

At Market Master

By Shelley Wetmore

October 30, 2009.....

I like watching oat prices increase. Many growers are waiting patiently with old crop still sitting in the bin and undecided whether to book anything or not. For fall 2010, I do encourage a bit of pricing. Yes, I feel prices will continue to improve but it's never a guarantee. Averaging your price up is always a good strategy. What IS a guarantee, however, is you'll lock-in a time-frame to move grain off the combine. \$2.50 at the bin for fall is not a bad place to start from.

Feed barley prices are up. The rise came about from a combination of both an increase in the cash market AND back-hauls from grain haulers. If I look forward (today, anyways) prices for January aren't much different. Everyone is watching watch happens with the US corn crop.

Canola futures have recovered a bit but have you noticed the basis levels? Ever since the Chinese issue emerged, basis widened from positive levels to typical negative levels.

No matter what crop we're talking about, here's a quote from a grain producer in Leduc, initials DW, that I just have to pass along. He says, "Hopefully, the prices go up like a bride's nightgown on her wedding night!"

Watching ICE

Weekly closing prices for Canadian grain futures

Canola	This Week	Last Week	Diff +/-
Nov 09	\$395.60	\$380.40	↑ \$15.20
Jan 10	\$402.10	\$387.70	↑ \$14.40
Mar 10	\$408.00	\$394.60	↑ \$13.40
May 10	\$411.00	\$398.80	↑ \$12.20
Jul 10	\$413.20	\$401.90	↑ \$11.30
Nov 10	\$407.50	\$403.70	↑ \$3.80
Barley	This Week	Last Week	Diff +/-
Nov 09	\$167.00	\$160.90	↑ \$6.10
Jan 10	\$156.00	\$160.90	↓ (\$4.90)
Mar 10	\$157.00	\$163.90	↓ (\$6.90)
May 10	\$159.00	\$165.90	↓ (\$6.90)
Jul 10	\$159.00	\$165.90	↓ (\$6.90)
Oct 10	\$159.00	\$165.90	↓ (\$6.90)
Dec 10	\$159.00	\$165.90	↓ (\$6.90)

Be Grainwise!

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

US Grain

Soy Complex

A stronger US dollar and weaker stock market pressured grains and oilseeds. However, unwanted precipitation continues to sideline the combines.

As stated last week, many analysts expected Monday's soybean crop progress report to show harvest at 50% complete. Many were surprised to see just 44% of the crop in the bin compared to the 5 year average of 80%. The Delta states are in particularly bad shape with excessive moisture leading to all sorts of problems—including mold (see Strategies). But, in the minds of traders, forecasts for drier conditions next week superseded wet weather this week.

Weekly exports of 691,000 mt doubled what is needed on a weekly basis to meet current yearly projections of 1.305 bln bu. Of equal importance, shipments came in at a robust 1.434 mmt.

Nevertheless, on the week, JAN beans skidded 31 cents lower to \$9.76½/bu while DEC meal fell \$6.30 lower to \$297/t. DEC oil lost 1.54 cents to settle at \$36.40 cents/lb. Losses could have easily been heavier had it not been for strong commercial support this week.

Corn

Unfortunately, corn did not enjoy the same sort of commercial support as beans, prompting losses of 31¾ cents in the DEC.

Ideas that corn can withstand wet weather better than beans lead to sustained pressure particularly in light of next week's more harvest-friendly forecast. However, as of Monday's report, just 20% of the US corn harvest had been completed versus the 5 year average of 58%.

Weekly exports were also a disappointment at just 367,200 mt versus the 837,700 mt needed to reach the current annual projection of 2.155 bln bu or 54.740 mmt.

Wheat

A combination of plentiful global supplies, a stronger US dollar, and a disappointing weekly export total of just 347,700 mt pushed DEC CBOT wheat 53½ cents lower to \$4.94¼/bu while KCBT wheat fell 50½ cents to \$4.99/bu. DEC MGE wheat fared best dropping "just" 48 cents to \$5.12¾/bu.

