

## At Market Master

by Shelley Wetmore

September 19, 2008.....

Today we wish Ivy Wyllie “good bye” as she leaves to tackle a new position in a totally different industry. I told Ivy if she misses agriculture, she’s always welcome back!

The one thing I’m sure she WON’T miss is the declining commodities markets. It’s been quite a shock to some producers (those who don’t receive Grainwise—nudge) to discover canola has dropped from \$15.00/bu in July, to \$12.00/bu in August, to almost \$9.00 this week. How far down will it go? A BIGGER question is “how much are you willing to risk if canola prices continue to decline and nothing has been booked?” Many expect some kind of recovery but recovery to what price level and how long will it take?

Feed barley is dropping with prices in many areas between \$3.25/bu and \$3.85/bu at the bin. Prices improve (a little) in the upcoming months but could spot prices drop to \$3.00/bu before a turnaround?

We still have room for yellow edible peas in both Innifail and Three Hills at VERY competitive prices. Book now if you have no storage space or need some quick cash flow.

If you have #1 rye, clean, call for a price that should be between \$7.00 and \$7.40/bu at the bin.

Finally, review your cost of production—after harvest!

## Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 08	\$476.60	\$508.10	↓ (\$31.50)
Jan 09	\$487.30	\$519.60	↓ (\$32.30)
Mar 09	\$497.80	\$529.50	↓ (\$31.70)
May 09	\$507.90	\$539.10	↓ (\$31.20)
Jul 09	\$517.20	\$545.80	↓ (\$28.60)
Nov 09	\$525.90	\$550.30	↓ (\$24.40)
Barley	This Week	Last Week	Diff +/-
Oct 08	\$192.70	\$205.90	↓ (\$13.20)
Dec 08	\$197.70	\$213.40	↓ (\$15.70)
Mar 09	\$206.70	\$220.20	↓ (\$13.50)
May 09	\$211.20	\$224.70	↓ (\$13.50)
Jul 09	\$211.20	\$224.70	↓ (\$13.50)
Oct 10	\$211.20	\$224.70	↓ (\$13.50)

## Be Grainwise!

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

### US Grain

#### Corn

Corn futures opened higher following last Friday’s limit-up gain then slipped lower as turmoil in US financial markets led to general selling of ag commodities.

Improved moisture, then warm, dry weather, was negative to prices. Although the crop is behind in development, there’s no near-term threat of frost. US corn export sales by Sep 11 were poor and new crop sales behind last year by 33%. Brazil should be competitive in the corn market as sales have been slower than needed to clear supplies.

The US government again provided major support this week. The dollar has reversed its uptrend and more weakness in the US dollar would support commodity prices.

DEC corn closed Friday at \$5.42/bu, down 21 cents on the week.

#### Soy Complex

With the US market in general sell-off mode, beans dropped sharply before some recovery by Friday. US bean crop prospects are for average or better yields.

Stocks of palm oil, which compete in against bean oil, have been building. Although world soybean stocks will be relatively tight, supplies are expected to be higher this year. Demand is a concern IF there is a global economic slowdown.

NOV beans closed at \$11.43/bu, down 59 cents. NOV bean futures have chart resistance at \$11.60/bu, last week’s support. Support is now at \$11.00/bu, this week’s low. DEC soy meal closed at \$315.50/t, down \$19. DEC soy oil closed at 47.40 cents/lb, down just marginally after the recovery in crude oil prices.

#### Wheat

Wheat prices were also caught in the volatile trading and posted new lows before recovering Friday. A recovery in world wheat supplies is now a known. The current estimated size of Australia’s wheat crop is 22.5 million tonnes, compared to last year’s drought-reduced production of 13 million tonnes. Even though, by historical standards, wheat stocks are not burdensome, there’ll be a comfortable level compared to the buying urgency we saw last year. Egypt bypassed

on US wheat, this time in favour of buying Russian and Ukrainian wheat.

US wheat futures ended with only marginal losses. DEC CBOT wheat closed at \$7.18, DEC Kansas City wheat closed at \$7.56, and DEC Minneapolis wheat closed at \$7.85/bu.

### Canadian Crops

#### Oilseeds

Futures were yanked around by US action. Rapid harvest progress was made and farmers have been delivering canola. Basis levels are weak at \$40 under NOV or worse. Cash prices are below \$10.00/bu in many areas. Farmers may be less interested in selling below that level which may temporarily support prices, especially if harvest stalls due to weather.

However, significant price recovery DOES NOT appear likely near-term. Keep in mind—current prices are much higher than historical levels, especially during harvest. More export business is needed to market this big crop and that may require lower prices yet.

NOV canola closed at \$476.60/MT, down \$31.50. Price support at \$500 was broken, so that becomes the resistance price. This week’s low of \$452 is now the support level for NOV futures.

#### Feedgrain

OCT barley lost \$13.20/MT to close at \$192.70. An abundance of feed grain is being harvested and export prospects are not as good as last year.

Oat prices are also weak, with millers forward booked into 2009. Check with brokers for alternative market outlets.

Pea prices continue to slide and yellow edibles are approaching \$6.00/bu. If storage of edible peas is an available alternative, that appears to be the appropriate response to current prices.



“Your grain watchdog.”

