

## At Market Master

By Shelley Wetmore

May 29, 2009.....

Feed wheat prices are slowly climbing—especially if you have some with higher protein and little or very little ergot. Like barley, though, I wonder how long the prices will remain stable to favourable ... as long as the threat of dry conditions remain so will the prices. But, with the first hint of moisture in any significant area within our province, I expect the price to change. Keep in mind that every producer is thinking the same thing. The last thing I'd like to see is some rain fall, then a stampede to sell grain because the crop is anticipated to be "safe". The current levels of pricing for both feed barley and wheat are acceptable so do consider locking-in a little bit. Our strong dollar doesn't help.

Look at canola prices, for example. Our strong dollar is hampering the price plus basis levels for fall are widening out a bit. In fact, some buyers have completed their purchases for October or November. Check with your local buyers ... if you're expecting to haul in during October, you just might be out of luck in some areas. There are still very good basis levels available for January, for example, check them out or call me.

Some re-seeding has begun, mostly canola crops not coming out due to frost damage earlier on.

## Be Grainwise!

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

### US Grain

#### Soy Complex

Soybeans enjoyed a solid week despite reports that China had cancelled a previous purchase of US beans in favor of South American beans. However, with the US dollar in a nose-dive, making US beans extremely competitive in the world market, those concerns were put aside—at least for the time being. Weekly exports came in on the low side of expectations at just 237,400 mt of old crop and 227,000 mt of new crop sales.

Sharply higher crude oil and gold prices also bolstered the market which saw JUL beans scamper up 18 cents to \$11.84 cents/bu while meal climbed \$7.50 at \$382.50/t. JUL oil pushed .95 cents higher to 39.05 cents/lb.

Trader's are still unsure of what the final bean/corn mix will be as weather continues to hamper planting efforts, particularly in the Eastern corn belt.

#### Corn

Two states having a lot of trouble getting the corn in the ground are Illinois and Indiana. At just 62% and 55% respectively of corn plantings completed, many analysts are wondering how many of those acres will eventually be switched to beans.

Typically, corn planting is just wrapping up in those states and the forecast for next week is more rain. There's also concern that even IF those acres are eventually planted, yield will likely suffer as late planted corn rarely yields as well as early planted corn.

This is leading some analysts to predict next year's corn carryout stocks-to-use figure will fall below 10%. If this was realized, corn prices would remain well supported throughout the year.

JUL corn settled at \$4.36¼/bu, up 6 cents. Old crop/new crop export sales topped the 1mmt mark this week.

#### Wheat

Wheat is enjoying an early spring rally. JUL CBOT shot up 24¾ cents to \$6.37¼/bu while KCBT wheat closed 26½ cents higher at \$6.87/bu. JUL MGE climbed 27 cents, settling at \$7.72/bu.

Although global new crop ending stocks predictions remain unchanged, traders are becoming concerned about production problems in some key wheat producing areas—first and foremost is right in their own backyard. Early winter wheat yields have been disappointing and excessive moisture in the Northern Plains is hampering spring wheat seeding efforts. Dryness in eastern Alberta and western Saskatchewan was also noted.

### Canadian Grain

#### Oilseeds

Despite the strong showing in the US soy complex, canola struggled this week with the JUL slipping \$15.10 lower to \$456.30/MT.

Most of those losses were due to the incredible strength of the Canadian dollar which has risen almost 6¼ cents in the past two weeks and has traded above the 91 cent mark. Actually, much of our dollar's strength is due to the weakness of the US dollar.

There's also rising concern that prairie producers may seed up to 1 mln acres more than reported in the latest StatsCan report. Large tracts of winter wheat, particularly in the Red River Valley, has winter killed and it's thought that much of that land may yet be seeded to canola. Routine export and crusher buying combined with a slowdown in producer selling helped prevent further losses.

