

At Market Master

by Shelley Wetmore

March 28, 2008.....

Fall prices for feed grains are slowly arriving. You'll see some feed wheat bids in central Alberta and feed barley bids added for the Calgary area.

I think, though, many producers are still undecided on what to seed yet and Monday's USDA report may provide some guidance. I still like barley. If you seed a malt variety, you can participate in our malt program and look to obtaining well over \$6.00/bu at the bin AND the contract comes with an Act of God clause. Questions you should think about concerning barley, in my mind, are:

- What happens if barley is relinquished from the CWB?
- What happens if corn acres are reduced in the US?
- What happens if barley intentions here are reduced? What will the price be for producers who DID seed barley?
- What happens if inputs continue to rise, especially for canola?

Lots to think about ...

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

| Canola | This Week | Last Week | Diff +/- |
|--------|-----------|-----------|----------|
| May 08 | \$600.30 | \$576.90 | \$23.40 |
| Jul 08 | \$613.70 | \$590.10 | \$23.60 |
| Nov 08 | \$612.50 | \$586.50 | \$26.00 |
| Jan 09 | \$622.30 | \$594.80 | \$27.50 |
| Mar 09 | \$630.70 | \$600.10 | \$30.60 |
| May 09 | \$639.40 | \$603.50 | \$35.90 |
| Jul 09 | \$643.10 | \$610.20 | \$32.90 |
| Nov 09 | \$600.00 | \$599.10 | \$0.90 |
| Jan 10 | \$604.70 | \$603.80 | \$0.90 |
| Mar 10 | \$604.70 | \$603.80 | \$0.90 |
| May 10 | \$604.70 | \$603.80 | \$0.90 |
| Wheat | This Week | Last Week | Diff +/- |
| May 08 | \$300.00 | \$295.00 | \$5.00 |
| Jul 08 | \$300.00 | \$295.00 | \$5.00 |
| Oct 08 | \$293.00 | \$288.00 | \$5.00 |
| Dec 08 | \$293.00 | \$288.00 | \$5.00 |
| Barley | This Week | Last Week | Diff +/- |
| May 08 | \$231.10 | \$224.30 | \$6.80 |
| Jul 08 | \$244.50 | \$239.00 | \$5.50 |
| Oct 08 | \$246.00 | \$238.00 | \$8.00 |
| Dec 08 | \$250.00 | \$242.30 | \$8.30 |

Be Grainwise!

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

US Grain

Soy Complex

The bean pit saw sharp gains early this week, reversing the trend of wholesale selling which encompassed the market last week. A long weekend gave traders a chance to catch their breath and allowed panic selling to subside.

However, position evening ahead of next Monday's USDA report (see Strategies) pressured futures but we still managed to close out the week with MAY beans up a solid 60¼ cents/bu to \$12.67¼/bu. Meal bounced \$32/t to \$342.30 while oil pushed .587 cents higher to 54.98 cents/lb.

Important technical support established back on January 23 at \$12.07/bu held, allowing technical traders to go long once again.

Weekly exports were strong, coming in at 532,300 mt. Only 42,300 mt are needed on a weekly basis to meet current USDA projections. Export problems emanating out of Argentina may be assisting US exports.

Corn

Corn futures held up well, in fact, it can be argued they've become the market leader ... MAY pushed 53 cents higher to \$5.60½/bu.

It's generally expected US producers will plant fewer corn acres this spring but the question remains—how many fewer?

A combination of old crop/new crop sales came in at a solid 730,300 mt, supporting the market. The possibility of a late spring was also positive.

Technically, corn appears to be the market in the best shape at the moment.

Wheat

After early gains, a sell-off Friday put futures into negative territory. MAY CBOT wheat closed down 25 cents to \$9.89/bu while KCBT wheat drifted 10 cents lower to \$10.22/bu. MGE wheat skidded 23 cents to \$12.54/bu.

Wheat is generally accepted as the weakest market at the moment and the most vulnerable to further sell-offs.

Technical support at last week's lows is being tested as traders await Monday's report.

Export sales of 379,900 mt of old crop and 162,700 mt of new crop sales would seem to indicate that recent price drops have garnered some new export interest. Total annual exports have now almost reached the current USDA yearly projection.

Canadian Grain

Oilseeds

After last week's devastating performance, canola followed beans higher to post a solid gain in the MAY of \$23.40 (despite steep losses Friday) to close at \$600.30/MT.

Routine crusher and export demand underpinned prices but market participation was thin, allowing for more volatile trade than usual—If that's possible. Traders seem content to sit on the sidelines in advance of Monday's USDA report. Depending upon these numbers, it could be interesting.

