

At Market Master

By Shelley Wetmore

August 7, 2009.....

There are still attractive prices available for some commodities.

Feed wheat currently ranges from \$5.00 to \$5.65 delivered, depending upon quality. For example, we'll need one load of high protein, no ergot, feed wheat, next week into Two Hills, at \$5.65 delivered.

Barley prices range from the \$3.65 into Lethbridge, \$3.55 in central Alberta, to \$3.20 in the east central part of the province. Reflect what you've received for feed barley prices over the past fifteen years or so and these levels are still good.

Human consumption peas, feed peas, and faba beans levels are still kind to the pocketbook while oats remain flat, flat, flat. Review the Bid Board.

Canola levels are a wide-ranging animal. Ensure you review basis levels and flat prices from a variety of buyers before you book anything. In some cases, there can be a difference of 50 cents/bushel for the same time period, from buyers located equidistance from your farm. Seller beware!

Ensure to check in with us next week as we're sure to have a new round of pricing again.

Be Grainwise!

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

US Grain

Soy Complex

Although bean crop conditions look good with no threatening weather on the radar, supplies are tight into the new crop year. Strong demand, particularly from China, is giving market bulls the upper hand at the moment.

Even the most optimistic bull was surprised by this week's 2.9 mmt export figure. 2.410 mmt for new crop beans while old crop saw sales of 494,500 mt. This pushes the total old crop sales figure over 1.305 bln bu which easily surpasses the current USDA estimate of 1.26 bln bu.

Outside markets, such as the DOW and energy markets, remained strong, supporting beans. There's concern that next week's USDA production report may add an additional half million acres to the bean total but, for the moment, no one seems overly concerned. The crucial timeframe for beans is August so adverse weather going forward would have more of an effect on beans than any other crop.

NOV beans shot 56½ cents higher to \$10.38½/bu while OCT meal rose \$16.30 higher to \$323.50/t. OCT oil settled at 37.10 cents/lb a rise of 1.68 cents.

Corn

Estimates for the corn crop just keep getting bigger and bigger. This week, Sparks Co. estimated an average yield of 164 bu/ac which would produce a crop in excess of 12½ bln bu. Unlike beans, it's estimated corn supplies could swell should current production estimates hold. However, market bulls are hoping that next week's USDA report will see a reduction in overall planted acres which would blunt the effect of a larger yield.

While weekly exports remained strong at 1.152 mmt and the market trend is for lower prices.

A collapsing hog market points to lower hog inventories down the road with corresponding lower demand for corn.

DEC futures slipped 23 cents to \$3.26½/bu.

Wheat

Wheat took it on the chin again. DEC CBOT futures slipped 39 cents to \$5.16¾/bu while KCBT wheat dropped 34 cents to \$5.42/bu. DEC MGE wheat slid 35 cents to \$5.85/bu.

Although pressure from the winter wheat harvest is over, prospects for a good spring wheat crop are weighing on the market, in addition to plentiful global supplies. Another blow came from an Egyptian wheat purchase which went entirely to France and Russia. Weekly exports were a decent 552,800 mt but few paid any attention.

Canadian Grain

Oilseeds

NOV canola took its lead from the US soy complex closing \$11.70 higher at \$428.70/MT.

Concern that an early frost could severely injure the late crop buoyed the market as did reports that up to 1 mln acres of Alberta crop land were affected by weekend hail storms. A slightly lower dollar was also beneficial. Despite local concerns, the canola market remains heavily influenced by global events. New crop basis levels are attractive in some areas—shop around.

Feedgrain

OCT barley slammed \$15.90 lower to \$138.10/MT in response to lower corn prices. In addition, the possibility of an early frost could cause a glut of feed quality grain. Cash bids have eroded over the past couple weeks.

Note

Drought concerns in Northern India have officials in looking to outside markets to fill their needs, raising prices in the process. India uses approximately 18 mmt of pulses. Current production estimates are in the 13 to 14 mmt area. Sugar imports are driving prices of that commodity through the roof.