8543 - 75 Avenue  
Edmonton, AB T6C 0G9  
www.grainwatchdog.com  
(800) 440-8390

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## Phosphate

Prices below are in Canadian funds and available for pick-up in the Lethbridge area. Terms are 15 days, upon approval. Must be picked up by October 15th. Pricing available until September 29.

**11-52-0 ..... \$1,320/MT**

**11-52-0 with Avail ..... \$1,405/MT**

### At The Bin

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

Grain	Price	When	Producer
Barley, 48 lb	\$3.79 FOB	Sep	St. Albert
Barley, 48 lb	\$4.36 del Lethbridge	Nov	Acadia Valley
Barley, 48 lb	\$3.80 FOB	Jan 09	Edmonton
Barley, 50 lb	\$3.71 FOB	Sep	Pickardville
Barley, 50 lb	\$3.57 FOB	Oct	Lavoy
Barley, 50 lb	\$3.82 FOB	Nov	Wetaskiwin
Barley, 50 lb	\$3.82 FOB	Sep-Oct	Morinville
Barley, 52 lb	\$3.82 FOB	Jan 09	Millett
Barley, 52 lb	\$3.70 FOB	Sep	Millett
Barley, 52 lb	\$3.82 FOB	Sep	Millet
Barley, 52 lb	\$3.84 FOB	Sep	Three Hills
Canola	\$10.50 del Fort Sask	Nov 09	Millet
Canola	\$10.50 del Fort Sask	Nov 09	Kinsella
Canola	\$10.55 del Fort Sask	Sep 09	Hilliard
Canola, heated	\$2.25 FOB	Sep	Falher
Wheat, feed	\$4.64 FOB	Oct	Innisfail
Wheat, feed	\$6.63 del Lloyd	Jan 09	Killam
Wheat, 12.5% prt	\$6.74 del Red Deer	Oct	Innisfail
Wheat, 12.5% prt	\$6.39 FOB	Oct-Nov	New Norway
Wheat, 15.5% prt	\$6.43 FOB	Sep	Coronation
Oats, #2 CW	\$3.24 del Edmonton	Mar 09	Hilliard
Peas, green	\$9.00 FOB	Oct	Leduc
Peas, yellow	\$6.69 del Gibbons	Sep	Bonnyville
Peas, yellow	\$6.65 FOB	Sep	Ferintosh
Peas, feed	\$6.74 FOB	Sep	Innisfail

### Bid Board

*Buyers looking for grain (net prices).*

Grain	When	Location
Barley	October	\$4.03 del Lethbridge
Barley	October	\$4.01 del Brooks
Barley	Nov-Dec	\$4.36 del Lethbridge
Barley	Jan-Mar	\$4.03 del Red Deer
Barley	Jan-Mar	\$3.86 del Czar
Barley	Jan-Mar	\$4.40 del Lethbridge
Wheat, 12.5% prt	October	\$6.74 del Red Deer
Wheat, feed	Oct-Dec	\$6.06 del Red Deer
Wheat, feed	Nov-Dec	\$6.17 del Lloydminster
Wheat, feed	Jan-Mar	\$6.63 del Lloydminster
Triticale, feed	Oct-Dec	\$5.32 del Calahoo
Peas, feed	Sep-Oct	\$6.74 del Blackfalds
Peas, green	October	\$9.36 del Innisfail
Peas, yellow	October	\$6.85 del Innisfail
Peas, yellow	October	\$6.50 del Three Hills
Peas, green	October	\$9.00 del Three Hills
Rye, feed	October	\$4.51 del Red Deer
Rye, milling	October	\$6.04 del Lethbridge
Rye, feed	Oct-Dec	\$5.83 del Calgary
Canola	October	\$9.73 del Lloydminster
Canola	October	\$9.62 del Fort Sask
Canola	December	\$10.08 del Lloydminster
Canola	December	\$9.86 del Fort Sask
Canola	January	\$10.16 del Fort Sask
Canola	January	\$10.20 del Lloydminster
Canola	March	\$10.62 del Fort Sask
Canola	Nov 09	\$10.69 del Fort Sask
Oats, feed	Sep-Oct	\$2.95 del Fort Macleod
Oats, organic	Oct-Dec	\$6.69 del Barrhead
Oats, milling	November	\$2.57 del Martensville
Oats, milling	January	\$2.91 del Martensville
Oats, #2CW	Jan-Mar	\$3.13 del Coaldale
Oats, organic	Jan-Mar	\$6.94 del Barrhead
Oats, milling	March	\$2.95 del Martensville
Oats, #2 CW	Mar-Apr	\$3.24 del Edmonton
Oats, milling	July	\$3.11 del Martensville

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:

**Neil Blue (780) 853-8239, [neil.blue@gov.ab.ca](mailto:neil.blue@gov.ab.ca)**

### By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (OCT)	\$101.55	\$102.15	↓ (\$0.60)
CME Live Hogs (OCT)	\$68.20	\$66.10	↑ \$2.10
CDN Dollar (DEC)	\$0.95	\$0.94	↑ \$0.01
Minneapolis Wheat (DEC)	\$7.17	\$7.03	↑ \$0.14
Kansas City Wheat (DEC)	\$7.56	\$7.38	↑ \$0.18
Chicago Oats (DEC)	\$3.31	\$3.17	↑ \$0.14
Diesel (spot, Edmonton)	\$1.13	\$1.16	↓ (\$0.03)
Crude/Oil (OCT)	\$100.51	\$101.25	↓ (\$0.74)