

## At Market Master

by Shelley Wetmore

June 20, 2008.....

Interesting change at Bunge Canada this week (crusher at Fort Sask) where they've changed their pricing structure (orders from head office). Besides the fact that this crusher is already completely booked-up from September through January, they are no longer forward-pricing flat-priced canola contracts—only basis can be locked-in for forward deliveries. For example, if you wanted to lock-in canola for February 2009, you can only lock-in the basis of 40 under. The futures portion of this equation can only be locked-in within 30 days of that delivery period. Which means, even if the futures spiked to \$800 between now and say December, you could NOT lock-in that futures price. You have to wait for that February time period to set the futures price. Why? Because it's costing the company A LOT of money to hedge the grain.

Rising fuel costs are putting a damper on everything. By now, I would have expected, for example, to have our new container pricing ready to go for canola, peas, and even oats. BUT, the cost to ship containers has tripled over the past number of weeks which has put the entire project on hold.

Rising oil is increasing the cost of everything, to everybody, everywhere.

## Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Jul 08	\$659.50	\$660.60	(\$1.10)
Nov 08	\$684.70	\$684.20	\$0.50
Jan 09	\$695.40	\$694.60	\$0.80
Mar 09	\$705.30	\$703.40	\$1.90
May 09	\$715.20	\$711.30	\$3.90
Jul 09	\$723.30	\$716.60	\$6.70
Nov 09	\$695.00	\$697.70	(\$2.70)
Jan 10	\$699.70	\$702.40	(\$2.70)
Barley	This Week	Last Week	Diff +/-
Jul 08	\$250.00	\$257.00	(\$7.00)
Oct 08	\$257.40	\$262.00	(\$4.60)
Dec 08	\$268.00	\$267.20	\$0.80
Mar 09	\$274.00	\$274.90	(\$0.90)
May 09	\$274.00	\$274.90	(\$0.90)
Jul 09	\$274.00	\$274.90	(\$0.90)

## Be Grainwise!

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

### US Grain

Grains and oilseeds fell back this week as traders tried to assess the damage done to crops in the US corn belt (see Strategies). Although the media is full of images of cities like Cedar Rapids, Iowa where virtually the entire town was under water, there are some areas that weren't hit nearly as bad. Warmer and drier weather also lent a bearish tone.

Normally, we look to the June 30<sup>th</sup> USDA planted acreage report as the final word on planted corn and bean acres but, this year, it may be a bit of a non-event as the survey was conducted June 1<sup>st</sup> well before the worst of the flooding occurred. In an attempt to rectify this situation, the USDA is expected to revisit this report in August to give a more accurate number. In the meantime expect continued volatility.

### Soy Complex

JUL beans closed 27½ cents lower to \$15.32/bu—half of those losses came Friday.

After opening sharply higher, beans sold off sharply when Argentina announced the boycott of bean exports by Argentinean farmers was over and that the road blocks were coming down. The lack of Argentinean beans on the world market while this dispute has raged has meant additional sales for the US. In fact, annual sales have already exceeded USDA projections of 1.110 bln bu. This week's total came in at 180,300 mt, somewhat on the lower end of expectations.

JUL oil dipped 2.31 cents to 63.88 cents/lb on weakness in outside oil markets. Meal managed to rally \$2.50 to \$411.70/t.

### Corn

As with beans, corn traders are reluctant to go too far out on a limb until the flooding situation in the US Midwest can be better assessed. A corn acreage estimate by Informa, which indicated 1.4 mln acres more than the most recent USDA figures, lent light pressure. However, most traders are taking such reports with a grain of salt.

Weekly sales figures came in well above expectations at 568,000 mt and are

well on track to meet current USDA projections.

JUL corn drifted 10½ cents lower to \$7.21¼/bu.

### Wheat

Wheat has been gaining some support in sympathy with outside grain markets. Harvest disruptions in the Southern Plains also boosted prices. Concern that drought may once again be returning to portions of Australia helped underpin the market.

