

## At Market Master

by Shelley Wetmore

October 10, 2008.....

Another roller-coaster week. Canola has been especially difficult to deal with as more than a few buyers simply do not want to price the oilseed unless it is accomplished during trade. The swings and volatility are mind-boggling. For example, one farmer's price for canola on Monday went below \$8.00/bu at the bin. On Thursday, it was above \$9.00, then Friday around \$8.25. If you need to move canola before the end of the month to pay bills or still garner some bin space, be prepared to make a pricing decision during the day, during trade, or set price targets (we have GPOs). One thing to look for regarding canola is the narrowing of basis. With the oilseed futures continuing to slide downwards, there ARE opportunities popping up to lock-in a narrow basis for contracts in the future. Remember, we've been dealing with wide basis levels—anywhere from \$30 to \$70 under—the last number of months. A \$20 basis or narrower is something to consider.

If you're combining rye NEXT fall, we have a rye contract for September 2009. It should be an attractive option for many rye growers. You need to deliver a #2 CW to take advantage.

Enjoy your Thanksgiving with family and friends. With the economic crisis going on, we all still have loved ones to be thankful for.

## Be Grainwise!

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

### US Grain

Another rough week in commodities with grains and oilseeds suffering heavy losses in Friday's trade.

#### Soy Complex

Soybean values locked limit down in early trade and remained there. Weakness in equities and crude oil which traded \$8.89 lower to \$77.70/barrel weighed on the market. Adding to the woes of grains and oilseeds was today's USDA report (see Strategies). As trade drew to a close, there were 28,000 soybean contracts being offered at limit down on the NOV alone. Weekly bean exports came in better than expected at 602,400 t but offered little support in light of the overwhelming negativity which has gripped the markets. The market has few friends right now and fundamentals mean little when fear turns to panic.

NOV beans slammed 82 cents lower to \$9.10/bu while DEC meal dropped \$13.80 to \$256.00/t. DEC oil slumped 5.21 cents to 37.29 cents/lb.

#### Corn

There was no joy in corn either. A bearish USDA report put the exclamation point on another limit down day.

DEC corn closed 45¼ cents lower at \$4.08¼/bu. Like beans, there was a pool of unfilled sell orders offered at limit down. In this case, about 50,000 contracts just for the DEC.

Weekly exports were actually strong at 957,900 mt and did offer limited support Thursday but that all got washed away in Friday's stampede for the exits.

#### Wheat

The only positive about wheat markets is they weren't limit down Friday. However, they more than made up for that by falling harder earlier in the week.

DEC CBOT wheat closed down 76¾ cents to \$5.63½/bu while KCBT wheat dropped 65½ cents to \$6.05/bu. DEC MGE wheat skidded 62¾ cents lower to \$6.40/bu.

Weekly export sales came in at 512,000 mt with the year-to-date total now sitting at 645 mln bu. USDA has estimated annual sales at 1 bln bu.

### Canadian Grain

#### Oilseeds

You can be forgiven for NOT looking at a \$15.60/MT loss in NOV canola market as good news but, in the overall scheme of things, that doesn't look too bad. The only thing falling faster than commodities is the value of the Canadian dollar which is currently trading at .8443 cents on the DEC, a drop of 3¼ cents on the day. That weakness is at least in part responsible for canola comparatively better showing this week.

Unsubstantiated rumours of export interest by both China and Bangladesh lent limited support as did a slowdown in farmer selling as cash prices plummet.

However, expectations for a huge Canadian canola crop still hangs over the market and may become a more significant market factor when outside financial forces begin to be resolved.

#### Feedgrain

DEC barley also imploded, dropping another \$15.20 to \$170.10/MT. Weakness in corn and the realization there will be plentiful supplies of feed barley this year has turned this from a seller's, to a buyer's market. The weakness in our dollar is also welcome relief to cattle feeders and may encourage additional feeding this winter here on the prairies.

Edible pea prices have fallen like everything else but are holding up better than expected. Again, the lower dollar is playing a critical role in keeping our peas competitive in world markets.

## Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 08	\$414.40	\$430.00	↓ (\$15.60)
Jan 09	\$423.40	\$439.70	↓ (\$16.30)
Mar 09	\$432.30	\$449.60	↓ (\$17.30)
May 09	\$439.90	\$459.10	↓ (\$19.20)
Jul 09	\$447.60	\$467.90	↓ (\$20.30)
Nov 09	\$457.60	\$482.00	↓ (\$24.40)
Barley	This Week	Last Week	Diff +/-
Dec 08	\$168.50	\$185.30	↓ (\$16.80)
Mar 09	\$174.90	\$195.20	↓ (\$20.30)
May 09	\$189.30	\$200.70	↓ (\$11.40)
Jul 09	\$190.30	\$200.70	↓ (\$10.40)
Oct 10	\$190.30	\$200.70	↓ (\$10.40)

# Happy Thanksgiving!



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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,*

Recently, I've focused on the US credit crunch problem which is now affecting markets globally, so there's no sense in rehashing it other than to say the crisis in confidence still exists and may be worsening. Government bailout plans which have been proposed and passed around the world have failed to instill confidence in markets that seem to be in full panic mode. In fairness, these plans would take months before any tangible results could be expected. However, at the moment, the markets have the attention span of a two year old and want someone to fix these markets—NOW! That's not going to happen. Until this market psychology turns around, expect more of the same.

