

At Market Master

by Shelley Wetmore

August 31, 2007.....

Again, good pricing opportunities in all commodities—except oats. Hopefully, this commodity will ride on the shirt tails of feed wheat and feed barley down the road.

Flax for October delivery is at \$9.20/bu delivered into Edmonton. Feed barley is over \$4.00/bu in the Lethbridge area. Feed wheat is also on the rise and we have a number of end users looking to buy. Canola is VERY attractive, well over \$9.00/bu delivered into Edmonton.

Many producers agree that the grain prices are favourable to them but actual booking of grain remains slow until farmers start combining to see what kind of crops are out in the field. Lower bushel weights on the course grains are filtering in and yields, so far, remain below average. That means producers are more apt to book very little at this time (for cash flow and bin space only) in anticipation of yet higher prices to make-up for lower yields.

SWP's new name is Viterra, or I've heard "viagra" from some people ... will their profits go up ?

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 07	\$413.50	\$410.00	\$3.50
Jan 08	\$424.00	\$420.80	\$3.20
Mar 08	\$433.10	\$427.30	\$5.80
May 08	\$437.00	\$433.60	\$3.40
Jul 08	\$441.50	\$438.50	\$3.00
Nov 08	\$431.50	\$427.50	\$4.00
Wheat	This Week	Last Week	Diff +/-
Oct 07	\$185.00	\$178.00	\$7.00
Dec 07	\$190.00	\$179.00	\$11.00
Mar 08	\$195.00	\$183.10	\$11.90
May 08	\$198.00	\$186.10	\$11.90
Jul 08	\$201.00	\$189.10	\$11.90
Barley	This Week	Last Week	Diff +/-
Oct 07	\$172.60	\$171.20	\$1.40
Dec 07	\$181.80	\$178.00	\$3.80
Mar 08	\$188.00	\$182.30	\$5.70
May 08	\$190.80	\$184.40	\$6.40
Jul 08	\$193.70	\$186.50	\$7.20

Be Grainwise!

by Guest Columnist ... Neil Blue, Marketing Specialist, Alberta Agriculture

US Grain

US wheat prices were the story of the week as both supply and demand factors added fuel to the wheat price uptrend. Those skyrocketing wheat prices gave support to the other grain prices.

Corn

Corn prices gapped lower to open the week. That gap at \$3.58 (Friday's low on DEC) was not filled and now becomes a price resistance spot. Ideas the corn crop is "made" and the beginning of harvest have speculators pulling out of the corn market. Monday's weekly crop condition report showed an improvement in corn crop ratings, putting the US corn crop in better shape than last year. All is not perfect, however, as conditions remain overly dry in the southeast and some flood damage is evident in the north.

With DEC corn closing at \$3.40/bu, down 19 cents from last Friday, corn prices are not likely to fall much more.

From a demand perspective, high wheat prices are discouraging its use as feed which means more demand for corn, sorghum, and other feeds. Also, attention is already turning to next year and some analysts are projecting an eight million acre drop in corn seeding in favour of soybeans. That acreage battle will become intense this winter.

Price support for DEC corn is at \$3.25/bu, the July 23rd low.

Soy Complex

Bean prices continued their price uptrend from the August 16th general price washout triggered by economic concerns. Soybean prices exceeded, but did not close, above the August 13th resistance high. NOV beans were up 17½ cents to close at \$8.82.

With support from crude oil prices moving back above \$74/barrel, soybean oil prices gained 60 points. The SEP meal chart uptrend mirrored beans, with meal up \$6/ton from last Friday.

Wheat

US wheat prices blasted higher again with SEP Chicago making a new historic high of \$7.95/bu, well above the 1996 high of \$7.17. US wheat exports

continue strong, implying prices are not yet high enough to ration demand. Meanwhile, buyers are eager to fill needs before prices rise further. Supply concerns were in the news with dryness in both Australia and Argentina. Nobody knows where the price top is but for now the trend is up.

