

## At Market Master

by Shelley Wetmore

October 17, 2008.....

Most of the grain being booked at this time is happening for two reasons:

1. Typical bill payments coming up
2. Inadequate bin space for this year's tremendous yields (on average)

Questions on every producer's mind now are, "What kind of prices are in store for the New Year? The summer? Why are inputs decreasing at the same rate prices are decreasing?"

If I had solid answers to this questions, believe me, I'd only be at work for a day or so, advising everyone with the exact answer. No one knows. The outlook of our economy remains quite pessimistic. Saturday morning, listening to "Money Talks", one analyst warned about rising interest rates—yet one more fly in the ointment that could have a devastating affect on all of us.

This leads me back to a topic I try to push on a consistent basis ... cost of production. If the economy does NOT turn around, it becomes that much more important to know, to the penny, at what level a "good" price for grain is on your individual farm. \$9.00/bu canola may turn a profit for some today, but what about NEXT fall if inputs don't decrease? What prices are even available for next year? The commodity markets are extremely volatile which makes forward pricing a risk for buyers as well. Time to do homework.

## Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Nov 08	\$408.00	\$414.40	↓ (\$6.40)
Jan 09	\$417.60	\$423.40	↓ (\$5.80)
Mar 09	\$426.80	\$432.30	↓ (\$5.50)
May 09	\$435.40	\$439.90	↓ (\$4.50)
Jul 09	\$442.90	\$447.60	↓ (\$4.70)
Nov 09	\$453.60	\$457.60	↓ (\$4.00)
Barley	This Week	Last Week	Diff +/-
Dec 08	\$166.10	\$168.50	↓ (\$2.40)
Mar 09	\$175.60	\$174.90	↑ \$0.70
May 09	\$181.10	\$189.30	↓ (\$8.20)
Jul 09	\$182.10	\$190.30	↓ (\$8.20)
Oct 10	\$182.10	\$190.30	↓ (\$8.20)

## Be Grainwise!

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

### US Grain

#### Soy Complex

NOV beans dipped 16 cents lower to \$8.94, breaking through the psychological \$9.00/bu barrier. Outside influences (see Strategies) had more to do with market direction than any fundamentals in the soy complex. DEC oil slipped 1.79 cents lower to 35.50 cents/lb while meal crawled into the black with a gain of \$2.20 to \$258.20/t.

Net sales of 1.028 mmt were at the high end of expectations and show recent price drops may be inspiring additional demand. However, the inability of importers to secure lines of credit is keeping some buyers on the sidelines.

Harvest delays in the Midwest, due to excessive moisture, was supportive but largely ignored in the face of global financial problems.

#### Corn

You can almost "copy and paste" soybean remarks into corn. The same outside factors which dominated beans were also at work in the corn pit. Weekly exports were strong at 975,200mt, exceeding pre-report expectations. Harvest delays were slightly supportive.

DEC corn dipped 5¼ cents to \$4.03/bu.

#### Wheat

DEC CBOT wheat crawled into positive territory, settling 2¾ cents higher at \$5.66¼/bu. MGE wheat saw similar action, climbing 1½ cents to \$6.40¾/bu. However, KCBT wheat lost a dime and closed at \$5.95/bu.

The cash price of SRW wheat has dipped below corn which is channeling more wheat into feeding rations.

Weekly sales of 435,600 mt were slightly disappointing but had limited effect on futures.

Reports of seeding delays in Kansas and army worm problems in Texas lent slight support to KCBT deferred contract but no one is panicking just yet.

### Canadian Grain

#### Oilseeds

Although our lower dollar cushioned canola's fall, the NOV contract still slipped \$6.40 lower to \$408.00/MT. Crush margins were exceptionally strong, encouraging crusher buying but foreign buyers are sitting on the sidelines in anticipation of a 12 mmt

prairie canola crop and even lower prices down the road.

The overriding factor remains the same as every other commodity—the general well being of the global economy and confidence (or lack of) in that economy.

#### Feedgrain

DEC barley slipped \$2.40/MT in sympathy with corn and the realization that a lot of barley and possibly feed wheat is stored on prairie farms. Good for feeders, not so good for grain producers.

In a move that surprised no one, the ICE delisted the feed wheat contract from the Winnipeg Commodity Exchange this week. The feed wheat contract has garnered absolutely no interest for some time so this move was entirely predictable.

## Employment Opportunity

Maintenance Worker! **University of Alberta**, Cooling Plant (Utilities). Full-time, temporary position, 3 to 6 months. Duties include: clean heat exchangers (brushing tubes); clean, wash, and paint plant equipment; and assist tradesmen. Qualifications include: high school education, attention to detail, organizational and time management skills, mechanical aptitude an asset. Salary range is \$19.35/hour. Send applications to:

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## Strategies

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

### Factors Affecting Our Prices

Outside factors continue to dominate trade in grains and oilseeds. Fundamentals and even technical considerations are cast aside as all eyes remain on Wall Street.

