength came courtesy of renewed concerns for the South American bean crop (see Strategies). Predictions that Monday's USDA report will drop 2008 production slightly was also positive.

Perhaps more important is the expected 20 mln bu drop in 2008 carryout. Strong crusher buying also supported prices. Weekly exports fell well within pre-report expectations at 551,100 mt and did little to affect the market.

Corn

Corn futures took a breather this week with the MAR edging 1½ cents lower to \$4.10¾/bu.

There's been a tendency for corn to follow the bean market in the "race for acres" this spring. However, the recent drop in the fertilizer price (corn is a heavy fertilizer feeder) has allowed futures to slip back in relation to beans while still remaining a viable crop option.

Monday's USDA report is expected to hold few surprises for corn with production projected around the 12 bln bu mark. This week's poor export total of 280,600 mt fell below expectations and contributed to corn's poor performance.

Wheat

There's more detail about wheat in Strategies, however, the uptrend remains. MAR CBOT climbed 18½ cents to \$6.29½/bu while KCBT rose 17¼ cents to \$6.50¾/bu. MGE fared best, surging 25 cents to \$6.80¼/bu.

Weekly exports were dismal at 41,900 mt. Yearly sales sit at 802 mln bu with annual total sales estimated at 1 bln bu. The strong US dollar is having a negative impact on all grains and oilseed exports.

Canadian Grain

Canola

It was a bumpy ride but MAR canola closed \$18.90 higher at \$437.90/MT.

Despite large stocks of canola still sitting on-farm, canola followed the soy complex higher. Farmer selling as cash bids approached \$10.00/bu pressured the market but export interest from China, as well as steady crusher buying as crush margins continue to improve, boosted prices. A relatively strong Canadian dollar curbed further gains.

Feedgrain

Cold weather over the prairies is promoting more barley use but discouraging producers from delivering. The result—a stronger cash market.

But, MAR futures took their cue from corn and closed just 10 cents higher at \$151.10/MT.

Edible pea bids remain in the doldrums with little activity at the moment. Feed peas remain in the \$5.50 to \$6.00 range delivered.

Classifieds

Wanted: SuperB trailers. Phone Rix Farms at (780) 352-1674 or (780) 352-1209.

Got ergot? A short drive to Wetaskiwin may be the solution. Call Laverne Buchert at (780) 387-1257. He'll put your wheat through a gravity table at 450 bu/hour which just might help your wheat make grade OR make it suitable for mill or hog use.

For sale: seed oats, 96% germination, contact Dennis in Lac La Biche at (780) 623-7709.



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Strategies

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

Soy Complex

Despite lower crude oil prices, soybeans continued their upward trek.

Concerns over dryness in Argentina and Southern Brazil have captured trader's attention and when previously wet looking forecasts suddenly turned dry, futures responded predictably. It isn't that these regions have been receiving no rain but showers have been spotty and inadequate to sustain crops.

While trader's debate how big a factor the dryness in the Southern Hemisphere will be, there's little doubt production has been diminished. It's been an on again-off again factor in soybeans' dramatic rally since early December.

Wheat

There have also been rumblings about dryness in the Southwest US and the possible impact on winter wheat. Personally, I think they're reaching a bit here. There's a long way to go before the winter wheat crop even breaks dormancy.

Perhaps a bigger factor in wheat's steady climb is the concern that winter wheat acres will be down substantially this year. That sentiment will either be confirmed or shot down next Monday when the USDA tables its final 2008 crop production report along with its winter wheat seeded acreage estimates. Many feel 2 mln acres will be trimmed off the previous estimate. The problem is—that estimate has already been factored into the market so it will take an even LARGER cut to boost the market, while anything under 2 mln acres will be bearish to the market.

Wheat—Technical Analysis

I've included a March KCBT wheat chart which illustrates wheat's reversal of fortune. I've used the KCBT market rather than the MGE market simply because the HRW wheat crop which is traded in Kansas City has already been planted so the acreage debate (following Monday's report) should be taken out of the equation. Note the steady climb futures have demonstrated since the first

of December.

Recent action has formed a channel "A" which now represents support on the lower line and resistance on the upper line. Friday's trade, which left futures at the \$6.50 mark, keeps prices well supported. However, should futures slip through support, there'd be little to support the market until prices drop down to test support at the contract low. "B".

On a more positive note, the MACD turned into positive territory "C" and remains there at this time.

Fundamentally, the market recently received supportive news when the IGC (International Grains Council) reduced their expected global production 40 mmt down to 648 mmt. Nevertheless, I still regard the wheat market as highly vulnerable to renewed selling. For anyone with unpriced BPC's—watch this market closely.

