

## At Market Master

By Shelley Wetmore

February 27, 2009.....

Another dismal week for grain producers who are watching futures prices decline almost every day. On the cash side, peas (both humans and feed) continue to hold strength as are flax and somewhat feed wheat. Cash canola, whether it be spot OR for the fall, have dropped in the \$1.00/bu range in the past four weeks or so.

Speaking of canola, there are, though, good opportunities for those of you who like basis contracts. For example, if you need to move canola next week, we still have about 120 MT of room left for a positive 12 over MAY basis, delivered to Stony Plain next week. Also, note some of the good fall basis levels available into the Edmonton area that came about this week. That puts your cash price for November, still above the \$9.00/bu mark, delivered.

If you're looking for an alternative to feed barley or oats this spring, there's an information meeting in triticale being held in Leduc this coming week. I'm going to make every effort to attend myself but its something to consider if you're undecided about this spring's seeding intentions.

Speaking of oats, the milling prices for next fall are SLOWLY increasing as of late. But, that still brings the average price at the bin only in the \$1.75 range for December ... Cinderella crop?

## Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Mar 09	\$407.10	\$408.10	↓ (\$1.00)
May 09	\$404.10	\$410.00	↓ (\$5.90)
Jul 09	\$409.10	\$415.30	↓ (\$6.20)
Nov 09	\$418.80	\$424.10	↓ (\$5.30)
Jan 10	\$427.00	\$432.90	↓ (\$5.90)
Mar 10	\$430.30	\$436.90	↓ (\$6.60)
Barley	This Week	Last Week	Diff +/-
Mar 09	\$128.80	\$137.50	↓ (\$8.70)
May 09	\$138.70	\$142.50	↓ (\$3.80)
Jul 09	\$143.30	\$147.10	↓ (\$3.80)
Oct 09	\$143.30	\$147.10	↓ (\$3.80)
Oct 10	\$143.30	\$147.10	↓ (\$3.80)

## Be Grainwise!

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

### US Grain

#### Soy Complex

Approximately 15% of the Brazilian soybean harvest is complete and one of the greatest fears of US market bulls were realized when China announced they'd be cancelling/suspending further imports from the US in favour of cheaper grain from South America. The strong US dollar continues to hinder off-shore sales.

It wasn't surprising then to see this week's export total fall well below pre-report expectations at just 339,400 mt. Nevertheless, this total is still well above the 168,100 mt needed to meet weekly USDA projections—traders found some solace in that fact.

We can't ignore the influence outside markets had on all grains and oilseeds. Although the DOW struggled, crude oil showed strength allowing MAY beans to close 8¾ cents higher at \$8.72/bu. Meal settled \$2.60 higher at \$269.80/t while MAY oil slipped .58 cents lower to 31.11 cents/lb.

#### Corn

MAY corn closed unchanged at \$3.59/bu. Influence from outside markets was felt in the corn pit this week as was word from the USDA that new crop corn acres would be largely unchanged from last year (see Strategies).

Weekly export sales were down sharply from the past few weeks at 448,000 mt. This figure fell well below expectations and below the 596,500 mt needed to meet yearly export projections. Limited support came to the market when it was announced that, due to drought, Brazil's corn crop is now estimated at 49.5 mmt vs the September estimate of 56.5 mmt.

#### Wheat

Wheat struggled. MAY CBOT wheat slipped 9 cents lower to \$5.21½/bu while KCBT wheat dipped 6¼ cents to \$5.57¼/bu. MAY MGE wheat inched a penny higher to close at \$6.06¼/bu.

Support came from improved weekly sales of 465,000 mt and concern that

warm temps in Oklahoma and Texas may have the winter wheat crop breaking dormancy earlier than usual (vulnerable to late spring frosts). Lack of moisture on the Southern Plains also remains a concern.

However, a bearish USDA 2009 projected carryout figure (see Strategies) dampened any potential push to the upside. Word that Algeria was booking 300,000 mt of French wheat re-emphasized the problem US wheat has in finding a home in international markets.

### Canadian Grain

#### Canola

A slowdown in export demand (China) and concern that prairie producers are set to plant record canola acreage this spring pushed MAY canola \$5.80 lower to \$404.20/MT.

Recent rains in Argentina and parts of Brazil, which may have stabilized the crop there, also pressured the market. Had it not been for weakness in the our dollar, the damage could have been worse.

Ironically, underlying support came from speculation that recent losses may make canola attractive once again to Chinese buyers. Basis levels remain strong in most areas for early movement. Check around.

