

At Market Master

by Shelley Wetmore

October 12, 2007.....

Harvest pressure is definitely on—the same thing happens EVERY year. It's mid-October and we're inundated with producer calls to book and move grain before the end of the month, to pay bills and receive cheques to buy fertilizer. You can see the problem—a lot of grain to move with only so many spaces to take it to—especially when some endusers have switched from wheat and barley to the cheaper corn. For nearby movement, booking \$4.00/bu barley at the bin is no longer possible in many locations.

The thing with corn, however, there have been thousands of tons ordered but problems with getting the cars moved from the US to here. Some suppliers are only guaranteeing corn delivery for December.

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 07	\$434.80	\$424.80	\$10.00
Jan 08	\$446.00	\$436.90	\$9.10
Mar 08	\$455.40	\$444.80	\$10.60
May 08	\$461.20	\$452.70	\$8.50
Jul 08	\$467.10	\$457.30	\$9.80
Nov 08	\$449.00	\$444.10	\$4.90
Jan 09	\$453.10	\$448.10	\$5.00
Mar 09	\$458.00	\$452.10	\$5.90
May 09	\$461.00	\$455.10	\$5.90
Jul 09	\$463.00	\$457.10	\$5.90
Nov 09	\$434.20	\$431.20	\$3.00
Wheat	This Week	Last Week	Diff +/-
Oct 07	\$192.00	\$207.00	(\$15.00)
Dec 07	\$196.00	\$217.00	(\$21.00)
Mar 08	\$199.00	\$222.00	(\$21.00)
May 08	\$205.00	\$226.00	(\$21.00)
Jul 08	\$208.00	\$229.00	(\$21.00)
Oct 08	\$178.00	\$199.00	(\$21.00)
Dec 08	\$181.00	\$202.00	(\$21.00)
Barley	This Week	Last Week	Diff +/-
Oct 07	\$187.30	\$199.50	(\$12.20)
Dec 07	\$192.30	\$204.50	(\$12.20)
Mar 08	\$205.40	\$215.00	(\$9.60)
May 08	\$211.00	\$219.50	(\$8.50)
Jul 08	\$214.50	\$223.00	(\$8.50)
Oct 08	\$195.00	\$204.70	(\$9.70)
Dec 08	\$198.00	\$204.70	(\$6.70)

Be Grainwise!

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

US Grain

Soy Complex

Much of this week's trade was centered around position evening ahead of Friday's USDA S/D report. The bean production figure came in slightly below expectations and should have received a bullish read by the market (2.598 bln bu vs. 2.648 bln bu) but weather forecasts predicting rain in Brazil that could encourage additional soybean acres weighed on the market and gave fund managers the excuse to lighten their long positions and pocket profits ahead of the weekend. Weekly export sales of 550,100 mt were considered neutral and did little to influence prices. However, weakness in the US dollar and in the crude oil market supported prices earlier in the week allowing NOV beans to close 36¼ cents higher at \$9.76¾/bu. DEC meal scampered \$7.10 higher to \$272.50/t, while oil climbed .35 cents to 39.38 cents/lb.

Corn

Corn responded favourably to the bullish surprise contained in Friday's report which pegged US production at 13.318 bln bu versus pre-report expectations in the 13.5 bln bu area. Weekly exports were also supportive, more than doubling expectations at 2,319 mmt. The DEC settled 8¾ cents higher at \$3.51/bu.

Longer term, there's concern that the sparkle may be coming off the ethanol boom. That concern was echoed in Friday's report as corn carryout estimates were actually raised slightly to 1.997 bln bu.

Wheat

Wheat is exciting. Limit up moves one day, limit down the next. USDA estimates reduced the US carryout to .307 bln bu from last month's .362 due to increased demand. Globally, carryout stocks slipped from 112.4 mmt to 107 mmt due to lower Australian production. However, much of this information had already been priced into the market setting up a classic "buy the rumour, sell the fact" scenario.

That's exactly what happened,

pushing DEC CBOT wheat down 32½ cents to \$8.57½/bu. KCBT wheat slipped 26¾/bu to \$8.67¾/bu, while MGE wheat dropped 20¾ cents to \$8.70/t.

In my estimation, the wheat market looks tired at these levels and I'm always concerned when a market fails to react positively to positive information. With a substantial increase in US winter wheat acres expected, the top may well be in for wheat barring any unforeseen new crop production threats.

