Grainwise

At Market Master

by Shelley Wetmore

August 10, 2007………………………
Which areas got frost overnight Friday? I heard from numerous news reports that north of Edmonton was at risk then early evening Friday, a producer called from the Calgary area to say that even the Airdrie area was a target for the unwanted weather. I hope everyone survived the predictions.

There are still very good grain prices out there for those of you cleaning out bins. The biggest challenge, however, is finding space for it. Regarding rye that is being combined right now, for example, many endusers are already full for August and September is the next available date.

Reports on quality in general are coming in and the areas that have combined are showing less than average yields and below average specifications. It may only a few areas in our province where the farmer can boast average to above average yields without any devaluation of quality.

Good luck to all!

Watching Winnipeg

Your weekly closing WCE futures $/MT.

Canola	This Week	Last Week	Diff +/-
Nov 07	$410.10	$411.50	($1.40)
Jan 08	$420.70	$421.70	($1.00)
Mar 08	$429.00	$429.00	$0.00
May 08	$433.00	$434.00	($1.00)
Jul 08	$437.00	$438.10	($1.10)
Nov 08	$429.10	$429.90	($0.80)
Wheat	**This Week**	**Last Week**	**Diff +/-**
Oct 07	$175.00	$172.00	$3.00
Dec 07	$180.00	$176.50	$3.50
Mar 08	$183.00	$180.50	$2.50
May 08	$186.00	$183.50	$2.50
Jul 08	$189.00	$186.50	$2.50
Barley	**This Week**	**Last Week**	**Diff +/-**
Oct 07	$167.00	$169.50	($2.50)
Dec 07	$174.00	$174.10	($0.10)
Mar 08	$178.00	$176.10	$1.90
May 08	$182.00	$178.10	$3.90
Jul 08	$186.00	$180.10	$5.90

Be Grainwise!

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

US Grain

Influence from outside markets (see Strategies) played a large role in this week's grain and oilseed volatility. Apart from that, traders spent much of the week positioning themselves ahead of Friday's USDA S/D report.

Corn

Crop production figures for corn were particularly bearish at 13.054 bln bu. This assumes an average yield of 152.8 bu/ac which would be the second highest yield in history, just behind the 2004 average of 160.4 bu/ac. Probably more important was the carryout figure which was also above expectations at 1.516 bln bu. On a positive note, world carryout actually dropped 6.2 mmt to 102.2 mmt.

On the production side, the corn crop should be "made" with few surprises when the combines roll. The story I'm getting from many producers online is the USDA is overestimating this year's crop. The farmers were correct about the winter wheat crop. We'll see how they do on corn.

DEC corn pushed 7½ cents higher to $3.50½/bu.

Soy Complex

The news for beans should have been more positive with total production estimated at 2.625 bln bu, just slightly below the average pre-report guesstimate of 2.653 bln bu. Carryout also slipped below expectations at .22 bln bu.

But, bean production is still up in the air. The critical period for beans is right about now and, with extreme heat in the southern US, there are concerns production may not measure up. With all that bullish news, you'd expect bean futures to trader stronger on the day than corn but it actually closed lower for reasons that had nothing to do with beans at all (see Strategies).

NOV beans closed 10¾ cents higher at $8.71¾/bu while OCT meal bounced $10.30 higher to $236.50/t. Oil was the weak link this week slipping 1.07 cents to 36.80/lb.

Wheat

Wheat markets continue to strengthen. DEC CBOT wheat was up 15½ cents to $6.84½/bu. MGE closed up 8¼ cents at $6.63½/bu, and KCBT bounded 14 cents higher to $6.69/bu. Tightening global supplies and harvest delays due to excessive moisture in Germany and France kept this market strong.

USDA figures were supportive indicating a total wheat crop of 2.114 bln—below the pre-report average estimate of 2.129 bln. US carryout stocks were unchanged but global carryout was tightened some 2 mmt to 114.8 mmt.

