

At Market Master

by Shelley Wetmore

June 27, 2008.....

If you have **rye** available as early as August/September, check out the rye prices for fall. Most areas (except the Peace, sorry guys) can lock-in \$7.20 at the bin. Review the specs in this issue.

Leftover **flax** has been moving for a whopping \$18.00 at the bin. If you have flax still in the bin and need extra cash for this summer's holiday, here's a quick solution: Stop by the office with "Tim's" for the girls, we'll book your SuperB of flax, then just wait for that \$30,000 cheque!

Feed **barley** prices increased a bit from last week. Almost any area (except the Peace again) can realize \$5.00 at the bin sometime from September to January. Call to find out your price.

Milling **oats** for the fall have also increased. The November average price (at the bin) is \$3.80/bu and climbs in increments to March for \$4.00/bu.

Last week, I spoke about changes in **canola** pricing ... it looks like some elevators are implementing similar changes. Be cognizant of this. It WILL affect your canola marketing plans!

Happy
Canada
Day!



Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Jul 08	\$677.80	\$659.50	\$8.30
Nov 08	\$690.00	\$684.70	\$5.30
Jan 09	\$701.10	\$695.40	\$5.70
Mar 09	\$711.90	\$705.30	\$6.60
May 09	\$724.40	\$715.20	\$9.20
Jul 09	\$732.60	\$723.30	\$9.30
Nov 09	\$710.40	\$695.00	\$15.40
Jan 10	\$715.10	\$699.70	\$15.40
Barley	This Week	Last Week	Diff +/-
Jul 08	\$249.90	\$250.00	(\$0.10)
Oct 08	\$256.90	\$257.40	(\$0.50)
Dec 08	\$265.00	\$268.00	(\$3.00)
Mar 09	\$271.00	\$274.00	(\$3.00)
May 09	\$271.00	\$274.00	(\$3.00)
Jul 09	\$271.00	\$274.00	(\$3.00)

Be Grainwise!

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

US Grain

Soy Complex

Heavy rains in Northern Missouri (in addition to other, already wet areas of the US corn belt) had market bears scurrying for cover as bulls again took control of the market (see Strategies).

AUG beans closed 44 cents higher to \$15.79/bu, despite a late round of profit-taking as traders looked to take a little money off the table in advance of Monday's USDA planted acreage and quarterly stocks reports.

Although, officially, the farmer's strike in Argentina is over, traders are waiting for actual shipments to begin before getting too excited. This week's exports came in at a very robust 2.021 mmt of combined old and new crop sales. But, there were 9.9 mln bu of cancellations which indicate some buyers, who bought from the US when Argentina was unable to deliver, may now buy from Argentina again. However, as far as the market is concerned, this story has been dragging on for SO long that many in the trade are tired of it. Even if exports do rebound to normal levels, weather in the Midwest may trump happenings in South America.

AUG meal pushed \$15.80 higher to \$424.70/t while oil closed 1.69 cents higher at 65.90 cents/lb.

Corn

Corn continues to be the market leader as the SEP closed 32½ cents higher to \$7.67¾/bu. Some of the new crop month's cracked through the \$8.00/bu area, setting new contract highs.

Corn's strength came on weather problems (excessive rain) and spillover support from outside markets. Although weekly exports were below expectations at 402,800 mt, the market didn't blink.

Wheat

Harvest delays and crop deterioration for the SRW wheat crop in particular (excessive moisture) gave wheat prices a boost. However, this optimism isn't being shared in the cash market as basis levels of \$2.00/bu or more are placing substantially less money in farmer's pockets than the futures indicate. Weekly exports fell within pre-report estimates and were not a market factor.

Despite a sharp sell-off Friday, SEP CBOT wheat closed 27¾ cents higher at \$9.12/bu. KCBT wheat pushed 15½ cents higher to \$9.41½/bu while MGE wheat surged 31½ cents higher to \$10.01½/bu.

The IGC released its monthly report which was bearish to wheat. Total wheat production was raised another 8 mmt to 658 mmt which is 50 mmt more than last year. However, consumption was raised 2 mmt to 634 mmt which leaves a carryout of 143 mmt, an increase of 22 mt from last year and 12 mmt from last month.

