

At Market Master

by Shelley Wetmore

January 18, 2008.....

Do not forget to consider GPOs (Grain Pricing Orders) as part of your marketing toolbox—they really do work. With such volatility occurring and many endusers dealing with “just in time” inventories, good pricing opportunities for the grain producer can come and go in a flash. After all, if you don’t know what price you want to sell your grain for, how is the buyer supposed to know what price to offer you? Plus, with roadbans and seeding just around the corner, space limitations will occur if you wait too long to book grain. Don’t expect, for example, to be able to easily move feed barley in March when the date is March 20th—most buyers would have booked their requirements already.

Lastly, think about this, if you could lock-in canola for September or October of 2009 around \$12.00/bu—would you? Call me. Also, if you haven’t noticed, flax is now at \$14.45/bu into Edmonton.

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Mar 08	\$581.00	\$573.20	\$7.80
May 08	\$594.50	\$585.10	\$9.40
Jul 08	\$605.30	\$593.90	\$11.40
Nov 08	\$584.70	\$575.10	\$9.60
Jan 09	\$593.10	\$583.90	\$9.20
Mar 09	\$597.40	\$588.20	\$9.20
May 09	\$599.90	\$590.70	\$9.20
Jul 09	\$601.10	\$592.20	\$8.90
Nov 09	\$538.90	\$530.00	\$8.90
Jan 10	\$545.70	\$534.70	\$11.00
Wheat	This Week	Last Week	Diff +/-
Mar 08	\$211.00	\$202.50	\$8.50
May 08	\$215.00	\$206.50	\$8.50
Jul 08	\$215.00	\$206.50	\$8.50
Oct 08	\$208.00	\$199.50	\$8.50
Dec 08	\$208.00	\$199.50	\$8.50
Barley	This Week	Last Week	Diff +/-
Mar 08	\$210.00	\$211.80	(\$1.80)
May 08	\$220.40	\$221.00	(\$0.60)
Jul 08	\$225.00	\$227.00	(\$2.00)
Oct 08	\$219.00	\$205.00	\$14.00
Dec 08	\$221.60	\$208.10	\$13.50

Be Grainwise!

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

US Grain

Soy Complex

MAR beans took a breather this week, dipping 44 cents to close at \$12.54/bu. Meal was similarly weak, posting a loss of \$20.60 before settling at \$338.00/t. However, MAR oil pushed .54 cents higher to 53.20 cents/lb.

Despite exceptionally strong exports of 965,300 mt which doubled pre-report expectations, traders focused on the more bearish aspects of the market. With rain forecast for drier regions of Argentina, speculators cashed-in some of their long positions ahead of the US long weekend (Martin Luther King Day on Monday).

Technically, this week’s action will have trader’s reassessing their positions when trading resumes next week as the market seems to be forming a temporary top. Although, in these markets, who knows?

Corn

Corn exports shocked traders, coming in at a staggering 2.369 mmt, easily surpassing even the most optimistic pre-report guesstimates. Perhaps this was one of the reasons MAR corn was able to post a modest 2¾ cents rise to \$4.97¼/bu despite the sharp sell-off in beans.

Longer term, however, corn remains locked in a battle with beans for acres come this spring. The sense I’m getting from scanning US internet farm forums is that, for most producer’s, corn still comes out on top despite sharply higher production costs.

Wheat

MGE wheat has taken over the leadership roll in the wheat sweepstakes. Spillover support from last Friday’s USDA report which indicated farmers had planted fewer HRW wheat acres than previously thought had the MAR contract blasting \$1.32 higher to an incredible \$11.94¼/bu! However, so far, old crop month’s still carry a premium over new crop contracts.

MAR KCBT had a good week as well, bounding 86½ cents higher to \$10.10½/bu while CBOT wheat “only” climbed 50 cents to \$9.59¼/bu.

Weekly exports remained firm both the bulk of support came from the USDA report.

Canadian Grain

Oilseeds

Despite lower bean prices, MAR canola futures climbed another \$7.80 to \$581.00/MT.

Steady export demand, from China, Pakistan, and Mexico coupled with a weaker Canadian dollar provided support. Feelings that the canola market is overbought and due for a correction put a lid on further gains.

Technically, the upward trend in canola remains intact. However, the RSI is well over the magic 80 and I suspect a short term correction may happen soon.

Feedgrain

Confusion over future barley marketing on the prairies has thrown a damper over the barley futures market. Many players have taken to the sideline until this drama finally plays itself out.

MAR barley closed \$1.60 lower at \$210.20/MT. The cash market remains firm and will ultimately be taking its marching orders from corn.

MAR wheat rose \$8.50/MT to \$211.00. This futures market is becoming less relevant by the day and rarely trades at all.

