Grainwise

At Market Master
by Shelley Wetmore

April 11, 2008………………………
Have you noticed summer and fall feed barley prices yet? They're like a pot of golden kernals for any grain grower and a curse for any enduser. Ponder these points:

- USDA reports corn acres to be extremely reduced;
- reduction of corn into Canada (too expensive) this coming year;
- reduced barley acres here due to better returns on wheat and canola;
- fall feed barley already the highest I've every witnessed;
- haven't even incurred the first weather scare yet although many parts of Alberta are very dry;
- what's the end user's price limitation before livestock simply disappear?

Remember, there IS a point at which a buyer just cannot afford to buy feed. It would be a different story if livestock prices were also going up, but they're not. So, either the retail prices have to increase and get passed back down the line to the producer or our livestock industry here will simply diminish and so will the need for feed grains …

(Notice the wheat futures contracts below—I think they're on their demise. Nothing is trading.)

Watching ICE
Your weekly closing ICE futures $/MT.

Canola	This Week	Last Week	Diff +/-
May 08	$637.80	$614.60	$23.20
Jul 08	$646.40	$626.80	$19.60
Nov 08	$649.10	$627.90	$21.20
Jan 09	$658.90	$636.30	$22.60
Mar 09	$667.80	$643.00	$24.80
May 09	$675.20	$651.30	$23.90
Jul 09	$677.30	$653.30	$24.00
Nov 09	$648.30	$621.00	$27.30
Wheat	**This Week**	**Last Week**	**Diff +/-**
May 08	$300.00	$300.00	$0.00
Jul 08	$300.00	$300.00	$0.00
Oct 08	$293.00	$293.00	$0.00
Dec 08	$293.00	$293.00	$0.00
Mar 09	$293.00	$293.00	$0.00
Barley	**This Week**	**Last Week**	**Diff +/-**
May 08	$243.90	$233.00	$10.90
Jul 08	$251.90	$241.40	$10.50
Oct 08	$254.00	$251.00	$3.00
Dec 08	$259.00	$257.70	$1.30
Mar 09	$259.20	$257.90	$1.30

Be Grainwise!
A Farmer's Perspective … by John Stewart, Galahad, Alberta, (780) 583-2453

US Grain

Soy Complex

Soaring crude oil prices and a resumption of the farmer's strike in Argentina sent beans futures higher despite Wednesday's USDA report that indicated world bean ending stocks are estimated to rise almost 2 mmt from last month's estimate. Ending stocks for US supplies were largely unchanged at .160 bln bu. Weekly exports remained at a brisk 643,800 mt, well above the 10.22 mt needed to reach the new USDA annual target of 1.075 bln bu.

Domestically, there are still concerns that planting delays over the Midwest may push more acres originally destined for corn into beans.

On the week, MAY beans closed 55¼ cents higher to $13.321/4/bu while meal bounded $11 higher to $344.50/t. MAY oil also enjoyed a strong week, settling 3.33 cents higher at 59.94 cents/lb.

Corn

Despite a sharp sell-off to close out the week, there's concern that planting delays may cut much needed corn acres (see Strategies). However, after posting new contract highs, a combination of profit taking and the release of a new drier forecast sent corn futures into the red with the MAY suffering a loss of 13¾ cents to $5.84¼/bu.

A disappointing weekly export total of just 483,500 mt also weighed on futures.

Look for weekend weather and next Monday's forecast to set the early tone in corn trading next week.

Wheat

Wheat continued its downward slide. Perceptions that world wheat stocks are rebounding was reinforced by Wednesday's S/D report which raised the global wheat stock estimate 2 mmt to 112.5 mmt. Although the condition of the US HRW wheat crop is in poorer shape than last year at this time, remember the US suffered a devastating spring frost which severely cut production. So far, no such calamity is on the horizon.

Weekly exports showed a combined old crop/new crop total of 767,300 mt, well above what's needed to meet the recently revised annual export target of 1.275 bln bu. However, it's feared sales from competing countries at values below US prices may take the luster off US sales.

MAY CBOT wheat plummeted 78 cents to close at $8.96¼/bu while KCBT wheat dropped 74¾ cents to $9.53¾/bu while MGE wheat "only" lost 43 cents, settling at $12.92/bu.

