

At Market Master

By Shelley Wetmore

October 23, 2009.....

The most exciting news this week was the upswing for feed barley bids. We can now book for November at \$3.00 at the bin for many, many areas so please call the office to see if your farm qualifies.

The most depressing news this week was the whole canola issue with China. Read about it in John Stewart's **Strategies** section. If this continues, it could be simply horrible for the farming community. Realistically, it should be a non-issue, period.

What's on most grain producers' minds is still harvest. There are many acres out there and the weather forecasts aren't favourable at this time. It's predominately canola out there but even some late-seeding peas are sitting unharvested. Keep your fingers crossed for everyone with this struggle.

I'd like to remind everyone who plans on attending FarmTech 2010 in January, here in Edmonton, to book your hotel rooms soon. Last year, many producers who visited our booth were disappointed to have to drive quite a distance to the Mayfield as that hotel (where the show is hosted) was already booked up by the time January arrived. So, be the early bird and do it now.

Between the increase in feed barley and decrease in canola, it should be interesting next week!

Watching ICE

Weekly closing prices for Canadian grain futures

Canola	This Week	Last Week	Diff +/-
Nov 09	\$380.40	\$387.30	↓ (\$6.90)
Jan 10	\$387.70	\$391.30	↓ (\$3.60)
Mar 10	\$394.60	\$396.40	↓ (\$1.80)
May 10	\$398.80	\$400.30	↓ (\$1.50)
Jul 10	\$401.90	\$402.40	↓ (\$0.50)
Nov 10	\$403.70	\$392.50	↑ \$11.20
Barley	This Week	Last Week	Diff +/-
Nov 09	\$160.90	\$151.00	↑ \$9.90
Jan 10	\$160.90	\$156.00	↑ \$4.90
Mar 10	\$163.90	\$163.00	↑ \$0.90
May 10	\$165.90	\$165.00	↑ \$0.90
Jul 10	\$165.90	\$165.00	↑ \$0.90
Oct 10	\$165.90	\$165.00	↑ \$0.90
Dec 10	\$165.90	\$165.00	↑ \$0.90

Be Grainwise!

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

Soy Complex

JAN beans put in another strong week firing 25¼ cents higher to \$10.07½/bu. DEC meal shot \$8.60 higher to \$303.30/t while oil closed a penny higher at 37.94 cents/lb.

Wet weather and calls for another precipitation event next week were primarily responsible for this week's strength although stronger crude prices and a relatively stable stock market were supportive. Weakness in the US dollar also pushed prices higher.

The bean harvest is lagging well behind normal at just 30% completed versus the 5 year average of 72%. However, despite rain in many parts of the Midwest, some analysts feel next Monday's report will show that as much as 50% of the crop in the bin. Time will tell but there's very little wiggle room on the S/D ledger so harvest progress will be closely watched.

Exports remain on a torrid pace with this week's total coming in at 987,300 mt which is over three times what's needed to meet yearly export expectations.

Corn

DEC corn traded over the \$4.00/bu mark for the first time in a long time and finally settled at \$3.97¾, a rise of 25¾/bu.

Many of the same factors responsible for strength in the bean market were also at play in corn. Harvest delays due to excessive moisture has just 17% of the crop in the bin versus the long-term average of 46%. The one thing in corn's favour is it can handle more wet weather than beans before harvest losses begin to mount.

Weekly exports were rather disappointing at just 234,900 mt versus the 824,600 mt needed to stay on track with the latest USDA estimate.

Wheat

Once again, wheat lead the market higher with DEC CBOT wheat firing 49 cents higher to \$5.47¾/bu.

Delays in the bean harvest is pushing this contract higher as much of the SRW wheat which is traded in Chicago is planted on bean land following the harvest. There are concerns that a combination of lower prices and wet weather may seriously cut into wheat acreage. KCBT

wheat took its lead from Chicago and shot 39 cents higher at \$5.49½/bu. MGE wheat rose 34¼/bu to \$5.60¾/bu.

Weakness in the dollar was also partly responsible for this week's strength as wheat remains the most sensitive to the currency fluctuations. Dry conditions in the Ukraine where the winter wheat crop has been recently seeded were also seen as offering support. Weekly sales came in at a robust 627,600 mt which exceeded most pre report estimates.

Canadian Grain

Oilseeds

Strength in the Canadian dollar and worry over the CFIA announcement concerning potential new shipping requirements on canola bound for China (see Strategies) had canola on the ropes late in the week.

