

## At Market Master

by Shelley Wetmore

October 5, 2007.....

Yes, I'm still on the hunt for people to work in the Edmonton office. If you find it's difficult to get through to me some days, it's because we are so extremely busy with many, many farmers and endusers. Thank you for your patience.

You'll notice the one biggest increase in cash prices this week has been for flax. Notice, the price is \$11.00/bu delivered into Edmonton. Canola, on the other hand, has dropped considerably.

Off-board wheat and barley levels remain steady. Milling oats and feed oats are climbing just a tiny bit. Feed rye levels remain very good, review the price delivered to Three Hills.

The biggest challenge this week and probably for a few weeks to come is in the actual timing of grain movement. All of a sudden (but not unexpected), growers want to move grain NOW! The end of October deadline, when many bills are due, is looming. If you need to move grain for that reason, make a decision soon on those odd loads.

Happy Thanksgiving to you and your family!

## Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 07	\$424.80	\$438.10	(\$13.30)
Jan 08	\$436.90	\$449.00	(\$12.10)
Mar 08	\$444.80	\$457.80	(\$13.00)
May 08	\$452.70	\$464.50	(\$11.80)
Jul 08	\$457.30	\$467.60	(\$10.30)
Nov 08	\$444.10	\$444.00	(\$0.70)
Wheat	This Week	Last Week	Diff +/-
Oct 07	\$207.00	\$215.50	(\$8.50)
Dec 07	\$217.00	\$225.50	(\$8.50)
Mar 08	\$222.00	\$226.00	(\$6.00)
May 08	\$226.00	\$232.00	(\$6.00)
Jul 08	\$229.00	\$235.00	(\$6.00)
Barley	This Week	Last Week	Diff +/-
Oct 07	\$199.50	\$210.30	(\$10.80)
Dec 07	\$204.50	\$215.30	(\$10.80)
Mar 08	\$215.00	\$225.10	(\$10.10)
May 08	\$219.50	\$229.60	(\$10.10)
Jul 08	\$223.00	\$232.20	(\$9.20)

## Be Grainwise!

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

### US Grain

#### Soy Complex

Harvest pressure and slightly lower crude oil prices took the steam out of beans this week. Although bean yield estimates were left unchanged and a slight overall crop production figure was recently projected by Informa, the overall trend was still down. A lot of newly harvested beans are going directly into the export pipeline. In fact, that pipeline is full and buyers are willing to pay producers substantial premiums to store beans into winter as witnessed by the spread in the deferred month's prices. Brazil remains a question mark. Dryness has become a concern (see Strategies) but forecasts for showers in Southern Brazil over the weekend added to Friday's lower close.

NOV beans closed the week 50¾ cents lower at \$9.40½/bu while DEC meal tumbled \$16.60 to \$265.40/t. DEC oil slipped .93 cents lower to 39.03 cents/lb.

Technically, beans have slipped below up trending support and are trying to consolidate at current levels.

#### Corn

Although the corn harvest has a long way to go, early yields seem promising. Current private projections now place the US corn crop at 13.5 bln bu.

Corn has had a rough ride lately, slipping through several support points before finally holding at \$3.42/bu, a drop of 30¾ cents on the week.

Concern that ethanol demand may be waning, as newly constructed plants struggle to make a profit at historically high corn prices, has also weighed on the market. Overall though, demand remains strong but it will be difficult for futures to rally substantively over the next month or so as harvest pressure settles in.

#### Wheat

DEC CBOT wheat futures took it on the chin, dropping 49 cents to \$8.90/bu. KCBT wheat slumped 34¾ cents lower to \$8.94½/bu. MGE wheat fared the best, dipping just 15 cents to \$8.90¾/bu.

World fundamentals remain tight but the drought problems in Argentina have

been already priced into the market and when reports out of Argentina indicated much better crops following recent rains, funds took the opportunity to lighten their long positions.

### Canadian Grain

#### Canola

A turn lower in the US bean complex and a stubbornly strong Canadian dollar conspired to drive NOV canola futures \$13.30 lower to \$424.80/MT.

Technical selling ahead of the Canadian Thanksgiving long weekend also pressured prices. However, harvest delays in Northern Alberta and steady crusher demand tempered losses. The lack of anything other than "ordinary" demand was countered by a lack of farmer selling.

#### Feedgrain

Winnipeg feed grains succumbed to the overall pressure in U.S. grains.

DEC barley dropped \$10.80 to \$204.50/MT while DEC wheat slipped \$8.50 lower to \$217.00/MT.

Despite lower futures, cash bids remain strong. However, we're currently sitting at lofty levels and, with the difference in the price of barley compared to corn, we're sure to see increased corn imports from the US. It may be wise to get up to at least 50% covered on old crop sales.

## Use GPOs!

Grain Pricing Orders work while you're busy harvesting or out of communication range! See the latest list on the website.



"Your grain watchdog."