#### Feedgrain

MAY barley slipped \$3.80 lower to \$138.70/MT. Same old story—plentiful supply, lack of demand. Cash prices have also been easing lower as buyers have little reason to chase the market higher.

Edible pea bids have been strong but show signs of softening. This might be a good chance to boost sales.



"Your grain watchdog."

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## Strategies

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

This week, Joe Glauber, USDA chief economist, presented the USDA's initial acreage and carryout projections:

- Farmers are expected to plant a record 77 mln acres of soybeans, surpassing last year by 1.3 mln acres. While a sizeable increase, the trade was expecting an even larger number. Of that figure, 76 million acres are expected to be harvested. With an average yield 42.6 bu/ac, it would produce 3.240 bln bu versus last year's 2.95 bln bu. Unfortunately, reduced demand would leave a carryout of 380 mln bu versus last year's 210 mln bu. Expected average price: \$8.00/bu.
- Corn acreage is projected to remain constant at 86 mln acres. Most analysts were expecting a reduction in acres but the recent drop in fertilizer prices still has corn penciling out well against beans, even at the lower prices. Of that 86.6 mln acres, 78.8 mln are expected to be harvested for grain. At a projected yield of 156.9 bu/ac, 12.365 bln bu would be realized, slightly higher than last year's 12.101 bln bu. However, an expected increase in corn used for ethanol would drop 2009 carryout by 70 mln bu to 1.720 bln bu. Expected average price: \$3.60/bu.
- Wheat plantings are expected to drop from 63.1 mln acres in 2008 to 58 mln acres. 49.3 mln acres are to be harvested for grain with the remainder as forage or abandoned. At 43 bu/ac, production is expected to dip from 2.5 bln bu to 2.12 bln bu. Exports, though, are also expected to decline to 950 mln bu versus this year's projection of 1 bln bu. This would see an actual increase in carryout stocks from 655 mln to 664 mln bu. Wheat is the most vulnerable to global economy issues as a greater percentage of wheat is grown for export as opposed to corn where the bulk of the crop is consumed domestically. Expected average price: \$5.15/bu.

## At The Bin

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

Grain	Price	When	Producer
Barley, 48 lb	\$2.90 FOB	Mar	Morinville
Barley, 50 lb	\$2.94 FOB	Mar	Stony Plain
Barley, 50 lb	\$2.97 FOB	Mar	Gwynne
Barley, 50 lb	\$2.97 FOB	Mar	Wetaskiwin
Barley, 50 lb	\$2.97 FOB	Mar-Apr	Gwynne
Barley, 58 lb	\$2.97 FOB	Mar	Gwynne
Canola	\$9.13 del Joffre	Nov	Millet
Canola	+\$10 MAY del Stony Plain	Mar	Warburg
Canola, heated	\$5.84 FOB	Mar	Debolt
Oats, feed	\$2.01 FOB	Mar	Killam
Peas, yellow	\$6.04 FOB	Mar-Apr	Vermillion
Peas, yellow	\$6.04 FOB	Mar-Apr	Innisfree
Peas, yellow	\$6.12 FOB	Mar-Apr	Warburg
Peas, yellow	\$6.47 del Innisfail	Mar-Apr	Ferintosh
Wheat, feed	\$4.51 FOB	Mar-Apr	Kirriemuir
Wheat, feed	\$4.25 FOB	Mar	Vermillion
Wheat, feed	\$4.27 FOB	Mar	Warburg
Wheat, feed	\$4.50 FOB	Feb-Mar	Ferintosh

## Bid Board

*Buyers looking for grain (net prices)*

Grain	When	Location
Barley	March	\$2.70 del Lloydminster
Barley	March	\$3.34 del Lethbridge
Barley	March	\$3.01 del Cherrhill
Barley	Mar-Apr	\$3.10 del Carrot Creek
Wheat, feed	March	\$4.51 del Edmonton
Wheat, 12.5% prt	March	\$4.57 FOB Edmonton
Wheat, feed	Mar-Apr	\$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	March	\$6.20 del Edmonton
Peas, yellow	April	\$6.35 del Innisfail
Peas, green	April	\$8.80 del Innisfail
Peas, green 10% bleach	April	\$8.30 del Innisfail
Peas, green 15% bleach	April	\$8.05 del Innisfail
Peas, green 20% bleach	April	\$7.80 del Innisfail
Flax, milling	March	\$12.20 del Edmonton
Canola	March	\$9.05 del Fort Sask
Canola	March	\$9.26 del Lloydminster
Canola	March	\$9.10 del Stony Plain
Canola	Apr-May	\$9.39 del Edmonton
Canola	July	\$9.01 del Fort Sask
Canola	July	\$8.95 del Joffre
Canola	September	\$8.91 del Edmonton
Canola	October	\$9.00 del Edmonton
Canola	November	\$9.11 del Edmonton
Canola	November	\$9.01 del Joffre
Canola	December	\$8.99 del Fort Sask
Oats, milling	July	\$1.93 del Martensville
Oats, milling	November	\$2.09 del Martensville
Oats, milling	November	\$2.01 del Barrhead

