

At Market Master

By Shelley Wetmore

March 20, 2009.....

First of all, happy anniversary to Shelley "D" who's been with us for a full two years now. For those of you who don't know, the "D" stands for her last name, Danis. Yes, it's a little confusing with two Shelleys in the office. I'm happy she's with us.

As predicted (and what is typical with basis), canola basis levels widened out after we saw the futures rally. It started Thursday afternoon. What does it mean? If I take Friday's close and compare spot or November delivery periods, here's the difference a basis can make between those who DID lock-in a basis and for prices, currently available (same buyer):

	Futures	Basis	Price
Locked-in	MAY \$420.80	+ \$17	\$9.93
Current	MAY \$420.80	+ \$1	\$9.57
Locked-in	NOV \$426.70	- \$10	\$9.45
Current	NOV \$426.70	- \$20	\$9.22

For May deliveries, about \$650 per load, and for November deliveries, about \$414 per load. Having that really narrow basis locked-in also makes it easier to achieve that magic "\$10" everyone seems to be gunning for. May basis contracts have until the third week of April to price and November's deadline is towards the end of October to price.

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
May 09	\$420.80	\$403.10	↑ \$17.70
Jul 09	\$423.10	\$402.70	↑ \$20.40
Nov 09	\$426.70	\$405.00	↑ \$21.70
Jan 10	\$430.90	\$409.00	↑ \$21.90
Mar 10	\$434.40	\$412.00	↑ \$22.40
May 10	\$439.40	\$415.00	↑ \$24.40
Barley	This Week	Last Week	Diff +/-
May 09	\$151.00	\$150.50	↑ \$0.50
Jul 09	\$157.50	\$157.60	↓ (\$0.10)
Oct 09	\$158.50	\$156.10	↑ \$2.40
Dec 09	\$158.50	\$156.10	↑ \$2.40
Oct 10	\$158.50	\$156.10	↑ \$2.40

Be Grainwise!

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

US Grain

Soy Complex

A sharp drop in US dollar (see Strategies) bolstered all grains and oilseeds this week.

Weekly soybean sales came in at a disappointing 143,300 mt, below the 173,000 mt needed on a weekly basis to meet the current USDA yearly projection of 1.185 bln bu. However, shipments of 628,900 mt came in above expectations and offset the low sales figure.

Some traders are questioning the latest USDA carryout figure suggesting it may end up being substantially lower than the current estimate.

Adding to the bullish momentum was word that Argentinean producers will slow soybean exports in protest over the government's imposition of a 35% tax on bean exports. The conflict between the government of Christine Fernandez and the Argentinean farmers is far from resolved as ongoing talks between the two combatants are yielding little fruit.

MAY beans surged 75½ cents to \$9.52/bu while MAY meal pushed \$23.80 higher to \$300.50/t. Oil closed at 32.25 cents/lb a rise of 2.08 cents.

Corn

Concerns over a possible acreage shift away from corn this spring, along with the possibility of higher ethanol mandates from the Obama administration, kept corn well supported this week but technical resistance at \$4.00/bu mark prevented further gains. Steady farmer selling, as cash prices rallied, also helped capped the market.

Weekly sales came in slightly below expectations at 440,600 mt.

MAY corn closed 8 cents higher at \$3.96½/bu.

Wheat

Wheat futures enjoyed a solid week with the MAY CBOT firing 32 cents higher to \$5.50¼/bu while KCBT wheat jumped 29½ cents higher to \$5.99½/bu. MGE wheat closed 26½ cents/bu higher at \$6.35¼/bu.

The market had its share of negatives this week. The weekly sales figure was

disappointing at just 169,300 mt. Egypt booked 200,000 mt of wheat. all of it from Russia and the latest forecast indicates substantial rains over parts of the US southern plains. However, this week's steep losses in the US dollar kept market bears on the defense.

Canadian Grain

Oilseeds

It was a good week for canola with the MAY bouncing \$17.70/MT to \$420.80.

Continued export interest by China (although no actual sales could be confirmed) bolstered the market despite sharp gains in our dollar. Steady crusher demand and slow farmer deliveries also buoyed the market.

Cash prices have firmed this week and basis levels remain strong. However, we ARE seeing a slight softening of basis levels in some areas.

