

## At Market Master

By Shelley Wetmore

April 22, 2011 .....

If you review the Bid Board, you'll notice increases (again) in feed barley and feed wheat. Also, take note, however, of some of the time lines. I realize most producers are concerned about when seeding is going to start (your minds are elsewhere) but don't forget to watch the clock on booking the remainder of this year's crop. You don't want to get in a position where you want to move grain during a particular time frame only to find out there's very few outlets remaining. Or, if there is, the price for that particular timeframe is reduced.

Remember, selling into a rally can offer relieve if you have grain left in the bin. No one (and I mean, no one) can predict the future 100%. Don't forget the last time we had high prices (about 2 years ago) and the markets turned around so fast, it was too late for many ... you just don't know for sure what is going to happen. I'd rather see grain sold into a rally, a better price for each sale, then have nothing sold and the price goes down.

Enjoy the long weekend. Our offices will be closed for both Good Friday and Easter Monday. Let the sun shine and the snow melt!



"Your grain watchdog."

8543 - 75 Avenue

Edmonton, Alberta T6C 0G9

www.grainwatchdog.com (800) 440-8390

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## Be Grainwise!

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

### Soy Complex

After a volatile week, JUL beans posted an impressive gain of 46½ cents to \$13.89¾/bu while meal climbed \$13.40 to \$363.90/t. JUL oil gained 1.46 cents to settle at 58.91 cents/lb.

With cold, wet weather hampering spring planting in the Midwest, beans have been under pressure. Traditionally, corn is the first crop planted but, if the season gets late, producers tend to swap corn for bean acres. It's this fear that has been pressuring beans.

Perhaps it was the recognition that those losses had been overdone or the fact that export demand just continues to chug along despite repeated rumours of Chinese cancellations that fuelled this week's rally.

This week's sales figure of 349,000 mt of old crop sales was more than triple what's needed on a weekly basis to meet current annual sales projections. Equally important was the shipments number of 443,000 mt which again was more than adequate to stay on pace with recent estimates.

What's also interesting is the average soybean basis is tightening which indicates future demand as commercial interests scurry to secure supplies for future commitments.

### Corn

Corn has enjoyed the role of market leader over the past month. Although corn fundamentals are still very bullish, futures struggled this week (see Strategies).

A report released Wednesday indicated a reduction in ethanol production. In the absence of any other plausible explanation, this was the reason for the sharp sell-off on that day.

Upcoming weather still looks wet for the Midwest but there was a hint that a short spell of warmer and drier weather could be coming. However, long range forecasts call for additional moisture after that. Not exactly something market bears could hang their hat on but they tried nonetheless.

Weekly sales of 857,000 mt show that even at today's elevated prices, demand has yet to be rationed in any

meaningful way. Total shipments of 925,300 mt fell just short of the 1.094 mmt needed to stay on track with current annual sales projections.

JUL corn dipped a nickel lower to \$7.44½/bu. Look for next Sunday night's forecast to set the tone for trade early next week.

### Wheat

The JUL CBOT climbed 54¾ cents to \$8.34/bu while KCBT wheat shot 67 cents higher to \$9.43/bu. JUL MGE wheat saw similar gains, closing 63 cents higher at \$9.60¾/bu.

A dismal looking HRW wheat crop (see Strategies) lit a fire under traders early in the week as did drought concerns in Western Europe. Wet weather in the Northern US and Canada also has traders wondering how many spring wheat acres will go unplanted.

Weekly sales fell below expectations at 303,200 mt but even this figure was more than twice what's needed on a weekly basis. However, at 862,000 mt, the shipments figure once again fell below the 1.110 mmt that was required.

### Canola

JUL canola staged a nice rally of \$11.30/MT this week in sympathy with the US soy complex and closed at \$588.20. This week's gains were all the more impressive considering the strength our dollar (see Strategies).

A drop off in crusher and exporter interest was met by a lack of farmer selling as producers gear up for what may be a difficult planting season in many areas. It was the prospect of diminished canola acres due to excessive moisture that kept a floor under the market.

### Feedgrain

JUL barley futures closed the week unchanged at \$205.00/MT (as usual). While barley futures may be on life support, in a strange way, it has mirrored activity in the cash market which has remained remarkably stable despite all the volatility in other grains and oilseeds. This week was no exception as cash bids remained firm.

