

At Market Master

By Shelley Wetmore

April 24, 2009.....

I think most grain producers will look at the recent StatsCan numbers and raise an eyebrow. Most growers I've spoken with lately have relayed that the most favoured crops this year will be wheat, canola, and peas. Many have decided to reduce (or even simply cut out) acres of barley and oats. Fall prices for these two crops, at this point, haven't been encouraging. Although rotation plays a very important part in seeding decisions, if a cereal choice has to be made between the three (wheat, barley, oats), wheat is winning hands down so far. Perhaps some of the insurance options available may yet sway minds to change before seeding—whenever that may be. I'm tired of these winter conditions.

Take a look at fall canola prices. There are great opportunities available. November deliveries have better basis levels and will net you close to \$10 delivered in many areas. March 2010 levels are reaching over \$10 or so. One good exercise for your farm may be this go back over your records for the past ten years or so and write down what your fall canola prices were and compare those numbers to what's available now. I don't think you'll find many years where the numbers were close to that \$10 mark. Remember the old saying, "A bird in the hand ..."

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
May 09	\$447.20	\$439.00	↑ \$8.20
Jul 09	\$448.40	\$441.90	↑ \$6.50
Nov 09	\$451.40	\$444.00	↑ \$7.40
Jan 10	\$455.40	\$448.00	↑ \$7.40
Mar 10	\$457.90	\$450.70	↑ \$7.20
May 10	\$459.90	\$453.00	↑ \$6.90
Barley	This Week	Last Week	Diff +/-
May 09	\$136.00	\$132.90	↑ \$3.10
Jul 09	\$147.00	\$139.90	↑ \$7.10
Oct 09	\$156.00	\$148.90	↑ \$7.10
Dec 09	\$158.00	\$154.70	↑ \$3.30
Oct 10	\$158.00	\$154.70	↑ \$3.30

Be Grainwise!

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

US Grain

Soy Complex

After several weeks of strong gains, JUL beans took a breather closing 7½ cents lower to \$10.34/bu. Meal slipped 40 cents to \$318.30/t while JUL oil eased .42 cents lower to 36.65 cents/lb.

Oddly, most soybean fundamentals remain bullish. Export demand remains strong with this week's total coming in at a solid 617,100 mt.

Concerns continue about Argentinean production. This week officials dropped their production estimates another 800,000 mt to 36.2 mmt. Conflict between farm groups and the Argentinean government is disrupting the flow of beans for export (harvest is now over 60% complete)!

A slow start to US planting with forecasts for further rain next week have traders anticipating corn acres shifting to beans. This, along with end of the week profit taking, held futures in check.

Corn

JUL corn closed as it started at \$3.85/bu. A strong weekly export figure of 1.214 mmt tripled the amount needed to stay on track to meet the current annual export estimate of 1.7 bln bu.

Planting progress was a mixed bag. Monday's report indicated only 5% of the nation's corn had been planted versus the average of 14%. But, last year's planting pace was even slower than this year and we ended up with an excellent crop so traders are less inclined to push prices higher on planting delays—at least not yet.

Also capping potential gains was this past week's weather which was generally good so market watchers expect to see significant progress in next Monday's report.

Wheat

Wheat had a decent week with the JUL CBOT closing 8½ cents higher at \$5.43¼/bu while KCBT wheat bounced 14 cents higher to \$5.93½/bu. JUL MGE wheat fared best of all, settling 27½ cents higher on the week at \$6.51/bu.

This is probably not surprising as the

pace of planting for spring wheat in the Northern States is well behind normal, leading traders to speculate that fewer wheat acres will be seeded this spring. There are also conflicting reports of frost damage in Oklahoma and parts of Texas. While the market is aware of possible damage, it's not prepared to price in a frost premium just yet.

Weekly sales came in below expectations but at 232,200 mt were still more than the 137,100 mt needed on a weekly basis to meet current yearly projections.

