

At Market Master

By Shelley Wetmore

February 6, 2009.....

If you observed canola basis levels this week, you've seen a supply/demand scenario in action. Basis levels across the province "narrowed" to encourage producer selling. When was the last time you can remember when and elevator or crusher representative called you to offer a zero or positive basis on canola? Not for a while, especially if your farm is in central or northern Alberta.

Why are canola basis narrow right now? Demand is high and producers have NOT been delivering canola due to lower prices. So, to encourage delivery, buyers are offering narrow basis to improve the price it also helped that the ICE futures experienced a bit of a rally this week.

Many producers took advantage of locking-in canola this week—either just the flat price or some just locked-in a narrow basis. Many had GPOs (targets) hit because of the timely combination of narrow basis and increasing futures.

Remember, once the demand has been filled, it's VERY likely these narrow basis opportunities will disappear.

It's probable we'll see canola futures continue to climb but it would be a better result if you had a narrower basis to go along with it ...

Be Grainwise!

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

US Grain

Soy Complex

Although China remains pretty much out of the export market due to New Year's celebrations, this week's bean sales figure came in at a respectable 336,600 mt. Nothing great, but more than enough needed on a weekly basis to meet current USDA annual projections.

MAR beans closed 21 cents higher at \$10.01/bu while meal pushed \$6.30/t higher to \$317.30. MAR oil climbed .67 cents higher to 33.40/t.

Weather conditions in Argentina (see Strategies) and to a lesser extent Brazil, continue to be a primary focus for traders. However, a never ending supply of bad news such as today's unprecedented job loss figures on both sides of the border continue to put a cap on rallies.

Corn

Although weekly corn exports came in at a stellar 1.164 mmt, MAR futures were unable to keep their head above water and finished the week down 1¾ cents at \$3.77¼/bu.

The trade is expecting the USDA to raise US corn carryout stocks to 1.825 bln from the January figure of 1.79 bln bu. The possibility of ending stocks of this magnitude is keeping futures in check.

However, the drought in Argentina is taking a bite out of the corn crop down there as well. Uncertainty of the size of the loss is keeping a floor under corn futures—at least for now.

Wheat

Drought concerns in China (reports say 60% of their winter wheat crop has been affected) are being added to those of Argentina and the US Southern Plains. And although there is the potential for global wheat stocks to decline, the market doesn't seem too worried about the prospect just yet.

There *IS* tightness in the higher quality wheat which may explain why MAR MGE wheat closed 2¾ cents higher at \$6.54¾ /bu while CBOT and KCBT lost 11 cents and 14½ cents

respectively to close at \$5.57/bu and \$0.86½/bu.

Weekly exports came as expected at 326,800 mt and did little to move the market.

Canadian Grain

Oilseeds

MAR canola closed \$9.90 higher at \$429.60/MT.

Steady Chinese demand helped offset a generally bearish StatsCan canola stocks (as of Dec 31st) figure of 9.1 mmt. This figure is hardly a surprise and, to a large extent, was already factored into the market. Slow farmer selling when futures tanked last week helped push futures higher and basis levels lower. A generally weak Canadian dollar lent support.

Feedgrain

News that the CWB will again be exporting malt barley through their Cash Plus program helped push MAR barley futures \$5.90 higher to \$145.60/MT.

Although prices will be significantly lower than what was achieved in the "pool" which benefited from sales at higher prices made earlier in the year, returns to growers should still be significantly higher than current feed values. Obviously, any barley than can be exported takes reduces stocks of feed barley here at home.

*My wife sat down on the couch
next to me as I was flipping
channels.*

*She asked, "What's on TV?"
I said, "Dust."*

And then the fight started...



"Your grain watchdog."

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Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Mar 09	\$429.60	\$419.70	↑ \$9.90
May 09	\$437.40	\$427.50	↑ \$9.90
Jul 09	\$444.30	\$434.50	↑ \$9.80
Nov 09	\$449.80	\$442.90	↑ \$6.90
Jan 10	\$458.50	\$451.80	↑ \$6.70
Mar 10	\$461.50	\$454.90	↑ \$6.60
Barley	This Week	Last Week	Diff +/-
Mar 09	\$145.60	\$139.70	↑ \$5.90
May 09	\$152.10	\$146.10	↑ \$6.00
Jul 09	\$156.70	\$150.70	↑ \$6.00
Oct 09	\$156.70	\$150.70	↑ \$6.00
Oct 10	\$156.70	\$150.70	↑ \$6.00

Strategies

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

Soy Concerns

After a week of cool, damp weather over Argentina, forecasts have turned dryer and hotter for next week. Possible strikes by agricultural producers there helped push soybean futures higher. Although farm leaders insist this work action would not lead to roadblocks like we saw last week, it's apparent Argentinean farmers are dissatisfied with the current government of Christine Fernandez. Remember, last spring, her government slapped heavy export taxes on soybeans among other things to keep prices low domestically. The policy was a disaster but many farmers believe it prevented them from cashing in on historically high prices—prices that could have carried them through the current drought and economic downturn. Now that farmers are feeling the pinch, the government says there's no money to assist their current plight.

