

## At Market Master

By Shelley Wetmore

October 2, 2009.....

I was excited about some new crop oat pricing earlier in the week in the \$2.70/bu range, delivered to Barrhead. Of course, markets dove and it's now sitting around \$2.45/bu. All in all, if you're in the area, something to consider for next year if you think you might have bin space issues. For nearby, if you have basically perfect milling oats, the price is at \$2.20/bu delivered to Camrose. We have a few orders available for around \$2.00/bu at the bin in the Edmonton vicinity.

Feed wheat prices, so far, are stable but the outlook may be on the downside. Just compare last week's offerings from the CWB in the latest PRO and off-board opportunities and you'll have to get your pencil out to see which is the better alternative, especially for the lower classes of wheat.

Feed barley looks like it might be increasing by a few dollars per tonne. Since most end users are buying hand-to-mouth, I highly recommend the completion of GPOs. When someone calls looking for barley on a Friday for delivery the following week, it's best to be ready with a firm price offer.

Personal note ... final camping excursion of the year. Saturday morning in Tofield it was barely above zero. I don't think we need rain at this point.

## Watching ICE

Weekly closing prices for Canadian grain futures

	This Week	Last Week	Diff +/-
Nov 09	\$374.30	\$386.60	↓ (\$12.30)
Jan 10	\$379.80	\$391.60	↓ (\$11.80)
Mar 10	\$384.00	\$394.60	↓ (\$10.60)
May 10	\$388.00	\$394.70	↓ (\$6.70)
Jul 10	\$389.30	\$400.70	↓ (\$11.40)
Nov 10	\$373.80	\$383.80	↓ (\$10.00)
<b>Barley</b>	<b>This Week</b>	<b>Last Week</b>	<b>Diff +/-</b>
Nov 09	\$149.60	\$148.00	↑ \$1.60
Dec 09	\$111.60	\$107.50	↑ \$4.10
Jan 10	\$157.80	\$156.00	↑ \$1.80
Mar 10	\$162.00	\$162.50	↓ (\$0.50)
May 10	\$164.00	\$164.50	↓ (\$0.50)
Jul 10	\$164.00	\$164.50	↓ (\$0.50)
Oct 10	\$164.00	\$164.50	↓ (\$0.50)
Dec 10	\$164.00	\$164.50	↓ (\$0.50)

## Be Grainwise!

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

### US Grain

#### Soy Complex

With few weather concerns and better than expected early yields, beans took the path of least resistance—lower. While traders wait for next Friday's USDA S/D report, private forecasters are already voicing their opinions. Today, Informa estimated 09/10 bean production at 3,383 bln bu, 138 mln bu higher than the SEP USDA projection. Adding to the bearish tone are estimates from Brazil and Argentina for sharply higher production. In the case of Argentina, the expectation is for a crop almost double last year's 32 mmt at 61 mmt. The last USDA estimate was for a crop in the 50 mmt range.

Supporting the market to a certain extent was another week of strong exports coming in at 1.384 mmt which is over 4 times what is needed on a weekly basis to meet current yearly sales expectations.

However, a fly in the ointment was this week's inspections figure which came in at just 7.4 mln bu, well below the 28.5 mln bu needed to stay on pace with this year's export projections.

NOV beans tumbled 41 cents (most of that on Friday) to \$8.85/bu. DEC meal slipped \$11.90 lower to \$272/t while DEC oil fell .37 cents to 34.07 cents/lb.

#### Corn

While Informa's bean production estimate sent the market sharply lower, their corn production estimate of 13.127 bln bu was met with a few raised eyebrows. That figure would be 173 mln bu higher than the SEP USDA estimate, however, this year's crop is behind normal development and light frost in the Northern cornbelt is making traders nervous.

Also, early harvest results have indicated that low test weights may be a problem. While this crop may in fact exceed 13 bln bu when all the dust has settled, for the time being, the market is more inclined to take a wait and see attitude.

Another week of strong exports at 1.223 mmt, well over the 848,000 mt needed to meet yearly sales estimates, was also supportive.

At week's end DEC corn closed at \$3.33½/bu a drop of just ½ cent.

### Wheat

Another week, another series of contract lows in the three wheat exchanges.

DEC CBOT wheat slipped 8½ cents lower to \$4.41¼/bu while KCBT wheat fell 9¾ cents to \$4.59½/bu. DEC MGE wheat settled at \$4.78, a loss of 8¾/bu.

Although this week's export figure was a strong 538,200 mt, the shadow of ever increasing world supply continues to hang over this market (see Strategies).

The spring wheat harvest in the Northern US is wrapping up with better than expected yields. The only concern is that protein levels are lower than normal leading to the possibility of expanded premiums for high protein wheat down the road.

### Canadian Grain

#### Oilseeds

NOV canola plunged another \$12.30 to settle at \$374.30/MT.

Expectations for expanded production (see Strategies) and abnormally warm weather to get the crop in weighed on prices as did the lower tone in US beans. Additional weakness came from a pickup in farmer deliveries, keeping the supply pipeline full. Light crusher and exporter buying curbed further losses as did weakness in our dollar.

Technically speaking, this week's new contract low sets up the possibility of a run at long-term support in the \$350.00 area—not an inviting prospect.

#### Feedgrain

DEC barley put in a subdued week closing just 90 cents lower at \$106.60/MT. Expectations for a larger than expected crop was met by a lack of selling enthusiasm on the part of producers. For their part, end users are mostly current with their needs and see little need to chase the market higher.



