

At Market Master

By Shelley Wetmore

July 17, 2009.....

Here's an option for old and new crop canola combined: Sell one load at 10 over MAR 2010 and deliver it in August, plus ... Sell one load at 0 over MAR 2010 and delivery it in November. The last day to price both of these contracts is February 28.

Advances are available AND the two contracts can be paperblended. This might be especially advantageous—if you think you're going to have a lot more green canola this year. Not a lot of tonnage is available under these circumstances.

New pea prices came out this week for #2 greens and yellows. In the Bid Board, the destination is Innisfail. However, for producers in the Peace Country, we can convert those prices to "cleaned, loaded rail" in Wembley, Rycroft, and High Prairie. Timeframe is for August through September.

If you have high protein wheat with no ergot, there's limited room left for very attractive prices.

Finally, I hope NOT to run into any bears during the next week as I'll be on vacation—camping again!

Watching ICE

Weekly closing prices for Canadian grain futures

	This Week	Last Week	Diff +/-
Nov 09	\$425.60	\$425.60	→ \$0.00
Jan 10	\$430.00	\$429.70	↑ \$0.30
Mar 10	\$433.80	\$434.20	↓ (\$0.40)
May 10	\$435.80	\$435.70	↑ \$0.10
Jul 10	\$435.80	\$435.90	↓ (\$0.10)
Nov 10	\$418.80	\$417.00	↑ \$1.80
Barley	This Week	Last Week	Diff +/-
Oct 09	\$157.10	\$168.00	↓ (\$10.90)
Nov 09	\$176.30	\$186.00	↓ (\$9.70)
Dec 09	\$159.00	\$169.90	↓ (\$10.90)
Jan 10	\$180.30	\$190.00	↓ (\$9.70)
Mar 10	\$185.30	\$195.00	↓ (\$9.70)
May 10	\$187.30	\$197.00	↓ (\$9.70)
Jul 10	\$187.30	\$197.00	↓ (\$9.70)
Oct 10	\$187.30	\$197.00	↓ (\$9.70)
Dec 10	\$187.30	\$197.00	↓ (\$9.70)

Be Grainwise!

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

US Grain

Soy Complex

Ideal weather conditions along with lacklustre energy and precious metal markets sent AUG beans 35¼ cents lower to \$10.09½/bu. Meal tumbled \$27.30 to \$317.50/t while AUG oil bucked the trend and closed a solid 1.95 cents higher at 34.82 cents/lb.

Word that China is going to auction up to 1.5 mmt of beans from its state reserves had the market reeling. 500,000 mt of that total is reported to be sold next week. I'm not sure what to make of this news as there have been rumours of China sales for some time, however, during that time, they've remained the primary buyer of US beans. That was the case again this week when they purchased the lion's share of this week's 134,200 mt of weekly old crop sales. New crop sales totaled 550,500 mt of which 525,000 mt were purchased by China. China is a master at manipulating commodity markets so I'd rather pay attention to what they actually do rather than what they say they will do.

Corn

Almost perfect weather over the Midwest with forecasts for more during the upcoming, critical pollination season has analysts speculating we could see record corn yields this fall. Like beans, there are reports China will auction up to 2 mmt from its Federal reserves next week. There was further negative news in the form of an announcement from Tyson Foods that they'd be reducing their overall hog herd by 28% thereby curtailing corn demand.

With this news pushing the market lower, the fact that SEP corn fell just 6 cents to \$3.22¼/bu could probably be taken by some bulls as a moral victory. That doesn't alter the fact that corn prices have been sliding for the past 5 weeks, giving up over a \$1.25/bu during that time frame.

Wheat

Wheat woes have been well documented but, this week, prices on all three exchanges staged a small rally with SEP CBOT climbing 23 cents to \$5.41¾/bu, while KCBT wheat rose 19 cents to \$5.66½/bu. MGE wheat pushed 13½ cents higher to \$6.16¼/bu.

This week's rally is even more

impressive considering weekly exports again fell below expectations at 422,500 mt. Tyson Food's hog reduction plans also weighed on the market. However, reports that Argentinean farmers are planting just 6.8 mln acres, due to ongoing drought concerns, bolstered the market. That figure would be 40% less than last year's total. Brazil, which traditionally obtains its wheat from Argentina, tendered for a small amount of US wheat which added credence to the report.

Canadian Grain

Oilseeds

NOV canola closed unchanged at \$425.60/MT.

Despite our surging dollar and sharply lower bean prices, canola held its own. Spillover support from a sharply higher bean oil market was supportive as was a slowdown in farmer selling. The perception among traders is that the Western Canadian canola crop has stopped "shrinking" and that recent rains have stabilized the crop (They wouldn't think so if they drove through our area). Drought, poor germination, and frost have all taken their toll. Regardless of conditions, most crops are 1 to 2 weeks behind normal development and remain vulnerable to an early frost. Above normal temperatures are forecast for Alberta for the rest of July.

Feedgrain

Although cash barley prices remain flat, OCT dipped \$10.90 to \$157.10/MT in sympathy with lower corn prices. Ideas that corn imports will increase if barley prices get too far out of line is acting as a lid on cash prices.

Yellow pea prices have spiked due to rising concerns that Indian production may fall short of previous expectations. Crucial monsoon rains in the have been less than hoped for in the all important Northern provinces.



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Strategies

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

In keeping with the last couple of weeks, I'd like to touch on another technical analysis study. Let's look at our SEP MGE wheat chart once again.

Note our "A-B" channel established a couple of weeks ago. Remember, those lines represent both support "A" and resistance "B". Last week we commented on volume and open interest. At that time, both volume and open interest were declining, indicating early signs of a trend change may be underway. This week, we have more evidence that a trend change may be taking place as we've broken through the upper resistance line "E".