## Strategies

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

This has been a particularly weird trading week.

### US Wheat Crop

Wheat took the lead from corn with some sharp gains to start the week as traders paid attention to the USDA crop progress report which showed the US HRW wheat crop is in terrible shape.

Last year, just 6% of the crop was rated poor-to-very poor category while 69% of the crop was rated good-to-excellent. This year, just 36% of the crop is in the top two categories while 38% of the crop is now rated poor-to-very poor.

Additional strength came from flooding in the US Northern Plains, delaying spring wheat planting. Some feel it may be too late to see huge wheat acreage in Minnesota and the Dakotas. The thinking is when things dry up, producers will focus on corn as that is where the money is.

### Global Wheat Crop

Concerns that dryness is creeping into the wheat growing areas of France and Germany also gave the market added support. Although it's still early in the growing season, it's obvious weather is becoming the overriding concern—not only

for wheat but for grain markets in general.

However, I must caution that particularly in the wheat market, things can turn south in a hurry. Global ending stocks are not particularly tight and, unlike corn, there's always another wheat crop being produced somewhere in the world.

### Wheat Futures

That brings us to the weird events on Wednesday which saw MAR MGE wheat touch the \$10.00/bu mark before suddenly turning lower in sympathy with corn to close at \$9.74/bu, 26 cents off the highs.

As far as I can tell, nothing of any consequence had changed. Weather forecasts were largely unchanged and sales figures weren't even out until Thursday. All I can think of is that non-commercials were pocketing some gains ahead of the long weekend ... weird.

### Currency Impact on Grain Prices

The impact that currency valuations have in determining grains prices is something I probably don't touch on enough.

The US dollar has been depreciating in value for some time. There have been hiccups, particularly when global uncertainty hits the markets but the effect has been

temporary and the dollar soon continues its descent. From a commodity point of view, this has been great as most commodities (grains and oilseeds included) are priced in US dollars. The lower the dollar goes, the higher the value of the commodity.

Unfortunately, for Canadian producers, the Canadian dollar has been going in the opposite direction. Today, it hit \$1.05 U.S. This lowers the value we receive for our crops and the higher the value of the crop the more pronounced the effect of a higher dollar.

For instance, if MGE wheat was trading at \$9.80/t (\$360.00/MT) and the Canadian dollar was trading at \$1.05, the value to the Canadian producer would be \$342.85 CDN. However, if that same dollar had been trading at 95 cents US, that \$360 would work out to \$378.95 CDN ... a difference of \$36.00 or almost \$1.00/bu. Of course, the higher dollar (in theory) should give you more buying power.

To further illustrate the point of the slumping greenback, here's a chart of the US dollar index:

Charts courtesy of TFC Trading Charts.



## At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$3.63 FOB	May-Jun	Enilda
Barley, 48 lb	\$3.62 FOB	June	Rochester
Barley, 48 lb	\$4.16 FOB	June	Brooks
Barley, 48 lb	\$4.16 FOB	Apr-May	Barons
Barley, 48 lb	\$3.79 FOB Net	May	Camrose
Barley, 48 lb	\$3.66 FOB	April	Innisfree
Barley, 48 lb	\$3.75 FOB	June	Vermilion
Canola	\$12.42 FOB	June	Enilda
Canola	\$12.20 del Fort Sask	Oct 2012	Sangudo
Canola, heated	\$6.40 FOB	April	Blackfoot
Peas, feed	\$2.66 FOB Net	Apr-May	Camrose
Oats, milling	\$3.10 FOB	August	Wainwright
Wheat, feed	\$5.52 del Red Deer	May	Clive
Wheat, milling	\$5.50 FOB	May	Leduc

## Feed Wheat

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Plus, if your feed wheat has protein 12.5%+, submit a sample for possible price premiums. Review the Bid Board for price estimates in your area.



