Grainwise

At Market Master

By Shelley Wetmore

November 28, 2008……………….………

Not even a narrow basis prevented canola from slipping below the $9.00 mark. The average price for December and January deliveries now hovers around $8.70/bu. Further out, as of today, you'll be lucky to find canola in the $9.50 range by the time you hit July.

One thing to keep in mind is forward pricing canola for NEXT fall. A price over $9.00/bu at the bin should still be obtainable in most areas. If you reflect upon canola prices over the past 10 to 15 years, you'll recall a $9.00 price is at the upper end of overall prices. Think about these scenarios:

- if $9.00 was your LOWEST price next year, you'd be smiling.
- if $9.00 was your HIGHEST price next year, you'd be grateful you locked-in at least something.
- if you do absolutely nothing, you have a 50/50 change of the price being higher at harvest—or lower, of course.

The key is to price at least a portion of your commodities whenever a price presents itself to you in a profitable situation. Balance that along with how much risk you can handle and try to average the entire crop upwards.

Remember … there WAS an opportunity for $15.00 canola this past fall … how many actually locked it in?

Watching ICE

Your weekly closing ICE futures $/MT.

Canola	This Week	Last Week	Diff +/-
Jan 09	$400.90	$413.10	↓ ($12.20)
Mar 09	$409.90	$422.10	↓ ($12.20)
May 09	$419.00	$431.30	↓ ($12.30)
Jul 09	$426.50	$440.10	↓ ($13.60)
Nov 09	$441.80	$450.90	↓ ($9.10)
10-Jan	$448.60	$457.70	↓ ($9.10)
Barley	**This Week**	**Last Week**	**Diff +/-**
Dec 08	$136.50	$140.80	↓ ($4.30)
Mar 09	$149.50	$149.80	↓ ($0.30)
May 09	$155.10	$155.50	↓ ($0.40)
Jul 09	$156.10	$156.50	↓ ($0.40)
Oct 10	$156.10	$156.50	↓ ($0.40)

Be Grainwise!

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

US Grain

Soy Complex

The relatively slow pace to this year's harvest may have given beans support this week but I think the influence from outside markets had more to do with JAN beans' 43 cent climb to $8.83/bu. DEC meal had a similarly strong week, posting gains of $6.10 to settle at $256/t. Even oil was buoyed by the uptick in the crude oil market and closed 1.88 cents higher at 32.58 cents/lb.

A weekly export figure of 785,000 mt was well over the 260,500 mt needed to stay on track to meet current USDA annual sales projections. However, that report didn't come out until Friday (due to US Thanksgiving) so the effect was muted with few traders returning to work after Thursday's holiday.

From a technical point of view, this week's trade was slightly constructive but we have a long way to go before we can even call a market bottom let alone a resurgent bull market.

Corn

DEC futures closed 11 cents higher at $3.49½/bu. However, unlike beans, corn exports continue to lag the pace needed to meet current USDA annual sales projections of 1.9 bln bu. This week's total did little to alleviate that situation coming in at just 465,400 mt. However, even this figure was better than last week's total.

89% of the corn crop has been harvested which is substantially less than the 5 year average of 97%. You might think this would be bullish but, in fact, it is pressuring the market. Traders expect the remaining bushels to come off in less than ideal condition and may be dumped on the market simply to get rid of it.

Wheat

Wheat continues to trade with the spectre of a huge world crop hanging over its head. While true, much of that wheat is poor quality and the world is starting to place a premium on higher quality high protein wheat.

There are concerns that the drought in Argentina is reducing yields. Similarly, heavy rains in parts of Australia are hindering harvest with the potential to reduce yield and or quality. In fact, Argentina's drought is spilling over into Brazil's soybean growing areas.

DEC CBOT wheat pushed 43½ cents higher to $5.42½/bu while KCBT wheat closed 31¼ cents higher to $5.64¾/bu. With the world suddenly looking for better quality wheat, you'd think MGE wheat would fare best of all but the DEC only managed a 13 cent gain to $5.99½/bu. The biggest difference for the higher quality wheats is in the cash market with substantially better basis levels.

Canadian Grain

Oilseeds

Canola was disappointing this week, closing $12.60 lower at $400.50/MT.

Elevator hedging, due to increased farmer selling, pressured the market lower. Obviously, producers are taking advantage of recent improvements in basis levels for immediate delivery. However, prairie producers are sitting on a record crop, a point which should be reflected in next week's StatsCan report.

From a technical perspective, it was good to see the psychologically important $400.00/MT mark hold—at least for now.

Feedgrain

DEC barley slipped another $6.80 lower to $134.00/MT. Plentiful supplies and sluggish enduser demand is pressuring both futures and cash bids. A warmer than usual fall with no snow is also curbing demand.