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## Strategies

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

### Wheat News to Ponder

Just when you thought the wheat market had already absorbed all the negative news possible, the Dow Jones newsletter announced two large agricultural commodity funds owned by Deutsche Bank AG would be realigning their positions to conform to new US regulations which put limits on the ownership of individual commodities. The PowerShares DB Commodity Index Tracking Fund (which controls approximately 3.3 billion dollars) and PowerShares DB Agriculture Fund (with assets in the 2.2 billion dollar range) may jointly liquidate up to 12,000 wheat futures contracts. It's thought that most of these positions are held in the deferred months. Liquidation could occur at any time. The market fears others may soon follow suit.

Also negative was this week's USDA report which estimated total US production at 2.2 bln bu. While this isn't a huge increase over the AUG estimate of 2.196 bln bu, it's another reminder that production not only in the US but all over the world seems to be on the rise. Recent timely rains in Australia have analysts increasing projections there as well. The Russian wheat harvest appears to be producing another huge crop, almost like last year's. The upshot is that global supplies continue to grow with demand unable to keep pace. The latest IGC projection indicates world wheat carryout for 09/10 will rise to 185 mmt, an increase of 22 mt over last year.

Technically, the wheat market has little to offer market bulls. While the market continues to search for a bottom, there's little evidence a quick turnaround is at hand.

### StatsCan Report

Regarding today's StatsCan September 1st production report, in almost every case, production came in higher than the August report but below trade expectations. The 10.269 mmt canola figure is about what the trade was expecting at the first of September but almost universally, the market expects that number to climb in subsequent reports. An official with the Canadian Canola Council this week estimated the final number to exceed 11 mmt.

Total wheat production is expected to rise to 24.580 mmt. Again, most traders expect the final number to come in somewhere around the 26 mmt mark. Barley came in at 9.161 mmt, slightly higher than last month's 8.948 mmt but below the pre-report estimate in the 9.5 mmt range.

## By The Number

*Prices to keep an eye on!*

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	\$83.95	\$86.05	↓ (\$2.10)
CME Live Hogs (DEC)	\$48.55	\$50.00	↓ (\$1.45)
CDN Dollar (DEC)	\$0.92	\$0.92	→ \$0.00
MGE Wheat (DEC) - CWRS	\$4.41	\$4.49	↓ (\$0.08)
CWB OCT PRO - CWRS	\$6.67	\$6.67	→ \$0.00
CWB Fixed Price - CWRS	\$5.86	\$5.91	↓ (\$0.05)
KCBOT Wheat (DEC) CPSR	\$4.59	\$4.69	↓ (\$0.10)
CWB OCT PRO - CPSR	\$5.36	\$5.36	→ \$0.00
CWB Fixed Price - CPSR	\$4.71	\$4.81	↓ (\$0.10)
CBOT Oats (DEC)	\$2.20	\$2.19	↑ \$0.01
Diesel (spot, Edmonton)	\$0.72	\$0.73	↓ (\$0.01)
Crude/Oil (NOV)	\$70.82	\$66.00	↑ \$4.82

## At The Bin

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

Grain	Price	When	Producer
Barley, 48 lb	\$2.66 FOB	Sep-Oct	Myrnam
Barley, 48 lb	\$2.53 FOB	October	High Prairie
Barley, 48 lb	\$2.12 FOB	October	High Prairie
Barley, 50 lb	\$2.92 FOB	September	Craigmyle
Oats, feed	\$2.14 del Edmonton	Sep-Oct	New Sarepta
Peas, green	\$6.56 FOB	October	Enilda
Peas, green	\$6.21 FOB	October	High Prairie
Peas, green	\$8.00 del High Prairie	Oct-Nov	High Prairie
Faba beans	\$5.10 FOB	September	Calmar
Wheat, feed	\$4.02 FOB	October	Onoway
Wheat, 12.5% prt	\$4.50 FOB	Oct-Nov	Three Hills
Wheat, 12.5% prt	\$4.23 FOB	Oct-Nov	Millet
Wheat, 15.5% prt	\$4.13 FOB	October	Acadia Valley

## Grain Marketing To Do List

- Send samples to office for testing.
  - Make grain inventory list.
  - Complete GPOs.

(If you need help calculating your Grain Pricing Order, call Shelley. Forms can be faxed or are available on the website.)

## Bid Board

*Buyers looking for grain (after brokerage)*

Grain	When	Location
Barley	October	\$2.12 del Innisfail
Barley	October	\$3.16 del Lethbridge
Barley	Nov-Dec	\$3.29 del Lethbridge
Barley	Nov-Dec	\$3.21 del Calgary
Barley	January 10	\$3.38 del Lethbridge
Barley	Jan-Feb 10	\$3.27 del Calgary
Canola, 30% htd	October	\$7.31 del Vancouver
Canola	November	\$8.20 del Lloydminster
Canola	November	\$8.54 del Edmonton
Canola	November	\$8.61 del Crossfield
Canola	November	\$8.51 del Lacombe
Canola	November	\$8.55 del Fort Saskatchewan
Flax, milling	Oct-Nov	\$8.19 del Medicine Hat
Oats, #1 CW	October	\$2.14 del Camrose
Oats, milling	October	\$1.89 del Barrhead
Oats, milling	March 10	\$2.04 del Barrhead
Oats, milling	Sep-Nov 10	\$2.46 del Barrhead
Peas, green	October	\$7.35 del Innisfail
Peas, green	October	\$7.35 CLR High Prairie
Peas, yellow	November	\$5.35 del Innisfail
Rye, feed	Oct-Nov	\$3.50 del Calgary
Wheat, feed	November	\$4.02 FOB Edmonton
Wheat, 12.5% prt	November	\$4.84 del Red Deer
Wheat, feed	November	\$4.02 del Red Deer
Wheat, feed	Nov-Dec	\$3.75 del Irma
Wheat, feed	December	\$3.89 de Lloydminster
Wheat, feed	Jan-Mar 10	\$3.89 del Irma