

At Market Master

by Shelley Wetmore

August 15, 2008.....

It's been quite a shock to some producers who only six weeks ago were hesitant to lock-in \$5.00 feed barley, at the bin, in the spot market. Today, bins need to be cleaned out, feedlots are full, and central Alberta feed barley prices can range anywhere from \$4.00 to \$4.60, depending upon the movement and immediacy required.

It was nice to see canola futures rebound a bit but what I see as even more important is that basis levels are narrowing—finally! What's just hit the Bid Board is we're taking canola into containers again for locations both in Edmonton and Innisfail. The basis is 34 under NOV, so you'd have until the end of October to price it. PLUS, for those of you further away from an elevator but close to a rail siding, you have an option to deliver there as well. The basis is option (which means zero) NOV, track Vancouver. Again, you'd have until the end of October to price.

Also, there's an attractive #2 CW yellow pea price available and we're currently locking-in #2 CW rye for over \$6.00/bu in central Alberta.

Remember, last year. Don't forget to send in your samples (oats, peas, wheat, malt) AS SOON AS YOU CAN! With these sporadic markets, you want to have grain tested and ready to go when the price matches your targets!

Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 08	\$542.80	\$535.00	↑ \$7.80
Jan 09	\$553.60	\$546.00	↑ \$7.60
Mar 09	\$563.40	\$556.20	↑ \$7.20
May 09	\$574.10	\$567.40	↑ \$6.70
Jul 09	\$584.30	\$573.90	↑ \$10.40
Nov 09	\$586.80	\$580.70	↑ \$6.10
Barley	This Week	Last Week	Diff +/-
Oct 08	\$219.00	\$218.00	↑ \$1.00
Dec 08	\$227.80	\$225.50	↑ \$2.30
Mar 09	\$233.30	\$231.00	↑ \$2.30
May 09	\$238.40	\$236.10	↑ \$2.30
Jul 09	\$238.40	\$236.10	↑ \$2.30
Oct 10	\$238.40	\$236.10	↑ \$2.30

Be Grainwise!

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

US Grain

Soy Complex

Beans closed the week in positive territory despite late losses. The SEP contract closed 34½ cents higher to \$12.11½/bu, while meal bounded \$13 higher to \$332.80/t. However, oil struggled with pressure being exerted by the crude oil market. SEP oil dipped .53 cents lower to 50.04 cents/lb.

The crop condition remained unchanged from last week at 63% in the top two categories. However, unlike corn, this week's USDA report crop actually lowered bean production expectations to 2.973 bln bu—with an average yield of 40.5 bu/ac. Perhaps even more important was the carryout figure which from 140 to 135 mln bu.

Corn

SEP corn put in a strong performance as well closing 31¼ cents higher at \$5.29¾ /bu. This came in spite of a late sell-off. reminiscent of the bean complex.

Weekly crop conditions actually improved slightly, edging 1% higher to 67% in the good-to-excellent categories. It's little wonder that Tuesday's USDA report indicated an average corn yield of 155 bu/ac which would produce a crop of 12.288 bln bu. Somewhat surprisingly, the USDA actually increased its harvested acreage estimate from its last report by .4 mln acres—despite the flood damage. Carryout stocks were bumped up to 1.133 bln bu from last month's 1.004 bln bu. While this all looks very bearish, it appears traders had already factored in much of this week's report resulting in a "buy the rumour, sell the fact" reaction.

Wheat

CBOT wheat continues its summer rally with the SEP closing up 59 cents to \$8.24¼/bu while KCBT wheat settled 59½ cents higher at \$8.63¼/bu. MGE wheat bounded 5¼ cents higher to \$9.12¼/bu.

"All wheat" production was left unchanged by the USDA but carryout stocks rose from 537 to 574 mln bu. However, demand has been strong for wheat lately. It's rumoured Iran was in for a large tender overnight while this week's sales figure came in at the top end

of expectations at 650,300 mt. There is concern, however, that as prices rise, US exports will start to drop off.

Canadian Grain

Oilseeds

NOV canola pushed \$11.90 higher to \$542.80/MT due to spillover strength in beans. Although the Western Canadian crop is thought to be in good shape, there are pockets of concern. Routine to light export interest was met with a total lack of farmer selling. Weakness in the Canadian dollar was supportive.

Feedgrain

Barley bids have come off their recent highs in response to the drop in corn but OCT futures still inched \$1 higher to \$219.00/MT.

Edible pea bids have backed away from their recent highs. Although the supply of peas hasn't really changed, the supply of competing grains has, increasing the likelihood of substitution.

Classifieds

Equipment for sale: 1995 CASE IH 2188 combine for \$69,000. 22 1/2' flex header for sale as well. Call Ray Hittinger, St. Albert, (780) 939-3601.

Equipment for sale: MF 9020 straight cut header with auto height control and pick-up reel with transport, good condition, asking \$6,900. Call (780) 785-2214 or (780) 785-2588, Sangudo.



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Strategies

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

The week started with strong gains across the board thanks to a post USDA report bounce on ideas that recent losses had been overdone. However, fund liquidation, as the week ended, took the shine off those gains. Simply put, with a forecast for hot weather in the Midwest (just what the crop needs), there was little appetite to own grains over the weekend. The continued slide in crude oil also pressured values lower as did a stronger US dollar. Market players believe the huge commodity and index funds are taking their money off the table at the present time in favour of safer financial markets but most feel they'll be back on the long side sometime in the future. When, or if, that comes to fruition will be anyone's guess.