Edible pea bids have slipped back from the recent premiums available a couple of weeks ago. Prices have stabilized.

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Strategies

A Farmer's Perspective … by John Stewart, Galahad, Alberta,

US Holiday

It was a relatively quiet week with trading basically confined to the first three days of the week. Traditionally, most traders take the opportunity to make a long weekend out of the US Thanksgiving holiday and this year was no exception. Although the markets in the US did trade until noon on Friday, it was more of an exercise in computer-generated, position -evening going into the weekend than anything else.

Black Friday

Once again, it was the influence of outside markets that gave direction to grain and oilseed markets. The DOW posted some consecutive gains this week which gave traders some much needed optimism. Stock markets will likely look to the results of Black Friday's shopping when next week's trading resumes.

Black Friday is a term analysts have given to the day after the US Thanksgiving. Traditionally, it's thought that retailers are finally in the "black" by this point and are relying on the rest of the holiday season to make their profits.

Crude Oil

A slightly stronger crude oil market also gave the markets momentum but whether this turns out to be simply a small rally in an overall bear market or the beginnings of a fresh bull markets remains to be seen. My money is on the former.

US Dollar

The US dollar strengthened again this week due to the political uncertainty caused by the terrorist attacks in Mumbai India (formerly Bombay).

In today's world of instant communications, confidence or fear can permeate the world's markets almost immediately. The strong dollar continues to be a problem for US commodities.

It was reported this week that Japan actually booked corn out of the Black Sea region—that is almost unheard of. But, the relatively high price of US corn (thanks in part to the high priced US dollar), along exceptionally cheap ocean freight rates, made the deal viable.

At some point, confidence in the world credit markets will be restored and I'd expect to see the US greenback weaken in comparison to other world currencies. Just when … is anyone's guess.

Conversion Table

40 MT of	Equals	# of bu
barley	x 45.930	1,837 bushels
wheat, peas	x 36.744	1,470 bushels
canola	x 44.092	1,764 bushels
flax, rye, corn	x 39.368	1,575 bushels
oats	x 64.842	2,594 bushels

High-Speed for Rural Alberta

"While high-speed broadband service is readily available to many Albertans, some rural and remote communities have limited or no access to this valuable resource,'' said AAFRD Minister George Groeneveld. "This new funding will support locally-driven solutions for bringing high-speed broadband services to rural Alberta communities so they can be part of an increasingly connected global economy.''

The Community Broadband Infrastructure Pilot Program is designed to help economically vulnerable rural communities adapt to change by investing in their future.

Eligible activities include:

1. infrastructure projects to benefit from the Alberta SuperNet, a high-speed, high-capacity broadband network linking government offices, schools, health-care facilities and libraries;
2. evaluating technologies to expand or improve broadband service;
3. feasibility studies to support broadband infrastructure projects; and
4. outreach and extension programs to promote broadband use

Eligible applicants include municipalities, First Nations and Métis Settlements, not-for-profit community organizations, and co-operatives. Grant amounts range from $10,000 to a maximum of $500,000 per project. The funding will encourage skills training, entrepreneurship, and innovative ways to keep pace with a digital economy in a knowledge-based society.

Communities interested in accessing the Community Broadband Infrastructure Pilot Program can contact AAFRD's Rural Development Division at (780) 427-2409 or email ruralconnections@gov.ab.ca or www.rural.alberta.ca.

Value Plus Workshop

The two-day Value Plus workshop, a joint venture among the Canadian Farm Business Management Council, AAFRD, and Community Futures, is in Airdrie on January 16 and 17.

The workshop will provide process information that will help farm and rural-based entrepreneurs tap into new value added opportunities from idea to market. Case studies of innovative rural and farm businesses that have developed value added ideas and opportunities will be explored and used as teaching models that will be beneficial for anyone wanting to start a new farm-related enterprise or to diversify their farm business, whether that business is custom farm work, grain elevation/trucking, breeding stock genetics, farm machinery invention/adaptations, trait specific identity preserved crops, woodlot products, processing farm products, ag consulting, farm gate marketing or other direct marketing - community shared agriculture.