Canadian Grain

Canola

Despite a soaring loonie, canola responded favourably to the strength in the US beans, firing \$10.00 higher to \$438.40/MT.

Strong crusher buying, as crush margins improve, pushed values higher. Reluctant farmer selling, combined with routine export pricing, added a firm tone to the market. Deferred months continue to hold a strong premium to the nearby, encouraging farmers to store production.

JUL futures bounced over the \$470.00 mark earlier in the week.

Feedgrain

Feed grain futures took it on the chin with DEC barley slipping \$12.20 to \$192.30/MT while DEC feed wheat plummeted \$21.00 to \$196.00/MT.

A stronger dollar is making US corn imports more attractive while making our feed barley that much less attractive in the global feed market.



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Strategies

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

Grainwise is still on the road this week. We traveled south today through southern Arkansas, Louisiana, and Mississippi.

There's a lot of rice grown in Southern Arkansas, along with cotton. This year, there was more winter wheat harvested in this area due to higher prices last fall. There was also an increase in corn acres as one would expect (higher acres all over the US). Corn and wheat were already harvested but the cotton and soybean harvest were still both in full swing.

Cotton Harvest

I stopped to take pictures of a cotton harvesting operation. Hopefully, Shelley will be able to post some of them on the Market Master website. The cotton harvester picks the cotton off each row with a stripper type mechanism. It's then blasted back into a large mesh hopper, thanks to a terrific blast of air generated by onboard fans. When the hopper is full, it's unloaded into cotton wagons that act much like grain carts in a wheat or corn operation. These wagons then dump the cotton into compressors which compact the cotton in loaf like shapes thanks to a hydraulic plunger which can travel up and down the length of the compacter. The bales are then tarped and eventually trucked to the cotton gin where the seeds are removed and the cotton is processed.

A Farmer in the US

I also had the good fortune to talk to Danny Days Jr., a farmer from the Winchester area in Southern Arkansas. He farms about 5000 acres of soybeans, wheat, corn, and cotton. When I spoke to him, they were just finishing up their soybeans which were running a very respectable 62 bu/ac. This is on irrigated land. I also got the opportunity to ride on his combine for a while. The yield monitor at the time was hovering around 75 bu/ac. They cut the beans with a conventional straight cut header and used a stripper header for the rice. For anyone who has never seen soybeans, they look something like a small yellow pea, only the colour is not white—more like the shade of yellow of you see when you crack open one of our yellow peas. Much like Canadian farmers, he complained about the high price of land rent, fuel, and fertilizer. As soon as the bean harvest finished, he was preparing to sow 1,300 acres of winter wheat which ran about 60 bu/ac earlier in the year.

WCE News

As has been widely reported, the WCE has been recently purchased by International Exchange Inc. As of December 10, the WCE will adopt the ICE hours of operation platform. The WCE will open at 7.00 am and close at 12:15 pm, Mountain Standard Time.

GPOs Work!

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

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	October	\$4.30 del Lethbridge
barley	Dec 07-Jan 08	\$4.27 del Lacombe
wheat, feed	Oct-Dec	\$5.13 del Lloydminster
wheat, feed	Oct-Nov	\$5.61 del Edberg
wheat, 14.0% prt	October	\$6.21 del Red Deer
wheat, 12.5% prt	Oct-Dec	\$6.07 del Red Deer
wheat, feed	Nov-Dec	\$5.67 del Red Deer
wheat, feed	Jan 08-Mar 08	\$5.81 del Lloydminster
wheat, feed	Apr 08-May 08	\$5.95 del Lloydminster
peas, feed	October	\$5.39 del Edmonton
peas, yellow	October	\$6.95 del Innisfail
peas, green max 30% bleach	Nov-Dec	\$6.21 del Innisfail
peas, green max 15% bleach	Nov-Dec	\$6.40 del Innisfail
peas, green	Nov-Dec	\$6.95 del Innisfail
peas, yellow	October	\$6.50 del Wainwright
rye, feed	October	\$4.55 del Three Hills
oats, milling	October	\$2.34 del Barrhead
oats, milling	November	\$2.38 del Barrhead
oats, milling	December	\$2.40 del Barrhead
oats, milling	December	\$2.34 del Martensville
oats, milling	January 08	\$2.44 del Martensville
oats, milling	February 08	\$2.47 del Martensville
oats, milling	March 08	\$2.52 del Martensville
oats, milling	April 08	\$2.57 del Martensville
oats, milling	May 08	\$2.60 del Martensville
oats, milling	June 08	\$2.63 del Martensville
canola	October	\$9.57 del Edmonton
canola	November	\$9.61 del Edmonton
canola	November	\$10.31 del Vancouver
canola	Dec-Jan	\$9.75 del Edmonton
canola	June 08	\$10.09 del Fort Sask
canola	Oct 08-Nov 08	\$9.57 del Fort Sask
canola	November 08	\$9.65 del Joffre
flax	December	\$11.00 del Edmonton