Feedgrain

MAY barley futures posted gains of \$6.80 to close at \$231.10/MT. Solid gains in corn and the perception that fewer barley acres will be planted this spring by prairie growers supported the market.

The wheat market which seldom trades at all anymore was up \$5.00 to \$300.00/MT

Old and new crop edible pea prices remain strong with new crop bids now topping \$10.00/bu in some areas.

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Strategies

*A Farmer's Perspective ... by John Stewart, Galahad, Alberta
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USDA Report on Monday!

Trade took a break from the mad scramble for liquidity that characterized last week's trade and instead started to look at fundamentals again.

That being said, there was still a certain amount of "position squaring" ahead of one of the most anticipated USDA reports in some time. I speak, of course, of Monday's Prospective Plantings report. While this report reflects producers "intentions as of March 1, it will still give a baseline from which to work. It will be the beginning of the acreage game, not the end.

Below is the trade's best guesses going into Monday's report:

| Acreage | Average Est. | Range | 2007 |
|--------------------|--------------|---------------|--------|
| Corn | 87.387 | 85.700-89.750 | 93.600 |
| Soybeans | 71.526 | 70.000-74.239 | 63.631 |
| Winter Wheat | 46.986 | 46.600-49.100 | 44.987 |
| Other Spring Wheat | 14.147 | 13.520-14.945 | 13.297 |
| Durum | 2.492 | 2.000-2.900 | 2.149 |
| All Wheat | 63.625 | 62.330-65.400 | 60.433 |

We're expecting a drop of 6.214 mln acres of corn and corresponding rise of 7.895 mln acres of beans. However, since March 1, bean prices have declined dramatically, leaving corn a better economic choice for large areas of the Midwest. If any such shift in acres away from beans and into corn were to occur, it wouldn't be reflected in this report.

There's also concern that a cold, wet spring may shift late corn acres back to beans. As mentioned earlier, the acreage debate is just beginning.

Also interesting will be the winter wheat acreage. Previous indications from the USDA pegged that number below what most analysts believed was the reality.

Argentina Shipping Woes Good for USA

Shipping problems in Argentina continued this week as tensions continue to escalate following government actions which raised the export tax on soybeans to 44%.

Farmers are up in arms as they see potentially record high prices for beans simply evaporate due to this tax. Producers have organized and are now refusing to move any grain off the farm. Although the tax is intended to lower domestic bean prices (in an effort to curb higher food prices), it seems consumers are backing the farmers against a government widely seen by most Argentinians as corrupt. Road blocks have been set up by farmers throughout the country which allow cars to pass but not trucks. Importers are now turning their attention away from the problems in Argentina and looking to the US to supply their near term bean requirements.

Bid Board

Buyers looking for grain (net prices).

| Grain | When | Location |
|----------------------------|------------|--------------------------|
| barley | March | \$4.74 del Veteran |
| barley | Apr-May | \$4.74 del Czar |
| barley | Apr-May | \$4.74 del Consort |
| barley | Sep-Oct | \$4.75 del Carseland |
| barley | Sep-Oct | \$4.40 del Vegreville |
| barley | Nov-Dec | \$4.50 del Vegreville |
| barley | Jan-Mar 09 | \$4.57 del Vegreville |
| wheat, feed 13.0% prt | Apr-May | \$8.66 del Red Deer |
| wheat, feed | July | \$7.71 del Edmonton |
| wheat, 12.5% prt | Sep-Oct | \$7.50 del Red Deer |
| wheat, 12.5% prt | Nov-Dec | \$7.60 del Red Deer |
| peas, feed | Apr-May | \$7.57 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 | \$11.00 del Innisfail |
| peas, green edible | Sep-Nov | \$9.20 del Innisfail |
| peas, yellow edible | Sep-Oct | \$9.75 del Innisfail |
| peas, yellow edible | Mar-May | \$11.00 del Acme |
| rye, feed | May-Jun | \$10.00 del Stony Plain |
| rye, feed | May-Jun | \$10.00 del Three Hills |
| rye, milling | Sep-Oct | \$6.50 del Lethbridge |
| canola | May | \$13.16 del Edmonton |
| canola | July | \$13.39 del Lloydminster |
| canola | October | \$12.48 del Lloydminster |
| canola | January 09 | \$12.89 del Ft. Sask |
| canola | January 09 | \$13.35 del Lloydminster |
| oats, milling | Apr-May | \$2.96 del Martensville |
| oats, milling | June | \$3.03 del Martensville |
| oats, milling | July | \$3.06 del Martensville |
| oats, milling | August | \$3.10 del Martensville |
| oats, milling | Sep-Oct | \$3.39 del Martensville |
| oats, milling | November | \$3.44 del Martensville |
| oats, milling | December | \$3.49 del Martensville |

