

## At Market Master

By Shelley Wetmore

September 25, 2009.....

Between the 30 degree plus weather experienced across the province, the amount of green still in the field, and the potential for SNOW in some parts of the province Monday, we have a number of buyers ready to buy heated/green canola. Generally, a price for 30% heated would bring most areas \$6.00/bu at the bin. Hopefully, you won't need to make use of this bid.

As you'll notice in The Bid Board, there are actually bids coming out for feed barley into 2010. However, if spot bids in central Alberta are compared with Lethbridge bids, then transferred out to the same forward period, does that mean Red Deer (for example) should be bidding \$3.25/bu for January? Hard to say since most end users are still only venturing out a few weeks at a time, maybe one month, offering feed grain bids. The pricing, though, still reminds me of the drought years when bids Calgary north surpassed Lethbridge bids—even with corn coming in. Keep in mind, however, there was considerably more livestock to feed back then (both cattle and hogs).

If you're interested in loading producer cars for feed wheat or feed barley, especially from the Peace, call me next week.

## Watching ICE

Weekly closing prices for Canadian grain futures

	This Week	Last Week	Diff +/-
Nov 09	\$386.60	\$390.20	↓ (\$3.60)
Jan 10	\$391.60	\$394.30	↓ (\$2.70)
Mar 10	\$394.60	\$396.20	↓ (\$1.60)
May 10	\$394.70	\$402.20	↓ (\$7.50)
Jul 10	\$400.70	\$404.10	↓ (\$3.40)
Nov 10	\$383.80	\$386.10	↓ (\$2.30)
<b>Barley</b>	<b>This Week</b>	<b>Last Week</b>	<b>Diff +/-</b>
Oct 09	\$104.50	\$120.50	↓ (\$16.00)
Nov 09	\$148.00	\$150.50	↓ (\$2.50)
Dec 09	\$107.50	\$123.50	↓ (\$16.00)
Jan 10	\$156.00	\$158.50	↓ (\$2.50)
Mar 10	\$162.50	\$165.00	↓ (\$2.50)
May 10	\$164.50	\$167.00	↓ (\$2.50)
Jul 10	\$164.50	\$167.00	↓ (\$2.50)
Oct 10	\$164.50	\$167.00	↓ (\$2.50)
Dec 10	\$164.50	\$167.00	↓ (\$2.50)

## Be Grainwise!

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

### US Grain

#### Soy Complex

Another frostless week pushed NOV beans 15 cents lower to \$9.26/bu. OCT meal dipped 80 cents to \$289.20/t while oil fell .64 cents to 34.04/t.

Although overall fundamentals remain bullish (at least in the short and medium term), better than expected, early yields are supporting the idea that a record US crop is approaching. However, heavy rains in the Mississippi Delta have stopped the bean harvest in its tracks. A stronger US dollar was also bearish.

Preventing further losses was an outstanding weekly sales figure of 1.152 mmt which easily surpassed pre-report expectations. While the market focus is primarily on 09/10 sales, note that sales are being made as far out as 10/11. Traders are already focusing on the South American crop as its production will be key for 2010.

#### Corn

On again, off again forecasts for frost next week in the Northern cornbelt kept corn traders on their toes. Ultimately, it was weather uncertainty into the weekend that propelled the DEC 15 cents higher to \$3.34/bu. Capping further gains was the idea that this year's crop may be one of the largest in history. Also of concern are the shrinking livestock herds in the US and the effect on demand.

Weekly exports fell within expectations at 673,300 mt and had little effect on the market. Sunday night's weather forecast will be key in setting the early tone next week.

#### Wheat

Wheat continued its downward slide with the DEC CBOT slipping 7½ cents to \$4.49¾/bu while KCBT wheat dipped 2¾ cents to \$4.69¼/bu. MGE wheat gave up a dime to close at \$4.86¾/bu.

