

At Market Master

by Shelley Wetmore

February 15, 2008.....

Every week that passes these days just brings higher and higher grain prices. I was happy when canola reached \$10, ecstatic when it hit \$11, amazed when it got to \$12, bewildered when it reached \$13, and in disbelief when the spot market climbed over \$14.00. The \$15 dollar mark seems only a hop, skip, and a jump away. Rumours of \$20 canola are everywhere. Although it seems many farmers are sitting back and NOT pre-pricing too much, I must point out that Bunge in Fort Saskatchewan is completely booked for the fall months of September, October, AND November! So, if you're delaying future pricing because of this continued canola rally, remember there will be bills to pay in the fall and bin space to consider. It would not be a good scenario to want to deliver canola in the fall, only to find there is nowhere to go with it. Pricing small amounts into a rally is not a bad strategy to consider.

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Mar 08	\$649.80	\$612.10	\$37.70
May 08	\$662.50	\$624.10	\$38.40
Jul 08	\$674.20	\$634.20	\$40.00
Nov 08	\$651.50	\$608.10	\$43.40
Jan 09	\$661.40	\$617.80	\$43.60
Mar 09	\$664.20	\$622.40	\$41.80
May 09	\$667.20	\$625.20	\$42.00
Jul 09	\$669.70	\$628.20	\$41.50
Nov 09	\$610.00	\$584.60	\$25.40
Jan 10	\$613.30	\$579.60	\$33.70
Mar 10	\$613.30	\$579.60	\$33.70
Wheat	This Week	Last Week	Diff +/-
Mar 08	\$275.00	\$260.00	\$15.00
May 08	\$270.00	\$250.00	\$20.00
Jul 08	\$270.00	\$250.00	\$20.00
Oct 08	\$263.00	\$243.00	\$20.00
Dec 08	\$263.00	\$243.00	\$20.00
Barley	This Week	Last Week	Diff +/-
Mar 08	\$212.90	\$218.00	(\$5.10)
May 08	\$218.40	\$225.00	(\$6.60)
Jul 08	\$226.00	\$232.10	(\$6.10)
Oct 08	\$229.50	\$232.00	(\$2.50)
Dec 08	\$234.10	\$236.20	(\$2.10)

Be Grainwise!

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

US Grain

Soy Complex

Bullish News

- China's recent severe winter storms may have damaged up to 40% of their winter rapeseed crop which sent vegoil markets around the world soaring.
- Indonesia, the world's largest producer of palm oil, said it would institute a tax on CPO (Crude Palm Oil) exports to contain food inflation.
- In South America, cash soyoil is trading as high as 75 cents/lb, well over futures values.
- Weekly exports fell well within pre-report estimates at 331,600 mt but were still considered bullish.

MAR oil lead the complex, rising 3.36 cents to 58.78 cents/lb. MAR beans climbed 36 cents to \$13.75/bu. But, meal slumped \$2.90 to \$358.60/t which is not surprising—when you crush beans for oil, you end up with a lot of meal you may not have a market for.

Corn

Corn is in a sideways trading range. In fact, the market looks boring compared to the other pits. Traders want to see how the other markets shake out before taking a stance in the fight for acres with beans and spring wheat. Weekly exports were solid at 980,400 mt. MAR corn closed 7½ cents higher at \$5.15½/bu.

Wheat

Increased volatility (due to expanded limits) was the order of the day. Contracts were down hard early in the week except for MAR MGE wheat which shot \$3.83 cents higher to sit at the unprecedented level of \$19.36/bu! Thanks to the higher limits, at least the contract IS trading now. One thing is certain—somebody needs spring wheat real bad and they want it NOW. Not only are futures soaring to unheard of heights but basis levels remain strong.

The news wasn't as rosy in the other pits with MAR CBOT slipping 61 cents to \$10.32/bu and KCBT wheat down 54½ cents to \$10.86/bu. The damage could have been worse had it not been for a rash of new found export interest:

- Egypt purchased 235,000 mt of wheat including 115,000 mt of US soft red winter wheat
- Iraq issued a tender for 50,000 mt
- Tunisia was in the market for 42,000 mt
- Japan was in the market for 190,000 mt of wheat including 77,000 mt of US dark northern spring wheat.

It appears this week's sharp declines brought out the buyers.

Canadian Grain

Oilseeds

For the same reasons as soy, MAR canola blasted \$37.70 higher to \$649.80/MT. General strength in world veg oils, combined with expectations of renewed Chinese interest after their New Year's celebrations are over, spurred the market. Crushers remain steady buyers while farmers are turning more bullish, reluctant to dump remaining inventory on the market as long as the market is trending higher. It wasn't long ago when analysts were predicting canola futures of \$700—JUL is now trading close to \$670 and some well-known analysts are stating \$800 isn't out of the picture by spring. Who knows?