For more information, visit the Farm Centre website www.farmcentre.com/EventsAnnouncements/Events/ValuePlus/2008-2009/ or contact Jan Warren, new ventures business development specialist with AAFRD, Lethbridge at (403) 381-5844.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	$3.20 FOB	Dec	Viking
Barley, 48 lb	$3.00 FOB	Jan 09	Bruderheim
Barley, 48 lb	$3.21 FOB	Dec	Wetaskiwin
Barley, 50 lb	$3.10 FOB	Dec	Bruderheim
Barley, 50 lb	$3.25 FOB	Nov-Dec	Castor
Barley, 52 lb	$3.10 FOB	Dec	Lavoy
Barley, 55 lb	$3.40 FOB	Dec	Rockyford
Barley, 50 lb	$3.44 del Red Deer	Dec	Viking
Peas, yellow	$7.00 del Innisfail	Jan 09	Stettler
Wheat, feed	$4.51 FOB	Dec	Wetaskiwin
Wheat, feed	$4.84 del Lacombe	Jan 09	Clive
Wheat, feed	$4.90 del Edmonton	Dec	New Norway
Wheat, feed	$4.90 del Edmonton	Dec	Leduc
Wheat, 17.5% prt	$5.11 FOB	Jan-Feb	Bawlf

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	$87.38	$84.90	↑ $2.48
CME Live Hogs (DEC)	$59.50	$56.88	↑ $2.62
CDN Dollar (DEC)	$0.81	$0.78	↑ $0.03
Minneapolis Wheat (DEC)	$5.42	$4.99	↑ $0.43
Kansas City Wheat (DEC)	$5.63	$5.33	↑ $0.30
Chicago Oats (DEC)	$2.01	$2.00	↑ $0.01
Diesel (spot, Edmonton)	$0.92	$0.99	↓ ($0.07)
Crude/Oil (JAN)	$54.43	$49.93	↑ $4.50

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Dec-Jan	$3.64 del Lethbridge
Barley	Dec-Jan	$3.42 del Red Deet
Barley	January	$3.42 del Olds
Wheat, 12.5% prt	December	$4.57 FOB Edmonton
Wheat, 12.5% prt	December	$4.57 FOB Edmonton
Wheat, feed	December	$5.11 del Lethbridge
Wheat, feed	Dec-Jan	$4.57 FOB Edmonton
Wheat, feed	Dec-Jan	$4.90 del Edmonton
Wheat, feed	Jan-Mar	$4.84 del Lacombe
Wheat, 12.5% prt	Feb-Mar	$5.11 del Red Deer
Peas, feed	December	$6.34 del Red Deer
Peas, feed	December	$6.42 del Lethbridge
Peas, yellow	Jan-Feb	$6.25 del Innisfail
Peas, yellow	Jan-Feb	$5.90 del Three Hills
Peas, yellow	Jan-Feb	$5.90 del Wembley
Flax, milling	Dec-Jan	$11.42 del Lethbridge
Flax, milling	Dec-Feb	$11.25 Del Edmonton
Canola	December	$8.81 del Lloydminster
Canola, 20% htd	Dec-Jan	$6.74 del Edmonton
Canola, 30% htd	Dec-Jan	$6.18 del Edmonton
Canola	January	$8.53 del Lloydminster
Canola	March	$8.81 del Fort Sask
Canola	March	$8.78 del Lloydminster
Canola	November 2009	$9.32 del Fort Sask
Oats, feed	December	$2.41 del Lethbridge
Oats, milling	January	$1.81 del Martensville
Oats, milling	March	$1.92 del Martensville
Oats, milling	April	$1.73 del Barrhead
Oats, #2 CW	Apr-Jun	$1.94 del Edmonton
Oats, milling	July	$2.07 del Martensville
Oats, milling	July	$1.87 del Barrhead
Oats, milling	November 2009	$2.26 del Martensville
Oats, milling	November 2009	$2.07 del Barrhead

Regional Meeting Region 6

Free Lunch!

ALBERTA Canola PRODUCERS COMMISSION

How are levy dollars spent?

December 3, Onoway Legion
9:00 am to 4:00 pm

9:00 am	registration, coffee, announcements
9:35 am	agronomic update
10:20 am	fertilizer update, alternatives
10:45 am	coffee break
11:00 am	ACPS update
12:00 pm	lunch sponsored by Bunge Canada
1:00 pm	clubroot presentation
2:00 pm	consumer perspective
2:30 pm	coffee break
2:45 pm	marketing update, contracts and basis
3:30 pm	wrap-up, door prizes, potential resolutions

Yes, we'll have a couch again this year!

Visit our booth # 72.

Bring samples with you.