Feedgrain

Cash barley bids remain largely unchanged, in-line with MAY futures which inched just 50 cents higher to \$151.00/MT.

Peas

Edible pea bids remain solid for greens but yellow bids have slipped slightly over the past week in many locations.

Because CBOT oat futures are increasing, we're finally seeing the milling market slowly recover. Patience may be your friend. \$2.00 should be available soon (yahoo) and fall bids are closing in at a whopping \$1.80 mark. This market is taking forever to recover!



"Your grain watchdog."

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Strategies

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

I'm sure you're getting tired of checking Grainwise only to find much of the column dedicated to markets outside of grains and oilseeds. However, whether we like it or not, outside markets are dictating much of the activity in the agricultural trading pits—this week was no exception.

Affect of the US Dollar

As I mentioned earlier, much of the strong showing in the markets could be directly attributed to this week's weakness in the US dollar. What happened?

In a surprise move following their Wednesday meeting, the US Federal Reserve announced they'd be stepping into the market in a major way, a three-pronged approach. First, they vowed to purchase a further \$750 bln worth of mortgage-backed securities, bringing their total investment here to 1.25 trillion dollars. Then, they announced they'd purchase a further 100 billion dollars worth of agency debt, doubling their previous exposure. And in, what was probably the biggest surprise of all, they announced they'd be purchasing up to \$300 bln worth of long term US Treasury Securities over the next 6 months.

Now, I'm no economist but doesn't the buying of US Treasury Securities by the US Federal Reserve Bank amount to buying your own debit? Not sure just how that works—perhaps some of you out there can enlighten me.

The Fed went on to say it intends to keep interest rates on Federal funds between 0% and ¼%. Bottom line ... if the intent was to shock the market, it certainly did. The dollar, which had been declining lately, plummeted, but commodities soared. Gold, oil, and even grains rallied on the news. Wheat, which undoubtedly has the most bearish fundamentals, fared rather well as it's the most sensitive to fluctuations in the value of the dollar (A larger percentage of wheat is exported than other grains).

Technical Analysis

I have included a June US dollar index chart to illustrate the dramatic moves made this week. Note the high "A" established earlier this month. Since then, the dollar has been in a downward trend "B". However, when the Fed dropped their fiscal bomb on Wednesday, you can see how futures plummeted through downtrend support "B" and longer term support at "C". While this chart doesn't show Friday's action, the dollar did make a slight recovery.

The question is, "Will this week's action by the Federal Reserve Board continue to pressure the dollar or will we see it once again surge back to its highs?" For grain producers, this is not just an academic debate. **The value of the US dollar has a very direct impact on the price we receive for our grain.**



At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.01 FOB	March	Bon Accord
Barely, 48 lb	\$3.25 FOB	Apr-May	Madden
Barley, 48 lb	\$3.01 FOB	April	Viking
Barley, 48 lb	\$3.01 FOB	Apr-May	Colinton
Barley, 48 lb	\$3.10 FOB	Apr-May	Camrose
Barley, 48 lb	\$3.01 FOB	Apr-May	Tawatinaw
Barley, 48 lb	\$3.01 FOB	Apr-May	Thorhild
Barley, 48 lb	\$3.01 FOB	Apr-May	Rochester
Barley, 50 lb	\$3.01 FOB	Mar-Apr	Edberg
Barley, 50 lb	\$3.25 FOB	March	Bashaw
Barley, 50 lb	\$3.02 FOB	March	Ferintosh
Barley, 50 lb	\$3.03 FOB	Mar-Apr	Wainwright
Barley, 50 lb	\$3.03 FOB	Apr-May	Lavoy
Barley, 50 lb	\$3.01 FOB	Mar-Apr	Camrose
Barley, 50 lb	\$3.10 FOB	Apr-May	Camrose
Barley, 52 lb	\$3.02 FOB	April	Westlock
Wheat, feed	\$4.50 FOB	April	Edberg
Wheat, feed	\$4.27 FOB	April	Hussar
Wheat	CWB wheat	Mar-Apr	Clive
Wheat, feed	\$4.54 FOB	Mar-Apr	Legal
Wheat, feed	\$4.62 FOB	Mar-Apr	Clive
Oats, feed	\$1.97 FOB	March	New Sarepta
Oats, feed	\$2.01 FOB	Mar-Apr	Clive
Oats, feed	\$1.94 FOB	March	New Serepta
Canola	\$17.00 over MAY del Edmonton	March	Beauvallon
Canola	\$16.00 over JUL del Edmonton	April	Beauvallon
Canola	\$9.50 under NOV FOB	Nov	Boyle
Canola	\$9.50 under NOV del Edmonton	Nov	Gwynne
Canola	\$9.50 under NOV del Edmonton	Nov	Tawatinaw
Canola	\$9.72 del Edmonton	March	Wetaskiwin
Canola	\$9.45 FOB	April	Camrose
Canola	\$9.68 del Fort Sask	April	Beaumont

