

At Market Master

By Shelley Wetmore

July 3, 2009.....

Yes, corn is here—an alternative to feed wheat. There's very little feed wheat left for endusers (especially better quality wheat for hog producers and mills) to last out the summer. Available wheat bids for producers are very attractive but many growers are waiting to see the result of current crop conditions before opening the bin door. This cautiousness may carry over to barley. Feed barley prices are attractive to growers but crop conditions remain top priority. If endusers continue to find resistance with procuring barley, corn might look attractive to them, too—especially in a month's time or so when switching rations will be an easier decision to make.

You'll notice a new bid for **November barley** in the "Bid Board." It's a significant change from earlier numbers. To put this in perspective to a **price at the bin**, here are estimates:

Manning	\$3.34
Spruce Grove	\$3.70
Vegreville	\$3.65
Lacombe	\$3.90
Oyen	\$3.75
Mossleigh	\$4.00

Lastly, please complete the informal survey in this week's issue. Let's learn from each other's area.

Be Grainwise!

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

US Grain

Soy Complex

Tuesday's USDA S/D and planted acreage report provided soybean bulls with a welcome surprise. Bean plantings were estimated at 77.5 mln acres. Although this is a 2% increase over last year's total and will be the largest bean crop on record, it's still about 1 mln acres less than the average pre-report guesstimate. Going into the report, everyone knew that year-end bean stocks were going to be tight and this does little to change that perception.

Old crop weekly exports were firm at 193,500 mt, well above what's needed to reach the newly-revised annual sales projection of 1.25 bln bu. New crop sales came in at 250,000 mt.

Putting a lid on further gains is ideal weather in the Midwest, raising the spectre of another bumper bean crop.

AUG beans bounded 26 cents higher to \$11.54/bu while meal rose \$11.20 to \$382.20/t. AUG oil struggled, down \$0.90 cents to 35.34/t.

Corn

Corn traders got blindsided when the USDA released its June 30th report (see Strategies). A higher than expected planted acreage figure put corn futures into a tailspin with the SEP slamming 46 cents lower to \$3.45¾/bu. The bearish acreage figure combined with ideal growing conditions (93% in the good-to-excellent category) to send corn bulls running for the exits.

Even a strong weekly export figure of 1.155 mmt did little to stem the tide. A shortened trading week due to the July 4th holiday came as welcome relief to battle scarred corn traders.

Wheat

The wheat market seems to have few friends these days and the USDA report did little to change that. The winter wheat crop is being harvested so there were no acreage surprises there but many expected spring wheat acres to be reduced due to overly wet conditions in large portions of the northern plains—not the case. A figure of 13.77 mln acres

was actually .47 mln acres higher than the March report. Perhaps even more damning is that stocks are estimated to have risen 118% from last year. Weekly exports of just 241,900 mt compounded wheat's woes. 415,800 mt are needed on a weekly basis to meet the current new crop export estimate of 900 mln bu.

SEP CBOT wheat skidded 34 cents to \$5.29/bu while KCBT wheat fell 35¾ cents to settle at \$5.64¼/bu. SEP MGE wheat crashed 44¾ cents to \$6.22½/bu.

Canadian Grain

Oilseeds

NOV canola followed beans, closing \$2.20 higher at \$458.50/MT. A lower dollar and growing production concerns in eastern Alberta and parts of western Saskatchewan also provided support as did routine export and crusher demand. A lack of farmer selling was also positive for prices. However, sharply lower bean oil prices and weaker energy markets capped further gains.

Although some areas did receive some very welcomed precipitation, many areas remain in a severe drought. For some locations, it's too late to salvage any sort of meaningful crop. Other areas are hanging on by the skin of their teeth.

Feedgrain

Smaller barley crops in Canada and the US may have malsters on edge, particularly when you consider the shape some of those crops are in. With barley, though we have US corn to fall back on and, with prospects looking good there, barley prices can only rise so much before substitution begins to take place.

Nevertheless, OCT barley climbed \$5.50 to \$174.20/MT. Cash prices remain firm but largely unchanged.

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Nov 09	\$458.50	\$456.30	↑ \$2.20
Jan 10	\$462.90	\$460.30	↑ \$2.60
Mar 10	\$467.20	\$464.60	↑ \$2.60
May 10	\$468.70	\$466.10	↑ \$2.60
Jul 10	\$469.60	\$467.80	↑ \$1.80
Nov 10	\$472.30	\$472.80	↓ (\$0.50)
Barley	This Week	Last Week	Diff +/-
Oct 09	\$174.20	\$176.60	↓ (\$2.40)
Dec 09	\$175.00	\$176.60	↓ (\$1.60)
Mar 10	\$202.00	\$210.00	↓ (\$8.00)
Oct 10	\$204.00	\$212.00	↓ (\$8.00)
Dec 10	\$204.00	\$212.00	↓ (\$8.00)



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Strategies

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

Corn Causes Surprise

Without a doubt, the biggest surprise in this week's USDA report was the dramatically higher than expected corn acreage estimate.