Feedgrain

Barley remains the weak sister and if the price relationship between it and wheat/canola doesn't change, it can be assumed there will be fewer barley acres seeded on the prairies. The confusion over what type of marketing system barley will fall under only adds to the uncertainty.

MAR barley slipped \$5.10 to \$212.90/MT despite a firm cash market. MAR feed wheat settled \$5.00 higher at \$212.90. Edible pea bids remain strong for both old and new crop sales.



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Strategies

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

Market activity in grain and oilseed sectors is unprecedented. There's now widespread concern about food availability and food security in many countries we've never witnessed before. Some countries are stockpiling reserves and imposing export tariffs to keep the food at home and prices low domestically. Some countries have imposed outright export bans.

Along with these tighter supplies have come sharply higher prices and a marked increase in volatility. That volatility reached such a degree that the CWB had to step away from their new crop PPO programs until "things calmed down". (It should be noted that those programs are now up and running once again.)

There's no one reason for these tighter global supplies. Crop failures in major producing areas (such as the drought in Australia) have been factors but there's increasing concern about the food versus fuel debate—particularly in the US where biofuel usage is mandated.

In the US, over 2 billion bushels of corn is turned into ethanol annually and that figure is expected to increase in coming years—it's become a major market.

Another factor not often reported is the amount of speculative money in the grain markets these days. With a possible recession looming in the US, some fund managers would rather own actual physical commodities than shares in a company. Some of that money is finding its way into the grains market. While high prices always look good to producers, they are also presenting new challenges.

For one thing, no one know what "high" is any more. It used to be \$5.00/bu wheat or \$10.00/bu canola was a good price. But is it anymore? Holders of CWB old crop basis contracts could be looking at returns for CWRS wheat in the high teens. A year ago, no one would thought that was possible. Some analysts are calling for \$20.00/bu canola.

Producers are getting gun-shy about locking-in prices and recent history will show that procrastination has paid off. However, high prices do you no good unless you actually sell something. The need to have a plan and be disciplined has never been more important. It's no time to be lulled into complacency!



Malt Program

Details coming soon! Looks like we'll be in the \$6.75/bu range, September through December delivery period, "act of God" included!

Call the office to sign-up!

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	\$4.44 FOB	Apr-May	Camrose
barley, 48 lb	\$4.67 del Edmonton	Apr-May	Mannville
barley, 48 lb	\$4.40 FOB	October	Wetaskiwin
barley, 48 lb	\$4.52 del Vegreville	February	Paradise Hill
barley, 48 lb	\$4.50 FOB	March	Bentley
barley, 48 lb	\$4.46 FOB	March	Ferintosh
barley, 48 lb	\$4.57 del Ponoka	March	Bashaw
barley, 48 lb	\$4.46 del Lacombe	March	Ponoka
barley, 48 lb	\$4.41 FOB	March	Edberg
barley, 48 lb	\$\$4.74 del Olds	Apr-May	Olds
barley, 49 lb	\$4.52 del Wetaskiwin	February	Bashaw
barley, 50 lb	\$4.57 del Ponoka	March	Bashaw
barley, 50 lb	\$4.37 FOB	March	Calmar
barley, 52 lb	\$4.37 FOB	February	Kirriemuir
barley, malt	CWB PRO	Feb-Mar	Mundare
barley, malt	CWB PRO	Feb-Mar	Leduc
barley, malt	CWB PRO	Feb-Mar	Vermilion
canola	\$12.64 FOB	February	Charlie Lake
canola	\$12.96 FOB	November	Warburg
canola, heated	\$6.57 FOB	February	Charlie Lake
wheat, feed	\$7.03 FOB	February	Wetaskiwin
wheat, feed	\$7.03 FOB	February	Atmore
wheat, feed	\$7.03 FOB	Feb-Mar	Hayter
wheat, feed	\$7.03 FOB	Feb-Mar	Bodo
wheat, feed	\$7.03 FOB	Feb-Mar	Bentley
wheat, feed	\$7.03 FOB	Feb-Mar	Camrose
wheat, feed	\$7.03 FOB	Feb-Mar	Edberg
oats, feed	\$2.40 FOB	February	St. Paul
oats, milling	\$2.94 FOB	April	Mundare
oats, milling	\$2.85 FOB	April	Cereal
oats, milling	\$3.03 FOB	June	Warburg

Milling Oats for Fall

Who's going to seed oats this spring when values for other grains and oilseeds look SO attractive? Oat prices, though, do continue to increase. \$3.25/bu range, at the bin, off the combine in many Alberta locations are available. The outlook for December pickup is in the \$3.40 range.

Classifieds

Bales: 800 first-cut alfalfa bales, dairy quality, good twine, easy to haul, 1,350 lbs, Thorsby area. Cal Warren at (780) 789-3747.