Minneapolis wheat suffered on reports of better than expected yields of spring wheat in the Northern states. There was little fresh news in the wheat pits however large global stocks continue to pressure this market. A weaker US dollar would be helpful in promoting sales of US wheat but currency traders failed to oblige. Weekly sales came in at a respectable 506,900 mt but garnered little attention in this week's trade. Heavy rains in Argentina eased early drought concerns there.

### Canadian Grain

#### Oilseeds

NOV canola slipped \$3.60/MT to \$386.60 largely on spillover pressure from US beans. Favourable harvest weather and an increase in farmer selling helped push the market lower. Expectations for a crop well in excess of 10 mmt, as early yields look better, also hang over the market.

The inability of crushers to export canola meal into the US due to salmonella concerns kept crusher interest to a minimum. However, renewed Chinese interest and rumours that Mexico and Pakistan may also be in the market for Canadian canola prevented further losses.

#### Feedgrain

Activity in the OCT barley contract was dominated by market players looking to liquidate their positions ahead of the expiration and delisting of the contract. This activity sent the OCT \$16 lower to \$104.50/MT.

The release of this month's CWB PRO, which showed a decline of \$9.00/MT, also weighed on the market.

Endusers see little need to push the market higher in light of new crop barley finding its way into the system.

## Grain Marketing To Do List

- Send samples to office for testing.
- Make grain inventory list.
- Complete GPOs.

(If you need help calculating your Grain Pricing Order, call Shelley. Forms can be faxed or are available on the website.)



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# Strategies

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

A week of lower prices has the canola chart looking very defensive indeed.

Although forecasts for frost over some areas of the prairies next week gave futures limited support, it was more of a knee-jerk reaction than anything else. Unseasonably warm temperatures over the past couple of weeks have matured this crop to the point where a even a killing frost will have limited effect on overall yield.

The same argument (to a lesser degree) can be made for the bean crop in the US. While it remains more vulnerable than canola, traders are becoming increasingly confident that this crop will escape unscathed by frost.

Adding to the bearish tone in the oilseed markets was the action in outside markets. Both crude oil and gold have been

