

At Market Master

By Shelley Wetmore

June 26, 2009.....

How bad IS it out there? Next week, I'll put together a quick survey for producers as to just how much moisture has been received. Plus, I'll try to review crop conditions in general.

What I DO know is that, yes, corn is coming into the marketplace. It's not replacing barley at this point but it IS slowly being integrated as a wheat wheat substitute for some endusers. We asked producers this week what FIRM price they would sell wheat in the bin at and the range of answers was wide—anywhere from \$5.00 to \$6.00 at the bin. That translates to \$184 to \$221, PLUS freight. If an end user can't purchase wheat from the producer (due to crop concerns) and corn costs \$205 to \$215 close to the yard, is readily available, and nutritionally effective at the price—the choice becomes easier.

On the weather front, some rain here and there across the province but not nearly enough to fully recover crops. Did we get moisture here in Edmonton? Frankly, who cares. In the city, you just hook up a hose and presto-whizzo the lawns turn green. Big deal. One producer told me I should "take one for the team" and go camping—in a tent. Been there, done that, for over 10 years but maybe that jinx would work ... and entice the clouds to cry. Ready to try anything.

Watching ICE

Your weekly closing ICE futures \$/MT

Canola	This Week	Last Week	Diff +/-
Jul 09	\$460.20	\$466.80	↓ (\$6.60)
Nov 09	\$456.30	\$462.80	↓ (\$6.50)
Jan 10	\$460.30	\$468.00	↓ (\$7.70)
Mar 10	\$464.60	\$471.10	↓ (\$6.50)
May 10	\$466.10	\$472.20	↓ (\$6.10)
Jul 10	\$467.80	\$473.90	↓ (\$6.10)
Barley	This Week	Last Week	Diff +/-
Jul 09	\$168.70	\$175.50	↓ (\$6.80)
Oct 09	\$176.60	\$182.90	↓ (\$6.30)
Dec 09	\$176.60	\$182.90	↓ (\$6.30)
Mar 10	\$210.00	\$182.90	↑ \$27.10
Oct 10	\$212.00	\$182.90	↑ \$29.10

Be Grainwise!

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

US Grain

Soy Complex

AUG beans traded in a choppy, sideways pattern which resulted in a gain of 8 cents to \$11.28/bu. Meal slipped \$6.80 lower to \$371/t while AUG oil settled .44 cents lower to 36.24 cents/lb.

There's rising concern that Tuesday's USDA report will show that fewer acres have been switched from corn to beans than previously anticipated. The simple fact is we really don't know exactly how many acres have been planted. That's why we saw a lot of position evening ahead of next week's report. No one wants to go too far out on a limb until we know exactly where we are.

Although the US Midwest was abnormally wet through the spring, the crop is now in the ground and, with heat included in the forecast, many feel the crop will get off to a great start. So, we have possibly fewer acres and the crop is looking good but this year's ending stocks are at very tight levels. Result—choppy trade.

Corn

If there are fewer bean acres expected in the June 30th report, that means more corn acres. A couple of weeks ago, most analysts predicted an increase of 2 mln acres. The average guess now stands at just over 800,000 acres. The perception that ideal weather conditions now exist in the US cornbelt weighed on prices.

Weekly exports were on the high side of expectations with 686,400 mt of old crop and 250,300 mt of new crop sales. SEP corn slipped 15½ cents to \$3.91¾/bu.

Wheat

There is a saying amongst traders that goes, "Never try to catch a falling a knife." It seems the wheat market has become that falling knife.

SEP CBOT wheat fell 21½cents/bu while KCBT wheat dropped 25½ cents/bu to \$6.00. MGE wheat closed at \$6.67¼/bu, down 28½ cents.

Harvest pressure, as combines roll through the winter wheat crop, was responsible for some of this week's

weakness, however, anemic demand in the form of another disappointing weekly export figure of just 368,300 mt also weighed on the market.

There are some weather concerns around the world, most notably the wheat crop right here in Canada. The window for planting winter wheat in Argentina has closed with drought and low prices expected to trim acres to the lowest level in living memory.

Canadian Grain

Oilseeds

Despite production problems on the prairies, NOV canola followed soyoil lower, closing at \$456.30.

Large areas of Saskatchewan which were very dry received beneficial precipitation. While this pressured the market somewhat, large areas of Alberta remain critically dry. There's very little farmer selling, particularly in the new crop months as producers face uncertainty as to the size of their crop.

Tuesday's StatsCan acreage report showed canola plantings at 15.82 mln acres. While this number is lower than last year's 16.15 mln acres, it was largely anticipated and had little effect on the market.

