

At Market Master

By Shelley Wetmore

September 11, 2009.....

Just a reminder to call about the option of moving CWB wheat contracts at 100%. The tonnage we're allowed to do this with is very limited, per the month. What I'm afraid of, because harvesting of wheat is a bit delayed, is that all of a sudden we'll be bombarded with requests and many producers will not be able to participate. So, the sooner you have an idea of what your wheat is grading, give us a call.

All prices continue to drop. The biggest mover has been feed wheat as producers review the end of August PRO and compare those prices against what is still available off-board. Feed barley bids are at the forefront for keeping the locks on farmers' bins with human consumption peas and good quality oats in the same category.

I suspect, as cash flow requirements emerge, we'll probably see canola as the preferred mover to alleviate cash constraints. However, watch those basis levels. Since a month ago, we've seen them widen by about \$10 per tonne. You can still take advantage of a positive basis at most elevators but as harvest ramps up, those will probably disappear.

Good luck with harvest!

Watching ICE

Weekly closing prices for Canadian grain futures

	This Week	Last Week	Diff +/-
Nov 09	\$394.20	\$399.00	↓ (\$4.80)
Jan 10	\$398.40	\$403.50	↓ (\$5.10)
Mar 10	\$400.40	\$405.90	↓ (\$5.50)
May 10	\$405.90	\$410.70	↓ (\$4.80)
Jul 10	\$411.20	\$411.00	↑ \$0.20
Nov 10	\$395.70	\$359.10	↑ \$36.60
Barley	This Week	Last Week	Diff +/-
Oct 09	\$113.10	\$107.30	↑ \$5.80
Nov 09	\$142.80	\$146.30	↓ (\$3.50)
Dec 09	\$116.10	\$109.30	↑ \$6.80
Jan 10	\$151.10	\$154.10	↓ (\$3.00)
Mar 10	\$157.60	\$160.60	↓ (\$3.00)
May 10	\$159.60	\$162.60	↓ (\$3.00)
Jul 10	\$159.60	\$162.60	↓ (\$3.00)
Oct 10	\$159.60	\$162.60	↓ (\$3.00)
Dec 10	\$159.60	\$162.60	↓ (\$3.00)

Be Grainwise!

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

US Grain

Soy Complex

Friday's USDA S/D report reinforced what the market already knew—there's a HUGE bean crop out there. Average yield was boosted .6 bu/ac from August to 42.3 bu/ac, the third largest average yield in history. While .6 bu/ac doesn't sound like much, it would increase total production by 46 mln bu to 3.245 bln bu.

But, the USDA also increased demand allowing the US carryout estimate to rise just by 10 mln bu to 220 mln bu. While these numbers fell within the range of pre-report expectations, the trade still expects this crop to become even larger in subsequent reports, particularly because no threatening weather is forecast for the foreseeable future. Big crops get bigger.

On the positive side, weekly exports were 830,600 mt, well over the 662,100 mt needed to meet current annual export targets. Weakness in the US dollar lent limited support.

NOV beans closed down 19 cents to \$9.03/bu while OCT meal slipped \$6.79 to \$280.50/t. Oil dipped .31 cents to 33.52 cents/lb.

Corn

Friday's USDA report pegged this year's corn production at 12.955 bln, an average of 161.9 bu/ac. While this number wasn't as large as some of the figures private forecasters had been estimating, it would still represent the 2nd largest corn crop in history, eclipsed only by the 1997 crop. Again, these numbers were almost exactly what the market was expecting.

What the market wasn't expecting was that demand would also be increased, allowing carryout levels to remain largely unchanged at 1.635 bln bu. Some analysts were expecting this number to be closer to 2 bln bu. Even more surprising was global carryout actually shrunk by 2.37 mmt due to lowered yield expectations for Argentina, Canada, China, and Brazil. Weekly exports were strong at 1.026 mmt, in line with what is needed to meet a very aggressive total export target of 2.1 bln bu.

DEC corn climbed 13½ cents to \$3.19¾/bu.

Wheat

Wheat continued its descent although Friday's trade saw a nice rebound to close out the day. Global wheat stocks estimates

rose again, up 3.05 mmt to 186.61 mmt. Also pressuring the market are reports of very strong spring wheat yields coming out of the US northern plains. If there are any concerns at all, it's that protein levels have been somewhat lower than expected. Weekly wheat sales were on the high side of expectations at 551,400 mt but traders remain unimpressed.

DEC CBOT wheat slipped 4½ cents lower to \$4.67¼/bu, setting new contract lows in the process. In fact, all three exchanges set new contract lows this week. KCBT wheat dipped 12¼ cents to \$4.77¾/bu while MGE wheat settled 4½ cents lower at \$4.94/bu.

Canadian Grain

Oilseeds

Canola came under pressure due to losses in the US bean complex. A StatsCan report which indicated 1.66 mmt of canola remain in storage on the prairies also weighed on the market. The perception that this year's crop will ultimately turn out to be larger than StatsCan's most recent estimate was also negative. However, new-found demand (see Strategies) and a lack of farmer selling kept futures from sinking lower. Reports of light frost in some areas also provided limited support.

