

At Market Master

By Shelley Wetmore

June 5, 2009.....

Wow, what a week in prices changes! Feed barley has climbed about \$10 per tonne since last week which means prices are ranging from \$3.65 to \$3.75 delivered to feedlot alley, and from \$3.40 central Alberta to \$3.30 in the eastern part of the province. Feed wheat prices, depending upon specifications (protein levels and ergot percentages), range from \$5.00 to \$5.50 delivered almost anywhere in the province. The list continues, review the Bid Board.

Why the change in pricing? The weather (lack of moisture) is causing the increase. On Wednesday, as I checked moisture forecasts throughout the province, the only location that looked promising for rain was the Lethbridge area. Yesterday, more rain was in store for almost every area ... we'll just have to wait and see what the predictions actually amount to. I've had many producers say the weather and crop conditions are reminiscent of the 2002 drought.

Finally, there are many speculating that the scene is ripe for another rally ... reminiscent of last year. Speculators have money once again and our commodities might be ripe for the picking. Just learn from last time if this happens—price on the way up—we can never predict what exactly is going to happen with these markets.

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Jul 09	\$475.30	\$456.30	↑ \$19.00
Nov 09	\$481.00	\$464.70	↑ \$16.30
Jan 10	\$486.30	\$471.40	↑ \$14.90
Mar 10	\$489.40	\$474.30	↑ \$15.10
May 10	\$490.40	\$476.00	↑ \$14.40
Jul 10	\$491.40	\$477.70	↑ \$13.70
Barley	This Week	Last Week	Diff +/-
Jul 09	\$168.00	\$153.60	↑ \$14.40
Oct 09	\$180.00	\$162.60	↑ \$17.40
Dec 09	\$180.00	\$158.60	↑ \$21.40
Mar 10	\$180.00	\$158.60	↑ \$21.40
Oct 10	\$180.00	\$158.60	↑ \$21.40

Be Grainwise!

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

US Grain

Soy Complex

After a week of volatile trade, JUL beans closed 4½ cents higher at \$12.25½/bu. Meal followed suit, rising \$13.50 to \$396/t while oil climbed up .68 cents to 39.73 cents/lb. New contract highs were set in all three markets.

The US dollar continues its downward trek, adding fuel to all grains/oilseeds.

However, bean fundamentals look constructive despite this week's disappointing weekly export figure. Sales of up to 450,000 mt were anticipated but instead traders were greeted with a figure of -24,000 mt due to cancellations by both China and Japan. Nevertheless, this still leaves totals sales for the year at 1.24 bln bu which is exactly the USDA projection for the entire year and we still have 9 weeks left to go in the marketing year.

There **ARE** negatives in the market. It's expected the wet conditions in the Eastern cornbelt will result in an additional 3.5 mln acres being shifted from corn to beans. A pickup in farmer selling as \$10.00/bu beans become available for movement off-the-combine also capped further gains.

Corn

Corn futures also had a bumpy ride but movement was somewhat muted compared to beans. The JUL closed 7¼/bu higher at \$4.44/bu.

Weekly sales were disappointing at just 604,500 mt but, with fewer acres expected to be planted to corn and the lateness of this year's crop, overall production is expected to drop, tightening ending stocks to levels that would not have been predicted just a few short weeks ago.

Wheat

When it comes to volatility, wheat took the prize (see Strategies). While a correction was overdue, considering the strong rally wheat has enjoyed over the past 5 weeks, no one expected it would happen in one day. Even the most seasoned trader was shaking his head over the 60 cent/bu tumble wheat suffered Wednesday.

However, the market fought back to close just 14¼ cents lower in the JUL CBOT, while KCBT wheat dipped 12 cents lower to \$6.75/bu. JUL MGE wheat fared the worst, dropping 27 cents to

\$7.45/bu.

Weekly exports were just 88,400 mt, dramatically short of the 946,400 mt needed to stay on track with the USDA newly revised annual sales projection. Why the USDA recently increased its yearly estimate to 1.01 bln bu remains a mystery to me.

Canadian Grain

Oilseeds

A surging soy market combined with a slightly weaker dollar to send JUL canola sharply higher, closing out the week at \$474.90/MT, a gain of \$18.60.

Concern over drought in eastern Alberta and western Saskatchewan, along with scattered frost events, supported the market. Farmer selling has been slow but reports are that some grain exporters are asking producers to deliver now on July contracts to meet sales obligations. Concern that China may soon cut back on canola purchases curbed further gains.

Feedgrains

JUL barley shot a whopping \$14.40 higher to \$168.00/MT. The unusual activity was brought on by this week's announcement by ICE of a new barley contract.

All the details have yet to be released but here's what we do know. Contracts from MAR 2010 will be delisted while contracts prior to that date will carry on under the old rules. The deliverable regions for the new contract will be Southern Alberta and a new Participant group, the Barley Merchants, will be able to make deliveries against the new contract in addition to the current Participant category Merchant Multi Commodity.