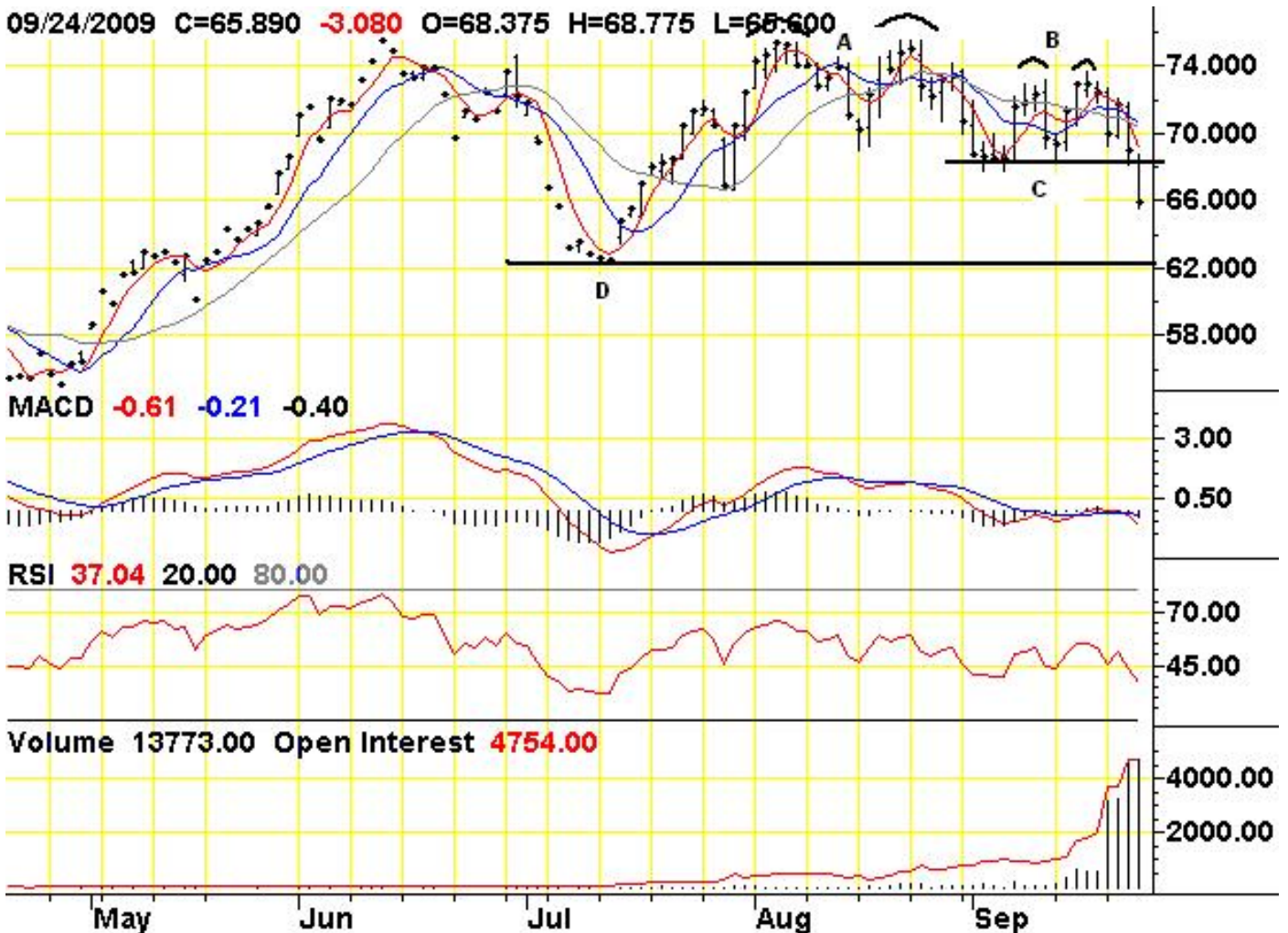
sharply lower this week with the former dipping below \$65/bbl on the NOV contract and the latter trading \$21/oz lower than its recent high of \$1018/oz on the OCT contract.

### Technical Analysis

Note how NOV crude has broken below support at \$67.80/bbl "C" which was established as the market formed a double top "B". An earlier double top "A" also failed to hold support. This leaves the market vulnerable to a run at support at the contract low in the \$63/bbl area "D".

Any technician looking at this chart would conclude that the bears are in control. Even the DOW has struggled as we close out the week.

Many of you must be wondering what on earth do any of these markets have to do with the S/D of grains? As far as supply goes, they have no impact whatsoever but they are seen as a barometer of the overall world economy and as such indicate the capacity of importing nations to buy grain. Simply put, if the economy is in rough shape, many of these countries will buy less grain causing stocks to rise more than they normally would. So, we have the double whammy of big crops (particularly in the US but in other parts of the world as well) combined with questionable demand prospects. That is a recipe for lower prices particularly when you add in harvest pressure as well. This trend is likely to continue until we have a better grasp of the size of US corn and bean crops.