Heated Canola Prices!

| | |
|---------|---------------------------|
| max 20% | \$8.11 delivered Edmonton |
| max 25% | \$7.89 delivered Edmonton |
| max 40% | \$7.32 delivered Edmonton |
| Max 60% | \$6.19 delivered Edmonton |

| By the Number | This Week | Last Week | Diff |
|-------------------------|-----------|-----------|---------|
| CME Live Cattle (FEB) | 87.650 | 90.675 | (3.025) |
| CME Live Hogs (APR) | 58.100 | 56.325 | 1.775 |
| CDN Dollar (MAR) | 0.980 | 0.970 | 0.010 |
| Minneapolis Wheat (MAR) | 9.89 | 9.87 | 0.20 |
| Kansas City Wheat (MAR) | 10.22 | 10.32 | (0.100) |
| Chicago Oats (MAR) | 3.60 | 3.39 | 0.210 |

CWB 2008-2009 March PRO

| | March PRO | Alberta | | Sask | | BC | |
|--------------------------|-----------|---------------|---------|---------------|---------|----------------------|---------|
| | | Average Deduc | Return | Average Deduc | Return | Average Deduc Return | |
| Wheat | | | | | | | |
| 1 CWRS 14.5 | \$ 10.80 | \$1.38 | \$9.42 | \$1.63 | \$9.17 | \$1.32 | \$9.48 |
| 1 CWRS 13.5 | \$ 10.56 | \$1.38 | \$9.18 | \$1.63 | \$8.93 | \$1.32 | \$9.24 |
| 1 CWRS 12.5 | \$ 10.40 | \$1.38 | \$9.02 | \$1.63 | \$8.77 | \$1.32 | \$9.08 |
| 1 CWRS 11.5 | \$ 10.23 | \$1.38 | \$8.85 | \$1.63 | \$8.60 | \$1.32 | \$8.91 |
| 2 CWRS 13.5 | \$ 10.40 | \$1.38 | \$9.02 | \$1.63 | \$8.77 | \$1.32 | \$9.08 |
| 3 CWRS 13.0 | \$ 9.99 | \$1.38 | \$8.61 | \$1.63 | \$8.36 | \$1.32 | \$8.67 |
| 3 CWRS | \$ 9.74 | \$1.38 | \$8.36 | \$1.63 | \$8.11 | \$1.32 | \$8.42 |
| 1 CWHW 13.5 | \$ 10.56 | \$1.38 | \$9.18 | \$1.63 | \$8.93 | \$1.32 | \$9.24 |
| 1 CPSR | \$ 9.61 | \$1.38 | \$8.23 | \$1.63 | \$7.98 | \$1.32 | \$8.29 |
| 1 CPSW | \$ 9.61 | \$1.38 | \$8.23 | \$1.63 | \$7.98 | \$1.32 | \$8.29 |
| 1 CWRW Select 11.5 | \$ 9.82 | \$1.38 | \$8.44 | \$1.63 | \$8.19 | \$1.32 | \$8.50 |
| 1 CWRW | \$ 9.47 | \$1.38 | \$8.09 | \$1.63 | \$7.84 | \$1.32 | \$8.15 |
| 1 CWES | \$ 9.74 | \$1.36 | \$8.38 | \$1.64 | \$8.10 | \$1.32 | \$8.42 |
| 1 CWSWS | \$ 8.95 | \$1.38 | \$7.57 | \$1.63 | \$7.32 | \$1.32 | \$7.63 |
| CW Feed | \$ 6.78 | \$1.38 | \$5.40 | \$1.63 | \$5.15 | \$1.32 | \$5.46 |
| Durum | | | | | | | |
| 1 CWAD 14.5 | \$ 12.60 | \$1.37 | \$11.23 | \$1.47 | \$11.13 | \$1.32 | \$11.28 |
| 1 CWAD 13.0 | \$ 12.44 | \$1.37 | \$11.07 | \$1.47 | \$10.97 | \$1.32 | \$11.12 |
| 2 CWAD 13.0 | \$ 12.19 | \$1.37 | \$10.82 | \$1.47 | \$10.72 | \$1.32 | \$10.87 |
| 2 CWAD 11.5 | \$ 12.06 | \$1.37 | \$10.69 | \$1.47 | \$10.59 | \$1.32 | \$10.74 |
| 3 CWAD 13.0 | \$ 11.70 | \$1.37 | \$10.33 | \$1.47 | \$10.23 | \$1.32 | \$10.38 |
| 3 CWAD | \$ 11.51 | \$1.37 | \$10.14 | \$1.47 | \$10.04 | \$1.32 | \$10.19 |
| 4 CWAD | \$ 10.86 | \$1.37 | \$9.49 | \$1.47 | \$9.39 | \$1.32 | \$9.54 |
| 5 CWAD | \$ 6.78 | \$1.37 | \$5.41 | \$1.47 | \$5.31 | \$1.32 | \$5.46 |
| Feed Barley | | | | | | | |
| 1 CW Pool A | \$ 5.12 | \$1.23 | \$3.89 | \$1.39 | \$1.39 | \$1.15 | \$3.97 |
| Designated Barley | | | | | | | |
| SS CW 2-row | \$ 7.84 | \$1.25 | \$6.59 | \$1.39 | \$6.45 | \$1.20 | \$6.64 |
| SS CW 6-row | \$ 7.40 | \$1.25 | \$6.15 | \$1.39 | \$6.01 | \$1.20 | \$6.20 |

