

At Market Master

by Shelley Wetmore

September 28, 2007.....

Harvest is in full swing and completed in some areas. Send your samples in as soon as possible as the process tends to take a bit longer this time of year to get results back. Even if you don't intend to sell right away, get this done so your results are known and you're ready to go when a good price comes along. Grain that we'll be looking to test include:

- Milling Oats
- Human Consumption Peas
- Milling Rye
- Malt Barley
- Milling Wheat
- Milling Barley

Prices continue to improve for most grains. If you have rye to move, take note of the increase in the rye price on the Bid Board ... very attractive.

Send in your grain inventory at your earliest convenience and call the office if you require a Grain Pricing Order (GPO) sheet. They're also available on the website.

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 07	\$438.10	\$429.40	\$8.70
Jan 08	\$449.00	\$441.50	\$7.50
Mar 08	\$457.80	\$449.70	\$8.10
May 08	\$464.50	\$457.00	\$7.50
Jul 08	\$467.60	\$458.30	\$9.30
Nov 08	\$444.00	\$434.80	\$10.00
Wheat	This Week	Last Week	Diff +/-
Oct 07	\$215.50	\$207.00	\$8.50
Dec 07	\$225.50	\$214.00	\$11.50
Mar 08	\$226.00	\$211.00	\$15.00
May 08	\$232.00	\$217.00	\$15.00
Jul 08	\$235.00	\$220.00	\$15.00
Barley	This Week	Last Week	Diff +/-
Oct 07	\$210.30	\$198.00	\$12.30
Dec 07	\$215.30	\$207.20	\$8.10
Mar 08	\$225.10	\$216.50	\$8.60
May 08	\$229.60	\$219.50	\$10.10
Jul 08	\$232.20	\$222.20	\$10.00

Be Grainwise!

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

US Grain

Soy Complex

The soybean market remains strong. NOV beans pushed another 12¼ cents to \$9.91¼/bu while DEC meal climbed \$3.70 to \$282/t. DEC oil inched .08 cents higher to 40 cents/lb.

This spring, beans battled corn for acres and corn won. Now, bean traders are concerned that traditional bean acres are going to lose out again—to wheat. Wheat markets are on fire and bean prices are being forced higher to compete.

There's concern that South American bean producers may scale back their acreage in favour of corn. Cash prices as high as \$6.00/bu have been reported in Brazil. The EU, which doesn't allow the importation of GMO corn, had to look to the one place with exportable supplies of non GMO corn—Brazil.

Adding fuel to the fire was that China reduced their import tariff by 2% and intend to stockpile beans to assure supply. A weakening US dollar has given all US commodities a boost as it makes them more attractive on the international market.

Corn

DEC corn slipped 3½ cents to settle at \$3.73/bu. It wasn't long ago that corn was the market leader, now it tags along in the wake of beans and wheat.

Exceptionally good yields (so far) in the US Midwest have put a damper on higher prices. However, demand remains strong and there are fears that even more corn than normal will be channeled into the feed market (versus ethanol) to replace wheat which has become very expensive to use as feed. The USDA quarterly grain stocks report proved bearish for corn at 1.304 bln bu versus pre-report estimates of 1.147 bln bu.

Wheat

We're witnessing prices never seen before. But, despite these high prices, demand remains strong. Export figures this week were over 1.5 mmt! Jordan, Morocco, and Algeria have all been to the market to secure supplies. Durum prices are phenomenal with US west coast cash bids up to \$16.00/bu. Despite

high prices due to tightening global stocks, there remains a huge discount in new crop prices compared to old crop but that gap is narrowing. Perhaps the market is learning you can't buy new crop acres with old crop prices.

DEC CBOT wheat closed an incredible 65 cents higher at \$9.39/bu. DEC KCBT contract rallied 71¼ cents to \$9.29¼/bu. DEC MGE futures topped them all, closing a whopping 79¾ cents higher to \$9.05¾/bu.

Canadian Grain

Canola

Despite a higher dollar, canola sprinted \$8.70 higher to \$438.10/MT. End of week/month profit taking was seen Friday but strong crusher demand underpinned the market. Word of export interest by China in canola oil also supported prices.

Note that NOV 08 canola is actually trading higher than the nearby contract at \$444.80. Under normal circumstances this would be a no-brainer—lock-in new crop prices! But in this environment, one hardly knows what to do. Nevertheless, anyone who locks in a new crop price in the \$10.00/bu area could never be criticized for that decision!