**CWB September 2009-10 Average PRO**

	Sep PRO	Alberta		Sask		BC	
		Average		Average		Average	
		Deduc	Return	Deduc	Return	Deduc	Return
<b>Wheat</b>							
1 CWRS 14.5	\$7.16	\$1.38	\$5.78	\$1.59	\$5.57	\$1.32	\$5.84
1 CWRS 13.5	\$6.67	\$1.38	\$5.29	\$1.59	\$5.08	\$1.32	\$5.35
1 CWRS 12.5	\$6.29	\$1.38	\$4.91	\$1.59	\$4.70	\$1.32	\$4.97
1 CWRS 11.5	\$5.96	\$1.38	\$4.58	\$1.59	\$4.37	\$1.32	\$4.64
2 CWRS 13.5	\$6.48	\$1.38	\$5.10	\$1.59	\$4.89	\$1.32	\$5.16
2 CWRS 11.5	\$5.77	\$1.38	\$4.39	\$1.59	\$4.18	\$1.32	\$4.45
3 CWRS 13.0	\$5.88	\$1.38	\$4.50	\$1.59	\$4.29	\$1.32	\$4.56
3 CWRS	\$5.36	\$1.38	\$3.98	\$1.59	\$3.77	\$1.32	\$4.04
4 CWRS	\$4.98	\$1.38	\$3.60	\$1.59	\$3.39	\$1.32	\$3.66
1 CWHW 13.5	\$6.67	\$1.38	\$5.29	\$1.59	\$5.08	\$1.32	\$5.35
1 CPSR	\$5.36	\$1.38	\$3.98	\$1.59	\$3.77	\$1.32	\$4.04
1 CPSW	\$5.28	\$1.38	\$3.90	\$1.59	\$3.69	\$1.32	\$3.96
1 CWRW Select 11.5	\$5.58	\$1.36	\$4.22	\$1.67	\$3.91	\$1.31	\$4.27
1 CWRW	\$5.23	\$1.36	\$3.87	\$1.67	\$3.56	\$1.31	\$3.92
1 CWES	\$5.85	\$1.38	\$4.47	\$1.56	\$4.29	\$1.32	\$4.53
1 CWSWS	\$4.65	\$1.38	\$3.27	\$1.59	\$3.06	\$1.32	\$3.33
CW Feed	\$4.06	\$1.38	\$2.68	\$1.59	\$2.47	\$1.32	\$2.74
<b>Durum</b>							
1 CWAD 14.5	\$6.40	\$1.37	\$5.03	\$1.48	\$4.92	\$1.31	\$5.09
1 CWAD 13.0	\$6.10	\$1.37	\$4.73	\$1.48	\$4.62	\$1.31	\$4.79
1 CWAD 12.5	\$6.01	\$1.37	\$4.64	\$1.48	\$4.53	\$1.31	\$4.70
1 CWAD 11.5	\$5.82	\$1.37	\$4.45	\$1.48	\$4.34	\$1.31	\$4.51
2 CWAD 13.0	\$5.82	\$1.37	\$4.45	\$1.48	\$4.34	\$1.31	\$4.51
2 CWAD 11.5	\$5.63	\$1.37	\$4.26	\$1.48	\$4.15	\$1.31	\$4.32
3 CWAD 13.0	\$5.36	\$1.37	\$3.99	\$1.48	\$3.88	\$1.31	\$4.05
3 CWAD	\$5.17	\$1.37	\$3.80	\$1.48	\$3.69	\$1.31	\$3.86
4 CWAD	\$4.71	\$1.37	\$3.34	\$1.48	\$3.23	\$1.31	\$3.40
5 CWAD	\$4.06	\$1.37	\$2.69	\$1.48	\$2.58	\$1.31	\$2.75
<b>Feed Barley</b>							
1 CW Pool A	\$3.16	\$1.24	\$1.92	\$1.44	\$1.72	\$1.19	\$1.97
<b>Designated Barley</b>							
SS CW 2-row	\$4.62	\$1.24	\$3.38	\$1.44	\$3.18	\$1.25	\$3.37
SS CW 6-row	\$4.22	\$1.24	\$2.98	\$1.44	\$2.78	\$1.25	\$2.97

**Classifieds**

**Greenfeed and Straw.** 900 bales, big rounds. Call Doug at (403) 809-0507, Mossleigh.

**Straw Bales Wanted.** In the Kinsella/Viking area. Call Jason at (780) 336-5493.

**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.

**CWB September PRO Commentary****Wheat**

The wheat market has been pressured by large global supplies and the ongoing harvest in the Northern Hemisphere. The US wheat futures markets have dropped between 19 cents and 46 cents/bu over the past month and are now trading at levels similar to the beginning of 2007, before the historic grain price rally began. Protein premiums on hard red spring (HRS) wheat have moved higher, given the lower-than-average protein levels of the US HRS crop. The ongoing strength of the Canadian dollar continues to weigh down Canadian-dollar price outlooks.