With the global economy in a state of flux, investors are in a rush to turn outstanding positions to cash. Despite efforts by governments around the world to stabilize the markets and, in particular, the credit crunch, most analysts feel we're still headed into a recession that may be mild and short or long and deep, depending upon who you listen to. Regardless, it isn't exactly an environment conducive to large rallies in commodities.

Weakness in crude oil, which traded below \$70/bbl, was also reflective of the bearish mood which currently pervades all markets. There are some analysts who feel now is the time to be making investments. They feel both stocks and commodities are trading below their fundamental value and are due for a bounce. Perhaps ... but most would like to see some sort of bottoming action before putting their money where their mouth is. So far, there are a lot of lookers but few takers and until that market psychology changes, we'll see more of the same.

One thing is certain—market psychology **will** change but when? The simple answer is—it will change when it changes and not a moment before and no one knows when that will be.

### Help Your Bottom Line

Until then, there are plenty of things producers can do to boost their bottom line.

1. First, ensure you have accurate figures on this year's inventory of crops for sale. Do a REALISTIC cost of production analysis for next year's crops. Believe me, there will be some sticker shock but you have to know exactly where you stand in order to make informed decisions.
2. For growers of unpriced canola, basis levels have improved dramatically in many locations. By locking-in an attractive basis level, you can take full advantage of any rally that might be in the offing.
3. For owners of CWB basis contracts where the futures have been locked but the basis remains open, keep on your toes. Basis levels along with the adjustment factor have been improving, although the weakening Canadian dollar has muted some of those gains. However, the lower dollar is a boon to grain exports as it makes our commodities that much cheaper for foreign buyers.
4. Edible pea prices have hit the skids lately but if the dollar remains low it should encourage additional sales resulting in higher prices down the road.
5. Keep an eye on input costs as well. Lower fuel prices and word that fertilizer prices are beginning to soften at the US Gulf warrant attention.

In short, do your homework. As much as many farmers detest office work, **time spent there will usually make you more money than any other endeavor on the farm!**

## Bid Board

*Buyers looking for grain (net prices)*

Grain	When	Location
Barley	Oct-Nov	\$3.75 del Lethbridge
Barley	Oct-Nov	\$3.75 del Lethbridge
Barley	Nov-Dec	\$3.68 del Lethbridge
Barley	Jan-Mar	\$3.60 del Calgary
Barley	Jan-Mar	\$3.68 del Brooks
Barley	Jan-Mar	\$3.79 del Lethbridge
Wheat, feed	Oct-Nov	\$5.11 del Lethbridge
Wheat, feed	Oct-Nov	\$4.84 del Olds
Wheat, feed	Nov-Dec	\$4.02 del Red Deer
Wheat, 12.5% prt	Nov-Dec	\$5.38 del Red Deer
Wheat, 12.5% prt	Jan-Mar	\$5.66 del Red Deer
Wheat, feed	Jan-Mar	\$4.29 del Red Deer
Peas, yellow	Nov-Dec	\$5.90 del Three Hills
Peas, yellow	Nov-Dec	\$6.20 del Innisfail
Peas, yellow	Nov-Dec	\$5.90 del Wembley
Peas, green	Nov-Dec	\$9.10 del Innisfail
Rye, feed	Nov-Dec	\$5.17 del Lethbridge
Rye, milling	September 2009	\$6.52 del Lethbridge
Canola	October	\$8.58 del Lloydminster
Canola	December	\$8.80 del Lloydminster
Canola	January	\$8.55 del Fort Sask
Canola	January	\$8.84 del Lloydminster
Canola	March	\$8.98 del Fort Sask
Canola	March	\$9.05 del Lloydminster
Canola	November 2009	\$9.30 del Fort Sask
Oats, #2 CW	Nov-Dec	\$2.75 del Lethbridge
Oats, milling	January	\$2.67 del Martensville
Oats, milling	March	\$2.76 del Martensville
Oats, milling	April	\$2.64 del Barrhead
Oats, #2 CW	April	\$2.54 del Edmonton
Oats, #2 CW	May-Jun	\$2.74 del Edmonton
Oats, milling	July	\$2.95 del Martensville
Oats, milling	July	\$2.77 del Barrhead

## By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	\$92.55	\$91.30	↑ \$1.25
CME Live Hogs (DEC)	\$56.30	\$60.00	↓ (\$3.70)
CDN Dollar (DEC)	\$0.85	\$0.84	↑ \$0.01
Minneapolis Wheat (DEC)	\$5.66	\$5.63	↑ \$0.03
Kansas City Wheat (DEC)	\$5.97	\$6.05	↓ (\$0.08)
Chicago Oats (DEC)	\$2.82	\$2.78	↑ \$0.04
Diesel (spot, Edmonton)	\$1.14	\$1.14	↔ \$0.00
Crude/Oil (NOV)	\$71.85	\$80.90	↓ (\$9.05)