Puppies: Beautiful, purebred Golden Retriever puppies. Ready mid-February. All shots given but no papers. Call Norm Olsen, Killam, at (780) 385-0536.

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.

New Heated Canola Prices!

max 5%	\$10.04
max 35%	\$8.23
max 50%	\$7.32
max 65%	\$6.87

Market Access for Pulse Crops

At the recent Alberta Pulse Growers annual general meeting, Alberta pulse growers learned about key market access issues relevant for the pulse sector and about new opportunities for pulses.

“There are two main market issues that are most relevant to pulse growers in Alberta. The first is peas to India,” says Carl Potts, director of Market Development, Pulse Canada. “Alberta growers are facing a market access issue related to India’s import requirements related to pulses. That market access issue is costing the industry about \$30 million each year. Work is currently being done to find a permanent solution that will remove the unnecessary risks and costs in the supply chain.”

The second pulse market access issue concerns Alberta’s export of beans to Mexico. Under NAFTA, in 1994 there was a tariff rate quota established for bean export into Mexico. As of January 2008 it has been eliminated. Pulse Canada and the industry have been working over the last few years to ensure that the transition to a fully open market will be maintained and that new opportunities for bean exports from Canada to Mexico will be fully established.

“Mexico is the largest market for pinto and black beans and presents an excellent opportunity for Canada,” says Potts. “Under the NAFTA agreement, Canada had only three per cent of the overall quote. Since 1994, production in Canada has expanded and Canada is well positioned to capture a greater share of this market.

“In terms of India, there is a huge demand for pulses, especially yellow peas grown in Canada. It is expected that 2007 national export numbers will be in excess of one million tonnes, which represents about 50 per cent of Canadian exports. This growing market opportunity underlines the importance to have market access issues resolved.”

Approximately 96% of Canadian grown pulses are produced on the Prairies, with Saskatchewan being the largest producer of pulses (71%) followed by Alberta (18%) and Manitoba (7%) (Statistics Canada, August 2007). Approximate pulse production in Canada for 2006 are:

- peas – 2.52 million tonnes
- lentils – 630,000 tonnes
- beans – 372,000 tonnes
- chickpeas – 163,000 tonnes

Pulse crops are looking more and more attractive to growers, partly due to the increased demand from export markets.

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	February	\$4.63 del Castor
barley	February	\$4.41 del Breton
barley	February	\$4.55 del Tiger Lily
barley	Mar-Apr	\$4.46 del Lacombe
barley	Mar-May	\$4.52 del Breton
barley	Apr-May	\$4.67 del Edmonton
barley	Sep-Oct	\$4.40 del Vegreville
barley	Nov-Dec	\$4.50 del Vegreville
wheat, 13.0% prt	Feb-Mar	\$7.57 del Red Deer
wheat, feed	March	\$7.16 del Red Deer
peas, green edible	March	\$10.00 del Innisfail
peas, yellow edible	March	\$10.35 del Innisfail
peas, yellow edible	Sep-Oct	\$9.00 del Innisfail
rye, feed	Feb-Mar	\$8.20 del Stony Plain
rye, feed	Feb-Mar	\$8.20 del Three Hills
oats, milling	Apr-May	\$3.22 del Martensville
oats, milling	June	\$3.32 del Martensville
oats, milling	July	\$3.35 del Martensville
oats, milling	August	\$3.39 del Martensville
oats, milling	Sept-Oct	\$3.54 del Martensville
oats, milling	November	\$3.59 del Martensville
oats, milling	December	\$3.64 del Martensville
canola	March	\$14.23 del Edmonton
canola	July	\$14.44 del Fort Sask
canola	October	\$13.06 del Lloydminster
canola	November	\$13.84 del Fort Sask
canola	Jan 2009	\$13.15 del Lloydminster
canola	Jan-Feb 2009	\$14.33 del Fort Sask
canola	Mar-Apr 2009	\$14.40 del Fort Sask
flax	Mar-Apr	\$17.01 del Edmonton

Grain Pricing Orders (GPOs)

Easily set price targets! Call the office to set your price, set your terms. Especially convenient during seeding when you’re too busy to watch markets!

By the Number	This Week	Last Week	Diff
CME Live Cattle (FEB)	91.400	92.200	(0.800)
CME Live Hogs (APR)	64.200	58.150	6.050
CDN Dollar (MAR)	0.990	0.999	(0.009)
Minneapolis Wheat (MAR)	10.30	10.93	(0.630)
Kansas City Wheat (MAR)	10.82	11.40	(0.580)
Chicago Oats (MAR)	3.58	3.50	0.080

Sky the Limit for Rye?

Have you noticed the quick, continued climb for feed rye? That’s because there’s good demand for the product but no product available. If you have rye sitting in the bin, please call the office. Check the prices in the Bid Board. If your rye qualifies for milling, the price will be substantially more!