Despite a generally weaker US dollar, total wheat sales at this juncture of the marketing year are at the lowest level in 30 years. The recent run-up in wheat prices was thought to have been overdone, prompting non-commercials to take profits off the table.

Canadian Grain

Oilseeds

JAN canola actually closed \$7.90 higher at \$395.60/MT.

Although concern remains that exports may be curtailed due to China's insistence that all canola shipments from Canada be certified blackleg free, rumours that negotiations between Canada and Chinese officials are going well, buoyed prices.

Estimates that up to 20% of the prairie canola crop may still be sitting in swaths also gave prices a shot in the arm. If true, up to 2 mmt of canola has yet to be harvested.

A weaker Canadian dollar also lent support. Technical resistance at \$400.00 limited further gains.

Feedgrain

JAN barley closed \$4.90 lower at \$156.00/MT. Futures followed the corn market lower in lacklustre trade but cash bids remain firm as producers remain reluctant sellers.

Rural Legend?

I've always heard of someone "adding water" to dry canola. This week, I spoke to someone who actually did it—and it worked! He said, "you have to do it properly." My thoughts are, why bother when some companies are paying premiums for really dry canola, anyways ...Shelley



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Strategies

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Chinese/Canola Issue

Despite that the Chinese/blackleg issue has yet to be resolved, canola held up well.

This week, a Canadian delegation was sent to China to resolve this potentially serious problem. So far, China's request that all canola shipped to that country after November 15th carry a certificate indicating it's free of blackleg still stands.

Although blackleg is present in almost all canola grown in the world (including China), Chinese officials insist our blackleg is a more virulent strain than what's present in China and that steps have to be taken to prevent it from getting a foothold in that country.

As you probably remember, Australia was given the same ultimatum some weeks back. While many analysts feel this is simply a ploy to push canola prices higher for Chinese producers, the simple fact is, with China being our number one buyer in recent years, any disruption in sales could have a dramatic effect on the market.

There's also concern China may be toughening up their standards for weed seed contamination for all imported grains. If this is the case, we may be looking at entirely different criteria insofar as grain exports to China are concerned.

CWB Deadlines/Contract Changes

The CWB has extended its October 31 sign-up deadline for "A" delivery wheat contracts (except for CWRW) wheat to November 4. However, the deadline for committing tonnage to a BPC contract remains at October 31.

There's one rather large change this year concerning the BPC program. Effective October 9, 2009, the basis no longer has to be locked-in by October 31, 2009 as was previously the case. Instead, the producer has the option of locking-in both the basis and the futures of any given contract up to the deadline for whatever contract month you have chosen.

For instance, if you have chosen the March 2010 contract, you now have until February 19 to lock-in not only the futures but the basis as well. This change gives the producer much needed flexibility with this program.

Contracts with just the basis portion of the contract can be rolled over to the next contract month but, if you already have the futures locked-in, you must also lock-in the basis before the contract deadline.

US Weather Conditions

As mentioned earlier, the Delta states are struggling with excessive moisture.

On a personal note, my wife Penny, who was born and raised in Arkansas, is currently visiting family and friends in that part of the world. Over the past two days, some areas have received up to 14 inches of rain along with tornadoes. This recent rainfall will push their annual precipitation well over the 6 FOOT mark! Anyone who has travelled the in the Mississippi Delta area can attest as to just how flat that land is. With that kind of precipitation, there's simply no place for it to go. No wonder they're "struggling".

Grain Marketing Courses

November 16 to November 27, Falher

Presented by Neil Blue and David Wong and hosted by SARDA and ARECA.

- Nov 16: introduction to marketing, marketing plans what is futures, basis, hedging
- Nov 17: historic prices, rolling contracts, pulse marketing
- Nov 20: introduction to options on futures
- Nov 23: CWB producer payment options
- Nov 24: at home simulated trading exercises
- Nov 25: fundamental and technical analysis market information sources, delivery alternatives
- Nov 27: producer market management contracting
Cost is \$400. Call SARDA at (780) 837-2900 to register.

November 30 to December 3, Leduc

Presented by Neil Blue

Cost is \$500. Call Neil Blue at (780) 853-6929 for more information and to register. Class size limited to 16.

