

At Market Master

by Shelley Wetmore

March 14, 2008.....

There's a change at the ICE for daily limits on Canadian futures contracts (see Strategies). How will THAT play out?

The CWB is coming out with export barley programs. That, of course, leads to more competitiveness for domestic feed barley. You can already see our feed barley prices have NOT changed along with any movement in barley or corn futures, but remain flat to slowly bullish. Feed wheat also remains flat to bullish.

We have (I think) one more week's grace on the price of spot yellow edible peas. Compare the Bid Board price against others out there if you still have old crop. Plus, fall prices are up.

Milling oat prices have dropped. Sep-Oct bids (which WERE in the \$4.00 range at the bin in many Alberta locations) now hover in the \$3.50 range. Be aware: some areas in Saskatchewan are gung-ho on oats as wheat midge is a real concern, thus, oats look VERY attract. Expect big acres there!

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Mar 08	\$631.70	\$629.00	\$2.70
May 08	\$639.20	\$639.00	\$0.20
Jul 08	\$651.90	\$646.90	\$5.00
Nov 08	\$647.30	\$641.00	\$6.30
Jan 09	\$656.00	\$649.90	\$6.10
Mar 09	\$661.00	\$655.80	\$5.20
May 09	\$669.90	\$644.70	\$25.20
Jul 09	\$672.90	\$672.80	\$0.10
Nov 09	\$637.00	\$635.50	\$1.50
Jan 10	\$641.70	\$640.20	\$1.50
Mar 10	\$641.70	\$640.20	\$1.50
Wheat	This Week	Last Week	Diff +/-
Mar 08	\$287.80	\$287.80	\$0.00
May 08	\$295.00	\$295.00	\$0.00
Jul 08	\$295.00	\$295.00	\$0.00
Oct 08	\$288.00	\$288.00	\$0.00
Dec 08	\$288.00	\$288.00	\$0.00
Barley	This Week	Last Week	Diff +/-
Mar 08	\$226.30	\$223.60	\$2.70
May 08	\$236.00	\$233.30	\$2.70
Jul 08	\$244.50	\$242.30	\$2.20
Oct 08	\$245.70	\$240.00	\$5.70
Dec 08	\$250.00	\$247.50	\$2.50

Be Grainwise!

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

US Grain

Soy Complex

After a week of sideways trading, soybeans succumbed to long liquidation Friday which had futures limit-down on the day, with the MAY 56 cents lower on the week to \$13.52¾/bu. Meal dropped \$6.50 to \$343.80/t while oil slipped 2.77 cents to 60.56 cents/lb.

A bullish USDA carryout figure Tuesday gave beans early support, however, a corresponding uptick in global carryout muted some of that bullish enthusiasm. There's also concern that a cold, wet spring could reduce corn acres and increase bean acres.

This week's combined export total came in at a solid 381.5 mt but this week's trading had more to do with technical considerations and cash flow requirements by the commodity and index funds (see Strategies).

Corn

Spillover pressure from beans pared back weekly corn gains but the MAY still climbed 12 cents to \$5.59¼cents/bu.

Obviously, concerns over spring planting were bullish for corn as was a solid weekly export figure of 1.226 mmt (old and new crop sales). On the carryout front, domestic supplies came in as expected but global carryout was boosted from 101.9 mmt to 104 mmt.

Wheat

Despite heavy losses Friday, MAY CBOT wheat climbed 86½ cents to \$11.91/bu while KCBT wheat rose 89¼ cents to \$12.58¼/bu. MGE wheat outshone them all, soaring \$1.24/bu higher to \$14.44/bu.

This week's action took us to new contract highs in DEC 08 futures in both CBOT and KCBT wheat. New crop spring wheat remains concerned about a fight for acres with corn and beans.

The USDA projected slightly lower US carryout stocks and slightly larger global stocks but the market paid little attention. Exports were disappointing at just 210,000 mt but most of this year's export projection has already been achieved so it's impact was not as great as it might have been.

Canadian Grain

Oilseeds

After a wild week of trading, MAY closed \$1.00 higher at \$640.00/MT.

Volatility in world vegoil markets and a strong Canadian dollars kept traders on edge. However, strong crude oil prices in the range of \$110/bbl was supportive. Rumours of renewed domestic and export buying also lent support.

In a move denounced by most traders (see Strategies) ICE Futures Canada, which now operates the Winnipeg exchange, has increased daily limits on canola from \$30.00/MT to \$45.00/MT. Barley and wheat will increase from \$10.00/MT to \$15.00/MT.

Winnipeg barley seems to be trading in a bubble totally oblivious to outside markets. Both the cash and the futures markets varied little this week with the MAY closing \$2.70 higher at \$236.

Some analysts now predict we'll see a major shift out of barley this spring in favour of canola and wheat. MAY wheat closed the week as it began at \$295.

