

At Market Master

By Shelley Wetmore

June 19, 2009.....

A small tornado touched down in the Tofield area this afternoon ... one producer I know actually got video footage of it. The swirling mass of wind brought over 4/10's of rain with it for his area. If these spotty showers continue over much of the province (I hope it actually pours), I suspect we'll see the feed prices decline somewhat. So far, it looks like canola is going to be the hardest hit but there IS some optimism out there. One farmer from the devastated Camrose area said if he continues to get showers, he "just MIGHT come out with a 30 bu crop."

Canola recovered somewhat by the end of the week but since the beginning of June, it's dropped around 50 cents per bushel. Most basis levels remain very narrow (positive) yet many producers are thinking buying out forward-priced contracts due to poor crop expectations.

Prices for feed barley, feed wheat, and feed peas are all at very strong levels yet this week. There are some bin doors opening to take advantage of these prices but it seems to depend upon the optimism in the area. Remember, selling slowing into a rally is a good marketing strategy. One buyer commented to me this week that "pigs get slaughtered." Something to keep in the back of your mind.

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Jul 09	\$466.80	\$473.00	↓ (\$6.20)
Nov 09	\$462.80	\$476.60	↓ (\$13.80)
Jan 10	\$468.00	\$477.70	↓ (\$9.70)
Mar 10	\$471.10	\$481.60	↓ (\$10.50)
May 10	\$472.20	\$484.60	↓ (\$12.40)
Jul 10	\$473.90	\$486.30	↓ (\$12.40)
Barley	This Week	Last Week	Diff +/-
Jul 09	\$175.50	\$163.40	↑ \$12.10
Oct 09	\$182.90	\$179.40	↑ \$3.50
Dec 09	\$182.90	\$179.40	↑ \$3.50
Mar 10	\$182.90	\$179.40	↑ \$3.50
Oct 10	\$182.90	\$179.40	↑ \$3.50

Be Grainwise!

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

US Grain

Soy Complex

Informa's seeded acreage estimates confirmed what traders had been expecting—an extremely wet spring shifted corn acres to beans. This week's bean estimate of 78.7 mln acres came as no surprise but is 2.7 mln acres higher than the March USDA projection. On the positive front, demand remains strong. Although old crop sales came in at just 145,700 mt, it's still well over the 28,800 mt needed on a weekly basis to meet current USDA projections.

Also encouraging—China was once again a major buyer following rumours that Chinese buying had dried up.

Weather forecast call for more precipitation but temperatures are also expected to rise. Now that the crop is basically planted, conditions couldn't be more conducive to growth.

JUL beans dropped 66 cents to \$11.79/bu. Even meal (which had been the engine driving beans higher over the past few weeks) tanked, giving up \$32.70 to \$390/t. JUL oil slipped .63 cents lower to 36.53 cents/lb.

Corn

Even though Informa lowered its planted corn acreage estimate to 83 mln acres, 2 mln acres less than the last USDA estimate, futures were hammered with JUL dropping 25¾ cents to \$3.99¼/bu. The lower acreage estimate had already been factored into the market and, with ideal growing conditions for most of the crop that DID get planted, corn followed the soy complex lower.

Weekly sales were solid at 767,300mt, more than triple what was needed to meet current export goals. However, total shipments came in at just 817,900mt, leading some to believe that although the sales have been made actual movement may be a different matter.

Wheat

Ever since the first of June when CBOT wheat futures peaked, the market has plummeted. Since then, JUL has lost \$1.19/bu. This week's loss of 29½ cents to \$5.55¼/bu extended that trend.

Similar stories are being played out in the other two exchanges with JUL KCBT futures down another 22¼ cents to \$6.14¾/bu. MGE wheat also took it on the chin, giving up 34½ cents to \$6.99/bu.

From a technical perspective, these charts look terrible. The MACD is solidly in negative territory and any sort of technical support lines have done little to slow the descent.

Weekly sales came in on the low side at 268,800 mt which again illustrates how uncompetitive US wheat is on the world market.

