

At Market Master

by Shelley Wetmore

June 13, 2008.....

Another “wow” week. Just look at those canola futures climbing over \$700 for some trading months. But, as usual, with strong rallies, come wide basis levels. We’re still in the 50 to 60 under range for many fall months. And, that means for whatever months are actually available. Some buyers are filling up their canola requirements for that “off the combine” timeframe. In fact, if cash flow is an issue for you this fall (for most producers, it is), a quick phone call to local crushers or elevators would be highly recommended to assess your favourite buyer’s requirements. You may find out that space is extremely limited for particular months.

Milling oat space for fall is also getting tighter and tighter. And, not only here but in the US.

With both scenarios (canola and oats), one thing that could seriously change buyer’s requirements is if all the grain already booked didn’t exist at the time of delivery—like the disasters the US is experiencing right now.

Feed barley prices for the fall are slowing increasing as our markets follow corn. It doesn’t appear (understandably) that feed corn will be as readily available to ship from the US to here as it has been these past years.

Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Jul 08	\$660.60	\$646.10	\$14.50
Nov 08	\$684.20	\$671.20	\$13.00
Jan 09	\$694.60	\$681.80	\$12.80
Mar 09	\$703.40	\$685.50	\$17.90
May 09	\$711.30	\$697.70	\$13.60
Jul 09	\$716.60	\$702.40	\$14.20
Nov 09	\$697.70	\$675.00	\$22.70
Jan 10	\$702.40	\$679.70	\$22.70
Barley	This Week	Last Week	Diff +/-
Jul 08	\$257.00	\$230.00	\$27.00
Oct 08	\$262.00	\$241.00	\$21.00
Dec 08	\$267.20	\$250.50	\$16.70
Mar 09	\$274.90	\$257.70	\$17.20
May 09	\$274.90	\$257.70	\$17.20
Jul 09	\$274.90	\$257.70	\$17.20

Be Grainwise!

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

US Grain

I’m going to suspend this week’s Strategy section in favour of additional coverage of the extraordinary events coming out of the US Midwest.

Flooding & Corn

Torrential rains and widespread flooding over large areas of the Eastern US corn belt sent corn futures into orbit this week. Especially hard hit is Eastern Iowa and parts of Illinois. Even the devastating floods of 1993, which were thought to be a once in a hundred year event, can’t begin to compare to what’s happening now in places like Cedar Rapids, Iowa.

Aside from the human suffering the floods are causing, grain analysts are trying to get a handle on just how much damage has been done to corn and soybean crops. At this point, it’s hard to get any hard data but the most recent estimate I’ve heard from USDA officials is it won’t be thousands of acres but MILLIONS of acres!

Some areas are a total wipeout with crops under four feet of water. Other areas are seeing severe ponding that will definitely have a negative impact on final yield. Some areas will have to be replanted to either short-season corn or soybeans. Most analysts feel producers will do whatever it takes to get some sort of corn planted.

Much of the land has already been fertilized and, in some cases, had pre-emergent chemicals applied that would preclude the planting of beans. With prices in excess of \$7.50/bu for corn, even a poor crop could pay the bills.

Then, of course, there’s the problem of grain which has been forward-contracted. Producers either have to buy out those contracts or produce the grain. Crop insurance considerations will also play an important role in what farmers ultimately decide to do in the more severely stricken areas. Some of the worst areas simply won’t be planted. There’s also concern that once things dry up, farmers will plant corn without ever intending to harvest it for grain but use it as a forage crop instead.

USDA Reports

What makes all this uncertainty over acreage and yield even more important was Tuesday’s USDA S/D report which had already lowered average corn yield expectations by 5 bu/ac to 148.9 bu/ac.

So far, acreage has been left untouched but the overall crop still dropped to 11.7 bln bu—a drop of 390 mln bu from last month’s report. Ending stocks dropped to just 673 mln bu which is less than half of this year’s ending stocks estimate. A well respected Ag Economist out of Perdue University in Illinois came up with even more pessimistic production figures. Chris Hurt estimated that just 76 mln corn acres would actually be harvested this fall. He based his yield projections on long term data which took into account the lateness of the crop and arrived at a yield of just 142 bu/ac. This would produce a crop of just 10.8 bln bu. Under his calculations, this year’s corn crop could not meet expected demand. Other analysts are pointing to improved genetics in recent years that may produce a bigger crop than currently expected. The simple fact is, no one knows. It will depend upon the weather from this point forward, through the summer and harvest.

What IS evident is there’s very little room for error in this year’s crop and it’s that uncertainty setting us up for a volatile summer of trading.

Globally, corn ending stocks are actually expected to rise slightly because of a larger than expected Chinese crop. But, that information was put on the back burner in favour of the US production problem. Corn prices now sit at all time highs with the JUL pushing an astounding 90 cents higher to \$7.31¾/bu.