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	March	\$3.10 del Carrot Creek
Barley	Mar-Apr	\$3.49 del Lethbridge
Barley	April	\$3.03 del Peers
Barley	Apr-May	\$3.53 del Lethbridge
Barley	April	\$3.10 del Kirriemuir
Barley	Apr-May	\$3.10 del Irma
Wheat, feed	Apr-May	\$4.76 del Lloydminster
Wheat, 12.5% prt	Apr-Jun	\$5.11 del Red Deer
Wheat, feed	Apr-Jun	\$4.84 del Red Deer
Peas, yellow	Apr-May	\$6.20 del Innisfail
Peas, green	Apr-May	\$8.80 del Innisfail
Peas, green 10% bleach	Apr-May	\$8.20 del Innisfail
Peas, green 15% bleach	Apr-May	\$7.90 del Innisfail
Peas, green 20% bleach	Apr-May	\$7.70 del Innisfail
Peas, yellow	Sep-Oct	\$5.25 del Innisfail
Rye, feed	Apr-May	\$4.00 del Red Deer
Triticale, feed	Apr-May	\$3.71 del Red Deer
Canola	April	\$9.48 del Lloydminster
Canola	April	\$9.56 del Edmonton
Canola	April	\$9.71 del Fort Saskatchewan
Canola	April	\$9.60 del Joffre
Canola	October	\$9.06 del Edmonton
Canola	November	\$9.16 del Edmonton
Canola	November	\$9.16 del Lloydminster
Canola	November	\$9.19 del Joffre
Canola	January	\$9.53 del Edmonton
Oats, feed	March	\$2.18 del Pincher Creek
Oats, milling	July	\$1.96 del Martensville
Oats, milling	July	\$1.88 del Barrhead
Oats, milling	November	\$2.17 del Martensville
Oats, milling	November	\$2.09 del Barrhead

If you have wheat contracted to the board that has NOT moved and would like it to move, call the office. We may be able to get it moved from your bin by the end of April AND have it applied to your CWB contract, 100%.

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (APR)	\$85.20	\$84.64	↑ \$0.56
CME Live Hogs (APR)	\$61.75	\$63.20	↓ (\$1.45)
CDN Dollar (JUN)	\$0.81	\$0.78	↑ \$0.03
Minneapolis Wheat (MAY)	\$5.50	\$6.09	↓ (\$0.59)
Kansas City Wheat (MAY)	\$6.03	\$5.70	↑ \$0.33
Chicago Oats (MAY)	\$2.00	\$1.86	↑ \$0.14
Diesel (spot, Edmonton)	\$0.65	\$0.62	↑ \$0.03
Crude/Oil (APR)	\$50.55	\$46.25	↑ \$4.30

Classifieds

Equipment: 2006 Seed Hawk 50' with 12" spacing, c/w 2006 Bourgault 6350 tow between Air Tank, excellent condition. Asking \$148,000 OBO. Kent at Erickson Agro, Irma, at (780) 336-5509.

Certified seed. Call Dave @ Bright's Seeds, New Norway, (780) 855-2240, briseed@mailhub.ca

Certified CDC Copeland barley: \$8.25/bu
 Certified CDC Cowboy barley: \$7.50/bu
 Certified CDC Coalition barley: \$8.50/bu
 Certified AC Crystal wheat: \$10.00/bu
 Certified Harvest wheat: \$11.75/bu

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

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.