Canadian Grain

Oilseeds

JUL canola bucked the "soy trend" this week to close \$6.60 higher at \$448.50/MT.

Solid crusher demand, as crush margins remain strong, combined with export interest from Pakistan and China to support prices. Word that the Chinese government planned to buy local canola production from Chinese producers at higher than market prices in order to build their grain reserves was also bullish. A supportive StatsCan report Friday (see Strategies) boosted prices.

Keeping a lid on further gains was an increase in farmer selling as cash bids hit \$10.00/bu in many locations. Strength in our dollar was also bearish.

Feedgrain

Although the JUL barley contract surged \$7.10 higher to \$147.00/MT in thin trade, cash bids remained stagnant. Endusers are largely well supplied going into late spring while producer's focus has shifted to spring seeding.



"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, (780) 583-2453

Last week's column on SPEs garnered a lot of feedback. One producer asked if I could write about the oat SPE.

Oats SPE

Oats are considered one of the minor grains for purposes of crop insurance and have a slightly different methodology for determining next fall's price. As you'll notice, the reference grade for oats is "3CW" which is really just a 2CW oat that has been downgraded due to low bushel weight or some other specification problem. Instead of determining a price based on the oat futures market minus some sort of basis, crop insurance chooses to use barley to determine oat prices.

The SPE for 3CW oats is currently \$2.47/bu. However, in order to obtain next fall's price, the difference in percentage between the barley SPE and next fall's barley price will be applied to oats as well.

For example, the SPE for feed barley is \$3.70/bu. If next fall's price were to fall to \$3.00, that would be a decline of 19%. 19% would then be applied to oats as well, giving a fall price of \$2.00. ($\$2.47/\text{bu} \times 19\%$). So, if you're looking to seed oats and are contemplating using the SPE option, look at next fall's barley bids rather than oats.

Peas SPE

We also had some confusion concerning field peas. The designated grade for peas is 3CW (whatever that is) and the SPE is \$5.31/bu. Many producers assume 3CW means "feed peas". In fact, I have had some crop insurance representatives that have given me that assurance. But, if you check your crop insurance literature carefully, you'll discover that 3CW peas are really a blend of prices. Crop insurance determines a feed pea price by using an average of feed pea prices available during the month of October in the Edmonton region. They then determine a 2CW yellow edible price by surveying a cross section of spot prices available during the same time period. The two prices are then averaged to come up with the field pea fall price.

StatsCan Report

This morning, StatsCan released its 2009 seeded acreage estimates as of March 31.

The big surprise was that prairie producers are NOT planning to seed **canola**, wall-to-wall this year. Many analysts expected a crop in excess of last year's record 16.159 mln acres. I've never felt the crop would be as big as last year's—there are too many agronomic factors to take into account. However, a figure of just 14.989 mln acres took everyone by surprise and may have been responsible for canola's relatively strong showing on Friday. That being said, I believe the final number will be somewhat higher than that, probably in the low 15 mln ac bracket as prices have rallied some since Mar 31st.

The other big surprise was that **barley** producers expect to plant 9.476 mln ac this spring—that's even larger than last year's 9.357 mln ac. In my estimation, fall prices don't justify that sort of increase and I expect a few of those acres may bleed away into canola.

Classifieds

Equipment: 28' Bourgault air seeder, model FH528-34 with 2115 tank, 2" seeding spoons, very good condition. \$15,000 OBO. Call Jason Megli @ (780) 878-4253 cell or (780) 877-2374 home, Ferintosh.

Equipment: 2006 Seed Hawk 50' with 12" spacing, c/w 2006 Bourgault 6350 tow between Air Tank, excellent condition. Asking \$148,000 OBO. Kent at Erickson Agro, Irma, at (780) 336-5509.

Certified seed. Jamie @ Victoor Seed Farm, St. Albert, (780) 914-6027.