8543 - 75 Avenue  
Edmonton, AB T6C 0G9  
www.grainwatchdog.com  
(800) 440-8390

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## Strategies

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

We're taking Grainwise on the road! My wife, Penny, was born and raised in Arkansas, so we're taking a couple of weeks to drive down to visit family and friends. For those who haven't done much traveling in the US, interstate highway I-29 is one of the main north/south corridors in the US. We joined it in North Dakota and proceeded south through South Dakota, Nebraska and Iowa. I-29 follows the border between Iowa and Nebraska which are two of the big corn producing states in the US.

### US Corn and Soy

There's little else planted there other than beans or corn—mostly corn and very little has been harvested. The soybean harvest is a little further along, perhaps 30%. Although most of the corn crop has yet to be harvested, it's not uncommon to see huge piles of corn lined up beside inland terminals. Just because a terminal fills up, doesn't mean they stop accepting corn—they just start piling it on the ground. These are huge piles! Hundreds of thousands of bushels each. I'm sure basis levels widen out considerably once the actual facility fills up but it doesn't stop the corn from coming in.

Because of the long season, producers simply wait until basis levels improve before continuing harvest. Some farms have large grain handling facilities while others appear to have little or none. I was hoping to stop and interview a corn producer on the way but that may have to wait until our return trip when (hopefully) there will be more activity in the fields. I'll try to post some pictures as well.

### Wheat

Wheat seems to be teetering here, although fundamentals remain strong. Australian production estimates continue to hover at the 12 to 13 mmt mark, some say as low as 10 mmt. Demand remains strong with this week's export total topping 1.598 or 55.890mmt or 58.7 mln bu. In fact, weekly exports have been averaging 47 mln bu /week for the entire crop year. At this rate, we'd need exports to dip to just 10 mln bu/week for the rest of the crop year or the US would run out of available supplies—that's not going to happen. Buyers will either be pushed away by high prices or they'll just substitute.

Technically, the market looks topy. I'm concerned when a market fails to respond bullishly to bullish news. Speculative money has also been coming off the table as funds pocket their recent profits.

### StatsCan

Thursday was the release of StatsCan's production report. No big surprises with the possible exception of canola which came in at just 8.864 mmt, towards the low end of pre-report estimates. Most analysts felt we were going to wind up with a number in this range, they just didn't expect StatsCan to come up with it this soon. This fuels speculation that further downward revisions may be coming. Canola looks technically vulnerable as well—we've just put in a double top and are hovering at the next layer of support. We've had a good run in the canola market so if you still have nothing on the books as far as sales go, this may not be a bad time to sell something.

## Bid Board

*Buyers looking for grain (net prices).*

Grain	When	Location
barley	October	\$4.09 del Ponoka
barley	December	\$4.45 del Lacombe
barley	January	\$4.55 del Lacombe
barley	Apr-May	\$4.41 del Lethbridge
wheat, feed	October	\$5.80 del Red Deer
wheat, feed	October	\$5.68 del Lloydminster
wheat, 12.5% prt	Oct-Dec	\$6.07 del Red Deer
wheat, feed	Dec-Feb	\$5.95 del Lloydminster
wheat, feed	Jan-Mar	\$6.02 del Lethbridge
wheat, feed	Apr-Aug	\$6.24 del Lethbridge
peas, feed	October	\$5.39 del Edmonton
peas, yellow	October	\$6.95 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, feed	October	\$2.73 del Lethbridge
oats, milling	October	\$2.34 del Barrhead
oats, milling	November	\$2.38 del Barrhead
oats, milling	December	\$2.40 del Barrhead
oats, milling	December	\$2.38 del Martensville
oats, milling	January	\$2.48 del Martensville
oats, milling	February	\$2.51 del Martensville
oats, milling	March	\$2.56 del Martensville
oats, milling	April	\$2.61 del Martensville
oats, milling	May	\$2.64 del Martensville
oats, milling	June	\$2.67 del Martensville
canola	October	\$9.36 del Edmonton
canola	November	\$9.41 del Edmonton
canola	November	\$10.09 del Vancouver
canola	Dec-Jan	\$9.54 del Edmonton
canola	June	\$9.87 del Fort Sask
canola	Oct-Nov	\$9.46 del Fort Sask
flax	December	\$11.00 del Edmonton

## At The Bin

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

Grain	Price	When	Producer
barley, 48 lb	\$3.90 FOB	October	Edberg
barley, 48 lb	\$4.52 FOB	November	High River
barley, 48 lb	\$4.13 FOB	October	Sundre
barley, 50 lb	\$4.55 del Joffre	Jan 08	New Sarepta
barley, malt	CWB-FOB	Oct-Dec	Acadia Valley
oats #2 CW	\$2.35 FOB	October	Camrose
wheat, feed	\$5.75 FOB	October	Donalda
wheat, feed	\$6.05 del Red Deer	October	La Crete
canola	\$9.45 del Edmonton	October	Calmar
canola	\$9.16 del Edmonton	October	Grassland
canola	\$9.14 del Edmonton	October	Kinsella
canola, heated	\$6.01 FOB	October	Penhold
canola	\$9.25 del Edmonton	November	Camrose
canola	\$9.25 del Edmonton	October	Calmar
canola	\$9.36 del Edmonton	October	Westlock