

At Market Master

by Shelley Wetmore

August 8, 2008.....

It seems like a very nice dream that only one month ago, you could book canola for August delivery at \$15.00/bu or better in many locations. Today, you're looking at \$11.50/bu. That's a huge drop, equating to almost \$6,500 for each SuperB ...

If you have feed wheat left with proteins in the 13% range, please call soon. The bids haven't dropped yet for the spot market OR the forward-priced opportunities although I'm sure they will soon. I've been given heads-up that my barley bids will be dropping Monday.

Human consumption pea bids are remaining flatish but rumours are out that India has stepped away from buying and we might see yellow bids drop down to the \$8.00/bu mark, off the combine, for the time being.

We still have good oat pricing for fall delivery into the Edmonton area. Booking in #2 CW oats at over \$3.00/bu is certainly better than under that \$3.00 mark. Don't forget, many high end users (the mills) are full for September through October. Don't count on those markets for alleviating bin space.

Rye prices continue to be quite good, however, with most areas in Alberta over the \$6.00/bu range, at the bin.

Good luck harvesting!

Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 08	\$535.00	\$599.50	↓ (\$64.50)
Jan 09	\$546.00	\$611.60	↓ (\$65.60)
Mar 09	\$556.20	\$620.30	↓ (\$64.10)
May 09	\$567.40	\$630.60	↓ (\$63.20)
Jul 09	\$573.90	\$639.10	↓ (\$65.20)
Nov 09	\$580.70	\$645.00	↓ (\$64.30)
Barley	This Week	Last Week	Diff +/-
Oct 08	\$218.00	\$233.60	↓ (\$15.60)
Dec 08	\$225.50	\$241.60	↓ (\$16.10)
Mar 09	\$231.00	\$247.60	↓ (\$16.60)
May 09	\$236.10	\$249.90	↓ (\$13.80)
Jul 09	\$236.10	\$249.90	↓ (\$13.80)
Oct 10	\$236.10	\$249.90	↓ (\$13.80)

Be Grainwise!

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

US Grain

Soy Complex

This week's action in grains and oilseeds was disconcerting to say the least. For a myriad of reasons (see Strategies) SEP beans were hammered \$1.78½ lower to \$11.77/bu, while meal dropped an astounding \$48.60 to \$319.80/t. SEP oil slammed a full 6.26 cents lower to 50.57 cents/lb setting a new contract low in the process.

Presently, the bean crop is rated 63% good-to-excellent compared to last year's 56%. Weekly exports came in on the high side of expectations at 619,600 mt but this was largely ignored by the market.

Corn

The bleeding didn't stop in the bean pit either. SEP corn plummeted 66½ cents lower to close below the psychological \$5.00 barrier at \$4.98½/bu, setting a new contract low in the process.

Like beans, the condition of the corn crop is well above year ago levels and, with no threatening weather on the horizon, the path of least resistance remains down. Weekly exports came in at a solid 1.056 mmt but, like beans, the report was largely ignored.

Wheat

Wheat fared slightly better with SEP CBOT wheat dropping "just" 28¾ cents to \$7.65¼/bu. KCBT wheat slipped 21¾ cents lower to \$8.00½/bu while SEP MGE wheat settled 19¼ cents lower at \$8.54¾/bu.

US sales to Egypt and Iran this week along with solid exports of 619,600 mt supported the market.

With the winter wheat crop in the bin, wheat production is no longer up for speculation which may have also helped protect it from the carnage seen in both beans and corn.

Canadian Grain

Oilseeds

In a little over a month, NOV canola has nose-dived \$173.00/MT or almost \$4.00/bu!

This week wasn't any prettier with prices dropping another \$64.50 to set a new contract low of \$535.00.

Spillover pressure from weakness in

both the bean and crude oil markets has been responsible for much of carnage, however, ideas that the overall condition of the canola crop in Western Canada is in good shape provided pressure.

A weaker Cdn dollar and absence of farmer selling offered some support—if you can call that support. As long as futures remain under pressure, buyers are willing to sit back to see how low prices can really go.

Feedgrain

Barley prices are heading south as well—both in the cash and the futures market. Spillover pressure from a plunging corn market and early harvest pressure have pushed bids lower. OCT barley slipped \$15.60/MT lower to \$218.

The feed wheat market has become totally irrelevant with no interest whatsoever. I wouldn't be surprised to soon hear of its demise.

Edible pea bids continue to hold up well despite falling markets all around them.

Alberta Agriculture
presents

FutureSim

December 8 through 11, 2008, Leduc
\$200 per person, limited to 20 people

You've all had the privilege of reading Neil Blue's marketing comments in Grainwise.

Now, you can attend FutureSim this December, taught by Neil. I attended FutureSim myself about 10 years ago and found it an invaluable marketing course. FutureSim is an interactive marketing course to instruct you in the basics of futures, options, basis, and cash grain marketing. To register, contact Neil Blue at (780) 853-8239



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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

This week's slide continued a trend started some weeks ago.

Ever since initial concerns over flooding in Illinois and Iowa, the weatherman has responded with almost ideal conditions erasing many of those early concerns about production shortfalls.