#### Feedgrain

Despite stronger grains markets in the US, JUL barley dipped \$1.20 lower to \$153.60/MT, largely due to the strength in the dollar. Cash prices however remain largely unchanged.

## Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Jul 09	\$456.30	\$471.40	↓ (\$15.10)
Nov 09	\$464.70	\$474.10	↓ (\$9.40)
Jan 10	\$471.40	\$480.00	↓ (\$8.60)
Mar 10	\$474.30	\$482.30	↓ (\$8.00)
May 10	\$476.00	\$484.30	↓ (\$8.30)
Jul 10	\$477.70	\$486.20	↓ (\$8.50)
Barley	This Week	Last Week	Diff +/-
Jul 09	\$153.60	\$154.80	↓ (\$1.20)
Oct 09	\$162.60	\$164.20	↓ (\$1.60)
Dec 09	\$158.60	\$160.20	↓ (\$1.60)
Mar 10	\$158.60	\$160.20	↓ (\$1.60)
Oct 10	\$158.60	\$160.20	↓ (\$1.60)



"Your grain watchdog."

8543 - 75 Avenue  
Edmonton, AB T6C 0G9  
www.grainwatchdog.com  
(800) 440-8390

This publication may not be reproduced without permission by Market Master Ltd.

## Strategies

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

First of all, a big **thank you to Neil Blue** who took time out from his busy schedule to write for me these past two weeks allowing me to concentrate on spring seeding.

### Our Dollar and Wheat Prices

Without a doubt, the big story over the past couple of weeks for Canadian producers has been the unprecedented rise in the Canadian dollar which has climbed over 11 cents in the past 5 weeks and over 6 cents in the past two weeks.

While the rise in our dollar is good when it comes to importing goods from the US, it takes a toll on grain prices.

It's particularly frustrating for holders of unpriced CWB BPC contracts. Although futures have risen sharply in the past couple of weeks, much of those advances have been eaten up by the stronger currency.

I expect the dollar also played a large

role in smaller than expected gains in this month's CWB PRO which saw new crop prices rally just \$2.00/MT for most classes of wheat. Old crops PROs slipped slightly but are still well above the levels available to most BPC holders.

If you're still holding an unpriced BPO contract that has yet to be delivered, you may want to look at buying out your BPO contract and placing that tonnage back in the pool. Obviously, everyone's situation is different but it bears looking into.

If you are signed up to the CWB's "e-services" feature, this transaction can actually be done online. If you have yet to sign up for e-services, I'd highly recommend it. The CWB is to be commended for their work on this site and the convenience it offers producers. However, I do have one criticism as it pertains to producer car settlement statements which are notoriously slow in coming. Surely there must be a way that the statement could be downloaded right

online using the e-services feature. This would speed up the process and alleviate a lot of frustration on the part of producer car shippers.

