

## At Market Master

by Shelley Wetmore

January 4, 2008.....

It's a good thing grain prices continue to rally because the cost of inputs continue to rally as well. Prices over \$650/MT for 4600 are being reported as are levels in the \$1,000/MT range for anhydrous. Retail prices for this summer are being predicted in the \$1.30/litre range for gas at the pumps. Plus, we have the threat of "you better buy your canola seed before there is none" happening again. Let the grain numbers rise.

On the flip side, as commodities rally, someone has to pay the price and that's our livestock industry. One feedlot owner told me the only thing worse than being a cattle producer is being a hog producer—how true. We have to wonder what will be left of our livestock as grain commodities continue to climb. After all, there two industries are very dependent upon each other. Bottom line, whether grain or livestock, not one industry wants to see the other disappear.

No one knows what to expect.

## Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Jan 08	\$518.30	\$519.40	(\$1.10)
Mar 08	\$532.00	\$517.80	\$14.20
May 08	\$542.50	\$528.40	\$14.10
Jul 08	\$549.50	\$531.40	\$18.10
Nov 08	\$525.50	\$505.50	\$20.00
Jan 09	\$533.90	\$512.00	\$21.90
Mar 09	\$535.00	\$517.10	\$17.90
May 09	\$537.50	\$523.30	\$14.20
Jul 09	\$539.50	\$526.00	\$13.50
Nov 09	\$505.00	\$470.80	\$34.20
Jan 10	\$504.80	\$489.60	\$15.20
Wheat	This Week	Last Week	Diff +/-
Mar 08	\$190.10	\$194.10	(\$4.00)
May 08	\$194.10	\$194.10	\$0.00
Jul 08	\$194.10	\$194.10	\$0.00
Oct 08	\$187.10	\$187.10	\$0.00
Dec 08	\$187.10	\$187.10	\$0.00
Barley	This Week	Last Week	Diff +/-
Mar 08	\$209.10	\$203.90	\$5.20
May 08	\$218.10	\$214.10	\$4.00
Jul 08	\$222.00	\$217.70	\$4.30
Oct 08	\$202.00	\$200.00	\$2.00
Dec 08	\$202.60	\$200.60	\$2.00

## Be Grainwise!

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

### US Grain

#### Soy Complex

Soybeans continued their bullish trend despite lack of weather issues in South America. Concerns that commodity funds may rebalance their positions (sell soybeans) early in the new year have been offset by rumours of an additional \$35 to \$50 bln being injected into commodities by the index funds over the next couple of months.

Weekly exports were weak at just 140,500 mt. However, considering the holidays, the trade didn't put a lot of stock in the report.

The JUL traded electronically above the magic \$13/bu mark—the first time we've seen "beans in the teens". Technically, MAR bean's RSI indicates a correction is due. However, the trend line remains in tack and that trend is up. MAR beans blasted another 39½ cents higher to \$12.62½/bu while meal fired \$14.80 higher to \$348.30/t. MAR oil settled 1.51 cents higher at 51.18 cents/lb.

#### Corn

MAR corn climbed 14¾ cents to \$4.66¾/bu. Like beans, the weekly export figure looked weak at 700,700 mt. Recent forecasts in South America have trimmed expected corn production giving futures added firmness.

Technically, the corn chart is almost a carbon copy of the bean chart. The RSI suggests a pullback may be in the offing but the overall trend still remains higher.

#### Wheat

Wheat is enjoying a resurgence. MAR CBOT futures closed 46½ cents higher at \$9.31½/bu while KCBT climbed 31¼ cents to \$9.45¾/bu. However, the big winner was MGE wheat which bounded 53¼ cents higher, settling at \$10.83¼/bu.

After testing near-term support early in the week, futures rebounded sharply with limit-up moves before selling-off slightly to close out the week. These markets remain incredibly volatile particularly in the old crop months. A limit move doesn't even draw a second glance anymore.

Weekly exports came in at a paltry 118,700 mt but, for the year, 91% of the total projected annual sales have already been sold and there's still 5 months to go in the marketing year. Typically, we're at 70% this time of year.

### Canadian Grain

#### Canola

Support from the soy complex had MAR futures jumping \$10.70 this week to \$532.00/MT—despite a Loonie that remains above par.

Although export sales were sluggish, crusher demand remains brisk due to improving crush margins. The Canadian Oilseed Processors Assoc. announced that as of Dec 19, 1,518 mt of canola had been crushed by Canadian processors. That compares to 1,318 mt at the same time last year.

Although basis levels remain wide, we're still seeing exceptionally strong cash bids. What's even more exciting is that new crop futures are at similar levels.

Technically, the MAR still looks good with new contract highs established this week. The MACD remains in positive territory and the trend line remains in a 45 degree ascent. The only possible fly in the ointment is an RSI which looks overbought.

#### Feedgrain

MAR barley climbed \$4.10 to \$209.10/MT. Longer term, both cash and futures action will take their cue from US corn. If corn continues its rally, barley will respond sooner or later. For what it's worth the MAR feed wheat contract closed unchanged at \$190.10—amid total lack of interest.



"Your grain watchdog."

