

At Market Master

by Shelley Wetmore

December 14, 2007.....

On Monday, I'd say to canola growers, "It's my highest price ever!" when referring to prices delivered into Edmonton for January and February. Then, I proceeded to say the same thing, everyday, for the rest of the week. Canola keeps going up and up. Producers are taking advantage of nearby prices over \$11.00/bu and forward contracting for this fall AND the fall of 2009.

We have many endusers looking for feed barley and feed wheat for December and January. If you need Christmas cash or early movement in the new year, it would be prudent to call now while there is ample space.

This is the last issue of Grainwise for the year. Remember, we do not publish the last two weeks of December. Also, take note of our holiday office hours.

Merry Christmas to everyone. Enjoy time with your family and friends!

Be Grainwise!

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

US Grain

Soy Complex

Beans got an early boost thanks to a bullish USDA S/D report. Bean carryout was projected at less than 200 mln bu while global stocks were lowered by 2 mmt. A deal by US and European Central banks (Canada included) to provide additional liquidity to world markets gave buyers further confidence. Concern over dry conditions in Brazil and Argentina was supportive but forecasts now call for widespread moisture over the weekend. The ups and downs of the crude oil market were reflected in bean oil which spilled over into the rest of the complex. Weekly exports were a robust 972,400 mt which easily surpassed even the most bullish pre-report estimates.

JAN beans fired 37¼ cents higher to \$11.57/bu while meal rose \$11.80/t to \$324.50/t. JAN oil edged .15 cents higher to 45.85 cents/lb.

Corn

MAR corn put in a strong performance, up 21 cents to \$4.38¼/bu.

Estimates by a respected brokerage house for stronger corn prices this year gave futures a boost (see Strategies). Long term support came from a new energy bill passed by the US senate that would see US ethanol usage rise to 36 bln gallons per year by 2022. Additional support came from lower US and global corn ending stocks in this week's USDA report.

Weekly exports were very strong at 1.446 mmt. While anticipated, the figure was still considered bullish.

Wheat

Wheat markets are exploding! MAR CBOT wheat climbed 58 cents to \$9.79½/bu while KCBT wheat fired 49 ¼ cents higher to \$9.99¼/bu. But MGE wheat took the prize, soaring 73¼ cents higher to \$10.75¾/bu.

US wheat ending stocks are projected to be the lowest in 60 years. While stocks are tight, this isn't a news bulletin to the market. There are production concerns in Argentina and the US plains

but it seems as though this market action is more technical in nature than anything. Friday's forecast now predicts moisture for the US southern plains. Also, Informa announced a higher winter wheat seeded acreage projection than expected. The combination of the two sent new crop futures reeling while old crop contracts continued to soar. New crop futures actually closed slightly lower this week.

This may be just a one day wonder but, at these levels, I think we need to be cautious. We're due for a correction and this may be the first sign that one is in the offing.

Canadian Grain

Oilseeds

JAN canola topped the \$500.00/MT mark, jumping \$19 to \$501.10. JUL canola now sits at an astounding \$526.

A weaker dollar, slow farmer selling, and spillover support from beans drove futures higher. Bullish technical signals were also supportive. Putting a lid on further gains was a lack of export interest and ideas that the canola market is becoming overbought and due for a correction. New crop prices remain very strong as well.

Feedgrain

MAR barley pushed \$2.40 higher to \$204.90/MT on spillover strength from US corn. Cash bids are starting to firm somewhat as we enter the holiday season.

For what it's worth, MAR wheat prices rose \$6.00/MT to \$191. This contract seems destined for the scrap heap as there's virtually no interest at all.

Edible pea prices remain strong for both old and new crop bids.

Watching Winnipeg

Your weekly closing WCE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Jan 08	\$501.10	\$482.10	\$19.00
Mar 08	\$513.70	\$494.20	\$19.50
May 08	\$520.80	\$501.60	\$19.20
Jul 08	\$526.10	\$507.90	\$18.20
Nov 08	\$495.90	\$484.10	\$11.80
Jan 09	\$501.40	\$490.90	\$10.50
Mar 09	\$504.00	\$494.50	\$9.50
May 09	\$508.40	\$498.00	\$10.40
Jul 09	\$510.50	\$500.20	\$10.30
Nov 09	\$479.00	\$469.90	\$9.10
Wheat	This Week	Last Week	Diff +/-
Dec 07	\$177.00	\$184.00	(\$7.00)
Mar 08	\$191.00	\$185.00	\$6.00
May 08	\$195.00	\$191.00	\$4.00
Jul 08	\$198.00	\$194.00	\$4.00
Oct 08	\$188.00	\$164.00	\$24.00
Dec 08	\$188.00	\$167.00	\$21.00
Barley	This Week	Last Week	Diff +/-
Dec 07	\$196.50	\$198.20	(\$1.70)
Mar 08	\$204.90	\$199.00	\$5.90
May 08	\$216.00	\$206.30	\$6.20
Jul 08	\$198.90	\$213.00	\$3.00
Oct 08	\$198.90	\$197.50	\$1.40
Dec 08	\$198.90	\$198.00	\$0.90



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Strategies

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

So far, this marketing year, procrastination has been the best marketing strategy. While I've always been a big believer in pricing small lots into a rising market (and still am) there's no doubt that the producer who has sat on his hands is looking pretty good right now.

