

At Market Master

by Shelley Wetmore

September 5, 2008.....

I've been gone for a week now and the weather continues to follow me. I think I've seen only 8 hours of sunshine the entire time I've been away with rain following me every mile of highway.

With internet access being VERY sparse, I was shocked to see how much the commodities markets have also taken a gloomy perspective. We're a far cry from \$5.00 barley, \$13.00 canola, and \$8.00 wheat we were accustomed to just a few months ago. Have input prices dropped also?

In my travels, I haven't seen a whole lot of combining but there's been quite a bit of showers going on across the province. It's been cold also but with limited communication, I haven't heard the frost reports. I'll be up to speed by the time I report back to the office, next Wednesday.

Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 08	\$508.60	\$546.10	↓ (\$37.50)
Jan 09	\$519.30	\$557.40	↓ (\$38.10)
Mar 09	\$528.80	\$568.40	↓ (\$39.60)
May 09	\$538.70	\$579.10	↓ (\$40.40)
Jul 09	\$548.50	\$589.60	↓ (\$41.10)
Nov 09	\$558.60	\$603.80	↓ (\$45.20)
Barley	This Week	Last Week	Diff +/-
Oct 08	\$215.00	\$223.90	↓ (\$8.90)
Dec 08	\$221.90	\$232.30	↓ (\$10.40)
Mar 09	\$228.40	\$238.90	↓ (\$10.50)
May 09	\$232.90	\$244.00	↓ (\$11.10)
Jul 09	\$232.90	\$244.00	↓ (\$11.10)
Oct 10	\$232.90	\$244.00	↓ (\$11.10)



"Your grain watchdog."

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Be Grainwise!

By Guest Columnist ... Neil Blue, Marketing Specialist, Alberta Agriculture, (780) 853-8239

US Grain

Hurricane Gustof did not damage offshore US oil and natural gas output as much as was built into the crude oil market last week. That strength in crude oil, along with dryness in the eastern corn belt, had supported US corn and soybean prices into last weekend. Although some oil production was temporarily interrupted, the storm then tracked north and provided late but potentially beneficial rains to the eastern corn/soybean belt this week.

Corn and soybean prices did receive some support from **Monday's crop condition report** which showed additional deterioration in both crops. However, export sales of corn and soybeans were only mediocre this week and the US dollar continued to rise as crude oil fell, so most of the supply-demand news was negative.

Fund selling also became a factor, as technical support points were breached.

Friday, Informa Economics released their updated **average yield estimates** for US crops. Their average corn yield estimate of 156.5 bpa was 1.5 bpa above their August estimate and USDA's estimate of 155. Next Friday, USDA releases their updated estimates of US and world crop production and demand, and prices could be volatile prior to that report. A freeze in the US crop remains a threat, so prices will be supported by that possibility for now. Depending on USDA's numbers next Friday morning, and absent a damaging frost, corn prices could soon test the August 12 low (December futures of \$5.04). From last Friday, December corn futures lost 36 cents to close at \$5.48/bushel.

Soy Complex

Soybean prices were undermined by rains in the mid-eastern states and by fund selling. Informa Economics estimated average US soybean yields at 41.4 bpa, less than their 42 bpa estimate in August but still higher than USDA's last estimate of 40.5 bpa. Several other private analysts are estimating bean yields at less than 40 bpa despite this week's rains.

As with most other US commodities, funds are withdrawing investment money

and, for the grains, that means selling previously acquired buy positions. This trend could continue while US and world economic concerns remain.

From last Friday, NOV beans lost \$1.47/bu to close at \$11.77, just above the August low of \$11.74. DEC meal closed at \$327/t, down \$31 on the week. Soybean prices were undermined by the drop in crude oil and by continued weakness in competing vegetable oil prices. DEC soybean closed at 48.89 cents/lb, down a huge 5.31 cents in one week!

There's additional downside risk in the oilseed market but keep in mind oilseeds will still be in the tightest relative stocks position of the three major crop groups. Also, the line-up of hurricanes will tend to support crude oil prices for several weeks yet.

Wheat

Wheat prices continued their recent price slide. Price negative were weakness in corn and bean prices, selling pressure of newly harvested spring wheat, better rains in Australian wheat-growing areas, and the strong US dollar.

Chart-based selling kicked in as wheat prices fell below the technical support levels of summer lows.

Over the week, DEC Chicago lost 50 cents to close at \$7.51, DEC Kansas City wheat lost 44 cents to close at \$7.95, and DEC Minneapolis wheat lost 58 cents to close at \$8.15/bu.

Canadian Grain

Oilseeds

Canola opened the week lower, recovered into Tuesday's close, but then fell each day as US soybean prices gave way.

Expectations of a record Canadian canola harvest and only minor frost so far were also negative factors.

NOV canola closed the week at \$508.60/MT, down \$37.50. That's the lowest closing price this year and, barring a change in direction in the US markets, prices could now fall below \$500.00. Cash prices have dropped below \$11.00/bushel and harvest is just getting started! Canola prices may continue weak until export demand begins to improve.

