

At Market Master

By Shelley Wetmore

June 12, 2009.....

All week, I've been watching weather forecasts for every area throughout our province. I hope some of those forecasts remain true. It looks like between Sunday this weekend and the end of next week, MOST areas should experience some sort of precipitation. Let's hope so.

Consequently, with the threat of drought knocking at our doors, the bin doors of many producers remain firmly closed. Certain farming areas are already contacting crushers and other canola buyers to see what the cost is going to be to buy-out earlier, forward-priced contracts. If you're in this situation, do contact your buyer soon. Every buyer seems to have different policies this year so it would be good to see exactly where you stand.

On a lighter front, some locals are reporting hope. The Peace has some optimistic farmers as do other pockets throughout the province. Overall, however, unless the moisture comes, I suspect crop insurance representatives may be busy.

Do remember (as if you could forget), how the pricing changed during our last drought. The climb was fast and high—but so was the turnaround. Keep your mind firmly on the markets and still take advantage of opportunities.

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Jul 09	\$473.00	\$474.90	↓ (\$1.90)
Nov 09	\$476.60	\$481.00	↓ (\$4.40)
Jan 10	\$477.70	\$486.30	↓ (\$8.60)
Mar 10	\$481.60	\$489.40	↓ (\$7.80)
May 10	\$484.60	\$490.40	↓ (\$5.80)
Jul 10	\$486.30	\$491.40	↓ (\$5.10)
Barley	This Week	Last Week	Diff +/-
Jul 09	\$163.40	\$168.00	↓ (\$4.60)
Oct 09	\$179.40	\$180.00	↓ (\$0.60)
Dec 09	\$179.40	\$180.00	↓ (\$0.60)
Mar 10	\$179.40	\$180.00	↓ (\$0.60)
Oct 10	\$179.40	\$180.00	↓ (\$0.60)

Be Grainwise!

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

US Grain

Soy Complex

JUL beans continued its upward trek closing 20 cents higher to \$12.45½/bu, despite a sharp sell-off Friday. JUL meal shot \$26.70 higher to \$422.70/t while oil slipped 2.57 cents lower to 37.16 cents/lb. Friday's weak close was largely due to a late round of profit taking by non-commercials which was in turn inspired by a sharply higher US dollar.

This week, the USDA released its latest S/D report. While there were no huge surprises, the report did illustrate just how tight year end bean stocks are projected to be. At 110 mln bu, ending stocks would set a new modern day low. A good deal of the credit for this extremely low carryout has been due to a very strong export program. Projected US exports now stand at 1.25 bln bu which would also be a new record.

This unprecedented demand has been due to steady buying on the part of the Chinese and below average production in Argentina which has shunted business to American shores.

Corn

Planting delays and too much rain through the Eastern cornbelt had the USDA trimming back expected corn yield to 153.4 bu/ac, a drop of 2 bu/ac from last month. If realized, this would put total US corn production just below 12 bln bu. It's expected demand will outstrip production this year causing a draw down in stocks to 1.09 bln bu. Traditionally, when ending stocks dip below 1 bln bu, traders take notice.

Weekly exports were solid at 713,100 mt, well over the 272,700 mt needed on a weekly basis to meet the current USDA annual estimate of 1.75 bln bu.

Nevertheless, JUL corn succumbed to heavy profit taking Friday and closed the week 18½ cents lower at \$4.25½/bu.

Wheat

Early wheat yields in the southern US have been disappointing but as harvest moves north, it's expected yields will improve dramatically. As I've mentioned often, wheat has the worst fundamentals of any of the grains but the USDA did tighten world supplies by 1.6 mmt. Some of that decrease was due to production problems

in North America. The rest of the world is actually looking at better than average yields.

Because most of the US wheat crop is grown for export, it's more sensitive to currency movements than any of the other major grains. This week's surge in the dollar hit wheat particularly hard.

JUL CBOT wheat dropped 38¼ cents to \$5.84¼/bu while KCBT wheat fell 38 cents to \$6.37/bu. Growing concern over spring wheat production problems in both Canada and the northern US supported the JUL MGE which settled "just" 11 cents lower at \$7.32½/bu.