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Soy Complex

The same problems that now plague the corn market are being played out in the bean market.

Although there's a wider window for bean planting, particularly in the Southern Midwest, uncertainty and spillover support from corn had bean prices pushing dramatically higher.

Tuesday's USDA report left soybean yield and acreage untouched but most analysts feel those numbers will have to be revised in subsequent reports.

Stepping aside from the flood problems for a moment, farm officials in Argentina announced that recent strikes in that country due to the government's application of sliding soybean export tariffs had been resolved. However, until traders actually start to see grain moving out of Argentinean ports, they're taking a wait and see attitude.

JUL beans climbed \$1.02½/bu while meal bounded \$36.20 higher to \$409.20/t. JUL oil settled 1.85 cents higher at 66.19 cents/lb.

Wheat

The floods have caused problems with the SRW wheat crop in the US but to a much lesser degree than corn or beans. Rain and hail also caused some harvest problems in the Southern plains but wheat's major strength this week came courtesy of spillover strength from corn which is without a doubt the market leader.

JUL CBOT wheat pushed 71 cents higher to \$8.82/bu while KCBT wheat blasted 77½ cents higher to \$9.24/bu. MGE wheat closed 27 cents higher to \$10.54 /bu.

Canadian Grain

Canola

Domestic canola crush margins are reaching record levels and spurred steady crusher buying this week. Concerns about too much rain in Alberta and Manitoba along with too little in Northern Saskatchewan were also cited as reasons for JUL canola's \$14.50 rise to \$660.60/MT.

However, there's little doubt that the majority of this week's strength came courtesy of soy's strong performance. In fact, if anything, canola's is lagging the rest of the market.

Feedgrain

The strong showing in US corn also spilled over into the barley market which bounded \$27.00 higher in the JUL contract to \$257.00/MT.

JUL wheat remained unchanged and untraded at \$300.00.

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

Classifieds

Common Oat Seed: \$6.00/bu, bulk, in Fort Saskatchewan, call Galloway Seeds at (780) 998-3036.

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

Certified Seed: AC Foremost available, 1,500 bu. Contact Lorne Semler, Barrhead area @ (780) 349-0712.

Registered AC Morgan: oat seed available (cleaned) plus common varieties. Call Doug Livingstone, Vermilion at (780) 763-2385.

Heated Canola Prices!

max 25%	\$9.36 delivered Edmonton
max 34%	\$8.57 delivered Edmonton
max 50%	\$8.11 delivered Edmonton
max 70%	\$6.75 delivered Edmonton

Milling Oats Update

(Prices are at the bin)

Location	November 2008	March 2009
Vermilion	\$ 3.94	\$ 4.06
Mannville, Mundare, Viking, Wainwright	\$ 3.92	\$ 4.05
Morinville, Star, Vegreville	\$ 3.91	\$ 4.03
Camrose, Castor, Consort, Gwynne, Innisfree, Killam, New Sarepta, Smoky Lake, Thorsby	\$ 3.89	\$ 4.01
Rochester, St. Paul, Thorhild	\$ 3.88	\$ 4.00
Boyle, Warburg	\$ 3.85	\$ 3.97
Athabasca	\$ 3.81	\$ 3.94
Westlock	\$ 3.80	\$ 3.92
High Prairie	\$ 3.71	\$ 3.83
Spirit River	\$ 3.66	\$ 3.78

For those of you thinking of taking advantage of milling oat prices for the Minola plant ... March 2009 is available at \$4.22/bu delivered. September through February is completely filled at this time!

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!

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	\$4.50 FOB	June	Onoway
barley, 48 lb	\$4.74 FOB	Jun-Jul	Ponoka
barley, 48 lb	\$4.91 del Edmonton	November	Thorhild
barley, 50 lb	\$4.55 FOB	June	Westlock
barley, 50 lb	\$5.00 FOB	June	Edberg
barley, 50 lb	\$4.75 FOB	June	St. Albert
barley, 51 lb	\$4.39 FOB	June	La GLace
barley, 54 lb	\$5.00 del Bowden	June	Donalda
canola	\$13.70 FOB	June	Consort
oats, milling	\$3.10 FOB	June	Onoway
oats, milling	\$3.76 FOB	Mar 09	Fort Kent
oats, milling	\$3.83 FOB	Mar 09	Fort Kent
oats, milling	\$3.89 FOB	November	Smoky Lake
oats, milling	\$3.95 FOB	Mar 09	Fort Kent
oats, milling	\$4.01 FOB	Mar 09	Smoky Lake
oats, milling	\$3.94 FOB	Mar 09	Fort Kent
oats, feed	\$2.95 del Vermilion	June	St. Paul
oats, feed	\$2.95 FOB	Jun-Jul	Westlock
oats, feed	\$2.95 FOB	June	Vegreville
peas, yellow	\$9.80 FOB	June	Bruderheim