DEC Chicago wheat gained 33 cents to close at \$7.75, Kansas City gained 33 cents to close at \$7.31, and Minneapolis hard red spring wheat was up 28 cents/bu to close at \$7.11

Of interest was the general media coverage of the rallying wheat prices and how it will drive up bread prices, meat prices, and other prices - sensationalized as usual. Those report writers need a reminder of how small the price of wheat is of the cost of a loaf of bread. Often, in past rallies of a commodity, when the general public finds out about the price rally, the end of rally is near.

Canadian Crops

Canola

Canola prices traded sideways to higher. Price negative is harvest progress, with farmers delivering off the combine. Price positive are reports of disappointing canola yields, reports of light frost, and strong outside markets. Friday's trading range was wide, probably because of the long weekend and month-end.

NOV canola broke above the August 9th high of \$421.20/MT but backed-off to close at \$413.50, up \$3.50. Cash price targets at \$9.00/bu are likely to restrain rallies above that level for now. Target pricing is recommended in this volatile market. Producers should also consider



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taking advantage of the carrying charge market by targeting deferred delivery bids for some of their crop.

Feedgrain

Cash barley prices were steady to higher this week with Lethbridge area bids around \$185/MT or \$4.00/bu.

DEC barley \$3.80 to close at \$181.80, after making a new contract high Friday. Some harvest pressure on barley prices is expected but prices are likely to strengthen into winter. Despite the bigger crop, with a good export program expected, barley stocks are likely to be as tight next July as this year. Higher volumes of US corn imports are likely this year and that may be the restraining factor to much higher prices.

Oat prices are struggling with already large new crop deliveries and the expectations for a huge Canadian crop.

Winnipeg wheat prices caught the updraft of the US market. OCT wheat futures gained \$7.00/MT to close at \$185, setting a new contract high.

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	September	\$3.83 del Calgary
barley	September	\$3.76 del Lethbridge
barley	October	\$3.87 del Lethbridge
barley	Nov-Dec	\$4.04 del Lethbridge
barley	Jan-Mar 08	\$4.17 del Lethbridge
wheat, feed	Sep-Oct	\$4.74 del Olds
wheat, feed	Sep-Dec	\$4.71 del Red Deer
wheat, 12.5%	Sep-Dec	\$4.85 del Red Deer
wheat, 12.5%	September	\$4.63 del Ferintosh
wheat, feed	September	\$4.58 del Innisfail
wheat, feed	Sep-Oct	\$4.81 del Lloydminster
wheat, feed	Oct-Dec	\$5.20 del Lethbridge
wheat, feed	Nov-Dec	\$4.86 del Lloydminster
wheat, feed	Jan-Mar 08	\$5.34 del Lethbridge
peas, feed	September	\$5.26 del Edmonton
peas, yellow	Oct-Nov	\$6.80 del Innisfail
peas, yellow	Aug-Oct	\$6.20 del Wainwright
rye, feed	September	\$3.95 del Three Hills
rye, milling	October	\$3.81 FOB Calgary
rye, milling	October	\$3.61 FOB Oyen
rye, milling	October	\$3.73 FOB Red Deer
rye, milling	October	\$3.61 FOB Edmonton
rye, milling	October	\$3.86 FOB Lethbridge
oats, milling	August	\$2.38 del Martensville
oats, milling	September	\$2.32 del Martensville
oats, milling	December	\$2.25 del Martensville
oats, milling	January 08	\$2.36 del Martensville
oats, milling	February 08	\$2.42 del Martensville
oats, milling	March 08	\$2.47 del Martensville
canola	Sep-Nov	\$9.09 del Edmonton
canola	Oct-Nov	\$9.82 del Vancouver
canola	Dec-Jan	\$9.20 del Edmonton
canola	May-Jun 08	\$9.51 del Fort Sask
canola	Oct-Nov 08	\$9.10 del Fort Sask
flax	October	\$9.20 del Edmonton