While most traders were looking for a reduction of up to 1 mln acres, due to planting problems from excessive moisture, the USDA dropped a bombshell with an INCREASE of 2 mln acres from its March estimate.

That puts total corn acres at 87 mln acres—the **second largest crop in history**. Equally negative was that corn stocks have unexpectedly risen. While sales numbers continue to excel, shipments are running below current export projections. The predictable result was sharply lower prices.

There is some discontent with this week's report. Some feel the USDA has simply gotten it wrong and the final tally will show a much smaller corn crop than outlined this week. That may or may not be true but, for now, all the market has to work with are the numbers presented.

And, with much of the cornbelt experiencing ideal growing conditions after large amounts of rain earlier in the season, the old adage, "rain makes grain" will again be holding sway.

Technical Analysis

I've received questions concerning the technical analysis I do from time to time in this column.

"How do you know where to draw the lines and what's their significance?" Well, it's part science and part art.

There are countless types of studies (some very sophisticated) used by traders. While some trade solely on technical analysis, I like to use it as a tool. I still believe a firm understanding of market fundamentals (like supply and demand) are the most important.

However, technical analysis does have its place. Because of that, when time permits, I'm going to start illustrating some of the basic technical signals you can incorporate into a marketing strategy.

Trendlines

The most basic tool is trendlines. Note the SEP MGE wheat chart below. Obviously, this market is in a tailspin. The trendline "A" simply shows the direction of the market and is drawn as close to the daily market lines as possible—without intersecting any of those lines. The other trendline "B" shows the top range of that same daily movement. Together, they form a channel inside of which the daily market movement has taken place.

The trendline is something like the law of motion. Objects in motion tend to stay in motion. In this case, a market action within that channel tends to want to stay inside that channel. But those lines also serve as support and resistance. The market tends to bounce off the lower line "A" which becomes the support line. "B" is the resistance line. A move higher in the market will tend to bounce back lower off that line.

Obviously, no market goes up or down for ever. When the daily market activity pushes through either support "A" or resistance "B", it is said to have been broken and may indicate the beginnings of a new market trend.

Charts provided courtesy of TradingCharts.com
www.futures.tradingcharts.com



At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.37 FOB	July	Paynton
Barley, 48 lb	\$3.62 FOB	July	Vegreville
Barley, 48 lb	\$4.08 del Veteran	July	Oyen
Barley, 50 lb	\$3.50 FOB	July	La Corey
Barley, 50 lb	\$3.51 FOB	July	Boyle
Barley, 50 lb	\$3.75 del Barrhead	July	Westlock
Barley, 50 lb	\$3.25 FOB	July	Athabasca
Peas, feed	\$6.20 FOB	July	Boyle
Peas, feed	\$6.10 FOB	July	Galahad
Peas, feed	\$6.15 FOB	August	Macklin
Peas, feed	\$6.25 FOB	July	Paradise Valley
Wheat, 12% prt	\$5.25 FOB	July	Athabasca
Wheat, 12% prt	\$5.27 FOB	July	Wetaskiwin
Wheat, feed	\$6.06 del Lacombe	July	Ponoka
Wheat, feed	\$5.79 del Barrhead	July	Westlock

Faba Bean Fields Needed

Alberta Pulse Growers Commission is funding a disease survey that will quantify the incidence and severity of root rot in Alberta faba bean fields. The survey will be conducted on 30 commercial faba bean fields. If you have a faba bean field that could be included in the survey please contact APG in Leduc at (780) 986-9398.

Mobile Age Verification Reps

The Canadian Cattle Identification Agency, through a partnership with Alberta Agriculture, employs mobile field representatives to assist with the use and selection of RFID readers, software, and registration of animals, or premises identification at auction markets or producer meetings. To find the CCIA representative in your area, simply contact Sarah Tingley at the Ag-Info centre, 310-3276.

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (AUG)	\$84.88	\$82.35	↑ \$2.53
CME Live Hogs (AUG)	\$61.15	\$57.60	↑ \$3.55
CDN Dollar (SEP)	\$0.86	\$0.86	→ \$0.00
MGE Wheat (SEP) - CWRS	\$5.29	\$5.63	↓ (\$0.34)
CWB June PRO - CWRS	\$7.78	\$7.78	→ \$0.00
CWB Fixed Price - CWRS	\$6.79	\$7.17	↓ (\$0.38)
KCBOT Wheat (SEP) CPSR	\$5.64	\$6.00	↓ (\$0.36)
CWB June PRO - CPSR	\$6.67	\$6.67	→ \$0.00
CWB Fixed Price - CPSR	\$5.67	\$5.96	↓ (\$0.29)
CBOT Oats (SEP)	\$2.24	\$2.18	↑ \$0.06
Diesel (spot, Edmonton)	\$0.76	\$0.75	↑ \$0.01
Crude/Oil (AUG)	\$66.80	\$69.10	↓ (\$2.30)