Canadian Grain

Oilseeds

Canola followed soy higher, climbing \$5.30 higher to \$690.00/MT. However, in light of the strong gains in beans, you'd have to say canola is following reluctantly. Part of that reluctance may be due to this week's StatsCan report which pegged seeded canola acres at 15.8 mln acres, roughly 1 mln acres more than the previous report. Some traders questioned the last report as coming in too low. This report has many wondering if StatsCan has overshot the mark this time around.

Feedgrain

OCT barley slipped 50 cents lower to \$256.90 but the cash market remains firm. Steady buying as farmers sweep out their bins kept market activity brisk. Cash feed wheat prices remained steady.

The edible pea market was largely unchanged from last week.

Classifieds

Equipment for sale: 1995 CASE IH 2188 combine for \$69,000. 22 1/2' flex header for sale as well. Call Ray Hittinger, St. Albert, (780) 939-3601.



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Strategies

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

Weather Effects

Ideas that soy and corn acres may not be as seriously affected as first thought (after a week of warm, dry weather) were dashed when another round of heavy rains began falling on the US Midwest again this week. Forecasts for further precipitation over the weekend also fueled gains.

Many traders believe it doesn't really matter that much what the final seeded acreage figures are. The BIG question will be: How many acres will be harvested and what sort of yields will be achieved?

One private consulting firm feels as many as 8 mln acres of beans were either never planted or have yet to emerge due to excessive rain—that's a lot of beans! The fear is that even if producers were able to get more beans into the ground, the yield prospects for a crop seeded this late in the year would not be good.

The June 30th USDA planted acreage report is normally one of the most eagerly awaited reports of the year but, this year, many feel the USDA is SO far behind the curve of what's actually happening on the ground it will be hardly noticed. I wouldn't go that far but it will be viewed through the lens of what was happening a month ago. Traders then use the report as a base from which to plug in their own data to get an accurate picture of the current situation.

Speculators in the Market

Also adding to the bullish tone was a resurgence of speculative money into the commodity markets. Strong gains in gold and crude oil spilled over into grains and oilseeds. A weak US dollar and sagging stock market had speculative funds looking to commodities as the best place allocate their assets. Commodities have now become a hedge against inflation.

Wheat and Corn Spreads

Wheat also enjoyed strong advances not only because of harvest weather delays in the SRW wheat harvest but also by the perception that the spread between corn and wheat is

Alberta is Hail Country!

A record 89 severe hailstorms pelted the province during the 2007 summer, leaving unprecedented levels of crop damage behind. "We paid out \$40.3 million in claims through our Straight Hail program, the highest ever in our 70-year history," says Carol Simpson, coordinator of Insurance Processing, AFSC. Environment Canada reported 83 severe hailstorms the year before, compared to 48 in an average year.

It's mainly chance that Alberta has seen its two worst years for hail back-to-back, says Geoff Strong, meteorologist and adjunct professor, U of A, who's studied thunderstorm and hail formation across the province for 35 years. "We've seen strings of bad hail years before in this province due to natural weather patterns," he says, noting that in the early 50s, there were four or five intense hail years in a row.

"It's too soon to say if this summer will be another record breaker. A lot depends on how wet and warm things get during the coming weeks," says Strong, explaining heat and humidity from evaporating soil moisture are two key ingredients in hailstorm formation. "Unfortunately the same conditions that promote crop growth set the stage for hail storm formation."

Alberta gets more hail than anywhere else in Canada, thanks in large part to the northwest-southeast alignment of the Rocky Mountains. As warm, dry air flows eastward over the mountains, it clashes with moisture above the foothills to produce storms. Central Alberta sees the most hail, but no corner of the province is immune.

"Hail has always been one of the biggest problems facing farmers in Alberta. One minute they can have a bumper crop, 10 minutes later, they've got nothing because a hailstorm ripped through their fields," says Rod Rains, a member of the AFSC History Committee, which has been looking back at Alberta's hail history this spring, as the corporation marks 70 years of providing public hail insurance across the province.

In 1937, with no municipal hail insurance in place and only a limited number of private insurers, many farmers were left unprotected, he says. "That's what forced the government to take action and pass special legislation creating the Alberta Hail Insurance Board in 1938, now called AFSC. Hail insurance was made available to all farmers in the province, even in the highest risk areas. That same mandate continues today, although now it also includes crop insurance, lending, and income stabilization programs."

