

At Market Master

By Shelley Wetmore

January 23, 2009.....

We DID have a rally in canola earlier in the week, along with some strong basis levels offered by line companies, but by week's end, the rally quickly disappeared, an average drop of \$0.30 across the board. The consistent area where I see targets NOT being hit is producers set goals at the same levels as everyone else. Right now, \$10.00/bu at the bin seems to be the target of the day—for either spot or fall pickup. Don't follow the herd. Try targets (first of all, based on your own individual cost of production) that are different from others. For example, after your calculations are performed, perhaps a target of \$9.92 would be close enough to your marketing plan but far away enough from the norm to actually get hit. Remember, if everyone in your community has a \$10.00 target for canola, the buyer (on the other hand) may NOT want that target to hit if it encourages too much volume than they actually need.

Human edible peas increased this week with yellows over \$6.00 at the bin in most areas and good quality greens over \$8.00 at the bin. Space may be a limiting factor down the road so an average-up strategy may be on to consider, especially if you require movement prior to seeding.

See you at FarmTech next week!

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Mar 09	\$431.80	\$443.10	↓ (\$11.30)
May 09	\$439.70	\$450.90	↓ (\$11.20)
Jul 09	\$447.30	\$458.40	↓ (\$11.10)
Nov 09	\$451.50	\$465.80	↓ (\$14.30)
Jan 10	\$456.70	\$470.90	↓ (\$14.20)
Mar 10	\$459.70	\$474.90	↓ (\$15.20)
Barley	This Week	Last Week	Diff +/-
Mar 09	\$149.90	\$149.80	↑ \$0.10
May 09	\$157.70	\$157.40	↑ \$0.30
Jul 09	\$162.20	\$161.90	↑ \$0.30
Oct 09	\$162.20	\$161.90	↑ \$0.30
Oct 10	\$162.20	\$161.90	↑ \$0.30

Be Grainwise!

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

US Grain

Soy Complex

A tug-of-war between market fundamentals (bullish) and outside markets (bearish) kept bean futures in a state of flux. Drought in South America (see Strategies) has been giving beans some upward momentum but concern over how the global recession may impact future demand hammered down any potential upside breakout.

From a technical standpoint, recent action has been futures in a sideways trend with tighter spreads between the lows and highs. This action suggests that when futures do break out of this trend, it could be a violent move. The problem is no one knows whether it will be to the upside or the downside.

Recent bean exports have been strong with this week's numbers well over pre-report estimates at 1.324 mmt.

MAR beans dipped 3 cents to \$10.09/bu, while meal pushed \$2.30t higher to \$318.30/t. MAR oil slipped .99 cents to 33.60 cents/lb.

Corn

Trade was active during the week but closed largely unchanged. MAR corn slipped just ½ cent to \$3.90½/bu.

Recent weekly export totals have been anemic so this week's total of 1.086 mmt (which doubled private estimates) caught the market totally off guard. Lack of rain in Argentina also provided upward momentum but, in the end, it was the overall economic uncertainty which held sway, pulling futures back to unchanged.

I suspect the prospect of being long either corn or beans over the weekend with varying amounts of rain forecast for Argentina also contributed to the late week sell-off.

Wheat

Even wheat exports which have been dismal showed some spunk coming in at 410,300 mt. While not huge, it was a dramatic improvement over recent totals.

However, like beans and corn, it became a battle between bullish grain fundamentals (see Strategies) and bearish outside market influences.

When the smoke cleared Friday, little had changed. MAR CBOT wheat closed 4½ cents higher at \$5.82¾/bu while KCBT wheat settled at \$6.12/bu a rise of just 3 cents. MAR MGE wheat fared best of all closing 8 cents higher at \$6.60¾/bu.

Canadian Grain

Oilseeds

Losses in canola this week were much more significant than in beans. The relative weakness of the oil complex, along with fears of a cut-back in Chinese buying during the week of the Chinese New Year, sent futures lower. A slightly stronger dollar also weighed on prices as did the realization that prairie producers continue to sit on a record canola crop—much of it still unpriced.

MAR futures slid hard, down \$11.30 to \$431.80/MT.

Feedgrain

Cash barley bids have stabilized for the moment with steady demand being met with willing sellers. Futures saw similar action with the MAR inching a dime higher to \$149.90/MT.

Edible pea bids have started to move higher at most locations. We've seen a rise of 50 to 75 cents over the past week. Shop around.