NOV canola slipped \$4.80 lower to \$394.20/MT.

Feedgrain

OCT barley surged \$5.80 higher to \$113.10/MT largely due to non-commercials wanting out of their OCT short contracts. A slight firming of cash bids as barley producers are reluctant to ship grain at these levels also supported the market. However, in the longer term, an abundant US corn crop and expectations for plentiful supplies of feed quality grain here on the prairies will hang over this market for some time.



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Strategies

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

NOV canola continues to trade on both sides of significant support in the \$400 area.

Although current prices may have dampened producer's interest, there's evidence that lower prices is spurring demand. Word that China has stepped up their buying program (which included 4 or 5 cargoes in this past week) has kept a floor under the market. Mexican interest was also noted although it's rumoured that quantities were relatively small. There were even unconfirmed reports Pakistan and Dubai have been testing the waters.

The point is the recent break in prices is creating demand. While this is a good thing, it does create problems for commercials who have to access grain in order to meet sales commitments. This time of year, farmers are spending every waking hour getting the crop in the bin and, for the most part, marketing can wait. This is probably why basis levels remain relatively strong for this time of year. However, expect those basis levels to deteriorate as more canola is harvested and producers start to move product into the market.

The threat of frost is also supporting the market but every frost free day takes a slight edge off that support. On the opposite side of the ledger, is the expectation that US producers will harvest a huge bean crop.

Even more significant, the current price spread between beans versus corn or wheat will lead South American farmers to plant record acres of beans. Some analysts are already speculating Argentina and Brazil combined could produce as much as 120 mln tonnes of beans.

Now I know this crop has yet to be planted, so it's rather presumptuous to be predicting final production at this early date but that's why they're called futures—they trade not only what is but more importantly what they believe will happen in the future.

Hope your harvest is going smoothly and that yields and quality are better than expected.

At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$3.10 del Lakeside	September	Oyen
Barley, 48 lb	\$2.94 del Edmonton	Sep-Oct	Morinville
Canola	\$9.03 del Spruce Grove	September	Stony Plain
Oats, #2	\$1.65 FOB	September	Two Hills
Peas, yellow	\$5.50 del Innisfail	September	Wetaskiwin
Peas, green	\$6.90 FOB	September	St. Albert
Peas, green	\$5.00 FOB	September	Millet
Wheat, feed	\$4.05 FOB	September	Clive
Wheat, 12.5% prt	\$4.61 FOB	September	Ryley
Wheat, 12.5% prt	\$4.58 FOB	September	Vegreville
Wheat, 12.5% prt	\$4.50 FOB	Sep-Oct	Falun
Wheat, 12.5% prt	\$4.84 FOB	Sep-Oct	Innisfail

Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	September	\$3.10 del Lethbridge
Barley	Sep-Oct	\$3.10 del Lethbridge
Barley	Oct-Dec	\$3.21 del Lethbridge
Canola	November	\$8.84 del Lloydminster
Canola	November	\$9.02 del Edmonton
Canola	November	\$9.08 del Crossfield
Canola	November	\$9.03 del Lacombe
Canola	November	\$8.98 del Fort Saskatchewan
Flax, milling	Sep-Oct	\$8.20 del Medicine Hat
Oats, milling	Sep-Oct	\$1.94 del Barrhead
Oats, milling	October	\$1.69 del Barrhead
Oats, milling	March 10	\$1.96 del Barrhead
Peas, green	Sept-Oct	\$7.00 del Innisfail
Peas, yellow	Sep-Oct	\$5.20 del Innisfail
Rye, milling	November	\$3.62 del Calgary
Wheat, 12.5% prt	Sep-Oct	\$4.84 del Red Deer
Wheat, feed	Sep-Oct	\$3.97 FOB Edmonton
Wheat, feed	Oct-Nov	\$4.29 del Red Deer

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (OCT)	\$87.20	\$86.65	↑ \$0.55
CME Live Hogs (OCT)	\$52.55	\$50.50	↑ \$2.05
CDN Dollar (DEC)	\$0.93	\$0.92	↑ \$0.01
MGE Wheat (DEC) - CWRS	\$4.66	\$4.44	↑ \$0.22
CWB SEP PRO - CWRS	\$6.70	\$6.70	→ \$0.00
CWB Fixed Price - CWRS	\$5.77	\$5.80	↓ (\$0.03)
KCBOT Wheat (DEC) CPSR	\$4.65	\$4.77	↓ (\$0.12)
CWB SEP PRO - CPSR	\$5.52	\$5.52	→ \$0.00
CWB Fixed Price - CPSR	\$4.73	\$4.78	↓ (\$0.05)
CBOT Oats (DEC)	\$2.08	\$1.97	↑ \$0.11
Diesel (spot, Edmonton)	\$0.75	\$0.76	↓ (\$0.01)
Crude/Oil (OCT)	\$72.25	\$68.07	↑ \$4.18

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.

Combine for Sale. 7721 John Deere combine, 2 speed cylinder, Rodono chopper (used only one season), new pick up belts. This combine is in good condition. Call Jason at (780) 878-4253, Ferintosh.