

At Market Master

by Shelley Wetmore

February 22, 2008.....

We're still on the hunt for **feed wheat** that is red, dry, and has proteins of 13% or better. If you review the Bid Board, you'll notice the price is comparable to #1 CWRS with the board.

Milling oats continue to rise and I've put together a table with some comments to think about. Could oats be the "surprise" crop of the year?

Inputs continue to go up and 4600 is in the \$700 range and anhydrous is in the \$1,100 range in some areas. High will will these costs increase? Rumours for the summer indicate that fuel (at the pumps) may hit the \$1.50 mark. Yikes!

Malt contracts are available in the office and, yes, the price is in the \$6.70 range delivered to the maltster. Call me for more details. The contract DOES contain an Act of God clause. Tonnage is limited so think soon.

We're now booking **canola** for April through May, delivered to Edmonton. Friday's price was a whopping \$15.20!

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Mar 08	\$680.60	\$649.80	\$30.80
May 08	\$692.60	\$662.50	\$30.10
Jul 08	\$704.10	\$674.20	\$29.90
Nov 08	\$684.40	\$651.50	\$32.90
Jan 09	\$692.80	\$661.40	\$31.40
Mar 09	\$700.40	\$664.20	\$36.20
May 09	\$705.30	\$667.20	\$38.10
Jul 09	\$709.60	\$669.70	\$39.90
Nov 09	\$650.00	\$610.00	\$40.00
Jan 10	\$654.60	\$613.30	\$41.30
Mar 10	\$654.60	\$613.30	\$41.30
Wheat	This Week	Last Week	Diff +/-
Mar 08	\$281.80	\$275.00	\$6.80
May 08	\$276.80	\$270.00	\$6.80
Jul 08	\$276.80	\$270.00	\$6.80
Oct 08	\$269.80	\$263.00	\$6.80
Dec 08	\$269.80	\$263.00	\$6.80
Barley	This Week	Last Week	Diff +/-
Mar 08	\$219.00	\$212.90	\$6.10
May 08	\$223.00	\$218.40	\$4.60
Jul 08	\$233.00	\$226.00	\$7.00
Oct 08	\$235.00	\$229.50	\$5.50
Dec 08	\$236.90	\$234.10	\$2.80

Be Grainwise!

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

US Grain

Soy Complex

Anticipated oil demand from China (after their worst winter storm in 50 years) bolstered the soy complex. You're never too sure just how accurate the figures are coming out of China but it's probable that at least some damage was done to their rapeseed crop.

Solid weekly exports were supportive at 630,600 mt. Remember, just 81,500 mt is needed on a weekly basis to meet USDA yearly expectations—very bullish—as was the initial acreage projections released this week at the annual USDA outlook conference (see Strategies).

Vegoils are on a tear. MAY soyoil climbed 3.11 cents to set a new contract high of 62.30 cents/lb. Even meal pushed \$3.20 higher to \$368.20/t while beans fired 61¼ cents higher to \$14.38¼/bu.

Corn

Corn exports were solid as well, coming in at 1.176 mmt which exceeded pre-report expectations. This figure was well over what's needed to achieve the latest USDA annual sales projection. While the Market Outlook Conference seeded acreage estimate wasn't quite as positive as it was for beans, the market took it in stride.

Corn traders are still keeping one eye on the bean and wheat pits, wary that corn must remain competitive with other crops in order to secure adequate acres this spring.

MAY corn continued its uptrend and posted a new contract high of \$5.35/bu, a rise of 8 cents.

Wheat

Wheat regrouped and put in solid performances following a bullishly construed acreage estimate by USDA economists this week. Weekly exports came in at just 101,000 mt. However, that puts this year's total exports at 1.150 billion bu not far shy of the USDA projection of 1.200 billion bu. It should be noted that we're only in the 37th week of the wheat marketing year.

MAY CBOT wheat closed 22½ cents higher to \$10.64½/bu while KCBT

wheat bounced 32½ cents to \$11.15/bu. However, MGE futures remain the hottest ticket in town climbing 57¾ cents to \$16.18/bu.

Canadian Grain

Oilseeds

Another strong week for canola futures with the MAY bounding \$30.20 to \$692.60/MT.

Steady crusher buying on rumours of Chinese interest for canola oil combined with an unwillingness of producers to part with remaining inventory in the wake of a strong rally lead the market higher. Cash values are the highest in history but, after witnessing what happened in wheat, producers are taking a wait-and-see attitude. New crop futures are performing equally well (see Strategies).

Under normal circumstances these sorts of prices would have prairie producers planting canola wall-to-wall this spring. However, because all crops look attractive, the indication I'm getting from most farmers is they'll be sticking to their usual rotations.

Feedgrain

Cash feed wheat prices are soaring but barley values remain stagnant.

Uncertainty in the barley market (CWB monopoly versus open market) has many producers holding back on barley planting intentions.

MAY wheat pushed \$6.80 higher to \$276.80/MT while barley closed the week \$5.10 higher at \$223.50/MT.



