

At Market Master

By Shelley Wetmore

October 16, 2009.....

This week was an unusual one to say the least and listening to conflicting fundamental reports makes it very difficult to predict how the cash market is going to react.

One market that reacted favourably was Chicago oats. The CBOT futures rallied a bit and some good new crop (yes, fall for NEXT year) opportunities came about. Prices for spot milling oats, however, hasn't had that advantage—yet. We may have to wait a few months.

Maybe not so surprising was a decrease in some feed wheat bids for January timeframe. It looks like as this weather continues, we may end up with more feed wheat than expected. Really take the time to do the math and figure out which route is the best money-maker for your wheat on hand. Most buyers are again anticipating what the CWB will do with the PRO at the end of this month and adjust bids accordingly.

Feed barley prices for the new year are a bit stronger with some areas realizing \$3.00 at the bin.

Human consumption peas are stagnant to lower with the yellows taking another dip this year. We'll have to wait a bit for a recovery there as well.

Good luck on the remaining harvest!

Watching ICE

Weekly closing prices for Canadian grain futures

Canola	This Week	Last Week	Diff +/-
Nov 09	\$387.30	\$382.30	↑ \$5.00
Jan 10	\$391.30	\$387.30	↑ \$4.00
Mar 10	\$396.40	\$391.30	↑ \$5.10
May 10	\$400.30	\$396.30	↑ \$4.00
Jul 10	\$402.40	\$401.30	↑ \$1.10
Nov 10	\$392.50	\$391.30	↑ \$1.20
Barley	This Week	Last Week	Diff +/-
Nov 09	\$151.00	\$151.00	→ \$0.00
Jan 10	\$156.00	\$157.00	↓ (\$1.00)
Mar 10	\$163.00	\$164.20	↓ (\$1.20)
May 10	\$165.00	\$166.20	↓ (\$1.20)
Jul 10	\$165.00	\$166.20	↓ (\$1.20)
Oct 10	\$165.00	\$166.20	↓ (\$1.20)
Dec 10	\$165.00	\$166.20	↓ (\$1.20)

Be Grainwise!

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

US Grain

Soy Complex

Weekend frost in the US Midwest had bean futures jumping early in the week. Although there's some debate as to how much damage was actually done, obviously it's not the sort of thing that increases yield. However, market attention quickly turned to the possibility of rain which would further hamper harvest efforts for both beans and corn. Traders were unsure of how to react to the latest forecasts which called for warm weather over the weekend but a turn to cooler, wetter conditions next week.

Under these conditions, most producers will concentrate on beans as harvest losses can be much higher than with corn. Pod splitting and fungal growth can be a problem.

Export came in at 654,500 mt which was basically what the market was expecting and did little to influence prices.

On the week, JAN beans climbed 15 cents to \$9.82/bu while DEC meal slipped \$2.60 lower to \$294.70/t. DEC oil pushed 1.74 cents higher to 36.94 cents/lb.

Corn

Corn put in a strong week with DEC firing 9¼ cents higher to \$3.72/bu.

As with beans, early reports of season ending frost pushed futures higher.

I mentioned last week that the USDA production figure in excess of 13 bln bu may be the highest estimate we get this year. It seems many analysts now share that view. Some are suggesting total production as low as 12 bln bu. Early results indicate low test weights which also affects yield.

News from South America stated that Brazil's ETH Bioenergia (a large ethanol producer) planned to merge with Brenco (another large ethanol player). Should this merger take place, it would create the largest ethanol producer in the world.

Weekly sales were slightly below trade expectations at 631,800 mt, well below the 820,500 mt needed on a weekly basis to meet current yearly projections.

Wheat

Believe it or not, wheat led the market with DEC CBOT soaring 30¾ to \$4.98¾/bu while KCBT wheat rose 25½ cents to \$5.10½/bu. MGE wheat finished at

\$5.26½/bu, a gain of 22 ½/bu.

The rally wasn't spurred by this week's export figures which came in at a mediocre 480,200 mt. The USDA even bumped up global carryout stocks in their latest announcement but futures rallied anyway.

Fears are that low prices and very wet conditions could seriously impact the number winter wheat acres sown this fall. The largest concern seems to be for SRW wheat which is probably why CBOT wheat lead the surge higher.

Canadian Grain

Oilseeds

JAN canola pushed \$4.00 higher to \$391.30/MT, largely on spillover strength from US soyoil.

Concern that some of this year's canola may not be harvested until spring also supported values as did expectations that China would be back in the market following last week's holidays. Steady commercial and crusher buying helped underpin the market with the latter responding to improving crush margins. Our strong dollar and lack of farmer selling prevented further gains.

Feedgrain

The cash barley market has slowed to a crawl with endusers generally covered and producers reluctant to move product at these prices.

DEC barley responded to the strength in corn by rallying \$3.50 to \$116.50/MT.

Grain Marketing To Do List

- I've sent samples to Market Master for testing—including CPS wheat, oats, and peas.
- I've made a grain inventory list.
- I've set some GPOs.