The question going forward will be not how many acres were planted but what will be the yield?

Feedgrain

Reported barley acreage came in slightly below trade expectations at 8.778 mln acres but again yield is becoming a larger factor than acreage. Despite these concerns, OCT barley dipped \$6.30/MT lower in sympathy with losses in corn. Cash prices remained firm.



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Strategies

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Traders took a cautious stance to this week's trade. We had the expiration of options trade for the JUL corn contract on Friday and, next Tuesday, the USDA will release the crucial June 30th S/D and planted acreage report.

July 4th is the US holiday which will see markets close on Friday to give traders there a long weekend. Of course, we'll be celebrating Canada Day on July 1st.

Tuesday's report does have the potential to be a market mover and, in the longer term, weather will become the overriding concern. With greenhouse-like conditions in the US Midwest already factored into the market, any sort of weather stress as we move through the growing season should offer opportunity for market rallies. But, since forecasting the weather is an uncertain business at best expect market activity to be volatile as well.

Technical Analysis

From a technical point of view, JUL corn is at a significant juncture. Note how the market formed a "double bottom" during the third week of April. "A" This double bottom is now critical support for the market. Should futures dip below that line, our next level of support would not come up until we hit the support line formed by a previous double bottom established back in February. "C" Failing that, we'd be left with the contract low of \$3.54. "D" However, at the present time, futures seem to be respecting the first line of support. "B" Next week's trade will go a long way in determining whether that continues to be the case.

Charts provided courtesy of
TradingCharts.com
www.futures.tradingcharts.com



CWB June 2009-10 Average PRO

	Alberta		Sask		BC		
	June	Average		Average		Average	
	PRO	Deduc	Return	Deduc	Return	Deduc	Return
Wheat							
1 CWRS 14.5	\$8.14	\$1.45	\$6.69	\$1.66	\$6.48	\$1.36	\$6.78
1 CWRS 13.5	\$7.78	\$1.45	\$6.33	\$1.66	\$6.12	\$1.36	\$6.42
1 CWRS 12.5	\$7.57	\$1.45	\$6.12	\$1.66	\$5.91	\$1.36	\$6.21
1 CWRS 11.5	\$7.32	\$1.45	\$5.87	\$1.66	\$5.66	\$1.36	\$5.96
2 CWRS 13.5	\$7.62	\$1.45	\$6.17	\$1.66	\$5.96	\$1.36	\$6.26
2 CWRS 11.5	\$7.16	\$1.45	\$5.71	\$1.66	\$5.50	\$1.36	\$5.80
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	\$6.23	\$1.45	\$4.78	\$1.66	\$4.57	\$1.36	\$4.87
1 CWHW 13.5	\$7.78	\$1.45	\$6.33	\$1.66	\$6.12	\$1.36	\$6.42
1 CPSR	\$6.67	\$1.45	\$5.22	\$1.66	\$5.01	\$1.36	\$5.31
1 CPSW	\$6.67	\$1.45	\$5.22	\$1.66	\$5.01	\$1.36	\$5.31
1 CRRW Select 11.5	\$7.05	\$1.45	\$5.60	\$1.66	\$5.39	\$1.36	\$5.69
1 CRRW	\$6.48	\$1.45	\$5.03	\$1.66	\$4.82	\$1.36	\$5.12
1 CWES	\$6.97	\$1.41	\$5.56	\$1.65	\$5.32	\$1.36	\$5.61
1 CWSWS	\$5.82	\$1.45	\$4.37	\$1.66	\$4.16	\$1.36	\$4.46
CW Feed	\$5.31	\$1.45	\$3.86	\$1.66	\$3.65	\$1.36	\$3.95
Durum							
1 CWAD 14.5	\$8.41	\$1.47	\$6.94	\$1.57	\$6.84	\$1.35	\$7.06
1 CWAD 13.0	\$8.11	\$1.47	\$6.64	\$1.57	\$6.54	\$1.35	\$6.76
1 CWAD 12.5	\$8.03	\$1.47	\$6.56	\$1.57	\$6.46	\$1.35	\$6.68
1 CWAD 11.5	\$7.84	\$1.47	\$6.37	\$1.57	\$6.27	\$1.35	\$6.49
2 CWAD 13.0	\$7.84	\$1.47	\$6.37	\$1.57	\$6.27	\$1.35	\$6.49
2 CWAD 11.5	\$7.65	\$1.47	\$6.18	\$1.57	\$6.08	\$1.35	\$6.30
3 CWAD 13.0	\$7.35	\$1.47	\$5.88	\$1.57	\$5.78	\$1.35	\$6.00
3 CWAD	\$7.18	\$1.47	\$5.71	\$1.57	\$5.61	\$1.35	\$5.83
4 CWAD	\$6.70	\$1.47	\$5.23	\$1.57	\$5.13	\$1.35	\$5.35
5 CWAD	\$5.31	\$1.47	\$3.84	\$1.57	\$3.74	\$1.35	\$3.96
Feed Barley							
1 CW Pool A	\$3.44	\$1.24	\$2.20	\$1.49	\$1.95	\$1.17	\$2.27
Designated Barley							
SS CW 2-row	\$5.46	\$1.27	\$4.19	\$1.47	\$3.99	\$1.23	\$4.23
SS CW 6-row	\$5.03	\$1.27	\$3.76	\$1.47	\$3.56	\$1.23	\$3.80