GPOs Work !

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Strategies

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

US Economy

There's an interesting situation unfolding in commodity and stock markets. The sub-prime mortgage debacle has been the trigger for sharply lower US stock prices. Economists argue whether the US will or already has entered a recession. Whatever the case, the economy is definitely weakened.

There are two schools of thought:

1. Huge institutional investors often have money in both stocks and commodities. When stocks fall precipitously (like this week), the natural inclination is to lock-in profits in other areas—like commodities. This may be partially responsible for soybeans' drop this week.
2. If stocks are getting beaten up, perhaps it would be better to reinvest that money in something with more upside potential—like commodities.

Comments from the "Fed" indicate that interest rates will be cut. Anything less than a 50 point drop would be a huge disappointment to the markets but a cut of that extent would pressure the US dollar making US commodities even more attractive on the global stage. It appears the US economy is undergoing "stagflation" - a recessionary economy in an inflationary world. Countries around the world, including China and India, have introduced measures to either encourage imports or discourage exports of grains to keep food inflation under control within their own borders. These global economic factors will continue to influence grain markets.

The Fight for Acres

New crop wheat markets continue to soar to all time highs but volatility remains the watchword. In one trading session, wheat actually traded limit down and limit up in the same day—that's a 60 cent trading range. At the time of writing, the KCBT DEC 2008 futures contract was trading at \$9.65/bu while MGE futures settled at 10.06¼/bu. Support emanating from last Friday's USDA report has spilled over into this week's trading triggering additional speculative buying in the process.

How far these markets can go is anyone's guess but it's become apparent that wheat has joined beans and corn in an attempt to garner new crop acres. It is not the actual price that attracts acres (although that helps) but the price spread between the crops that becomes relevant. You can bet that traders are pouring over their spreadsheets, factoring in average yields and costs of production for each of the major crops to see which one looks the most profitable on paper.

While you can attract acres in a rising market, the same can be said in a falling market. It's the price relationship that's important. However, higher prices do serve another purpose and that is to discourage demand but, judging by Friday's export figures, even these elevated prices are doing little to curb the appetite for US grains. For instance, the corn figure came in at a stunning 2.369 mmt. This competition for acres is also spilling over into the minor crops. This morning I received a notice from our local elevator of a bid for new crop yellow peas of \$8.19/bu. In normal years, we couldn't even get a bid for peas until at least February! Times have changed ... we must be on guard.

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Alberta Farm Vehicles Challenged in Montana

Montana does not allow the use of marked (dyed) fuel in licensed vehicles. Alberta farmers, with farm plated vehicles, using marked gasoline or diesel fuel, are subject to fines when operating south of the border.

"All U.S. states and Canadian provinces legislate traffic regulations, including those for fuel tax," says Dale Dowswell, program policy specialist with Alberta Agriculture and Food, Edmonton. "The four Western Canadian provinces allow tax exempt fuel in vehicles registered for farm use. These vehicles normally operate within or across those jurisdictions without problem. Since no other province, nor any U.S. state, allows marked fuel in licensed vehicles, farmers may be fined for using marked fuel in those areas."

The situation in the U.S. is further complicated because dyed diesel may not meet the current low or ultra low sulphur standards. This could result in licensed vehicles being subject to federal regulations and additional fines if they are fueled with marked diesel.

Alberta farmers may think that their dyed Alberta gasoline or diesel is different, and therefore exempt from the state legislation. Enforcement officers may not agree!

The Farm Fuel office in Edmonton has been contacted by Montana authorities asking that farmers be advised to use only clear, taxed fuel when driving in that state. It is very possible that other states have the same view. For further information, contact, Dale Dowswell (780) 427-3144.