"Your grain watchdog."

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Strategies

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

What's Up with Wheat?

What a roller coaster ride wheat futures went on this week!

To start the week, futures were sharply higher, heavy losses Wednesday, then a rally back on Thursday. What's up?

As I've mentioned before, wheat has the worst fundamentals of any of the grains. Simply put, we're not going to be running out of wheat any time soon.

The latest IGC (International Grains Council) report estimates global 2008/0909 ending stocks will climb 42 mmt to 158 mmt. Perhaps even more concerning, is that the estimated 2009/2010 ending stocks are expected to climb another 9 mmt to 167 mmt.

To put these figures into context, Canada's **ENTIRE** annual wheat production is around 25 mmt. So, if the world is swimming in wheat—why the spring rally?

Despite predictions to the contrary, the trade is concerned about production problems in the US, Argentina, parts of Europe, and (yes) even Canada. While

no one expects to run out of wheat this year, some feel production will ultimately fall below current projections.

However, the biggest reason for wheat's recent rally is the return of speculative money to the market in the form of index and commodity funds. After taking a beating for most of the past year, the common wisdom now suggests that commodities are the place to be to maximize return on investment. This is a radical departure from just a few months ago but that's where we currently are. In my opinion, this money is more skittish than it was a year ago and fund managers have their fingers on the trigger to bail out of their long positions at the first hint of trouble. (Once bitten twice shy.)

This climate would make for extreme volatility in any market but, in a market where the overall fundamentals are suspect to begin with, that volatility is magnified.



Technical Analysis

In last week's column, I suggested the RSI on the Canadian dollar chart was dangerously high and a pull-back of some sort would likely be in the offing.

That pull-back occurred this week, giving holders of unpriced CWB BPC contracts some welcome relief and an excellent opportunity to lock-in the futures portion of their contract.

While the RSI does little in predicting long-term market movement, I've found it be a very accurate tool in short-term trade whenever the "80" or "20" mark is approached.

How to Decide if Re-Seeding is Necessary

From AAFRD

There are a number of considerations producers should keep in mind when trying to decide whether or not to reseed a crop.

"As an agronomist, I have been called out a number of times to examine crops that were possible candidates for reseeding," says Nick Underwood, Reduced Tillage agronomist for the Peace Region. "Sometimes it isn't that easy to decide. You not only have to decide whether the crop needs to be reseeded but also with what."

The most likely crop to have a problem is canola. A common scenario sees the crop emerge and then get hit by a late hard frost, making it appear that reseeding is needed.

"First off, don't make any rash decisions," cautions Underwood. "Wait three to four days and then have a close look at the plants in different parts of the field to see if the growing point is dead or if there are signs of life. Count live plants per square foot in several places to come up with the number of living plants in the field or the part of the field in question."

Underwood says that the easiest way to count is per foot of row. "For a good canola crop you need 7 to 17 plants per square foot. The date is also a key consideration. The later you seed, or reseed, the lower the yield potential. A low plant count that was seeded early may do as well or better than a higher plant count that was reseeded late."

If there are less than seven plants per square foot, a reasonable crop may still be anticipated. However, it will mature more slowly as it branches out to fill in the spaces.

"Weed control will be more important in this situation," notes Underwood. "If direct seeding, it will be necessary to spray out the remaining plants if a reseeding decision is made to change crops. In this instance, a cheap phenoxy herbicide will be required if the frozen crop is RR canola. A short-season barley is the best choice for reseeding in this case. If reseeding to canola, it should be resistant to the same herbicide as the original crop, but it should be a shorter season variety."

Reseeding cereals or peas is unusual because frost is unlikely to cause severe damage to those crops. "If the young crop is badly damaged by excess water, the reseeding will obviously be delayed and a crop change is likely," says Underwood. "This may provide an opportunity to change to a fall-seeded crop."

Underwood cautions to make sure that emergence is finished before assessing the crop and doing plant counts. "Also, confirm the cause of the poor plant stand. You want to make sure that the real problem wasn't that you seeded at the wrong depth or too quickly, and that the frost wasn't just the last straw."

"Reseeding is less common than it used to be because of direct seeding," adds Underwood. "When seeding the first time, aim for the right plant population at the right depth."