RSI or Relative Strength Index

The RSI indicates overbought and oversold conditions. There is a very long and complicated formula that determines the RSI at the end of each day. But, for our purposes, it's unimportant how the RSI is derived but what that value is.

Typically, the RSI moves between a range of 80 and 20 on the chart. 80 indicates an overbought market, while 20 indicates oversold conditions. In my

opinion, the RSI is a very reliable indicator of short-term movement. Whenever the value approaches either 80 or 20 a short-term correction almost always ensues. That correction can be in the form of a market shift or in a sideways market over a longer period of time.

Note how the RSI hit the 80 mark "C" back in early June. This indicated that the market was overbought and a correction was warranted. It corrected alright, and how! In fact, the market kept going down until the RSI hit the 20 mark "D". Since then, the market has pushed slightly higher lifting the RSI off the 20 mark. On this chart, it now sits at 33.90 and is considered in neutral territory.

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

Support Lines

However, besides the support line "A" we established a couple of weeks ago, there are other support lines on the chart.

Some of the simpler ones are lows established during previous market activity. The first of these was at "F" when the market dipped in mid-May before going on its impressive rally. But as you can see the market dipped below the "F" line, so that line failed to hold support.

There's another line of support "G" which is just under the "F" line, established back in early March and again in late March. Any time when there are two or more lows at the same point, that line of support will be stronger than a single low. So far, this line of support is holding as the market bounced higher once it was hit. Of course, the strongest line of support emanating from a previous low is always the contract low. In this case, that point "H" was established back in early March. That line of support has yet to be tested.



At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$3.09 FOB	July	High Prairie
Barley, 48 lb	\$3.75 del Lacombe	July	Camrose
Barley, 48 lb	\$3.75 del Ponoka	July	Spruce Grove
Barley, 50 lb	\$3.34 FOB	July	Athabasca
Barley, 50 lb	\$3.75 del Lacombe	August	Stettler
Canola	10 over MAR del Fort Sask	August	Redwater
Canola	0 over MAR del Fort Sask	November	Redwater
Oats, feed	\$1.94 FOB	Jul-Aug	Nampa
Oats, milling	\$1.90 FOB	July	Elk Point
Wheat, feed	\$5.60 FOB	July	Castor
Wheat, feed	\$5.36 del Edmonton	August	Newbrook
Wheat, feed	\$5.05 FOB	July	Camrose
Peas, feed	\$6.05 FOB	July	New Sarepta
Peas, green	\$8.00 FOB	Aug-Sep	Stettler
Peas, yellow	\$7.15 del Innisfail	Aug-Sep	Stettler

Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	July	\$3.75 del Lacombe
Barley	Jul-Aug	\$3.82 del Lethbridge
Canola	August	\$10.01 del Fort Saskatchewan
Canola	November	\$9.30 del Lloydminster
Canola	November	\$9.98 del Edmonton
Canola	November	\$9.93 del Crossfield
Canola	November	\$9.88 del Lacombe
Oats, feed	July	\$2.48 del Pincher Creek
Oats, #2 CW	Jul-Aug	\$2.41 del Linden
Oats, milling	August	\$2.33 del Barrhead
Oats, #2 CW	Aug-Sep	\$2.09 del Edmonton
Oats, milling	October	\$1.83 del Barrhead
Oats, milling	March	\$2.03 del Barrhead
Peas, feed	Jul-Aug	\$6.10 del Edmonton
Peas, yellow	Aug-Sep	\$7.15 del Innisfail
Peas, green	Aug-Sep	\$8.00 del Innisfail
Wheat, 12.5% prt	July	\$5.52 del Edmonton
Wheat, 12.5% prt	July	\$5.93 del Red Deer
Wheat, feed	August	\$5.36 del Edmonton

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (AUG)	\$86.36	\$83.48	↑ \$2.88
CME Live Hogs (AUG)	\$64.68	\$63.60	↑ \$1.08
CDN Dollar (SEP)	\$0.90	\$0.86	↑ \$0.04
MGE Wheat (SEP) - CWRS	\$5.41	\$6.02	↓ (\$0.61)
CWB June PRO - CWRS	\$7.78	\$7.78	→ \$0.00
CWB Fixed Price - CWRS	\$6.51	\$6.62	↓ (\$0.11)
KCBOT Wheat (SEP) CPSR	\$5.66	\$5.47	↑ \$0.19
CWB June PRO - CPSR	\$6.67	\$6.67	→ \$0.00
CWB Fixed Price - CPSR	\$5.49	\$5.54	↓ (\$0.05)
CBOT Oats (SEP)	\$2.15	\$2.12	↑ \$0.03
Diesel (spot, Edmonton)	\$0.73	\$0.74	↓ (\$0.01)
Crude/Oil (AUG)	\$63.50	\$59.89	↑ \$3.61

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. Call Rob Strilchuk, Edmonton @ (780) 421-5945. Visit website for pictures.

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

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.

Off-The-Combine Peas

We saw increases this week with \$7.15 delivered to Innisfail and \$8.00 for #2 greens. This may be a good point to set out and start pricing those peas. Call for at-the-bin pricing.

CWB Wheat

If you're thinking of signing up to some CWB CWRS on-board contracts, call the office first to discuss options.

Provincial Crop Conditions—July 2, 2009

From Alberta Agriculture

Crop	Poor	Fair	Good	Excellent
Spring Wheat	37%	44%	18%	1%
Durum	31%	45%	23%	1%
Barley	38%	43%	18%	1%
Winter Cereals	55%	36%	9%	0%
Canola	52%	31%	16%	1%
Field Peas	45%	37%	17%	1%