Malt Program

Contracts are available in the office. Price is in the \$6.70/bu range, for 2-row varieties, delivered to the maltster. Act of God is included in the contract. Call for details!



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Strategies

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

What does the “sub prime” mean to Western Canadian commodities?

The US prime mortgage debacle just refuses to go away. Just as a recap—lending institutions in the US extended mortgages at ridiculously low interest rates (sub prime) for the first few years of the mortgage. The catch was that after that initial period, the lending institution would make up their money by charging much higher rates for the rest of the mortgage. To make matters worse, they required little or no collateral for these mortgages. Not surprisingly, people took on way more debt than they could handle and when they could no longer make the payments, in many cases, they simply walked away from their property. This left the lending institutions holding property that was sinking in value in a depressed market. In short, they no longer had assets to back up the loans.

The reluctance of many of these institutions to announce their full exposure to their unsecured paper means the news comes out in dribs and drabs. There's now a lack of trust between not only the public and these institutions but between the institutions themselves. Few are willing to buy someone else's paper for fear that further assets write down will render them worthless.

The Fed (US equivalent to the Bank of Canada) has stepped in by pumping 200 bln dollars into the system to help shore up confidence in the financial system. They've also lowered interest rates and are poised to invoke further cuts in an effort to stimulate renewed investments. However, Friday morning, a well known Investment firm, Bear Stearns, had to be bailed out by the Fed or they would have gone bankrupt. It gets a little convoluted but the Fed had to pipe the money through another

investment firm “Morgan Stanley” to keep Bear Stearns solvent. Simply put, in my opinion, the problem is too big for the Fed to deal with on its own. It will require the coordinated effort of Federal Banks around the world to shore up confidence that they will indeed back stop the financial system.

Now this is all very interesting but how does it affect commodity markets? This part is relatively simple.

Commodity and index funds buy and sell both stocks and commodity futures on margin. When the market goes against them, they have to produce their margin money each and every day. This is NOT negotiable.

In these volatile times, margin calls can become huge in a very short space of time. If the margin calls are big enough, they look to the banks which (in the past) have been only too willing to lend to them to provide their margin money. The banks are not in such a generous mood anymore. Many want their money back which is putting the commodity funds in a bind.

Much of last week's huge sell-off in beans and canola was seen as an effort by these funds to liquidate some of their positions in order to raise cash. This makes the market even more volatile which prompts the exchanges to raise their daily limits and the amount of margin money required to hold a position in the market. And ... around and round we go.

All of this will eventually sort itself out and, in some cases, the extreme volatility may even provide selling opportunities for producers. But remember ... what goes up fast can come down even faster!

By the Number	This Week	Last Week	Diff
CME Live Cattle (FEB)	90.500	89.775	0.725
CME Live Hogs (APR)	55.025	57.850	(2.825)
CDN Dollar (MAR)	1.014	1.009	0.005
Minneapolis Wheat (MAR)	11.60	10.92	0.680
Kansas City Wheat (MAR)	12.17	11.45	0.720
Chicago Oats (MAR)	3.93	3.91	0.020

Malt Program

Contracts are available in the office. Price is in the \$6.70/bu range, for 2-row varieties, delivered to the maltster. Act of God is included in the contract. Call for details!

Classifieds

Certified Seed: Superb wheat @ \$11.00/bu, AC Metcalfe and CDC Copeland @ \$9.00/bu. Phone Todd Clark, Edmonton area at (780) 499-5060.

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

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.

Conversion Table		
40 MT of	Equals	# of bu
barley	x 45.930	1,837 bushels
wheat, peas	x 36.744	1,470 bushels
canola	x 44.092	1,764 bushels
flax, rye, corn	x 39.368	1,575 bushels
oats	x 64.842	2,594 bushels

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!

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	April	\$4.63 del Edmonton
barley	May-Jun	\$4.75 del Lacombe
barley	May	\$4.70 del Edmonton
barley	May	\$4.70 del Lacombe
barley	June	\$4.74 del Edmonton
barley	Sep-Oct	\$4.40 del Vegreville
barley	Nov-Dec	\$4.50 del Vegreville
barley	Jan-Mar 09	\$4.57 del Vegreville
wheat, feed	March	\$7.30 del Drumheller
wheat, 13.0% prt	Mar-Apr	\$8.79 del Red Deer
wheat, feed	May-Jul	\$7.30 del Edmonton
peas, green max 15% bleach	April	\$9.70 del Innisfail
peas, green edible	Apr-May	\$10.50 del Innisfail
peas, yellow edible	Apr-May	\$10.50 del Innisfail
peas, green edible	Sep-Nov	\$9.20 del Innisfail
peas, yellow edible	Sep-Oct	\$9.75 del Innisfail
rye, feed	May-Jun	\$10.00 del Stony Plain
rye, feed	May-Jun	\$10.00 del Three Hills
canola	Apr-May	\$14.04 del Edmonton
canola	July	\$15.03 del Lloydminster
canola	November	\$14.02 del Lloydminster
canola	January 09	\$13.24 del Ft. Sask
canola	January 09	\$14.46 del Lloydminster
oats, milling	Apr-May	\$3.41 del Martensville
oats, milling	June	\$3.50 del Martensville
oats, milling	July	\$3.53 del Martensville
oats, milling	August	\$3.57 del Martensville
oats, milling	Sep-Oct	\$3.72 del Martensville
oats, milling	November	\$3.77 del Martensville
oats, milling	December	\$3.82 del Martensville

