

At Market Master

by Shelley Wetmore

January 25, 2008.....

Even though canola has recovered from its drop somewhat, it's still quite substantially lower from its highs just one week ago. For the February-March delivery period, we've gone from almost \$13.00/bu into Edmonton, down to the \$12.30/bu range. I remember when it was close to that \$13.00 mark, some had commented they "weren't going to sell a thing until it hit \$15.00/bu!" Well, the market has to recover a bit more to hit that target.

What concerns me even more than producers who have NOT booked a bushel of canola into this rising market, is the producer who has NOT checked his bins lately. I cannot believe the number of calls we're getting on heated canola. Please go have a look before it is too late. Nothing would be worse than having a high price target actually hit, then discover the canola has heated.

Lastly, remember to bring samples with you to our booth at FarmTech!

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Mar 08	\$567.30	\$581.00	(\$13.70)
May 08	\$580.80	\$594.50	(\$13.70)
Jul 08	\$589.70	\$605.30	(\$15.60)
Nov 08	\$569.70	\$584.70	(\$15.00)
Jan 09	\$577.00	\$593.10	(\$16.10)
Mar 09	\$580.80	\$597.40	(\$16.60)
May 09	\$583.40	\$599.90	(\$16.50)
Jul 09	\$584.70	\$601.10	(\$16.40)
Nov 09	\$536.80	\$538.90	(\$2.10)
Jan 10	\$540.60	\$545.70	(\$5.10)
Mar 10	\$540.60	\$545.70	(\$5.10)
Wheat	This Week	Last Week	Diff +/-
Mar 08	\$221.00	\$211.00	\$10.00
May 08	\$225.00	\$215.00	\$10.00
Jul 08	\$225.00	\$215.00	\$10.00
Oct 08	\$218.00	\$208.00	\$10.00
Dec 08	\$218.00	\$208.00	\$10.00
Barley	This Week	Last Week	Diff +/-
Mar 08	\$207.80	\$210.00	(\$2.20)
May 08	\$216.50	\$220.40	(\$3.90)
Jul 08	\$224.00	\$225.00	(\$1.00)
Oct 08	\$219.00	\$219.00	\$0.00
Dec 08	\$222.10	\$221.60	\$0.50

Be Grainwise!

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

US Grain

Soy Complex

Soybeans started off with limit down moves across the board following weakness in global equity markets (see Strategies). The sharp sell-off tripped additional technical sell stops, exacerbating losses. There were fundamental considerations this week such as continued dryness concerns in Argentina and a strong weekly export figure of 663,000 mt.

Meal exports were even stronger at 162,400 mt, almost 3 times more than pre-report expectations. However, traders took their cues from outside markets and with stock markets and energy stocks under pressure it was difficult to find much upward momentum.

Nevertheless, futures did rally to close out the week leaving MAR beans "just" 21½ cents lower at \$12.42½/bu. Meal slipped \$4.60 to \$334.70/t while MAR oil dipped 1.04 cents/lb to 52.10.

Corn

Corn struggled but managed to rally back to unchanged at \$4.98½/bu.

Weekly exports gave futures a boost Friday, coming in at a robust 1.6 mmt, at the high end of expectations. Despite high prices, corn exports remain strong with 71.4% of this year's expected export total already on the books. Traditionally, we're at 53% of totals sales this time of year.

Concern that the Argentinean corn production could fall 15% to 20% lower than last year's output buoyed futures (due to drought).

Wheat

Wheat futures took it on the chin as well with the exception of MGE futures which acted like the Eveready bunny.

MAR MGE skipped another 7¼ cents higher to \$12.67/bu. Basis levels are also strong with Billings Montana Dark Red Spring wheat now bringing close to \$13 U.S./bu dropped in the pit. KCBT and CBOT wheat didn't fare quite as well losing 38 cents and 26½ cents to \$9.73/bu and \$9.36/bu respectively.

It should be noted that new crop

futures fared much better while still posting losses. It's apparent the quest for new crop spring wheat acres is still running strong.

Weekly exports were solid at 422,700 mt. One quarter of that amount is needed on a weekly basis to meet current USDA yearly sales projections.

