

At Market Master

By Shelley Wetmore

March 13, 2009.....

Finally, the roadban rush is kicking in. The problem: the price has increased *juusst* enough to encourage producer selling but most want movement in March. This frenzy might put a lid on prices—there's a lot of barley coming out of the woodwork.

Feed wheat prices also took a small leap this week. In fact, we're looking for plain, old 58 lb feed wheat with a little bit of allowable ergot at \$4.85/bu delivered into the Red Deer area.

On the oilseed front, great basis levels continue to be available for canola but the futures continue to slowly drop. I'm hopeful for futures to bounce back for old crop but not that optimistic for new crop. You really have to sit back and look at your bottom line for this fall—would you rather have \$9.00 canola or \$8.00 canola for a few loads? Just talk to your neighbours. I think the acreage is going to be HUGE. The wonderful flax price, by the way, has disappeared for now.

Human consumption pea interest has slowed and oats (of any kind) is the dead dog.

Nothing yet for new crop production contracts on feed wheat, peas or rye. I'm expecting them soon.

How was my trip to Calgary? Made it safe and sound but sad to say the vet determined our dog is going blind.

Be Grainwise!

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

US Grain

Soy Complex

Although outside markets still have a tremendous influence over activity in the grains and oilseeds (see Strategies), fundamental news was at least noted.

Wednesday's USDA S/D report cut 15 mln bushels in US bean carryout stocks (.200 bln to .185 bln). World carryout was bumped higher but not enough to adversely affect the market. Strong exports were responsible for the drawdown in stocks. This week's export total came in above expectations at 837,000 mt—way over the 198,600 mt needed on a weekly basis to meet the recently revised yearly export total of 1.185 bln bu, however, some of that bullish enthusiasm was tempered by Informa's private acreage estimate of 81.5 mln acres, 5½ mln acres more than last year. The trade will now have to wait until the end of the month to see if the USDA confirms these much higher plantings.

MAY beans closed 9½ cents higher at \$8.76½/bu while meal rose \$11.40 to settle at \$276.70/t. But, MAY oil fell .86 cents to 30.17 cents/lb, due to an unexpected increase in soyoil stocks.

Corn

Corn may be taking over the leadership role in the markets with the MAY bouncing 27 cents higher to \$3.88½/bu.

This week's USDA report trimmed corn carryout stocks from 1.811 bln bu to 1.740 bln bu. Surprisingly, the report expected corn exports to fall off but ethanol use to increase. Rumblings the Obama administration could boost US ethanol usage may have been the impetus for that projection. Weekly exports remained very strong at 1.093 mmt. Also bullish was the private acreage estimate by Informa which suggested just 81.4 mln acres would be planted to corn this spring—that's even less than their soybean estimate. Many analysts feel this number doesn't reflect the recent upswing in new crop corn values and the USDA will come in with a number closer to 84 mln acres.

Wheat

This week's USDA report wasn't as friendly to wheat. Although production is expected to drop, consumption is projected to fall even more, leaving the US with a

carryout of over 700 mln bu versus last month's estimate of 659 mln bu. Even more damning is global carryout is expected to rise from 149.6 mmt to 155.85 mmt. Weekly exports were OK at 362,900 mt but not enough to excite the market. Concerns over drought in the US southern plains lent limited support.

MAY CBOT wheat dropped 8¼ cents to \$5.18¼/bu while KCBT wheat dipped 5½ cents to \$5.68¼/bu. MGE wheat fared best, settling just 3¾ cents lower at \$6.09¼/bu.

Canadian Grain

Oilseeds

Spillover pressure from soyoil combined with a slightly stronger Canadian dollar to push the MAY \$6.60 lower to \$403.10/MT. Export movement remains strong with word of another sale to China and routine buying from Japan.

Overhanging the market is the large amount of unpriced canola still in farm storage and the expectation that another record crop will be planted by prairie producers again this spring. (I'm not so sure. Producers have been pushing rotations pretty hard the past couple of years and with new crop canola in the \$8/bu bracket, there may not be as many acres going to canola as thought.) On the cash front, producers have been reluctant to push canola out the door and commercials have had to sweeten the basis pie to meet previous commitments.

Feedgrain

Cash barley bids received a shot in the arm as MAY soared \$10.80/MT higher to \$150.40, largely due to spillover strength from corn and a slowdown in farmer deliveries. The need for supplies ahead of roadban season has also sparked demand.

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
May 09	\$403.10	\$412.60	↓ (\$9.50)
Jul 09	\$402.70	\$409.70	↓ (\$7.00)
Nov 09	\$405.00	\$406.90	↓ (\$1.90)
Jan 10	\$409.00	\$405.00	↑ \$4.00
Mar 10	\$412.00	\$409.50	↑ \$2.50
May 10	\$415.00	\$412.50	↑ \$2.50
Barley	This Week	Last Week	Diff +/-
May 09	\$150.50	\$137.60	↑ \$12.90
Jul 09	\$157.60	\$139.60	↑ \$18.00
Oct 09	\$156.10	\$146.60	↑ \$9.50
Dec 09	\$156.10	\$146.60	↑ \$9.50
Oct 10	\$156.10	\$146.60	↑ \$9.50



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Strategies

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

Do grain fundamentals even matter anymore? It seems when a bullish piece of news hits the floor, whether it's reduced carryout estimates or better than expected export sales, traders give it little more than a sideways glance. The market may respond to the news temporarily but it isn't long before activity in the equity, energy, and currency markets are calling the shots once again.

