

At Market Master

By Shelley Wetmore

October 9, 2009.....

I've always reminded producers to check protein on ALL types of wheat, even CPSR.

For example, let's look at the wheat bids for January (see Bid Board). The offer of \$4.70 delivered to Red Deer is for a CWRs variety BUT for CPSR, the price is \$4.43 delivered. This year, due to dryness, there are many areas that are reporting CPSR wheat with proteins even in the 15% range!

Now, compare that price against what's available for #1 CPSR through the board. Let's take a farmer in the Edmonton area and figure out the math.

To go to the Red Deer area, the buyer's freight rate is \$14 per tonne. That gives the producer \$4.05 at the bin. According to September's CWB PRO, the average Alberta price for #1 CPSR is \$3.98 delivered to the elevator. Take off a minimum of \$7.00 per tonne for freight which gives the producer \$3.79 at the bin. With the off-board option, the grain is delivered and all the money received at once. With the on-board option, the grain is delivered (25% of what is contracted) and only the initial payment is received up front.

Get your samples tested sooner than later and beat the rush. You can always drop by the office, have coffee (or bring Tim's) and we'll get the results for you.

Watching ICE

Weekly closing prices for Canadian grain futures

	This Week	Last Week	Diff +/-
Nov 09	\$382.30	\$374.30	↑ \$8.00
Jan 10	\$387.30	\$379.80	↑ \$7.50
Mar 10	\$391.90	\$384.00	↑ \$7.90
May 10	\$396.30	\$388.00	↑ \$8.30
Jul 10	\$401.30	\$389.30	↑ \$12.00
Nov 10	\$391.30	\$373.80	↑ \$17.50
Barley	This Week	Last Week	Diff +/-
Nov 09	\$151.00	\$149.60	↑ \$1.40
Dec 09	\$113.00	\$111.60	↑ \$1.40
Jan 10	\$157.00	\$157.80	↓ (\$0.80)
Mar 10	\$164.20	\$162.00	↑ \$2.20
May 10	\$166.20	\$164.00	↑ \$2.20
Jul 10	\$166.20	\$164.00	↑ \$2.20
Oct 10	\$166.20	\$164.00	↑ \$2.20
Dec 10	\$166.20	\$164.00	↑ \$2.20

Be Grainwise!

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

US Grain

Soy Complex

An uneventful USDA report (see Strategies) was pushed aside in favour of weather concerns in the US Midwest to send NOV beans 79 cents higher to \$9.64/bu. DEC meal followed suit, spiraling \$29.50 higher to \$297.30/t while oil closed 1.13 cents higher at 35.20 cents/lb.

Expectations for frost over the weekend was the primary focus this week but a sharply lower US dollar also helped futures rally. A weaker dollar makes US exports more attractive in the world market and that fact was reflected in this week's sales report which announced sales of 1.385 mmt, dwarfing the 327,700 mt needed on a weekly basis to meet current USDA annual sales estimates.

The only negative coming out of the report was that actual shipments came up short of what's required to meet the 1.28 bln bu export target. Look for the aftermath from this weekend's frost event to set the tone in early trade next week.

Corn

DEC corn also had a strong run closing out the week at \$3.62 /bu, a rise of 28¾ cents/bu.

Many of the same factors in play in the soy market pulled the corn market higher. Possible frost, a lower dollar, and strong exports which came in at 1.223 mmt (easily surpassing the 848,500 mt needed to meet current export goals) all had a positive influence on prices. This morning's USDA report was deemed slightly bearish towards corn and was probably responsible for the poor close to end the week.

Wheat

Even wheat posted gains with DEC CBOT climbing 26¾ cents to \$4.68/bu. KCBT wheat closed 25½ cents higher at \$4.85/bu while MGE wheat cracked the \$5.00 barrier by posting a gain of 26 cents to settle at \$5.04/bu. Again, the lower dollar played a large role in wheat's push to the upside as it's probably the most currency sensitive of all the grains.

Weekly exports were strong at 538,200 mt but this total was widely expected and had a minimal effect on prices. Excellent conditions for the newly planted US winter wheat crop had a small dampening effect on prices.

Canadian Grain

Oilseeds

Despite our sharply higher Canadian dollar, NOV canola posted a gain of \$8.00 to close at \$382.30/MT. Rumours of Chinese interest spurred the market but actual sales are not expected until next week. A slowdown in farmer selling was supportive as was the amount of canola that remains to be harvested in Western Canada.

The latest report coming out of Saskatchewan indicates that 35% of the crop in that province has yet to be harvested. Limiting further gains is the expectation that the crop will eventually be harvested and we could be looking at a total tonnage in excess of 11 mmt.

Feedgrain

DEC barley closed marginally higher, climbing \$1.40 to \$113.00/MT largely due to spillover support from corn.

On the cash front, an indifferent enduser is being met by a lack of enthusiasm on the part of the producer resulting in a largely stagnant market.

Grain Marketing To Do List ...

- I've sent samples to Market Master for testing—including CPS wheat, oats, and peas.
- I've made a grain inventory list.
- I've set some GPOs.

If you need help formulating a Grain Pricing Order, call Shelley. Forms can be faxed or are available on the website.



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Strategies

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

Few surprises came out in this morning's USDA S/D report. An increase in corn's average yield to 164.2 bu/ac for a total crop of 13.018 bln bu more than made up for the reduction of 700,000 harvested acres. If realized, this would be the largest average yield in history and the second largest crop in history, only surpassed by the crop of 1997. The additional production would cause a rise in US carryout to 1.672 bln. While large, it wasn't as high as many had thought due to a corresponding rise in consumption. However, these figures were calculated Oct 1 and (contrary to the old assumption that big crops get bigger) many analysts feel these may be the highest corn estimates of the year, particularly if this weekend's frost comes to fruition. World carryout was actually lowered by almost 3 mmt to 136.3 mmt.