## Classifieds

**Certified seed.** Dave, Bright's Seeds, 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.

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

**Common seed oats.** Call Kevin in Two Hills at (780) 657-2477.

**Common green pea seed.** 97% germination, contact Brian in Tofield at (780) 662-2798.

**Common yellow pea seed.** 99% germination, \$9.00/bu rough, picked-up in Morinville, contact Mike @ (780) 719-0334.

CWB February 09-10 and 08-09 Average PRO

	February PRO		Alberta		Sask		BC	
			Returns		Returns		Returns	
	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09
<b>Wheat (and deductions)</b>			\$1.45		\$1.66		\$1.36	
1 CWRS 14.5	\$8.22	\$8.85	\$6.77	\$7.40	\$6.56	\$7.19	\$6.86	\$7.49
1 CWRS 13.5	\$7.87	\$8.36	\$6.42	\$6.91	\$6.21	\$6.70	\$6.51	\$7.00
1 CWRS 12.5	\$7.67	\$8.08	\$6.22	\$6.63	\$6.01	\$6.42	\$6.31	\$6.72
1 CWRS 11.5	\$7.46	\$7.81	\$6.01	\$6.36	\$5.80	\$6.15	\$6.10	\$6.45
2 CWRS 13.5	\$7.70	\$8.08	\$6.25	\$6.63	\$6.04	\$6.42	\$6.34	\$6.72
2 CWRS 11.5	\$7.29	\$7.57	\$5.84	\$6.12	\$5.63	\$5.91	\$5.93	\$6.21
3 CWRS 13.0	\$7.24	\$7.67	\$5.79	\$6.22	\$5.58	\$6.01	\$5.88	\$6.31
3 CWRS	\$6.94	\$7.24	\$5.49	\$5.79	\$5.28	\$5.58	\$5.58	\$5.88
4 CWRS	\$6.31	\$6.91	\$4.86	\$5.46	\$4.65	\$5.25	\$4.95	\$5.55
1 CWHW 13.5	\$7.87	\$8.36	\$6.42	\$6.91	\$6.21	\$6.70	\$6.51	\$7.00
1 CPSR	\$6.80	\$7.02	\$5.35	\$5.57	\$5.14	\$5.36	\$5.44	\$5.66
1 CPSW	\$6.80	\$7.02	\$5.35	\$5.57	\$5.14	\$5.36	\$5.44	\$5.66
1 CWRW Select 11.5	\$7.18	\$7.29	\$5.73	\$5.84	\$5.52	\$5.63	\$5.82	\$5.93
1 CWRW	\$6.61	\$6.75	\$5.16	\$5.30	\$4.95	\$5.09	\$5.25	\$5.39
1 CWSWS Select <9.9	\$6.89	\$6.94	\$5.44	\$5.49	\$5.23	\$5.28	\$5.53	\$5.58
CW Feed	\$5.39	\$5.33	\$3.94	\$3.88	\$3.73	\$3.67	\$4.03	\$3.97
<b>Durum (and deductions)</b>			\$1.48		\$1.57		\$1.36	
1 CWAD 14.5	\$8.55	\$10.10	\$7.07	\$8.62	\$6.98	\$8.53	\$7.19	\$8.74
1 CWAD 13.0	\$8.25	\$9.80	\$6.77	\$8.32	\$6.59	\$8.14	\$6.89	\$8.44
1 CWAD 12.5	\$8.16	\$9.72	\$6.68	\$8.24	\$6.50	\$8.06	\$6.80	\$8.36
1 CWAD 11.5	\$7.97	\$9.63	\$6.49	\$8.15	\$6.31	\$7.97	\$6.61	\$8.27
2 CWAD 13.0	\$8.00	\$9.44	\$6.52	\$7.96	\$6.34	\$7.78	\$6.64	\$8.08
2 CWAD 11.5	\$7.81	\$9.31	\$6.33	\$7.83	\$6.15	\$7.65	\$6.45	\$7.95
3 CWAD 13.0	\$7.51	\$9.04	\$6.03	\$7.56	\$5.85	\$7.38	\$6.15	\$7.68
3 CWAD	\$7.35	\$8.85	\$5.87	\$7.37	\$5.69	\$7.19	\$5.99	\$7.49
4 CWAD	\$6.89	\$8.19	\$5.41	\$6.71	\$5.23	\$6.53	\$5.53	\$6.83
5 CWAD	\$5.39	\$5.33	\$3.91	\$3.85	\$3.73	\$3.67	\$4.03	\$3.97
<b>Feed Barley (and deductions)</b>			\$1.23		\$1.39		\$1.15	
1 CW Pool A	\$3.51		\$2.28		\$2.12		\$2.36	
<b>Feed Barley (and deductions)</b>			\$1.24		\$1.49		\$1.17	
1 CW Pool B		\$3.68		\$2.44		\$2.19		\$2.51
<b>Designated Barley (and deductions)</b>			\$1.27		\$1.47		\$1.23	
SS CW 2-row	\$5.73	\$6.97	\$4.46	\$5.70	\$4.26	\$5.50	\$4.50	\$5.74
SS CW 6-row	\$5.29	\$6.53	\$4.02	\$5.26	\$3.82	\$5.06	\$4.06	\$5.30

