

At Market Master

By Shelley Wetmore

September 4, 2009.....

Everything is dropped in price this week except for some bids on higher protein feed wheat.

Flax, for example, dropped \$16 a tonne which places our current bid right around \$9.70/bu delivered to Medicine Hat. Many other bids are as low as \$6.00/bu!

I expect sales of feed grain to be very slow this coming week—especially for barley. Bids down south are barely above the \$3.00/bu mark (and that's delivered) so I don't expect many producers to be excited about that one. I agree with John Stewart; feed barley prices may become higher further north in our province than Lethbridge—just like the 02/03 drought year. Keep in mind, however, demand is a lot less than those years.

Call the office if you're contemplating signing up any CWB wheat contracts. The board is currently at a 25% call ... we can obtain 100% movement which applies to most types of wheat classes. Basically, whatever contract you have or may sign-up with the board can be used. The benefit to the producer is the wheat can move 100% - may as well get the wheat out of your bin and eliminate any possible storage risks.

Watching ICE

Weekly closing prices for Canadian grain futures

	This Week	Last Week	Diff +/-
Nov 09	\$399.00	\$429.60	↓ (\$30.60)
Jan 10	\$403.50	\$433.60	↓ (\$30.10)
Mar 10	\$405.90	\$437.10	↓ (\$31.20)
May 10	\$410.70	\$441.10	↓ (\$30.40)
Jul 10	\$411.00	\$445.10	↓ (\$34.10)
Nov 10	\$395.10	\$430.90	↓ (\$35.80)
Barley	This Week	Last Week	Diff +/-
Oct 09	\$107.30	\$109.40	↓ (\$2.10)
Nov 09	\$146.30	\$145.60	↑ \$0.70
Dec 09	\$109.30	\$111.40	↓ (\$2.10)
Jan 10	\$154.10	\$152.60	↑ \$1.50
Mar 10	\$160.60	\$158.20	↑ \$2.40
May 10	\$162.60	\$160.20	↑ \$2.40
Jul 10	\$162.60	\$160.20	↑ \$2.40
Oct 10	\$162.60	\$160.20	↑ \$2.40
Dec 10	\$162.60	\$160.20	↑ \$2.40

Be Grainwise!

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

US Grain

Soy Complex

If the old saying "big crops get bigger" is true, then this year's bean crop is going to be a bin-buster. Although harvest has not started, several private forecasts (see Strategies) continue to up the ante in the yield department. As far as the market is concerned, this crop is pretty much in the bin. The only thing left is for the USDA to put its stamp of approval on this year's record crop when they release their report next week.

This week's export figure was a very strong 1.107 mmt which pushes new crop sales to 520 mln bu or 41% of the total export estimate.

Despite this demand, NOV beans plummeted 89 cents to \$9.22/bu. OCT meal slammed \$32.80 lower to \$287.20/t while oil fell 2.44 cents to 33.83 cents/lb.

The most disconcerting factor this week for market bulls was the total lack of buying interest from the non-commercials (commodity and index funds). Weaker outside markets and ongoing attempts by government to curtail the activities of these funds were partly responsible for their subdued interest.

Corn

DEC corn also put in a rough week, down 22¾ cents to \$3.06¼/bu, setting a new contract low.

As with beans, the perception that the corn crop is going to be a big one hangs over the market (see Strategies). Combined old crop/new crop sales was a solid 938,900 mt but, like beans, was largely ignored in the face of ever growing production estimates.

From a technical point of view, damage was done to both the bean and corn charts this week. Some analysts are now calling for corn to test the \$290 area before bottoming out.

Wheat

With corn and beans on the skids and global wheat fundamentals bearish, it was no surprise DEC CBOT wheat slipped another 23½ cents lower to \$4.71¼/bu. KCBT wheat followed suit dropping 26¾ cents to \$4.90/bu while MGE wheat fell a full 41½ cents to \$4.98½/bu.

To say wheat's technical picture is a dismal one would be an understatement. We have to go back to the spring of 2007

before we can find prices this low! The only positive thing about the wheat chart is the RSI is so low that some sort of short bounce is likely even if it is short-lived.

Production problems are beginning to surface in Argentina and Australia (as mentioned last week) but no one is too concerned—at least not yet.