What's not up for speculation is that the entire market psychology has turned 180 degrees in a month. We've gone from bullish to bearish and, until something happens to turn things around, it'll be difficult for rallies to maintain any momentum. Near ideal weather has alleviated supply concern not only in the US but around the world. The one Achilles heel for the US crop is that it's late. Reports coming from the field predict that if the Midwest experiences a frost around the middle of September (normal for that area), there'll be substantial amounts of corn which could be severely damaged. For the time being, the weather is hot, the crop is thriving, and the faster it matures the better.

Although this week's rebound is encouraging for producers and may have some feeling that we've finally found the bottom, it remains to be seen if this is truly the turnaround we've been seeking or just "dead cat bounce" before markets head lower once again.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$4.19 FOB	Nov	Boyle
Barley, 50 lb	\$4.49 FOB	Aug	Ohaton
Barley, 54 lb	\$4.49 FOB	Aug	Camrose
Wheat, 14.2% prt	\$7.60 FOB	Aug	Ferintosh
Wheat, 13.3% prt	\$7.33 FOB	Aug	Milo
Wheat, 12.5% prt	\$7.15 FOB	Jan 09	Tofield
Wheat, 12.5% prt	\$7.10 FOB	Jan 09	Barrhead
Wheat, 12.5% prt	\$7.32 FOB	Jan 09	Three Hills
Wheat, 12.5% prt	\$7.54 FOB	Aug	Innisfail
Oats, 39 lb	\$2.30 FOB	Aug	Ardmore
Oats, #2 CW	\$2.76 FOB	Aug	Castor
Oats, #2 CW	\$2.50 FOB	Aug	Pickardville
Oats, #2 CW	\$2.76 FOB	Aug	Castor
Oats, 45 lb	\$3.21 FOB	Nov	Boyne Lake
Oats, 45 lb	\$3.19 FOB	Dec	Nampa
Oats, milling	\$3.54 del Edmonton	Dec	Spirit River
Peas, #2 CW yellow	\$8.40 FOB	Aug	Ferintosh
Peas, #2 CW yellow	\$8.57 FOB	Aug-Sep	Bon Accord
Peas, feed	\$7.70 del Wetaskiwin	Aug	St. Michael
Rye milling	\$6.29 FOB	Aug-Sep	Stettler
Flax, #2CW	\$17.14 FOB	Aug	Viking

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
Barley	August	\$4.51 del Czar
Barley	August	\$4.64 del Lethbridge
Barley	Sep-Oct	\$4.62 del Calgary
Barley	Sep-Oct	\$4.62 del Lethbridge
Barley	Oct-Nov	\$4.14 del Vegreville
Barley	Nov-Dec	\$4.51 de Calgary
Barley	Nov-Dec	\$4.82 del Lethbridge
Barley	Jan-Mar	\$4.62 del Calgary
Barley	Jan-Mar	\$4.90 del Lethbridge
Wheat, 12.5% prt	August	\$6.74 del Edberg
Wheat, 13.5% prt	August	\$7.97 del Red Deer
Wheat, feed	August	\$6.06 del Red Deer
Wheat, 12.5% prt	Sep-Oct	\$7.29 del Red Deer
Wheat, feed	Sep-Oct	\$6.74 del Red Deer
Wheat, 12.5% prt	Nov-Dec	\$7.42 del Red Deer
Wheat, 12.5% prt	January	\$7.70 del Red Deer
Peas, yellow	Sep-Oct	\$8.44 del Innisfail
Peas, yellow	Sep-Oct	\$8.70 del Innisfail
Rye, milling	Aug-Oct	\$6.24 FOB Central Alberta
Rye, feed	Aug-Sep	\$5.53 del Red Deer
Rye, feed	Aug-Sep	\$6.04 del Calgary
Canola	August	\$11.68 del Lloydminster
Canola	August	\$11.50 del Fort Sask
Canola	Sep-Oct	\$12.25 track Vancouver
Canola	Sep-Oct	\$11.48 del Edmonton
Canola	October	\$11.23 del Lloydminster
Canola	November	\$11.66 del Joffre
Canola	December	\$11.52 del Lloydminster
Canola	January	\$11.70 del Lloydminster
Canola	March	\$12.12 del Fort Sask
Oats, feed	Aug-Sep	\$2.87 del Lethbridge
Oats, feed	Sep-Dec	\$3.02 del Taber
Oats, #2 CW	Sep-Dec	\$3.10 del Lethbridge
Oats, milling	Oct-Dec	\$2.94 del Dawson Creek
Oats, milling	November	\$3.18 del Martensville
Oats, milling	December	\$3.20 del Martensville
Oats, #2 CW	December	\$3.54 del Edmonton
Oats, milling	January	\$3.52 del Martensville
Oats, #2 CW	January	\$3.64 del Edmonton
Oats, milling	January	\$3.14 del Dawson Creek
Oats, #2CW	January	\$3.53 del Edmonton
Oats, milling	February	\$3.54 del Martensville
Oats, milling	March	\$3.56 del Martensville

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (OCT)	\$105.85	\$106.45	↓ (\$0.60)
CME Live Hogs (OCT)	\$75.55	\$77.90	↓ (\$2.35)
CDN Dollar (SEP)	\$0.94	\$0.94	↓ (\$0.00)
Minneapolis Wheat (SEP)	\$8.24	\$8.58	↓ (\$0.34)
Kansas City Wheat (SEP)	\$8.63	\$8.03	↑ \$0.60
Chicago Oats (SEP)	\$3.73	\$3.56	↑ \$0.17
Diesel (spot, Edmonton)	\$1.19	\$1.23	↓ (\$0.04)
Crude/Oil (SEP)	\$113.75	\$115.20	↓ (\$1.45)