CWB June PRO Commentary**Wheat**

US JUL wheat futures have dropped from \$0.52—\$0.67 cents/bu since the last PRO. Most of the downward pressure comes from increased progress on the HRW and SRW harvest and a stronger US dollar. International wheat values held relatively stable as world production is still forecast as the second-largest wheat crop in history.

Over the past month, North American wheat supplies and quality have become more of a concern. In the US, initial HRW harvest results are showing adequate yields but low protein levels. Quality of the SRW crop is looking very poor, with more than a third of the crop infected with damaging levels of fusarium. Poor-quality winter wheat crops and smaller spring wheat crops in both the US and Canada will limit milling wheat exports from North America and tighten supplies in 2009-10.

However, world fundamentals are still not very price supportive, as total world supplies are not threatened by the problems in North America. Moderate rains and warmer-than-normal temperatures in Eastern Europe have been favourable for the wheat crop. In its June 10 world agricultural supply and demand estimates, the USDA reduced world wheat production to 656 million tonnes but a smaller trade and consumption forecast has increased estimates for ending stocks. The USDA is currently forecasting world wheat stocks to grow by 14 million tonnes in 2009-10.

Durum

The durum market was steady in North America and saw some strength in European values. The durum-growing regions in Canada and the US are extremely dry which is causing concern. Dry conditions in western Saskatchewan and central Alberta have lowered durum yield potential and put development of the North American durum crop about two weeks behind normal. Harvest activities in southern Europe are progressing with some quality issues in Italy. Durum consumption in Europe is forecast to exceed domestic production by 20% in 2009-10. Warm temperatures and minimal precipitation have helped the durum harvest progress in North Africa. Durum production in North Africa is forecast to exceed last year's production by at least 75%. Continued strength in the Euro has supported durum imports into the EU.

Feed barley

Global barley production is forecast to decrease approximately 5% from 2008-09 levels, in line with the 5-year average. Dry conditions in central Alberta and western Saskatchewan have reduced yield potential, lowering Canadian production. This past month, barley production forecasts for the US, EU, Russia, and Ukraine have all been reduced due to dryness. Production in Australia, Middle East, and Africa are still forecast to increase year on year. Although barley production is forecast to decrease, large carry-in stocks will provide total supplies similar to 2008-09. The US corn situation is providing international feed market support as smaller corn supplies and increased usage will limit the amount of corn for export.

Designated barley

International malting barley prices have strengthened as the market shifts focus to new crop. Production in Canada, EU, and the US is forecast lower, with more downside risk. Barley production in Australia is forecast to increase 26% but dryness prevails in Western Australia, which could limit yield potential. Adequate moisture levels continue in the rest of Australia. The majority of the barley crop in Argentina has received adequate rainfall and production is forecast to increase 10% in 2009. The spread between malting-quality barley and feed barley has widened over the past month as more concern over malting-quality supplies arises but the spread should return to more traditional levels in the upcoming crop year. Global demand for malting-quality barley is expected to improve slightly from 2008-09.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.51 FOB	July	Vegreville
Barley, 48 lb	\$3.60 FOB	July	New Sarepta
Barley, 48 lb	\$3.60 FOB	July	Calmar
Barley, 48 lb	\$3.61 FOB	July	Daysland
Barley, 48 lb	\$3.64 FOB	July	Millet
Barley, 48 lb	\$3.35 FOB	Jun-Jul	Vermillion
Barley, 50 lb	\$3.35 FOB	July	Rivercourse
Barley, 48 lb	\$3.60 FOB	Jun-Jul	Bentley
Barley, 50 lb	\$3.50 FOB	August	Athabasca
Barley, 50 lb	\$3.42 FOB	July	Athabasca
Barley, 50 lb	\$3.51 FOB	July	Holden
Barley, 50 lb	\$3.32 FOB	June	Paynton
Barley, 50 lb	\$3.75 del Lacombe	July	Tofield
Barley, 50 lb	\$3.86 del Red Deer	Jun-Jul	Viking
Barley, 52 lb	\$3.50 FOB	June	Lloydminster
Barley, 54 lb	\$3.53 FOB	July	Legal
Barley, 54 lb	\$3.75 del Lacombe	Jun-Jul	Thorhild
Oats, feed	\$1.90 FOB	June	Wainwright
Oats, #2 CW	\$2.50 FOB	Jul-Aug	Warburg
Peas, green 40% bleach	\$6.00 FOB	Jun-Jul	Enilda
Peas, feed	\$5.52 FOB	July	High Prairie
Wheat, feed	\$5.11 FOB	Jun-Jul	New Norway
Wheat, feed	\$4.91 FOB	July	St. Paul
Wheat, feed	\$5.11 FOB	July	Legal
Wheat, feed	\$5.33 del Edmonton	July	Legal
Wheat, feed	\$5.52 FOB	July	Bentley
Wheat	CWB contract	July	Leduc