Feedgrain

Feed barley is red hot! DEC bounced \$8.10 to an incredible \$215.30/MT while DEC wheat surged \$11.50 to \$225.50. Feed users have to be scratching their heads wondering where this will end, however, this phenomenon is global.

Adding fuel to the fire was word that Russia intends to impose a 30% export duty on barley sales—further tightening global supplies.



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8543 - 75 Avenue
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www.grainwatchdog.com
(800) 440-8390

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Strategies

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

First of all, I'd like to thank **NEIL BLUE** for SO kindly stepping in for me to write the Grainwise column during what turned out to be a longer than expected harvest. Neil is always a good source of information and I've enjoyed reading his thoughts over these past few weeks.

Well, wheat was hot when I last wrote to you, but it's on fire now! Futures have surged to new, all-time highs on all three exchanges and cash prices have never been higher to my recollection.

The most recent CWB PROs outlined that fact with an unprecedented rise in the durum market of \$132.00/MT. Other wheat markets saw sizeable advances as well although not to quite the same degree as durum.

Nevertheless, world wheat stocks continue to tighten. The latest buzz has been around the diminishing prospects for the Australian crop. It wasn't too long ago the market expected a better than average crop out of Australia. In recent weeks, private estimates began to whittle away at that production number but it really hit home when government officials recently projected a crop of just 13.5 mmt. That's a drop of nearly 10 mmt from just last month's projection. Some private analysts are now talking about a crop that could dip to as low as 10 mmt. One broker joked that, at this rate, we will be able to put the entire Australian wheat crop in a 5 gallon pail by the end of the week. While the Australian situation may have been the catalyst for this recent surge in prices, it's not the only reason.

Demand remains exceptionally strong despite these higher prices. The theory goes that higher prices are supposed to ration demand—well, so far it hasn't even slowed demand.

Some analysts have gone so far as to suggest what we're witnessing is a fundamental change in grain and oilseed prices much like what we experienced in oil a few years ago. It wasn't too long ago that a strong price for a barrel of oil was \$30.00/barrel. Today, no one can even imagine oil at twice that price. Is the same thing in the cards for grains? Has \$8.00/bu wheat become the old \$4.00/bu? Certainly, what we're witnessing is unprecedented.

Not only are prices high for wheat but for all the other major commodities as well. Normally when one commodity is hot, it simply steals acres from less lucrative crops and the shortage (and the high price) quickly comes back into line. However that dynamic has changed—at least for the foreseeable future.

Personally, I'm going to take a lot more convincing before I buy into that theory but farmers who were fortunate enough to harvest a good crop this year should be able to pocket a solid profit. There are also opportunities to start marketing small portions of next year's crop at very good levels as well. We'll look at those opportunities in upcoming articles.

Hang on—one way or the other, it's going to be quite a ride.

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	October	\$4.52 del Lethbridge
barley	October	\$4.09 del Ponoka
barley	October	\$4.05 del Edmonton
barley	Nov-Dec	\$4.61 del Strathmore
barley	December	\$4.45 del Lacombe
barley	Jan-Feb 08	\$4.52 del Viking
barley	January 08	\$4.55 del Lacombe
barley	Apr-May 08	\$4.63 del Lethbridge
wheat, feed	October	\$5.67 del Red Deer
wheat, feed	October	\$5.68 del Lloydminster
wheat, 12.5% prt	Oct-Dec	\$6.07 del Red Deer
wheat, feed	Nov-Dec	\$5.26 del Edmonton
wheat, feed	Nov-Dec	\$6.13 del Lethbridge
wheat, feed	Dec 07-Feb 08	\$5.95 del Lloydminster
wheat, feed	Jan-Mar 08	\$6.18 del Lethbridge
wheat, feed	Apr-Aug 08	\$6.40 del Lethbridge
peas, feed	October	\$5.39 del Edmonton
peas, yellow	October	\$6.95 del Innisfail
peas, green, <30% bleach	Nov-Dec	\$6.21 del Innisfail
peas, green, <15% bleach	Nov-Dec	\$6.40 del Innisfail
peas, green	Nov-Dec	\$6.85 del Innisfail
peas, yellow	October	\$6.50 del Wainwright
rye, feed	October	\$4.55 del Three Hills
oats, #2	October	\$2.73 del Lethbridge
oats, milling	October	\$2.50 del Barrhead
oats, milling	November	\$2.53 del Barrhead
oats, milling	December	\$2.55 del Barrhead
oats, milling	December	\$2.53 del Martensville
oats, milling	January 08	\$2.63 del Martensville
oats, milling	February 08	\$2.66 del Martensville
oats, milling	March 08	\$2.72 del Martensville
canola	May 08	\$9.95 del Lacombe
canola	October	\$9.66 del Edmonton
canola	November	\$9.70 del Edmonton
canola	November	\$10.38 del Vancouver
canola	Dec-Jan 08	\$9.82 del Edmonton
canola	June 08	\$10.10 del Fort Sask
canola	Oct-Nov 08	\$9.47 del Fort Sask
flax	December	\$10.36 del Edmonton