Visit Market Master Booth # 72



FarmTech 2009

Global Perspectives... Local Knowledge

January 28 to 30, 2009

Mayfield Inn & Suites Edmonton, Alberta



"Your grain watchdog."

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

This publication may not be reproduced without permission by Market Master Ltd.

Strategies

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

Will We Bounce Back?

Volatile markets were once again the order of the day in Chicago grain and oilseed markets.

Beans

Drought concerns in Argentina and Brazil are starting to be taken seriously. Private forecasters are predicting a 17% cut in production (41 mmt) since the January 12th USDA projection.

Corn

There's a similar picture forming for corn where drought is now expected to cut Argentine production by as much as 14%. Again, this is since the January 12th USDA report. When one considers that typically Argentina produces 21% of the world corn crop, this is a significant amount of production.

The forecasts have been very schizophrenic down there. The morning forecast will show increased chances of precipitation and the noon forecast will take it back out. To-date, what rain has fallen has been scattered and in amounts insufficient to sustain optimal growth.

Winter Wheat

Notice is also being paid to the growing drought situation in China. Some analysts were also speculating as to the possible damage that sub-zero temperatures could have on the Chinese winter wheat crop (which is largely unprotected through a lack of snow). Accurately gauging damage to winter wheat while the crop is still dormant is, in my opinion, a very difficult thing to do. However, it hasn't stopped the USDA from pegging the Texas winter wheat crop at just 16% good-to-excellent. Again, dry weather is the culprit.

Recovery?

From a fundamental point of view, there ARE reasons for grains to rally but supply/demand issues are not the traders' only focus. Overall global economic indicators play as large a role in determining market direction as grain fundamentals do. On that front, the news wasn't particularly encouraging this week. The much anticipated "Obama Bounce" failed to materialize and the stock market has been struggling all week. Crude oil was also lower for most of the week adding downward pressure to the market. Nevertheless, look for rain (or lack of) to set the early tone in Chicago on Monday.

Have You Priced Any Fall Barley Yet?

Don't worry, already anyone has. Bids are simply not available yet. Typically, here at Market Master, once the producer is combining in October or November, we're booking feed barley for the following fall. Well, it's the end of January and not a single bid out there yet. Perhaps it's time to hunker down and set targets. If buyers have firm offers, they may be more inclined to step up to the plate. Forward your GPOs soon.

Farmer of the Year 2007-2008

Congratulations go out to Doug Clemens, Clemalta Farms, in Mossleigh, Alberta. Doug has earned our recognition by using a variety of grain marketing tools to move grain, oilseeds, and peas from the farm to the market in the best possible manner for his farming operation. Good job!



Record 2008 Crop Production in Alberta

From AAFRD

Based upon StatsCan's *November Estimate of Production of Principal Field Crops, Canada, 2008*, total production of principal field crops in Alberta in 2008 reached a record 30.27 million tonnes.

"Total provincial crop production in 2008 was 13% higher than in 2007, and 29% above the 10-year average," says Chuanliang Su, crop statistician, AAFRD. "This was mainly the result of improved crop growing conditions and the larger seeded and harvested area, compared to 2007 and their 10-year averages."

Total production of **spring wheat** jumped 39%, to 7.27 million tonnes in 2008, due to an increase in harvested area and higher yields. Total harvested area increased 18% to 5.66 million acres. The provincial average yield is 47.3 bu/ac, up 18 from 2007. **Durum** production jumped to 1.08 million tonnes (61% higher than in 2007), as both yields and harvested area increased significantly. The provincial average yield is 43.0 bu/ac, up 33% and harvested area increased 21% to 0.92 million acres.

"Similarly, due to a larger harvested area and improved yields, total production of **winter wheat** more than doubled the 2007 production, reaching 0.39 million tonnes," says Su. "Overall, total production of all wheat increased 44% from 2007, to a record 8.74 million tonnes."

Total **barley** production is at 5.45 million tonnes, up 7% from 2007 and 9% above the 10-year average. The provincial average yield for barley is estimated at 66.7 bu/ac or 21% higher than in 2007, while harvested area fell 12%. Total **oat** production, estimated at 0.54 million tonnes, is down 14% and 23% below the 10-year average. Lower production is due to a 19% reduction in harvested acreage, as a result of competition for land from other crops. The provincial average yield is estimated at 70.2 bu/ac or 7% higher than in 2007.

