

## At Market Master

By Shelley Wetmore

September 18, 2009.....

It's "GPO" time. As a grain producer, complete a Grain Pricing Order. The markets are bouncing up and down every day. Even here in the office, we receive orders from buyers for smaller quantities of feed wheat, barley, or peas and the orders are gobbled up by the next few producers who happen to call in. Keep in mind the GPO target should at least be "in the market." For example, since the average feed barley price at the bin is below \$3.00/bu, a target of \$4.00 at the bin would be ignored in today's market.

Regarding feed wheat, remember to have your protein tested for EVERY type of wheat harvest—not just CWRS. There ARE premiums available for higher protein feed wheat so know your product and be prepared. Samples can be sent to the office and we can have this done for you.

As some areas may be in short supply of good seed, I encourage all of you with extra supply to make use of the "Classifieds" section in Grainwise to help those who will be searching for a seed source.

Lastly, contrary to official reports and after talking with producers across the province, I don't see how we'll see an "average" canola yield in Alberta.

## Watching ICE

Weekly closing prices for Canadian grain futures

	This Week	Last Week	Diff +/-
Nov 09	\$390.20	\$394.20	↓ (\$4.00)
Jan 10	\$394.30	\$398.40	↓ (\$4.10)
Mar 10	\$396.90	\$400.40	↓ (\$3.50)
May 10	\$402.20	\$405.90	↓ (\$3.70)
Jul 10	\$404.10	\$411.20	↓ (\$7.10)
Nov 10	\$386.10	\$395.70	↓ (\$9.60)
<b>Barley</b>	<b>This Week</b>	<b>Last Week</b>	<b>Diff +/-</b>
Oct 09	\$120.50	\$113.10	↑ \$7.40
Nov 09	\$150.50	\$142.80	↑ \$7.70
Dec 09	\$123.50	\$116.10	↑ \$7.40
Jan 10	\$158.50	\$151.10	↑ \$7.40
Mar 10	\$165.00	\$157.60	↑ \$7.40
May 10	\$167.00	\$159.60	↑ \$7.40
Jul 10	\$167.00	\$159.60	↑ \$7.40
Oct 10	\$167.00	\$159.60	↑ \$7.40
Dec 10	\$167.00	\$159.60	↑ \$7.40

## Be Grainwise!

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

### US Grain

#### Soy Complex

The weather man giveth and the weather man taketh away (see Strategies).

That pretty much summed up trade in the soybean pits this week as weathermen vacillated on the chances for frost in parts of the US Midwest. Although bean crop prospects are excellent, the crop is late and is more vulnerable to a frost than it normally would be. However, early harvest results in areas where the soybean crop has matured are very good. While the harvest has yet to begin in earnest, these preliminary results reinforce the idea that we may well be looking at a bumper crop.

Weekly exports were disappointing at just 449,400 mt although an additional sale to China was announced during the week.

When the smoke cleared, NOV beans had climbed 38 cents to \$9.41/bu while OCT meal rose \$10.50 to \$290/t. Oil pushed 1.16 cents higher to 34.68 cents/lb. Speculative buying provided support during the week.

#### Corn

Weather forecasts calling for frost pushed corn futures sharply higher early in the week but prices faded along with the likelihood of frost as the week wore on.

Expectations of a huge corn crop continue to hang over the market. Like beans, corn crop conditions are excellent if not late but traders are reluctant to place the same weather premium on corn that they are on beans. (Corn tends to be an earlier crop than beans.)

Weekly sales came in at a robust 965,600 mt but did little to boost prices.

DEC corn slipped 1¾ cents lower to \$3.18/bu.

#### Wheat

Wheat continues to look for a bottom but so far hasn't found it. DED CBOT wheat slipped a dime lower to \$4.57¼ cents while KCBT wheat fell 5¾ cents to \$4.72/bu. MGE wheat closed 2¾ cents higher largely due to the fact that frost was forecast in the Northern US plains.

It's the same old story—abundant global supplies with no serious production problems on the horizon. However, with prices this low compared to new crop soybeans, it will be interesting to see how many acres of winter wheat will be seeded in the US this fall.

Weekly exports came in at a respectable 449,400 mt but were largely ignored by the market.

### Canadian Grain

#### Oilseeds

Strength of the Canadian dollar hit the canola market hard. So did the fact that many analysts now feel the prairie crop is far enough advanced that a frost would have only limited impact on overall yield.