Canadian Grain

Oilseeds

Although beans posted another week of solid gains, that strength has been due to a soaring meal market. The problem for canola growers is when beans are crushed primarily for meal, oil inventories climb and that's the main reason for soyoil's dramatic losses. That has a negative impact on canola. A lack of fresh demand also weighed on prices. The impact, though, was lessened by a softer Canadian dollar. Growing concern over canola production problems on the prairies underpinned the market. Canola still closed the week marginally lower at \$473 a loss of \$2.30/MT.

Feedgrain

JUL barley closed \$4.60 lower reflecting the weakness in the US corn market.

However, drought conditions in much of Alberta and western Saskatchewan is not only threatening this year's production but much of the area's pasture is suffering as well. The increased demand for feedstocks of all kinds lent upward pressure to the cash market.



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Strategies

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

To say that the growing season in the Canadian Prairies has gotten off to a rocky start has to be the understatement of the year!

That fact was driven home this week by the CWB's Bruce Burnett, Director, Weather and Market Analysis, for the CWB. In this week's industry briefing (which can be downloaded off the CWB website), he pointed out just how dry the conditions in east central Alberta and western Saskatchewan really are.

Most of those areas went into winter with very little reserve soil moisture and received little precipitation in the form of snow. To make things even worse, those same areas have received little or no precipitation this spring. Most crops in this rather large area of the western Prairies is struggling and desperately in need of precipitation—not only to promote plant growth but in many cases to actually start germination.

The situation for much of Manitoba is exactly the opposite. Excessive moisture has delayed planting in many areas of the eastern prairies and crops are growing in less than ideal conditions. We've also had an unseasonably cold spring which is delaying plant growth. However, with the lack of moisture we are experiencing in many areas, if we'd had normal temperatures the situation might have been even more dire.

Also adding to prairie farmer's woes have been several widespread frosts which have seen temperatures dip to just below freezing to as low as -7C in some areas. Canola and pulse crops have been impacted and in some cases reseeding has had to be done. It has made a late crop even later. Even if beneficial rains were received today, we're going to need an extremely long frost-free fall to get the crop in the bin in good condition.

Because of all the production problems, the CWB puts together their best estimate of prairie crop production based on three scenarios which are illustrated below:

Without going into a long explanation, the 50th Percentile estimates assumes normal precipitation and growing conditions for the rest of the year. The 90th Percentile assumes exceptionally good growing conditions the rest of the year while the 10th Percentile estimates assume poor growing conditions the rest of the year. The ramifications, as far as total crop production in Western Canada are concerned using the CWB's weather models, is illustrated in the following chart furnished by the CWB.

Western Canada Production* (million tonnes)					
Statistics Canada			CWB		
	5 Year Average	2008	2009		
			10th Percentile	50th Percentile	90th Percentile
All Wheat	23.0	25.5	18.0	20.8	22.1
Durum	4.7	5.5	3.7	4.4	4.8
Oats	3.6	4.0	2.6	2.7	2.8
Barley	10.9	11.2	8.1	8.9	9.3
Rye	0.3	0.3	0.3	0.3	0.3
Flax	0.8	0.9	0.8	0.9	0.9
Canola	9.7	12.6	9.3	10.2	10.9

*These estimates based on weather model yields and CWB area forecasts

Obviously, total production at this stage of the game is impossible to determine but this chart illustrates the magnitude of the production problems that prairie producers are facing and, if rain continues to elude the driest portions of the prairies, we could be headed towards that 10th Percentile scenario in a hurry.

Western Canada

	CWB Weather Model Yields		
	10 th Percentile	50 th Percentile	90 th Percentile
	Bu/ac	Bu/ac	Bu/ac
All Wheat	29.0	33.4	35.6
Durum	25.5	30.2	32.6
Oats	57.0	60.6	62.4
Barley	47.6	52.5	54.8
Rye	29.9	34.0	35.8
Flax	16.6	19.5	20.7
Canola	26.5	29.3	31.1



Classifieds

For Sale. 1991 876 Ford with 4200 hours, 12 speed, 4 hyd and very clean. Good rubber. Rob Strilchuk, Edmonton, (780) 421-5945. Visit website for pictures.

