

## At Market Master

By Shelley Wetmore

March 27, 2009.....

Spring seeding intentions are still up in the air for most producers but, so far, it looks like a lot of wheat, canola, and peas. Decisions are being made on rotations, of course, but also what might be available for prices this fall.

After this month's CWB PRO and looking at the Fixed Price, though, even **wheat** doesn't appear that great anymore. For example, the PRO for #1 CPSR is \$7.02 and the FPC is only \$5.99. Once you take off average Alberta deductions, that leaves approximately \$5.62 and \$4.59 respectively, delivered to the elevator. There are no off-board feed wheat bids yet but I suspect they may be in the \$4.25 to \$4.50 range.

**Canola** basis levels for the fall have widened considerably and, today, if you're looking for off-the-combine pricing, you're stuck with a number beginning with "8" for that September-October period. A little further ahead to November and prices are over \$9.00 delivered to most buyers.

I expect fall production contracts for **peas** to come out soon but early indications show that \$5.00 range for yellows and rumours on greens, at this point, with maybe a \$1.50 premium.

Nothing to get real excited about yet—it's still a weather market, too. Regardless, know what the price has to be for YOUR farm to make a profit.

## Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
May 09	\$416.10	\$420.80	↓ (\$4.70)
Jul 09	\$420.90	\$423.10	↓ (\$2.20)
Nov 09	\$425.70	\$426.70	↓ (\$1.00)
Jan 10	\$430.10	\$430.90	↓ (\$0.80)
Mar 10	\$434.10	\$434.40	↓ (\$0.30)
May 10	\$438.00	\$439.40	↓ (\$1.40)
Barley	This Week	Last Week	Diff +/-
May 09	\$151.90	\$151.00	↑ \$0.90
Jul 09	\$157.00	\$157.50	↓ (\$0.50)
Oct 09	\$158.00	\$158.50	↓ (\$0.50)
Dec 09	\$158.00	\$158.50	↓ (\$0.50)
Oct 10	\$158.00	\$158.50	↓ (\$0.50)

## Be Grainwise!

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

### US Grain

#### Soy Complex

Although weekly bean exports came in at a respectable 428,800 mt (well over the 174,300 mt needed on a weekly basis to reach the USDA annual estimate), beans struggled.

Concern that China may open up their state-run soybean reserve putting a damper on US exports, drove futures lower. However, with China, you never know for sure. It was China that purchased over half of this week's US soybean sales. This is also the last day of the week long Argentinean farmer's strike. Uncertainty as to whether enough issues have been resolved to avoid further strikes fed into the bearish atmosphere.

Next Tuesday, the USDA will release its quarterly stocks and planting intentions report. Everyone expects soybean acres to be significantly higher than last year's 75.71 mln acres. However, extremely wet (in some cases flooded) conditions have many analysts speculating that additional acres originally destined for corn may wind up in beans.

MAY beans slipped 35 cents lower to \$9.17/bu while meal fell \$16.70 to \$283.80/t. MAY oil inched .17 cents higher to 32.42 cents/lb.

#### Corn

Corn futures held up better than beans with the MAY slipping just 9½ cents to \$3.87/bu. A strong weekly export figure of 1.191 mmt more than doubled the amount needed to meet the current USDA yearly export estimate.

There's concern that corn acres may shift to beans if wet weather in the corn belt continues. Last year, US corn growers planted 85.982 mln acres. The current market guess is around 84.548 mln acres. Any significant deviation from that number in Tuesday's report will likely push the market in one direction or the other.

#### Wheat

Wheat took a pummeling with the MAY CBOT diving 43 cents to \$5.07

1/4/bu. KCBT wheat fell even harder, giving up 53 cents to \$5.50/bu while MGE wheat fell "only" 28 cents to \$6.07¼/bu (see Strategies). Weekly exports of 264,200 mt were decent enough but, in the wake of the overall downtrend, did little to stem the tide. Although total US wheat acres are expected to drop from last year's 63 mln acres to 58.85 mln acres, ending stocks are actually projected to rise due to lack of demand. There's some concern spring wheat acres could be down an additional ½ mln acres due to flooding and excessive moisture which may have accounted for MGE's wheat relatively strong showing. A stronger US dollar hit the wheat market particularly hard.

### Canadian Grain

#### Oilseeds

MAY canola followed beans lower, giving up \$4.70 to settle at \$416.10/MT.

A drop-off in Chinese interest and a pick-up in farmer deliveries also weighed on prices. Steady crusher demand and a small slide in our dollar prevented further losses.