Soybean bulls received slightly bullish news as new crop production came in lower than the SEP report. Total production was 3.250 bln bu versus trade expectations of 3.291 bln bu. Average yield came in at 42.4 bu/ac versus pre-report projections in the 42.9 bu/ac area. US carryout is projected at 230 mln bu, slightly lower than the average pre-report guess of 257 mln bu but higher than SEP's 220 mln bu. Global carryout is expected to rise from the SEP estimate of 50.53 mmt to 54.79 mmt. This increase is largely due to higher than expected production from Argentina. Market bears are quick to point out that Argentinean production may rise even higher than the figures used in today's report.

Total US wheat carryout eclipsed even the most pessimistic trader at 864 mln bu. The average pre-report estimate was slightly below 800 mln bu. World carryout was left largely unchanged at 186.7 mmt due to expectations for higher global consumption. It will come as no surprise that wheat remains the most bearish of the grains and the most vulnerable to further selling pressure.

Congratulations to everyone who has finished harvest! Hopefully, we'll have a return to warmer, dryer weather for those who haven't finished yet. Regardless of harvest progress, we all have much to be thankful for in this country. I wish you all a Happy Thanksgiving, enjoyed with family and friends.

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	\$84.85	\$83.95	↑ \$0.90
CME Live Hogs (DEC)	\$52.75	\$48.55	↑ \$4.20
CDN Dollar (DEC)	\$0.96	\$0.92	↑ \$0.04
MGE Wheat (DEC) - CWRS	\$4.68	\$4.41	↑ \$0.27
CWB SEP PRO - CWRS	\$6.67	\$6.67	→ \$0.00
CWB Fixed Price - CWRS	\$5.97	\$5.86	↑ \$0.11
KCBOT Wheat (DEC) CPSR	\$4.85	\$4.59	↑ \$0.26
CWB SEP PRO - CPSR	\$5.36	\$5.36	→ \$0.00
CWB Fixed Price - CPSR	\$4.77	\$4.77	→ \$0.00
CBOT Oats (DEC)	\$2.40	\$2.20	↑ \$0.20
Diesel (spot, Edmonton)	\$0.74	\$0.72	↑ \$0.02
Crude/Oil (NOV)	\$71.69	\$70.82	↑ \$0.87

At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$3.01 del Ferintosh	October	Thorsby
Barley, 48 lb	\$2.74 FOB	Oct-Nov	Morinville
Barley, 48 lb	\$3.21 del Brooks	Nov-Dec	Acadia Valley
Barley, 48 lb	\$2.90 FOB	October	Calmar
Barley, 48 lb	\$2.92 FOB	October	Bashaw
Barley, 48 lb	\$2.85 FOB	October	Calmar
Barley, 50 lb	\$3.21 del Brooks	Nov-Dec	Heisler
Barley, 53 lb	\$2.85 FOB	October	Thorsby
Peas, feed	\$5.00 FOB	October	Galahad
Peas, feed	\$5.00 FOB	October	Castor
Peas, green	\$6.50 del High Prairie	November	High Prairie
Wheat, feed	\$4.10 FOB	January	New Norway
Wheat, 13% prt	\$4.29 del Edberg	October	Thorhild
Wheat, 13.5% prt	\$4.28 FOB	Nov-Dec	Ferintosh
Wheat, 13.5% prt	\$4.08 FOB	January	Oyen
Wheat, 13.5% prt	CWB Contract	Nov-Dec	Innisfree

Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	October	\$3.21 del Lethbridge
Barley	Oct-Nov	\$2.90 del Czar
Barley	Oct-Nov	\$2.86 FOB Edmonton
Barley	Nov-Dec	\$3.31 del Lethbridge
Barley	December	\$3.23 del Calgary
Barley	January	\$3.40 del Lethbridge
Barley	Jan-Feb	\$3.27 del Calgary
Canola, 30% htd	October	\$7.31 del Vancouver
Canola	November	\$8.38 del Lloydminster
Canola	November	\$8.63 del Edmonton
Canola	November	\$8.79 del Crossfield
Canola	November	\$8.69 del Lacombe
Canola	November	\$8.72 del Fort Saskatchewan
Flax, milling	Oct-Nov	\$7.94 del Medicine Hat
Oats, #1 CW	October	\$2.19 del Camrose
Oats, milling	October	\$2.02 del Barrhead
Oats, feed	Oct-Nov	\$2.02 FOB Edmonton
Oats, milling	March	\$2.16 del Barrhead
Oats, milling	Sep-Nov 10	\$2.47 del Barrhead
Peas, green	Oct-Nov	\$7.25 del Innisfail
Peas, green	Oct-Nov	\$7.25 CLR High Prairie
Peas, yellow	Nov-Dec	\$5.25 del Innisfail
Rye, feed	Oct-Dec	\$3.50 del Calgary
Wheat, feed	October	\$4.02 del Lethbridge
Wheat, 12.5% prt	October	\$4.29 del Edberg
Wheat, feed	November	\$4.02 FOB Edmonton
Wheat, 12.5 % prt	November	\$4.84 del Red Deer
Wheat, feed	November	\$4.29 del Red Deer
Wheat, feed	November	\$4.16 del Edmonton
Wheat, feed	December	\$3.89 del Lloydminster
Wheat, 12.5% prt	Jan-Mar	\$4.70 del Red Deer
Wheat, feed	Jan-Mar	\$4.43 del Red Deer