Meanwhile, early bean harvest results in Brazil have been disappointing. Soybeans are planted in late October through early December. At the time, fertilizer prices were sky high and soil moisture was depleted, resulting in poor early stands. Later rains erased much of the earlier concern but perhaps that poor start is coming home to roost. CONAB, the Brazilian reporting agency, trimmed the Brazilian bean crop from the January estimate of 57.8 mmt to 57.2 mmt. Time will tell. Next week's USDA S/D report should be an interesting one.

Cost of Production (COP)

I read it's estimated 90% of prairie producers fail to do any detailed cost of production analysis. I hope Grainwise readers perform this exercise. If not, it's never too late to start.

The ideal way to do this is with a computer where you can quickly do "what if" scenarios. Shelley has a very good Excel spreadsheet designed to do just that but if you prefer pencil and paper, that's OK too. The important thing is that it gets done.

If you're starting from scratch, dig out last year's income tax return. These figures will give a starting point to work from. Use ALL the categories. If it was a large enough expense to include on your income tax return, it's large enough to use in COP analysis. Don't forget to use the principle portion of any loan payments. A COP worksheet is more than just expenses as defined by Revenue Canada, it's an instrument to calculate cash flow as well. Include the capital cost of any equipment. The number one thing people forget, is a wage or living allowance for yourself and family. Too many leave this out feeling they'll just live on what's leftover. It's better to factor in a living allowance and use this figure to pay yourself. If there IS money left over at the end of the year (oh happy thought), you can make informed business decisions on how to handle those funds. If your COP won't allow you to pay yourself, it's better to know ahead of time so alternate plans can be made. If your operation NEVER leaves you in a position to earn an acceptable living, the figures may be trying to tell you something. Changes may need to be made. After all, the whole idea of farming, or any business for that matter, is to earn a living from the proceeds. Good luck with your analysis!

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Feb	\$3.01 del Cherhill
Barley	Feb-Mar	\$3.36 del Lethbridge
Barley	Feb-May	\$3.97 del Vancouver
Barley	Mar-Apr	\$3.10 del Carrot Creek
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	\$6.50 del Innisfail
Peas, green	Feb-Mar	\$8.55 del Innisfail
Peas, green 10% bleach	Feb-Mar	\$8.30 del Innisfail
Peas, green 15% bleach	Feb-Mar	\$8.05 del Innisfail
Peas, green 20% bleach	Feb-Mar	\$7.80 del Innisfail
Peas, feed	Feb-Apr	\$6.06 FOB Edmonton
Flax, milling	Feb-Mar	\$12.20 del Edmonton
Canola	Feb	\$9.68 del Joffre
Canola	Feb	\$9.57 del Lloydminster
Canola	Feb	\$9.68 del Stony Plain
Canola	March	\$9.57 del Fort Sask
Canola	March	\$9.57 del Lloydminster
Canola	July	\$9.48 del Fort Sask
Canola	July	\$9.74 del Joffre
Canola	Nov	\$9.71 del Joffre
Canola	Dec	\$9.70 del Fort Sask
Oats, feed	Feb-Mar	\$2.18 del Lethbridge
Oats, feed	Feb-May	\$2.04 FOB Wetaskiwin
Oats, milling	March	\$1.79 del Martensville
Oats, milling	April	\$1.67 del Barrhead
Oats, milling	July	\$1.92 del Martensville
Oats, milling	July	\$1.79 del Barrhead
Oats, milling	Nov	\$2.09 del Martensville
Oats, milling	Nov	\$1.94 del Barrhead

Barley Variety Update

From AAFRD

Busby: New 2-row, rough awned, feed barley. Well-adapted to brown, black and grey soil zones. Excellent disease resistance that combined with good grain yields and feed quality should make it a superior feed barley for the scald areas of western Canada.

Chigwell: Developed by the Field Crop Development Centre in Lacombe. A 6-row, smooth-awned, hulled feed barley. Well-adapted to black, brown, black and grey wooded and irrigated soil zones. Combines both desirable traits of relatively high grain and forage yields similar or near to Vivar.