By the Number	This Week	Last Week	Diff
CME Live Cattle (AUG)	94.100	94.375	(0.275)
CME Live Hogs (AUG)	66.830	70.650	(3.825)
CDN Dollar (SEP)	0.948	0.9501	(0.002)
Minneapolis Wheat (SEPT)	7.67	7.25	0.42
Kansas City Wheat (SEPT)	7.21	6.82	0.39
Chicago Oats (SEPT)	2.42	2.47	(0.05)

Aquaculture Canada 2007

The theme of the Aquaculture Association of Canada's (AAC) 24th annual meeting is Securing Sustainable Economic Prosperity. Being held at the Shaw Conference Centre in Edmonton on September 23 to 26, the event will have a comprehensive technical, industry-oriented program. Special symposia and workshops will highlight achievements by various sectors of the Canadian aquaculture industry with a focus on freshwater aquaculture. In addition, a trade show and an extensive social program will provide opportunity for valuable networking and knowledge exchange. Registration rates and deadlines are:

- AAC or WAS Member - \$400
- Non-member - \$500
- Student member - \$225
- Student non-member - \$275

Registration fee covers all presentations, proceedings, President's Reception, special sessions, workshops, posters and exhibits, trade show and health breaks. To register, visit AAC's website at www.aquacultureassociation.ca/ac07/ or contact Karen McCumber, toll-free at 1-888-454-7469.

At The Bin			
<i>Prices booked this week (net to the producer).</i>			
Grain	Price	When	Producer
barley, 48 lb	\$3.46 FOB	November	Warburg
wheat, feed	\$4.25 FOB	August	Innisfree
wheat, feed	\$4.40 FOB	Aug-Sep	Leduc
wheat, feed	\$4.01 FOB	September	Vegreville
peas, green	\$5.90 FOB	September	Leduc
canola	\$9.12 del Fort Sask	October 08	Mundare
canola	\$9.00 FOB	December	Ponoka
oats, milling	\$2.90 FOB	Aug-Sep	Wetaskiwin
oats, milling	\$2.78 FOB	Aug-Sep	Two Hills
oats, milling	\$2.76 FOB	Aug-Sep	Hanna
flax	\$9.20 del Edmonton	October	Hanna

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CWB August 2007-08 Average Pro