The JAN contract closed \$10.90 lower to \$380.40/MT, despite underlying strength in the world vegoil market. Concern that a significant amount of canola remains on the ground in Western Canada where harvest conditions have been less than favourable (to say the least) lent some support. Slow farmer selling and routine export business lead to modest gains early in the week.

Feedgrain

Spillover support from corn is having a positive influence on cash barley prices however DEC futures closed at \$116.50/MT, unchanged on the week.

A few months ago, the feed barley market looked dismal but recent strength in the global feed market has propped up prices with even better bids now available for deferred delivery.



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Strategies

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

Canola's Dive!

Thursday's announcement by the CFIA (Canadian Food Inspection Agency) that a conference call had been scheduled for Friday to discuss new regulations necessary to conduct further business to China put the market in a tailspin.

Recently, China had informed Australia of problems concerning blackleg in canola shipments from that country and that phytosanitary certificates indicating that future shipments were blackleg free would be necessary for future shipments.

Word from the Canola Council of Canada is that similar certificates will now be required for all shipments emanating from Canada.

Since almost all canola has at least minute amounts of blackleg in it—we may have a problem. Questions immediately began to surface as to not only the ramifications for further business with China but to the status of past sales which have yet to be delivered. Immediately futures plunged and basis levels skyrocketed.

With the recent European GMO concerns and the devastating impact it had on the flax market fresh in everyone's mind, commercial buyers were understandably spooked and backed away from the market in droves. I'm sure recent problems with canola meal sales to the US because of possible salmonella contamination were also forefront in the thoughts of traders.

China's participation in our canola market has been growing over the years. Demand from that country tends to come in fits and starts but it is a significant and growing part of our export program. The CGC website indicates for the 08/09 crop year 7.842 mmt of canola was exported, 2.872 mmt of that to China. Compare that against our more traditional buyer, Japan, which purchased 2.065 mmt the same year.

Because black leg has no effect on human health and it is thought that Chinese canola growing areas are already infected with blackleg, many traders are taking the view that this has less to do with canola safety and more to do with obtaining increased access to our markets for Chinese goods. The view is that canola simply makes a convenient bargaining chip.

At the time of writing I can find no further information as to the outcome of Friday's conference call. Hopefully, the matter can be resolved quickly with little disruption of canola movement to China.

Grain Marketing To Do List

- ✓ Send samples to Market Master for testing—including CPS wheat, oats, and peas.
- ✓ Make a grain inventory list.
- ✓ Complete Cost of Production
- ✓ Set GPOs.

Need help calculating a Grain Pricing Order? Call the office. GPO forms can be faxed or are available on the website.

At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 45 lb	\$2.29 FOB	Oct-Nov	High Prairie
Barley, 48 lb	\$3.01 FOB	January 10	Galahad
Barley, 48 lb	\$3.01 FOB	January 10	Millet
Barley, 48 lb	\$2.80 FOB	October	High Prairie
Barley, 48 lb	\$3.00 FOB	October	Heisler
Barley, 48 lb	\$3.01 FOB	November	St. Albert
Barley, 48 lb	\$3.01 FOB	November	Calmar
Barley, 50 lb	\$2.95 FOB	October	Vermillion
Barley, 50 lb	\$2.80 FOB	October	High Prairie
Barley, 50 lb	\$3.00 FOB	October	Millet
Barley, 50 lb	\$3.00 FOB	October	Edberg
Barley, 50 lb	\$3.00 FOB	October	Meeting Creek
Barley, 50 lb	\$3.16 del Wainwright	Oct-Nov	Blackfoot
Barley, 50 lb	\$3.10 del Vermillion	October	Vermillion
Barley, 52 lb	\$3.01 FOB	October	Stony Plain
Canola	\$8.81 FOB	Oct-Nov	Rollyview
Flax	\$8.20 del Stony Plain	Oct-Nov	Wetaskiwin
Oats, feed	\$2.32 del Didsbury	Oct-Nov	Clive
Oats, feed	\$2.33 del Edmonton	October	St. Albert
Oats, #1 CW	\$2.61 del Camrose	Sep-Oct 10	Hilliard
Oats, #1 CW	\$2.61 del Camrose	Sep-Oct 10	Thorsby
Oats, #1 CW	\$2.62 del Camrose	Sep-Oct 10	St. Paul
Peas, feed	\$5.11 FOB	October	Wetaskiwin
Wheat, feed	\$4.29 del Wetaskiwin	October	Edberg
Wheat, feed	\$4.24 del Edmonton	November	St. Albert
Wheat, feed	\$4.29 del Edberg	November	Wetaskiwin
Wheat, feed	\$4.16 FOB	October	Clive
Wheat, feed	\$4.24 del Edmonton	November	Mannville
Wheat, feed	\$4.02 FOB	December	Millet
Wheat, 12.5% prt	\$4.01 FOB	Nov-Dec	Barrhead

Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	Oct-Nov	\$3.10 del Ferintosh
Barley	Nov-Dec	\$3.31 del Lethbridge
Barley	Nov-Dec	\$3.21 del Brooks
Barley	December	\$3.29 del Calgary
Canola	November	\$8.62 del Fort Saskatchewan
Canola	March 10	\$8.87 del Fort Saskatchewan
Canola	March 10	\$8.80 del Lacombe
Canola	November 10	\$8.77 del Edmonton
Flax, milling	November	\$8.19 del Medicine Hat
Oats, #2 CW	Oct-Nov	\$2.34 del Barrhead
Oats, #1 CW	Oct-Nov	\$2.34 del Camrose
Oats, #2 CW	Sep-Nov 10	\$2.54 del Barrhead
Oats, #1 CW	Sep-Nov 10	\$2.54 del Camrose
Peas, green	November	\$7.25 del Innisfail
Peas, green	November	\$7.25 CLR High Prairie
Peas, yellow	Nov-Dec	\$5.10 del Innisfail
Wheat, 12.5% prt	Nov-Jan 10	\$4.57 del Red Deer
Wheat, CWRS 12.5% prt	Nov-Jan 10	\$4.84 del Red Deer
Wheat, feed	December	\$4.02 FOB Edmonton
Wheat, feed	Dec-Feb 10	\$4.29 del Red Deer

CWB October 2009-10 Average PRO

	Alberta		Sask		BC		
	Oct	Average		Average		Average	
	PRO	Deduc	Return	Deduc	Return	Deduc	Return
Wheat							
1 CWRS 14.5	\$7.16	\$1.38	\$5.78	\$1.59	\$5.57	\$1.32	\$5.84
1 CWRS 13.5	\$6.67	\$1.38	\$5.29	\$1.59	\$5.08	\$1.32	\$5.35
1 CWRS 12.5	\$6.29	\$1.38	\$4.91	\$1.59	\$4.70	\$1.32	\$4.97
1 CWRS 11.5	\$5.96	\$1.38	\$4.58	\$1.59	\$4.37	\$1.32	\$4.64
2 CWRS 13.5	\$6.48	\$1.38	\$5.10	\$1.59	\$4.89	\$1.32	\$5.16
2 CWRS 11.5	\$5.77	\$1.38	\$4.39	\$1.59	\$4.18	\$1.32	\$4.45
3 CWRS 13.0	\$5.88	\$1.38	\$4.50	\$1.59	\$4.29	\$1.32	\$4.56
3 CWRS	\$5.36	\$1.38	\$3.98	\$1.59	\$3.77	\$1.32	\$4.04
4 CWRS	\$4.98	\$1.38	\$3.60	\$1.59	\$3.39	\$1.32	\$3.66
1 CWHW 13.5	\$6.67	\$1.38	\$5.29	\$1.59	\$5.08	\$1.32	\$5.35
1 CPSR	\$5.36	\$1.38	\$3.98	\$1.59	\$3.77	\$1.32	\$4.04
1 CPSW	\$5.28	\$1.38	\$3.90	\$1.59	\$3.69	\$1.32	\$3.96
1 CWRW Select 11.5	\$5.58	\$1.37	\$4.21	\$1.67	\$3.91	\$1.32	\$4.26
1 CWRW	\$5.23	\$1.37	\$3.86	\$1.67	\$3.56	\$1.32	\$3.91
1 CWES	\$5.85	\$1.39	\$4.46	\$1.56	\$4.29	\$1.32	\$4.53
1 CWSWS	\$4.65	\$1.38	\$3.27	\$1.59	\$3.06	\$1.32	\$3.33
CW Feed	\$4.06	\$1.38	\$2.68	\$1.59	\$2.47	\$1.32	\$2.74
Durum							
1 CWAD 14.5	\$6.18	\$1.37	\$4.81	\$1.48	\$4.70	\$1.32	\$4.86
1 CWAD 13.0	\$5.88	\$1.37	\$4.51	\$1.48	\$4.40	\$1.32	\$4.56
1 CWAD 12.5	\$5.80	\$1.37	\$4.43	\$1.48	\$4.32	\$1.32	\$4.48
1 CWAD 11.5	\$5.61	\$1.37	\$4.24	\$1.48	\$4.13	\$1.32	\$4.29
Feed Barley							
1 CW Pool A	\$3.16	\$1.25	\$1.91	\$1.44	\$1.72	\$1.20	\$1.96
Designated Barley							
SS CW 2-row	\$4.53	\$1.25	\$3.28	\$1.44	\$3.09	\$1.26	\$3.27
SS CW 6-row	\$4.14	\$1.25	\$2.89	\$1.44	\$2.70	\$1.26	\$2.88