This week's USDA report, along with planting intentions by private forecasters like Informa and Allendale, gave trader's something to chew on and there is no doubt these news items impacted the markets. However, if the recent past is any guide, the effect will be fleeting and we'll go back to trading the outside markets.

For what it's worth, I believe that fundamentals do matter and even though the effect may be muted or even ignored while investors focus on outside markets, there will come a time when supply and demand become the focal point once again. The problem is that when the melt down began, it created a panic response where investors sold EVERYTHING without regard of its fundamental value. There's a saying among traders that goes, "when the house of ill repute is raided, even the piano player gets arrested." This is what has happened after the wheels fell off last summer.

Most financial analysts believe the recession will last at least a year, perhaps two, or even more before things begin to turn around. Very few of them predicted the collapse we're now in and it's likely that few will be able to accurately predict when things will turn around.

What I do know is this week the DOW made some nice gains and the energy markets are showing some stability. While this can in no way be considered the beginning of a turnaround, the mere fact that traders' attention wasn't entirely fixated on dropping markets allowed market fundamentals in the grains and oilseeds to at least be considered. It's not much—but perhaps a beginning.

If you have wheat contracted to the board that has NOT moved and would like it to move, call the office. We may be able to get it moved from your bin by the end of April AND have it applied to your CWB contract, 100%.

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (APR)	\$84.64	\$82.50	↑ \$2.14
CME Live Hogs (APR)	\$63.20	\$62.50	↑ \$0.70
CDN Dollar (JUN)	\$0.78	\$0.78	→ \$0.00
Minneapolis Wheat (MAY)	\$6.09	\$5.27	↑ \$0.82
Kansas City Wheat (MAY)	\$5.70	\$5.74	↓ (\$0.04)
Chicago Oats (MAY)	\$1.86	\$1.85	↑ \$0.01
Diesel (spot, Edmonton)	\$0.62	\$0.62	→ \$0.00
Crude/Oil (APR)	\$46.25	\$44.60	↑ \$1.65

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	March	\$3.10 del Carrot Creek
Barley	March	\$3.47 del Lethbridge
Barley	Apr-May	\$3.53 del Lethbridge
Barley	Apr-May	\$3.10 del Kirriemuir
Barley	Apr-May	\$2.94 del Peers
Barley	Apr-May	\$2.88 del Irma
Wheat, feed	Mar-Apr	\$4.40 FOB Edmonton
Wheat, feed	Apr-May	\$4.76 del Lloydminster
Wheat, 12.5% prt	Apr-Jun	\$5.11 del Red Deer
Wheat, feed	Apr-Jun	\$4.70 del Red Deer
Peas, yellow	Apr-May	\$6.31 del Innisfail
Peas, green	Apr-May	\$8.80 del Innisfail
Peas, green 10% bleach	Apr-May	\$8.30 del Innisfail
Peas, green 15% bleach	Apr-May	\$8.05 del Innisfail
Peas, green 20% bleach	Apr-May	\$7.80 del Innisfail
Rye, feed	Apr-May	\$3.67 del Lethbridge
Canola	March	\$9.49 del Stony Plain
Canola	April	\$9.39 del Stony Plain
Canola	July	\$9.15 del Fort Sask
Canola	July	\$9.07 del Lloydminster
Canola	October	\$8.82 del Edmonton
Canola	November	\$8.93 del Edmonton
Canola	November	\$8.71 del Joffre
Canola	November	\$8.69 del Lloydminster
Canola	December	\$8.96 del Lloydminster
Canola	December	\$8.66 del Fort Sask
Oats, feed	March	\$2.18 del Pincher Creek
Oats, milling	July	\$1.83 del Martensville
Oats, milling	July	\$1.75 del Barrhead
Oats, milling	November	\$2.05 del Martensville

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$2.90 FOB	March	Daysland
Barely, 48 lb	\$3.02 FOB	March	Bentley
Barley, 48 lb	\$3.24 del Bowden	Mar-Apr	Heisler
Barley, 48 lb	\$2.90 FOB	April	Calahoo
Barley, 48 lb	\$3.01 FOB	March	Castor
Barley, 50 lb	\$3.10 del Vegreville	Mar-Apr	Innisfree
Barley, 50 lb	\$2.93 FOB	March	Leduc
Barley, 50 lb	\$3.01 FOB	March	Clive
Barley, 50 lb	\$3.01 FOB	April	Heisler
Barley, 50 lb	\$3.01 FOB	April	Millet
Barley, 52 lb	\$3.24 del Bowden	April	Thorhild
Barley, 52 lb	\$3.01 FOB	April	Westlock
Canola	-\$9.50 under NOV del Edmonton	November	Wetaskiwin
Canola	-\$9.50 under NOV del Edmonton	November	Westlock
Canola	\$9.47 del Stony Plain	March	Warburg
Canola	\$8.97 FOB	March	Consort
Peas, green	\$8.35 del Innisfail	March	Wetaskiwin
Peas, green	\$7.47 FOB	Mar-Apr	High Prairie