September Estimate of Production of Principal Field Crops 2009

Source: Agri-food Statistics Update No. CR09-3

Wheat

Total production of spring wheat is projected at 5.5 million tonnes this year or 25% lower than 2008 and 8% below the 10-year average. This is mainly as a result of lower yields as total harvested acreage declined slightly. The provincial average yield is expected to be 36.4 bu/ac, down 23% from 2008, while harvested area could decline 3%, to 5.5 million acres.

For durum, production is estimated at 983,000 tonnes or 9% lower than 2008. This stems from lower yields, as the harvested area is expected to remain flat. Regarding yield, the provincial average is projected at 39.2 bu/ac, down 9% from 2008.

Overall, total production of all wheat could decline 24% to 6.7 million tonnes.

Barley

Total barley production is projected at 3.7 million tonnes, down 32% from last year and 25% below the 10-year average. The significant drop in production can be attributed to lower yields and a smaller harvested area. The provincial average yield for barley could decline 16% from last year to 56.2 bu/ac while the harvested area is expected to fall 19%.

Oats

Due to lower yields and decline in harvested acreage, total production is projected at 334,000 tonnes or 38% lower than 2008 and 51% below the 10-year average. The provincial average yield could decline 12% to 61.9 bu/ac. The harvested area could drop 30%.

Canola

Total canola production in Alberta could decline 36% from 2008, to 2.8 million tonnes, as both yields and harvested area are expected to be down significantly. Regarding yield, the provincial average is projected at 27.0 bu/ac or 27% lower than in 2008. The total harvested area could fall 12% to 4.5 million acres.

Peas

Total production of dry peas in 2009 is expected to be down 18% from last year, to 600,000 tonnes. The provincial average yield is projected at 29.8 bu/ac or 22% lower than in 2008 while the harvested area could increase 6% to a record 740,000 acres.

Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	November	\$3.36 del Lethbridge
Barley	November	\$3.36 del Scandia
Barley	November	\$3.21 del Red Deer
Barley	Nov-Dec	\$3.38 del Lethbridge
Barley	Nov-Dec	\$3.16 del Coronation
Canola	November	\$8.77 del Lacombe
Canola	November	\$8.95 del Fort Saskatchewan
Canola	March 10	\$9.15 del Fort Saskatchewan
Canola	March 10	\$9.05 del Lacombe
Canola	November 10	\$8.85 del Edmonton
Flax, milling	November	\$8.19 del Medicine Hat
Oats, #2 CW	Oct-Nov	\$2.44 del Barrhead
Oats, #1 CW	Oct-Nov	\$2.44 del Camrose
Oats, #2 CW	November	\$2.24 del Linden
Oats, feed	November	\$2.32 del Didsbury
Oats, #2 CW	June 10	\$2.60 del Barrhead
Oats, #2 CW	Sep-Nov 10	\$2.69 del Barrhead
Oats, #1 CW	Sep-Nov 10	\$2.69 del Camrose
Peas, green	November	\$7.25 del Innisfail
Peas, green	November	\$7.25 CLR High Prairie
Peas, yellow	Nov-Dec	\$6.00 del Innisfail
Rye, feed	Nov-Dec	\$3.62 del Picture Butte
Rye, milling	Jan-Feb 10	\$4.07 del Calgary
Triticale, feed	Nov-Dec	\$3.36 del Picture Butte
Wheat, feed	Oct-Nov	\$3.97 FOB Carbon
Wheat, feed	November	\$4.19 del Crossfield
Wheat, 12.5% prt	Nov-Jan 10	\$4.70 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

