

At Market Master

By Shelley Wetmore

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The good news is canola futures were up this week. The bad news is many basis levels are widening. There are fundamental issues to remember concerning canola including blackleg, salmonella, and others. The other point to remember (not too long ago) is canola DID creep down to that \$8.00 range. Review canola offers for the fall. Most prices for October delivery are well over \$9.00 which means you could start with a healthy forward-priced value to look after some bill payments and, hopefully, bin space issues. Keep next fall canola prices in the back of your mind.

If you have any pictures of your farm and the recent snowstorm that you wouldn't mind sharing, email me and I'll add them to the website:
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Watching ICE

Weekly closing prices for Canadian grain futures

Canola	This Week	Last Week	Diff +/-
Jan 10	\$412.70	\$407.90	↑ \$4.80
Mar 10	\$419.40	\$414.50	↑ \$4.90
May 10	\$424.10	\$419.60	↑ \$4.50
Jul 10	\$427.90	\$423.00	↑ \$4.90
Nov 10	\$429.90	\$419.00	↑ \$10.90
Jan 11	\$430.80	\$419.90	↑ \$10.90
Barley	This Week	Last Week	Diff +/-
Jan 10	\$162.00	\$158.00	↑ \$4.00
Mar 10	\$160.00	\$159.50	↑ \$0.50
May 10	\$161.20	\$159.50	↑ \$1.70
Jul 10	\$161.20	\$159.50	↑ \$1.70
Oct 10	\$161.20	\$159.50	↑ \$1.70
Dec 10	\$161.20	\$159.50	↑ \$1.70



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Be Grainwise!

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

US Grain

Soy Complex

JAN beans took a hit Friday largely due to a stronger US dollar (see Strategies) and closed the week a dime lower at \$10.43/bu. DEC meal settled \$5.60 lower at \$320.90/t and DEC oil fell .34 cents lower to 39.76 cents/lb.

Weekly exports totals remain strong at 722,600 mt. Although this figure was well within pre-report expectations, it's still over twice what's needed to meet this year's export projection. In fact, many feel the USDA will increase its export target in their December 10 S/D. Rumours are floating around that Europe may be in the market for up to 5 mmt of beans before the South American crop comes online.

Putting downward pressure on the market in the longer term is that the South American bean crop is largely planted with beneficial rains falling in both Brazil and Argentina.

Corn

DEC corn dropped 23½ cents to \$3.73¾/bu largely due to harvest pressure and the fact that US producers have been aggressive sellers of corn. Farmers would rather sell high moisture corn at this point than try to dry/store it.

Weekly exports fell into the low end of expectations at just 659,000 mt, somewhat less than the 844,700 mt needed to meet current export targets.

The EPA's decision to delay the mandatory use of E 10 in US fuels was also bearish.

Commodity funds lightened their long positions when corn futures failed to penetrate resistance early in the week.

Wheat

While it's generally accepted US farmers planted fewer acres to winter wheat than usual, what HAS been planted IS going into dormancy in good shape.

This week's sales were 390,700 mt, slightly higher than the 349,200 mt needed to meet this year's USDA projection. The problem is the target has now been set so low, no one pays much attention whether its on track or not.

Egypt stepped into the wheat market but bought almost every bushel from Russia, further illustrating how difficult it is for North American markets to compete for customers in that part of the world.

DEC CBOT wheat closed down 12 cents to \$5.36¾/bu. KCBT wheat fell 6¾ cents to \$5.36/bu. DEC MGE wheat settled 5¾ cents lower at \$5.48/bu.

Canadian Grain

Oilseeds

To the casual observer, there's no reason why JAN canola should have pushed \$4.80 higher to \$412.70/MT.

To date, there's been no resolution to the Chinese blackleg problem although the Prime Minister and his delegation are visiting that country as we speak and is presumably bringing up the issue with Chinese officials. The CN engineer's strike that looked like it had the potential to really disrupt shipments seems to have been resolved. And while there will be some minor delays in getting product to the coast, it could have been much worse. To top it off, StatsCan's canola production estimate of 11.825 mmt took almost everyone by surprise. With the OCT estimate coming in at 10.269 mmt, few expected an increase of this magnitude. This crop would be second only to last year's 12.642 mmt. The domestic crush is running behind last year's pace and yet, despite all this, canola futures held up well.

It's often said that if a market performs well in the face of adversity, it can be sign of better things to come. Let hope that is the case.

Feedgrain

StatsCan's barley production figure also increased from last month's 9.164 mmt to 9.517 mmt. However, that's still well behind last year's 11.781 mmt. But, like canola, barley held up well, climbing \$4.00 to \$162.00/MT. Steady enduser demand and a reluctance to sell on the part of producers provided support.

Strategies

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

A hodgepodge of items caught my attention this week.