Everyone is eagerly anticipating the June 30th USDA planted acreage report.

Canadian Grain

Oilseeds

After getting hammered early in the week (see Strategies), canola rebounded Thursday and Friday to settle \$6.20 lower at \$466.80/MT. Futures bounced off important technical support at \$448.

How much of this action was due to that support and how much was due to a weaker dollar is anyone's guess but I expect the dollar was the primary factor. Trader's are finally noticing the poor growing conditions in much of the prairies. Canola trading, however, always takes place in the context of the larger world oilseed market. Another factor this week was the buying-out of previously held new crop contracts by producers whose production prospects are dwindling.

Feedgrain

JUL barley surged \$12.10 to \$175.50/MT in light trade. This reflects the tightening feedgrain market here and the prospect for a below average crop.



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Strategies

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

Canola started the week with significant losses. Some of this was due to the lack-lustre performance of vegoils in general. Soyoil for instance has been down hard the past two weeks slipping 3 cents over that timeframe. However, traders are taking note of growing conditions here on the prairies.

Weather, Weather, Weather

Forecasts for warmer, drier weather in the Eastern prairies are just what producers are looking for to speed up crop development. Canola crops in Manitoba and eastern Saskatchewan are in very good shape but a bit late. On the western side, it's a totally different situation.

In some areas, drought has seriously impacted the crop. Forecasts for rains over the past week have failed to

materialize in the hardest hit areas—stands are SO sparse that some producers are not even spraying their crops.

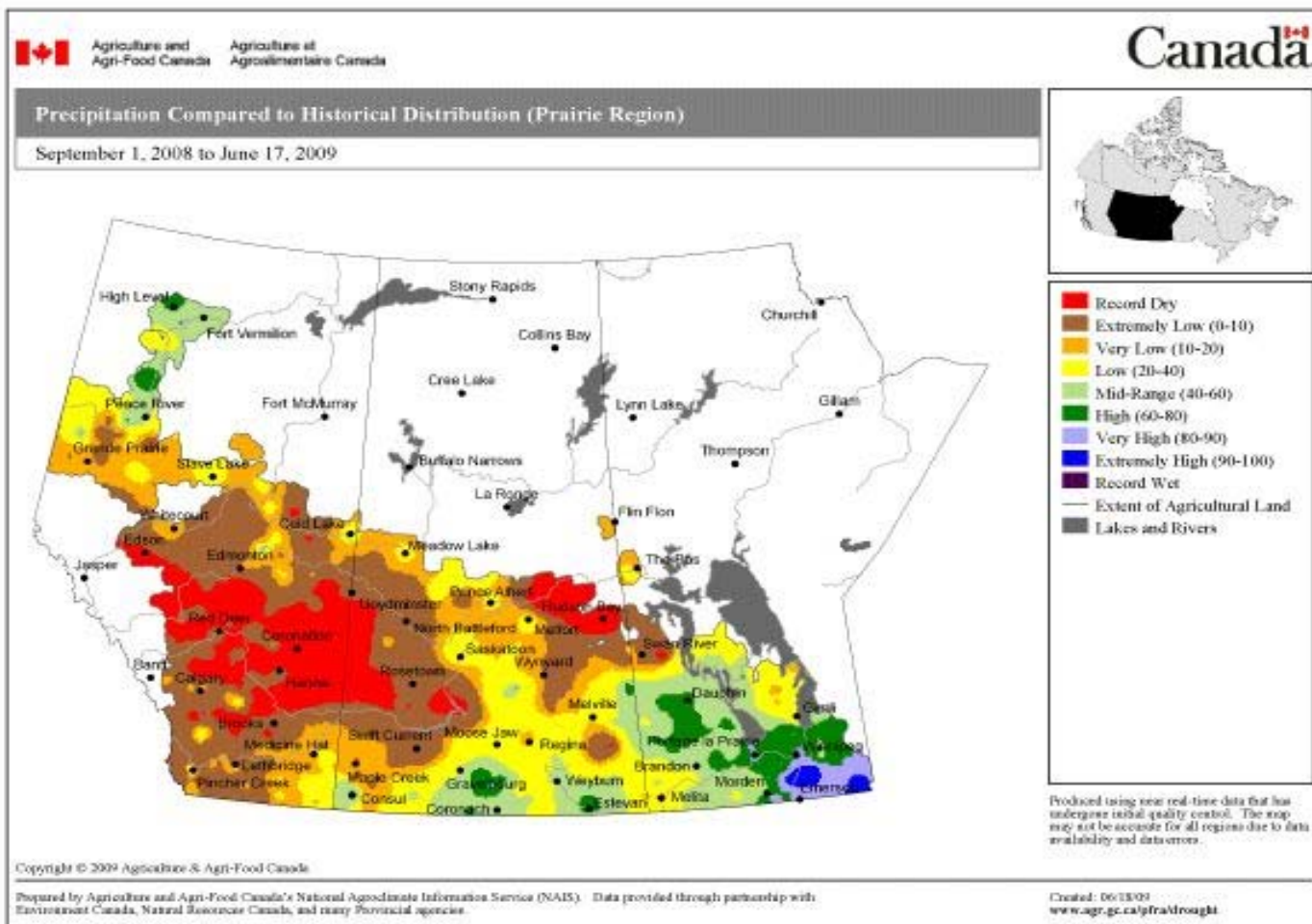
The counties of Camrose, Paintearth, and Provost have already been declared agricultural disaster areas and several other counties in eastern Alberta are expected to follow their example if significant rain fails to fall soon.