By The Number*Prices to keep an eye on!*

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	\$87.43	\$85.80	↑ \$1.63
CME Live Hogs (DEC)	\$53.10	\$54.15	↓ (\$1.05)
CDN Dollar (DEC)	\$0.95	\$0.97	↓ (\$0.02)
MGE Wheat (DEC) - CWRS	\$5.47	\$4.98	↑ \$0.49
CWB OCT PRO - CWRS	\$6.67	\$6.67	→ \$0.00
CWB Fixed Price - CWRS	\$6.50	\$6.14	↑ \$0.36
KCBOT Wheat (DEC) CPSR	\$5.49	\$5.10	↑ \$0.39
CWB OCT PRO - CPSR	\$5.36	\$5.36	→ \$0.00
CWB Fixed Price - CPSR	\$5.28	\$4.93	↑ \$0.35
CBOT Oats (DEC)	\$2.50	\$2.51	↓ (\$0.01)
Diesel (spot, Edmonton)	\$0.84	\$0.78	↑ \$0.06
Crude/Oil (NOV)	\$80.55	\$77.50	↑ \$3.05

CWB October PRO Commentary**Wheat**

The Euro, the Australian dollar, and the Russian rouble have all strengthened against the US dollar, increasing world prices in US dollar terms. The Canadian dollar has also strengthened, offsetting much of the impact of the US dollar. US wheat has been supported by a weak dollar and strong corn/soy futures as cool, wet conditions limit harvest progress. US futures have increased between \$0.41 and \$0.45/bu but there has been some erosion of basis levels.

World wheat production is forecast by the USDA to reach 668 million tonnes, the 2nd largest in history. Although global production is 14 million tonnes lower than last year, worldwide wheat stocks are forecast to grow by 20 million tonnes this year. Statiscan is forecasting Canadian all-wheat production of 24.6 million tonnes. The overall harvest in Western Canada is 88% complete, with spring wheat harvest at 90%.

US winter wheat planting is 69% complete, compared to 78% normally. US wheat exports continue to lag, with only 50% of the forecast export program sold, compared to 63% on average. In Brazil, rain continues to reduce quality and delay the harvest. The USDA forecasts Brazil will produce 4.5 million tonnes of wheat this crop year, compared to 6 million tonnes last year. As a result, Brazil is expected to import 6.5 million tonnes, 500,000 tonnes more than last year. High exports taxes in Argentina will limit exports forcing Brazil to import more wheat from other suppliers. Beneficial rains continue to boost crop prospects in Australia.

Feed barley

Global feed barley prices were slightly higher this month, but any gains from the U.S.-dollar-based export price structure were offset by the stronger Canadian dollar. Harvest concerns for the U.S. corn crop were supportive for feed grain prices. Cool, wet conditions in the corn-growing regions limited harvest progress. Moderate to heavy rains compounded problems caused by weeks of very wet conditions. The U.S. corn harvest is only 17-per-cent complete, compared to 46 per cent normally at this time. The USDA is forecasting global barley production of 147 million tonnes, which is five million tonnes larger than the five-year average. Statistics Canada has revised its Canadian barley production forecast up from 8.9 million tonnes to 9.2 million tonnes. Large carry-in stocks of barley will counter smaller-than-normal Canadian barley production. Black Sea feed barley remains the cheapest source of feed grain in the world.

Designated barley

Malting barley prices were pressured lower by large malting barley stocks, ample global production and a strong Canadian dollar. Malting barley prices also continue to be pressured down by large supplies of malting-quality barley in Europe and increased production estimates in Australia. Timely rains and good growing conditions have been favourable for the Australian barley crop. The USDA increased its forecast Australian barley production to 7.8 million tonnes, up 800 000 tonnes from last year. Increased production in Australia, if realized, would add to already-large global supplies of malting barley and pressure malting barley values closer to feed values.