### USDA Report

Feeding the negative market psychology was today's USDA report which pegged this year's US corn production at 12.20 bln bu, slightly higher than the average pre-report estimate of 12.076 bln bu. Average yield was pegged at a very strong 154 bu/ac which made up for a slight downtick in seeded acreage. Bean production came in higher than expected at 2.983 bln bu. Average yield was reduced to 39.5 bu/ac but additional acreage made up the difference. Wheat production has been known for some time but there were negative surprises with carryout which got bumped from .552 bln bu to .601 bln bu. Similar increases were seen for beans and corn, with the former climbing from 1.138 bln to 1.154 bln bu and the latter from .188 bln bu to .220 bln bu.

Globally, news was no better with increases seen in beans and wheat. There was a slight reduction in corn but not enough to make a difference. All in all, a very tough week on the markets with who knows how much more to come.

## At The Bin

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

Grain	Price	When	Producer
Barley, 48 lb	\$3.10 FOB	Oct	Beauvallon
Barley, 48 lb	\$3.01 FOB	Oct	Edmonton
Barley, 49 lb	\$3.10 FOB	Oct-Nov	Bruce
Barley, 50 lb	\$3.27 del Ferintosh	Oct	Millet
Barley, 50 lb	\$3.21 FOB	Oct	Millet
Barley, 52 lb	\$3.36 FOB	Oct	Rollyview
Barley, 53 lb	\$3.21 FOB	Oct-Nov	Morinville
Barley, 48 lb	\$3.40 FOB	Oct	Olds
Canola	\$8.65 FOB	Oct	Olds
Peas, yellow	\$6.94 del Innisfail	Oct	Innisfail
Peas, yellow	\$6.75 del Edmonton	Oct	Falher
Peas, yellow	\$6.85 del Innisfail	Oct	Falher
Rye, #2	\$6.01 FOB	Sep 2009	Three Hills
Wheat, feed	\$5.00 FOB	Oct	Clive
Wheat, feed	\$5.25 del Lacombe	Oct-Jan	Ferintosh
Wheat, 14% prt	\$5.87 FOB	Dec-Jan	Gwynne
Wheat, 14% prt	\$5.75 FOB	Dec-Jan	Bawlf
Wheat, 13% prt	\$5.11 FOB	Dec-Jan	Falher

## Bid Board

*Buyers looking for grain (net prices)*

Grain	When	Location
Barley	October	\$3.44 del Coronation
Barley	Oct-Nov	\$3.68 del Lethbridge
Barley	Oct-Nov	\$3.19 del Vegreville
Barley	Jan-Mar	\$3.64 del Calgary
Barley	Jan-Mar	\$3.75 del Brooks
Barley	Jan-Mar	\$3.86 del Lethbridge
Wheat, 12.5% prt	Jan-Feb	\$5.11 del Red Deer
Wheat, feed	Jan-Feb	\$4.02 del Red Deer
Peas, yellow	Oct-Nov	\$6.39 del Three Hills
Peas, yellow	Oct-Nov	\$6.70 del Innisfail
Peas, yellow	Oct-Nov	\$6.39 del Wembley
Peas, gren	Nov-Dec	\$9.10 del Innisfail
Rye, #2 CW	September 2009	\$6.52 del Lethridge
Canola	October	\$8.73 del Lloydminster
Canola	January	\$8.68 del Fort Sask
Canola	January	\$8.98 del Lloydminster
Canola	March	\$9.08 del Fort Sask
Canola	March	\$9.18 del Lloydminster
Canola	November 2009	\$9.08 del Fort Sask
Oats, feed	Oct-Nov	\$2.02 del Wainwright
Oats, milling	January	\$2.61 del Martensville
Oats, milling	March	\$2.71 del Martensville
Oats, milling	April	\$2.58 del Barrhead
Oats, #2 CW	April	\$2.54 del Edmonton
Oats, #2 CW	May-Jun	\$2.74 del Edmonton
Oats, milling	July	\$2.88 del Martensville
Oats, milling	July	\$2.70 del Barrhead

## By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	\$91.30	\$97.85	↓ (\$6.55)
CME Live Hogs (DEC)	\$60.00	\$60.88	↓ (\$0.88)
CDN Dollar (DEC)	\$0.84	\$0.93	↓ (\$0.09)
Minneapolis Wheat (DEC)	\$5.63	\$6.39	↓ (\$0.76)
Kansas City Wheat (DEC)	\$6.05	\$6.70	↓ (\$0.65)
Chicago Oats (DEC)	\$2.78	\$3.14	↓ (\$0.36)
Diesel (spot, Edmonton)	\$1.14	\$1.15	↓ (\$0.01)
Crude/Oil (NOV)	\$80.90	\$95.50	↓ (\$14.60)

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