Canadian Grain

Oilseeds

Not surprisingly, canola took its cue from outside markets with the MAR dropping \$12.40 to \$568.60/MT.

A strong Canadian dollar also weighed on prices. However, thoughts that prices at this week's lows presented a buying opportunity prevented further losses. A slowdown in farmer deliveries was also supportive. Export buying by Mexico and Japan was noted while commercial buying was tied to recent sales to China and Pakistan.

Feedgrain

Barley posted small losses in the wake of market uncertainty south of the border with the MAR contract drifting \$2.20 lower to \$208.00/MT. Firm to slightly higher bids were noted in the cash market.

The feed wheat market was up a full \$13.00/MT. However, in a market that rarely (if ever) trades, you have to take that number with a grain of salt.

Edible pea bids remain strong with new crop yellow bids now being seen as high as \$8.40/bu—not bad.

Grain pricing orders (GPOs)

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Strategies

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

There's a saying among commodity traders ... "when the house of ill repute gets raided, even the piano player gets arrested" which means when panic selling sets in, everything gets sold—regardless of underlying fundamentals.

That was definitely the case as traders returned to action this week. Global weakness in equities markets amid fears of a US recession and possible global economic slowdown gave bears every excuse to push the market lower—and down it went. In fact, it went limit down. Now, nothing really changed over the weekend except for one very important thing ... perception. And, it's perception and emotion that drive any market.

An economic stimulus package proposed by President Bush was deemed inadequate and cited by some as the spark that set off the selling spree around the world. More likely, however, was the selling of shares by the Societe Generale bank in France to cover positions taken by a rogue trader with that firm. Reports indicate he may have incurred losses in excess of 7 bln dollars by dabbling in stock derivatives well beyond his mandate. Back in the US, in a surprise move, the Fed lowered US interest rates by 75 basis points, well ahead of its scheduled meeting when most such moves are taken. This move was welcomed by many but also smacked a bit of desperation.

At the time of writing, the market is staging a comeback although we're still in negative territory on the week. The point of all this is that all these markets are tied together and more than ever. You can't simply look at one market in isolation. We have been in a bull market as far as grains and oilseeds are concerned for some time and, historically, we're looking at exceptional prices, but we can't be lulled into the belief that prices will just automatically continue to trend higher. At some point it will stop. Is this that point? Too early to tell yet, especially since the North American growing season hasn't even begun yet.

It's always nice to finish any column on a positive note so I thought I'd pass along the newest grain price projections as furnished by Goldman Sachs, one of the most prestigious commodity trading firms anywhere. For what it's worth:

	<u>3 months</u>	<u>6 month</u>	<u>12 months</u>
CBOT Wheat	\$ 9.20	\$10.00	\$ 8.50
CBOT Soybeans	\$14.30	\$15.60	\$14.50
CBOT Corn	\$ 5.80	\$ 6.50	\$ 6.00

FarmTech 2008

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Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	Jan-Apr	\$4.52 del Lacombe
barley	February	\$4.41 del Calgary
barley	Feb-Mar	\$4.30 del Czar
barley	Feb-Mar	\$4.30 del Vegreville
barley	Apr-May	\$4.41 del Czar
barley	Apr-May	\$4.63 del Lethbridge
barley	Apr-May	\$4.52 del Calgary
barley	Sep-Oct	\$4.61 del Brooks
barley	Nov-Dec	\$4.68 del Brooks
barley	Nov-Dec	\$4.15 del Vegreville
wheat, 12.5% prt	January	\$5.80 del Edberg
wheat, 13.0% prt	Jan-Mar	\$6.75 del Red Deer
wheat, feed	Jan-Feb	\$6.75 del Lethbridge
wheat, feed	Jan-Feb	\$6.00 del Red Deer
wheat, feed	February	\$6.00 del Edmonton
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	Jan-Mar	\$6.35 del Edmonton
peas, feed	January	\$6.07 de Paradise Valley
peas, feed	February	\$6.07 del Olds
peas, feed	February	\$6.62 del Botha
peas, green edible	Jan-Feb	\$10.00 del Innisfail
peas, yellow edible	Jan-Feb	\$9.27 del Innisfail
peas, yellow edible	Sep-Oct	\$8.01 del Innisfail
rye, feed	Feb-Mar	\$6.71 del Stony Plain
rye, feed	Feb-Mar	\$6.71 del Three Hills
oats, milling	April	\$2.88 del Martensville
oats, milling	May	\$2.90 del Martensville
oats, milling	Jun-Aug	\$2.96 del Martensville
oats, milling	Sep-Oct	\$3.04 del Martensville
oats, milling	November	\$3.10 del Martensville
oats, milling	December	\$3.15 del Martensville
canola	Feb-Mar	\$12.36 del Edmonton
canola	July	\$12.62 del Fort Sask
canola	November	\$12.13 del Fort Sask
flax	Feb-Mar	\$14.45 del Edmonton
oats, organic	Jan-May	\$5.75 del Barrhead