Next week's USDA report will be watched closely by canola traders as a sharp increase in soybean acres will be negative towards canola. The expectation that prairie producer still intend to plant another huge canola crop this spring is hanging over the market.

#### Feedgrain

MAY barley futures remained unchanged, pushing just 90 cents higher to \$151.90/MT. The expectation that barley acres may be down significantly on the prairies this spring may have supported prices, despite losses in corn.

Cash edible pea prices have slipped about 50 cents/bu from the highs we saw a few weeks ago.



"Your grain watchdog."  
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## Strategies

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

### What to Watch With Wheat

As I have mentioned previously, wheat has the poorest fundamentals of the major grains. Market rallies have largely been in sympathy with outside markets and, as such, should be viewed as a selling opportunity.

#### US Drought

The one piece of bullish news that market bulls have been clinging to was the drought in the US southern plains. However, when forecasts for widespread rains over some of the driest areas hit the airwaves this week, the crash in prices was predictable and dramatic.

#### US Flooding

There are now some concerns over flooding in the Dakotas which could delay spring wheat seeding in those areas but it's been my experience that, while these events receive tremendous media coverage due to the human misery they cause, the actual amount of overall declines in production are usually minimal. Remember, last spring when markets spiraled higher due to excessive moisture in some of the most productive corn areas in the US—well, when the smoke finally cleared, we still had a huge corn crop. I guess the old adage, "rain makes grain" for the most part still holds true.

#### IGC Report

Wheat bulls also received additional bad news this week in the form of the latest IGC (International Grains Council) report for the 08/09 crop. While estimated global wheat production remained unchanged at 688 mmt, consumption was scaled back to 643 mmt leaving a carryout of 160 mmt—a rise of 3 mmt over last month. That 160 mmt carryout is 45 mmt higher than the 07/08 carryout of 115 mmt. Before this year,

carryout had decreased in 3 of the 4 previous years. Also note that 49 mmt of that projected 160 mmt carryout will be held in the hands of the world's five major exporters—never a good thing.

Also, as we've seen in previous years, ample supplies in the Black Sea region make it very difficult for American wheat to compete with buyers from the Middle East.

With all this negative news hanging over the market, it's little wonder traders don't need much of an excuse to sell.

But just to show that not all is gloom and doom, the IGC also released their preliminary 2009 global wheat production estimates. They indicated production should drop by 36.5 mmt to 651 mmt. This drop is due largely to slightly lower wheat plantings worldwide. But, to be honest, any production estimate for a crop that's either just coming out of dormancy or has yet to be planted is a pretty much a shot in the dark at best. However, in the absence of any other figures floating around, the market will work with what it has. Note that the 651 mmt global wheat crop would "only" be the second largest in history—not much for market bulls to hang their hat on.

#### CWB PRO

Despite all this bearish news, both old and new crop wheat futures have been slowly climbing the past month. Perhaps it was due to this modest strength that the CWB was able to raise this month's 09/10 wheat PROs by \$8.00/MT across the board. Unfortunately, for producers who are looking to forward price using the CWB's FPC contract, values are trading a full \$34.00/MT (almost a dollar/bushel) below the PRO. This discrepancy is making the FPC useless as a producer marketing tool but I'll continue to monitor the situation.

## Field Peas: Seeding Considerations

*From AAFRD*

Due to clubroot issues, canola growers are widening crop rotations by inserting a pulse crop into their plans. Plus, nitrogen fertilizer prices are high, other commodity prices are low, so farmers are opting to use field peas as a nitrogen fixer and for higher earnings.

"It is important to select a pea variety that has an erect standability for ease of harvesting," says Neil Whatley, crop specialist, AAFRD. "Producers should also select a variety that displays very good powdery mildew resistance. Alberta's Seed Guide is a helpful resource to find these varieties."

Disease risk should be considered when selecting the proper field. Due to ascochyta blight, field peas should only be planted in the same field once every four to five years. In wetter areas, sclerotinia stem and pod rot is a higher risk when peas are planted after canola. Alberta's pulse crop specialist, Mark Olson, advises the other drawback with pea on canola stubble versus canola on pea stubble is there are no registered fungicide products to control sclerotinia in peas while there are a number of products available to

control sclerotinia in canola.

"Since high heat or drought conditions at flowering can abort flowers, field pea should be planted early," says Whatley. "In much of central Alberta, pea can be planted as early as mid- to late-April because it can tolerate light frosts (-4 to -6 °C). As a general rule, when the top inch of the soil reaches 5 °C, pea can be seeded."