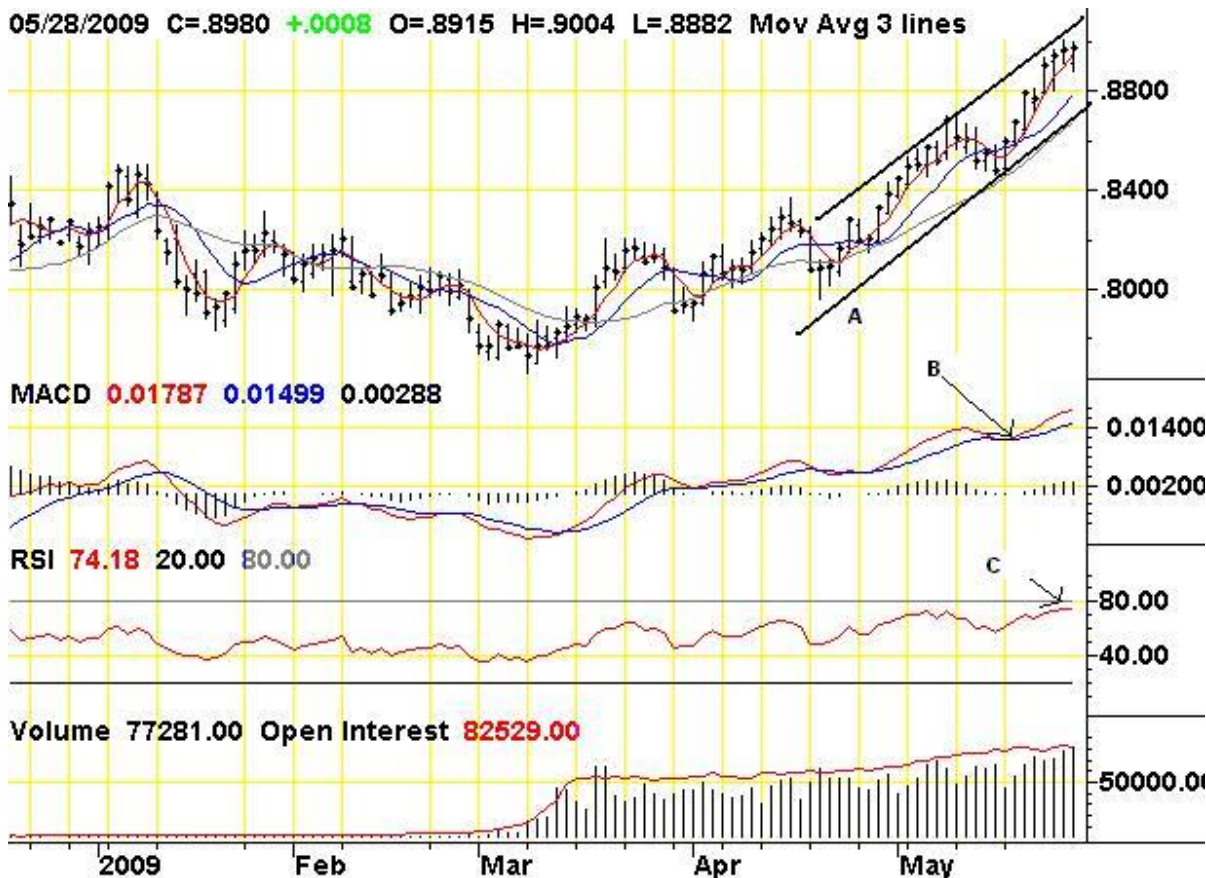
### Technical Analysis

In closing, I'd like to include a JUN futures chart of our Canadian dollar.

Note the strong uptrend over the past 5 weeks "A" and how that trend remains intact. The MACD is also in positive territory when the FMA (fast moving average) line crossed the SMA (slow moving average) line at "B".

However, there's a note of caution at least in the short-term as the RSI "C" is getting dangerously close to the magic "80" mark. It could be just some sideways trade for a while or a sharp pull-back, but markets seldom trade that close to the "80" mark for long.

Charts provided courtesy of [TradingCharts.com](http://TradingCharts.com)  
[www.futures.tradingcharts.com](http://www.futures.tradingcharts.com)