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By the Number	This Week	Last Week	Diff
CME Live Cattle (FEB)	91.400	91.000	0.400
CME Live Hogs (FEB)	56.200	54.975	1.225
CDN Dollar (MAR)	0.994	0.974	0.020
Minneapolis Wheat (MAR)	9.33	9.64	(0.310)
Kansas City Wheat (MAR)	9.70	10.11	(0.410)
Chicago Oats (MAR)	3.20	3.19	0.010

At The Bin*Prices booked this week (net to the producer).*

Grain	Price	When	Producer
barley, 45 lb	\$4.00 FOB	Jan-Feb	Alliance
barley, 46 lb	\$4.20 FOB	February	Bashaw
barley, 48 lb	\$3.90 FOB	Jan-Feb	High Prairie
barley, 48 lb	\$4.52 del Lacombe	February	Kingman
barley, 48 lb	\$4.35 FOB	Jan-Feb	Ponoka
barley, 48 lb	\$4.28 FOB	Jan-Apr	Edberg
barley, 50 lb	\$4.22 FOB	Apr-May	Blackfoot
barley, 51 lb	\$4.20 FOB	Apr-May	Edberg
barley, 52 lb	\$4.30 FOB	Jan-Mar	New Norway
barley, 52 lb	\$4.35 FOB	Jan-Mar	Ponoka
canola	\$12.20 FOB	March	Camrose
canola	\$12.09 FOB	Feb-Mar	Ponoka
canola, heated	\$9.00 FOB	January	Hanna
canola, heated	\$6.57 FOB	Jan-Mar	Charlie Lake
canola, heated	\$6.57 FOB	Jan-Mar	Rose Prairie
canola, heated	\$7.21 del Edmonton	Jan-Mar	Rochester
canola, heated	\$6.75 del Edmonton	Jan-Mar	Kingman
canola, heated	\$6.75 del Edmonton	Jan-Mar	Warspite
canola, heated	\$6.69 FOB	Jan-Mar	La Glace
wheat, feed	6.26 FOB	January	Camrose
oats, feed	\$2.36 FOB	Jan-Feb	Cereal
oats, milling	\$2.70 FOB	April	Newbrook
flax	\$14.17 FOB	Jan-Mar	Bawlf
rye feed	\$6.70 del Stony Plain	Feb-Mar	Newbrook
peas, green	\$9.00 del Innisfail	January	Paradise Valley
peas, green	\$7.55 del Innisfail	January	Millet
peas, yellow	\$9.00 FOB	February	Atmore

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 year 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.

Canola—Fall 2009

Yes, there are opportunities to lock-in attractive canola prices for off-the-combine 2009. An interesting situation is out there, however. As of today, why is there almost a \$30.00/MT difference for that timeframe between two Alberta crushers? One has a price in the \$11.40/bu range while the other has a price of just over \$12.00/bu. It’s not just the basis that is different but also the **futures** month being used to establish the price. One company is using November 2009 futures (which would be expected), while the other is using November 2008 futures. Call me for an interesting discussion on this situation.

Winter Grazing Can Reduce Feed Costs

Swath grazing is a winter feeding practice that many beef producers in Alberta have implemented. Swaths from annual cereal crops left in the field to be grazed during the winter months eliminates the costs associated with baling or ensiling, feed hauling and storage, and reduces labour and winter feeding costs.