Canola reached 4.32 million tonnes, 27% higher than 2007 and 65% above the 10-year average. The marked increase is due to record harvested area and higher yields. Total harvested area was up 3% to 5.17 million acres. With respect to yield, the provincial average is estimated at 36.9 bu/ac or 23% higher than in 2007.

Production of dry **peas** in 2008 jumped 39% to a record 0.73 million tonnes. This stems from a combination of higher yields and record harvested area. The provincial average yield is estimated at 38.4 bu/ac or 18% higher than in 2007. The harvested area increased 18% to a record 0.70 million acres.

CWB January 2008-09 Average PRO

	JAN PRO	Alberta		Sask		BC	
		Average Deduc	Average Return	Average Deduc	Average Return	Average Deduc	Average Return
Wheat							
1 CWRS 14.5	\$8.85	\$1.45	\$7.40	\$1.66	\$7.19	\$1.36	\$7.49
1 CWRS 13.5	\$8.36	\$1.45	\$6.91	\$1.66	\$6.70	\$1.36	\$7.00
1 CWRS 12.5	\$8.08	\$1.45	\$6.63	\$1.66	\$6.42	\$1.36	\$6.72
1 CWRS 11.5	\$7.81	\$1.45	\$6.36	\$1.66	\$6.15	\$1.36	\$6.45
2 CWRS 13.5	\$8.08	\$1.45	\$6.63	\$1.66	\$6.42	\$1.36	\$6.72
2 CWRS 11.5	\$7.57	\$1.45	\$6.12	\$1.66	\$5.91	\$1.36	\$6.21
3 CWRS 13.0	\$7.67	\$1.45	\$6.22	\$1.66	\$6.01	\$1.36	\$6.31
3 CWRS	\$7.24	\$1.45	\$5.79	\$1.66	\$5.58	\$1.36	\$5.88
4 CWRS	\$6.91	\$1.45	\$5.46	\$1.66	\$5.25	\$1.36	\$5.55
1 CWHW 13.5	\$8.36	\$1.45	\$6.91	\$1.66	\$6.70	\$1.36	\$7.00
1 CPSR	\$7.02	\$1.45	\$5.57	\$1.66	\$5.36	\$1.36	\$5.66
1 CPSW	\$7.02	\$1.45	\$5.57	\$1.66	\$5.36	\$1.36	\$5.66
1 CWRW Select 11.5	\$7.29	\$1.45	\$5.84	\$1.66	\$5.63	\$1.36	\$5.93
1 CWRW	\$6.75	\$1.45	\$5.30	\$1.66	\$5.09	\$1.36	\$5.39
1 CWES	\$7.54	\$1.41	\$6.13	\$1.65	\$5.89	\$1.36	\$6.18
1 CWSWS	\$6.18	\$1.45	\$4.73	\$1.66	\$4.52	\$1.36	\$4.82
CW Feed	\$5.33	\$1.45	\$3.88	\$1.66	\$3.67	\$1.36	\$3.97
Durum							
1 CWAD 14.5	\$10.10	\$1.47	\$8.63	\$1.57	\$8.53	\$1.35	\$8.75
1 CWAD 13.0	\$9.80	\$1.47	\$8.33	\$1.57	\$8.23	\$1.35	\$8.45
1 CWAD 12.5	\$9.72	\$1.47	\$8.25	\$1.57	\$8.15	\$1.35	\$8.37
1 CWAD 11.5	\$9.63	\$1.47	\$8.16	\$1.57	\$8.06	\$1.35	\$8.28
2 CWAD 13.0	\$9.44	\$1.47	\$7.97	\$1.57	\$7.87	\$1.35	\$8.09
2 CWAD 11.5	\$9.31	\$1.47	\$7.84	\$1.57	\$7.74	\$1.35	\$7.96
3 CWAD 13.0	\$9.04	\$1.47	\$7.57	\$1.57	\$7.47	\$1.35	\$7.69
3 CWAD	\$8.85	\$1.47	\$7.38	\$1.57	\$7.28	\$1.35	\$7.50
4 CWAD	\$8.19	\$1.47	\$6.72	\$1.57	\$6.62	\$1.35	\$6.84
5 CWAD	\$5.33	\$1.47	\$3.86	\$1.57	\$3.76	\$1.35	\$3.98
Feed Barley							
1 CW Pool A	\$4.07	\$1.24	\$2.83	\$1.49	\$2.58	\$1.17	\$2.90
1 CW Pool B	\$3.53	\$1.24	\$2.29	\$1.49	\$2.04	\$1.17	\$2.36
Designated Barley							
SS CW 2-row	\$6.97	\$1.27	\$5.70	\$1.47	\$5.50	\$1.23	\$5.74
SS CW 6-row	\$6.53	\$1.27	\$5.26	\$1.47	\$5.06	\$1.23	\$5.30