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## Strategies

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

Traders returned from Christmas break in a bullish mood. All commodities have shown sharp gains with soybeans just today eclipsing the long time record of \$12.90/bu. Strong runs in gold and crude oil (topping the \$100/bbl mark) have supported the strong move in grains but there have been other bullish factors as well.

India lowered their import tariff on wheat from 36% to 0% while China has put an export tax on wheat ranging anywhere from 5% to 40%. Both measures are aimed at keeping available supplies and prices at reasonable levels at home. Additionally, Pakistan announced they'd be seeking 610,000 mt of wheat in two separate tenders, while Iraqi officials indicated they'll import 4.5 mmt of wheat this year compared to last year's 2.5 mmt.

This demand is keeping the "race for acres" alive and well in US markets. Most producers are familiar with the relationship between corn and bean acres and the need for prices to remain in touch with each other so as to keep the planted acres ratio in reasonable balance.

However, wheat is starting to get in on the act to a more limited extent. While spring wheat is not a huge crop compared to winter wheat in the US, its production has become more important due to the tight global stock situation. But, if you follow some of the US agricultural forums, you'll see that even winter wheat producers are looking at the possibility of ripping up their already planted wheat acres in favor of soybeans if the price relationship between the two gets too far out of whack.

To my knowledge, we're living in unprecedented times. To have ALL the major grain markets soaring at the same time is something I've never witnessed before. Where it will stop or at least slow down is anyone's guess. But even some professional analysts are now talking about \$15 beans or \$150/bbl crude oil.

It's a nice problem to have if you're a grain producer but the question then becomes—when do I pull the trigger? In the past if you sold too early in a bull market you might have left 25 or 50 cents/bu on the table. Today, it can be dollars/bu. Nevertheless, high prices do you no good unless you sell something. It's a tough call and I wish I had the answers. All I can advise is to know your cost of production and price in predetermined increments to a level you're comfortable with. Trying to hit the absolute peak in this market with your whole crop would be something akin to winning the lottery.

Remember—in the past (if that has any relevance anymore) market tops tend to happen when everything looks to the most bullish.

## FarmTech 2008

January 30, 31, February 1

Mayfield Inn, Edmonton

Book Early! (866) 327-6832

[www.farmtechconference.com](http://www.farmtechconference.com)

## Going Organic in Alberta

To help Alberta organic growers and those interesting in learning more about organic business opportunities, the *Going Organic Alberta 2008* conference is being held at the Norsemen Inn, Camrose, March 4 and 5. Organizers feel one of the most beneficial aspects of the conference will be the opportunity for organic farmers to learn from and mentor others.

"One of the greatest hurdles to organic farming is establishing a sound rotation to be competitive with weeds. Sharing ideas with other growers on what works for them is a short cut to figuring out your rotation," Steve Snider, president of GO Network and an experienced organic grain farmer in New Norway.

"Demand for organics significantly outstrips supply from Alberta, but that can be changed, and at the same time, put money from those purchases right in the pockets of Alberta farm families," says Mick Mulloy, Calgary consumer.

For more information on the *Going Organic Alberta 2008* conference, visit [www.goingorganic.ca](http://www.goingorganic.ca) or call (877) 672-4446.

## Agri-preneur Scholarships

Alberta Agriculture and Food and the Renewal Chapter of the Agricultural Policy Framework support continuous learning and innovative educational opportunities for Alberta agri-preneurs. They will sponsor agri-preneurs to attend educational out-of-province, national and international conferences, tours or workshops. To determine scholarship eligibility visit [www.exploredirect.ca](http://www.exploredirect.ca), review the program guidelines and print off an application form. The next application deadline is February 1. For application information, contact [Marian Williams](mailto:MarianWilliams@7806795168) at (780) 679-5168.

## Seed Growers Meeting

The Alberta Branch of the Canadian Seed Growers Association (CSGA) is having their annual general meeting at the Westin Hotel, Edmonton on January 21 - 23.

A new feature at the meeting this year is a panel discussion on Monday afternoon titled *Dissecting the Seed Industry – SWOTing your Seed Business!* This will be an in depth discussion on the strengths, weaknesses, opportunities and threats of the seed industry. The discussion will centre on concerns about the survival of the seed industry in the next 10 years and what this means for individual seed operations.

Members of the Alberta Branch CSGA will receive a complimentary registration for the 2008 annual meeting. The registration fee of \$130 for non-members remains the same for 2008. For further information please go to the [CSGA](http://www.csga.ca) website.

## Sell Meat Direct to Consumers

Alberta Farm Fresh Producers Association presents **Local Meats for the Cities** in 5 Alberta locations (Westlock, St. Paul, Claresholm, Big Valley, Rycroft) from January 15 - 31.

This one day workshop will benefit smaller livestock producers who want to raise livestock naturally and market meat to city consumers.

Email [bert.denning@gov.ab.ca](mailto:bert.denning@gov.ab.ca) or call Bert at (780) 674-8247 for more information. To register, call Kelly at (780) 674-8268.