	AUG PRO	Alberta		Sask		BC	
		Average Deduc	Return	Average Deduc	Return	Average Deduc	Return
Wheat							
1 CWRS 14.5	\$7.29	\$1.38	\$5.91	\$1.62	\$5.67	\$1.32	\$5.97
1 CWRS 13.5	\$7.02	\$1.38	\$5.64	\$1.62	\$5.40	\$1.32	\$5.70
1 CWRS 12.5	\$6.89	\$1.38	\$5.51	\$1.62	\$5.27	\$1.32	\$5.57
1 CWRS 11.5	\$6.75	\$1.38	\$5.37	\$1.62	\$5.13	\$1.32	\$5.43
2 CWRS 13.5	\$6.86	\$1.38	\$5.48	\$1.62	\$5.24	\$1.32	\$5.54
2 CWRS 11.5	\$6.59	\$1.38	\$5.21	\$1.62	\$4.97	\$1.32	\$5.27
3 CWRS 13.0	\$6.48	\$1.38	\$5.10	\$1.62	\$4.86	\$1.32	\$5.16
3 CWRS	\$6.31	\$1.38	\$4.93	\$1.62	\$4.69	\$1.32	\$4.99
4 CWRS	\$5.93	\$1.38	\$4.55	\$1.62	\$4.31	\$1.32	\$4.61
1 CWHW 13.5	\$7.02	\$1.38	\$5.64	\$1.62	\$5.40	\$1.32	\$5.70
1 CPSR	\$6.23	\$1.38	\$4.85	\$1.62	\$4.61	\$1.32	\$4.91
1 CPSW	\$6.23	\$1.38	\$4.85	\$1.62	\$4.61	\$1.32	\$4.91
1 CWRW	\$6.23	\$1.38	\$4.85	\$1.62	\$4.61	\$1.32	\$4.91
1 CWES	\$6.59	\$1.35	\$5.24	\$1.64	\$4.95	\$1.32	\$5.27
1 CWSWS	\$6.37	\$1.38	\$4.99	\$1.62	\$4.75	\$1.32	\$5.05
CW Feed	\$5.52	\$1.38	\$4.14	\$1.62	\$3.90	\$1.32	\$4.20
Durum							
1 CWAD 14.5	\$9.01	\$1.37	\$7.64	\$1.46	\$7.55	\$1.32	\$7.69
1 CWAD 13.0	\$8.74	\$1.37	\$7.37	\$1.46	\$7.28	\$1.32	\$7.42
1 CWAD 12.5	\$8.68	\$1.37	\$7.31	\$1.46	\$7.22	\$1.32	\$7.36
1 CWAD 11.5	\$8.52	\$1.37	\$7.15	\$1.46	\$7.06	\$1.32	\$7.20
2 CWAD 13.0	\$8.49	\$1.37	\$7.12	\$1.46	\$7.03	\$1.32	\$7.17
2 CWAD 11.5	\$8.30	\$1.37	\$6.93	\$1.46	\$6.84	\$1.32	\$6.98
3 CWAD 13.0	\$8.06	\$1.37	\$6.69	\$1.46	\$6.60	\$1.32	\$6.74
3 CWAD	\$7.95	\$1.37	\$6.58	\$1.46	\$6.49	\$1.32	\$6.63
4 CWAD	\$7.57	\$1.37	\$6.20	\$1.46	\$6.11	\$1.32	\$6.25
5 CWAD	\$5.52	\$1.37	\$4.15	\$1.46	\$4.06	\$1.32	\$4.20



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CWB August 2007-08 PRO Commentary

Wheat

Over the past month, world wheat supplies have further tightened. Heat and dryness in Western Canada during July have reduced wheat production estimates. In Europe, rains have continued, which has further delayed harvest, reduced production levels and hurt quality. At this time Australia and Argentina are in need of rain. Hard Red Winter wheat production in the U.S. also declined because of heavy rains during harvesting. The U.S. has had strong export sales over the past month, which continue to push futures prices higher. The world is now focusing on wheat production in the southern hemisphere where the crop is expected to come to market in late November and December. The effect of foreign exchange remains mostly unchanged from the July wheat PRO and across all pools as the Canadian dollar has remained relatively stable despite short-term volatility caused by market uncertainty triggered by the U.S. subprime mortgage crisis.

Durum

World durum prices continue to strengthen. Global durum production estimates have continued to decline due to heat and dryness in July throughout Canada's durum growing region. As well, the rains during harvest in Europe hurt quality and quantity prospects there. Compared to previous expectations, global durum production is now expected to be about the same as last year. This means that world supplies are expected to remain tight, which will be supportive of high durum prices throughout the year.

Feed barley

While global feed barley fundamentals remain unchanged since the last feed barley PRO was released, price outlooks have strengthened. Expectations for Australian barley production are starting to decline due to recent dry conditions and the need for significant rain over the next few weeks. A sizable Australian crop is needed to prevent global barley supplies from further tightening. One factor that will be watched closely besides the outcome of the Australian harvest is whether export restrictions that have been imposed in the Ukraine will be eased.

Designated barley

The global malting barley price outlook remains very strong due to tight global supply fundamentals. Rains in Europe have negatively affected malting barley quality, and a dry, hot finish to the growing season in the U.S. has caused the U.S. two-row malting barley market to strengthen. The western Canadian and Australian harvests remain the two key factors that will influence malting barley values going forward.

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

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WANTED: A Farmer's Daughter. We're looking for an energetic person to join our team as a Grain Marketing Representative to talk 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