Canadian Grain

Canola

Spillover selling from Chicago and weakness in oil sent NOV canola $1.40 lower to $410.10/MT.

Supporting the market (and preventing further losses) were documented sales to Pakistan and China. Unconfirmed reports of Mexican interest also lent underlying support. Steady crusher buying offset a pickup in producer selling. There's still concern over how much damage was done to the canola crop during our recent heat spell. Areas with plentiful moisture probably fared well while drier areas were hit hard. We won't know the full impact on the entire crop until the combines begin to roll in earnest.

Feedgrain

OCT barley slipped $2.50 to $167.00/MT while support from US wheat sent WCE futures up $8.00 to $180. Little has changed in the cash market but the farther you get from the main feeding area (Southern Alberta) the larger the discounts become.

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Strategies

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Much of this week's volatility originated not in the grain pits but in the world financial markets.

How Mortgages Affect Grain

The trigger for these liquidity problems originated with a flood of defaults of "sub prime mortages" in the US. These types of mortgages were designed for people who normally wouldn't qualify for a mortgage and have become quite popular as a method of propping up a sagging residential real estate market in the US. Unfortunately, an increasing number of these mortgages are being defaulted on—leaving the banks holding real estate which is declining in value.

The big crunch came, however, when some European banks halted trading in some of their funds which had an exposure to these types of mortgages. That action triggered a liquidity "crunch" as the scope of the problem became apparent to the market.

Several central banks, including the US Federal Reserve, stepped forward with billions of dollars to assure the markets that liquidity would not be a problem. Now, central banks do this on a regular basis and no one pays any attention but the size of these interventions unnerved the market and actually had the opposite effect (at least initially) than that which the central banks had intended.

Today, all sorts of market guru's are doing their best to introduce an atmosphere of calm to a market which is obviously unnerved. Although very little has really changed from the situation of a week ago, the market perception has changed and as we all know, whether the market is equities or grains, emotion plays a huge role in day to day trading. It's the old tug of war between fear and greed.

Now, after that preamble, we get to the reason grain markets have been on edge. As I've mentioned before, many of these commodity and index funds deal not only in grains but in various equities and securities. When they're being hit hard on one side, they'll often liquidate positions on another front (in this case grains) to finance positions in other markets. Hence … extreme volatility.

CWB

No word yet on the much awaited CWB PRO's for malt barley and the promised new marketing programs. Early reports of extremely light barley in the drier areas of Southern Alberta could make malt quality barley a much sought after commodity.

Fertilizer Requirements for Winter Wheat

Research has shown that phosphate placed with or near winter wheat seed at the time of seeding improves plant growth in the fall, resulting in better winter hardiness. Approximately 20 to 25 lb/ac of phosphate is usually adequate and is most effective when placed with the seed.

"Stubble fields are often low in soil nitrogen, particularly if the previous crop was high yielding," says Ross McKenzie, crop specialist and research scientist-agronomy with Alberta Agriculture. "It is wise to soil test to determine N and P soil levels, to accurately determine N and P fertilizer requirements. If time does not permit soil testing, or if fall soil moisture conditions are very dry, it is best to apply approximately 40% to 70% of estimated nitrogen requirements at the time of seeding, soil test in late fall and then apply additional nitrogen in early spring based on soil moisture conditions.

"Our research in southern Alberta showed that nitrogen fertilizer banded before seeding did, at times, dry out the seedbed, resulting in a rougher and lumpier seedbed which had a negative affect on germination and emergence.

Our work has also shown that seed-placed nitrogen fertilizer applied at rates of 50 lb N/ac, using urea with a seedbed utilization of 10% and spreading the seed and fertilizer over 0.75 inches with a row spacing of eight inches, with low soil moisture, had a detrimental affect on winter wheat germination and emergence. Therefore, the maximum recommended safe seed-placed rate of nitrogen is 30 lb N/ac using urea. Rates higher than this must be either banded before seeding, side or mid-row banded at the time of seeding or broadcast in late fall or early spring."