Farmers can access Straight Hail coverage at any time. Once a policy is written, coverage takes effect at noon the following day. Producers can contact their local hail agent, an AFSC office, or call the AFSC Call Centre at (888) 786-7475.

Fall Rye	
(Prices are at the bin, FOB Alberta, except the Peace)	
#2 CW with 200 falling number	\$7.20
#3 CW	\$6.70
150 to 199 falling number	\$6.20
90 to 149 falling number	\$5.70

Heated Canola	
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)

Set price targets!
GPOs work and are convenient
when you're too busy to watch markets.



CWB June 2008-09 Average PRO

	June PRO	Alberta		Sask		BC	
		Average Deduc	Return	Average Deduc	Return	Average Deduc	Return
Wheat							
1 CWRS 14.5	\$9.77	\$1.38	\$8.39	\$1.63	\$8.14	\$1.32	\$8.45
1 CWRS 13.5	\$9.53	\$1.38	\$8.15	\$1.63	\$7.90	\$1.32	\$8.21
1 CWRS 12.5	\$9.36	\$1.38	\$7.98	\$1.63	\$7.73	\$1.32	\$8.04
1 CWRS 11.5	\$9.20	\$1.38	\$7.82	\$1.63	\$7.57	\$1.32	\$7.88
2 CWRS 13.5	\$9.36	\$1.38	\$7.98	\$1.63	\$7.73	\$1.32	\$8.04
2 CWRS 11.5	\$9.04	\$1.38	\$7.66	\$1.63	\$7.41	\$1.32	\$7.72
3 CWRS 13.0	\$8.95	\$1.38	\$7.57	\$1.63	\$7.32	\$1.32	\$7.63
3 CWRS	\$8.71	\$1.38	\$7.33	\$1.63	\$7.08	\$1.32	\$7.39
4 CWRS	\$8.30	\$1.38	\$6.92	\$1.63	\$6.67	\$1.32	\$6.98
1 CWHW 13.5	\$9.53	\$1.38	\$8.15	\$1.63	\$7.90	\$1.32	\$8.21
1 CPSR	\$8.57	\$1.38	\$7.19	\$1.63	\$6.94	\$1.32	\$7.25
1 CPSW	\$8.57	\$1.38	\$7.19	\$1.63	\$6.94	\$1.32	\$7.25
1 CWRW Sel 11.5	\$8.76	\$1.38	\$7.38	\$1.63	\$7.13	\$1.32	\$7.44
1 CWRW	\$8.44	\$1.38	\$7.06	\$1.63	\$6.81	\$1.32	\$7.12
1 CWES	\$8.71	\$1.36	\$7.35	\$1.64	\$7.07	\$1.32	\$7.39
1 CWSWS	\$7.84	\$1.38	\$6.46	\$1.63	\$6.21	\$1.32	\$6.52
CW Feed	\$6.42	\$1.38	\$5.04	\$1.63	\$4.79	\$1.32	\$5.10
Durum							
1 CWAD 14.5	\$11.21	\$1.37	\$9.84	\$1.47	\$9.74	\$1.32	\$9.89
1 CWAD 13.0	\$11.05	\$1.37	\$9.68	\$1.47	\$9.58	\$1.32	\$9.73
1 CWAD 12.5	\$11.02	\$1.37	\$9.65	\$1.47	\$9.55	\$1.32	\$9.70
1 CWAD 11.5	\$10.94	\$1.37	\$9.57	\$1.47	\$9.47	\$1.32	\$9.62
2 CWAD 13.0	\$10.80	\$1.37	\$9.43	\$1.47	\$9.33	\$1.32	\$9.48
2 CWAD 11.5	\$10.67	\$1.37	\$9.30	\$1.47	\$9.20	\$1.32	\$9.35
3 CWAD 13.0	\$10.31	\$1.37	\$8.94	\$1.47	\$8.84	\$1.32	\$8.99
3 CWAD	\$10.12	\$1.37	\$8.75	\$1.47	\$8.65	\$1.32	\$8.80
4 CWAD	\$9.47	\$1.37	\$8.10	\$1.47	\$8.00	\$1.32	\$8.15
5 CWAD	\$6.42	\$1.37	\$5.05	\$1.47	\$4.95	\$1.32	\$5.10
Feed Barley							
1 CW Pool A	\$5.33	\$1.23	\$4.10	\$1.39	\$1.39	\$1.15	\$4.18
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

CWB PRO Commentary 2008-09 Crop Year**Wheat**

North American spring wheat markets were supported during by US corn prices. Excessive rains and cooler temperatures delayed the development of the corn crop and increased abandoned acreage. In Iowa, 83 of 99 counties were declared disaster areas. The reduction in corn production is causing more wheat to be used as feed, which has increased demand, and supported prices. US corn export prices are now significantly above the comparable prices for Soft Red Winter and White Winter.