**CWB May 2009-10 Average PRO**

	Alberta		Sask		BC		
	Average		Average		Average		
	May PRO	Deduc	Return	Deduc	Return	Deduc	Return
<b>Wheat</b>							
1 CWRS 14.5	\$8.11	\$1.45	\$6.66	\$1.66	\$6.45	\$1.36	\$6.75
1 CWRS 13.5	\$7.76	\$1.45	\$6.31	\$1.66	\$6.10	\$1.36	\$6.40
1 CWRS 12.5	\$7.57	\$1.45	\$6.12	\$1.66	\$5.91	\$1.36	\$6.21
1 CWRS 11.5	\$7.35	\$1.45	\$5.90	\$1.66	\$5.69	\$1.36	\$5.99
2 CWRS 13.5	\$7.59	\$1.45	\$6.14	\$1.66	\$5.93	\$1.36	\$6.23
2 CWRS 11.5	\$7.18	\$1.45	\$5.73	\$1.66	\$5.52	\$1.36	\$5.82
3 CWRS 13.0	\$7.13	\$1.45	\$5.68	\$1.66	\$5.47	\$1.36	\$5.77
3 CWRS	\$6.83	\$1.45	\$5.38	\$1.66	\$5.17	\$1.36	\$5.47
4 CWRS	\$6.21	\$1.45	\$4.76	\$1.66	\$4.55	\$1.36	\$4.85
1 CWHW 13.5	\$7.76	\$1.45	\$6.31	\$1.66	\$6.10	\$1.36	\$6.40
1 CPSR	\$6.64	\$1.45	\$5.19	\$1.66	\$4.98	\$1.36	\$5.28
1 CPSW	\$6.64	\$1.45	\$5.19	\$1.66	\$4.98	\$1.36	\$5.28
1 CWRW Select 11.5	\$7.08	\$1.45	\$5.63	\$1.66	\$5.42	\$1.36	\$5.72
1 CWRW	\$6.50	\$1.45	\$5.05	\$1.66	\$4.84	\$1.36	\$5.14
1 CWES	\$6.94	\$1.41	\$5.53	\$1.65	\$5.29	\$1.36	\$5.58
1 CWSWS	\$5.96	\$1.45	\$4.51	\$1.66	\$4.30	\$1.36	\$4.60
CW Feed	\$5.28	\$1.45	\$3.83	\$1.66	\$3.62	\$1.36	\$3.92
<b>Durum</b>							
1 CWAD 14.5	\$8.30	\$1.47	\$6.83	\$1.57	\$6.73	\$1.35	\$6.95
1 CWAD 13.0	\$8.00	\$1.47	\$6.53	\$1.57	\$6.43	\$1.35	\$6.65
1 CWAD 12.5	\$7.92	\$1.47	\$6.45	\$1.57	\$6.35	\$1.35	\$6.57
1 CWAD 11.5	\$7.73	\$1.47	\$6.26	\$1.57	\$6.16	\$1.35	\$6.38
2 CWAD 13.0	\$7.76	\$1.47	\$6.29	\$1.57	\$6.19	\$1.35	\$6.41
2 CWAD 11.5	\$7.57	\$1.47	\$6.10	\$1.57	\$6.00	\$1.35	\$6.22
3 CWAD 13.0	\$7.27	\$1.47	\$5.80	\$1.57	\$5.70	\$1.35	\$5.92
3 CWAD	\$7.10	\$1.47	\$5.63	\$1.57	\$5.53	\$1.35	\$5.75
4 CWAD	\$6.64	\$1.47	\$5.17	\$1.57	\$5.07	\$1.35	\$5.29
5 CWAD	\$5.28	\$1.47	\$3.81	\$1.57	\$3.71	\$1.35	\$3.93
<b>Feed Barley</b>							
1 CW Pool A	\$3.44	\$1.24	\$2.20	\$1.49	\$1.95	\$1.17	\$2.27
<b>Designated Barley</b>							
SS CW 2-row	\$5.31	\$1.27	\$4.04	\$1.47	\$3.84	\$1.23	\$4.08
SS CW 6-row	\$4.88	\$1.27	\$3.61	\$1.47	\$3.41	\$1.23	\$3.65

**CWB March PRO Commentary**

**Wheat**

US wheat futures moved higher. A declining US dollar provided support for commodity markets. International prices have moved higher, although at a slower pace than US values. World wheat fundamentals are still not very positive, due mostly to the large stocks still available from the 2008-09 crop.

The USDA released its first world wheat production estimate during the past month. At 657 million tonnes, this represents a decrease of 6.5% from last year. Despite the drop in production, USDA forecasts for ending stocks will grow by 9.2% due to large forecasted supplies remaining from the 2008-09 crop year. Planting problems in the US spring wheat and corn areas, combined with continued concerns over US winter wheat production, provided some fundamental support. A rally in US soybeans also provided support for wheat and corn markets.