Watching ICE

Weekly closing prices for Canadian grain futures

	This Week	Last Week	Diff +/-
Nov 09	\$428.70	\$417.00	↑ \$11.70
Jan 10	\$432.80	\$421.20	↑ \$11.60
Mar 10	\$436.30	\$423.80	↑ \$12.50
May 10	\$440.80	\$425.00	↑ \$15.80
Jul 10	\$446.10	\$422.90	↑ \$23.20
Nov 10	\$435.20	\$412.00	↑ \$23.20
Barley	This Week	Last Week	Diff +/-
Oct 09	\$138.10	\$154.00	↓ (\$15.90)
Nov 09	\$159.90	\$173.00	↓ (\$13.10)
Dec 09	\$140.00	\$155.90	↓ (\$15.90)
Jan 10	\$162.40	\$175.00	↓ (\$12.60)
Mar 10	\$168.00	\$180.60	↓ (\$12.60)
May 10	\$170.00	\$182.60	↓ (\$12.60)
Jul 10	\$170.00	\$182.60	↓ (\$12.60)
Oct 10	\$170.00	\$182.60	↓ (\$12.60)
Dec 10	\$170.00	\$182.60	↓ (\$12.60)



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Strategies

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Filling in the Gap

Just when you thought we were done with technicals, an interesting case has arisen in the canola market.

Analysts are predicting prices may soon drop back to “fill in the gap” left in this week’s trade. I thought this would be an excellent opportunity to illustrate just what is meant by “filling in the gap”. I’ve included a NOV canola chart.

First, look at the line that signifies each day’s trading “A”. The day I’ve chosen represents the trading action during the day of August 30th. If you look closely on the left side of the vertical line, you’ll see a small “tick” or horizontal line. (If the resolution in your fax doesn’t allow you to see the tick...you can easily access it on

www.tfccharts.com.) That little tick represents where the market opened on that particular day.

The length of the vertical line signifies the highs and lows for that day’s trading. In this case, you can see the market traded as low as \$388.40 “B” and as high as \$417 “C”, a trading range of \$28.60/t—a very volatile market on that particular day.

Now, if you look closely, you’ll see a second, heavier tick on the right side of the vertical line. That tick represents where the market closed on the day. In this case, it was at \$413.20/t.

Now, check out the trading line on August 4th “D”. Note how it started the day higher than even the highest trading point of the previous session. This leaves what is known as a “gap” “E”.

Conventional wisdom suggests markets don’t like gaps and it will make every effort to fill that gap—meaning the price would have to trade down to at least the highest trade of the day before the gap occurred.

I’m not sure how much stock I put in this particular technical phenomena but at least now you know what’s meant by “filling in the gap”.

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



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At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$3.25 FOB	August	Halkirtk
Barley, 50 lb	\$3.58 del Olds	August	Camrose
Barley, 52 lb	\$3.30 FOB	August	Donalda
Barley, 54 lb	\$3.10 FOB	August	Athabasca
Canola	\$10 over MAR del Fort Sask	August	Kingman
Oats, feed	1.96 FOB	August	Grassland
Wheat, feed	\$5.11 del Olds	August	Clive
Wheat, feed	\$4.62 FOB	August	Bonnyville
Wheat, 12.4% prt	\$5.10 FOB	August	Mayerthorpe
Wheat, 13% prt	\$5.25 FOB	August	Tofield
Wheat, 14% prt	\$5.36 FOB	August	Wetaskiwin
Faba beans	\$6.20 del Blackfalds	August	St. Michael

Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	August	\$3.58 del Olds
Barley	August	\$3.58 del Bowden
Barley	August	\$3.68 del Lethbridge
Barley	August	\$3.21 del Chauvin
Barley	August	\$3.21 FOB Edmonton
Canola	August	\$9.89 del Fort Saskatchewan
Canola	November	\$9.37 del Lloydminster
Canola	November	\$10.05 del Edmonton
Canola	November	\$10.00 del Crossfield
Canola	November	\$9.95 del Lacombe
Oats #2 CW	August	\$2.14 del Linden
Oats, #2 CW	Aug-Sep	\$1.94 del Edmonton
Oats, feed	August	\$2.41 del Pincher Creek
Oats, milling	September	\$2.33 del Barrhead
Oats, milling	October	\$1.71 del Barrhead
Oats, milling	March	\$1.83 del Barrhead
Peas, feed	August	\$6.20 del Olds
Peas, yellow	Aug-Sep	\$7.15 del Innisfail
Peas, green	Aug-Sep	\$8.00 del Innisfail
Wheat, 12.5% prt	August	\$5.66 del Red Deer
Wheat, feed	August	\$5.08 del Edmonton
Wheat, feed	August	\$5.11 del Olds

Conversion Table

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

What will actually be combined this fall?