

At Market Master

By Shelley Wetmore

January 30, 2009.....

FarmTech, sold out a couple of weeks ago, was again a huge success and organizers estimated attendance around 1,300. But, a review of most grain prices during the show didn't put a big smile on anyone's face.

Canola dropped most of the week and even went below \$9.00/bu. Only due to narrow basis available did the price NOT stay there. To top it off, rumours were plentiful that 4600 is on its way up again.

Which leads me to reflect on past canola prices. The \$8.00 to \$9.00 range IS a historically good price over the past 10 to 15 years. Yes, we all realize inputs are higher.

BUT, remember, the funds and speculators that greatly influence the futures markets don't care about the cost of inputs. In fact, they don't care if farmers make a profit or not. Their goal is to make money speculating, on the buying and selling of futures contracts. They make use of technical analysis.

They could give a hoot if rising fertilizer costs have any affect whatsoever on a farmer's bottom line. Really, they're probably speculating on fertilizer companies and making money on that as well.

Know your cost of production. Most estimates are that 90% or more grain producers do not know their COP.

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Mar 09	\$419.70	\$431.80	↓ (\$12.10)
May 09	\$427.50	\$439.70	↓ (\$12.20)
Jul 09	\$434.50	\$447.30	↓ (\$12.80)
Nov 09	\$442.90	\$451.50	↓ (\$8.60)
Jan 10	\$451.80	\$456.70	↓ (\$4.90)
Mar 10	\$454.90	\$459.70	↓ (\$4.80)
Barley	This Week	Last Week	Diff +/-
Mar 09	\$139.70	\$149.90	↓ (\$10.20)
May 09	\$146.10	\$157.70	↓ (\$11.60)
Jul 09	\$150.70	\$162.20	↓ (\$11.50)
Oct 09	\$150.70	\$162.20	↓ (\$11.50)
Oct 10	\$150.70	\$162.20	↓ (\$11.50)

Be Grainwise!

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

US Grain

Soy Complex

It was a down week in markets across the board. A sour economic outlook, globally, battled with production cuts in Argentina and parts of Brazil to gain the market's attention (see Strategies). The poor economic outlook won out.

MAR beans settled 29 cents lower at \$9.80/t while MAR meal dropped \$7.30 to \$311/t. Oil slipped .87 cents lower to 32.73 cents/lb.

After weeks of stellar bean export totals, this week's 526,100 mt fell towards the low end of expectations and pushed the market lower. However, the fact that China, one of the strongest US bean buyers, was essentially out of the market due to the Lunar New Year's celebrations, this week's total should hardly have been a surprise. Next week's figure is likely to be somewhat lower than usual for the same reason.

On a positive note the weaker US dollar did offer some support.

Corn

Unlike beans, corn sales were very strong at 1.107 mmt. That is well above the 695,100 mt needed on a weekly basis to meet current USDA projections. However, what trader's want to see is a trend to higher sales and not just a one-shot-wonder.

Also providing limited support is the perception that US corn acres will be diminished this spring.

Capping the market and, in fact sending it lower, was the fear that permeates all markets these days—the very real possibility of protracted global recession.

Wheat

A weaker US dollar and drought-like conditions in the US Southern plains (Texas) which is stressing the HRW wheat crop were the only positive factors supporting this week's wheat market.

An abysmal export figure of just 23,500 mt fell well below the 264,000 mt needed to meet the current USDA yearly projection of 1 bln bu of yearly exports.

MAR CBOT wheat slipped 14¾ cents lower to \$5.68/bu while KCBT wheat drifted 11½ cents lower to \$5.99/bu. MGE wheat fared best settling just 8¾ cents lower at \$6.52/bu.

Canadian Grain

Oilseeds

MAR canola traded in lock-step with other vegoil markets this week, dropping \$12.10 lower to \$419.70/MT.

Lower crude oil prices, along with a stronger Canadian dollar, combined to pressure futures.

Early acreage estimates from Agriculture Canada suggest prairie producers may once again be looking to seed another huge canola crop while continuing to hold much of last year's record production.

Lack of a Chinese presence in the export market also weighed on futures. Lack of farmer selling (as cash bids dip towards \$9.00/bu) offered limited support.

Feedgrain

MAR barley sagged \$10.20 to \$139.70/MT in sympathy with lower corn prices. Plentiful supplies and reluctant buyers are keeping cash barley bids in check.

Renewed buying interest from India is pushing edible pea bids higher. Shop around.

Canada

Yes, there's information about agriculture. Be informed.
www.budget.gc.ca



"Your grain watchdog."

8543 - 75 Avenue
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Strategies

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Why Care About Argentina Weather?

