

At Market Master

By Shelley Wetmore

April 17, 2009.....

Feed barley and feed wheat seem to be flat, flat, flat. The concerns I have for both is the possible influx of high quality grain entering this market. Two questions to ask are:

1. Will the CWB take all the wheat contracted? As you're aware there are many wheat contracts still sitting in the bin and not shipped off the farm.
2. Will the malt contracted actually be accepted later? Again, there are tonnes of good quality barley on the farm destined for malt that may or may not enter the feed market.

Buyers are still bearish. That is why we continue to see hand-to-mouth purchases. It's difficult to obtain pricing further out and, just recently, have fall feed barley bids become available. If you review the Bid Board, they're not that attractive from a grower's perspective.

There is, finally, some light in the oat market. We have about 3 loads left at the \$2.18/bu price, delivered to Barrhead for May. The June price, at this point, remains lower.

Again, watch for good canola basis levels. Friday morning, the market was up about \$3.00/MT but finished down. The morning spurt did allow for some good pricing opportunities, with old crop over that \$10.00/bu mark for spring and summer months deliveries.

Happy Seeding!

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
May 09	\$439.00	\$428.50	↑ \$10.50
Jul 09	\$441.90	\$433.20	↑ \$8.70
Nov 09	\$444.00	\$436.80	↑ \$7.20
Jan 10	\$448.00	\$440.40	↑ \$7.60
Mar 10	\$450.70	\$442.20	↑ \$8.50
May 10	\$453.00	\$445.30	↑ \$7.70
Barley	This Week	Last Week	Diff +/-
May 09	\$132.90	\$135.00	↓ (\$2.10)
Jul 09	\$139.90	\$141.50	↓ (\$1.60)
Oct 09	\$148.90	\$150.50	↓ (\$1.60)
Dec 09	\$154.70	\$156.30	↓ (\$1.60)
Oct 10	\$154.70	\$156.30	↓ (\$1.60)

Be Grainwise!

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

US Grain

Soy Complex

Beans put in a strong week with the MAY up 44 cents to \$10.51/bu, meal \$15.40 higher to \$326.60/t, and oil up 1.35 cents to 36.77 cents/lb.

Strong demand, particularly from China, is supporting this market. That demand is likely to remain for the next two months as China announced it would extend its policy of buying domestic beans at higher than world prices to build their state reserves. This essentially drives bean processors into the international market place to secure supplies. Typically, much of that business would go to Argentina but tensions between Argentine producers and the government have limited supplies available for export.

Also bullish is the Argentine crop keeps shrinking. In March, the USDA pegged Argentinean production at 43 mmt. Last Thursday, that estimate had dropped to 39 mmt. This week, Argentine officials produced an estimate of just 37 mmt.

Technically, the MAY and JUL are bumping up against major resistance points ... the 200-day moving average ... MAY @ \$10.68 and JUL @ \$10.75. The MAY traded above that level today but failed to close there.

Corn

Although conditions remain wet in much of the US Midwest, forecasts are encouraging for farmers who'd like to start planting. But, general speaking, the earlier the planters roll, the more acres of corn will be planted.

There was some concern the Obama administration may re-examine ethanol's total carbon footprint which could include everything from the time the corn is planted until the ethanol is used. The fear is that government mandates for ethanol production could be reduced at some time in the future.

On the export front, demand remains strong with this week's sales coming in at a strong 879,600 mt.

MAY slipped 14 cents to \$3.76¼/bu.

Wheat

Wheat remains in the follower role. Exports remain anemic coming in this week at 121,500 mt which falls below the 135,100 mt needed to meet USDA demand targets. Simply put, US wheat remains over-priced compared to wheat from the Black Sea region.

There's concern, particularly in Oklahoma, that the recent frost may have done more damage than originally thought. However, with world supplies building, traders are taking a "prove it to me" attitude.

Both MAY CBOT and KCBT wheat inched a penny higher on the week to close at \$5.23/bu and \$5.71½/bu respectively. However, MGE wheat slipped 8¾ cents lower to \$6.35¼/bu.

Canadian Grain

Oilseeds

MAY canola followed the soy complex to close \$10.50 higher at \$439.00/MT.

Strong crusher demand and word of new export business (although none could be confirmed at the time of writing) pushed futures higher. But, large stores of unpriced canola still in farmers' hands and ideas of another large crop this spring weighed on futures. A strong Canadian dollar and steady farmer selling as cash bids once again reached the \$10.00/bu mark capped further gains.

Feedgrain

Cash barley bids have softened slightly as endusers look well supplied into late spring. MAY futures reflected that fact closing the week unchanged at \$135.00/MT.

Yellow edible pea bids have begun to strengthen slightly in some locations.



"Your grain watchdog."

