

At Market Master

By Shelley Wetmore

July 10, 2009.....

Feed barley prices have dropped \$10/MT since last Friday, for spot and forward pricing. Feed wheat prices are also heading south. Corn is arriving into Lethbridge from \$190 to \$197/MT. Prices for #2 yellows have dropped but bids for #2 greens have increased.

From the surveys received, the total average moisture was 2.20 inches for the year and 1.50 inches for June. For crop yields, estimates from a 10-year farm average to this year are:

Canola	down 48%
Feed barley	down 30%
Malt barley	down 45%
CWRS	down 43%
CPRS	down 27%
Oats	down 34%
Green Peas	down 45%
Yellow Peas	down 53%

As late-coming surveys are received, I'll add the results. Feel free to call me for an update. The numbers are sure to change as responses increase. Surveys received were from all areas of the province. Hopefully, the crops have a chance to recover and we stay away from frost threats!

Lastly, a big congratulations go out to Brad McCutcheon and family in Athabasca who are celebrating their farm's 100 year anniversary!

Watching ICE

Weekly closing prices for Canadian grain futures

	This Week	Last Week	Diff +/-
Nov 09	\$425.60	\$458.50	↓ (\$32.90)
Jan 10	\$429.70	\$462.90	↓ (\$33.20)
Mar 10	\$434.20	\$467.20	↓ (\$33.00)
May 10	\$435.70	\$468.70	↓ (\$33.00)
Jul 10	\$435.90	\$469.60	↓ (\$33.70)
Nov 10	\$417.00	\$472.30	↓ (\$55.30)
Barley	This Week	Last Week	Diff +/-
Oct 09	\$168.00	\$174.20	↓ (\$6.20)
Nov 09	\$186.00		
Dec 09	\$169.90	\$175.00	↓ (\$5.10)
Jan 10	\$190.00		
Mar 10	\$195.00	\$202.00	↓ (\$7.00)
May 10	\$197.00		
Jul 10	\$197.00		
Oct 10	\$197.00	\$204.00	↓ (\$7.00)
Dec 10	\$197.00	\$204.00	↓ (\$7.00)

Be Grainwise!

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

US Grain

Soy Complex

Soybean futures plummeted as commodity and index funds bailed out of their long positions (see Strategies). With overall weather conditions good throughout the Midwest, bears have the upper hand at the moment.

Friday saw the USDA's S/D report—no real surprises. Soybean production is pegged at 3.26 bln bu, an increase of 65 mln bu, largely due to a higher harvested acreage projection of 1.5 mln acres. Expected yield was left unchanged from June at 42.6 bu/ac. An expected increase in exports and domestic crush will eat up some of that extra production but the projected carryout figure still rose 40 mln bu to 250 mln bu. Global oilseed production is expected to rise another 2 mmt to an all time record of 423.4 mmt. Weekly exports were extremely strong with 287,000 mt of old crop and 941,600 mt of new crop sales on the books.

However, fund influence steamrolled all other concerns and forced AUG beans \$1.09¼/bu lower to \$10.44¾/bu. Meal dropped \$37.40 to \$344.80/t. Oil dropped a full 2½ cents to 32.84 cents/lb.

Corn

SEP corn followed in bean's footsteps, dropping 17½ cents/bu.

The USDA report pegged total US corn production at 12.3 bln bu, a rise of 355 mln bu over the June report. Again, this increase was due entirely to larger acreage estimates. Carryout is projected to rise from last month's 1.09 bln bu to 1.55 bln bu making endusers more comfortable. Weekly export data showed 749,200 mt of old crop and 415,000 mt of new crop sales. The old crop figure puts total sales over the 1.75 bln bu which is the current annual sales projection.

Wheat

There was no bullish news for wheat. In fact, the market has been bearish for so long, some trader's are wondering what negative news is left?

Production estimates were raised slightly on higher acreage and better than expected yields. Although global carryout was lowered slightly to 181.3 mmt from 182.7 mmt, the fact remains it doesn't look like the world will be running out of wheat any time soon and prices reflect that reality. Weekly US exports were slightly better at 584,200 mt but traders barely took notice in light of all the other market activity taking place around them.

SEP CBOT wheat slipped 10¼ cents to \$5.18¾/bu while KCBT wheat settled 16¾ cents lower at \$5.47½/bu. SEP MGE wheat dipped 19¾ cents lower to \$6.02¾/bu.