Canadian Grain

Oilseeds

Canola producers watched NOV futures slam \$30.60 lower to \$399.00/MT.

Although there's still some anxiety over the lateness of this year's crop, recent record heat over the prairies is easing that concern. Many analysts feel we'll harvest a crop in excess of 10 mmt. A stronger dollar also weighed on values.

Export and crusher interest, as prices approached the \$440 mark, lent underlying support. Psychologically, \$400 is an important point of support. Should futures slip below that point, another round of selling could be in the offing.

Feedgrain

Barley prices continue to struggle both in the cash market and in the futures where the OCT slipped another \$2.10 to \$107.30/MT. With a potentially huge US corn crop, we could be looking at another scenario where cash bids are lower in the Lethbridge area than further north. The proximity of southern Alberta to lower priced US corn could pressure bids in what is traditionally the trend setter as far as cash bids are concerned.



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Strategies

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

Despite another solid week of US bean exports, futures were on the defensive for the entire week. Several factors were at play, not the least of which is that market watchers are almost exclusively focused on production and expectations for this year's bean crop continue to rise.

This week, Informa released its September bean production estimate. Yield estimates climbed to 43.1 bu/ac which would produce a crop of 3.305 bln bu. While these numbers were in line with what the trade had been thinking, Informa took the additional step of announcing what it felt the final yield would be. I'm not sure I've ever heard of this being done before but their final yield estimate of 44.1 bu/ac, which would produce a total crop of 3.372 bln bu, took the market by surprise and forced prices lower.

A similar scenario played out in the corn market. Informa's September yield estimate was 162.6 bu/ac which would produce a crop of 13.01 bln bu. This compares to the most recent USDA figure of 159.5 bu/ac and a total crop of 12.761 bln bu. However, it was Informa's final yield of 168 bu/ac and an overall crop of 13.304 bln bu that really shocked the market. Although farmers complain crops are anywhere from 2 to 5 weeks behind normal development and remain vulnerable to a frost, current forecasts call for little to no chance of frost for the next two weeks. The trade assumes these huge yields are a fait accompli and they may be right.

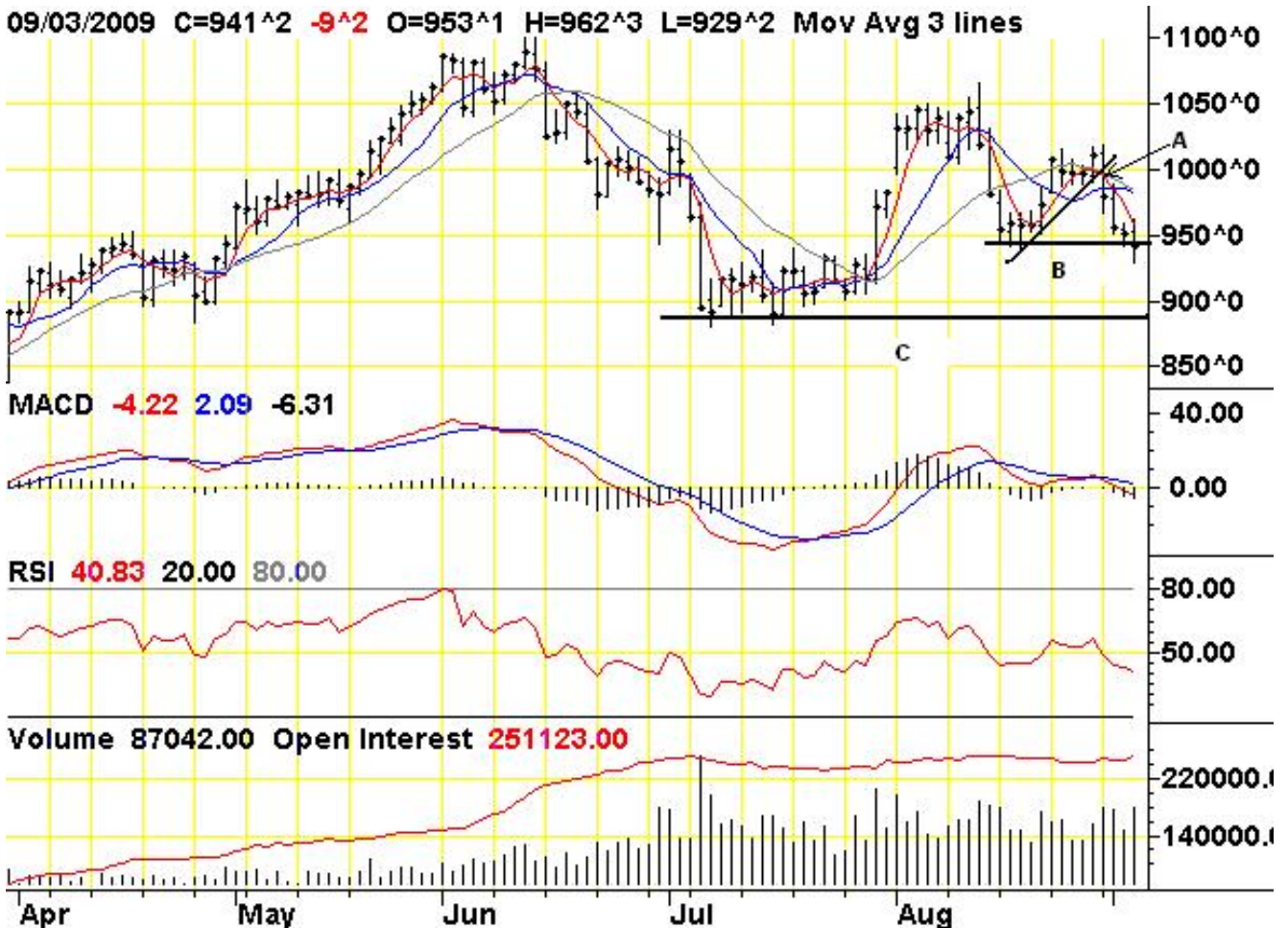
One thing is for sure—there's little to no risk premium left in the market and, should the forecast change, we could easily