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Strategies

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

Canola and Spring Price Endorsement

I always welcome suggestions from Grainwise readers as to what you'd like covered in my weekly commentaries. After all, this is really YOUR column. Lately, two areas of concern have surfaced. One concerns technical analysis and the charts I use. Readers are curious, "How do you know where to draw trend lines as well as lines of resistance and support on a chart?" That's a good question and one I'll cover in more detail in the coming weeks.

The other question concerns SPE crop insurance prices and my take on this spring's numbers. Since you have just until the end of the month to make elections, it seemed timely to dedicate this week's commentary to the SPE. I realize everyone's production number will differ, as will the premiums, so run your own numbers.

Canola SPE Calculation

The SPE for canola is \$8.85/bu or roughly \$390/MT. If your average yield is 35 bu/ac and you choose the 70% option, you'll be covered for 24.5 bu/ac. Assuming total canola acreage of 500 acres your "protected" bushels would be 12,250 bu or 278 MT. For this example, I'll assume you were going to purchase crop insurance anyway and the only REAL question is where the SPE should be added.

Assume a premium of \$6.25/ac. Your total SPE bill before any discounts would be \$3125 (500 ac x \$6.25/ac).

SPE versus a Put Option

The obvious comparison is to see what sort of coverage a producer could get from simply purchasing a \$390 NOV **put option** on the market. Here, the math is simple. After Thursday's close, NOV \$390 **puts** were \$10.90/MT. Multiply that by the 278 MT and it would cost of \$3,030.

In this scenario, the two premiums are strikingly similar ... but the coverage isn't. The **put** kicks in when futures dip below \$390. If you subtract your premium of \$10.90, it gives a floor price of \$379.10. This is a futures price. If I assume a \$20 under basis level, the ACTUAL cash floor price is roughly \$359.10.

The SPE, on the other hand, doesn't kick in unless prices decline at least 10%. Meaning ... unless CASH prices (SPE is based on the cash price) hasn't slipped below \$8.00/bu or \$352.74, no payout would be received.

However, if the SPE IS triggered, you receive the difference between the fall cash price and the \$8.85/bu or \$390 SPE. Just remember to include the \$6.25/acre SPE premium in your calculations. Nevertheless, this seems to be a point in favour of the SPE over the **put**.

Only a Put has this ...

However, the **put** has one other feature. If prices look to be rising over the summer, you can sell the **put** back into the market and recoup some of your premium. Money spent on a SPE, on the

other hand, is gone regardless of what the market does.

Will canola go up—or down?

Now comes the big question, "Will fall prices slip to levels that would make either the SPE OR the **put** pay off?"

Of course, no one knows. At the moment canola is showing some strength riding on the coattails of the soybean market. But, as we all know, anything can and usually does happen. I know some producers look at the SPE as a business opportunity—basically betting the price will fall to collect a payout. I prefer to look at both strategies as simply price insurance. Do your own calculations and see if either strategy makes sense for your operation.

SPE and Feed Barley?

However, as I review the new SPE prices for the various crops, few jump out at me as a "must buy" with the possible exception of feed barley which is quoted at \$3.70/bu. That means prices have to dip just 37 cents to \$3.33/bu (\$152.95/MT) to pay off—something to think about for your barley acres.

Early CWB PROs remains slightly better than SPE prices and when you consider prices have to drop 10% below the SPE to kick in, it becomes a questionable strategy. However, we're so early in the year. Who knows what prices will be next fall ... ?

Mission imPULSEible!

U of A food scientists and nutrition students have been challenged to create innovative food products with whole pulses or pulse fractions. **Alberta Pulse Growers** invites you to see their products and displays.

Who will win \$1,000 and move on to nationals in Winnipeg? Will they use pulse products of interest to your farm? Will a food product be created that will be a winner in the marketplace? Judges include Lynda Steele @ Global News and Dr. Jay Han @ Leduc Food Processing Development Centre plus others.

Thursday, April 30

9:00 am—registration, 9:30 am—competition

12:30 pm—winner & wrap-up, lunch to follow

JG O'Donoghue Building, 7000—113 Street, Edmonton

RSVP to Michelle Lamer by April 22—office@pulse.ab.ca

Grain Watchdog

WANTED: Smart, ambitious person to join the "grain watchdog" team as a grain marketing representative. Must have common sense, pay attention to detail, enjoy talking with grain producers, and demonstrate a real, caring concern about agriculture. Send resumes to: shelley.wetmore@shaw.ca

Deadlines!