CLASSIFIEDS

Combine

1995 Case IH 2188 combine in good condition. Call Ray in Morinville at (780) 939-3601.

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.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	\$4.13 FOB	January	Bashaw
barley, 48 lb	\$4.15 del Vegreville	Nov-Dec	Thorhild
barley, 48 lb	\$4.30 del Ponoka	February	Ponoka
barley, 48 lb	\$4.37 FOB	Apr-May	Three Hills
barley, 48 lb	\$4.25 del Vegreville	January	Kingman
barley, 45 lb	\$4.20 del Cessford	Jan-Feb	Acadia Valley
barley, 48 lb	\$3.97 FOB	Jan-Feb	Rochester
barley, 48 lb	\$4.15 FOB	Jan-Feb	Millet
barley, 48 lb	\$3.85 FOB	Nov-Dec	Millet
barley, 48 lb	\$3.96 FOB	January	Millet
barley, 50 lb	\$4.30 del Lacombe	January	Millet
barley, 50 lb	\$4.10 FOB	January	New Norway
canola	\$11.95 FOB	Feb-Mar	Castor
canola	\$12.38 FOB	Feb-Mar	Boyle
canola	\$12.13 FOB	November	Camrose
canola, heated	\$7.03 FOB	Feb-Mar	Wetaskiwin
canola, heated	\$7.21 del Edmonton	Jan-Feb	Tofield
canola, heated	\$7.21 del Edmonton	Jan-Mar	Warspite
canola	\$12.42 FOB	Feb-Mar	Ponoka
wheat, feed	\$6.00 del Edberg	January	Bashaw
wheat, feed	\$5.58 FOB	January	Raymond
oats, milling	\$2.73 FOB	April	Stettler
rye, feed	\$6.20 del Stony Plain	Feb-Mar	Brosseau
peas, green	\$6.35 FOB	January	Castor
peas, green	\$6.35 del Edmonton	February	Tofield



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Agri-preneur Scholarship Available

“The Agri-preneur Scholarship supports leadership development and mentorship training for Alberta farm direct marketers, ag tourism operators, managers and sponsors of Alberta Approved Farmers’ Markets and staff and board members of industry associations,” says Marian Williams, farm direct marketing specialist, Alberta Agriculture. New entrants to the industry are eligible to apply for a scholarship. A new entrant is a producer selling agricultural products and services direct to consumers for three years or less, a producer who is establishing a new profit center, or a producer returning to the industry after a five years absence.

February 1, 2008, is the deadline to apply for a scholarship this winter. All learning events must be concluded and expenses submitted by the end of March 2008. Call Marian Williams at (780) 679-5168.

The Agri-preneur Scholarship is sponsored by Alberta Agriculture and Food and funded through the Renewal Chapter of the Agricultural Policy Framework, a federal-provincial-territorial initiative that aims to make Canada the leader in food safety, innovation and environmentally responsible agriculture production.

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	Jan-Apr	\$4.52 del Lacombe
barley	January	\$4.39 del Acme
barley	Feb-Mar	\$4.30 del Czar
barley	Feb-Mar	\$4.30 del Vegreville
barley	Feb-Mar	\$4.30 del Wainwright
barley	Apr-May	\$4.74 del Brooks
barley	Apr-May	\$4.74 del Lethbridge
barley	Apr-May	\$4.61 Calgary
barley	June	\$4.85 del Lethbridge
barley	Oct-Dec	\$4.74 del Lethbridge
barley	Nov-Dec	\$4.15 del Vegreville
barley	January 09	\$4.91 del Lethbridge
wheat, feed	January	\$5.80 del Ferintosh
wheat, 12.5% prt	January	\$5.80 del Edberg
wheat, 13.0% prt	Jan-Mar	\$6.35 del Red Deer
wheat, feed	January	\$5.67 del Edmonton
wheat, feed	January	\$6.07 del Breton
wheat, feed	Feb-Mar	\$5.81 del Lloydminster
wheat, feed	February	\$5.80 del Ponoka
wheat, feed	March	\$6.21 del Edmonton
wheat, feed	Apr-May	\$6.09 del Lloydminster
wheat, feed	April	\$6.21 del Edmonton
peas, feed	January	\$6.35 del Edmonton
peas, feed	January	\$6.07 de Paradise Valley
peas, feed	Jan-Feb	\$6.07 del Olds
peas, feed	Jan-Feb	\$6.62 del Botha
peas, green edible	January	\$10.00 del Innisfail
peas , yellow edible	January	\$9.27 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	Jan-Feb	\$2.55 del Wetaskiwin
oats, feed	Feb-Mar	\$2.29 del Wainwright
oats, milling	Apr-May	\$3.92 del Martensville
oats, milling	Jun-Aug	\$2.99 del Martensville
oats, milling	Sep-Oct	\$2.97 del Martensville
oats, milling	November	\$3.02 del Martensville
canola	Feb-Mar	\$12.67 del Edmonton
canola	July	\$12.93 del Fort Sask
canola	November	\$12.49 del Fort Sask
flax	Feb-Mar	\$14.45 del Edmonton
oats, organic	Jan-May	\$5.75 del Barrhead

By the Number	This Week	Last Week	Diff
CME Live Cattle (FEB)	91.000	91.350	(0.350)
CME Live Hogs (FEB)	54.975	54.000	0.975
CDN Dollar (MAR)	0.974	0.980	(0.006)
Minneapolis Wheat (MAR)	9.64	9.09	0.550
Kansas City Wheat (MAR)	10.11	9.24	0.870
Chicago Oats (MAR)	3.19	3.36	(0.170)