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Jun-Jul	\$3.75 del Ferintosh
Barley	Jun-Jul	\$3.75 del Ponoka
Barley	July	\$3.75 del Lacombe
Barley	July	\$3.53 del Irma
Barley	July	\$3.34 del Kirriemuir
Barley	July	\$3.31 FOB Westlock
Barley	July	\$3.92 del Lethbridge
Barley	July	\$3.97 del Taber
Barley	July	\$3.75 del Lacombe
Barley	July	\$3.86 del Red Deer
Barley	July	\$3.47 del Chauvin
Barley	Jul-Aug	\$3.75 del Wetaskiwin
Barley	Sep-Oct	\$3.21 del Kirriemuir
Barley	Sep-Oct	\$3.77 del Lethbridge
Canola	July	\$10.45 del Lloydminster
Canola	July	\$10.51 del Edmonton
Canola	July	\$10.56 del Crossfield
Canola	July	\$10.55 del Lacombe
Canola	November	\$9.99 del Lloydminster
Canola	November	\$10.56 del Edmonton
Canola	November	\$10.51 del Crossfield
Canola	November	\$10.46 del Lacombe
Oats, feed	June	\$2.41 del Pincher Creek
Oats #2 CW	June	\$2.44 del Linden
Oats, milling	Jul-Aug	\$2.18 del Barrhead
Oats, milling	Sep-Oct	\$2.19 del Barrhead
Oats, milling	October	\$1.78 del Martensville
Oats, milling	October	\$1.72 del Barrhead
Oats, milling	January	\$1.97 del Martensville
Oats, milling	January	\$1.85 del Barrhead
Peas, feed	Jun-Jul	\$6.00 FOB Edmonton
Rye, feed	Jun-Jul	\$4.51 del Red Deer
Triticale, feed	Jun-Jul	\$4.19 del Red Deer
Wheat, feed	Jun-Jul	\$5.25 del Red Deer
Wheat, feed	July	\$5.11 FOB Barrhead
Wheat, feed	July	\$5.66 del Lethbridge
Wheat, feed	July	\$5.38 del Red Deer
Wheat, feed	Jul-Aug	\$5.25 del Edmonton

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (AUG)	\$82.35	\$82.13	↑ \$0.22
CME Live Hogs (AUG)	\$57.60	\$61.40	↓ (\$3.80)
CDN Dollar (SEP)	\$0.86	\$0.89	↓ (\$0.03)
MGE Wheat (SEP) - CWRS	\$5.63	\$5.55	↑ \$0.08
CWB June PRO - CWRS	\$7.78	\$7.76	↑ \$0.02
CWB Fixed Price - CWRS	\$7.17	\$7.34	↓ (\$0.17)
KCBOT Wheat (SEP) CPSR	\$6.00	\$6.15	↓ (\$0.15)
CWB June PRO - CPSR	\$6.67	\$6.64	↑ \$0.03
CWB Fixed Price - CPSR	\$5.96	\$6.08	↓ (\$0.12)
CBOT Oats (SEP)	\$2.18	\$2.12	↑ \$0.06
Diesel (spot, Edmonton)	\$0.75	\$0.77	↓ (\$0.02)
Crude/Oil (AUG)	\$69.10	\$69.85	↓ (\$0.75)

Classifieds

Rexall Indy. July 24-26, five gold grandstand tickets, section D-B, seats 22-26, complete with on-site RV parking, paddock passes. Available at face value. Call Tom in Castor @ (403) 740-4787.

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.