A target seeding rate to achieve optimum plant population is 7 to 9 plants sq/ft. Peas are a poorer competitor with weeds than a cereal crop so seeding at optimum rates is important to attain peak yields. Use AAFRD's seeding rate calculator at [www.agriculture.alberta.ca](http://www.agriculture.alberta.ca)

Cracked pea seed coats reduce germination so if an air seeder or air drill is used for seeding, care must be taken to reduce seed coat damage. Seed drill air velocity must be set as low as possible without plugging the hoses. In some cases, travel speed may have to be reduced to be able to adequately reduce airflow. If seeds continue to crack, one may wish to slightly raise the seeding rate.

"Seeding deep is better than seeding shallow," recommends Whatley. "Pea seeds are large, so they should be seeded deeper into moist soil to be able to properly imbibe water from all sides. It is recommended to place pea seeds 1.5 inches into moist soil. With good moisture conditions, optimal seeding depth when direct seeding would be 1.5 to 2.0 inches, while seeding into pre-worked soil would be on the deeper side of this guideline."

To prevent guard and sickle section breakage when harvesting, and to achieve faster harvesting speed, it is preferable to roll pea fields after seeding. Rolling pushes down stones and levels out dirt lumps and soil ridges, creating a smooth field surface. Rolling field pea can be carried out from immediately after seeding to the 5-leaf stage. To prevent seedling damage when carrying out post-emergent rolling, only roll on dry days to prevent disease transfer and leave a one- to two-day window between rolling and treating with a herbicide. It is also important to avoid rolling early in the morning to prevent pea stem breakage.

**CWB March 2009-10 Average PRO**

**CWB March PRO Commentary**

	Alberta		Sask		BC		
	March	Average		Average		Average	
	PRO	Deduc	Return	Deduc	Return	Deduc	Return
<b>Wheat</b>							
1 CWRS 14.5	\$8.44	\$1.45	\$6.99	\$1.66	\$6.78	\$1.36	\$7.08
1 CWRS 13.5	\$8.08	\$1.45	\$6.63	\$1.66	\$6.42	\$1.36	\$6.72
1 CWRS 12.5	\$7.89	\$1.45	\$6.44	\$1.66	\$6.23	\$1.36	\$6.53
1 CWRS 11.5	\$7.67	\$1.45	\$6.22	\$1.66	\$6.01	\$1.36	\$6.31
2 CWRS 13.5	\$7.92	\$1.45	\$6.47	\$1.66	\$6.26	\$1.36	\$6.56
2 CWRS 11.5	\$7.51	\$1.45	\$6.06	\$1.66	\$5.85	\$1.36	\$6.15
3 CWRS 13.0	\$7.46	\$1.45	\$6.01	\$1.66	\$5.80	\$1.36	\$6.10
3 CWRS	\$7.16	\$1.45	\$5.71	\$1.66	\$5.50	\$1.36	\$5.80
4 CWRS	\$6.53	\$1.45	\$5.08	\$1.66	\$4.87	\$1.36	\$5.17
1 CWHW 13.5	\$8.08	\$1.45	\$6.63	\$1.66	\$6.42	\$1.36	\$6.72
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	\$7.40	\$1.45	\$5.95	\$1.66	\$5.74	\$1.36	\$6.04
1 CWRW	\$6.83	\$1.45	\$5.38	\$1.66	\$5.17	\$1.36	\$5.47
1 CWES	\$7.27	\$1.41	\$5.86	\$1.65	\$5.62	\$1.36	\$5.91
1 CWSWS	\$6.56	\$1.45	\$5.11	\$1.66	\$4.90	\$1.36	\$5.20
CW Feed	\$5.39	\$1.45	\$3.94	\$1.66	\$3.73	\$1.36	\$4.03
<b>Durum</b>							
1 CWAD 14.5	\$8.46	\$1.47	\$6.99	\$1.57	\$6.89	\$1.35	\$7.11
1 CWAD 13.0	\$8.16	\$1.47	\$6.69	\$1.57	\$6.59	\$1.35	\$6.81
1 CWAD 12.5	\$8.08	\$1.47	\$6.61	\$1.57	\$6.51	\$1.35	\$6.73
1 CWAD 11.5	\$7.89	\$1.47	\$6.42	\$1.57	\$6.32	\$1.35	\$6.54
2 CWAD 13.0	\$7.92	\$1.47	\$6.45	\$1.57	\$6.35	\$1.35	\$6.57
2 CWAD 11.5	\$7.73	\$1.47	\$6.26	\$1.57	\$6.16	\$1.35	\$6.38
3 CWAD 13.0	\$7.43	\$1.47	\$5.96	\$1.57	\$5.86	\$1.35	\$6.08
3 CWAD	\$7.27	\$1.47	\$5.80	\$1.57	\$5.70	\$1.35	\$5.92
4 CWAD	\$6.80	\$1.47	\$5.33	\$1.57	\$5.23	\$1.35	\$5.45
5 CWAD	\$5.39	\$1.47	\$3.92	\$1.57	\$3.82	\$1.35	\$4.04
<b>Feed Barley</b>							
1 CW Pool A	\$3.51	\$1.24	\$2.27	\$1.49	\$2.02	\$1.17	\$2.34
<b>Designated Barley</b>							
SS CW 2-row	\$5.55	\$1.27	\$4.28	\$1.47	\$4.08	\$1.23	\$4.32
SS CW 6-row	\$5.12	\$1.27	\$3.85	\$1.47	\$3.65	\$1.23	\$3.89