**At The Bin**

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 50 lb	\$4.00 FOB	Dec 07	Vegreville
barley, 50 lb	\$4.00 FOB	January	Vegreville
barley, 48 lb	\$4.04 FOB	January	St. Michael
barley, 48 lb	\$4.00 FOB	Dec-Jan	Wainwright
barley, 48 lb	\$4.22 del Vegreville	Jan-Mar	Elk Point
barley, 48 lb	\$4.00 FOB	January	Three Hills
barley, 48 lb	\$4.00 FOB	January	Castor
barley, 48 lb	\$4.04 FOB	January	Castor
barley, 48 lb	\$3.96 FOB	January	Millet
barley, malt	CWB PRO	Jan-Mar	Millet
barley, 50 lb	\$4.00 FOB	January	Camrose
barley, 50 lb	\$4.04 FOB	Dec 07	Ponoka
barley, 50 lb	\$4.00 FOB	Dec 07	Wetaskiwin
barley, 51 lb	\$4.22 del Vegreville	January	Spedden
barley, 52 lb	\$4.11 FOB	January	Kirriemuir
barley, 54 lb	\$4.00 FOB	Dec 07	Edberg
barley, 52 lb	\$4.00 FOB	Jan-Feb	Blackfoot
canola	\$10.99 FOB	February	Gibbons
canola	\$10.50 FOB	Jan 09	Gwynne
canola	\$10.17 del Ft. Sask	Oct 09	Sangudo
canola, heated	\$5.33 FOB	Jan-Feb	Daysland
canola, heated	\$6.91 FOB	Jan-Feb	Innisfree
canola	\$11.47 del Edmonton	Feb-Mar	Killam
canola	\$11.11 del Edmonton	Feb-Mar	Edmonton
canola	\$11.20 FOB	Feb-Mar	Beauvallon
canola	\$11.15 FOB	Oct 09	Lac La Biche
canola	\$11.19 FOB	Feb-Mar	Ferintosh
canola	\$11.44 del Edmonton	Feb-Mar	Rochester
wheat, feed	\$5.50 FOB	Dec-Jan	Warburg
oats, feed	\$2.16 FOB	Dec 07	Vermillion
oats, feed	\$2.16 FOB	Dec-Jan	Castor
oats, milling	\$2.68 FOB	March	Castor
rye, feed	\$6.20 del Stony Plain	Feb-Mar	St. Michael
rye, feed	\$6.20 del Stony Plain	Feb-Mar	Calgary
triticale, feed	\$4.36 FOB	January	Lacombe
peas, feed	\$5.67 del Vermillion	Jan	Vermillion

**Bid Board**

Buyers looking for grain (net prices).

Grain	When	Location
barley	Jan-Feb	\$4.24 del Czar
barley	January	\$4.00 del Red Deer
barley	January	\$4.20 del Irma
barley	January	\$4.35 del Lethbridge
barley	Jan-Mar	\$4.22 del Vegreville
barley	Apr-May	\$4.57 del Lethbridge
wheat, feed	Jan-Feb	\$5.39 de; Red Deer
wheat, 12.5% prt	January	\$5.80 del Edberg
wheat, feed	January	\$4.72 del Lloydminster
wheat, feed	Feb-Mar	\$5.41 del Lloydminster
wheat, feed	Mar-Apr	\$5.80 del Edmonton
wheat, feed	Apr-May	\$5.81 del Lloydminster
peas, feed	January	\$6.00 del Edmonton
peas, yellow edible	January	\$8.30 del Crossfield
peas, green edible	January	\$10.00 del Innisfail
peas, yellow edible	January	\$9.05 del Innisfail
peas, yellow edible	Sep-Oct	\$7.00 del Innisfail
rye, feed	Feb-Mar	\$6.20 del Stony Plain
rye, feed	Feb-Mar	\$6.20 del Three Hills
oats, feed	January	\$2.25 del Wainwright
oats, feed	Jan-Feb	\$2.40 del Wetaskiwin
oats, feed	Feb-Mar	\$2.29 del Wainwright
oats, milling	February	\$2.91 del Barrhead
oats, milling	March	\$2.93 del Barrhead
oats, milling	March	\$2.93 del Martensville
canola	March	\$11.56 del Edmonton
canola	July	\$11.80 del Fort Sask
canola	November	\$11.29 del Fort Sask
canola	Oct 09	\$10.80 del Fort Sask
flax	Jan-Feb	\$13.95 del Edmonton
oats, organic	Jan-May	\$5.75 del Barrhead



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**Cows**

200 one iron cows for sale, Simmental cross. Phone Richard at (780) 818-9463, Bon Accord (north of Edmonton).

**Grain Dryer**

Vertec dryer, 12 foot—12 tier, natural gas—12 million BTU, 3 phase power, minimal fire damage to body only, \$15,000 OBO. Call Lorne Semler at (780) 349-0712.

**GPOs Work!**

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 Set your target, see the target get hit, move some grain. See the latest list on the website!

By the Number	This Week	Last Week	Diff
CME Live Cattle (FEB)	94.700		
CME Live Hogs (FEB)	56.400		
CDN Dollar (MAR)	1.000		
Minneapolis Wheat (MAR)	9.32		
Kansas City Wheat (MAR)	9.48		
Chicago Oats (MAR)	3.30		