"Recent work with ESN (Environmentally Smart Nitrogen) nitrogen fertilizer, a polymer coated urea, can be safely seed-placed with winter wheat up to a rate of 80 lb N/ac," says Don Wentz, Reduced Tillage Linkages, Lethbridge. "This is an excellent option for producers that have single shoot openers, allowing them to place all their N and P fertilizer requirements with the seed, in a one-pass seeding operation."

In dry fall conditions, another option is to use a split application of nitrogen fertilizer, applying a safe rate of N with the seed at the time of seeding and then apply additional N fertilizer in the spring based on soil moisture conditions. For spring broadcast N, producers can either broadcast urea very early in the spring or dribble banded liquid N fertilizer.

For further information on fertilizing winter wheat refer to Alberta Agriculture and Foods factsheet *Fertilizing Winter Wheat in Southern Alberta* (Agdex# 112/542-1).

Due to the competitive nature of vigorously growing winter wheat, weed pressure tends to be lower than with other crops. Winter annuals, such as stinkweed and flixweed are the greatest problem. These can be controlled with inexpensive products such as 2,4-D or MCPA applied preferably in late fall, but early spring application is also quite effective.

"Winter wheat can be an excellent crop to include in a crop rotation. By following simple, straightforward management practices it can be an easy and very profitable crop to grow," says McKenzie.

Contact Ross H. McKenzie at (403) 381-5842 or Don Wentz at (403) 381-5845.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	$3.75 del Ferintosh	August	Kingman
barley, 48 lb	$3.75 del Ferintosh	August	Stettler
barley, 48 lb	$3.43 FOB	August	Vermilion
barley, 50 lb	$3.50 FOB	August	Sedgewick
barley, 50 lb	$3.50 FOB	August	Leduc
barley, 50 lb	$3.46 FOB	August	St. Albert
wheat, feed	$4.60 del Vegreville	August	Innisfree
wheat, feed	$4.52 FOB	August	Sedgewick
canola	$8.91 del Edmonton	August	Leduc
peas, feed	$4.75 FOB	August	Vermilion

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	$3.90 del Strathmore
wheat, feed	Aug-Sep	$4.71 del Innisfail
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	$5.35 del Lacombe
peas, yellow	Sep-Dec	$6.30 del Crossfield
peas, yellow	Sep-Dec	$6.05 del Stettler
peas, yellow	August	$6.25 del Innisfail
peas, yellow	Aug-Oct	$6.02 del Wainwright
rye, feed	September	$3.81 del Lethbridge
oats, feed	August	$2.35 del Barrhead
oats, milling	August	$3.16 del Martensville
oats, milling	December	$2.30 del Martensville
oats, milling	January 08	$2.38 del Martensville
oats, milling	February 08	$2.44 del Martensville
oats, milling	March 08	$2.48 del Martensville
canola	Aug-Nov	$9.02 del Edmonton
canola	October	$9.70 del Vancouver
canola	November	$9.75 del Vancouver
canola	Dec-Jan	$9.14 del Edmonton
canola	May-Jun 08	$9.41 del Fort Sask
canola	Oct-Nov 08	$9.11 del Fort Sask

Workforce Workshops

Alberta Agriculture in conjunction with the Alberta Food Processors Association and the Agriculture and Food Council, is hosting:

Great People = Growing Profit$
Solving Workforce Challenges

These two half-day 'results-oriented' workshops and forums are designed to help agricultural producers and agri-processors as they face the challenges of attracting and retaining skilled labour. The workshop materials have been developed so that participants take away practical solutions to help recruit and retain the people needed to operate their businesses. The workshops are being held in:

- Edmonton – September 20
- Calgary – September 21

The practical solutions to help recruit and retain the people needed to operate a business are being presented by session lead, Dr. Denis Cauvier, a globally recognized expert in workforce recruitment and retention. Workshop registration is $79.50 (GST included) and includes breakfast and lunch. Registration deadline is September 7. To register, call the Ag-Info Centre at (800) 387-6030.