Canadian Grain

Oilseeds

NOV canola followed beans lower, diving \$33 lower to \$425.50/MT. Although widespread rains in Alberta and parts of Saskatchewan were cited as reasons for this week's declines, influence from outside markets played a larger role. Routine export and crusher buying combined with light farmer selling gave limited support. A weak Canadian dollar prevented further losses. Comments by Viterra that, despite publicized problems, Western Canada was set to harvest an average or above average crop also emboldened sellers. That seems a little hard to reconcile with Alberta Ag's latest assessment which placed 80% of the provincial crop in the poor to fair category.

Feedgrain

OCT barley followed the rest of the feedgrain markets, dropping \$6.20 to \$168.00/MT. Beneficial rains also provided pressure.



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Strategies

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

Commodity and index funds were bailing-out of grains and oilseeds futures this week. In fact, they were bailing out of just about any kind of futures.

World markets are tied together like never before. If you want to know how grain prices are going to fare, you should probably check the DOW, the US dollar, and the strength of energy markets first.

Lately, both the DOW and the energy markets have been struggling while the US dollar has halted its decline. These are negative factors and when the funds began to head to the sidelines, they did so in a hurry.

However, there was another reason the funds were nervous this week. US Treasury Secretary Timothy Geithner proposed sweeping changes to regulations in derivative trading. His plans would keep the big commodity and index funds on a much shorter leash. Many feel the unbridled action of these huge funds was partly responsible for some of the financial meltdown a year ago. The Obama administration seems bent on preventing a repeat performance.

Technical Analysis

This week, I thought we'd review volume and open interest.

Volume is just what it says—the number of contracts traded in a particular futures contract in one day. Open interest is the number of contracts that remain open in a particular futures month. That is to say it is the total number of both short and long contracts that have yet to be covered.

Why is this important? By itself it has limited value. But, in conjunction with other technical studies, it adds an important element to technical analysis. The more open interest there is in a contract, the more the market is in agreement with the direction the market is moving. When open interest begins to wind down, it could indicate that market sentiment is changing. Volume, on the other hand, is what I call the accelerator. The higher the volume, the more intense the market sentiment is.

Let's have another look at the SEP MGE wheat chart we used last week. Note that the channel formed by the "A"

"B" lines unfortunately hasn't changed, so no change in direction is indicated by our trendlines. However, the open interest indicated by the line "E" is starting to taper-off ever so slightly showing that perhaps market sentiment may be changing.

Of much more interest is the volume. Note how the volume increased "C" as the market began its steep descent. This is akin to the market with its foot firmly on the accelerator.

Lately, though, the market has eased off the gas "D" indicating that trader's are not quite as certain as they once were that the market should continue to go lower.

Of course, none of these indicators are fool-proof but they do give you an insight into the psychology of the market.

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



At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$4.01 FOB	July	Mossleigh
Barley, 48 lb	\$3.86 del Ferintosh	July	Heisler
Barley, 48 lb	\$3.55 FOB	July	Wainwright
Barley, 48 lb	\$3.86 del Ponoka	July	Heisler
Barley, 48 lb	\$3.25 FOB	Jul-Aug	Manning
Barley, 48 lb	\$3.77 FOB	November	Bashaw
Barley, 48 lb	\$3.64 FOB	November	Stony Plain
Barley, 48 lb	\$3.53 FOB	November	Chauvin
Barley, 48 lb	\$4.12 del Mossleigh	November	Mossleigh
Barley, 48 lb	\$4.03 del Mossleigh	August	Mossleigh
Barley, 48 lb	\$3.25 FOB	Jul-Aug	High Prairie
Barley, 48 lb	\$3.58 FOB	November	Lavoy
Barley, 48 lb	\$3.54 FOB	July	Vimy
Barley, 48 lb	\$4.05 del Strathmore	November	Heisler
Barley, 50 lb	\$3.35 FOB	Jul-Aug	Sunset House
Barley, 50 lb	\$3.86 del Falun	July	Mayerthorpe
Barley, 50 lb	\$4.23 del Lethbridge	July	Barons
Barley, 50 lb	\$3.66 FOB	July	Athabasca
Barley, 50 lb	\$3.68 FOB	July	Barrhead
Barley, 50 lb	\$3.30 FOB	July	High Prairie
Barley, 50 lb	\$3.51 FOB	Jul-Aug	Dapp
Barley, 53 lb	\$3.35 FOB	July	Enilda
Barley, 48 lb	\$3.53 FOB	July	Vimy
Barley, 54 lb	\$3.50 FOB	July	Athabasca
Canola	10 over MAR del Fort Sask	August	Sangudo
Canola	10 over MAR del Fort Sask	August	Edberg
Wheat, feed	\$5.00 FOB	August	Camrose
Wheat, 12% prt	\$5.33 FOB	July	New Norway
Wheat, feed	\$5.00 FOB	July	Clive
Peas, #2 yellow	\$6.40 FOB	Aug-Sep	Mossleigh