Aside from the devastating effects on crops, pasture land is in extremely poor condition and this year's hay crop is almost non-existent.

I've included a precipitation map from Agriculture Canada which shows the amount of precipitation fallen since September 1, 2008 as a percentage of normal. It puts the magnitude of this problem into perspective in a dramatic way.

The drought is not just affecting canola—all crops are suffering. The prospect for an average barley crop is dwindling fast and is a large reason why feed barley prices have skyrocketed lately. Many producers have become very tight fisted with what stocks they do have on hand, either holding out for higher prices or refusing to sell at any price, keeping what's left in their bins for next year's seed.

If there's a silver lining to any of this (and believe me I had to look hard), it's that it doesn't take much to mow the lawn this year. Unfortunately, as I look at the long-range forecast for the hardest hit areas, no significant relief is in sight.



At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.21 FOB	July	Manning
Barley, 48 lb	\$3.75 del Bowden	June	Bowden
Barley, 48 lb	\$3.12 FOB	June	High Prairie
Barley, 48 lb	\$3.76 FOB	July	Hussar
Barley, 48 lb	\$3.60 FOB	July	Alliance
Barley, 48 lb	\$3.50 FOB	June	Calmar
Barley, 48 lb	\$3.40 FOB	June	Wainwright
Barley, 48 lb	\$3.75 del Lacombe	Jun-Jul	Kingman
Barley, 48 lb	\$3.38 FOB	Jun-Jul	St. Michael
Barley, 48 lb	\$3.71 FOB	July	Bashaw
Barley, 50 lb	\$3.21 FOB	Jun-Jul	High Prairie
Barley, 50 lb	\$3.70 FOB	June	Didsbury
Barley, 50 lb	\$3.40 FOB	Jun-Jul	Westlock
Barley, 50 lb	\$3.60 FOB	July	Galahad
Barley, 50 lb	\$3.75 del Lacombe	Jun-Jul	Heisler
Barley, 50 lb	\$3.75 del Bowden	Jun-Jul	Tofield
Barley, 50 lb	\$3.90 FOB	June	Mossleigh
Barley, 50 lb	\$3.38 FOB	July	St. Paul
Oats, feed	\$2.00 FOB	Jun-Jul	Buck Lake
Canola, heated	\$6.86 FOB	Jun-Jul	Grande Prairie
Wheat, feed	\$5.00 FOB	Jun-Jul	St. Albert
Wheat, heated	\$3.02 FOB	June	Falher
Wheat, feed	\$5.07 FOB	Jun-Jul	New Norway
Wheat, feed	\$5.33 del Edmonton	July	Calmar