Strength in US wheat futures has been offset by low basis levels for SRW wheat and White Winter wheat. US HRW harvest is underway with initial indications of lower-than-average protein levels, supporting prices for higher-protein spring wheat.

StatsCan indicates a huge increase in the acreage of soft white spring wheat in Western Canada, up more than 550% from last year to 455,000 acres.

World wheat production is forecast to be a new record, up 40 to 50 million tonnes at 650 million tonnes. The return of Iran as a major world wheat buyer has supported the overall price outlook but, with large crops expected in Europe and the Black Sea, offshore prices are being pressured and customers are adopting hand-to-mouth buying. In Western Canada, production prospects are up from last year but still below the 5-year average.

Durum

Durum continues to incorporate a large risk factor into the price structure due to an uncertain new crop outlook for quality/quantity. Buyers have been reluctant to commit but with very tight, old crop inventories, the market is expecting demand increase. The durum market is firmer as the gap between global production/consumption narrows. Western Canadian production is expected to be higher than last year and larger than the 5-year average.

Feed Barley

Feed barley prices were supported by high corn values. StatsCan indicates barley acres are down this year which will lower production. Seeding decisions were affected by earlier, high price projections for canola/wheat. Larger barley crops in Europe and the Black Sea are forecast, offset by lower Middle East production due to dryness.

Designated Barley

Although prospects for a larger EU crop continue to weigh on prices, malt barley values in the EU will be supported by low carry-in stocks. Lower barley acres in Canada is also supportive but summer growing conditions will be key in determining quality/selection rates. Conditions in Australia have improved but dryness in Argentina has delayed seeding. There's much uncertainty about the size and quality of the 2008-09 barley crop.

2008 Diagnostic School

The Southern Applied Research Association (SARA) is hosting its Diagnostic Field School in Lethbridge, July 8 to 10. The school is organized into four modules:

- Module 1 – Winter Pulses and Cover Crops
- Module 2 – Canola, Pulses and Cereal Pests
- Module 3 – Soils and Fertility
- Module 4 – Industry Update

The featured speaker at this year's school is winter pulse breeder, Dr. Kevin McPhee, Washington State University. Registration fee is \$110.25 for SARA members and \$136.50 for non-members. For more information or to register, contact SARA at 403-328-0059 or e-mail sara-research@platinum.ca.

By the Number	This Week	Last Week	Diff
CME Live Cattle (JUN)	\$101.000	\$95.575	\$5.425
CME Live Hogs (JUL)	\$73.300	\$77.175	(\$3.875)
CDN Dollar (SEP)	\$0.988	\$0.979	\$0.009
Minneapolis Wheat (JUL)	\$8.95	\$8.66	\$0.290
Kansas City Wheat (JUL)	\$9.20	\$9.15	\$0.050
Chicago Oats (JUL)	\$4.31	\$4.15	\$0.160
Clear Diesel (spot, Edmonton)	\$128.10		
Crude Oil (AUG)	\$140.90		