Certified AC Foremost CPSR wheat	\$ 9.75/bu
Certified AC Superb CWRS wheat	\$ 10.25/bu
Certified CDC Copeland malt barley	\$ 7.75/bu
Certified Ponoka 2R feed barley	\$ 6.50/bu
Certified Conlon 2R S Awn feed barley	\$ 6.50/bu

Certified seed. Ed Lefsrud (780) 336-6700 or Kevin Lefsrud (780) 336-5700, Viking. AC Metcalf malt barley, AC Splendor CWRS, Snowbird CWHW, flanders and Hanly flax, Cutlass yellow peas.

Certified seed. Todd Clark, Tribend Ranch, Edmonton, (780) 499-5060.

Certified AC Foremost CPSR wheat	\$10.00/bu
Certified Superb CWRS wheat	\$11.00/bu
Certified AC Andrew CWSWS wheat	\$10.00/bu

Certified seed. Call Don Gibson Seeds, Sangudo, (780) 785-2588 or (780) 785-2214.

Certified Sundre barley	\$6.25/bu
Certified Ponoka barley	\$6.50/bu

Certified seed. Dave @ Bright's Seeds, New Norway, (780) 855-2240, briseed@mailhub.ca

Certified CDC Copeland barley	\$8.25/bu
Certified CDC Cowboy barley	\$7.50/bu
Certified CDC Coalition barley	\$8.50/bu
Certified AC Crystal wheat	\$10.00/bu
Certified Harvest wheat	\$11.75/bu

Common seed oats. 96% germination, Dennis in Lac La Biche at (780) 623-7709.

Common seed oats. Kevin, Two Hills, (780) 657-2477.

Common green pea seed. 97% germination, contact Brian in Tofield at (780) 662-2798.

Common yellow pea seed. 99% germination, \$9.00/bu rough, picked-up in Morinville, contact Mike @ (780) 719-0334.

Common oats and wheat seed. Craig Ference, Kirriemuir, (780) 753-1283.

Deadline!

April 30th is the last day to apply for, change, or cancel coverage under the **Annual Crop Insurance** programs. April 30th is also the last day to pay the **2009 AgriStability** fee without penalty. For more information, contact your local AFSC office.

Total **wheat** acres came in at 25.161 mln acres, just slightly larger than last year's acreage. No real surprise there. Wheat prices may not look particularly strong right now but you have to work some cereals into the rotation somehow.

I was also surprised to see intended **pea** acres were slightly higher than last year at 4.205 mln acres. Perhaps producers became committed to those acres when nitrogen fertilizer prices were sky high.

Summer fallow acres dipped slightly but remain pretty constant with last year.