The USDA increased its September estimate for world wheat production to 664 million tonnes. Production forecasts were increased for the European Union, Russia, Ukraine and Kazakhstan.

In Canada, the spring wheat harvest has made good progress under ideal harvest weather conditions. The winter wheat harvest is essentially finished, with the spring wheat harvest over 60% complete. In the US, the spring wheat harvest is about 85% complete. Initial harvest results indicate a large yield but lower than normal protein in the US while the quality of the Canadian crop is expected to be slightly above average. The winter wheat harvest in Europe is complete. The spring wheat harvest is underway in Russia, Ukraine and Kazakhstan, but a near-term frost event could still downgrade crop quality.

**Durum**

Durum fundamentals have weakened which has pressured international durum values lower. Generally good harvest conditions and higher than expected yields have increased the quality and quantity of North American durum crops. In the US, top grade durum values are below high-protein spring wheat values. The durum harvest remains slightly delayed in the US, although the past week allowed significant progress towards harvest completion. Harvest in North Dakota is 70% complete and Montana is 76% complete. In Canada, the durum harvest is three-quarters complete and the quality is above average.

**Feed barley**

Large supplies and weak international corn values continue to pressure global feed grain prices. There was a brief rally in corn futures prices mid-September when frost was forecasted in the US cornbelt. However, prices were lowered once that risk passed. In the September WASDE report, the USDA forecasted world corn production at a record 794 million tonnes and increased its 2009-10 US corn production forecast to 329 million tonnes. Although global barley production and carry out are forecast to decline in 2009-10, large supplies of coarse grains and poor livestock economics are expected to weigh on feed grain prices.

**Designated barley**

Malting barley values have been pressured lower by large supplies of quality malting barley in Europe and the ongoing harvest in the Northern hemisphere. Canadian supplies of malting barley are expected to be lower due to a smaller crop. Conditions have been favourable for harvesting and the Canadian barley crop is now more than 85% harvested, with initial reports showing a wide variation in crop quality. The US barley crop is over 90% harvested. Adequate rainfall has been beneficial for the maturation of the Australian barley crop, which is about six weeks away from the start of harvest.

### At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$2.73 FOB	Sep-Oct	Viking
Barley, 48 lb	\$3.03 FOB	Sep-Oct	Hanna
Barley, 48 lb	\$3.01 del Falun	Sep-Oct	Stony Plain
Barley, 48 lb	\$2.84 FOB	September	Meeting Creek
Barley, 48 lb	\$3.01 del Ferintosh	Sep-Oct	Beauvallon
Barley, 48 lb	\$2.44 FOB	Sep-Oct	High Prairie
Barley, 48 lb	\$2.75 FOB	Sep-Oct	Edmonton
Barley, 48 lb	\$3.01 FOB	September	Newbrook
Barley, 50 lb	\$3.01 del Falun	September	Thorsby
Barley, 52 lb	\$2.77 FOB	September	Red Deer
Barley, 52 lb	\$2.77 FOB	Sep-Oct	Red Deer
Oats, milling	\$1.89 FOB	Sep-Oct	Mundare
Peas, green	\$7.00 del High Prairie	October	High Prairie
Peas, green	\$7.00 del High Prairie	October	Guy
Peas, green	\$7.50 del High Prairie	October	High Prairie
Wheat, feed	\$4.02 FOB	October	Millet
Wheat, feed	\$4.02 FOB	Sep-Oct	Beaumont
Wheat, feed	\$4.16 del Edmonton	October	Falun
Wheat, 12.5% prt	\$4.01 FOB	Oct-Nov	Barrhead
Wheat, 12.5% prt	\$4.10 FOB	September	Acadia Valley