CWB January PRO Commentary

Wheat

US wheat futures markets moved slightly higher over the past month, despite limited export demand for American wheat since the beginning of January. Export values for US wheat remain significantly higher than alternate origins, limiting export business. American farmers have been slow to sell grain due to cold weather in the Northern Plains. Two weeks ago, US future prices peaked at their highest levels since early October but have since dropped off significantly. A January 12 report from the USDA indicated that US and world stocks are increasing, which pressured the market. Reports that U.S. winter-wheat acreage has declined by 3% from last year's plantings limited support.

International wheat prices continued to decline as pressure from the Southern Hemisphere harvest pushed prices lower. Aggressive competition from Black Sea and European grain has continued to be a factor in many markets due to continued low ocean freight rates. Import demand remains relatively good, despite the global economic recession. In the coming months, the focus of international markets will increasingly turn to new-crop prospects.

Durum

Recent CWB sales have positively contributed to the PRO despite bearish market fundamentals. The weaker Canadian dollar and lower ocean freight rates also provided support. Internationally, pressure from large European durum supplies continues to be a primary market factor. In addition, major buyers are continuing to purchase for nearby needs primarily. The decline in the Euro versus the US dollar over the past month has also pressured prices. Desert durum acreage in the US is 15% lower than last year, but still above the five-year average.

Feed barley

The largest world barley crop in more than 10 years continues to pressure the international barley market. The global economic recession is lowering feed demand which is pushing prices lower. Barley demand is also being negatively affected by large supplies of feed wheat in Europe and the Black Sea region. Corn futures prices have increased slightly but have been pressured in the past week by limited export demand and increasing estimates for world ending-stocks.

Designated barley

Malting barley is unchanged with a large portion of the pool now priced. International malt barley prices remained mostly unchanged but buyers continue to cover nearby needs only. The weakening of the Euro is increasing the competitiveness of European exports and pressuring global prices. Australian competition is pressuring prices in the short term, but below-average supply of good malting barley from Australia should limit the price downside as the year continues.

Flax

In case you haven't noticed, flax prices for delivery into Edmonton has increased lately where we're now at \$11.50/bu. It may be a crop to consider for this spring's seeding. Compare the yield for your area and some of the "difficulties" that come with oilseed during/after harvest against canola, for example.

Rye and Triticale

We have buyers anxiously looking for firm offers from farmers for rye and triticale to be harvested in August through October. If these crops are on your agenda, all with targets in mind.

Classifieds

For sale: If you're looking for certified seed, contact Dave at **Bright's Seeds** in New Norway @ (780) 855-2240:

- Certified CDC Copeland barley: \$8.50/bu
- Certified CDC Cowboy barley: \$8.25/bu
- Certified CDC Coalition barley: \$8.50/bu
- Certified AC Crystal wheat: \$10.00/bu
- Certified Harvest wheat: \$10.75/bu

Wanted: SuperB trailers. Phone Rix Farms at (780) 352-1674 or (780) 352-1209.

Got ergot? A short drive to Wetaskiwin may be the solution. Call Laverne Buchert at (780) 387-1257. He'll put your wheat through a gravity table at 450 bu/hour.

For sale: seed oats, 96% germination, contact Dennis in Lac La Biche at (780) 623-7709.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.01 FOB	Jan-Feb	Mundare
Barley, 50 lb.	\$3.01 FOB	Jan	Athabasca
Barley, 48 lb	\$3.01 FOB	Feb	Calahoo
Barley, 50 lb	\$3.01 FOB	Feb	Stony Plain
Barley, 50 lb	\$3.01 FOB	Feb	Vegreville
Barley, 52 lb	\$3.01 FOB	Feb	Thorsby
Barley, 54lb	\$3.01 FOB	Mar	Vermilion
Barley, 54 lb	\$3.01 FOB	Feb	Leduc
Canola	\$9.58 FOB	Nov	Boyle
Peas, feed	\$6.01 FOB	Jan-Feb	Camrose
Peas, feed	\$5.11 FOB	Jan	Falher
Peas, feed	\$6.10 FOB	Jan-Feb	Mossleigh
Peas, green, 8%	\$8.15 FOB	Feb	Camrose
Peas, green, damage	\$7.01 FOB	Feb	Sedgewick
Peas, green, 20%	\$7.15 FOB	Feb	Galahad
Peas, yellow	\$6.10 FOB	Feb	Stettler
Wheat, feed	\$4.70 del Lacombe	Feb	Clive

Communities Wanted

The Alberta Community and Co-operative Association (ACCA) seeks rural communities interested in exploring the potential for co-operative innovation. With funding from the Rural Alberta Development Fund, ACCA has launched a Rural Co-operative Outreach and Development Project. The project enables rural Alberta communities to identify ways to apply the versatile cooperative model to their situation.