CWB November 2008-2009 Average PRO

	NOV	Alberta		Sask		BC	
		Average		Average		Average	
	PRO	Deduc	Return	Deduc	Return	Deduc	Return
Wheat							
1 CWRS 14.5	$8.82	$1.45	$7.37	$1.66	$7.16	$1.36	$7.46
1 CWRS 13.5	$8.49	$1.45	$7.04	$1.66	$6.83	$1.36	$7.13
1 CWRS 12.5	$8.27	$1.45	$6.82	$1.66	$6.61	$1.36	$6.91
1 CWRS 11.5	$8.08	$1.45	$6.63	$1.66	$6.42	$1.36	$6.72
2 CWRS 13.5	$8.33	$1.45	$6.88	$1.66	$6.67	$1.36	$6.97
2 CWRS 11.5	$7.92	$1.45	$6.47	$1.66	$6.26	$1.36	$6.56
3 CWRS 13.0	$7.81	$1.45	$6.36	$1.66	$6.15	$1.36	$6.45
3 CWRS	$7.48	$1.45	$6.03	$1.66	$5.82	$1.36	$6.12
4 CWRS	$7.16	$1.45	$5.71	$1.66	$5.50	$1.36	$5.80
1 CWHW 13.5	$8.49	$1.45	$7.04	$1.66	$6.83	$1.36	$7.13
1 CPSR	$7.43	$1.45	$5.98	$1.66	$5.77	$1.36	$6.07
1 CPSW	$7.43	$1.45	$5.98	$1.66	$5.77	$1.36	$6.07
1 CWRW Select 11.5	$7.62	$1.45	$6.17	$1.66	$5.96	$1.36	$6.26
1 CWRW	$7.29	$1.45	$5.84	$1.66	$5.63	$1.36	$5.93
1 CWES	$7.59	$1.41	$6.18	$1.65	$5.94	$1.36	$6.23
1 CWSWS	$6.48	$1.45	$5.03	$1.66	$4.82	$1.36	$5.12
CW Feed	$5.44	$1.45	$3.99	$1.66	$3.78	$1.36	$4.08
Durum							
1 CWAD 14.5	$10.07	$1.47	$8.60	$1.57	$8.50	$1.35	$8.72
1 CWAD 13.0	$9.80	$1.47	$8.33	$1.57	$8.23	$1.35	$8.45
1 CWAD 12.5	$9.74	$1.47	$8.27	$1.57	$8.17	$1.35	$8.39
1 CWAD 11.5	$9.66	$1.47	$8.19	$1.57	$8.09	$1.35	$8.31
2 CWAD 13.0	$9.44	$1.47	$7.97	$1.57	$7.87	$1.35	$8.09
2 CWAD 11.5	$9.31	$1.47	$7.84	$1.57	$7.74	$1.35	$7.96
3 CWAD 13.0	$9.06	$1.47	$7.59	$1.57	$7.49	$1.35	$7.71
3 CWAD	$8.87	$1.47	$7.40	$1.57	$7.30	$1.35	$7.52
4 CWAD	$8.22	$1.47	$6.75	$1.57	$6.65	$1.35	$6.87
5 CWAD	$5.44	$1.47	$3.97	$1.57	$3.87	$1.35	$4.09
Feed Barley							
1 CW Pool A	$4.14	$1.24	$2.90	$1.49	$2.65	$1.17	$2.97
Designated Barley							
SS CW 2-row	$7.05	$1.27	$5.78	$1.47	$5.58	$1.23	$5.82
SS CW 6-row	$6.62	$1.27	$5.35	$1.47	$5.15	$1.23	$5.39

CWB November PRO Commentary

Wheat

Extreme volatility in financial markets was mirrored in global commodity markets during the past month. While continuing to exhibit large price swings, US wheat future values are nearly unchanged. World wheat production continues to increase, with the USDA now projecting a world crop of 682 million tonnes. The record world wheat crop continues to pressure prices in most exporting regions. The Australian harvest has been hurt by early-season dryness and quality has been downgraded by recent heavy rains. Despite the smaller crop estimates for Australia, production is still expected to be 50% larger than 2007. Argentina's crop continues to decline under hot, dry conditions. The reduction in Southern Hemisphere production has provided only minor support to futures and cash markets. Large crops in Europe and the Black Sea region are pressuring international values. The weakened Canadian dollar has helped support the PRO along with a dramatic drop in ocean freight rates.

Durum

International durum prices have stabilized as most major growing areas have harvested their crops. Prices have been pressured by increased supplies of durum wheat. A large European crop and limited export demand have pushed international values lower. Durum demand is expected to pick up in the coming months as consuming countries begin to exhaust their domestic supplies. The weakened Canadian dollar and lower freight rates have also supported durum.

Feed barley

Global feed barley prices continued to decline as large Black Sea and European barley crops are being aggressively marketed during the post-harvest period. Despite the drop in ocean freight rates, North American barley values are still not competitive with Black Sea or European prices. As well, rains in the Middle East are expected to temper import demand. Dryness in eastern Australia has lowered expectations for the Southern Hemisphere crop, which has given limited support to the market.

Designated barley

International prices for malting barley continued to move lower more than offsetting the positive impact of the weaker Canadian dollar and resulting in a slight decline in the PRO values. Prices have been supported somewhat by deterioration of the Australian crop and increased concerns about crop quality. European malting barley values have stabilized, due to earlier Danish sales that cannot be fulfilled, but remain lower than a month ago. As with other pools, lower ocean freight rates have helped support the pool return values.