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 50 lb	\$4.21 FOB	Dec 07	Meeting Creek
barley, 50 lb	\$4.30 FOB	Jan 08	Vermilion
barley, 50 lb	\$4.21 FOB	Dec 07	Millet
barley, 18% mst	\$3.65 FOB	Oct 07	Millet
canola, heated	\$6.01 FOB	Sep 07	Claresholm
canola	\$9.56 del Edmonton	Oct 07	Westlock
peas, green, 15% bleach	\$5.85 FOB	Oct 07	New Norway

CWB September 2007-08 Average PRO

	SEP PRO	Alberta		Sask		BC	
		Average Deduc	Return	Average Deduc	Return	Average Deduc	Return
Wheat							
1 CWRS 14.5	\$8.25	\$1.38	\$6.87	\$1.62	\$6.63	\$1.32	\$6.93
1 CWRS 13.5	\$8.14	\$1.38	\$6.76	\$1.62	\$6.52	\$1.32	\$6.82
1 CWRS 12.5	\$8.06	\$1.38	\$6.68	\$1.62	\$6.44	\$1.32	\$6.74
1 CWRS 11.5	\$8.00	\$1.38	\$6.62	\$1.62	\$6.38	\$1.32	\$6.68
2 CWRS 13.5	\$7.97	\$1.38	\$6.59	\$1.62	\$6.35	\$1.32	\$6.65
2 CWRS 11.5	\$7.84	\$1.38	\$6.46	\$1.62	\$6.22	\$1.32	\$6.52
3 CWRS 13.0	\$7.73	\$1.38	\$6.35	\$1.62	\$6.11	\$1.32	\$6.41
3 CWRS	\$7.62	\$1.38	\$6.24	\$1.62	\$6.00	\$1.32	\$6.30
4 CWRS	\$7.02	\$1.38	\$5.64	\$1.62	\$5.40	\$1.32	\$5.70
1 CWHW 13.5	\$8.14	\$1.38	\$6.76	\$1.62	\$6.52	\$1.32	\$6.82
1 CPSR	\$7.57	\$1.38	\$6.19	\$1.62	\$5.95	\$1.32	\$6.25
1 CPSW	\$7.57	\$1.38	\$6.19	\$1.62	\$5.95	\$1.32	\$6.25
1 CWRW	\$7.57	\$1.38	\$6.19	\$1.62	\$5.95	\$1.32	\$6.25
1 CWES	\$7.76	\$1.36	\$6.40	\$1.64	\$6.12	\$1.32	\$6.44
1 CWSWS	\$7.62	\$1.38	\$6.24	\$1.62	\$6.00	\$1.32	\$6.30
CW Feed	\$5.99	\$1.38	\$4.61	\$1.62	\$4.37	\$1.32	\$4.67
Durum							
1 CWAD 14.5	\$12.14	\$1.37	\$10.77	\$1.47	\$10.67	\$1.32	\$10.82
1 CWAD 13.0	\$12.03	\$1.37	\$10.66	\$1.47	\$10.56	\$1.32	\$10.71
1 CWAD 12.5	\$11.97	\$1.37	\$10.60	\$1.47	\$10.50	\$1.32	\$10.65
1 CWAD 11.5	\$11.89	\$1.37	\$10.52	\$1.47	\$10.42	\$1.32	\$10.57
2 CWAD 13.0	\$11.76	\$1.37	\$10.39	\$1.47	\$10.29	\$1.32	\$10.44
2 CWAD 11.5	\$11.68	\$1.37	\$10.31	\$1.47	\$10.21	\$1.32	\$10.36
3 CWAD 13.0	\$11.57	\$1.37	\$10.20	\$1.47	\$10.10	\$1.32	\$10.25
3 CWAD	\$11.48	\$1.37	\$10.11	\$1.47	\$10.01	\$1.32	\$10.16
4 CWAD	\$11.16	\$1.37	\$9.79	\$1.47	\$9.69	\$1.32	\$9.84
5 CWAD	\$5.99	\$1.37	\$4.62	\$1.47	\$4.52	\$1.32	\$4.67
Feed Barley							
1 CW Pool A	\$5.53	\$1.23	\$4.30	\$1.39	\$4.14	\$1.15	\$4.38
Designated Barley							
SS CW 2-row	\$6.31	\$1.25	\$5.06	\$1.39	\$4.92	\$1.20	\$5.11
Std Sel 2-row	\$6.21	\$1.25	\$4.96	\$1.39	\$4.82	\$1.20	\$5.01
SS CW 6-row	\$5.68	\$1.25	\$4.43	\$1.39	\$4.29	\$1.20	\$4.48
Std Sel 6-row	\$5.57	\$1.25	\$4.32	\$1.39	\$4.18	\$1.20	\$4.37