**Wheat**

The global market focus is shifting from old crop to new crop prospects. World wheat production is expected to shrink next year by 30 to 50 million tonnes but still projected to be the second largest crop on record. The IGC released its initial forecast for a 2009 world wheat crop of 651 million tonnes, down 36.5 million tonnes from last year. The large oversupply of wheat in 08-09 allowed major exporting countries to build wheat stocks, pressuring prices throughout the crop year.

Concerns about the US Hard Red Winter and Hard Red Spring crops should provide support as the market shifts to new crop conditions. Parts of the HRW growing region continue to be under moderate to severe stress due to lack of soil moisture. Flooding in the Red River Valley has increased planting concerns for southern Manitoba, North and South Dakota, and Minnesota. The flooding is expected to delay spring wheat planting and may result in increased areas to soybeans. Crop conditions in Eastern Europe were favourable. Dryness in China, western Iran and Argentina should be supportive to prices.

Weather, the economy, and the Canadian dollar will play significant roles in the evolution of prices in the new crop year. There has been a slight strengthening in the Canadian dollar which has not been supportive of PRO values. Ocean freight rates also increased on stronger demand but freight rates are still at very low levels historically.

**Durum**

Durum has been pressured downward. The North African durum crops look exceptionally good as they enter the critical reproductive growth stage. Production is expected to decrease in Europe, the US, and Canada but increased area and good growing conditions in North Africa should limit any significant decrease in total production. The smaller EU crop should increase European demand for durum but increased production in North Africa will reduce import demand in that region. The US 2009-10 durum crop is expected to be in line with the 2008-09 crop but, with larger carry-in stocks, total supply is projected to be higher, which will add pressure to prices in early summer.

**Feed barley**

Global barley production is expected to decrease but will still be larger than average. Canadian production is to decline while the US, Australia, and Ukraine are expected to increase. Large supplies and a struggling livestock sector will pressure feed barley prices. Tightening US corn supplies and less feed wheat should offset the weakened demand and provide some support to feed barley prices in 2009-10.

**Designated barley**

The European winter barley crop has developed under normal conditions. Above-average temperatures and moderate rainfall in Germany, France, and the UK are beneficial for spring barley prospects. Demand from importing countries is expected to remain strong, supporting prices. Adequate barley supplies are expected to narrow the spread between feed and malt quality barley to more traditional levels.

**Clubroot Resistant Canola?**

Presentations and discussions about clubroot resistant canola with a panel of experts, including:

- Raymond Gauthier, Pioneer Hi-Bred
- Dr. Stephen Strelkov, U of A Plant Pathologist
- Murray Hartman, Provincial Oilseed Specialist

April 2, 1:00 to 4:00 pm  
Devon, Clymont Community Hall  
North of TWP 514 on Hwy 60

For further information, call: Leduc County Agricultural Services at (780) 955-6404 or Parkland County Agricultural Services at (780) 968-8467.

**Keeping the Taxman Off The Farm**

Managing a farm business to minimize tax liabilities can be a major pre-occupation of many farm managers. Not only do they strive to reduce taxes in the short-term, they also strive to reduce taxes for the future and for subsequent generations by astute succession planning. The session will provide an overview of business planning strategies to achieve tax reduction goals.

Presented by: Merle Good, AAFRD  
April 23, 12 noon to 1:00 PM, Edmonton and Calgary  
Call (800) 272-9675 for location contacts.