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Strategies

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

Well, we did it! Canola futures topped the \$700.00/MT mark. At the time of writing, JUL 2008 futures are sitting at \$703.50. But equally exciting is the fact that JUL 2009 futures are at \$704.90. Most of that strength can be attributed to an exceptionally strong world vegoil market which is being influenced by a robust crude oil market. They're all intertwined.

Additional strength came courtesy of this morning's USDA preliminary seeded acres intentions which were trotted out during their annual Outlook Forum held in Washington DC.

Soy Complex Report

Soybean plantings are expected to rise to 71 mln acres versus last year's 63.7 mln acres. However, the number is unchanged from their last forecast despite higher bean prices. Most analysts were looking for a larger number and when it didn't arrive, the market bounced higher. There were other interesting statistics to come out of the conference as well. Here's a quick recap.

Corn Report

Corn acres are expected to drop from last year's 93.6 mln acres to 90 mln acres but 2 mln acres higher than the last USDA projection of 88 mln acres. According to USDA figures, farmers are responding to increased demand due to ethanol production in the US. There were also interesting thoughts conveyed concerning the ethanol industry. Chief USDA economist Joe Glauber stated that current ethanol production in the US is around 7.3 billion gals but that figure is expected to almost double to 13.4 billion gals within 18 to 24 months. Long-term, Glauber looked for higher corn prices due to increased demand.

Wheat Report

Another surprise came in the wheat figures. This year's acreage is expected to come in at 64 mln acres, higher than last year's 60.4 mln acres but a million acres less than the previous USDA estimate of 65 mln acres. Again, this shortfall came despite sharply higher wheat prices.

Note that US producers are expected to plant a total of 2.5 mln acres formerly in the Conservation Reserve Program (CRP). The CRP is a program where US producers can set aside (usually seed to grass) land that they deem environmentally sensitive in exchange for government payments. There are currently 34.6 mln acres in the Reserve. This spring, the contract for about 5 mln acres came due. Only half of that amount was returned to the program. Higher grain prices can make even marginal land look attractive. Producers can opt out of the program as well but there are penalties that would have to be paid. Contracts for an additional 1.8 mln acres will not expire until September 2008, too late for this year's crop.

While the market was definitely paying attention to the USDA figures, the March 31st Plantings Intentions Report which is survey-based will carry much more weight. But, these preliminary thoughts give the market a benchmark to operate from.

Milling Oat Examples—At The Bin

Location	Apr	Aug	Sep	Dec
Altario	\$3.29	\$3.45	\$3.56	\$3.67
Andrew	\$3.29	\$3.45	\$3.56	\$3.67
Athabasca	\$3.24	\$3.40	\$3.51	\$3.62
Bashaw	\$3.29	\$3.45	\$3.56	\$3.67
Calmar	\$3.29	\$3.45	\$3.56	\$3.67
Castor	\$3.29	\$3.45	\$3.56	\$3.67
Edmonton	\$3.30	\$3.47	\$3.58	\$3.68
Ferintosh	\$3.27	\$3.44	\$3.54	\$3.65
Glendon	\$3.21	\$3.37	\$3.48	\$3.59
Grassland	\$3.24	\$3.40	\$3.51	\$3.62
High Prairie	\$3.12	\$3.28	\$3.39	\$3.50
Innisfree	\$3.29	\$3.45	\$3.56	\$3.67
Killam	\$3.29	\$3.45	\$3.56	\$3.67
Lacombe	\$3.27	\$3.44	\$3.54	\$3.65
Lloydminster	\$3.35	\$3.51	\$3.62	\$3.73
Millet	\$3.29	\$3.45	\$3.56	\$3.67
Mundare	\$3.32	\$3.48	\$3.59	\$3.70
Newbrook	\$3.27	\$3.44	\$3.54	\$3.65
Paradise Hill	\$3.32	\$3.48	\$3.59	\$3.70
Sangudo	\$3.26	\$3.42	\$3.53	\$3.64
Smoky Lake	\$3.29	\$3.45	\$3.56	\$3.67
St. Albert	\$3.29	\$3.45	\$3.56	\$3.67
Three Hills	\$3.27	\$3.44	\$3.54	\$3.65
Tofield	\$3.29	\$3.45	\$3.56	\$3.67
Vermilion	\$3.33	\$3.50	\$3.51	\$3.61
Viking	\$3.32	\$3.48	\$3.59	\$3.70
Wetaskiwin	\$3.29	\$3.45	\$3.56	\$3.67

Who is seeding oats this spring? Yes, the prices we see above are definitely above what we're used to receiving for milling oats but I think most producers are going to take these numbers and compare them against wheat, canola, peas, and malt barley. Although oats yield tremendously and are cheaper to grow, will the net outcome come close to the other crop choices? Perhaps, the oats will merely fit into a rotation for the loyal oats grower.

One thing to take note of is that the fall prices are higher than current levels. Buyers are aware of the competition for acres. Oats have not increased in price compared to other crops. If producers intend NOT to commit substantial acres to oats, this may just be the beginning of the price increase.

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.