Strengthening of the Canadian dollar has offset much of the gains in wheat prices. The dollar has fluctuated between \$0.81 US and \$0.88 US since the last PRO which has had a large negative impact on returns in Canadian dollars.

**Durum**

The nearby durum market has strengthened as millers begin to extend coverage levels. Overall, global durum production is expected to be slightly higher than last year. North African production is significantly larger than in 2008-09 but the European crop is expected to be smaller. Harvest is underway in North Africa and crops are maturing in the northern Mediterranean basin. Late planting in the US durum region and dryness in Western Canada are causing production and quality concerns for North America. Strength in the Euro has boosted demand for durum in the EU. Strength in durum prices was offset by the stronger Canadian dollar.

**Feed barley**

Global barley production is forecast to decrease 3% from 2008-09 levels but above the 5-year average. Higher 2008 carry-out stocks will offset lower 09-10 production. Production in Canada, the EU, and Black Sea should decrease, while Australia, Middle East, and Africa will increase. Uncertainties about the US corn crop have added support to US and international feed markets. Global feed supplies are still expected to be adequate to meet demand. The strengthening Canadian dollar has offset any improvement in feed barley prices.

**Designated barley**

Spring barley prospects remain largely favourable in the EU which has kept concerns about the quantity and quality of the crop to a minimum. Late planting and expected reduced acreage in the US and Canada will provide some support. Timely rains in South Australia have boosted prospects for malting barley production in the upcoming year in Australia. The spread between malting-quality barley and feed barley has narrowed and should remain at more traditional levels in the upcoming crop year. Demand for malting-quality barley is expected to improve slightly from 2008-09. The strengthening Canadian dollar has largely offset any improvement in designated barley prices.



Well, I've been out camping 3 times so far this year. First was by Tofield (rain) and second time in the Boyle area (rain). For those of you who've followed my

chronicles last year, you know it was mostly weekends filled with rain. So, this year, I figured I should keep track in case some area needs moisture down the road and you might need me to show up in your field with the trailer for a weekend. Last weekend was at Cross Lake, north of

Westlock. No rain but black bears introduced themselves to our campsite! So, here's the countdown:

- 3 total camping excursions
- 2 rain
- 1 bears

## At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.34 del Veteran	May-Jun	Oyen
Barley, 48 lb	\$3.01 FOB	Jun	Vegreville
Barley, 48 lb	\$3.01 FOB	Jun	Wainwright
Barley, 48 lb	\$3.01 FOB	Jun	St. Albert
Barley, 50 lb	\$2.94 FOB	Jun	Athabasca
Barley, 50 lb	\$3.01 FOB	Jun	Westlock
Barley, 50 lb	\$3.01 FOB	Jun	Vimy
Barley, 50 lb	\$3.01 FOB	Jun	Mundare
Barley, 54 lb	\$3.16 FOB	Jun	Didsbury
Wheat, milling 13.1% prt	\$5.00 FOB	Jun	New Norway
Wheat, feed	\$4.95 del Edmonton	Jun	St. Michael
Wheat, feed	\$4.95 del Edmonton	Jun	Newbrook
Wheat, feed	\$4.65 FOB	Jun	Ponoka
Peas, green	\$7.71 FOB	May	Ohaton
Peas, green	\$9.05 FOB	May	Fort Saskatchewan
Peas, green 15% bleach	\$7.50 FOB	Jun	Heisler
Peas, green 20% bleach	\$7.00 FOB	Jun	Fort Saskatchewan
Peas, green 10% bleach	\$7.84 FOB	May	Mannville
Peas, green 40% bleach	\$6.00 FOB	Jun	Enilda
Canola	\$6.52 FOB	May-Jun	Beaverlodge
Canola	\$10.44 del Edmonton	Dec	Tawatinaw

## Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	June	\$3.25 del Castor
Barley	June	\$3.42 del Lethbridge
Barley	June	\$3.51 del Lethbridge
Barley	June	\$3.34 del Coronation
Barley	June	\$3.42 del High River
Barley	July	\$3.31 del Lethbridge
Barley	Sep-Oct	\$3.21 del Kirriemuir
Barley	Sep-Nov	\$3.01 del Carrot Creek
Wheat, feed	June	\$4.92 del Red Deer
Wheat, feed	June	\$4.76 FOB Edmonton
Wheat, feed	June	\$4.95 del Edmonton
Wheat, 12.5% prt	Jun-Jul	\$5.25 del Red Deer
Wheat, feed	July	\$5.00 del Edmonton
Peas, yellow	June	\$6.25 del Innisfail
Peas, green	June	\$9.25 del Innisfail
Peas, green 10% bleach	June	\$8.40 del Innisfail
Peas, green 20% bleach	June	\$8.10 del Innisfail
Peas, feed	June	\$6.01 FOB Edmonton
Peas, yellow	Aug-Oct	\$5.75 del Innisfail
Peas, green	Aug-Oct	\$7.00 del Innisfail
Rye, feed	Jun-Jul	\$4.26 del Red Deer
Triticale, feed	Jun-Jul	\$3.95 del Red Deer
Canola	June	\$10.36 del Lloydminster
Canola	June	\$10.29 del Edmonton
Canola	June	\$10.33 del Crossfield
Canola	June	\$10.26 del Lacombe
Canola	October	\$10.07 del Lloydminster
Canola	October	\$10.21 del Edmonton
Canola	October	\$10.27 del Crossfield
Canola	October	\$10.17 del Lacombe
Canola	December	\$10.40 del Lloydminster
Canola	December	\$10.41 del Edmonton
Canola	December	\$10.49 del Crossfield
Canola	December	\$10.44 del Lacombe
Oats, feed	June	\$2.25 del Pincher Creek
Oats, milling	August	\$2.27 del Barrhead
Oats, milling	October	\$2.30 del Martensville
Oats, milling	October	\$2.30 del Barrhead
Oats, milling	January 10	\$2.53 del Martensville
Oats, milling	January 10	\$2.45 del Barrhead
Oats, milling	March 10	\$2.58 del Martensville
Oats, milling	March 10	\$2.50 del Barrhead

## Classifieds

**Equipment:** 28' Bourgault air seeder, model FH528-34 with 2115 tank, 2" seeding spoons, very good condition. \$15,000 OBO. Call Jason Megli @ (780) 878-4253 cell or (780) 877-2374 home, Ferintosh.

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

Certified Sundre barley \$6.25/bu  
 Certified Ponoka barley \$6.50/bu

**Common seed oats.** Kevin, Two Hills, (780) 657-2477.

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

## By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (JUN)	\$81.25	\$82.55	↓ (\$1.30)
CME Live Hogs (JUN)	\$63.93	\$65.96	↓ (\$2.03)
CDN Dollar (JUN)	\$0.91	\$0.89	↑ \$0.02
Minneapolis Wheat (JUL)	\$6.37	\$6.12	↑ \$0.25
Kansas City Wheat (JUL)	\$6.87	\$6.60	↑ \$0.27
Chicago Oats (JUL)	\$2.51	\$2.49	↑ \$0.02
Diesel (spot, Edmonton)	\$0.67	\$0.67	→ \$0.00
Crude/Oil (JUL)	\$65.40	\$61.05	↑ \$4.35

## Conversion Table

40 MT of	Equals	# of bu
barley	x 45.930	1,837 bushels
wheat, peas	x 36.744	1,470 bushels
canola	x 44.092	1,764 bushels
flax, rye, corn	x 39.368	1,575 bushels
oats	x 64.842	2,594 bushels