Rumours of fresh export demand and improving crush margins were not enough to offset the bearish tone of the market. Early canola yields appear to be average or above leading many to believe we will eventually see a 10 mmt plus crop.

NOV canola slipped \$4.00 lower to \$390.20/MT.

#### Feedgrain

Cash barley bids remained mostly unchanged but OCT futures pushed \$7.40 higher to \$120.50/MT as speculators rolled out of their OCT short positions in what will soon be a delisted contract.

## Classifieds

**Greenfeed and Straw.** 900 bales, big rounds. Call Doug at (403) 809-0507, Mossleigh.

**Hay Bales.** For sale, 400 round hay bales, no rain. Price is \$0.06/lb. For more information, call Cody Kurek, St. Paul, (780) 645-9458.

**Equipment/Bale Hauling.** Perogy Trucking specializes in agricultural equipment hauling particularly combines. Also available for bale hauling. Call Lawrence Sarafinchan, (780) 385-2004.

**Combine for Sale.** 7721 John Deere combine, 2 speed cylinder, Rodono chopper (used only one season), new pick up belts. This combine is in good condition. Call Jason at (780) 878-4253, Ferintosh.



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# Strategies

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

Traders have becoming increasingly complacent in regards to US production, probably with good reason as production estimates continue to grow. In fact, it seems even global grain production is enjoying almost perfect weather.

However, prices spiked early this week (lead by soybeans) when frost was introduced into the forecast. The rally was short-lived though as subsequent forecasts removed the threat—at least for the time being. Although a huge bean crop is expected, crop fundamentals remain tight with little room for production loss.

Chinese demand remains particularly strong with large purchases again this week. And, until South American production comes online in the new year, the US will remain the primary source for beans.

Speaking of South America, it won't be long until the market shifts its gaze to

production prospects in that part of the world. Relatively strong bean prices have most analysts expecting additional plantings in Brazil and Argentina. Drought remains a concern in some areas in the Southern Hemisphere.

### Notes

The decline in wheat prices has been so dramatic, it has slipped below the **Spring Insured Price** offered by crop insurance. Assuming a producer is in a claim position, every bushel harvested may actually reduce total income should current market prices prevail.

A quick comment on the flax market which is on hold pending confirmation of possible GMO contamination of a cargo sent to Germany. While there are no registered GMO flax varieties in Canada, it is feared a variety called CDC Triffid,

which was deregistered many years ago, may have found its way into the shipment. Early test results indicate the presence of the genetic marker NPTII in "some" samples. Market reaction has been swift and dramatic with cash prices plunging and some buyers refusing to purchase product at any price. A quick resolution in favor of Canadian producers would be most welcome but I'm not holding my breath. Technical Analysis

This week's uptick in prices has the NOV bean chart on a better footing. Note how prices have broken out of the down trending channel "A" indicating a possible trend change. We've also avoided a test of support in the \$8.90/bu area "B". Even the MACD "C" seems to have the FMA (fast moving average) line break above the SMA (slow moving average) which is generally considered bullish.



**Working on a project? Need additional help?**

The VCI Action-Based Learning Program is putting out the call for project submissions for Fall 2009.

The program has been developed to provide Alberta business with access to University-based expertise and resources that will help identify opportunities to enhance a competitive advantage for your business and value chain partners. The Value Chain Unit staff work to connect your project submission to teams of students enrolled in the MBA, Master's In Agriculture, Nutrition and Food Sciences or appropriate undergraduate programs to perform business analysis for your project and is supervised by a faculty member at U of A.

Qualified students will apply value chain related business skills to provide case-specific business analysis for you that could include developing business plans, marketing research, demand forecasting, activity costing, inventory control, scanning data analysis, issues related to small product development, etc.

At the project's conclusion, students will prepare a report for the business that enables them to gain experience and course credit. The business benefits from obtaining the resources to help them with a specific business problem.

This year the program is funded by IAMF and project budgets must include company contributions.

Canadian Value Chain Network

The Canadian Value Chain Network is a group of value chain facilitators, coordinators and specialists who exchange information, contacts and experiences with the aim to collaborate on projects to further value chain development across Canada.

The Canadian Value Chain Network webpage provides contacts to resources and programs, and current workshops and training happening across Canada.

For further information, contact Margurite Thiessen, Value Chain Specialist, AAFRD Stony Plain, (780) 968-3513.

[margurite.thiessen@gov.ab.ca](mailto:margurite.thiessen@gov.ab.ca)

**Red Lentils?**

New export interest. Indication for top quality product is in the 32 cents/lb range. Please call Shelley W in the office.

