

## At Market Master

by Shelley Wetmore

November 9 2007.....

Have you noticed prices for fall canola 2008? They are fantastic and producers should be taking advantage of them. Be conservative but if \$9.80/bu, for example, is your starting point for canola next year, it's almost a dream come true! For other grains, buyers are reluctant to price that far ahead. The futures (or lack of) aren't traded that well and the grain, thus, lacks a fluid hedging mechanism.

On the input side, I'm hearing rumours that fertilizer price may see an increase of \$30 to \$50 before the holiday season—not the type of Christmas present anyone wants.

The price for #2 green edible peas continues to climb. We're seeing prices in central Alberta in the \$9.25/bu range. The biggest obstacle to obtaining this price is that MOST producers simply don't have a gradable pea. There's substantial bleaching in the country.

## Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 07	\$434.80	\$426.00	\$8.80
Jan 08	\$444.30	\$438.00	\$6.30
Mar 08	\$454.20	\$448.30	\$5.90
May 08	\$462.60	\$457.80	\$4.80
Jul 08	\$471.00	\$464.80	\$6.20
Nov 08	\$456.50	\$450.00	\$6.50
Jan 09	\$461.60	\$458.00	\$3.60
Mar 09	\$465.10	\$461.00	\$4.10
May 09	\$468.30	\$464.00	\$4.30
Jul 09	\$470.50	\$466.00	\$4.50
Nov 09	\$444.80	\$444.00	\$0.80
Wheat	This Week	Last Week	Diff +/-
Dec 07	\$177.00	\$178.00	(\$1.00)
Mar 08	\$182.00	\$186.00	(\$4.00)
May 08	\$188.00	\$192.00	(\$4.00)
Jul 08	\$191.00	\$195.00	(\$4.00)
Oct 08	\$161.00	\$165.00	(\$4.00)
Dec 08	\$164.00	\$168.00	(\$4.00)
Barley	This Week	Last Week	Diff +/-
Dec 07	\$180.50	\$185.30	(\$4.80)
Mar 08	\$193.20	\$200.20	(\$7.00)
May 08	\$199.70	\$206.20	(\$6.50)
Jul 08	\$204.00	\$208.20	(\$4.20)
Oct 08	\$192.50	\$199.00	(\$6.50)
Dec 08	\$195.50	\$198.00	(\$2.50)

## Be Grainwise!

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

### US Grain

#### Soy Complex

Soybeans lead the charge higher with JAN surging 39¼ cents to \$10.56/bu. DEC meal climbed \$7.80 to \$281.80/t and oil jumped 2.44 cents to 45.08 cents/lb, establishing not only new contract highs but record highs.

Not surprisingly, outside markets once again played a large role in determining bean prices. Crude oil prices now threatening \$100/bbl and a sagging US dollar both pushed vegoils higher.

The market did receive some other friendly news this week. Weekly exports came in at the high end of expectations at 614.5 mt. This morning's USDA S/D report, dropped US production from 2.606 bln bu to 2.594 bln bu, was also bullish. Also supportive was the fact that US ending stocks were tightened to .210 bln bu. Global stocks also saw a slight downward revision.

#### Corn

DEC corn put in a solid performance, bouncing 9¾ cents higher to \$3.86¾/bu.

USDA figures also cut expected corn production but this simply confirmed what the market already anticipated. The biggest reason for this week's strong performance was the export figure which totaled an impressive 1.548 mmt, over double pre-report expectations.

Widespread rains over the US Midwest during the past few weeks have negatively impacted yield on both beans and corn.

#### Wheat

The news wasn't quite so good in the wheat pits where this week's export figure came in at a paltry 14,600 mt. Previous sale cancellations totaled over 300,000 mt as buyers look elsewhere for cheaper supplies—despite the effect of the sinking US dollar. S/D figures furnished by the USDA also showed a slow improvement in US and global ending stocks.

DEC CBOT wheat slumped 16½ cents to \$7.62/bu while KCBT wheat fell 21½ cents to \$7.84¾/bu. MGE wheat fared the best and actually posted a small gain of 4½ cents, closing at \$8.18/bu.

### Canadian Grain

#### Oilseeds

Despite our charging dollar (which topped the \$1.10 USD at one point this week before falling back slightly), canola futures fared rather well with JAN pushing \$6.30 higher to \$444.30/MT.

Strength in crude oil spilled over into the canola pit, lending support. But, surging crude prices are a double-edged sword. Although they push futures higher, they also strengthen the dollar which makes canola much less attractive to foreign buyers. It's estimated that this last run up in the dollar has taken 50 cents/bu off the canola price!

Nevertheless, prices are historically attractive and remain so even into the deferred months. NOV 2008 futures closed the week at \$456.50. I wouldn't argue with any producer who started to price new crop canola at these levels.

#### Feedgrain

Despite large quantities of US corn being shipped into Southern Alberta, cash barley bids remain firm. However, it's an open question as to how long that will continue. DEC barley futures dipped \$4.80, settling at \$180.50/MT.

DEC wheat dropped \$1.00 to \$177.00/MT, however, it's difficult to get a read on a market that's so thinly traded.

Pea prices remain strong despite the rise in our dollar.