“This winter, with the light snow cover and the moderate temperatures being experienced throughout most of Alberta, swath grazing has been particularly successful,” says Russel Horvey, beef and forage specialist, Alberta Agriculture, Stettler. “Establishing a successful swath grazing program does take some planning for field selection, water sources, electric fence design and swath grazing management. It is also essential to correctly position wind shelters and have a plan for supplemental feeding programs, should they be necessary.”

Research suggests that swath grazing can lower winter feeding costs by 40% to 50% when compared to traditional bale or silage feeding systems. The impact on individual beef operations will vary depending on the effectiveness of the swath grazing program and the costs associated with the current winter feeding system.

“In a year like this, where snow is limited or non-existent in some areas of the province, alternate water sources to snow certainly need to be a part of the planning process,” says Horvey.

A fact sheet developed by Alberta Agriculture and Food, *Swath Grazing in Western Canada: An Introduction* (Agdex 420/56-2), provides a comprehensive package of information on topics from field selection and seeding to the management of swaths during winter grazing.

When online, be sure to also check out the swath grazing calculator. The calculator provides a cost comparison between conventional wintering feeding systems and swath grazing. The calculator can be found on [Alberta Agriculture's](#) web site by clicking on Calculators and then selecting the livestock category. Also, the Agricultural Research and Extension Council of Alberta (ARECA) recently revised their fact sheet *Year Round Grazing 365 Days*. This fact sheet is available by contacting the Ag-Info Centre in Stettler, 310-FARM (3276).

CWB January 2007-08 Average PRO

	JAN PRO	Alberta		Sask		BC	
		Average Deduc	Return	Average Deduc	Return	Average Deduc	Return
Wheat							
1 CWRS 14.5	\$ 9.85	\$1.38	\$8.47	\$1.63	\$8.22	\$1.32	\$8.53
1 CWRS 13.5	\$ 9.77	\$1.38	\$8.39	\$1.63	\$8.14	\$1.32	\$8.45
1 CWRS 12.5	\$ 9.69	\$1.38	\$8.31	\$1.63	\$8.06	\$1.32	\$8.37
1 CWRS 11.5	\$ 9.63	\$1.38	\$8.25	\$1.63	\$8.00	\$1.32	\$8.31
2 CWRS 13.5	\$ 9.61	\$1.38	\$8.23	\$1.63	\$7.98	\$1.32	\$8.29
2 CWRS 11.5	\$ 9.47	\$1.38	\$8.09	\$1.63	\$7.84	\$1.32	\$8.15
3 CWRS 13.0	\$ 9.42	\$1.38	\$8.04	\$1.63	\$7.79	\$1.32	\$8.10
3 CWRS	\$ 9.31	\$1.38	\$7.93	\$1.63	\$7.68	\$1.32	\$7.99
4 CWRS	\$ 8.95	\$1.38	\$7.57	\$1.63	\$7.32	\$1.32	\$7.63
1 CWHW 13.5	\$ 9.77	\$1.38	\$8.39	\$1.63	\$8.14	\$1.32	\$8.45
1 CPSR	\$ 9.09	\$1.38	\$7.71	\$1.63	\$7.46	\$1.32	\$7.77
1 CPSW	\$ 9.09	\$1.38	\$7.71	\$1.63	\$7.46	\$1.32	\$7.77
1 CWRW Select 11.5	\$ 9.20	\$1.38	\$7.82	\$1.63	\$7.57	\$1.32	\$7.88
1 CWRW	\$ 8.85	\$1.38	\$7.47	\$1.63	\$7.22	\$1.32	\$7.53
1 CWES	\$ 9.44	\$1.36	\$8.08	\$1.64	\$7.80	\$1.32	\$8.12
1 CWSWS	\$ 9.66	\$1.38	\$8.28	\$1.63	\$8.03	\$1.32	\$8.34
CW Feed	\$ 7.89	\$1.38	\$6.51	\$1.63	\$6.26	\$1.32	\$6.57
Durum							
1 CWAD 14.5	\$13.61	\$1.37	\$12.24	\$1.47	\$12.14	\$1.32	\$12.29
1 CWAD 13.0	\$13.50	\$1.37	\$12.13	\$1.47	\$12.03	\$1.32	\$12.18
1 CWAD 12.5	\$13.47	\$1.37	\$12.10	\$1.47	\$12.00	\$1.32	\$12.15
1 CWAD 11.5	\$13.39	\$1.37	\$12.02	\$1.47	\$11.92	\$1.32	\$12.07
2 CWAD 13.0	\$13.36	\$1.37	\$11.99	\$1.47	\$11.89	\$1.32	\$12.04
2 CWAD 11.5	\$13.28	\$1.37	\$11.91	\$1.47	\$11.81	\$1.32	\$11.96
3 CWAD 13.0	\$13.12	\$1.37	\$11.75	\$1.47	\$11.65	\$1.32	\$11.80
3 CWAD	\$13.06	\$1.37	\$11.69	\$1.47	\$11.59	\$1.32	\$11.74
4 CWAD	\$12.76	\$1.37	\$11.39	\$1.47	\$11.29	\$1.32	\$11.44
5 CWAD	\$ 7.89	\$1.37	\$6.52	\$1.47	\$6.42	\$1.32	\$6.57
Feed Barley							
1 CW Pool A	\$ 5.86	\$1.23	\$4.63	\$1.39	\$4.47	\$1.15	\$4.71
1 CW Pool B	\$ 5.64	\$1.23	\$4.41	\$1.39	\$4.25	\$1.15	\$4.49
Designated Barley							
SS CW 2-row	\$ 6.31	\$1.25	\$5.06	\$1.39	\$4.92	\$1.20	\$5.11
Std. Sel. 2-row	\$ 6.21	\$1.25	\$4.96	\$1.39	\$4.82	\$1.20	\$5.01
SS CW 6-row	\$ 5.75	\$1.25	\$4.50	\$1.39	\$4.36	\$1.20	\$4.55
Std. Sel. 6-row	\$ 5.64	\$1.25	\$4.39	\$1.39	\$4.25	\$1.20	\$4.44