Canadian Grain

Canola

Canola followed beans higher but strong farmer selling kept a lid on advances. Ideas that canola is overpriced compared to other vegoils was reinforced by a lack of fresh export interest. It's thought that additional Chinese demand lies below current prices. Crushers were steady buyers which lent support.

Futures are trying to rebound after forming a "double bottom" but resistance in the $675 area on the MAY chart has yet to be overcome. Nevertheless, MAY futures posted a solid gain of $23.20 to close at $627.80/MT.

Feedgrain

MAY barley soared $10.90 to $243.90/MT on early strength in corn. Slow farmer selling as producers gear up for spring seeding kept cash prices firm.

The feed wheat futures contract looks to be on its last legs with no trades again this week leaving the MAY at $300/MT.

In milling wheat news, the CWB is developing a new PPO contract which will not have the tonnage and time limitations of the old DPC contract. The new program will replace the existing DPC contract and should be in place before the new crop year. Details have yet to be announced.

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"Your grain watchdog."

8543 - 75 Avenue
Edmonton, AB T6C 0G9
www.grainwatchdog.com
(800) 440-8390

Strategies

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Watching the Corn Market

Fundamental Picture

Corn has assumed the leadership role in the grains and oilseeds. In my opinion, from both a fundamental and technical point of view, the corn market has the strongest potential to push higher.

The March 31 USDA report suggested US producers would cut this year's corn acres back to 86 mln acres compared to last year's 93.6 mln acres but the story doesn't end there. These are **seeded** acres. Most analysts peg actual **harvested** acres somewhere around 80 mln acres. The USDA also cut 07-08 ending stocks by a further 200 mln bu to 1.283 bln bu.

Sounds like a lot but where the real crunch comes is for **next year** when many analysts are penciling in a carryout of just 500 mln bu and that assumes average to better-than-average yields.

Simply put, corn demand is growing at a feverish pace and this year's corn crop is not getting off to a stellar start.

Planting delays due to cold wet conditions are pushing back seeding over much of the South and Midwest. As mentioned in previous columns, corn planting needs to be done in a timely manner or risk having the corn pollinating during the hottest part of the summer. Some producers will simply switch to soybeans if they feel the optimum planting window has closed. Although we're a long way from any serious problems, it does show vulnerable this market is to weather which could adversely affect yield.

Technical Picture

Let's review the December 08 corn chart. Note the long term, upward trend "A" and the sharp correction "B" encountered during the middle of March. Since then, futures have re-established their uptrend and have set new contract highs in excess of $6.25/bu, "C".

The MACD still looks positive as well, with the FMA (fast moving average) trading higher than the line representing the SMA (slow moving average). The RSI is in good shape, well below what's normally considered an "overbought" mark of 80.

So with all this in its favour, it would seem that corn just has to go higher. Well—maybe. In commodity markets one never knows for sure. The only thing I can say with any certainty is the market looks strong for the time being but things can change in a hurry.

Although corn remains in a war for acres with soybeans, it doesn't necessarily follow that corn prices have to rise. The same objective can be achieved by having beans fall. It's the **relationship between the two and not the absolute values** that ultimately tips the scales.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	$4.61 FOB	April	Olds
barley, 50 lb	$4.46 FOB	April	Acadia Valley
barley, 51 lb	$4.50 FOB	April	Rollyview
barley, 50 lb	$4.76 FOB	April	Millet
barley, 48 lb	$4.50 FOB	April	Edberg
barley, malt	CWB PRO	Apr-May	Mundare
barley, 48 lb	$4.81 FOB	June	Mossleigh
barley, 48 lb	$5.00 del Edmonton	July	Thorhild
barley, 48 lb	$5.00 del Edmonton	July	Bon Accord
barley, 48 lb	$5.00 del Edmonton	August	Stony Plain
barley, 48 lb	$5.00 del Edmonton	August	Boyle
barley, 48 lb	$5.05 del Carseland	September	Barnwell
barley, 48 lb	$4.50 FOB	September	Lavoy
barley, 48 lb	$4.60 FOB	September	Edberg
barley, 48 lb	$4.57 FOB	October	Millet
barley, 48 lb	$4.64 FOB	October	Bashaw
canola	$14.40 del Fort Sask	May	Leduc
canola	$13.81 FOB	April	Alliance
canola, heated	$9.02 del Edmonton	April	Sexsmith
canola, heated	$9.02 del Edmonton	April	Ponoka
canola, heated	$6.96 FOB	April	Alliance
canola, heated	$8.11 del Edmonton	April	Redwater
canola, heated	$8.11 del Edmonton	Apr-May	Grimshaw
wheat, feed	$8.26 FOB	April	Armena
wheat, 13% prt	$8.31 FOB	Apr-May	New Sarepta
oats, feed	$2.45 FOB	April	Ohaton
oats, feed	$2.62 FOB	April	Castor
rye, feed	$7.97 FOB	June	Elk Point
flax	$8.97 FOB	April	La Crete

