

## At Market Master

By Shelley Wetmore

**November 6, 2009** .....

With the China/canola issue at the forefront of every producer's mind, it might be wise to look at NEXT fall's canola bids. Prices have been in the \$9.00/bu range. Does this pricing fit into your marketing plan? The worst case is prices could continue to drop and next fall could see lowering offerings than what's available now. The best case is the \$9.00 range is your bottom price and, when next fall arrives, the bids are even better and you average your price up. In any case, keep fall canola bids in the back of your mind and listen for any progress with this issue.

A producer emailed me this week and referred to an earlier issue of Grainwise from November 2, 2001 for a very similar situation with China. History repeats?

## Watching ICE

Weekly closing prices for Canadian grain futures

Canola	This Week	Last Week	Diff +/-
Nov 09	\$394.70	\$395.60	↓ (\$0.90)
Jan 10	\$386.70	\$402.10	↓ (\$15.40)
Mar 10	\$392.40	\$408.00	↓ (\$15.60)
May 10	\$395.60	\$411.00	↓ (\$15.40)
Jul 10	\$399.10	\$413.20	↓ (\$14.10)
Nov 10	\$400.60	\$407.50	↓ (\$6.90)
Barley	This Week	Last Week	Diff +/-
Nov 09	\$175.00	\$167.00	↑ \$8.00
Jan 10	\$155.90	\$156.00	↓ (\$0.10)
Mar 10	\$157.90	\$157.00	↑ \$0.90
May 10	\$164.90	\$159.00	↑ \$5.90
Jul 10	\$164.90	\$159.00	↑ \$5.90
Oct 10	\$164.90	\$159.00	↑ \$5.90
Dec 10	\$164.90	\$159.00	↑ \$5.90



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## Be Grainwise!

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

### US Grain

With this week's weather more conducive to harvest over much of the US Midwest, we're finally seeing real harvest pressure. In many cases, however, both beans and corn are being harvested at less than optimum moisture levels.

Because many producers don't have the capability to dry and store grain harvested at these moisture levels, often the crop is simply dumped on the market. This causes not only futures selling but wider basis levels as well. Nevertheless, the crop is coming off and the crop appears to be a big one—at least that's what the market anticipates the USDA will state in its next S/D report scheduled for next Tuesday.

### Soy Complex

Informa Economics released their NOV bean estimate which, at 3.33 bln bu, was considered bearish in light of the fact the OCT USDA estimate came in at 3.25 bln bu. However, the figure was down from Informa's own OCT estimate of 3.383 bln bu.

Weekly exports came in at 522,100 mt. While this figure is lower than what was seen earlier in the crop year, it's still well over the 285,600 mt needed to meet current annual estimates.

JAN beans slipped 21½ cents lower to \$9.55/bu while DEC meal fell \$8.20 lower to \$288.80/t. DEC oil climbed .33 cents to 36.77 cents/lb.

### Corn

DEC corn inched a penny higher to \$3.67/bu. Weekly exports were disappointing at 564,000 mt, well short of the 848,400 mt needed to meet annual projections.

While harvest is picking up speed in the Midwest, most producers are focusing on soybeans, leaving the corn for later. Perhaps that's why just 25% of the crop is in the bin according to Monday's progress report. Many expect that number to climb to 35% by next Monday but that's still well below the normal of 71% completed.

Next Tuesday's report is expected to confirm that there's a very large crop

left out to be harvested but most expect the USDA to trim their production estimate to just under 13 bln bu.

### Wheat

Winter wheat plantings are expected to pick up steam. Fortunately for SRW growers, the planting window is wide but most would prefer to be done before November 1<sup>st</sup>.

Despite a sharp sell-off Friday, DEC CBOT closed 3 cents higher to \$4.97¼/bu while KCBT wheat climbed 2 cents to \$5.01/bu. MGE wheat rose 5½ cents to \$5.18¼/bu.

Weekly exports once again fell below the 371,600 mt needed to meet yearly projections. Coming in at just 284,500 mt, it was a disappointment. Also negative was both Egypt and Israel passed over US wheat in favour of product out of the Black Sea region.

### Canadian Grain

#### Oilseeds

Lack of a resolution for the China/blackleg problem continues to hang over the canola market (see Strategies).

Spillover weakness from soybeans also helped drive JAN canola \$15.40 lower to \$386.70/MT.

Unseasonably warm weather is helping the Western Canadian canola harvest to progress in some areas, however, it's estimated that as much as 2 mmt remains in the field. How much of that is still there once the snow flies is anyone's guess but the uncertainty is providing market support. Lack of farmer selling helped prevent further losses.

#### Feedgrain

JAN barley futures closed the week virtually unchanged at \$155.90/MT. Cash bids have also been stable although a slight weakening was noted in some areas.