CWB February 2009-10 PRO Commentary

Wheat

A decline in production is expected along with a drop in consumption, due to a decline in wheat used for feed. Global demand for human consumption wheat should be stable, despite the recession. Tight credit markets will continue to influence buying patterns of customers with most business on a hand-to-mouth basis. A drop in global wheat consumption should result in further building of global wheat stocks. Increased stock levels are expected to have only a small impact on price movement.

Durum

International prices should remain under pressure during the first half of 2009-10 due to increased carry out stocks and the arrival of the new crop. World durum production should decrease from 2008-09 due to a lower sown area in Europe and North America. Favourable growing conditions in North Africa are expected to partially offset the decline in production in Europe and North America. The price spread between durum and spring wheat should narrow to traditional levels. Global stocks are expected to decline which will support prices later. Prices will be greatly influenced by weather and the crop quality in the Mediterranean and North American growing areas.

Feed barley

International prices remain poor as the downturn in the global economy has resulted in a decrease in feed demand. World barley production should decline but will be above the long-term average. Production in Europe/Black Sea region is expected to be sufficient to pressure the world barley market as new crop harvest begins. Australian production is expected to recover from below-average yields. The outlook for US corn production is similar to 08-09 which should provide support for the domestic market. Canadian production is expected to be lower but that will be partially offset by a drop in feed demand.

Designated barley

Prices are expected to be lower due to increased supplies of malting barley. Australia is expected to increase production and have a higher selection rate, which is the major source of the increased supplies. This will be offset by reduced Canadian supplies, down due to a drop in area/expected yields. European growing/harvest conditions will play a major role in determining prices. Current expectations are for a slight drop in production but an increase in malting supplies. The international malting-barley-to-feed-barley spread is expected to remain at high levels.

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (APR)	\$85.96	\$83.40	↑ \$2.56
CME Live Hogs (APR)	\$60.90	\$58.00	↑ \$2.90
CDN Dollar (JUN)	\$0.79	\$0.80	↓ (\$0.01)
Minneapolis Wheat (MAY)	\$5.20	\$5.19	↑ \$0.01
Kansas City Wheat (MAY)	\$5.60	\$5.54	↑ \$0.06
Chicago Oats (MAY)	\$1.94	\$1.65	↑ \$0.29
Diesel (spot, Edmonton)	\$0.68	\$0.69	↓ (\$0.01)
Crude/Oil (APR)	\$44.80	\$39.30	↑ \$5.50

Triticale Enhancement of Best Management Practices

March 3, Field Crop Development Centre, Lacombe

Morning (9:00 am start)

Introductions. Agronomy and grain production. Variety selection. Silage production. Forage and grazing opportunities.

Lunch (1 hour)

Afternoon (1:00 pm start)

Tour of research station. NIR/seed storage. Triticale lab. Swath grazing at AAFC. Feeding triticale. Market Opportunities.

To register. Call Judy Lee, AAFRD, (403) 381-5849.

(Meal provided free of charge. Your contribution is learning more about triticale and future opportunities.)