StatsCan

StatsCan increased Canadian wheat production from last month's estimate of 24,580 mmt to Thursday's 26.515 mt, an increase of almost 2 mmt which even caught the attention of traders south of the border. While the increase itself is not a big deal, on the global front, it simply reinforces the idea that world wheat stocks are large and getting larger.

Probably the biggest surprise was StatsCan actually lowered its oat production figure from 2.9 mmt to 2.798 mmt. Almost everyone was expecting an increase in production. Some were expecting an increase of as much as 500,000 mt.

Flax producers also received welcomed news. StatsCan lowered its production estimate from .965 mmt to .930 mmt. However, the problem for flax producers remains the lack of sales into the European market due the GMO issue.

Pea production was raised from 3.161 mmt to 3.379 mmt but this increase isn't expected to impact the market to any large degree.

US Fundamentals

This morning, the US Labour Department released its non-farm payroll report. It showed the US lost "just" 11,000 jobs in November. Most analysts were expecting a number closer to 125,000. The October figure came in at 190,000 jobs lost so the idea that job loss had slowed to this point gave market watchers reason for genuine optimism that the US economy may indeed be on the road to recovery.

Market reaction was swift. The DOW leapt higher before settling back to close out the day with a gain of 48 points. The US dollar soared while gold plummeted over \$62/oz on the day. Crude oil was also pressured lower. The reason is straight forward.

These commodities are not only priced in US dollars but have become a hedge against the dollar in recent weeks. The idea that the US dollar, and by inference the US economy, may have bottomed-out had traders rushing to realign their portfolios. Should strength in the US dollar be more than a one-day-wonder, it could have ramifications for grains and oilseeds.

Simply put, a stronger dollar pressures grain prices. Something to watch as when trade resumes next week.

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	\$81.00	\$83.20	↓ (\$2.20)
CME Live Hogs (DEC)	\$61.15	\$58.95	↑ \$2.20
CDN Dollar (DEC)	\$0.94	\$0.94	→ \$0.00
MGE Wheat (DEC) - CWRS	\$5.48	\$5.48	→ \$0.00
KCBOT Wheat (DEC) CPSR	\$5.36	\$5.42	↓ (\$0.06)
CBOT Oats (DEC)	\$2.43	\$2.55	↓ (\$0.12)
Diesel (spot, Edmonton)	\$0.80	\$0.81	↓ (\$0.01)
Crude/Oil (JAN)	\$75.47	\$74.90	↑ \$0.57

At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$3.00 FOB	December	Sedgewick
Barley, 48 lb	\$3.00 FOB	December	Stony Plain
Barley, 48 lb	\$3.00 FOB	December	Warburg
Barley, 48 lb	\$2.55 FOB	December	High Prairie
Oats, feed	\$2.17 FOB	December	High Prairie
Oats, feed	\$2.42 FOB	December	Warburg
Oats, heated	\$1.29 FOB	December	High Prairie
Peas, feed	\$5.15 FOB	December	Wetaskiwin
Peas, green	\$7.00 del Innisfail	December	High Prairie
Canola	\$9.36 del Fort Sask	September	St. Albert

Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	December	\$2.74 del Falher
Barley	Dec-Jan	\$2.60 FOB High Prairie
Barley	December	\$3.18 del Bowden
Barley	January	\$3.25 del Lethbridge
Barley	Feb-Mar	\$3.21 del Carrot Creek
Canola	December	\$8.94 del Fort Sask
Canola	December	\$8.81 del Lacombe
Canola	March	\$9.33 del Fort Sask
Canola	March	\$9.12 del Lacombe
Canola	October 10	\$9.29 del Edmonton
Canola	October 10	\$9.35 del Fort Sask
Flax, milling	Dec-Jan 10	\$8.44 del Medicine Hat
Flax, milling	Dec-Jan 10	\$8.44 del Stony Plain
Oats, #2 CW	December	\$2.44 del Barrhead
Oats, #2 CW	December	\$2.44 del Camrose
Oats, #2 CW	December	\$2.41 del Linden
Oats, #2 CW	June	\$2.33 del Barrhead
Oats, #2 CW	Sep-Nov 10	\$2.38 del Barrhead
Oats, #2 CW	Sep-Nov 10	\$2.38 del Camrose
Peas, green	January	\$7.40 CLR High Prairie
Peas, green	January	\$7.60 del Innisfail
Peas, yellow	January	\$6.00 del Innisfail
Rye, #2 CW	December	\$3.88 del Calgary
Rye, #2 CW	February	\$4.06 del Calgary
Wheat, 12.5% prt	Dec-Jan	\$4.35 del Red Deer
Wheat, feed	Dec-Jan	\$4.29 del Lacombe
Wheat, 12.5% prt	Jan-Mar	\$4.57 del Red Deer
Wheat, CWRS 12.5% prt	Jan-Mar	\$4.70 del Red Deer
Wheat, feed	Mar-Apr	\$4.29 del Red Deer