Yellow pea bids are on the rise as commercials rush to cover new business from Pakistan, China, and India. There were also rumours of Cuban purchases.

## Strategies

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

### China, China, China!

Despite last week's rumours to the contrary, little progress has been made on the Chinese black leg issue. In fact, if anything, China seems to be hardening its stance that all canola exports from this country after November 15<sup>th</sup> will require a certificate indicating the shipment is blackleg free. Since Canada (or any other exporter for that matter) can't possibly make that claim, it would mean shipments to China would cease from that point on. China's participation in our canola market has grown over the past few years so they're now responsible for about 1/3 of our exports. It's a market that is not easily ignored.

While almost no one believes China's hard-line stance has anything to do with blackleg, there's an almost limitless supply of theories as to China's real intentions. The two most popular are they're trying to drive down the price of canola for future purchases or they want to raise an artificial barrier to imports so they can clear out some of their higher priced domestic supplies. Regardless, the uncertainty this issue is causing has the canola market back on its heels. We're now subject to the double whammy of lower futures prices due to our uncertain export picture and the effect it may have on our S/D balance sheet as well as wider basis levels as commercials hedge their bets until more light can be shed on this problem.

The next best chance for that light may come when Prime Minister Stephen Harper meets with Chinese officials during his official visit scheduled for Dec 2<sup>nd</sup> through the 6<sup>th</sup>. It's thought it would be good "optics" for the Chinese government to be able to announce a resolution to the problem under the media glare that inevitably surrounds such visits. It's even been suggested Harper would be less likely to press for Chinese human rights (at least publicly) while delicate canola negotiations were still ongoing.

### How Long Can I Store My Grain?

*Source: AAFRD*

Storage time varies depending not only on moisture, but also the temperature of the grain.

- Canola: If storing longer than 5 months the moisture should be no higher than 8% with uniform temperatures of under 15 °C.
- Peas: For prolonged storage the moisture should be less than 14% moisture and be cooled to less than 15 °C.
- Cereals: For long-term storage at 14 % the temperature should be 20 °C or less.

## Agriculture and The Economy

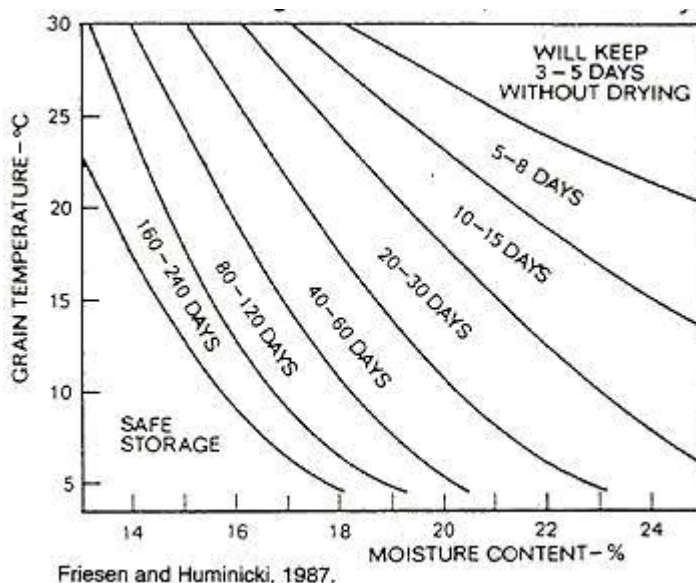
Open conversation on commodity markets, energy markets and the strong Canadian dollar will be the theme at the upcoming sessions being held in Alberta and BC in November. The sessions will give participants some insight as guest speaker Professor Jean-Philippe Gervais will give his outlook on Canada's economy and will present strategies that can be used to stay competitive in this volatile environment.

Gervais is a professor in the Department of Agricultural and Resource Economics at North Carolina State University. Prior to this appointment, he held the Canada Research Chair in Agri-industries and International Trade at Laval University, Canada. He obtained his PhD in economics in 1999 from Iowa State University, and has published numerous research articles centered on the linkages between domestic support and trade policies in agriculture as well as the determinants of competitiveness in agri-food markets.

### Locations and dates:

Wembley	November 23	Saskatoon Lake Hall
Taylor, BC	November 23	Taylor Community Hall
Fairview	November 24	Dunvegan Inn
Hawk Hills	November 25	Hawk Hills Community Centre
Falher	November 25	Knights of Columbus

These sessions are free and are open to all producers. Seating is limited so early registration is recommended. For more information or to register, visit [www.fcc.ca/learning](http://www.fcc.ca/learning) or call (800) 387-3232.