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## Strategies

*A Farmer's Perspective ... by John Stewart, Galahad, Alberta  
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### Outside Influences on Grain

Increasingly, outside markets are influencing activities in grains and oilseeds.

**Money is easily transferred** from one investment to another (ie from the stock market to the commodities and vice versa). This increases volatility. Many analysts are predicting the US economy to sink into recession. The effect of such an event could be dramatic. A drop-off in spending power usually means a corresponding drop in commodity demand.

Currently, the US is borrowing about \$1 billion per day from China which already holds vast quantities of US denominated assets. However, this week, one Chinese official remarked China may change their emphasis from the US dollar to the Euro. He went on to say the US dollar no longer holds the confidence of international investors it once did. Those remarks sent a shudder through currency markets. To my knowledge no official clarification was given to those remarks.

Remember, if the U.S. dollar continues to decline vis a vis the rest of the world currencies, **US assets become prime targets** for takeover by foreign investors. As we enter into the next US election, look for market volatility on all fronts to continue.

Generally speaking grain prices are at good levels but remember there are influences at play over and above simple supply and demand fundamentals.

**Politics play a large role** in commodity markets. Government incentives, particularly in the US, made it attractive for large scale ethanol plants to pop up throughout the US. Of course, the inevitable happened—a surplus of ethanol which drove the prices lower.

Ironically, **oil companies are not unhappy to see low ethanol prices**. This gives them the opportunity to blend additional ethanol with traditional gasoline which improves profit margins—all the while claiming a “greener” company profile. The point is, more than ever before, farm managers cannot look at grain markets in isolation. Take an overview of the larger economy as well.

### Flax

A quick word on flax. Prices remain in the \$12.00/bu area.

Traditionally, Europe was the big market for flax but lately other end-users are emerging. Cargos to China are becoming common as is increased demand from the US. Normally, a good chunk of production has been sold before the freeze up of the St. Lawrence Seaway, which would take the European market out of play until spring.

While this may not be quite as important as it once was, **I'd still suggest being at least 50% sold at these levels**. Depending upon cash flow considerations, you may even want to go higher than that. New crop bids are not always easy to obtain but should still be attractive.

Shelley suggested to me flax may become increasingly popular in areas where club root is prevalent. Depending upon rotational concerns—it may be something to look at.

## Bid Board

*Buyers looking for grain (net prices).*

Grain	When	Location
barley	November	\$3.87 del Czar
barley	November	\$3.89 del Daysland
barley	November	\$3.87 del Lacombe
barley	November	\$4.09 del Lethbridge
barley	December	\$3.91 del Czar
barley	Feb 08-Mar 08	\$3.96 del Calgary
barley	April 08	\$4.13 del Calgary
barley	May 08	\$4.11 del Calgary
wheat, feed	Nov-Dec	\$5.12 del Lacombe
wheat, 12.5% prt	December	\$5.53 del Red Deer
wheat, 12.5% prt	Jan 08– Mar 08	\$5.67 del Red Deer
wheat, feed	Jan 08-Mar 08	\$5.54 del Lloydminster
wheat, feed	Apr 08-May 08	\$5.68 del Lloydminster
peas, green edible	Nov-Dec	\$8.45 del Bashaw
peas, green edible	Jan 08-Feb 08	\$8.70 del Bashaw
peas, feed	November	\$5.94 del Edmonton
peas, green edible	Nov-Dec	\$8.15 del Stettler
peas , green edible	Nov-Dec	\$9.20 del Innisfail
peas, yellow edible	November	\$7.05 del Innisfail
rye, feed	Dec 07-Jan 08	\$4.95 del Bashaw
rye, feed	Dec 07-Jan 08	\$5.45 del Three Hills
oats, milling	November	\$2.11 del Innisfree
oats, milling	Nov-Dec	\$2.49 del Barrhead
oats, milling	January 08	\$2.56 del Barrhead
oats, milling	January 08	\$2.59 del Martensville
oats, milling	February 08	\$2.57 del Barrhead
oats, milling	February 08	\$2.62 del Martensville
oats, milling	March 08	\$2.59 del Barrhead
oats, milling	March 08	\$2.64 del Martensville
canola	Dec 07-Jan 08	\$9.45 del Edmonton
canola	June 08	\$10.18 del Fort Sask
canola	November 08	\$9.81 del Fort Sask

## At The Bin

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

Grain	Price	When	Producer
barley, malt	\$3.65 FOB	November	Camrose
barley, 48 lb	\$4.04 del Lethbridge	November	Paradise Hill
barley, 50 lb	\$3.65 FOB	November	Millet
barley, 52 lb	\$3.75 FOB	November	Camrose
barley, 54 lb	\$3.70 FOB	November	Kirriemuir
barley, feed	\$3.91 FOB	November	Bashaw
barley, feed	\$3.91 FOB	November	Bashaw
wheat, feed	\$5.16 FOB	Jan/Mar 08	Camrose
peas, green	\$6.25 FOB	November	Innisfree
peas, green	\$6.35 FOB	November	Strome
peas, green	\$6.25 FOB	November	Innisfree
peas, yellow	\$6.86 FOB	November	Innisfail
canola	\$9.53 FOB	Nov 08	St. Albert
canola	\$9.60 FOB	Dec 08	Millet
canola	\$9.57 del Fort Sask	December	Donalda