CWB April 2009-10 Average PRO

	Alberta		Sask		BC		
	April	Average		Average		Average	
	PRO	Deduc	Return	Deduc	Return	Deduc	Return
Wheat							
1 CWRS 14.5	\$8.06	\$1.45	\$6.61	\$1.66	\$6.40	\$1.36	\$6.70
1 CWRS 13.5	\$7.70	\$1.45	\$6.25	\$1.66	\$6.04	\$1.36	\$6.34
1 CWRS 12.5	\$7.51	\$1.45	\$6.06	\$1.66	\$5.85	\$1.36	\$6.15
1 CWRS 11.5	\$7.29	\$1.45	\$5.84	\$1.66	\$5.63	\$1.36	\$5.93
2 CWRS 13.5	\$7.54	\$1.45	\$6.09	\$1.66	\$5.88	\$1.36	\$6.18
2 CWRS 11.5	\$7.13	\$1.45	\$5.68	\$1.66	\$5.47	\$1.36	\$5.77
3 CWRS 13.0	\$7.08	\$1.45	\$5.63	\$1.66	\$5.42	\$1.36	\$5.72
3 CWRS	\$6.78	\$1.45	\$5.33	\$1.66	\$5.12	\$1.36	\$5.42
4 CWRS	\$6.15	\$1.45	\$4.70	\$1.66	\$4.49	\$1.36	\$4.79
1 CWHW 13.5	\$7.70	\$1.45	\$6.25	\$1.66	\$6.04	\$1.36	\$6.34
1 CPSR	\$6.64	\$1.45	\$5.19	\$1.66	\$4.98	\$1.36	\$5.28
1 CPSW	\$6.64	\$1.45	\$5.19	\$1.66	\$4.98	\$1.36	\$5.28
1 CWRW Select 11.5	\$7.02	\$1.45	\$5.57	\$1.66	\$5.36	\$1.36	\$5.66
1 CWRW	\$6.45	\$1.45	\$5.00	\$1.66	\$4.79	\$1.36	\$5.09
1 CWES	\$6.89	\$1.41	\$5.48	\$1.65	\$5.24	\$1.36	\$5.53
1 CWSWS	\$6.18	\$1.45	\$4.73	\$1.66	\$4.52	\$1.36	\$4.82
CW Feed	\$5.23	\$1.45	\$3.78	\$1.66	\$3.57	\$1.36	\$3.87
Durum							
1 CWAD 14.5	\$8.06	\$1.47	\$6.59	\$1.57	\$6.49	\$1.35	\$6.71
1 CWAD 13.0	\$7.76	\$1.47	\$6.29	\$1.57	\$6.19	\$1.35	\$6.41
1 CWAD 12.5	\$7.67	\$1.47	\$6.20	\$1.57	\$6.10	\$1.35	\$6.32
1 CWAD 11.5	\$7.48	\$1.47	\$6.01	\$1.57	\$5.91	\$1.35	\$6.13
2 CWAD 13.0	\$7.51	\$1.47	\$6.04	\$1.57	\$5.94	\$1.35	\$6.16
2 CWAD 11.5	\$7.32	\$1.47	\$5.85	\$1.57	\$5.75	\$1.35	\$5.97
3 CWAD 13.0	\$7.02	\$1.47	\$5.55	\$1.57	\$5.45	\$1.35	\$5.67
3 CWAD	\$6.86	\$1.47	\$5.39	\$1.57	\$5.29	\$1.35	\$5.51
4 CWAD	\$6.40	\$1.47	\$4.93	\$1.57	\$4.83	\$1.35	\$5.05
5 CWAD	\$5.23	\$1.47	\$3.76	\$1.57	\$3.66	\$1.35	\$3.88
Feed Barley							
1 CW Pool A	\$3.40	\$1.24	\$2.16	\$1.49	\$1.91	\$1.17	\$2.23
Designated Barley							
SS CW 2-row	\$5.40	\$1.27	\$4.13	\$1.47	\$3.93	\$1.23	\$4.17
SS CW 6-row	\$4.96	\$1.27	\$3.69	\$1.47	\$3.49	\$1.23	\$3.73

CWB March PRO Commentary

Wheat

US wheat futures have remained extremely volatile throughout April. Since the last PRO, Minneapolis wheat futures traded in a range of \$0.67 per bushel. Wheat futures in the US continue to receive spill-over support from strong soybean prices. Concerns about Argentine soybean supplies combined with strong demand from China, have strengthened US bean futures. International wheat values were mixed this past month. European and Australian values held steady while Black Sea values were supported by strong government intervention prices.

Over the last month, basis levels for spring wheat have also weakened significantly on relatively weak demand, although they still remain above the long-term average. Wheat fundamentals remain relatively unchanged from last month despite improved global crop prospects. The IGC forecasts world wheat production at 651 million tonnes, a decline of 36.5 million from last year.

A large carry-in of global wheat stocks will result in the total world wheat supply for 2009-10 increasing, which continues to weigh on the price outlook. Crop prospects in the Black Sea region are favourable, with little winterkill and good yield potential. European crop conditions have also been favourable so far. In the US, dryness and possible frost damage in the southern plains have caused concern for the Hard Red Winter wheat crop. Cool and wet conditions in the northern plains have slowed spring-wheat planting.