Weekly sales figures came in at a strong 538,100 mt but, with the exception of MGE wheat which climbed 40¾ cents to \$10.95/bu, the market closed lower due to spillover pressure from corn and beans.

JUL CBOT wheat dropped 15½ cents to \$8.66½/bu while KCBT wheat slipped 8¼ cents to \$9.16/bu.

### Canadian Grain

#### Oilseeds

Favourable conditions over the prairies and spillover pressure from outside markets kept canola futures in check. Steady crusher buying and the lack of farmer selling kept losses to a minimum with the JUL closing just \$1.10 lower at \$659.50/MT. Nevertheless canola futures have given us a nice rally over the past couple of weeks allowing producers to sweep out their bins at some very profitable prices.

New crop basis levels are weak, however, futures in excess of \$700.00/MT in some of the deferred months bear consideration.

#### Feedgrain

Not much new in the barley market. JUL futures drifted \$7.00/MT lower in response to lower prices in US corn but cash prices remain largely unchanged. Slow farmer selling is being met by unenthusiastic buyers.



"Your grain watchdog."

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

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## Strategies

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

### US Crop Results

Not surprisingly, commodities took a bit of a break after last week's feverish action as analysts try to get a handle on just how much damage has been done to US bean and corn crops.

In some ways, losses due to flooding are much harder to quantify than a drought. At this stage of the game, anecdotal evidence and bio-mass maps are about all we have to go on.

There's no question that damage has been done and in some areas that damage is severe. But perhaps that best method of ascertaining damage over the entire Midwest is by the use of satellite bio-mass or vegetation condition maps which show the lushness of crops over the entire U.S. Current maps are somewhat discouraging. These maps show red to indicate stress, yellow to indicate fair conditions, green represents normal vegetation. The most recent maps show extensive areas of orange and yellow over large areas of the Midwest where flooding is known to have occurred. Late emergence would also be a factor in these pictures. The beauty of these maps is you can compare vegetative growth from one year to another. That comparison shows that present conditions are worse than the disastrous drought year of 1993. How (or if) crops can recover will be determined by improved genetics and the weather going forward.

### Energy's Effect on Commodities

It's also apparent that grains and oilseeds are now tied to the energy markets like never before. A volatile crude oil market this week also spurred profit taking in grains. The announcement by Chinese officials of reduced subsidies for diesel fuel, which would result in an increase in the price of fuel of 18%, pushed crude oil prices lower. China is second only to the US in diesel consumption. It's thought that higher prices in China could curb demand as was shown in the US where May gasoline usage dropped by 19% largely due to higher prices.

Indications that Saudis and some other Middle Eastern countries might be ramping up production also pressured the crude and, in turn, corn and beans.

## Agricultural Scholarships

Each year Nuffield Canada selects several individuals (between the ages of 28 and 40) to be Nuffield Scholars. Canadian Nuffield Scholars join scholars from five other countries for a week long conference at the end of February. For two years out of the three this conference is held in a northern hemisphere city with the third year in the southern hemisphere. There's a tour that departs right after that and typically goes to Brazil, Mexico, the US, Canada and Europe over five weeks. Scholars will have chosen individual study topics and will pursue them on their own sometime after that. Later, scholars present a written and an oral presentation to the annual general meeting following their study.

For more information on the Nuffield scholarship program, go to [www.nuffield.ca](http://www.nuffield.ca).

## Wheat Midge in Alberta?

*(from Alberta Agriculture)*

The Alberta wheat midge forecast for 2008 shows a dramatic increase in the range and intensity of wheat midge in Alberta. For the first year since Alberta started midge surveys, the risk level is very high in large parts of central Alberta. The increase in wheat midge risk has also occurred in Saskatchewan.