What's the going rate for surface leases?

The Farmers' Advocate Office (FAO) is frequently asked about the going rate for surface leases in particular areas. Until now, there was no way of providing data that could provide a starting point for rural landowners to answer that question.

The fact is, there's no absolute rates that apply in all areas, in all circumstances. The best information a landowner can reference is the last agreement signed within his area.

William D. Marriott & Associates Ltd. acquire a percentage of data from land agents on surface leases they negotiate and then market this information back to agents or land companies. The FAO has made an agreement to use this data and map it for surface lease rates paid in various areas of the province. Rates are categorized in five areas; adverse effect, loss of use, general disturbance, land value for surface leases and land value for pipelines. These five maps are available on the FAO website at:

www.farmersadvocate.gov.ab.ca.

Producers using this information must keep in mind the data was collected in 2007 and is only a portion of the surface leases signed. The information reflects a range of compensation data that should only be viewed as one reference in putting together your own data. Contact the FAO at 310-3276.

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	Apr-May	$4.74 del Consort
barley	Apr-May	$4.74 del Olds
barley	May-Jun	$4.74 del Eckville
barley	July	$5.00 del Olds
barley	August	$5.00 del Olds
barley	August	$5.00 del Edmonton
barley	Sep-Oct	$5.05 del Brooks
barley	Sep-Oct	$5.05 del Carseland
barley	Oct-Dec	$5.07 del Calgary
barley	Oct-Dec	$5.07 del Lethbridge
barley	Jan-Mar	$5.15 del Calgary
barley	Jan-Mar	$5.15 del Lethbridge
wheat, feed 13.0% prt	Apr-May	$8.66 del Red Deer
wheat, feed 12.5% prt	Sep-Oct	$7.50 del Red Deer
wheat, feed 12.5% prt	Nov-Dec	$7.60 del Red Deer
peas, feed	Apr-May	$7.57 del Edmonton
peas, green edible	Apr-Mar	$9.75 del Innisfail
peas, yellow edible	Apr-Mar	$10.00 del Innisfail
peas, yellow edible	Sep-Oct	$9.75 del Innisfail
peas, yellow edible	Dec-Jan	$10.00 del Innisfail
rye, feed	May-Jun	$8.45 del Stony Plain
rye, feed	May-Jun	$8.45 del Three Hills
rye, milling	Sep-Oct	$6.50 del Lethbridge
canola	May	$14.11 del Fort Sask
canola	May	$14.10 del Lloyd
canola	July	$14.13 del Lloyd
canola	October	$13.31 del Lloyd
canola	December	$13.75 del Lloyd
canola	January	$13.85 del Fort Sask
canola	January	$13.99 del Lloyd
canola	March	$14.36 del Fort Sask
oats, feed	April	$2.70 del Thorhild
oats, feed	April-May	$2.57 del Wainwright
oats, feed	April-May	$3.03 del Pincher Creek
oats, milling	April	$3.42 del Martensville
oats, milling	May	$3.44 del Martensville
oats, milling	June	$3.52 del Martensville
oats, milling	July	$3.55 del Martensville
oats, milling	August	$3.58 del Martensville
oats, milling	Sep-Oct	$3.83 del Martensville
oats, milling	November	$3.89 del Martensville
oats, milling	December	$3.94 del Martensville

Classifieds

Heavy Harrow: Looking to purchase a heavy harrow, 50' to 70', 9/16" teeth preferred. Call Norm Olsen (780) 385-0536.

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