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (AUG)	\$83.48	\$84.88	↓ (\$1.41)
CME Live Hogs (AUG)	\$63.60	\$61.15	↑ \$2.45
CDN Dollar (SEP)	\$0.86	\$0.86	→ \$0.00
MGE Wheat (SEP) - CWRS	\$6.02	\$5.29	↑ \$0.73
CWB June PRO - CWRS	\$7.78	\$7.78	→ \$0.00
CWB Fixed Price - CWRS	\$6.62	\$6.79	↓ (\$0.17)
KCBOT Wheat (SEP) CPSR	\$5.47	\$5.64	↓ (\$0.17)
CWB June PRO - CPSR	\$6.67	\$6.67	→ \$0.00
CWB Fixed Price - CPSR	\$5.54	\$5.67	↓ (\$0.13)
CBOT Oats (SEP)	\$2.12	\$2.24	↓ (\$0.12)
Diesel (spot, Edmonton)	\$0.74	\$0.76	↓ (\$0.02)
Crude/Oil (AUG)	\$59.89	\$66.80	↓ (\$6.91)

Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	July	\$3.95 del Lethbridge
Barley	August	\$3.95 del Calgary
Barley	November	\$3.99 del Calgary
Barley	December	\$4.03 del Calgary
Canola	November	\$9.30 del Lloydminster
Canola	November	\$9.98 del Edmonton
Canola	November	\$9.93 del Crossfield
Canola	November	\$9.98 del Lacombe
Oats, #2 CW	Jul-Aug	\$2.44 del Linden
Oats, milling	Aug-Sep	\$2.09 del Edmonton
Oats, milling	October	\$1.81 del Barrhead
Oats, milling	March	\$1.95 del Barrhead
Peas, feed	Jul-Aug	\$6.10 del Edmonton
Peas, yellow	Aug-Sep	\$6.50 del Red Deer
Peas, green	Aug-Sep	\$7.75 del Edmonton
Wheat, 12.5% prt	July	\$5.52 del Edmonton
Wheat, 12.5% prt	July	\$5.52 del Red Deer
Wheat, feed	August	\$5.30 del Edmonton

Old Crop Canola

If you have old crop canola in the bin that could move in August, here's something to consider. Deliver the canola, then lock-in your futures later. The basis is **10 over March 2010**. That gives you up to 7 months for the futures to recover. Moving the canola in August also relieves any spoilage concerns. Call the office for more details. There is limited quantity for this option—only about 300 MT.

Producers Can Research Best-Adapted Varieties by Area

A new web-based tool lets cereal, flax, and pulse growers collect and compare data on adapted crop varieties best-suited to their areas and production conditions. The website www.abcvarinfo.com uses current and historical crop, climate, and geographic information across the province. It also includes information about the Peace River region of northeastern BC which has similar growing conditions to a large part of northwestern Alberta. Features include:

A "one-stop" source for variety information about cereal, oilseed and pulse crops that features Variety Reports for each grain crop. Users can see what varieties have best performance, according to three selectable traits. Data includes yield information and tables with performance indicators for areas of Alberta and northeastern B.C. under different production conditions.

A feature called Variety Compare allows users to find yield data for individual regional crop variety trials of interest to their own location, and for past years where information is available. This interactive search feature allows selection of crop varieties and comparisons with other varieties and locations.

Growers can also view a Google-based map of Alberta and B.C. locations showing trial varieties growing in the current season, and users can click on locations to see what crops and varieties are being tested in the current crop year.

Printed versions of the Variety Reports will remain available through extension offices in Alberta and B.C.