see a sharp rally. But with outside markets such as crude oil and the DJIA struggling, the path of least resistance remains down.

Technical Analysis

Adding to the downward pressure is the sorry technical picture. Note how NOV beans first violated support by breaking through the upward trend line "A" and again at the recent low "B". If follow-through selling resumes next week, we may see a run at the next line of support "C". The \$8.80 area represents a significant level of support but, if it should fail, the next line of solid support doesn't arise until we reach the \$7.80/bu area ... a sobering thought.

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	\$3.05 FOB	September	Halkirk
Barley, 48 lb	\$3.05 FOB	September	Kelsey
Barley, 48 lb	\$2.57 FOB	September	Plamondon
Barley, 48 lb	\$3.01 FOB	September	Edmonton
Barley, 50 lb	\$3.10 FOB	September	Millet
Flax, milling	\$10.10 del Medicine Hat	September	Barons
Oats, feed	\$2.00 FOB	September	Enchant
Oats, feed	\$2.21 del Taber	September	Enchant
Oats, feed	\$2.04 FOB	September	Warburg
Oats, #2CW	\$2.00 FOB	September	Thorhild
Peas, green	\$6.65 FOB	September	Leduc
Wheat, feed	\$4.43 del Edmonton	September	Innisfree
Wheat, feed	\$4.21 FOB	September	Bentley
Wheat, feed	\$3.91 FOB	Sep-Oct	Innisfree
Wheat, feed	\$4.10 FOB	Sep-Oct	Millet
Wheat, feed	\$4.43 del Edmonton	September	Killam
Wheat, feed	\$4.19 FOB	September	New Norway
Wheat, 12.5% prt	\$4.46 FOB	September	Grassland
Wheat, 12.5% prt	\$4.35 FOB	Sep-Nov	Irma
Wheat, 12.5% prt	\$4.19 FOB	September	Grassland
Wheat, 12.5% prt	\$4.50 FOB	September	New Norway
Wheat, 12.5% prt	\$4.65 FOB	September	Tofield

Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	September	\$3.10 del Lethbridge
Barley	Sep-Oct	\$3.14 del Lethbridge
Barley	Sep-Oct	\$2.94 del Edmonton
Barley	October	\$3.12 del Calgary
Barley	Nov-Dec	\$2.94 del Carrot Creek
Canola	November	\$8.81 del Lloydminster
Canola	November	\$9.13 del Edmonton
Canola	November	\$9.19 del Crossfield
Canola	November	\$9.08 del Lacombe
Canola	November	\$9.20 del Fort Saskatchewan
Flax, milling	September	\$9.69 del Medicine Hat
Oats, milling	Sep-Oct	\$1.94 del Barrhead
Oats, milling	October	\$1.71 del Barrhead
Oats, milling	March 10	\$1.97 del Barrhead
Peas, green	Sept-Oct	\$7.34 del Innisfail
Peas, yellow	Sep-Oct	\$5.50 del Innisfail
Wheat, 12.5% prt	Sep-Oct	\$5.11 del Red Deer
Wheat, feed	Sep-Oct	\$3.97 FOB Edmonton
Wheat, feed	October	\$4.16 del Edmonton
Wheat, feed	Oct-Nov	\$4.43 del Red Deer

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (OCT)	\$86.65	\$86.70	↓ (\$0.05)
CME Live Hogs (OCT)	\$50.50	\$48.10	↑ \$2.40
CDN Dollar (SEP)	\$0.92	\$0.92	→ \$0.00
MGE Wheat (SEP) - CWRS	\$4.44	\$4.67	↓ (\$0.23)
CWB August PRO - CWRS	\$6.70	\$6.70	→ \$0.00
CWB Fixed Price - CWRS	\$5.80	\$6.04	↓ (\$0.24)
KCBOT Wheat (SEP) CPSR	\$4.77	\$5.00	↓ (\$0.23)
CWB August PRO - CPSR	\$5.52	\$5.52	→ \$0.00
CWB Fixed Price - CPSR	\$4.78	\$4.99	↓ (\$0.21)
CBOT Oats (SEP)	\$1.97	\$2.10	↓ (\$0.13)
Diesel (spot, Edmonton)	\$0.76	\$0.78	↓ (\$0.02)
Crude/Oil (OCT)	\$68.07	\$72.75	↓ (\$4.68)

Mature Bumper Stickers

I'm retired. I was tired yesterday and I'm tired again today.
 Cremation? Think outside the box.
 I was always taught to respect my elders. Now I don't have anyone to respect.
 I asked my wife if old men wear boxers or briefs? She said, "Depends."
 Food has replaced sex in my life ... now I can't even get into my own pants.
 I'm so old, I don't buy green bananas.
 I was at the beauty shop for nearly two hours—that was only for the estimate.
 That *Snap, Crackle, Pop* in the morning isn't my *Rice Krispies*.
 I'm not old, I'm chronologically gifted.
 Florida ... God's waiting room.
 I'm so old that whenever I eat out, they ask me for money up front.

Classifieds

Hay Bales. For sale, 400 round hay bales, no rain. Price is \$0.06/lb. For more information, call Cody Kurek, St. Paul, (780) 645-9458.

Equipment/Bale Hauling. Perogy Trucking specializes in agricultural equipment hauling particularly combines. Also available for bale hauling. Call Lawrence Sarafinchan, (780) 385-2004.

Monitoring Field Peas in Storage

Source: Neil Whatley, *Crop Specialist, AAFRD*

Larger pulse crop seeds, like field pea seeds, continue to breathe or respire after being harvested and “go through a sweat” period for several weeks. This raises the temperature and moisture content of the stored grain, producing conditions favourable for mould growth. Usage of aeration bins is the most effective method to control this situation. When monitoring, one should not rely on readings of average moisture content throughout the bin because there may be hot spots in isolated locations where moisture is high and mould can occur. To avoid spoilage when this respiration occurs, bins should be routinely monitored via probing, and aeration applied as required. The same should be done in the spring to warm the grain, adjusting for the seasonal temperature change.

Table 1: Safe Storage (Weeks)

Storage temp. in °C	Moisture content (%)	
	12	14
25	31	16
20	55	28
15	100	50
10	200	95
5	370	175

Review the table indicating the number of weeks for safe storage of field pea at the specified grain moisture content and storage temperature.

Source: Sokhansanj, 1995.