For more information, contact Nick Underwood at (780) 814-1232.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.34 del	Coronation June	Mannville
Barley, 48 lb	\$3.01 FOB	June	Barrhead
Barley, 48 lb	\$3.00 FOB	June	St. Michael
Barley, 48 lb	\$3.01 FOB	June	St. Paul
Barley, 48 lb	\$3.01 FOB	June	Boyle
Barley, 48 lb	\$3.01 FOB	July	Paradise Hill
Barley, 50 lb	\$3.60 del	Taber July	Millet
Barley, 50 lb	\$3.01 FOB	June	Bonnyville
Barley, 50 lb	\$3.25 FOB	June	Donalda
Barley, 50 lb	\$3.50 del	Innisfail June	Monarch
Barley, 54 lb	\$3.10 FOB	June	Legal
Barley, 56 lb	\$3.01 FOB	June	High Prairie
Wheat, feed	\$5.00 FOB	June	Didsbury
Wheat, feed	\$5.00 del	Edmonton June	Morinville
Wheat, feed	\$4.76 FOB	June	New Norway
Wheat, feed	\$5.00 FOB	June	Hanna
Peas, feed	\$6.00 FOB	June	Clive
Peas, feed	\$5.90 FOB	June	Nisku
Oats, milling	\$2.50 FOB	June	Hillard
Oats, milling	\$2.33 del	Barrhead August	Onoway
Oats, feed	\$2.01 FOB	June	Consort
Canola, heated	\$5.95 FOB	June	Falun

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (AUG)	\$81.15	\$81.25	↓ (\$0.10)
CME Live Hogs (JUL)	\$60.08	\$63.93	↓ (\$3.85)
CDN Dollar (SEP)	\$0.90	\$0.91	↓ (\$0.01)
MGE Wheat (JUL) - CWRS	\$6.23	\$6.37	↓ (\$0.14)
CWB May PRO - CWRS	\$7.76	\$7.76	→ \$0.00
CWB Fixed Price - CWRS	\$7.84	\$7.95	↓ (\$0.11)
KCBOT Wheat (JUL) CPSR	\$6.75	\$6.87	↓ (\$0.12)
CWB May PRO - CPSR	\$6.64	\$6.64	→ \$0.00
CWB Fixed Price - CPSR	\$6.66	\$6.67	↓ (\$0.01)
CBOT Oats (JUL)	\$2.56	\$2.51	↑ \$0.05
Diesel (spot, Edmonton)	\$0.69	\$0.67	↑ \$0.02
Crude/Oil (JUL)	\$68.02	\$65.40	↑ \$2.62

Classifieds

For Sale. 2320 Flexicoil air drill tank, new auger, new manifold, and meter boxes. Phil, Morinville, (780) 699-2736.

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.

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	June	\$3.01 FOB Westlock
Barley	June	\$3.34 del Lacombe
Barley	June	\$3.42 del Bowden
Barley	June	\$3.53 del High River
Barley	Jun-Jul	\$3.34 del Kirriemuir
Barley	Jul-Aug	\$3.71 del Lethbridge
Barley	Jul-Aug	\$3.66 del High River
Barley	Sep-Oct	\$3.21 del Kirriemuir
Barley	November	\$3.14 del Carrot Creek
Wheat, feed	June	\$5.00 del Edmonton
Wheat, 12.5% prt	June	\$5.11 del Lacombe
Wheat, feed	June	\$5.11 del Lloydminster
Wheat, feed	June	\$5.11 del Red Deer
Wheat, feed	June	\$4.76 FOB Edmonton
Wheat, feed	July	\$5.00 del Edmonton
Wheat, feed	Jul-Aug	\$4.87 FOB Edmonton
Peas, feed	Jun-Jul	\$6.20 del Lacombe
Peas, yellow	June	\$6.25 del Innisfail
Peas, green	June	\$8.75 del Innisfail
Peas, green 10% bleach	June	\$7.90 del Innisfail
Peas, green 20% bleach	June	\$7.60 del Innisfail
Peas, yellow	Aug-Oct	\$6.00 del Innisfail
Peas, green	Aug-Oct	\$7.40 del Innisfail
Rye, feed	Jun-Jul	\$4.26 del Red Deer
Triticale, feed	Jun-Jul	\$3.95 del Red Deer
Canola	June	\$10.79 del Lloydminster
Canola	June	\$10.87 del Edmonton
Canola	June	\$10.90 del Crossfield
Canola	June	\$10.89 del Lacombe
Canola	October	\$10.44 del Lloydminster
Canola	October	\$10.78 del Edmonton
Canola	October	\$10.73 del Crossfield
Canola	October	\$10.75 del Lacombe
Canola	December	\$10.74 del Lloydminster
Canola	December	\$10.88 del Edmonton
Canola	December	\$10.85 del Crossfield
Canola	December	\$10.91 del Lacombe
Oats, feed	June	\$2.41 del Pincher Creek
Oats, milling	August	\$2.28 del Barrhead
Oats, milling	October	\$2.36 del Martensville
Oats, milling	October	\$2.30 del Barrhead
Oats, milling	January 10	\$2.54 del Martensville
Oats, milling	January 10	\$2.43 del Barrhead
Oats, milling	March 10	\$2.60 del Martensville
Oats, milling	March 10	\$2.47 del Barrhead

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