Just a reminder that April 30th is the last day to apply for, change, or cancel coverage under the **Annual Crop Insurance** programs. April 30th is also the last day to pay the **2009 AgriStability** fee without penalty. For more information, contact your local AFSC office.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.03 FOB	April	Millet
Barley, 50 lb	\$3.06 FOB	April	Camrose
Barley, 50 lb	\$3.21 del Ferintosh	April	Ferintosh
Wheat, feed	\$4.31 FOB	April	Cereal
Wheat, feed	\$4.31 FOB	April	Consort
Wheat, feed	\$4.25 FOB	April	Athabasca
Peas, green	\$6.61 FOB	Aug-Sep	St. Albert
Peas, green	\$9.00 FOB	April	Camrose
Oats, milling	\$1.82 FOB	April	Thorsby
Oats, milling	\$2.18 del Barrhead	April	Athabasca
Oats, milling	\$2.18 del Barrhead	Apr-May	Mayerthorpe
Oats, milling	\$2.20 FOB	Apr-May	Millet
Canola	\$2.00 under JUL	May	Boyle
Canola	\$9.36 FOB	April	Consort
Canola	\$9.79 del Edmonton	Dec	Onoway

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. Jamie @ Victoor Seed Farm, St. Albert, (780) 914-6027.

Certified AC Foremost CPSR wheat	\$ 9.75/bu
Certified AC Superb CWRS wheat	\$ 10.25/bu
Certified CDC Copeland malt barley	\$ 7.75/bu
Certified Ponoka 2R feed barley	\$ 6.50/bu
Certified Conlon 2R S Awn feed barley	\$ 6.50/bu

Certified seed. Ed Lefsrud (780) 336-6700 or Kevin Lefsrud (780) 336-5700, Viking. AC Metcalf malt barley, AC Splendor CWRS, Snowbird CWHW, flanders and Hanly flax, Cutlass yellow peas.

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

Common seed barley. Hugh Skocodpole, Wildwood Ranches, Evansburg, (780) 325-2573. 58 lb, 97% germination, \$5.50/bu.

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.

Common oats and wheat seed. Craig Ference, Kirriemuir, (780) 753-1283.

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Apr-May	\$3.31 del Lacombe
Barley	May	\$3.42 del Lethbridge
Barley	May-Jun	\$3.10 del Kirriemuir
Barley	June	\$3.31 del Calgary
Barley	Sep-Oct	\$3.31 del Lethbridge
Wheat, feed	Apr-Jun	\$4.84 del Red Deer
Wheat, feed	June	\$4.57 del Lloydminster
Peas, feed	Apr-Jun	\$5.38 del Red Deer
Peas, yellow	May-Jun	\$6.10 del Innisfail
Peas, green	May-Jun	\$8.80 del Innisfail
Peas, green 10% bleach	May-Jun	\$8.20 del Innisfail
Peas, green 15% bleach	May-Jun	\$7.50 del Innisfail
Peas, green 20% bleach	May-Jun	\$7.25 del Innisfail
Peas, yellow	Aug-Oct	\$5.50 del Innisfail
Peas, green	Aug-Oct	\$7.00 del Innisfail
Rye, feed	May-Jun	\$4.26 del Red Deer
Triticale, feed	May-Jun	\$3.71 del Red Deer
Canola	May	\$9.85 del Lloydminster
Canola	May	\$9.92 del Edmonton
Canola	May	\$9.93 del Joffre
Canola	June	\$9.98 del Edmonton
Canola	July	\$10.03 del Edmonton
Canola	October	\$9.57 del Edmonton
Canola	November	\$9.68 del Edmonton
Canola	November	\$9.61 del Joffre
Canola	Januray 10	\$9.77 del Edmonton
Canola	April 10	\$9.89 del Edmonton
Oats, feed	Apr-Jun	\$2.18 del Pincher Creek
Oats, milling	Apr-May	\$2.18 del Barrhead
Oats, #2 CW	May-Jun	\$2.27 del Lethbridge
Oats, milling	June	\$2.06 del Barrhead
Oats, #2 CW	Sep-Oct	\$2.32 del Lethbridge
Oats, milling	October	\$1.97 del Martensville
Oats, milling	October	\$1.90 del Barrhead
Oats, milling	January 10	\$2.10 del Martensville
Oats, milling	January 10	\$2.02 del Barrhead
Oats, milling	March 10	\$2.15 del Martensville
Oats, milling	March 10	\$2.07 del Barrhead

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (JUN)	\$84.50	\$87.53	↓ (\$3.03)
CME Live Hogs (MAY)	\$72.20	\$57.95	↑ \$14.25
CDN Dollar (JUN)	\$0.82	\$0.81	↑ \$0.01
Minneapolis Wheat (MAY)	\$5.23	\$5.22	↑ \$0.01
Kansas City Wheat (MAY)	\$5.69	\$5.71	↓ (\$0.02)
Chicago Oats (MAY)	\$1.88	\$1.98	↓ (\$0.10)
Diesel (spot, Edmonton)	\$0.68	\$0.67	↑ \$0.01
Crude/Oil (MAY)	\$50.70	\$51.45	↓ (\$0.75)