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
Barley	June	\$5.18 del Lethbridge
barley	Jun-Jul	\$5.07 del Lethbridge
barley	Jun-Jul	\$5.00 del Olds
barley	September	\$4.91 del Edmonton
barley	Sep-Oct	\$4.75 del Czar
barley	October	\$4.91 del Edmonton
barley	Nov-Dec	\$4.91 del Calgary
barley	December	\$4.95 del Vegreville
barley	January	\$5.00 del Vegreville
barley	Jan-Feb 09	\$4.96 del Brooks
barley	Jan-Mar 09	\$5.00 del Calgary
wheat, feed	June	\$7.30 del Bashaw
wheat, feed 13% prt	July	\$8.11 del Red Deer
wheat, feed	Sep-Nov	\$6.75 del Red Deer
wheat, feed 12.5% prt	Sep-Oct	\$7.43 del Red Deer
wheat, feed 12.5% prt	Nov-Dec	\$7.57 del Red Deer
wheat, feed 12.5% prt	Jan-Mar 09	\$7.84 del Red Deer
peas, feed	Jun-Jul	\$7.71 del Wetaskiwin
peas, yellow edible	June	\$10.25 del Innisfail
peas, green edible	Sep-Oct	\$9.00 del Innisfail
peas, yellow edible	September	\$10.00 del Innisfail
peas, yellow edible	Nov-Jan 09	\$10.00 del Innisfail
canola	June	\$14.33 del Lloydminster
canola	July	\$14.05 del Fort Sask
canola	October	\$14.33 del Lloydminster
canola	December	\$14.68 del Lloydminster
canola	Jan 2009	\$14.80 del Lloydminster
canola	Feb 2009	\$14.77 del Fort Sask
canola	Mar 2009	\$14.95 del Fort Sask
canola	May 2009	\$15.07 del Fort Sask
oats, feed	June	\$2.95 del Vermilion
oats, feed	June	\$2.76 del Sedgewick
oats, feed	June	\$3.11 del Lethbridge
oats feed	June	\$3.34 del Coaldale
oats, feed	Jun-Jul	\$3.42 del Pincher Creek
oats, #2 CW	September	\$3.25 del Vermilion
oats, #2 CW	October	\$3.45 del Edmonton
oats, #2 CW	Nov-Dec	\$3.55 del Edmonton
oats, milling	November	\$4.18 del Martensville
oats, milling	December	\$4.22 del Martensville
oats, milling	January 09	\$4.26 del Martensville
oats, milling	February 09	\$4.29 del Martensville
oats, milling	March 09	\$4.31 del Martensville

On-Farm Water Grant

The Alberta government has created a new Alberta Farm Water Source Program (AFWSP) to encourage and support the development of long-term water capacity on Alberta farms.

Completed projects for on-farm wells, dugouts, dams, and spring developments are eligible for AFWSP grants through Alberta Agriculture. Grants are limited to \$5,000 or one-third of the project costs, whichever is the lesser amount. Total program funding available is \$1 million.

Applications will be processed on a first-come, first-served basis and those meeting AFWSP criteria will be awarded grants as per the grant framework and available funding. Grant applications for projects completed from January 1, 2008 to December 31, 2008 may be submitted until the application deadline of January 15, 2009 and will be accepted based upon grant funding available at time of application. Projects must be completed before an application is made.

Full details are available at www.agric.gov.ab.ca or by contacting AFWSP administrators at (780) 422-9167.

Acme Grazing School

The Acme Grazing School runs July 15 and 16 at the Anchor JB Ranch in Acme. This school, with Jim Bauer, is for beginners and experienced graziers. It focuses on grazing principles and methods that will profit livestock and grasslands, taught right in the pasture. Participants will learn the practical things that a grazing manager needs to know, like how to "read" a pasture, judge nutrient value, handle hi-tensile wire and why stockmanship is important. Registration is \$500^{+GST} and includes two lunches, one supper, and refreshments. Space is limited. To register, phone (403) 546-2427.

By the Number

	This Week	Last Week	Diff
CME Live Cattle (JUN)	95.500	93.950	1.550
CME Live Hogs (JUN)	73.400	75.100	(1.700)
CDN Dollar (JUN)	0.971	0.980	(0.009)
Minneapolis Wheat (JUL)	8.81	8.11	0.700
Kansas City Wheat (JUL)	9.24	8.44	0.800
Chicago Oats (JUL)	4.24	3.99	0.250