

## At Market Master

by Shelley Wetmore

**August 3, 2007**.....

Well ... it's either been too dry or the big, white combine has accompanied needed rain in many areas. Earlier in the week, hail damaged areas north of Fabyan by Wainwright and last night hail desimated some crops by Stony Plain. Tornado warnings also popped up for the Grande Prairie area Friday night. Other areas haven't seen rain in over a month. Some resellers in Lethbridge are already concerned about the quality of the crop coming off. Speculation is, south of Vulcan, that barley might be coming off as low as 33 lb/bushel.

We won't know the details until the combines roll. Because of this volatile weather though, many producers are reluctant to pre-price any further grain until the crop's in the bin—a wise and conservative decision. The potential for more weather damage is very real.

It was a quiet day in the markets Friday here in the office as I suspect many people were out at the Big Valley concert or still on holidays. Enjoy the time off while you can, harvest is already rolling in the south.

## Watching Winnipeg

Your weekly closing WCE futures \$/MT.

| Canola | This Week | Last Week | Diff +/- |
|--------|-----------|-----------|----------|
| Nov 07 | \$411.50  | \$403.60  | \$7.90   |
| Jan 08 | \$421.70  | \$413.90  | \$7.80   |
| Mar 08 | \$429.00  | \$422.40  | \$6.60   |
| May 08 | \$434.00  | \$432.60  | \$1.40   |
| Jul 08 | \$438.10  | \$430.70  | \$7.40   |
| Nov 08 | \$429.90  | na        |          |
| Wheat  | This Week | Last Week | Diff +/- |
| Oct 07 | \$172.00  | \$174.00  | (\$2.00) |
| Dec 07 | \$176.50  | \$179.00  | (\$2.50) |
| Mar 08 | \$180.50  | \$183.00  | (\$2.50) |
| May 08 | \$183.50  | \$186.00  | (\$2.50) |
| Jul 08 | \$186.50  | \$189.00  | (\$2.50) |
| Barley | This Week | Last Week | Diff +/- |
| Oct 07 | \$169.50  | \$170.00  | (\$0.50) |
| Dec 07 | \$174.10  | \$174.00  | \$0.10   |
| Mar 08 | \$176.10  | \$179.00  | (\$2.90) |
| May 08 | \$178.10  | \$181.00  | (\$2.90) |
| Jul 08 | \$180.10  | \$184.30  | (\$4.20) |

## Be Grainwise!

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

### US Grain

Weather continues to be the dominate factor in US grain markets although the focus is now shifting from corn to beans.

#### Corn

That's not to say that an extended period of hot, dry conditions couldn't hurt corn but most of the crop is past the critical pollination phase while the most crucial phase in soybean development is right around the corner.

We're getting all sorts of reports as to how the corn crops are faring. Everything from "garden like" conditions to almost total write-offs. The USDA pegged this week's crop at 58% in the good-to-excellent categories, down 4 points from last week's report. Many feel we'll see further slippage on Monday.

This week FC stone (a private agricultural consulting firm) predicted a total corn crop of 12.644 bln bu. While this is still a huge crop, it fell short of what many traders were anticipating and, perhaps equally important, fell below the psychologically important 13 bln mark. However, just to keep things interesting another consulting firm, Informa, weighed in with their prediction today—a crop of 13.09 bln bu.

This of course is all in the run up to the report that really counts—the USDA figures which will be released August 10.

On the export front, corn demand remained brisk at 1.77 mmt, more than double the average pre-report guestimate.

On the week, DEC corn pushed 6½ cents higher to \$3.43/bu.

#### Soy Complex

Weather concerns are being felt most acutely in the soybean pits. With forecasts for hot and dry weather over much of the US Midwest, NOV beans enjoyed a solid rise of 20½ cents to \$8.61/bu. OCT meal bounced \$7.20 to \$226.20/t while oil settled .59 cents higher at 37.87 cents/lb.

Although not quite as stellar as corn, bean exports came in at the top end of expectations at 440,300 mt and lent additional support to the market.

### Wheat

Despite exceptional export totals of 1.77 mmt which, like corn, was double expectations, DEC CBOT wheat failed to gain any ground and closed unchanged at \$6.69/bu. MGE wheat slipped 2 cents to \$6.55¼/bu while KCBT wheat dropped 3¾ cents to \$6.55/bu.

In a case where "bull markets need to be fed", we just ran out of bullish news this week. Historically, futures are trading at very high levels and the market seems reluctant to push things further without a further bullish development.

### Canadian Grain

#### Canola

Concerns over damage caused by heat, lack of moisture, and spillover support from Chicago beans sent NOV canola futures \$7.90 higher to \$411.50/MT.

Support from palm oil and EU rapeseed markets helped underpin the market as did steady crusher buying. A strong dollar and lack of fresh export business put a lid on any further gains. The only farmer selling appears to be producers who are making space for this year's crop.

