

## At Market Master

By Shelley Wetmore

February 20, 2009.....

It's been a very quiet week with grain movement. Peas are the one crop producers are still happy with the price and willing to let leave the farm. I've had many, many calls about feed barley pricing but the bin doors remain firmly shut on that commodity.

The biggest decision to make now is, "What am I going to seed?" Most producers will stick with rotations but if that rotation includes oats or barley, there may be changes. The outlook is not great at this point in time with pricing for those commodities.

Next week, the CWB should announced PROs for the 2009-2010 crop year which will be a guide for off-board feed wheat prices. I suspect those numbers should be available by the end of March. We're starting to get small enquiries from exporters on peas for the fall, "What will the farmers sell for?" Fall pea production contracts, then, are on the horizon. I haven't seen much interest for fall feed barley contracts which is so different from any other year. Typically, with feed barley, we're forward pricing for the fall as early as November—it's almost March.

I hope to get confirmation on fall harvested rye and triticale prices next week. The exporter sent out bids last week. Spot flax prices, by the way, are still great!

## Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Mar 09	\$408.10	\$423.00	↓ (\$14.90)
May 09	\$410.00	\$431.20	↓ (\$21.20)
Jul 09	\$415.30	\$438.50	↓ (\$23.20)
Nov 09	\$424.10	\$445.90	↓ (\$21.80)
Jan 10	\$432.90	\$454.60	↓ (\$21.70)
Mar 10	\$436.90	\$457.80	↓ (\$20.90)
Barley	This Week	Last Week	Diff +/-
Mar 09	\$137.50	\$142.60	↓ (\$5.10)
May 09	\$142.50	\$149.10	↓ (\$6.60)
Jul 09	\$147.10	\$153.70	↓ (\$6.60)
Oct 09	\$147.10	\$153.70	↓ (\$6.60)
Oct 10	\$147.10	\$153.70	↓ (\$6.60)

## Be Grainwise!

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

### US Grain

#### Soy Complex

Grains and oilseeds futures were hammered once again. MAR beans plummeted an incredible 93 cents to \$8.62½/bu. Meal dropped \$17.70 to \$270.00/t while MAR oil slipped 2.78 cents lower to 30.22 cents/lb.

Weekly sales data came in at a robust 1.094 mmt, well over expectations. However, this week's trade was governed more by the slide in the DJIA and the surging US dollar than anything else (see Strategies).

Another credit crisis in Europe sent money flooding into the "safe" US dollar raising its value.

Beans also reacted negatively when crude oil dropped in value but, when crude futures rallied, it was ignored by bean traders—just one more sign of the negativity that hangs over these markets.

Rains over large parts of Argentina and Southern Brazil were also seen as bearish—as is the perception that US farmers are preparing to plant a huge bean crop this spring.

#### Corn

Corn held up slightly better than beans, however, the MAR contract still slipped 13 cents lower to \$3.50¼/bu.

Like beans, weekly corn sales were very strong at 1.332 mmt. Nevertheless, the influence from outside markets overpowered any other news.

Technical selling kicked in once nearterm support failed at \$3.56/bu—all grain charts look terrible.

Some strength was garnered from the perception that high soybean acres this spring would likely come at the expense of corn.

#### Wheat

Wheat is currently in the role of market follower these days and, unfortunately, that means lower prices.

Weekly exports were solid at 433,500 mt but did little to stem the tide.

There's some concern that warm weather in Oklahoma and Southern Kansas may break HRW wheat out of dormancy earlier than normal, leaving it

susceptible to late spring frosts—at least that's what market bulls were clinging to this week.

In the end though, it didn't matter. MAR CBOT wheat still fell 16¼ cents to \$5.19¼/bu while KCBT wheat dropped 17¾ cents to \$5.56¾/bu. MAR MGE wheat settled at \$6.24¾/bu—a loss of 11¼ cents/bu.

### Canadian Grain

#### Oilseeds

Although MAR canola closed \$14.90 lower to \$408.10/MT, it could have been a lot worse had it not been for our weak Canadian dollar.

Steady, if not spectacular, export interest along with light commercial interest supported prices. A slowdown in farmer selling also provided light support.

However, the perception that prairie producers are poised to plant yet another huge canola crop weighed on prices. Basis levels at most locations remain quite attractive for early movement reflecting low "pipeline" stocks.

#### Feedgrain

Cash barley bids have eased slightly as futures prices continue to weaken. Spillover pressure from corn (and every other grain) had the MAR contract settling \$5.10 lower at \$137.50/MT.

Steady export business and a weak Canadian dollar have edible pea bids remaining firm at most locations.

*My wife and I are watching "Who Wants To Be A Millionaire" while we were in bed. I turned to her and said, "Do you want to have sex?" "No," she answered. I then said, "Is that your final answer?" She didn't even look at me this time, simply saying, "Yes." So I said, "Then I'd like to phone a friend." And then the fight started ...*



"Your grain watchdog."

8543 - 75 Avenue  
Edmonton, AB T6C 0G9  
www.grainwatchdog.com  
(800) 440-8390

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## Strategies

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

While market bulls pointed to better than expected export sales to support their argument for higher grain prices, bears simply looked at the greater economy as ample reason for prices to continue their decline. And, there's no shortage of doom and gloom on that front as the global recession takes hold.