Mark Your Calendar

- **Capturing Feed Grain & Forage Opportunities Conference**, December 11 & 12, Red Deer. Call (780) 416-6046 or www.areca.ab.ca/ihcm/news/areca/00104
- **FarmTech 2008**, January 30, 31, and Feb 01, Edmonton. Call (866) 327-6832 or www.farmtechconference.com
- **Alberta Pork Congress**, March 12 & 13, Red Deer. Call (403) 244-7821 or www.albertaporkcongress.com

By the Number	This Week	Last Week	Diff
CME Live Cattle (OCT)	96.950	96.700	0.250
CME Live Hogs (OCT)	58.900	61.350	(2.450)
CDN Dollar (DEC)	1.006	1.000	0.006
Minneapolis Wheat (DEC)	9.39	8.72	0.67
Kansas City Wheat (DEC)	9.29	8.58	0.71
Chicago Oats (DEC)	2.89	2.83	0.06

PRO Commentary 2007-08 crop year

Wheat

World wheat supplies continued to tighten over the past month. Ongoing drought significantly reduced estimates of Australia's crop to 13.5 million tonnes (IGC). There is also still some uncertainty about the Canadian harvest as progress in Western Canada has been delayed by wet conditions. The U.S. continues to have strong export sales and according to the USDA, they have sold 75 per cent of their 2007-08 export program, up from 41 per cent at this time last year. The advanced pace of sales continues to push futures values higher. Futures prices in the U.S. over the past month have surpassed record highs set more than 30 years ago, indicative of the strong demand for wheat. The Canadian dollar also traded at parity with the U.S. dollar for the first time in 30 years, partially offsetting the high futures prices and thus returns to Canadian farmers. The world is now focusing on the southern hemisphere's wheat crop and world wheat acreage for 2008-09.

Durum

The world durum market continues to be very strong with prices surpassing previous record highs set more than 10 years ago. Production problems in Europe and Canada—rains during the European harvest and dryness in Canada's durum growing regions—reduced their respective durum crops. Australian durum supplies are expected to be limited by the ongoing drought. Estimates of global durum production have dropped to below last year's levels. Production problems coupled with low ending durum stocks for 2006-07 have resulted in extremely tight world supplies. Despite a dramatic increase in world prices, there continues to be strong demand for durum throughout the world. High prices are expected to limit demand, but supplies are expected to remain tight through to the new crop in 2008-09.

Feed Barley

Global feed barley fundamentals have tightened since the last feed barley PRO was released. Expectations for Australian barley production have declined dramatically due to drought. Without significant rain, the crop remains in peril over the next month. The reduction in anticipated Australian exportable surplus has provided impetus for rising prices and a tightening of the feed barley market. A continuation of export restrictions in Ukraine and the expected prohibitive export tax in Russia also add pressure to the tight world feed barley situation.

Designated barley

The global malting barley price outlook remains very strong due to tight global supply. Quality concerns in Canada, the U.S. and, in particular, the EU have continued to add support to the malting barley market. The sharp decline in Australian harvest prospects reduces the availability of exportable malting barley supplies going forward. Designated barley prices should be supported through the Australian harvest and into the early part of next year.



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