Futures, Options, Hedging
1-800-663-0294
Edmonton, Alberta

By the Number	This Week	Last Week	Diff
CME Live Cattle (OCT)	94.450	93.675	0.775
CME Live Hogs (OCT)	57.625	58.225	(0.600)
CDN Dollar (DEC)	1.028	1.019	0.008
Minneapolis Wheat (DEC)	8.57	8.90	(0.330)
Kansas City Wheat (DEC)	8.68	8.94	(0.260)
Chicago Oats (DEC)	2.77	2.73	0.040

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	\$4.03 FOB	October	Morinville
barley, 50 lb	\$4.55 del Lacombe	Jan 08	New Sarepta
barley, 50 lb	\$4.28 FOB	December	Ponoka
barley, 50 lb	\$4.30 FOB	Jan 08	Millet
barley, 50 lb	\$4.03 FOB	October	Edmonton
barley, 50 lb	\$4.15 FOB	December	Morinville
barley, 50 lb	\$4.12 FOB	December	Calahoo
barley, 52 lb	\$4.35 del Heisler	Oct-Nov	Meeting Creek
barley, feed	\$4.03 FOB	December	Edberg
barley, feed	\$4.10 FOB	December	Ponoka
barley, malt	CWB	Oct-Dec	Paradise Hill
oats, milling	\$2.20 del Barrhead	October	New Sarepta
oats, milling	\$2.20 FOB	October	Grassland
oats, feed	\$2.42 del Wetaskiwin	October	Millet
oats, feed	\$1.95 FOB	October	Irma
wheat, feed	\$5.50 FOB	October	Ponoka
wheat, feed	\$5.80 FOB	October	Mossleigh
wheat, feed	\$5.55 FOB	October	Mossleigh
wheat, feed	\$5.61 del Wetaskiwin	October	Clive
wheat CWRS	\$6.05 del Red Deer	Oct-Nov	New Sarepta
canola	\$9.41 del Edmonton	October	Bruderheim
canola	\$9.36 del Edmonton	December	Calgary
canola	\$9.29 del Edmonton	October	Leduc
canola	\$9.36 del Edmonton	Jan 08	Athabasca
canola	\$9.28 del Edmonton	October	Ponoka
canola	\$9.70 del Edmonton	December	Edmonton
canola	\$9.70 del Edmonton	December	Morinville
canola	\$9.24 del Edmonton	November	Wainwright
canola	\$9.54 del Edmonton	Jan 08	Meeting Creek
canola	\$9.67 del Edmonton	October	Westlock
canola	\$9.34 del Edmonton	October	Ferintosh
canola	\$9.45 del Edmonton	Nov 08	Ponoka
canola, heated	\$5.80 FOB	October	Vegreville
rye, feed	\$4.20 FOB	October	High Prairie

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canola	November	\$9.61 del Edmonton
canola	November	\$10.31 del Vancouver
canola	Dec-Jan	\$9.75 del Edmonton
canola	June 08	\$10.09 del Fort Sask
canola	Oct 08-Nov 08	\$9.57 del Fort Sask
canola	November 08	\$9.65 del Joffre
flax	December	\$11.00 del Edmonton

From Alberta Agriculture and Olds College—FutureSim 3!

FutureSim 3 participants use very realistic cash grain, futures and options markets, and their own “seeded acreage” for an informative, fun, learning experience.

- how to trade futures and options
- how to hedge and manage price risk using futures and options
- how to understand basis and use basis contracts
- how to lock in profitable prices
- how to market physical grain
- how to track market trends and prices
- how to work with commodity brokers
- where to find and how to understand market information
- how to develop a sound marketing plan

November 5, 6, 7, and 8
Beginning at 10:00 am the first day

Cost of the four-day course is \$450.00^{+GST} per person, which includes all course materials and four noon lunches. Registration is limited to 20 people, so please register early. Registration deadline is Tuesday, October 30, 2007.

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