Canola bids now sit at \$11.00/bu or more. Edible peas are fetching bids in the \$9.00/bu area while wheat futures have blasted through \$10.00/bu.

At one point this week, when canola futures faltered slightly (before rebounding again), it was suggested that the reason for the dip was that farmers were going to be seeding additional acres because of the high prices. I immediately thought—compared to what? Everything is strong and even new crop bids in excess of \$10 might not net you anymore than any other crop.

In all my years of farming, I don't think I've ever witnessed such strong grain markets right across the board. And, by and large, the bullish sentiment spills over into new crop prices and beyond.

Even the widely respected brokerage firm of Goldman Sachs issued their 2008 grain price predictions this week and their projections shocked the market. They were looking for bean prices as high as \$14.50/bu and corn prices as high as \$5.30/bu. Unbelievable! And yet—even at these record prices—export sales remain strong indicating that even prices at these levels have done little to curb demand.

There are some new crop production concerns out there such as the US winter wheat crop going into dormancy in less than ideal condition and news that dryness in Brazil and Argentina may impact both bean and corn production. A few weeks ago, it was fear over frost in the wheat growing areas of Argentina. While all these things are legitimate concerns, the impact they're having on the markets is unprecedented.

It wasn't long ago that a nickel movement in the wheat market in one day was noteworthy. This year, we've seen 32 limit moves of 30 cents/bu in the wheat market since April 2nd. While the trend has been up, it's been a bumpy ride at times—the sort of action that gives even the most disciplined farm marketer that “deer in the headlights” look, afraid to lock-in a price in case it goes higher tomorrow.

So ... where IS the top? I wish I knew. It could be tomorrow or we could just keep going for a while.

For now, I'd use technical analysis in to pick selling spots but, perhaps even more important, know exactly what your breakeven points are ... not only for this year but for next year as well. One thing for sure, the markets have been anything but boring.

Since this will be the last Grainwise until January, I'd like to take this opportunity to wish you all a very Merry Christmas, and health and happiness in the New Year!

Aid for Cattle and Hogs

Canadian cattle and hog farmers, struggling with high feed costs and low prices, will have access to \$3.8 billion in loans and aid early in 2008. Federal and provincial governments will provide \$2.3 billion in secured loan guarantees to the livestock sector, including \$1 billion in new credit.

Loans will be capped at \$400,000 per producer with the first \$100,000 interest-free.

The programs are to help livestock farmers weather poor returns brought on by record grain prices, poor meat prices, and the surging Canadian dollar, which has hurt the export value of meat and livestock.

The programs would give a 400-head cow-calf farmer aid payments of \$38,500 and loans up to \$116,000. A 500-sow hog farmer could receive \$185,500 in aid payments and loans up to \$250,000.

Money for Livestock Equipment

Alberta beef producers who have participated in a *Verified Beef Production* workshop are eligible for 50% of the cost up to a maximum of \$750 for various pieces of livestock equipment. Eligible equipment purchases include: chutes and headgates that facilitate neck injections, hand held RFID tag readers, computer software to track medication withdrawals, scale/calibration device for medicated feeds, and disposal containers for used medical bottles.

“The purpose of this funding is to provide assistance in ensuring the accuracy of medication use on-farm. For example, in the case of chutes and headgates, cattle must be held tightly to facilitate accurate neck injections and to reduce the chance of broken or bent needles,” states Eileen Leslie, Alberta provincial coordinator for the Verified Beef program. “Over 1700 Alberta beef producers have participated in our workshops over the past several years and they are all eligible for this federal program. As well, these workshops are ongoing, so if a producer is interested in participating they should contact us.”

For equipment to qualify, the specific unit must appear on the program approved eligibility list, have a minimum unit cost of \$200, and be commercially available in Canada. This funding is provided through the Canadian Food Safety and Quality Program – On-Farm Implementation Fund by Agriculture and Agri-Food Canada and is taxable. It is important to note that this funding program expires on March 31, 2008.

For more information and to determine eligibility for this funding, call Eileen Leslie toll-free at 1-866-242-7404 or go to www.verifiedbeef.org

FarmTech 2008

January 30, 31, February 1

Mayfield Inn, Edmonton

Book Early! (866) 327-6832

www.farmtechconference.com

Merry Christmas to all!