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (AUG)	\$82.13	\$81.55	↑ \$0.58
CME Live Hogs (JUL)	\$61.40	\$59.80	↑ \$1.60
CDN Dollar (SEP)	\$0.89	\$0.89	→ \$0.00
MGE Wheat (JUL) - CWRS	\$5.55	\$5.84	↓ (\$0.29)
CWB May PRO - CWRS	\$7.76	\$7.76	→ \$0.00
CWB Fixed Price - CWRS	\$7.34	\$7.51	↓ (\$0.17)
KCBOT Wheat (JUL) CPSR	\$6.15	\$6.37	↓ (\$0.22)
CWB May PRO - CPSR	\$6.64	\$6.64	→ \$0.00
CWB Fixed Price - CPSR	\$6.08	\$6.27	↓ (\$0.19)
CBOT Oats (JUL)	\$2.12	\$2.38	↓ (\$0.26)
Diesel (spot, Edmonton)	\$0.77	\$0.73	↑ \$0.04
Crude/Oil (JUL)	\$69.85	\$71.90	↓ (\$2.05)

Shelley's

Camping Chronicles

Last weekend's trip was Gull Lake near Bentley. The forecasts and clouds were both threatening but nothing actually materialized.



- 4 total camping excursions
- 2 rain
- 1 no rain
- 1 bears

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Jun-Jul	\$3.75 del Lacombe
Barley	Jun-Jul	\$3.34 del Kirriemuir
Barley	July	\$3.31 FOB Westlock
Barley	July	\$4.05 del Calgary
Barley	July	\$4.01 del Lethbridge
Barley	Sep-Oct	\$3.21 del Kirriemuir
Barley	Oct-Nov	\$3.21 del Carrot Creek
Wheat, feed	Jun-Jul	\$5.38 del Red Deer
Wheat, feed	Jun-Jul	\$5.36 del Lacombe
Wheat, feed	Jul-Aug	\$5.33 del Edmonton
Peas, feed	Jun-Jul	\$6.20 del Lacombe
Peas, feed	Jun-Jul	\$6.00 FOB Edmonton
Peas, green	July	\$8.75 del Innisfail
Peas, yellow	Jul-Aug	\$6.25 del Innisfail
Peas, yellow	Aug-Oct	\$6.00 del Innisfail
Peas, green	Aug-Oct	\$7.40 del Innisfail
Rye, feed	Jun-Jul	\$4.51 del Red Deer
Triticale, feed	Jun-Jul	\$4.19 del Red Deer
Canola	July	\$10.53 del Lloydminster
Canola	July	\$10.66 del Edmonton
Canola	July	\$10.71 del Crossfield
Canola	July	\$10.70 del Lacombe
Canola	November	\$10.14 del Lloydminster
Canola	November	\$10.71 del Edmonton
Canola	November	\$10.66 del Crossfield
Canola	November	\$10.61 del Lacombe
Oats, feed	June	\$2.41 del Pincher Creek
Oats #2 CW	June	\$2.44 del Linden
Oats, milling	Jul-Aug	\$2.18 del Barrhead
Oats, milling	Sep-Oct	\$2.19 del Barrhead
Oats, milling	October	\$1.87 del Martensville
Oats, milling	October	\$1.81 del Barrhead
Oats, milling	January	\$2.06 del Martensville
Oats, milling	January	\$1.94 del Barrhead

Classifieds

Rexall Indy. July 24-26, five gold grandstand tickets, section D-B, seats 22-26, complete with on-site RV parking, paddock passes. Available at face value. Call Tom in Castor @ (403) 740-4787.

For Sale. 1991 876 Ford with 4200 hours, 12 speed, 4 hyd and very clean. Good rubber. Rob Strichuk, Edmonton, (780) 421-5945. Visit website for pictures.

For Sale. 2320 Flexicoil air drill tank, new auger, new manifold, and meter boxes. Phil, Morinville, (780) 699-2736.