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 46 lb	\$4.15 FOB	March	Mossleigh
barley, 48 lb	\$4.44 FOB	April	Three Hills
barley, 48 lb	\$4.55 FOB	May	Meeting Creek
barley, 48 lb	\$4.74 del Edmonton	June	Pickardville
barley, 48 lb	\$4.85 del Edmonton	July	Pickardville
barley, 50 lb	\$4.50 FOB	March	Mundare
barley, 50 lb	\$4.55 FOB	June	Meeting Creek
barley, 50 lb	\$4.60 FOB	May	Bentley
barley, 50 lb	\$4.50 FOB	March	Stony Plain
barley, 50 lb	\$4.50 FOB	March	Bon Accord
barley, 50 lb	\$4.85 del Edmonton	Jul-Aug	Mannville
barley, 50 lb	\$4.85 del Edmonton	Jul-Aug	Boyle
barley, 50 lb	\$4.50 FOB	March	Castor
barley, 52 lb	\$4.50 FOB	March	Mundare
barley, 52 lb	\$4.65 FOB	Jul-Aug	Mundare
barley, malt	\$6.70 del Beiseker	08-09	Oyen
canola	\$13.49 FOB	October	Calmar
canola	\$14.94 del Edmonton	March	Guy
canola, heated	\$8.20 FOB	March	Kitscoty
canola, heated	\$8.66 FOB	Mar-Apr	Alliance
canola, #3	\$14.76 del Edmonton	Mar-May	Sangudo
canola, sample	\$13.54 FOB	Apr-May	Wimborne
wheat, feed	\$8.47 FOB	Mar-Apr	Three Hills
wheat, feed	\$7.57 FOB	March	Paradise Hill
wheat, feed	\$8.50 FOB	Mar-Apr	Ohaton
oats, milling	\$3.54 FOB	December	Iron River
rye, feed	\$8.44 FOB	Apr-May	High Prairie

Clubroot Best Management Practices (from Alberta Agriculture)

1. Use long rotation breaks between canola crops. Although crop rotation will not prevent the introduction of clubroot to clean fields, it will restrict disease development within the field and avert a severe infestation of clubroot and other diseases. Canola growers in high risk situations (confirmed clubroot in the area) should follow traditional canola rotation recommendations (1 canola crop every 4 years). Under very light infestations, a 3 year rotation break from canola will keep the clubroot level low. Under moderate to high infestations, the rotation break needs to be 5 years or more to reduce clubroot to low levels.
2. Volunteer canola and cruciferous weeds must be controlled on infested fields to prevent more than 3 weeks of growth to avoid the production of new resting spores.
3. Practice good sanitation to restrict movement of potentially contaminated soil (this will reduce the spread of other diseases, insects and weed seeds). Resting spores are most likely to spread via contaminated soil. Moderate to high infestations will leave high spore concentrations in soil on field machinery, thus sanitation is very important in these situations. Follow the practice of cleaning soil and crop debris from field equipment before transport from fields, knock or scrape off soil lumps, sweep off loose soil. For risk averse producers or for fields with heavy infestations, additional cleaning steps will slightly decrease the risk of spread, but these steps involve considerably more work and expense: After removal of soil lumps, wash equipment with a power washer, preferably with hot water or steam. Mist equipment with weak disinfectant (1%-2% active ingredient bleach solution). The use of a disinfectant without first removing soil is not recommended as soil inactivates most disinfectants. Seed an area to grass near the field exit to clean off equipment more effectively.
4. Use direct seeding and other soil conservation practices to reduce erosion. Resting spores can move in soil transported by wind or water erosion. Reducing the amount of tillage will reduce the spread of the organism within the field and to other fields.
5. Minimize traffic to and from fields.
6. Where fields are lightly infested only near the current access, create a new exit at another distant edge of the field if possible.
7. Scout canola fields regularly, carefully. Identify causes of wilting, stunting, yellowing and premature ripening. Do not assume!
8. Avoid the use of straw, hay or greenfeed, silage and manure from infested or suspicious areas. Clubroot spores may survive through the digestive tracts of livestock.
9. Avoid common untreated seed (including canola, cereals and pulses). Earth-tag on seed from infested fields could introduce resting spores to clean fields. The effect of current seed treatment fungicides on resting spore viability on seed needs research.