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
barley, 48 lb	\$4.00 del Vegreville	Dec	Mundare
barley, 48 lb	\$3.83 FOB	Jan 08	Millet
barley, 48 lb	\$4.30 del Lethbridge	Jan 09	Hussar
barley, 48 lb	\$4.05 del Czar	Dec	Pickardville
barley, 48 lb	\$4.00 FOB	Dec	Strome
barley, 49 lb	\$4.00 del Vegreville	Dec	Vegreville
barley, 50 lb	\$4.05 del Vegreville	Jan 08	Mundare
barley, 52 lb	\$3.87 FOB	Dec	Ohaton
barley, 54 lb	\$3.80 FOB	Dec	Gwynne
peas, green	\$7.60 del Innisfail	Jan 08	Huxley
canola	\$10.56 FOB	Jan 08	Mundare
canola	\$10.78 del Edmonton	Jan 08	Clive
canola, heated	\$6.53 del Edmonton	Jan 08	Guy
canola	\$10.45 FOB	Jan 08	Huxley
canola	\$10.87 del Edmonton	Jan 08	Mayerthorpe
canola	\$10.13 del Fort Sask	Oct 09	Camrose
canola	\$10.87 del Edmonton	Jan 08	Camrose
canola	\$10.87 del Edmonton	Jan 08	Rochester
canola	\$10.60 FOB	Jan 08	Innisfree
canola	\$11.01 del Edmonton	Jan-Feb 08	Pickardville
canola	\$10.90 FOB	Jan 08	Thorhild
canola	\$10.02 del Fort Sask	Oct 09	Kingman
canola	\$11.06 del Edmonton	Feb 08	Daysland
canola	\$10.65 FOB	Feb 08	Altario
canola	\$11.15 del Edmonton	Feb 08	Bon Accord
canola	\$11.15 del Edmonton	Feb 08	Morinville
wheat, feed	\$5.50 del Ferintosh	Dec	Sangudo
wheat, feed	\$5.20 FOB	Dec	Huxley
oats, feed	\$2.25 del Wainwright	Dec	Monitor
rye, feed	\$5.82 FOB	Feb-Mar 08	Alliance
flax	\$13.41 FOB	Jan-Feb 08	Hussar
flax	\$13.67 FOB	Dec-Jan 08	Bawlf

Sell Meat Direct to Consumers

Alberta Farm Fresh Producers Association presents **Local Meats for the Cities** in 5 Alberta locations (Westlock, St. Paul, Claresholm, Big Valley, Rycroft) from January 15 - 31.

This one day workshop will benefit smaller livestock producers who want to raise livestock naturally and market meat to city consumers.

Email bert.denning@gov.ab.ca or call Bert at (780) 674-8247 for more information. To register, call Kelly at (780) 674-8268.

Combine for Sale !

1995 Case IH 2188 combine in good condition. Call Ray in Morinville at (780) 939-3601.

Holiday Office Hours

Friday, Dec 21: closed at noon
 Dec 24 to Dec 28: office closed
 Tuesday, Jan 1: office closed

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
barley	December	\$4.09 del Irma
barley	December	\$4.00 del Lacombe
barley	Dec-Mar 08	\$4.22 del Vegreville
barley	Jan 08	\$4.09 del St. Michael
barley	Jan 08	\$4.30 del Lethbridge
barley	Jan 08	\$4.13 del Czar
barley	Feb-Mar 08	\$4.00 del Ferintosh
wheat, feed	Dec-Jan 08	\$5.50 del Ferintosh
wheat, 12.5% prt	December	\$5.80 del Edberg
wheat, feed	Jan-Mar 08	\$5.41 del Lloydminster
wheat, feed	February 08	\$5.31 del Lacombe
wheat, feed	Apr-May 08	\$5.54 del Lloydminster
peas, feed	Jan 08	\$6.00 del Edmonton
peas, yellow edible	December	\$8.30 del Crossfield
peas, green edible	Jan 08	\$10.00 del Innisfail
peas, yellow edible	Jan 08	\$8.35 del Innisfail
peas, yellow edible	Sep-Oct 08	\$7.00 del Innisfail
rye, feed	Feb-Mar 08	\$6.20 del Stony Plain
rye, feed	Feb-Mar 08	\$6.20 del Three Hills
oats, milling	December	\$2.20 del Innisfail
oats, milling	Feb 08	\$2.71 del Barrhead
oats, milling	Mar 08	\$2.73 del Barrhead
oats, milling	Mar 08	\$2.73 del Martensville
canola	Feb-Mar 08	\$11.15 del Edmonton
canola	Jul 08	\$11.25 del Fort Sask
canola	Nov 08	\$10.55 del Fort Sask
canola	Oct 09	\$10.22 del Fort Sask
flax	Dec-Jan 08	\$13.95 del Edmonton
oats, organic	Jan-May 08	\$5.25 del Barrhead

Conversion Table

40 MT of	Equals	# of bu
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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By the Number	This Week	Last Week	Diff
CME Live Cattle (DEC)	92.600	94.025	(1.425)
CME Live Hogs (DEC)	55.100	55.475	(0.375)
CDN Dollar (DEC)	0.982	0.996	(0.014)
Minneapolis Wheat (DEC)	9.39	9.03	0.360
Kansas City Wheat (DEC)	10.00	9.49	0.510
Chicago Oats (DEC)	2.79	2.66	0.130