### What are these little orange mosquito-like bugs in my wheat?

These small bugs that are about half the size of a mosquito and bright orange are probably wheat midge. They will lay eggs in the wheat head and the larvae will then feed on the wheat kernels. Lauxanids are commonly confused with wheat midge, but the Lauxanid is a little bigger and not as orange.

### What kind of damage can wheat midge do?

The wheat midge larvae can decrease the yield of your crop. One midge per 4-5 wheat heads can decrease yield around 15 percent. They can also reduce the grade of your wheat. If there is more than one midge per 8-10 wheat heads there is a risk of a reduced grade. The Canadian Grain Commission limits midge damage in No. 1 CWRS wheat to 2% and 8% in No.2. In durum the tolerances are similar.

### When should I be scouting for wheat midge?

Adults appear in late June and early July. Scouting of your wheat field should be done regularly between heading and flowering. Scout in the evenings, from about 8 - 10 pm, when the temperature is around 15 degrees Celsius and there is no or very light winds. Also, scout four or five places in the field for a more accurate count.

### What are the thresholds for wheat midge?

One adult midge per four or five wheat heads is usually enough to warrant control measures.

### What can I use to control wheat Midge?

Cygon™, Lagon™, Lorsban 4E™, Nufos™ and Pyrinex™ are all registered for use on wheat midge in wheat. Check the label for any other restrictions regarding the chemicals. For example Cygon™ and Lagon™ do not control the eggs, just the adults. Also, watch the stage of the crop, as certain chemicals have to be applied at specific times for good control. Check the label for application timing.

### Considerations for Control

Late evening or early morning are the best times to control the adults, as the females are most active in cool nighttime temperatures (but above 15 degrees Celsius or 59 degrees Fahrenheit) and when the wind is less than 10 km/hr (6 mph). Also, good coverage is critical for control if your chemical controls eggs as well, so make sure your water volume is adequate. Optimal control happens when 70% of the crop is in the heading to flower stage. If 30-60% of the crop is flowering then it needs to be sprayed immediately to have good control on the wheat midge. If 80% of the crop is flowering then control is not recommended as the window has passed and the midge damage has already started. Spraying therefore should be done early to protect the main stem and first tiller, as this is where most of the yield potential of the crop is.

**At The Bin**

*Prices booked this week (net to the producer).*

Grain	Price	When	Producer
barley, 48 lb	\$5.00 FOB	June	Legal
barley, 48 lb	\$5.00 del Ferintosh	Jun-Jul	Daysland
barley, 48 lb	\$4.65 FOB	Jun-Jul	Sherwood Park
barley, 48 lb	\$4.90 FOB	Sep-Oct	Ponoka
barley, 48 lb	\$5.05 FOB	Jan 09	Athabasca
barley, 48 lb	\$5.20 FOB	Jul	Mossleigh
barley, 48 lb	\$4.85 FOB	Sep-Oct	Millet
barley, 50 lb	\$4.65 FOB	June	Camrose
barley, 50 lb	\$4.96 FOB	Jun-July	Mundare
barley, 48 lb	\$5.00 FOB	Nov-Dec	Edberg
barley, 50 lb	\$4.85 FOB	July	Millet
barley, htd	\$4.15 FOB	Jun-Jul	Edberg
canola	\$14.12 FOB	June	Castor
canola	\$14.33 FOB	Dec	Millet
canola, htd	\$9.23 FOB	Jun-Jul	Sunset House
oats, milling	\$4.01 FOB	Mar 09	Smoky Lake
oats, milling	\$3.89 FOB	November	Onoway
oats, milling	\$3.66 FOB	November	Fahler
oats, milling	\$3.79 FOB	Mar 09	Fort Kent
oats, milling	\$3.76 FOB	December	Westlock
oats, milling	\$3.10 FOB	Jun-Jul	Onoway
oats, milling	\$3.25 FOB	Jun-Jul	Jarvie
oats, milling	\$3.25 FOB	Jun-Jul	Barrhead
oats, feed	\$3.00 FOB	Jun-Jul	Leduc
oats, feed	\$2.45 FOB	Jun-Jul	Worsley
oats, feed	\$2.95 FOB	June	St. Paul
wheat, feed	\$7.25 FOB	June	Donalda
wheat, feed	\$7.25 FOB	June	Camrose
wheat, feed	\$7.00 FOB	June	Wainwright
wheat, feed	\$7.03 del Edmonton	October	St. Albert
wheat, feed	\$7.90 FOB	Jun-July	Hussar
wheat, feed	\$6.51 FOB	Sep-Oct	Ponoka
wheat, feed	\$8.18 FOB	Jul	Ponoka
wheat, feed	\$8.05 FOB	Jun-Jul	St. Albert
wheat, feed	\$7.27 FOB	Jun-Jul	Grassland
peas, yellow	\$9.70 FOB	June	Wainwright
flax	\$17.50 FOB	June	Viking