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By The Number	This week	Last week	Diff +/-
Canola (MAY 11)	\$578.50	\$568.30	↑ \$10.20
Canola (JUL 11)	\$588.20	\$576.90	↑ \$11.30
Canola (NOV 11)	\$588.30	\$573.70	↑ \$14.60
Canola (JAN 12)	\$595.20	\$580.80	↑ \$14.40
Canola (MAR12)	\$598.10	\$581.10	↑ \$17.00
Canola (MAY 12)	\$599.80	\$583.80	↑ \$16.00
MGE Wheat (MAY)	\$9.51	\$8.89	↑ \$0.62
CWB Mar PRO #1 CWRS, 13.5%	\$8.93	\$8.93	→ \$0.00
KCBOT Wheat (MAY)	\$9.32	\$8.65	↑ \$0.67
CWB Mar PRO #1 CPSR	\$7.38	\$7.38	→ \$0.00
CBOT Oats (MAY)	\$3.89	\$3.83	↑ \$0.06
CME Live Cattle (JUN)	\$115.45	\$115.30	↑ \$0.15
CME Lean Hogs (MAY)	\$100.20	\$102.43	↓ (\$2.23)
Diesel (spot, Edmonton)	\$1.10	\$1.10	→ \$0.00
Crude/Oil (MAY)	\$108.25	\$106.25	↑ \$2.00
Canadian Dollar (JUN)	\$1.05	\$1.04	↑ \$0.01

## Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	April	\$4.23 del Rainer
Barley	May	\$4.40 del Picture Butte
Barley	May	\$4.40 del Lethbridge
Barley	May-Jun	\$3.84 del Falher
Barley	July	\$4.01 del Czar
Barley	Jul-Aug	\$4.19 del Brooks
Barley	Sep-Dec	\$4.34 del Lethbridge
Canola	May	\$12.83 del Lloydminster
Canola	June	\$13.04 del Edmonton
Canola	July	\$12.92 del Fort Saskatchewan
Canola	November	\$12.72 del Lloydminster
Canola	December	\$12.55 del Fort Saskatchewan
Canola	February 2012	\$12.92 del Fort Saskatchewan
Canola	Sep-Oct 2012	\$12.20 del Fort Saskatchewan
Flax, milling	May	\$12.44 del Medicine Hat
Oats, feed	April	\$2.41 del Fort Macleod
Oats, #2 CW	July	\$3.30 del Saskatoon
Oats, #2 CW	August	\$3.21 del Camrose
Oats, #2 CW	October	\$3.24 del Camrose
Oats, #2 CW	December	\$3.31 del Camrose
Peas, feed	April	\$5.44 del Falher
Peas, feed	April	\$5.79 del Crooked Creek
Peas, feed	May-Jun	\$5.79 del Paradise Valley
Peas, green 5% bleach	May-Jun	\$6.94 del Innisfail
Peas, yellow	May-Jun	\$7.19 del Innisfail
Rye, #2CW	Jun-Jul	\$5.15 del Calgary
Triticale, feed	Jun-Jul	\$4.78 del Calgary
Wheat, feed 12.5% prt	April	\$5.46 del Picture Butte
Wheat, feed	Apr-Jun	\$5.94 del Lloydminster
Wheat, feed	May	\$5.44 del Edmonton
Wheat, feed	May	\$5.52 del Edmonton
Wheat, feed 12.5% prt	May	\$5.52 del Red Deer
Wheat, feed 12.5% prt	May-Jun	\$5.87 del Red Deer
Wheat, feed	May-Jun	\$5.19 del Falher
Wheat, feed	May-Jun	\$5.52 del Red Deer
Wheat, feed	May-Jun	\$5.44 del Edmonton
Wheat, feed	June	\$5.52 del Edmonton

## What's Happening?

May 3, 2011

Young Farm Worker's Safety Workshop, Olds, AB  
<http://centralalberta.safecommunities.ca>

May 31 - June 1, 2011

2011 Water, Agriculture and Environment Conference: Future Opportunities and Challenges, Lethbridge Lodge. Contact Shelley Woods (403) 381-5839 or [shelley.a.woods@gov.ab.ca](mailto:shelley.a.woods@gov.ab.ca)

June 1-3, 2011

2011 Alberta Dairy Congress - 25th Silver Anniversary, Leduc.  
[www.albertadairycongress.ca](http://www.albertadairycongress.ca)  
[abdairy@leduc-chamber.com](mailto:abdairy@leduc-chamber.com)