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.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.40 FOB	Jun	Didsbury
Barley, 48 lb	\$3.00 FOB	Jun-Jul	Grande Prairie
Barley, 48 lb	\$3.55 del Ferintosh	Jun	Gwynne
Barley, 50 lb	\$3.25 FOB	Jun	Camrose
Barley, 50 lb	\$3.09 FOB	Jun	Beaumont
Barley, 50 lb	\$3.14 FOB	Jun	Thorhild
Barley, 50 lb	\$3.01 FOB	Jun-Jul	High Prairie
Barley, 50 lb	\$3.31 FOB	Jul	St. Albert
Barley, 50 lb	\$3.31 FOB	Jun	Westlock
Barley, 50 lb	\$3.20 FOB	Jun	Beaumont
Barley, 50 lb	\$3.20 FOB	Jun	Leduc
Barley, 50 lb	\$3.31 FOB	Jul	Barrhead
Barley, 50 lb	\$3.25 FOB	Jun	Innisfree
Barley, 52 lb	\$3.01 FOB	Jun-Jul	Worsley
Barley, 52 lb	\$3.01 FOB	Jun-Jul	High Prairie
Barley, 55 lb	\$3.10 FOB	Jun	Barrhead
Barley, malt	\$3.60 FOB	Jun-Jul	Tees
Wheat, feed	\$4.20 FOB	Jun-Jul	Mossleigh
Wheat, feed	\$4.42 FOB	Jun	Ranfurly
Peas, feed	\$5.31 FOB	Jun	Sunset House
Peas, feed	\$6.00 FOB	Jun-Jul	Mossleigh



Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	June	\$3.55 del Lacombe
Barley	June	\$3.55 del Bowden
Barley	June	\$3.40 del Innisfree
Barley	Jun-Jul	\$3.90 del Calgary
Barley	Jun-Jul	\$3.34 del Kirriemuir
Barley	July	\$3.31 FOB Westlock
Barley	Jul-Aug	\$3.79 del Lethbridge
Barley	Sep-Oct	\$3.21 del Kirriemuir
Barley	Sept-Nov	\$3.14 del Carrot Creek
Wheat, feed	June	\$5.11 del Red Deer
Wheat, feed	June	\$4.76 FOB Edmonton
Wheat, feed	June	\$5.00 del Edmonton
Wheat, 12.5% prt	June	\$5.11 del Lacombe
Wheat, feed	July	\$5.00 del Edmonton
Wheat, feed	Jul-Aug	\$4.87 FOB Edmonton
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, feed	Jun-Jul	\$6.20 del Lacombe
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	\$10.74 del Lloydminster
Canola	June	\$10.81 del Edmonton
Canola	June	\$10.85 del Crossfield
Canola	June	\$10.84 del Lacombe
Canola	October	\$10.77 del Lloydminster
Canola	October	\$10.77 del Edmonton
Canola	October	\$10.72 del Crossfield
Canola	October	\$10.74 del Lacombe
Canola	January 10	\$10.32 del Lloydminster
Canola	January 10	\$10.98 del Edmonton
Canola	January 10	\$10.95 del Crossfield
Canola	January 10	\$11.01 del Lacombe
Oats, feed	June	\$2.41 del Pincher Creek
Oats #2 CW	June	\$2.44 del Linden
Oats, milling	August	\$2.07 del Barrhead
Oats, milling	October	\$2.15 del Martensville
Oats, milling	October	\$2.09 del Barrhead
Oats, milling	January 10	\$2.34 del Martensville
Oats, milling	January 10	\$2.22 del Barrhead
Oats, milling	March 10	\$2.40 del Martensville
Oats, milling	March 10	\$2.27 del Barrhead

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (AUG)	\$81.55	\$81.15	↑ \$0.40
CME Live Hogs (JUL)	\$59.80	\$60.08	↓ (\$0.28)
CDN Dollar (SEP)	\$0.89	\$0.90	↓ (\$0.01)
MGE Wheat (JUL) - CWRS	\$5.84	\$6.23	↓ (\$0.39)
CWB May PRO - CWRS	\$7.76	\$7.76	→ \$0.00
CWB Fixed Price - CWRS	\$7.51	\$7.84	↓ (\$0.33)
KCBOT Wheat (JUL) CPSR	\$6.37	\$6.75	↓ (\$0.38)
CWB May PRO - CPSR	\$6.64	\$6.64	→ \$0.00
CWB Fixed Price - CPSR	\$6.27	\$6.66	↓ (\$0.39)
CBOT Oats (JUL)	\$2.38	\$2.56	↓ (\$0.18)
Diesel (spot, Edmonton)	\$0.73	\$0.69	↑ \$0.04
Crude/Oil (JUL)	\$71.90	\$68.02	↑ \$3.88

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