Charts provided courtesy of
TradingCharts.com
www.futures.tradingcharts.com



Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Jan	\$3.34 del Veteran
Barley	Jan-Feb	\$3.53 del Lethbridge
Barley	Feb	\$3.38 del Calgary
Barley	Mar	\$3.01 FOB Edmonton
Barley	Mar	\$3.42 del Calgary
Barley	Apr	\$3.48 del Calgary
Wheat, feed	Feb-Mar	\$4.29 del Red Deer
Wheat, 12.5% prt	Feb Mar	\$4.84 del Lacombe
Wheat, feed	Feb-Mar	\$4.70 del Lacombe
Wheat, 12.5% prt	Feb-Mar	\$4.43 FOB Edmonton
Wheat, feed	Feb-Mar	\$4.43 FOB Edmonton
Wheat, 12.5% prt	Mar-Apr	\$4.84 del Red Deer
Peas, yellow	Jan-Feb	\$6.01 del Innisfail
Peas, yellow	Jan-Feb	\$5.66 del Three Hills
Peas, yellow	Jan-Feb	\$5.66 del Wembley
Peas, green	Jan-Feb	\$7.70 del Wembley
Peas, green 10% bleach	Jan-Feb	\$7.45 del Innisfail
Peas, green	Jan-Feb	\$7.34 del Wembley
Flax, milling	Jan-Mar	\$10.94 del Edmonton
Rye, feed	Feb-Mar	\$3.95 del Lethbridge
Canola	January	\$9.53 del Lloydminster
Canola, htd 25%	Jan-Mar	\$6.81 del Edmonton
Canola, htd 40%	Jan-Mar	\$6.24 del Edmonton
Canola	March	\$9.62 del Fort Sask
Canola	March	\$9.42 del Lloydminster
Canola	July	\$9.72 del Fort Sask
Canola	November 2009	\$9.68 del Fort Sask
Oats, feed	Jan-May	\$2.04 FOB Wetaskiwin
Oats, feed	Jan-Feb	\$2.11 del Lethbridge
Oats, milling	March	\$2.11 del Martensville
Oats, milling	April	\$2.00 del Barrhead
Oats, #2 CW	May-Jun	\$1.84 del Edmonton
Oats, milling	July	\$2.27 del Martensville
Oats, milling	July	\$2.08 del Barrhead
Oats, milling	November 2009	\$2.38 del Martensville
Oats, milling	November 2009	\$2.23 del Barrhead

Past Farmers of the Year

2006-2007	Curtis Vesley, Millet
2005-2006	Mike Krause, Wetaskiwin
2004-2005	Kevin Armitage, Camrose
2003-2004	Robert Wold, Alliance
2002-2003	Richard Petherbridge, Bon Accord
2001-2002	Robert Semeniuk, Smoky Lake
2000-2001	Mitch Lokke, Leduc
1999-2000	Norm Olsen, Killam
1998-1999	Stuart McMahon, Gallahad
1997-1998	Keith Rowley, Tees

Farmer of the Year 2007-2008

Congratulations to Doug Clemens, Clemalta Farms, in Mossleigh, Alberta. Doug has earned our recognition by using a variety of grain marketing tools to move grain, oilseeds, and peas from the farm to the market in the best possible manner for his farming operation. Watch your mail, Doug, and good job!



At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 40 lb	\$2.40 FOB	Jan	Consort
Barley, 48 lb	\$2.90 FOB	Jan	Thorhild
Barley, 48 lb	\$3.15 FOB	Jan	Kirriemuir
Barley, 48 lb	\$3.01 FOB	Jan	Camrose
Barley, 48 lb	\$3.01 FOB	Jan	Morinville
Barley, 48 lb	\$3.01 FOB	Jan-Feb	Kingman
Barley, 50 lb	\$3.12 FOB	Feb	Millet
Barley, 50 lb	\$3.12 FOB	Feb	Stony Plain
Barley, 50 lb	\$2.90 FOB	Jan	Holden
Barley, 50 lb	\$3.21 del Cherhill	Jan	Onoway
Barley, 50 lb	\$3.01 FOB	Jan	Clive
Barley, 50 lb	\$3.01 FOB	Feb	Edmonton
Barley, 50 lb	\$3.01 FOB	Jan-Feb	Rochester
Barley, 50 lb	\$3.01 FOB	Jan	Onoway
Barley, 52 lb	\$3.00 FOB	Jan	Heisler
Barley, 52 lb	\$3.01 FOB	Jan	Thorsby
Barley, 52 lb	\$3.05 FOB	Jan	Alliance
Barley, 52 lb	\$3.01 FOB	Jan	Morinville
Barley, 52 lb	\$3.01 FOB	Jan-Feb	Thorhild
Barley, 54 lb	\$3.10 FOB	Jan	Warburg
Barley, 54 lb	\$3.12 FOB	Feb-Mar	Ferintosh
Barley, 50 lb	\$3.34 del Veteran	Jan	Halkirk
Canola	\$9.13 del Fort Sask	Nov	Millet
Canola	\$9.20 del Fort Sask	Nov	Thorsby
Canola	\$9.49 del Fort Sask	Sep	Westlock
Canola	\$9.63 FOB	Nov	Boyle
Canola	\$9.31 FOB	Jan	Consort
Canola	\$9.61 FOB	Dec 09	Warburg
Wheat, feed	\$4.43 FOB	Jan	Onoway
Wheat, feed	\$4.43 FOB	Jan-Feb	Warburg
Wheat, feed	\$4.70 del Lacombe	Feb-Mar	Wetaskiwin