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	July	\$3.95 del Red Deer
Barley	July	\$3.86 del Ponoka
Barley	July	\$4.12 del Lethbridge
Barley	July	\$3.86 del Edmonton
Barley	July	\$3.86 del Ferintosh
Barley	Jul-Aug	\$3.86 del Wetaskiwin
Barley	November	\$4.21 del Calgary
Canola	July	\$10.35 del Lloydminster
Canola	July	\$10.37 del Edmonton
Canola	July	\$10.41 del Crossfield
Canola	July	\$10.41 del Lacombe
Canola	November	\$10.04 del Lloydminster
Canola	November	\$10.61 del Edmonton
Canola	November	\$10.56 del Crossfield
Canola	November	\$10.51 del Lacombe
Oats, feed	July	\$2.41 del Pincher Creek
Oats #2 CW	July	\$2.44 del Linden
Oats, milling	Jul-Aug	\$2.18 del Barrhead
Oats, milling	October	\$1.93 del Martensville
Oats, milling	October	\$1.87 del Barrhead
Oats, milling	January	\$2.12 del Martensville
Oats, milling	January	\$1.99 del Barrhead
Peas, feed	July	\$6.74 del Red Deer
Peas, feed	July	\$6.69 del Edmonton
Peas, yellow	Aug-Sep	\$6.75 del Innisfail
Rye, feed	July	\$4.64 del Red Deer
Triticale, feed	July	\$4.30 del Red Deer
Wheat, feed	July	\$5.25 del Red Deer
Wheat, CWRS feed	July	\$5.66 del Lethbridge
Wheat, CWRS feed	July	\$5.25 del Edmonton
Wheat, feed	Jul-Aug	\$5.14 del Edmonton

Conversion Table

44 MT of	Equals	# of bu
barley	x 45.930	2,021 bushels
wheat, peas	x 36.744	1,617 bushels
canola	x 44.092	1,940 bushels
flax, rye, corn	x 39.368	1,732 bushels
oats	x 64.842	2,853 bushels

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 Strilchuk, 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.

What do our crops REALLY look like?

This is an informal survey. No private information shall be revealed outside the Market Master office. General, overall results will be published in the next issue of Grainwise and may be used by myself for agricultural articles. The purpose of this survey is to inform readers about crop conditions and potential results during a time of drought. Participation is encouraged.

How much moisture have you received this year? (inches)	_____ Total Amount		
How much moisture did you receive from June 1 to July 3? (inches)	_____ Total Amount		
Have you had a crop "written-off" and, if so, which one?			
If you are re-seeding, to what?			
Crops are not flourishing. Note your farm's average bu/ac, then, write your best guess as to what you think the actual result may be this year.	Number of Acres	10 Year Average for Farm	This Year's Guess
canola-conventional			
barley-feed			
barley-malt			
wheat-CWRS			
wheat-CPRS			
oats			
peas-green			
peas-yellow			

Please fax your information to Market Master at (780) 468-4620 or email responses to shelley.wetmore@shaw.ca

Deadline for participation is 5:00 pm, Friday, July 10.

Let's get the best information, straight from the farm. See how other parts of the province are actually faring.

(Perhaps there will be a small prize for the best guesser ... zero's don't count, by the way ...)

Salvaging Biomass from Annual Crops and Reseeding Considerations

Dry conditions throughout the province have resulted in producers looking for feed options. Depending upon whether producers are dealing with barley, oats or triticale, there are different feed options to consider.

"The main considerations right now are to take the pressure off perennial forage crops, provide more days of grazing, and stockpile what can be salvaged if it starts to rain," says Bill Chapman, crop business development specialist, AAFRD, Barrhead.

The level of crop growth will determine options producers can consider. Realistically, if a producer has crop insurance coverage and there's limited or no crop growth, it's key they talk to their crop insurance adjuster and have the inspection done. If reseeding is an option, it's important to get the adjustment done so arrangements for reseeding salvage crops can proceed. It's too late for a reseeding to meet the June 22 deadline for

crop insurance.

"The fact that there are dry conditions and a lack of growth in a large part of the province this year means that forages, whether hay, greenfeed or silage prices are going to go up due to the demand," says Chapman. "It is important to salvage as much as possible before proceeding to the next step."

When it comes to reseeding options, watch the depth of seeding (no more than an inch deep) and seeding rate. "It may be a good idea to combine spring and winter varieties of these crops. Spring varieties will head out and give some energy in a swath grazing system or mixing spring and winter that will give swath grazing options as well as additional forage for cattle to graze on and something for the next spring to put cattle and calves out on," says Chapman. "In some cases, it is better to seed a little lighter, from

a bushel to a bushel and a half per acre seeding rate. There is research that shows that fewer plants more energy per acre than corn or other will actually produce more grain and energy per acre when conditions are dry.

"Spring triticale is one crop that producers may want to consider as it seems to offer some good options under current conditions. Recent research has shown that spring triticale will give more growth and about 15 per cent more grain yield with the spring varieties, as well as some efficient weed control options. Forage growth will actually give forage crops given the conditions this year."

Alberta Agriculture is monitoring conditions daily and reports are being sent to the Minister and management. Call the Ag-Info Centre at 310-FARM (3276) with questions or for more information.