#### Feedgrain

Barley was front and centre this week as the CWB proved successful in their court challenge against the Canadian government concerning the removal of the CWB's monopoly on malt and export barley sales (see Strategies).

After a volatile week of trading, OCT futures closed the week down just 30 cents at \$169.70/MT.

OCT wheat dipped \$2.00 to \$172.00/MT.



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## Strategies

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

Well, it's hard not to notice the elephant in the room.

### Barley Issues

This week's court decision to maintain the CWB's monopoly on malt and export sales was front and centre—at least on this side of the border. This is an issue that's been with us for as long as I've been farming and you can bet we haven't seen the last of it yet.

Initial reaction to the ruling was a definite negative as far as the commodity markets were concerned. Futures closed the day limit down across the board. However, after some choppy trade, futures closed the week pretty much unchanged after a strong close Friday following a downward revision of prairie barley potential by the CWB.

I've also heard rumours of cash feed barley bids dropping dramatically. While that may be the case in some isolated instances, Shelley tells me that overall, feed bids have changed little this week. That's not to say that there aren't problems.

Exports sales on the books by private firms in anticipation of an open market have to be dealt with as do sales that individual farmers have negotiated.

At the time of writing the CWB has yet to issue a PRO for barley or announce any new farmer pricing options stating that additional time would be needed to garner the necessary information to make such determinations. However, the barley market has been hot lately—very HOT. The CWB is under intense pressure to come up with pricing alternatives that reflect that strong market. A “low ball” PRO in this environment would be something akin to political suicide. Stay tuned.

### Wheat Issues

MGE wheat futures stalled. The advancing US spring harvest (10% completed) with better than average yields is taking the “fear” out of the market.

Although world wide S/D figures still point to relatively tight carryout markets and should keep the market supported down the road, right now, futures are looking a little “toppy”.

The MACD has turned negative and it wouldn't surprise me to see a round of profit-taking in the near future. The obvious strategy then would be to lock-in some portion of your expected production in the form of a CWB FPC. Unfortunately, basis levels are particularly unattractive. One can lock in just the futures portion of the FPC and leave the basis unpriced in the expectation of a tighter basis at some point in the future.

### Canola Issues

I know its difficult enough to market one crop at a time without looking at pricing two years down the road BUT we've been presented with an opportunity in the canola market that bears consideration. **NOV 2009** futures traded as high as \$432.00 today. A negotiated deal with an enduser or an outright short position in the futures market could net producers around the \$9.40/bu mark assuming a \$15 basis—something to think about!



**Futures, Options, Hedging**  
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**Edmonton, Alberta**

### EFP Workshops

Two Environmental Farm Plan (EFP) workshops are being held in northern Alberta in August. The (EFP) process helps agricultural producers identify environmental risks and strengths in their operations and develop their own plans to reduce the risks and build on the strengths. This voluntary, confidential process includes two workshops and a take-home workbook with easy-to-use checklists. The workshops and workbook are free of charge. The workshops being held in northern Alberta:

- August 8 and 15, 2007 Peace River
- August 20 and 27, 2007 Fairview

For further information, contact Yvonne Marshall – MacRae, workshop facilitator at (780) 864-1154.

### Conversion Table

| <u>40 MT of</u> | <u>Equals</u> | <u># of bu</u> |
|-----------------|---------------|----------------|
| 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  |

## WANTED! CLASS 1 TRUCKER/ COMBINE OPERATORS

Finish your own harvest early, then come on in to Loughheed, Alberta for extra fall employment!

Work to commence mid-August until completion of harvest. You already have the skills and qualifications ... just put them to work.

Call Vernon Snethun @ (780) 386-3979 home or (780) 608-3979 cell.

**At The Bin**

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

| Grain         | Price                | When       | Producer   |
|---------------|----------------------|------------|------------|
| barley, 48 lb | \$3.93 del Bowden    | Jul-Aug    | Delburne   |
| barley, 48 lb | \$3.40 FOB           | August     | Monitor    |
| barley, 48 lb | \$3.92 del Barrhead  | August     | Barrhead   |
| barley, 48 lb | \$3.30 FOB           | August     | St. Lina   |
| barley, 54 lb | \$3.35 FOB           | Jul-Aug    | Blackfoot  |
| barley, 48 lb | \$3.45 FOB           | August     | Sedgewick  |
| barley, 48 lb | \$3.50 FOB           | August     | Millet     |
| barley, 50 lb | \$3.50 FOB           | August     | Bruderheim |
| wheat, feed   | \$4.58 del Edmonton  | Aug-Sept   | Bon Accord |
| wheat, feed   | \$4.79 FOB           | August     | Ferintosh  |
| oats, milling | \$3.00 FOB           | August     | St. Lina   |
| oats, milling | \$3.03 FOB           | August     | Millet     |
| oats, milling | \$3.00 FOB           | August     | Ashmont    |
| oats, milling | \$3.00 FOB           | August     | Bentley    |
| canola        | \$9.21 del Fort Sask | October 08 | Bon Accord |
| canola        | \$9.13 del Edmonton  | August     | Leduc      |
| canola        | \$9.03 del Edmonton  | August     | Viking     |
| canola        | \$8.93 FOB           | August     | Millet     |
| canola        | \$8.70 FOB           | August     | Irma       |
| canola        | \$9.09 del Edmonton  | October    | Boyle      |
| canola        | \$9.07 del Edmonton  | August     | Ponoka     |
| rye, feed     | \$3.50 FOB           | August     | Stavelly   |