### At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$3.00 FOB	December	Andrew
Barley, 48 lb	\$3.00 FOB	Dec-Jan	Edgerton
Barley, 48 lb	\$3.00 FOB	December	Thorsby
Barley, 48 lb	\$3.00 FOB	December	Morinville
Barley, 48 lb	\$3.00 FOB	November	Camrose
Barley, 48 lb	\$3.00 FOB	December	Rosalind
Barley, 48 lb	\$3.21 del Red Deer	November	Hythe
Barley, 48 lb	\$2.95 FOB	Nov-Dec	Beaumont
Barley, 48 lb	\$3.38 Lethbridge	Nov-Dec	Barons
Barley, 50 lb	\$3.00 FOB	November	Morinville
Barley, 50 lb	\$2.94 FOB	December	Morinville
Barley, 52 lb	\$3.00 FOB	November	Clive
Canola	\$9.00 del Fort Sask	December	Meeting Creek
Flax, milling	\$8.44 del Stony Plain	November	Barrhead
Oats, milling	\$2.36 FOB	November	Newbrook
Oats, milling	\$2.25 FOB	November	Goodridge
Oats, milling	\$2.54 del Camrose	November	Hilliard
Oats, milling	\$2.34 FOB	November	Millet
Oats, #2 CW	\$2.67 del Barrhead	Sep-Oct 10	St. Albert
Oats, #2 CW	\$2.54 del Barrhead	November	Morinville
Peas, yellow, htd	\$4.43 del Bentley	November	Halkirk
Peas, yellow	\$6.25 del Innisfail	Dec-Jan	Wetaskiwin
Peas, yellow	\$6.25 del Innisfail	Dec-Jan	Falun
Peas, yellow	\$6.04 FOB	December	Eckville
Wheat, feed	\$4.22 del Carbon	November	Halkirk
Wheat, feed	\$4.00 FOB	January	Smoky Lake
Wheat, feed	\$4.02 FOB	December	Leduc
Wheat, feed	\$4.02 FOB	Nov-Dec	Warburg
Wheat, feed	\$4.29 del Bawlf	November	Camrose
Wheat, feed	\$4.20 FOB	Jan-Feb	Clive
Wheat, 13% prt	\$4.41 FOB	November	Morinville
Wheat, 13% prt	\$4.20 FOB	Nov-Dec	Leduc

### Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	Nov-Dec	\$3.16 del Coronation
Barley	December	\$3.38 del Lethbridge
Barley	December	\$3.00 FOB Camrose
Canola	November	\$8.70 del Lacombe
Canola	November	\$8.60 del Fort Sask
Canola	March 10	\$8.80 del Fort Sask
Canola	March 10	\$8.81 del Lacombe
Canola	November 10	\$8.70 del Edmonton
Flax, milling	Nov-Dec	\$8.44 del Medicine Hat
Flax, milling	Nov-Dec	\$8.44 del Stony Plain
Oats, #2 CW	November	\$2.54 del Barrhead
Oats, #1 CW	November	\$2.54 del Camrose
Oats, #2 CW	November	\$2.25 del Linden
Oats, #2 CW	June 10	\$2.59 del Barrhead
Oats, #2 CW	Sep-Nov 10	\$2.47 del Barrhead
Oats, #1 CW	Sep-Nov 10	\$2.47 del Camrose
Peas, green	Dec-Jan 10	\$7.40 del Innisfail
Peas, green	Dec-Jan 10	\$7.40 CLR High Prairie
Peas, yellow	January 10	\$6.35 del Innisfail
Rye, feed	November	\$3.75 del Calgary
Rye, milling	Jan-Feb 10	\$4.07 del Calgary
Triticale, feed	Nov-Dec	\$3.36 del Picture Butte
Wheat, feed	November	\$3.97 FOB Carbon
Wheat, feed	Nov-Dec	\$4.16 del Crossfield
Wheat, 12.5% prt	Nov-Dec	\$4.57 del Red Deer
Wheat, CWRS 12.5% prt	Nov-Dec	\$4.84 del Red Deer
Wheat, feed	December	\$4.29 del Red Deer
Wheat, feed	December	\$4.02 FOB Edmonton
Wheat, feed	Jan-Mar 10	\$4.43 del Red Deer
Wheat, 12.5% prt	Jan-Mar 10	\$4.70 del Red Deer
Wheat, CWRS 12.5% prt	Jan-Mar 10	\$4.97 del Red Deer

### 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.

### By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	\$85.00	\$85.68	↓ (\$0.68)
CME Live Hogs (DEC)	\$55.65	\$56.70	↓ (\$1.05)
CDN Dollar (DEC)	\$0.94	\$0.93	↑ \$0.01
MGE Wheat (DEC) - CWRS	\$4.97	\$4.94	↑ \$0.03
KCBOT Wheat (DEC) CPSR	\$5.01	\$4.99	↑ \$0.02
CBOT Oats (DEC)	\$2.54	\$2.54	→ \$0.00
Diesel (spot, Edmonton)	\$0.83	\$0.84	↓ (\$0.01)
Crude/Oil (DEC)	\$77.40	\$77.00	↑ \$0.40