Bentley: Developed by the Field Crop Development Centre in Lacombe. A 2-row, rough awned, malting barley, well-adapted to brown, black and grey soil zones. Has high grain and forage yields, that combined with its malting quality should make it an excellent multipurpose barley for the non-scald areas of western Canada.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 50 lb	\$3.47 del Picture Butte	Feb	High River
Barley, 50 lb	\$3.00 FOB	Feb	Millet
Barley, 50 lb	\$2.81 FOB	Feb	Morinville
Barley, 50 lb	\$2.90 FOB	Feb	Daysland
Canola	\$9.30 FOB	Feb	Consort
Canola	\$9.47 FOB	Feb	Ponoka
Canola	\$13 under MAY	Feb-Mar	Bon Accord
Canola	\$9.44 FOB	Feb	Rollyview
Canola	\$9.66 del Stony Plain	Feb	Peers
Canola	\$9.71 del Joffre	Nov	Gwynne
Flax	\$12.00 del Edmonton	Feb-Mar	Mundare
Flax	\$11.70 FOB	Feb-Mar	Mossleigh
Oats, feed	\$2.04 FOB	Feb	Millet
Oats, feed	\$2.04 FOB	Feb	Donalda
Oats, feed	\$2.02 FOB	Feb	Wainwright
Peas, yellow	\$5.86 FOB	Feb	High River
Peas, yellow	\$6.20 FOB	Feb-Mar	Morinville
Peas, green, bleached	\$8.25 del Innisfail	Feb	High Prairie
Peas, green, bleached	\$8.20 del Innisfail	Feb-Mar	Vanderhoof
Peas, feed	\$6.03 FOB	Feb	Ponoka
Wheat, feed	\$4.70 del Irma	Feb	Chauvin
Wheat, feed, ergot	\$3.89 del Tofield	Feb	Ranfurly

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (FEB)	\$83.68	\$81.98	↑ \$1.70
CME Live Hogs (FEB)	\$56.35	\$58.55	↓ (\$2.20)
CDN Dollar (MAR)	\$0.82	\$0.82	↔ \$0.00
Minneapolis Wheat (MAR)	\$5.57	\$5.68	↓ (\$0.11)
Kansas City Wheat (MAR)	\$5.90	\$6.00	↓ (\$0.10)
Chicago Oats (MAR)	\$1.93	\$2.04	↓ (\$0.11)
Diesel (spot, Edmonton)	\$0.72	\$0.72	↔ \$0.00
Crude/Oil (FEB)	\$40.50	\$41.80	↓ (\$1.30)

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? Call Laverne Buchert, (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.

Veterinary Work Experience Program

The program is administered by AAFRD and funding is renewed on a yearly basis. Employees and employers must apply together for the program. Employees may approach potential employers and advise them of the program but cannot apply for the program without an employer.

Veterinarians who hire a student for the summer will note the following funding structure. Employers are reimbursed for 30% of the employee's monthly wage to a maximum of \$500 per month for AHT students or 50% of monthly wage to a maximum of \$1200 for students qualified to enter their 2nd year of study; 40% of monthly wage to a maximum of \$1000 for students qualified to enter their 3rd year of study and 30% to a maximum of \$750 for students qualified to enter their final year of study. Applications are mailed out to potential employers in the first week of March and are accepted on a first-come, first-served basis. Application deadline is April 17. The program runs from May 1 to August 31. For further information, call 310-FARM or email: betty.birch@gov.ab.ca

Applied Agronomy Conference

Billed as the only conference for Certified Crop Advisors (CCA) by CCAs, the Applied Agronomy Conference is at Olds College on February 17. The agenda includes sessions on herbicide resistant weeds, fertility management, seed health investigations, prescription mapping, insect pest issues and a CCA update. There are five CEU (continuing education units) available. Registration is \$75 plus GST for CCAs and \$100 plus GST for others. To register, call Nancy at (800) 661-6537, ext 4677. Visit the CCA website at www.prairiecca.ca

Building Canada Fund for Rural Communities

The Building Canada Fund has opened its Communities Component. This means that communities of less than 100,000 across Alberta can now apply to the Building Canada Fund - Communities Component.

www.buildingcanadafundalberta-cc.ca

There are nine categories of infrastructure eligible for funding: water, wastewater, solid waste, local roads, culture, sports, connectivity, green energy and collaborative projects. Projects will be evaluated by a federal-provincial committee through a competitive application-based process. The application intake closes on March 15, 2009.

"The investments under this program demonstrate the Government of Canada's commitment to use infrastructure to boost our economy," said the Honourable Rob Merrifield, Minister of State for Transport, and Member of Parliament for Yellowhead. "I'm working closely with Canada's Transport and Infrastructure Minister, John Baird, to help to deliver funding for modern, high-quality public infrastructure to the Province of Alberta."

Under the Communities Component, the Government of Canada and the Province of Alberta are each contributing \$88 million to this fund.