### Economic Numbers

Although the recession may be worldwide, market tends to look at the US economy for guidance. The numbers are sobering. US unemployment has jumped to 7.6% and most experts agree it will get a lot worse before it gets better.

During Friday's trade, the DJIA slipped below levels we saw last November. In fact, at 7300, we're now trading at 6 year lows.

### The Car Crunch

Companies like GM and Chrysler are teetering on the edge of bankruptcy and are looking for additional government funds just to keep the doors open. Even under the best scenario, GM will be a shadow of its former self when the economy turns around. Long standing lines like Pontiac and Saturn will be no more. In better times, GM expected to sell in excess of 16 million automobiles per year. Now, they'll be happy to sell 10 million. Some feel it may be better to simply let companies like GM go into bankruptcy so they can restructure into a more efficient company. In fact, we're already seeing "bailout fatigue" among many US taxpayers.

### The Bank Crunch

Then, we have the banking sector. Bank of America and Citigroup are in big trouble. In fact, there's rumblings of bank nationalization—not only from high ranking Democrats but from Republicans as well. Even Alan Greenspan stated it may be the best course of action under the circumstances.

While it remains unlikely, just the fact that nationalization is even being contemplated in a country like the US is unbelievable. Is it any wonder that investor confidence is at an all time low?

### Perception vs Reality

Despite a few hiccups, the economy has been on an upward track since the end of the WWII. We have generations that have not only never experienced this sort of downturn but believed such events simply could not happen.

They were wrong. The panic you now see being played out in world markets is the result.

Stimulus packages, like the one signed into law by President Obama on February 18, are being formulated around the world but they can only do so much. Even if they do prove to be effective, it will take some time for that money to work its way into the economy.

In the meantime, investors continue to favour cash or that long cherished safe haven, gold. Is it any wonder grains and oilseeds are struggling?

## Bid Board

*Buyers looking for grain (net prices)*

Grain	When	Location
Barley	Mar	\$3.34 del Lethbridge
Barley	Mar	\$3.01 del Cherhill
Barley	Mar	\$2.94 del Czar
Barley	Mar-Apr	\$3.10 del Carrot Creek
Wheat, feed	Mar	\$4.51 FOB Edmonton
Wheat, 12.5% prt	Mar	\$4.51 FOB Edmonton
Wheat, 12.5% prt	Mar	\$4.57 FOB Edmonton
Wheat, 12.5 % prt	Apr-Jun	\$4.84 del Red Deer
Wheat, feed	Apr-Jun	\$4.29 del Red Deer
Peas, yellow	Feb-Mar	\$6.20 del Edmonton
Peas, feed	Feb-Apr	\$6.06 FOB Edmonton
Peas, yellow	April	\$6.50 del Innisfail
Peas, green	April	\$8.80 del Innisfail
Peas, green 10% bleach	April	\$8.30 del Innisfail
Peas, green 15% bleach	April	\$8.05 del Innisfail
Peas, green 20% bleach	April	\$7.80 del Innisfail
Flax, milling	Feb-Mar	\$12.20 del Edmonton
Canola	March	\$9.17 del Fort Sask
Canola	March	\$9.26 del Lloydminster
Canola	March	\$9.17 del Stony Plain
Canola	July	\$8.90 del Fort Sask
Canola	July	\$9.09 del Joffre
Canola	Nov	\$9.13 del Joffre
Canola	Dec	\$9.12 del Fort Sask
Oats, milling	July	\$1.66 del Barrhead
Oats, milling	Nov	\$1.82 del Martensville
Oats, milling	Nov	\$1.66 del Barrhead

## At The Bin

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

Grain	Price	When	Producer
Barley, 50 lb	\$3.10 del Heisler	Feb-Mar	Kingman
Barley, 50 lb	\$2.92 FOB	Feb	Wainwright
Flax	\$11.78 FOB	Feb-Mar	Brant
Peas, yellow	\$6.15 FOB	Mar-Apr	Camrose
Peas, yellow	\$6.25 FOB	Mar-Apr	Castor
Peas, yellow	\$6.50 del Innisfail	Mar-Apr	Clive
Peas, green <20% bleach	\$7.50 FOB	Mar-Apr	Pickardville
Wheat	\$4.25 FOB	March	Innisfree

## By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (APR)	\$83.40	\$87.00	↓ (\$3.60)
CME Live Hogs (APR)	\$58.00	\$63.70	↓ (\$5.70)
CDN Dollar (MAR)	\$0.80	\$0.81	↓ (\$0.01)
Minneapolis Wheat (MAR)	\$5.19	\$5.35	↓ (\$0.16)
Kansas City Wheat (MAR)	\$5.54	\$5.74	↓ (\$0.20)
Chicago Oats (MAR)	\$1.65	\$1.86	↓ (\$0.21)
Diesel (spot, Edmonton)	\$0.69	\$0.70	↓ (\$0.01)
Crude/Oil (MAR)	\$39.30	\$37.45	↑ \$1.85