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Feedgrain

With US corn prices continuing to erode, OCT barley futures lost \$8.90 this week to close at \$215.00/MT. There seems to be no reason right now that barley prices will turn higher near-term.

Western Canadian pea harvest has progressed rapidly and farmer deliveries have been strong while exports have waned. As a result, pea prices have also slipped lower, with yellow edibles now around \$7.00/bu.

New Research on Canola Oil Benefits

Researchers at the University of Manitoba are working to uncover some of the lesser known functional benefits of canola oil, thanks to a Collaborative Research and Development Grant from the Natural Sciences and Engineering Research Council of Canada, the Canola Council of Canada and Syngenta Crop Protection (Canada) Inc.

Dr. Usha Thiyam and her team of scientists will investigate the nutraceutical and functional properties of antioxidants such as sinapic acid and tocopherols in canola seed, oil and meal. By applying novel extraction techniques, they hope to optimize the extracts for use in a number of value-added applications such as oils with greater stability and enhanced nutrition.

"The Canola Council is very pleased to collaborate with NSERC and Syngenta on this project," says Dave Hickling, vice president of utilization for the Canola Council. "Dr. Thiyam's work complements some of the work that is already being done on the effects of canola oil on heart disease and Type 2 diabetes. We are looking forward to what she and her team can discover."

"Syngenta recognizes the importance of building strong demand for canola and its products around the world," says Judy Shaw, government and public affairs director for Syngenta Crop Protection Canada Inc. "We are pleased to join the Canola Council in keeping the ball rolling for new canola research."

NSERC's contribution of \$480,000 over three years is being matched by Syngenta and the Canola Council, for a total of almost \$1 million.

The canola industry has a strong commitment to science, and recognizes the need to develop new solutions to health, environment and production issues in order to meet the goals of Growing Great 2015, its ambitious plan to achieve 15 million tonnes of sustained market demand and production.

Bid Board

Buyers looking for grain (net prices).

Grain	When	Location
Barley	September	\$3.92 del Red Deer
Barley	September	\$3.82 del Czar
Barley	September	\$4.08 del Vegreville
Barley	September	\$4.62 del Diamond City
Barley	October	\$4.29 del Brooks
Barley	Oct-Dec	\$4.40 del Lethbridge
Barley	Nov-Dec	\$4.40 del Brooks
Barley	Nov-Dec	\$4.16 de Red Deer
Barley	Jan-Mar	\$4.71 del Brooks
Barley	Jan-Mar	\$4.73 del Lethbridge
Barley	Jan-Mar	\$4.45 del Calgary
Barley	Jan-Mar	\$4.29 del Red Deer
Barley	Jan-Mar	\$4.12 del Czar
Wheat, 12.5% prt	Sep-Oct	\$6.74 del Red Deer
Wheat, feed	Sep-Dec	\$6.06 del Red Deer
Peas, green	Sep-Oct	\$9.19 del Innisfail
Peas, yellow	Oct	\$7.44 del Innisfail
Rye, feed	September	\$4.51 del Red Deer
Rye, milling	September	\$6.29 del Lethbridge
Canola	September	\$10.57 del Lloydminster
Canola	Sep-Oct	\$11.47 del Vancouver
Canola	Sep-Oct	\$10.70 del Edmonton
Canola	October	\$10.45 del Lloydminster
Canola	November	\$10.89 del Joffre
Canola	December	\$10.81 del Lloydminster
Canola	January	\$10.87 del Fort Sask
Canola	January	\$10.92 del Lloydminster
Canola	March	\$11.32 del Fort Sask
Oats, #2CW	Sep-Oct	\$3.02 del Coaldale
Oats, feed	Sep-Oct	\$2.95 del Fort Macleod
Oats, milling	November	\$2.62 del Martensville
Oats, milling	January	\$3.03 del Martensville
Oats, #2 CW	January	\$3.33 del Edmonton
Oats, milling	Jan-Mar	\$2.59 del Dawson Creek
Oats, #2 CW	February	\$3.44 del Edmonton
Oats, milling	March	\$3.07 del Martensville
Oats, #2 CW	March	\$3.49 del Edmonton
Oats, #2CW	April	\$3.54 del Edmonton
Oats, milling	July	\$3.25 del Martensville

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 53 lb	\$4.49 FOB	Sep	Clyde
Peas, green	\$8.60 del Innisfail	Sep	Camrose
Peas, green	\$6.74 del Innisfail	Sep	Camrose
Peas, yellow	\$8.14 FOB	Sep-Oct	Innisfail

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (OCT)	\$102.95	\$104.05	↓ (\$1.10)
CME Live Hogs (OCT)	\$69.43	\$68.43	↑ \$1.00
CDN Dollar (SEP)	\$0.94	\$0.94	→ \$0.00
Minneapolis Wheat (SEP)	\$7.29	\$7.79	↓ (\$0.50)
Kansas City Wheat (SEP)	\$7.73	\$8.18	↓ (\$0.45)
Chicago Oats (SEP)	\$3.27	\$3.45	↓ (\$0.18)
Diesel (spot, Edmonton)	\$1.17	\$1.15	↑ \$0.02
Crude/Oil (OCT)	\$106.00	\$116.05	↓ (\$10.05)