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	\$85.68	\$87.43	↓ (\$1.75)
CME Live Hogs (DEC)	\$56.70	\$53.10	↑ \$3.60
CDN Dollar (DEC)	\$0.93	\$0.95	↓ (\$0.02)
MGE Wheat (DEC) - CWRS	\$4.94	\$5.47	↓ (\$0.53)
CWB OCT PRO - CWRS	\$6.67	\$6.67	→ \$0.00
CWB Fixed Price - CWRS	\$6.27	\$6.50	↓ (\$0.23)
KCBOT Wheat (DEC) CPSR	\$4.99	\$5.49	↓ (\$0.50)
CWB OCT PRO - CPSR	\$5.36	\$5.36	→ \$0.00
CWB Fixed Price - CPSR	\$5.03	\$5.28	↓ (\$0.25)
CBOT Oats (DEC)	\$2.54	\$2.50	↑ \$0.04
Diesel (spot, Edmonton)	\$0.84	\$0.84	→ \$0.00
Crude/Oil (DEC)	\$77.00	\$80.55	↓ (\$3.55)

At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$2.95 FOB	November	Abee
Barley, 48 lb	\$2.90 FOB	November	Atmore
Barley, 48 lb	\$3.00 FOB	November	Halkirk
Barley, 48 lb	\$3.00 FOB	November	Ryley
Barley, 48 lb	\$3.00 FOB	November	Edgerton
Barley, 48 lb	\$3.00 FOB	November	Clyde
Barley, 48 lb	\$3.00 FOB	November	Wetaskiwin
Barley, 48 lb	\$2.55 FOB	Oct-Nov	High Prairie
Barley, 48 lb	\$2.44 FOB	November	High Prairie
Barley, 48 lb	\$3.00 FOB	December	Vimy
Barley, 48 lb	\$3.00 FOB	December	Bon Accord
Barley, 48 lb	\$3.00 FOB	November	Bruce
Barley, 48 lb	\$2.95 FOB	November	Bruce
Barley, 48 lb	\$2.94 FOB	December	Bonnyville
Barley, 48 lb	\$3.03 FOB	November	Hanna
Barley, 48 lb	\$2.71 FOB	November	Eaglsam
Barley, 48 lb	\$3.21 FOB	December	Wetaskiwin
Barley, 48 lb	\$3.03 FOB	December	Camrose
Barley, 48 lb	\$3.00 FOB	November	Camrose
Barley, 48 lb	\$3.03 FOB	November	Bashaw
Barley, 48 lb	\$2.95 FOB	Nov-Dec	Edgerton
Barley, 48 lb	\$3.00 FOB	December	Star
Barley, 50 lb	\$3.00 FOB	November	Fort Saskatchewan
Barley, 50 lb	\$3.01 FOB	November	Leduc
Barley, 50 lb	\$3.10 FOB	November	Madden
Barley, 50 lb	\$3.01 FOB	November	Ohaton
Barley, 50 lb	\$3.00 FOB	October	St. Michael
Barley, 50 lb	\$3.00 FOB	November	Spruce Grove
Barley, 50 lb	\$3.00 FOB	November	Millet
Barley, 52 lb	\$3.01 FOB	November	Legal
Barley, 52 lb	\$3.01 FOB	November	Barrhead
Barley, 52 lb	\$3.00 FOB	Nov-Dec	Sedgewick
Barley, 52 lb	\$3.00 FOB	December	Onoway
Barley, 52 lb	\$3.00 FOB	December	Viking
Barley, 52 lb	\$2.55 FOB	November	Grande Prairie
Barley, 53 lb	\$3.00 FOB	November	Camrose
Barley, 54 lb	\$3.01 FOB	November	Innisfree
Oats, milling	\$2.34 del Barrhead	November	Falher
Oats, milling	\$2.16 FOB	November	Derwent
Oats, #1 CW	\$2.24 FOB	November	Buck Lake
Oats, #1 CW	\$2.69 del Camrose	Sep-Oct 10	Hillard
Oats, #3 CW	\$1.91 FOB	November	Rollyview
Peas, green	\$6.55 FOB	November	Grimshaw
Peas, feed	\$5.27 del Red Deer	November	Wetaskiwin
Peas, yellow	\$6.00 del Innisfail	November	Halkirk
Peas, yellow	\$6.00 del Innisfail	November	Didsbury
Rye, feed	\$3.05 FOB	November	Chauvin
Wheat, 14% prt	\$4.35 FOB	January 10	Nisku
Wheat, 13% prt	\$4.41 FOB	December	Morinville