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	\$5.15 FOB	Jan 09	Heisler
barley, 48 lb	\$5.68 del Lethbridge	Jan 09	Vauxhall
barley, 48 lb	\$5.20 FOB	Jul	Mossleigh
barley, 48 lb	\$5.18 FOB	Jan 09	Oyen
barley, 48 lb	\$5.00 FOB	Jul	New Sarepta
barley, 48 lb	\$4.95 FOB	Nov	Edmonton
barley, 48 lb	\$5.00 FOB	Nov	Meeting Creek
barley, 48 lb	\$5.07 FOB	Sep	Hanna
barley, 49 lb	\$4.95 FOB	Jun-Jul	Daysland
barley, 49 lb	\$4.90 FOB	Jun-Jul	Smoky Lake
barley, 50 lb	\$5.00 FOB	Jul	Oyen
barley, 50 lb	\$4.90 FOB	Jun-Jul	Tofield
barley, 50 lb	\$5.05 FOB	Jul	Craigmyle
barley, 52 lb	\$4.91 FOB	Jul	Meeting Creek
barley, 56 lb	\$4.35 FOB	Jun-Jul	High Prairie
barley, 56 lb	\$4.95 FOB	Jul	New Norway
canola	\$14.10 FOB	Jun	Consort
canola	\$14.92 del Lloyd	Jan 09	Boyle
oats, milling	\$3.00 FOB	Jun	Riviere Qui Barre
oats, milling	\$3.05 FOB	Jul-Aug	Spedden
oats, milling	\$3.05 FOB	Jul-Aug	Pickardville
oats, milling	\$3.10 FOB	Jun-Jul	Warburg
oats, milling	\$3.82 FOB	Nov	Edmonton
oats, milling	\$3.05 FOB	Jul-Aug	Mayerthorpe
oats, milling	\$3.10 FOB	Jul	Galahad
oats, milling	\$3.10 FOB	Jun-Jul	Warburg
oats, feed	\$3.00 FOB	Jun	Vermilion
oats, feed	\$2.95 del Vermilion	Jun-Jul	St. Paul
oats, feed	\$3.03 FOB	Jul	Clive
oats, feed	\$3.15 FOB	Jun-Jul	Bashaw
oats, feed	\$3.00 FOB	Jul-Aug	Boyle
oats, feed	\$1.85 FOB	Jul	La Crete
wheat, feed	\$7.50 FOB	Jun-Jul	New Norway
wheat, feed	\$8.50 FOB	Jun-Jul	Bashaw
wheat, feed	\$8.01 FOB	Jun-Jul	Bruderheim
peas, green	\$8.25 FOB	Jun-Jul	Leduc
peas, yellow	\$10.25 del Innisfail	Jun-Jul	Oyen
peas, yellow	\$9.75 FOB	Jun-Jul	Nampa
flax	\$18.00 FOB	Jun-Jul	Mossleigh
flax	\$18.00 FOB	Jun-Jul	Viking

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	Jul	\$5.50 del Lethbridge
barley	Jul	\$5.07 del Olds
barley	Jul-Aug	\$5.00 del Irma
barley	Jul	\$5.48 del Lethbridge
barley	Aug	\$5.28 del Calgary
barley	Sep-Dec	\$5.26 del Brooks
barley	Sep-Oct	\$5.50 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	\$5.72 del Lethbridge
barley	Jan 09	\$5.00 del Vegreville
wheat, feed	Jul-Aug	\$6.95 del Irma
wheat, feed	Jul-Aug	\$7.84 del Red Deer
wheat, feed 13% prt	Jul-Aug	\$8.44 del Red Deer
wheat, feed	Aug-Sep	\$6.95 del Edmonton
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	Jul	\$7.71 del Edmonton
peas, feed	Jul	\$7.43 del Wetaskiwin
peas, yellow edible	Jul	\$10.00 del Innisfail
peas, yellow edible	Aug-Oct	\$10.00 del Innisfail
peas, green edible	Sep-Oct	\$9.00 del Innisfail
peas, yellow edible	Nov-Jan 09	\$10.05 del Innisfail
rye/triticale, feed	July	\$7.20 del Red Deer
rye, milling	Aug-Dec	\$7.20 FOB Alberta
canola	Jul	\$14.62 del Lloydminster
canola	Aug	(\$36.00) basis del Fort Sask
canola	Oct	\$14.47 del Lloydminster
canola	Dec	\$14.83 del Lloydminster
canola	Jan 09	\$14.94 del Lloydminster
canola	Feb-Jun 09	(\$40.00) basis del Fort Sask
oats, feed	Jul	\$3.42 del Pincher Creek
oats, feed	Jul	\$2.95 del Vermilion
oats, feed	Jul	\$3.11 del Lethbridge
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	\$4.09 del Martensville
oats, #2 CW	Dec	\$3.70 del Edmonton
oats, milling	Dec	\$4.12 del Martensville
oats, milling	Jan 09	\$4.24 del Martensville
oats, milling	Feb 09	\$4.26 del Martensville
oats, milling	Mar 09	\$4.28 del Martensville