This week, Informa, pegged this year's corn crop at 155.4 bu/ac which would produce a crop in excess of 12 bln bu. A quick survey of US farm internet forums would tend to confirm those ideas. It looks as though there's a VERY big crop out there.

However, this slide isn't entirely about favourable growing conditions. Commodity and index funds have been liquidating their previously held long positions en masse. There was an unsubstantiated rumour floating around this week that some of that liquidation was not done voluntarily. It was suggested a major commodity fund was forced by the CFTC to sell some 30,000 to 40,000 of bean and corn contracts after it was re-categorized as a speculative rather than a hedge fund. It wasn't long ago that Lufkin, the chair of the CFTC, promised congressional questioners that the CFTC would be more diligent in insuring that commodity funds adhered to the guidelines set up for hedge versus speculative funds. The CBOT and the CFTC both denied any such action had been taken. Whatever the case, funds have been taking their money out of commodities to realize better returns in alternative investments.

The rush to commodities was at least in part a hedge against a falling US dollar. However, lately, the US greenback has once again become the currency of choice for speculators the world over. In fact, last night's rally in the US dollar was the largest move in 5 years and sent contracts to 5 month highs. A weak dollar has been a boon to all commodities and while the dollar is still weak in relative terms, the trend higher is causing a sell-off in commodities across the board.

The news wasn't all bad for market bulls this week. The EPA turned down a request from Texas for a one year ethanol production mandate waiver. But, this was cold comfort in light of this week's sell-off.

Barring something totally unforeseen, the next best hope for market bulls appears to be the threat of an early frost. There's also the possibility of a bullish surprise in next week's USDA report—but I wouldn't bet the farm on that one.

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (OCT)	\$106.45	\$107.80	↓ (\$1.35)
CME Live Hogs (OCT)	\$77.90	\$74.63	↑ \$3.28
CDN Dollar (SEP)	\$0.94	\$0.97	↓ (\$0.03)
Minneapolis Wheat (SEP)	\$8.58	\$7.94	↑ \$0.64
Kansas City Wheat (SEP)	\$8.03	\$8.25	↓ (\$0.22)
Chicago Oats (SEP)	\$3.56	\$3.68	↓ (\$0.12)
Diesel (spot, Edmonton)	\$1.23	\$1.23	→ \$0.00
Crude/Oil (SEP)	\$115.20	\$125.00	↓ (\$9.80)

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
Barley	August	\$4.62 del Czar
Barley	August	\$4.95 del Lethbridge
Barley	Sep-Oct	\$4.73 del Calgary
Barley	Nov-Dec	\$5.06 del Lethbridge
Barley	Jan-Mar	\$5.17 del Lethbridge
Wheat, 12.5% prt	August	\$6.74 del Edberg
Wheat, feed	August	\$6.06 del Red Deer
Wheat, 13% prt	August	\$7.97 del Red Deer
Wheat, feed	Sep-Dec	\$6.74 del Red Deer
Wheat, 12.5% prt	Sep-Oct	\$7.29 del Red Deer
Wheat, 12.5% prt	Nov-Dec	\$7.42 del Red Deer
Wheat, 12.5% prt	Jan-Mar	\$7.70 del Red Deer
Peas, yellow	Aug-Sep	\$8.69 del Innisfail
Rye, milling	Aug-Oct	\$6.24 FOB Central Alberta
Rye, feed	Aug-Sep	\$5.53 del Red Deer
Canola	August	\$11.51 del Lloydminster
Canola	August	\$11.30 del Fort Sask
Canola	Sep-Oct	\$11.96 track Vancouver
Canola	Sep-Oct	\$11.19 del Edmonton
Canola	October	\$11.05 del Lloydminster
Canola	November	\$11.21 del Joffre
Canola	December	\$11.42 del Lloydminster
Canola	January	\$11.53 del Lloydminster
Canola	March	\$11.97 del Fort Sask
Oats, feed	Aug-Sep	\$3.02 del Lethbridge
Oats, #2 CW	Sep-Dec	\$3.10 del Lethbridge
Oats, #2 CW	November	\$3.44 del Edmonton
Oats, milling	November	\$2.99 del Martensville
Oats, #2 CW	December	\$3.54 del Edmonton
Oats, milling	December	\$3.02 del Martensville
Oats, #2 CW	January	\$3.64 del Edmonton
Oats, milling	January	\$3.34 del Martensville
Oats, milling	February	\$3.36 del Martensville
Oats, milling	March	\$3.38 del Martensville

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$4.51 FOB	November	Vermilion
Barley, 48 lb	\$4.51 FOB	November	Two Hills
Barley, 48 lb	\$4.43 FOB	August	Macklin
Wheat, 12% prt	\$7.40 FOB	August	St. Michael
Wheat, 13% prt	\$7.60 FOB	August	Leduc
Wheat, 13% prt	\$7.70 FOB	August	Lousana
Oats, 42 lb	\$2.81 FOB	August	Wetaskiwin
Oats, #2 CW	\$3.65 del Edmonton	Jan 09	High Prairie
Oats, 34 lb	\$2.35 del Lethbridge	August	Ryley
Peas, #2 yellow	\$9.00 del Innisfail	Sep-Oct	Mossleigh
Canola	\$11.29 FOB	August	Ponoka