Durum

The nearby durum market has shown some strength on limited trade, supported by strong demand from millers. The outlook for new crop remains bearish due to favourable crop conditions in North Africa and strong new crop exports from Mexico. Beneficial rainfall in North Africa maintained good crop conditions during the critical reproductive growth stage. Global production is still expected to decrease slightly from 2008, falling just below the five-year average.

Durum production in the European Union (EU) should fall about 20% short of its total durum usage which will increase imports to the EU significantly this year. Production in North Africa is forecast to increase about 75% from last year, reducing the region's import needs to the lowest level since the mid 1990s. The 2009-10 durum crop in the U.S. is expected to be slightly smaller than the 2008-09 crop but, with larger carry-in stocks, total supply is projected to be higher, which will add pressure to prices in early summer.

Feed barley

Global barley production is forecast to decrease 3% to 5%. Barley production in the US is forecast to decrease by 10% in 2009. However, large carry-out stocks in 2008 will increase supplies year-on-year. Barley production in Canada, the EU and Black Sea is forecast to decrease, while production in Australia and Turkey will increase. Global feed-barley supplies will be adequate in the new crop year as consumption is forecast to decline. Lower freight rates and an increased Canadian dollar narrowed the spread between US corn and western Canadian feed prices this month. Despite this narrowing, domestic barley is still very competitive when compared with corn. World price direction will be influenced by corn and the amount of barley substitution that occurs.

Designated barley

Spring barley prospects remain favourable. Adequate rainfall and above-normal temperatures in the EU have advanced the development of the winter barley crops in Germany and spring field activities across northern Europe. The spread between malting-quality barley and feed barley has narrowed and should remain at more traditional levels in the upcoming crop year. Demand for malting-quality barley is expected to improve slightly from 2008-09.

StatsCan Report

	2009 April	2,008	% Change
Total Wheat	25,161	25,010	0.60%
Spring wheat	17,328	16,363	5.90%
Durum wheat	5,730	6,030	-4.98%
Winter wheat	2,103	2,617	-19.64%
Canola	14,990	16,160	-7.24%
Barley	9,476	9,357	1.27%
Summer fallow	5,995	6,070	-1.24%
Dry field peas	4,205	3,995	5.26%
Oats	3,955	4,345	-8.98%
Soybeans	3,284	2,971	10.54%
Corn for grain	3,084	2,975	3.66%
Flaxseed	1,725	1,560	10.58%

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 42 lb	\$3.01 FOB	Apr-May	Alliance
Barley, 48 lb	\$2.99 del Carrot Creek	April	Barrhead
Barley, 50 lb	\$3.00 FOB	May	Galahad
Barley, 50 lb	\$3.00 FOB	May	Mannville
Barley, 52 lb	\$3.00 FOB	May	Blackfoot
Barley, 50 lb	\$3.00 FOB	May	Innisfree
Barley, 54 lb	\$3.01 FOB	May	Millet
Wheat, feed	\$4.30 FOB	April	Mayerthorpe
Wheat, feed	\$4.51 FOB	April	Vulcan
Wheat	CWB Contract	May	Three Hills
Peas, green	\$8.75 FOB	Apr-May	Camrose
Peas, green	\$6.00 FOB	May	Enilda
Rye, feed	\$3.90 FOB	Apr-May	Castor
Oats, milling	\$1.90 FOB	April	Thorsby
Oats, milling	\$2.18 del Barrhead	May	Mayerthorpe
Oats, milling	\$2.18 del Barrhead	May	Falher
Canola	\$9.94 del Joffre	June	Clive
Canola	\$10.04 del Edmonton	May	Legal
Canola	\$10.18 del Edmonton	July	Legal
Canola	\$9.00 over JUL del Edmonton	July	Sangudo