**Bid Board**

*Buyers looking for grain (net prices).*

| Grain            | When        | Location                |
|------------------|-------------|-------------------------|
| barley           | August      | \$3.75 del Ferintosh    |
| barley           | August      | \$3.85 del Olds         |
| barley           | August      | \$3.61 del Lethbridge   |
| barley           | Sep-Dec     | \$3.72 del Innisfail    |
| barley           | Sep-Dec     | \$3.76 del Olds         |
| wheat, 12.5% prt | August      | \$4.93 del Red Deer     |
| wheat, 12.5% prt | Sep-Dec     | \$4.85 del Red Deer     |
| wheat, feed      | Sep-Dec     | \$4.69 del Red Deer     |
| peas, feed       | August      | \$5.39 del Lacombe      |
| peas, yellow     | August      | \$6.05 del Innisfail    |
| peas, yellow     | Aug-Oct     | \$6.02 del Wainwright   |
| rye, feed        | August      | \$3.76 del Lethbridge   |
| oats, milling    | August      | \$3.30 del Martensville |
| oats, milling    | December    | \$2.39 del Martensville |
| oats, milling    | January 08  | \$2.45 del Martensville |
| oats, milling    | February 08 | \$2.50 del Martensville |
| oats, milling    | March 08    | \$2.55 del Martensville |
| canola           | Aug-Nov     | \$9.06 del Edmonton     |
| canola           | October     | \$9.74 del Vancouver    |
| canola           | November    | \$9.78 del Vancouver    |
| canola           | Dec-Jan     | \$9.15 del Edmonton     |
| canola           | May-Jun 08  | \$9.43 del Fort Sask    |
| canola           | Oct-Nov 08  | \$9.13 del Fort Sask    |

**Opportunities for Beef Producers**

Several branded beef programs are looking for suppliers who can provide a uniform, age verified and traceable group of 50 calves or more that meet their protocol.

“Market-proven areas that show promise for branded beef marketing include organic, natural, and lean,” says Pat Ramsey, opportunity analyst, Alberta Agriculture. “To be commercially viable, a market and suppliers must be clearly defined and engaged, and be prepared to operate for sustainability.”

Alberta Agriculture is involved in a Branded Beef Strategies project that has the following objectives:

- determine what retailers and food service companies require for branded beef products
- inventory potential production levels from new suppliers
- communicate branded beef marketing opportunities and potential supply
- assist in growing or developing branded beef programs to meet consumer demands

One of the first tasks is to develop an inventory of potential new suppliers of branded beef production. This inventory will link producers with branded programs/processors, retailers and food service providers. Producers can contact one of project team members from Alberta Agriculture:

- Patrick Ramsey, High River, (403) 652-8303
- Bjorn Berg, Lethbridge, (403) 381-5835
- Keri Sharpe, (organics) Stony Plain, (780) 968-6556
- Freeman Iwasiuk, High Prairie at (780) 523-6504
- Jim Hansen, Cardston at (403) 653-5132
- Kathy Bosse, Stettler, (403) 742-7543
- Jan Warren, Lethbridge, (403) 381-5844

**By the Number**

|                          | This Week | Last Week | Diff     |
|--------------------------|-----------|-----------|----------|
| CME Live Cattle (AUG)    | 93.600    | 93.625    | (\$0.03) |
| CME Live Hogs (AUG)      | 74.375    | 72.775    | \$1.60   |
| CDN Dollar (SEP)         | 0.9507    | na        |          |
| Minneapolis Wheat (SEPT) | 6.43      | 6.53      | (\$0.10) |
| Kansas City Wheat (SEPT) | 6.39      | 6.44      | (\$0.05) |
| Chicago Oats (SEPT)      | 2.58      | 2.56      | \$0.02   |

**WANTED!  
A FARMER'S DAUGHTER**

We're looking for an energetic person to join our team as **Grain Marketing Representative**. A very enjoyable position that will communicate with grain producers, relay market information, and perform other marketing activities.

This Edmonton-based career is suitable only to someone who loves the industry. Please send resumes directly to:  
shelley.wetmore@shaw.ca