March PRO Commentary 2008-09 Crop Year

Wheat

The wheat PRO is slightly lower for 2008-09 with new crop US wheat futures and basis levels remaining volatile. Global production estimates indicate a larger wheat crop will be harvested. Concerns about the condition of the US Hard Red Winter wheat crop, especially in the western half of the region, are a supportive factor for prices. Dryness in spring wheat growing areas of North America is causing supply uncertainty in Canada and the US. Crop conditions in Europe, Ukraine, and Russia were mostly favourable.

The PRO for #1 CWSWS wheat (no protein) has dropped by \$17.00/MT to reflect a large increase in the projected supply of soft white produced under dryland conditions in Western Canada. Soft white wheat milling demand is largely for lower protein and, unlike CWRS, higher protein soft white is subject to increasing discounts as protein increases. The drop in straight-grade CWSWS is related to high discounts in the market for high-protein SWS wheat.

Durum

Durum PROs were slightly lower, reflecting improved moisture supplies in Italy and Southern France, which have stabilized the outlook for their crop. Significant concern about crop conditions in North Africa and Spain continue, as warm temperatures and below-normal rainfall persist across the region. The condition of the desert durum crop in the southern US is good and supplies are expected to be higher than last year. Although area is expected to increase in North America, dry conditions continue to cause concern. Overall tight durum supplies will support the market until new crop supplies are assured.

Feed barley

The feed barley PRO remains unchanged from last month. Increased global supplies of barley are expected in 2008-09 which should pressure new crop values. New crop prospects remain largely unchanged with favourable weather in Europe and the Black Sea region. Global feed grain prices, especially corn, should help support barley prices.

Designated barley

Market fundamentals remain unchanged. Increased new-crop supplies from Europe and Australia are expected in the upcoming year, while demand from the major importing regions should remain very strong.

| At The Bin | | | |
|---|-----------------------|----------|---------------|
| <i>Prices booked this week (net to the producer).</i> | | | |
| Grain | Price | When | Producer |
| barley, 48 lb | \$4.74 del Czar | Apr-May | Wainwright |
| barley, 48 lb | \$4.54 FOB | April | Three Hills |
| barley, 48 lb | \$4.50 del Vegreville | Nov-Dec | Kingman |
| barley, 48 lb | \$4.45 del Vegreville | March | Camrose |
| barley, 48 lb | \$4.41 FOB | June | Onoway |
| barley, 48 lb | \$4.57 FOB | June | Ponoka |
| barley, 50 lb | \$4.40 FOB | March | Oyen |
| barley, organic | \$8.70 FOB | Mar-Apr | Westlock |
| canola, heated | \$7.55 del Edmonton | Apr-May | Nisku |
| canola, heated | \$7.89 del Edmonton | Mar-Apr | Cleardale |
| canola, heated | \$8.68 del Edmonton | Mar-Apr | Camrose |
| canola, heated | \$7.89 del Edmonton | Mar-Apr | Kinsella |
| wheat, feed | \$8.39 FOB | Mar-Apr | Gibbons |
| wheat, feed | \$7.84 del Edmonoton | Jun-Jul | Provost |
| wheat, feed | \$8.25 FOB | Mar-Apr | Bon Accord |
| wheat, feed | \$8.30 FOB | Mar-Apr | Rollyview |
| oats, organic | \$6.30 FOB | July | Paradise Hill |
| oats, feed | \$2.45 FOB | Mar-Apr | Bittern Lake |
| rye, feed | \$9.65 FOB | May-June | Craigmyle |

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!