CWB January PRO Commentary

Wheat

World wheat prices continued their upward trend as tight stocks and steady demand provided underlying support. The continuation of wheat export restrictions in Russia and Argentina and strong exports from the US have improved the price outlook. The January US Dept of Agriculture's "Winter Wheat Seedings" report indicated the acreage planted to hard red winter wheat has declined from last year, contrary to market expectations. The combination of lower area and concerns about the growing conditions in the Southern Plains have pushed new-crop winter wheat prices higher, while nearby contracts are mixed. An extremely tight spring wheat situation, along with market expectations of reduced North American planted area, have boosted nearby Minneapolis wheat futures by \$1.34 per bushel since the last PRO. Prices are expected to remain highly volatile due to tight supplies around the globe. The Canadian dollar has eased slightly in the past month, which has also boosted the price outlook.

Durum

The international durum market moved higher, following a lull during the holiday season. Fundamentally, the market remains tight and prices are expected to remain high until the arrival of new-crop durum in the Mediterranean basin. Crop conditions in Europe and North Africa have been mostly good since planting began in November. Although North American area is expected to be larger than in 2007, continued dryness in the region is already creating concerns for the upcoming growing season. Any weather problems in the major durum growing areas of the world during the growing season will quickly push prices upward.

Feed Barley

Pool A - Pool A draws to a close on January 31. Limited delivery opportunities and logistical capacity restraints have led to a small pool. Tight global feed barley fundamentals continue to be supportive of high prices.

Pool B - World feed grain prices moved slightly higher over the past month. There is still demand for feed barley from the Middle East that should support prices in the coming months. Russia has implemented a 30-per-cent export tax on barley to reduce exports, while Ukraine has also limited exports. Prices are expected to be pressured in August 2008 by the arrival of new-crop barley in the Black Sea region and the European Union. The world feed-grain complex is expected to remain steady in the nearby time period, with the price of corn providing a price floor for feed barley. Corn prices are expected to remain strong as they rally to attract and retain corn acres in the upcoming year.

Designated Barley

Malt barley prices were steady to slightly higher over the past month. Quality concerns with the Canadian, Australian, and Argentinean malt barley crops have been supportive of higher prices. Fundamentally, the market remains tight, which will be price supportive until the arrival of the European new-crop supplies.

CLASSIFIEDS

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