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (JUN)	\$82.65	\$84.50	↓ (\$1.85)
CME Live Hogs (JUN)	\$71.70	\$72.20	↓ (\$0.50)
CDN Dollar (JUN)	\$0.83	\$0.82	↑ \$0.01
Minneapolis Wheat (JUL)	\$5.44	\$5.23	↑ \$0.21
Kansas City Wheat (JUL)	\$5.93	\$5.69	↑ \$0.24
Chicago Oats (JUL)	\$2.02	\$1.88	↑ \$0.14
Diesel (spot, Edmonton)	\$0.67	\$0.68	↓ (\$0.01)
Crude/Oil (JUN)	\$51.30	\$50.70	↑ \$0.60

Access to Capital Improves

Agricultural producers, agribusinesses and commercial enterprises will now have access to an increased, stable source of capital through [Agriculture Financial Services Corporation \(AFSC\)](#). The maximum loan or guarantee provided by AFSC to any individual or entity has increased to a cumulative total of \$5 million, up from \$2 million. Significantly larger project limits of up to \$25 million will allow AFSC to assist with larger agricultural and other eligible projects. The former limit was \$10 million.

Canola Stand Establishment Resources

A new on-line source from the Canola Council of Canada (CCC) provides information on stand establishment. Through the SEED Smart link at www.canolacouncil.org, agronomists and producers can access up-to-date agronomic information from the CCC Crop Production team and other industry experts. SEED Smart can also be accessed directly at www.seedsmart.org.

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	May	\$2.99 del Mayerthorpe
Barley	May	\$3.42 del Lethbridge
Barley	May-Jun	\$2.99 del Kirriemuir
Barley	June	\$3.31 del Calgary
Barley	Sep-Oct	\$3.31 del Lethbridge
Wheat, feed	May-Jun	\$4.84 del Red Deer
Wheat, 12.5% prt	May-June	\$5.25 del Red Deer
Wheat, feed	June	\$4.57 del Lloydminster
Peas, yellow	May-Jun	\$6.10 del Innisfail
Peas, green	May-Jun	\$8.80 del Innisfail
Peas, green 10% bleach	May-Jun	\$8.20 del Innisfail
Peas, green 15% bleach	May-Jun	\$7.50 del Innisfail
Peas, green 20% bleach	May-Jun	\$7.25 del Innisfail
Peas, yellow	Aug-Oct	\$5.50 del Innisfail
Peas, green	Aug-Oct	\$7.00 del Innisfail
Rye, feed	May-Jun	\$4.26 del Red Deer
Triticale, feed	May-Jun	\$3.95 del Red Deer
Canola	May	\$10.08 del Lloydminster
Canola	May	\$10.18 del Edmonton
Canola	May	\$10.08 del Joffre
Canola	June	\$10.25 del Edmonton
Canola	July	\$10.31 del Edmonton
Canola	October	\$9.85 del Edmonton
Canola	November	\$9.89 del Edmonton
Canola	November	\$9.78 del Joffre
Canola	January 10	\$9.94 del Edmonton
Canola	April 10	\$10.04 del Edmonton
Oats, #2 CW	May-Jun	\$2.27 del Lethbridge
Oats, milling	June	\$2.06 del Barrhead
Oats, #2 CW	Sep-Oct	\$2.32 del Lethbridge
Oats, milling	October	\$2.02 del Martensville
Oats, milling	October	\$1.95 del Barrhead
Oats, milling	January 10	\$2.14 del Martensville
Oats, milling	January 10	\$2.07 del Barrhead
Oats, milling	March 10	\$2.20 del Martensville
Oats, milling	March 10	\$2.12 del Barrhead

Grain Watchdog

WANTED: Smart, ambitious person to join the "grain watchdog" team as a grain marketing representative. Must have common sense, pay attention to detail, enjoy talking with grain producers, and demonstrate a real, caring concern about agriculture. Send resumes to: shelley.wetmore@shaw.ca