<b>Heated Canola Prices!</b>	
max 25%	\$9.36 delivered Edmonton
max 34%	\$8.57 delivered Edmonton
max 50%	\$8.11 delivered Edmonton
max 70%	\$6.75 delivered Edmonton

**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	Jun-Jul	\$5.18 del Olds
barley	Jul	\$5.28 del Calgary
barley	Jul	\$5.44 del Lethbridge
barley	Aug	\$5.31 del Calgary
barley	Sep-Dec	\$5.26 del Brooks
barley	Sep-Oct	\$5.46 del Lethbridge
barley	Sep	\$4.91 del Edmonton
barley	Oct	\$4.91 del Edmonton
barley	Nov-Dec	\$5.55 del Lethbridge
barley	Dec	\$4.95 del Vegreville
barley	Jan-Mar 09	\$5.39 del Brooks
barley	Jan-Mar 09	\$5.68 del Lethbridge
barley	Jan 09	\$5.00 del Vegreville
wheat, feed	Jun	\$7.84 del Red Deer
wheat, feed 13% prt	Jul	\$8.44 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	Jun	\$10.25 del Innisfail
peas, green edible	Sep-Oct	\$9.00 del Innisfail
peas, yellow edible	Sep	\$10.00 del Innisfail
peas, yellow edible	Nov-Jan 09	\$10.00 del Innisfail
canola	Jun-Jul	\$14.50 del Lloydminster
canola	Aug	(\$36.00) basis del Ft. Sask
canola	Oct	\$14.34 del Lloydminster
canola	Dec	\$14.70 del Lloydminster
canola	Jan 09	\$14.81 del Lloydminster
canola	Feb-Jun 09	(\$40.00) basis del Ft. Sask
oats, feed	Jun	\$2.95 del Vermilion
oats, feed	Jun	\$3.11 del Lethbridge
oats, feed	Jul	\$3.42 del Pincher Creek
oats, feed	Jul-Aug	\$3.50 del Coaldale
oats, #2 CW	Oct	\$3.45 del Edmonton
oats, #2 CW	Nov	\$3.60 del Edmonton
oats, milling	Nov	\$3.95 del Martensville
oats, #2 CW	Dec	\$3.70 del Edmonton
oats, milling	Dec	\$3.98 del Martensville
oats, milling	Jan 09	\$4.03 del Martensville
oats, milling	Feb 09	\$4.05 del Martensville
oats, milling	Mar 09	\$4.07 del Martensville

<b>By the Number</b>	<b>This Week</b>	<b>Last Week</b>	<b>Diff</b>
CME Live Cattle (JUN)	95.575	95.500	0.075
CME Live Hogs (JUN)	77.175	73.400	3.775
CDN Dollar (JUN)	0.979	0.971	0.008
Minneapolis Wheat (JUL)	8.66	8.81	(0.150)
Kansas City Wheat (JUL)	9.15	9.24	(0.090)
Chicago Oats (JUL)	4.15	4.24	(0.090)