## At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 50 lb	\$3.10 FOB	Apr-May	St. Albert
Barley, 50 lb	\$3.10 FOB	April	Stony Plain
Barley, 50 lb	\$2.86 FOB	March	Mayerthorpe
Barley, 50 lb	\$3.10 FOB	April	Millet
Barley, 52 lb	\$3.03 FOB	Apr-May	Morinville
Barley, 50 lb	\$3.01 FOB	Mar-Apr	Thorsby
Barley, 53 lb	\$3.10 FOB	Apr-May	Leduc
Wheat, feed	\$4.51 FOB	April	Gwynne
Wheat, feed	\$4.62 FOB	Mar-Apr	Lacombe
Wheat, feed	\$4.10 FOB	Mar-Apr	Oyen
Wheat, feed	\$4.95 del Lloydminster	May	Glendon
Wheat	CWB Contract	March	Lousana
Wheat	CWB Contract	Mar-Apr	Westlock
Peas, yellow	\$6.20 del Innisfail	Apr-May	Oyen
Canola	\$9.51 FOB	May	Stony Plain
Canola	\$9.61 FOB	May	Edberg
Canola	\$9.32 del Edmonton	Nov	Gwynne
Canola	\$9.68 del Edmonton	Jan 10	Gwynne
Canola	\$9.46 del Edmonton	Jan 10	Glendon
Canola, heated	\$6.06 FOB	Mar-Apr	Nisku
Canola, heated	\$5.94 FOB	April	Valhalla Centre

## Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	April	\$3.10 del Kirriemuir
Barley	Apr-May	\$3.53 del Lethbridge
Barley	Apr-May	\$3.10 del Carrot Creek
Barley	May	\$3.10 del Irma
Barley	May	\$3.58 del Lethbridge
Wheat, CWRS feed	April	\$4.51 FOB Hanna
Wheat, feed	Apr-Jun	\$4.84 del Red Deer
Wheat, feed	May	\$4.95 del Lloydminster
Wheat, 13.5% prt	June	\$5.38 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	\$9.38 del Lloydminster
Canola	April	\$9.28 del Edmonton
Canola	April	\$9.49 del Fort Saskatchewan
Canola	April	\$9.55 del Joffre
Canola	October	\$8.91 del Edmonton
Canola	November	\$9.14 del Edmonton
Canola	November	\$9.14 del Lloydminster
Canola	November	\$9.16 del Joffre
Canola	January	\$9.37 del Edmonton
Oats, milling	July	\$1.93 del Martensville
Oats, milling	July	\$1.88 del Barrhead
Oats, milling	November	\$2.11 del Martensville
Oats, milling	November	\$2.03 del Barrhead

## 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.** Todd Clark, Tribend Ranch, Edmonton, (780) 499-5060. Discounts available for AC Foremost if picked by April 15th.

Certified AC Foremost CPSR wheat	\$10.00/bu
Certified Superb CWRS wheat	\$11.00/bu
Certified AC Andrew CWSWS wheat	\$10.00/bu

**Certified seed.** Call Don Gibson Seeds, Sangudo, (780) 785-2588 or (780) 785-2214.

Certified Sundre barley	\$6.50/bu
Certified Ponoka barley	\$6.50/bu

**Certified seed.** 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

**Certified seed.** Craig Ference, Kirriemuir, (780) 753-1283. CDC Baler forage oats with 99% vig and 99% germ. CWSW AC Andrew wheat 98% vig and 98% germ.

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

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

**Common seed oats.** Kevin, Two Hills, (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.

## Mane Event

The Mane Event is an equine education and trade fair event that all Albertans involved in horses will want to attend. The Trainer's Challenge, equine trade fair, demos and over 81 hours of clinics are just some of the highlights for this year's event, being held in Red Deer on April 24 to 26, 2009. [www.maneeventexpo.com](http://www.maneeventexpo.com)



## By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (APR)	\$84.35	\$85.20	↓ (\$0.85)
CME Live Hogs (APR)	\$60.40	\$61.75	↓ (\$1.35)
CDN Dollar (JUN)	\$0.81	\$0.81	→ \$0.00
Minneapolis Wheat (MAY)	\$5.08	\$5.50	↓ (\$0.42)
Kansas City Wheat (MAY)	\$5.50	\$6.03	↓ (\$0.53)
Chicago Oats (MAY)	\$1.92	\$2.00	↓ (\$0.08)
Diesel (spot, Edmonton)	\$0.68	\$0.65	↑ \$0.03
Crude/Oil (APR)	\$52.30	\$50.55	↑ \$1.75