### By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (OCT)	\$86.05	\$85.55	↑ \$0.50
CME Live Hogs (OCT)	\$50.00	\$50.80	↓ (\$0.80)
CDN Dollar (DEC)	\$0.92	\$0.94	↓ (\$0.02)
MGE Wheat (DEC) - CWRS	\$4.49	\$4.57	↓ (\$0.08)
CWB SEP PRO - CWRS	\$6.67	\$6.70	↓ (\$0.03)
CWB Fixed Price - CWRS	\$5.91	\$5.79	↑ \$0.12
KCBOT Wheat (DEC) CPSR	\$4.69	\$4.72	↓ (\$0.03)
CWB SEP PRO - CPSR	\$5.36	\$5.52	↓ (\$0.16)
CWB Fixed Price - CPSR	\$4.81	\$4.71	↑ \$0.10
CBOT Oats (DEC)	\$2.19	\$2.13	↑ \$0.06
Diesel (spot, Edmonton)	\$0.73	\$0.75	↓ (\$0.02)
Crude/Oil (NOV)	\$66.00	\$72.47	↓ (\$6.47)

### Conversion Table

44 MT of	equals	# of bushels
barley	x 45.930	2,021
wheat, peas	x 36.744	1,617
canola	x 44.092	1,940
oats	x 64.842	2,853
flax, rye, corn	x 39.368	1,732

### Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	October	\$3.25 del Lethbridge
Barley	November	\$3.31 del Lethbridge
Barley	January 10	\$3.38 del Lethbridge
Canola, 30% htd	Sep-Oct	\$7.31 del Vancouver
Canola	November	\$8.48 del Lloydminster
Canola	November	\$8.82 del Edmonton
Canola	November	\$8.89 del Crossfield
Canola	November	\$8.81 del Lacombe
Canola	November	\$8.82 del Fort Saskatchewan
Flax, milling	October	\$7.94 del Medicine Hat
Flax, milling	October	\$7.94 del Stony Plain
Oats, milling	Sep-Oct	\$1.94 del Barrhead
Oats, milling	October	\$1.98 del Barrhead
Oats, milling	March 10	\$2.13 del Barrhead
Peas, feed	Sep-Oct	\$5.11 del Rimbey
Peas, green	October	\$7.50 del Innisfail
Peas, yellow	October	\$5.50 del Innisfail
Peas, green	October	\$7.50 CLR High Prairie
Peas, yellow	October	\$5.50 CLR High Prairie
Rye, feed	Oct-Nov	\$3.50 del Calgary
Wheat, feed	September	\$4.10 del Olds
Wheat, feed	October	\$4.02 FOB Edmonton
Wheat, 12.5% prt	November	\$4.57 del Red Deer
Wheat, feed	November	\$4.02 del Red Deer
Wheat, feed	Nov-Dec	\$4.02 del Lloydminster

### Canadian Grain Commission Grading Services

The CGC's Service Centres offer analysis of grain samples. Each CGC certificate will show: grade (including main degrading reason, if relevant), dockage, moisture (if sample is received in a moisture-proof container), and protein testing is available on request.

#### Submitting your grain samples

- Each grain sample must weigh at least 750 grams.
- Complete a "Producer request for inspection services" form or include a written request stating the services you want.
- Pay by cash, cheque (payable to Receiver General of Canada), VISA or MasterCard.
- Mail or drop off samples to:

Canadian Grain Commission  
 Bill Adduono  
 14, 6130 - 4th Street SE  
 Calgary AB T2H 2B6  
 Phone: (403) 292-4210

Costs per sample are:  
 Wheat \$15.10, canola \$24.40  
 other grains and screenings \$21.70 (including pulses)  
 protein testing \$9.00.