The appearance of new and innovative co-operatives is just being recognized:

- ◆ In a rural community where eldercare may be an issue, a co-operative could provide the means to quality care at a reasonable cost.
- ◆ Funeral co-operatives provide not only cost effective access to funeral services but help member families plan for the inevitable.
- ◆ New Generation Co-operatives provide agricultural producers with a means to profit from the value-added sector by marketing their products through their co-operatives. They create employment for the community in which the co-op is located.

For interested groups, ACCA will work to identify co-operative solutions for their community. If the community chooses to develop a co-operative, ACCA will help link them to services to complete their co-operative development. Two communities will be selected as a part of a further initiative that provides the funding for the full range of co-operative development stages through to implementation.

For further information, contact Richard Stringham, PAg, Director of Co-operative Development, ACCA, (780) 963-3766 or Email at coopdev@acca.coop.

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Feb	\$3.49 del Lethbridge
Barley	Mar	\$3.01 FOB Edmonton
Wheat 12.5% prt	Jan	\$4.57 FOB Edmonton
Wheat, feed	Feb	\$4.70 del Wainwright
Wheat, 12.5% prt	Feb-Mar	\$4.84 del Lacombe
Wheat, feed	Feb-Mar	\$4.70 del Lacombe
Wheat, 12.5% prt	Feb-Mar	\$4.43 FOB Edmonton
Wheat, feed	Feb-Mar	\$4.43 FOB Edmonton
Wheat, 12.5% prt	Mar-Apr	\$4.84 del Red Deer
Wheat, feed	Apr-Jun	\$4.29 del Red Deer
Peas, yellow	Feb-Mar	\$6.40 del Innisfail
Peas, green	Feb-Mar	\$8.50 del Innisfail
Peas, green 10% bleach	Feb-Mar	\$8.00 del Innisfail
Peas, green 20% bleach	Feb-Mar	\$7.70 del Innisfail
Peas, feed	Feb-Apr	\$6.06 FOB Edmonton
Flax, milling	Feb-Mar	\$11.50 del Edmonton
Canola	January	\$9.39 del Lloydminster
Canola, heated 25%	Feb-Mar	\$6.67 del Edmonton
Canola, heated 40%	Feb-Mar	\$6.10 del Edmonton
Canola	March	\$9.48 del Fort Sask
Canola	March	\$9.28 del Lloydminster
Canola	March	\$9.46 del Joffre
Canola	July	\$9.52 del Fort Sask
Canola	July	\$9.68 del Joffre
Canola	Nov	\$9.75 del Joffre
Canola	Dec	\$9.66 del Fort Sask
Oats, feed	Jan-May	\$2.04 FOB Wetaskiwin
Oats, feed	Feb	\$2.28 del Lethbridge
Oats, milling	March	\$2.01 del Martensville
Oats, milling	April	\$1.91 del Barrhead
Oats, #2 CW	Jun-Jul	\$2.19 del Edmonton
Oats, milling	July	\$2.18 del Martensville
Oats, milling	July	\$2.03 del Barrhead
Oats, milling	Nov	\$2.34 del Martensville
Oats, milling	Nov	\$2.18 del Barrhead

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (FEB)	\$82.68	\$84.45	↓ (\$1.77)
CME Live Hogs (FEB)	\$58.93	\$59.90	↓ (\$0.97)
CDN Dollar (MAR)	\$0.81	\$0.80	↑ \$0.01
Minneapolis Wheat (MAR)	\$5.82	\$5.80	↑ \$0.02
Kansas City Wheat (MAR)	\$6.10	\$6.09	↑ \$0.01
Chicago Oats (MAR)	\$2.15	\$2.22	↓ (\$0.07)
Diesel (spot, Edmonton)	\$0.74	\$0.74	→ \$0.00
Crude/Oil (FEB)	\$46.55	\$36.40	↑ \$10.15