Traders are in a quandary as to what to make of the Argentinean situation. Some rain was received over the past weekend and into the early part of the week. There were some local pockets of substantive rain but overall precipitation was scattered with most areas receiving limited amounts. The temperatures have moderated somewhat but with officials describing the drought as the worst in 70 years, there's no doubt there will be substantive cuts in production.

The reason it's difficult to get a read on just what production will be is that geographically Argentina is very long (north/south) and narrow (east/west). The extreme length means the bean crop is in different stages throughout the country. Rains would be too late in some areas but still quite beneficial in others. Adding to trader's consternation is that weather forecasts have been unreliable and tend to change not only from day to day but from hour to hour.

The reason the market is paying so much attention to this drought is that Argentina is a major player in the world export market of both beans and corn. They are the 2nd largest exporter of corn (behind the U.S.) and the 3rd largest exporter of beans.

The Credit Crunch

The inability of some prospective buyers to obtain credit in this economy continues to be a concern.

Fears that the new US administration may be heading towards protectionist measures (made in America policies) that could spark retaliatory actions by other countries and have us heading down the road towards a global trade war. Rhetoric about tearing up trade agreements or shutting the borders to foreign competition may play well to economically-strapped areas of the country during an election campaign but once in power most governments pull in their horns when the reality of what these policies could mean to the entire economy becomes evident. Time will tell with this administration.

Fear and Greed

There are two basic human emotions that dictate activity in any market. Fear and greed. Of these, fear is stronger. That's why market peaks tend to be very short-lived while market bottoms can be more protracted.

We're now entering the "February Break". It's a time when prices tend to drift lower before rallying again into spring. There's no particular fundamental reason for this break but, psychologically, just the fact that it exists puts traders on edge. When this negative market sentiment will change is anyone's guess but any rally has to be considered a selling opportunity within an overall bear market.

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Feb	\$3.14 del Peers
Barley	Feb	\$3.45 del Lethbridge
Barley	Feb-May	\$3.97 del Vancouver
Barley	Mar	\$3.01 FOB Edmonton
Wheat 12.5% prt	Feb	\$4.57 FOB Edmonton
Wheat, 12.5% prt	Feb-May	\$6.06 del Vancouver
Wheat, feed	Mar	\$4.51 FOB Edmonton
Wheat, 12.5% prt	Mar	\$4.51 FOB Edmonton
Wheat, 12.5% prt	Apr-Jun	\$4.84 del Red Deer
Wheat, feed	Apr-Jun	\$4.29 del Red Deer
Peas, yellow	Feb-Mar	\$6.25 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, heated 30%	Feb	\$6.97 del Vancouver
Canola	Feb	\$9.23 del Lloydminster
Canola	March	\$9.20 del Fort Sask
Canola	March	\$9.01 del Lloydminster
Canola	March	\$9.19 del Joffre
Canola	July	\$9.33 del Fort Sask
Canola	July	\$9.39 del Joffre
Canola	Nov	\$9.55 del Joffre
Canola	Dec	\$9.35 del Fort Sask
Oats, feed	Feb	\$2.28 del Lethbridge
Oats, feed	Feb-May	\$2.04 FOB Wetaskiwin
Oats, milling	March	\$1.87 del Martensville
Oats, milling	April	\$1.81 del Barrhead
Oats, #2 CW	Jun-Jul	\$2.19 del Edmonton
Oats, milling	July	\$2.07 del Martensville
Oats, milling	July	\$1.92 del Barrhead
Oats, milling	Nov	\$2.23 del Martensville
Oats, milling	Nov	\$2.08 del Barrhead

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.25 FOB	Feb	Mossleigh
Barley, 48 lb.	\$3.01 FOB	Jan	Beauvallon
Barley, 50 lb	\$3.01 FOB	Feb	Colinton
Barley, 52 lb	\$3.01 FOB	Jan-Feb	Edberg
Barley, 52 lb	\$3.00 FOB	Feb	Lavoy
Peas, yellow	\$6.40 del Innisfail	Mar	Consort
Wheat, feed	\$4.51 FOB	Feb	Edberg

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (FEB)	\$81.98	\$82.68	↓ (\$0.70)
CME Live Hogs (FEB)	\$58.55	\$58.93	↓ (\$0.38)
CDN Dollar (MAR)	\$0.82	\$0.81	↑ \$0.01
Minneapolis Wheat (MAR)	\$5.68	\$5.82	↓ (\$0.14)
Kansas City Wheat (MAR)	\$6.00	\$6.10	↓ (\$0.10)
Chicago Oats (MAR)	\$2.04	\$2.15	↓ (\$0.11)
Diesel (spot, Edmonton)	\$0.72	\$0.74	↓ (\$0.02)
Crude/Oil (FEB)	\$41.80	\$46.55	↓ (\$4.75)