**By The Number**

*Prices to keep an eye on!*

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (OCT)	\$85.55	\$87.20	↓ (\$1.65)
CME Live Hogs (OCT)	\$50.80	\$52.55	↓ (\$1.75)
CDN Dollar (DEC)	\$0.94	\$0.93	↑ \$0.01
MGE Wheat (DEC) - CWRS	\$4.57	\$4.66	↓ (\$0.09)
CWB SEP PRO - CWRS	\$6.70	\$6.70	→ \$0.00
CWB Fixed Price - CWRS	\$5.79	\$5.77	↑ \$0.02
KCBOT Wheat (DEC) CPSR	\$4.72	\$4.65	↑ \$0.07
CWB SEP PRO - CPSR	\$5.52	\$5.52	→ \$0.00
CWB Fixed Price - CPSR	\$4.71	\$4.73	↓ (\$0.02)
CBOT Oats (DEC)	\$2.13	\$2.08	↑ \$0.05
Diesel (spot, Edmonton)	\$0.75	\$0.75	→ \$0.00
Crude/Oil (OCT)	\$72.47	\$72.25	↑ \$0.22

**At The Bin**

*Prices booked this week (net to the producer)*

Grain	Price	When	Producer
Barley, 48 lb	\$2.75 FOB	September	Meeting Creek
Barley, 50 lb	\$2.51 FOB	September	Lavoy
Barley, 50 lb	\$2.67 FOB	September	Myrnam
Barley, 50 lb	\$2.88 del Edmonton	Sep-Oct	Morinville
Barley, 50 lb	\$2.75 FOB	Sep-Oct	Heisler
Oats, milling	\$1.91 FOB	September	Mundare
Oats, milling	\$1.80 FOB	September	Elk Point
Peas, yellow	\$5.11 del Olds	Sep-Oct	Wetaskiwin
Peas, yellow	\$4.85 FOB	Sep-Oct	Vermilion
Peas, yellow	\$5.10 FOB	October	Thorsby
Peas, green	\$7.00 del High Prairie	Sep-Oct	High Prairie
Rye, feed	\$3.30 FOB	September	De Winton
Wheat, feed	\$4.40 FOB	September	Morinville
Wheat, feed	\$4.10 del Edmonton	Sep-Oct	St. Albert
Wheat, 12.5% prt	\$4.13 FOB	Sep-Oct	Acadia Valley
Wheat, 12.5% prt	\$4.48 FOB	Oct-Nov	Camrose
Wheat, 12.5% prt	\$4.13 FOB	October	Acadia Valley
Wheat, 12.5% prt	\$3.86 FOB	November	Acadia Valley
Wheat, 12.8% prt	\$4.36 FOB	Sep-Oct	Sylvan Lake

**Bid Board**

*Buyers looking for grain (after brokerage)*

Grain	When	Location
Barley	September	\$3.08 del Brooks
Barley	September	\$3.14 del Lethbridge
Barley	Sep-Oct	\$2.75 FOB Edmonton
Barley	Oct-Dec	\$3.25 del Lethbridge
Barley	Nov-Dec	\$3.16 del Calgary
Barley	Jan-Mar 10	\$3.34 del Lethbridge
Barley	Jan-Mar 10	\$3.25 del Calgary
Canola	November	\$8.74 del Lloydminster
Canola	November	\$8.93 del Edmonton
Canola	November	\$8.89 del Crossfield
Canola	November	\$8.94 del Lacombe
Canola	November	\$8.88 del Fort Saskatchewan
Flax, milling	Sep-Oct	\$7.94 del Medicine Hat
Oats, milling	Sep-Oct	\$1.94 del Barrhead
Oats, milling	October	\$1.86 del Barrhead
Oats, milling	March 10	\$2.00 del Barrhead
Peas, feed	September	\$5.11 del Rimbey
Peas, green	Sep-Oct	\$7.00 del Innisfail
Peas, yellow	Sep-Oct	\$5.50 del Innisfail
Rye, milling	November	\$3.50 del Calgary
Wheat, feed	September	\$4.10 del Olds
Wheat, feed	October	\$4.16 del Edmonton
Wheat, 12.5% prt	November	\$4.57 del Red Deer
Wheat, feed	November	\$4.02 del Red Deer
Wheat, feed	Nov-Dec	\$4.02 del Lloydminster