8543—75 Avenue
Edmonton, Alberta T6C 0G9
www.grainwatchdog.com (800) 440-8390
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Strategies

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US Harvest Progression

Although the week saw gains in almost all grains and oilseeds, traders were uncertain of what to make of recent forecasts which called for warmer drier weather over the next few days but a return to wetter conditions longer term. When in doubt—sell. That pushed the market lower to close the week with most wishing to wait until Sunday before taking further positions. All year long, we heard reports this crop was in excellent shape but just late. For the most part, the last part of that statement was ignored by the market but, with the weather turning “iffy” late in the year, the question is, **“Will the monster yields predicted just a few short weeks ago will come to fruition?”**

The latest crop progress report indicated that just 74% of the corn crop had matured compared to the long-term average of 92%. The amount of corn harvested was 13% versus the 35% average. While it's hardly a disaster yet, many areas have a lot of drying out to do before harvesting can even begin. It's a similar story for soybeans. Just 23% of the bean crop is in the bin versus the 5 year average of 57%.

While most (if not all) of these acres will be harvested this fall, the late season IS impacting SRW wheat. Most producers plant their wheat after corn has been harvested but the lateness of this year's crop is jeopardizing plans. The unofficial cut-off line for most producers is to have wheat seeded by November 1. Anecdotal reports indicate many of those producers may choose to forgo winter wheat this year.

Canadian Canola Progression

There are also harvest delays here at home. While most of the crop is in the bin, a quick look around the countryside will tell you that harvest is not finished just yet.

Wet snow over many areas have producers wondering if they may have to wait until spring to harvest what is left. While there's a little bit of every kind of grain still to be harvested, the majority of those acres are canola. I know the canola market is largely dictated by what happens in the global oilseed markets but, should the rest of this year's crop remain out over winter, it will have an impact on the canola market down the road.

At The Bin

Prices booked this week (net to the producer)

Grain	Price	When	Producer
Barley, 48 lb	\$3.01 FOB	January 10	Camrose
Barley, 48 lb	\$2.38 FOB	October	High Prairie
Barley, 48 lb	\$2.85 FOB	Oct-Nov	Calmar
Barley, 50 lb	\$2.85 FOB	November	Galahad
Barley, 50 lb	\$3.01 FOB	January 10	Galahad
Barley, 53 lb	\$3.01 FOB	January 10	Edberg
Barley, 54 lb	\$3.01 FOB	January 10	Ferintosh
Oats, milling	\$2.55 del Camrose	October 10	Hilliard
Oats, milling	\$2.55 del Camrose	October 10	Millet
Oats, milling	\$2.53 del Camrose	Sep-Oct 10	Hilliard
Oats, feed	\$2.15 FOB	October	Clive
Oats, feed	\$2.01 FOB	October	Mundare
Peas, feed	\$5.15 FOB	October	Guy
Peas, feed	\$4.84 FOB	October	Galahad
Peas, yellow	\$4.75 FOB	October	Round Hill
Triticale	\$3.60 FOB	Jan-Feb 10	Three Hills
Wheat, feed	\$4.05 FOB	October	Clive
Wheat, feed	\$4.02 FOB	November	Mundare
Wheat, 13% prt	\$4.14 FOB	January 10	Barrhead
Wheat, 13.5% prt	\$4.65 FOB	Jan-Mar 10	Three Hills

Bid Board

Buyers looking for grain (after brokerage)

Grain	When	Location
Barley	October	\$2.90 del Chauvin
Barley	Oct-Nov	\$2.86 FOB Edmonton
Barley	Nov-Dec	\$3.31 del Lethbridge
Barley	Nov-Dec	\$3.21 del Brooks
Barley	December	\$3.23 del Calgary
Barley	January 10	\$3.01 FOB Camrose
Barley	Jan-Feb 10	\$3.27 del Calgary
Canola	November	\$8.50 del Lloydminster
Canola	November	\$8.66 del Edmonton
Canola	November	\$8.81 del Crossfield
Canola	November	\$8.71 del Lacombe
Canola	November	\$8.81 del Fort Saskatchewan
Flax, milling	Oct-Nov	\$8.19 del Medicine Hat
Oats, select	October	\$2.19 del Barrhead
Oats, select	October	\$2.29 del Camrose
Oats, feed	Oct-Nov	\$2.02 FOB Edmonton
Oats, milling	March 10	\$2.26 del Barrhead
Oats, select	Sep-Nov 10	\$2.56 del Barrhead
Oats, select	Sep-Nov 10	\$2.56 del Camrose
Peas, green	Oct-Nov	\$7.25 del Innisfail
Peas, green	Oct-Nov	\$7.25 CLR High Prairie
Peas, yellow	Nov-Dec	\$5.10 del Innisfail
Rye, feed	Oct-Dec	\$3.50 del Calgary
Wheat, 12.5% prt	October	\$4.29 del Edberg
Wheat, feed	November	\$4.02 FOB Edmonton
Wheat, feed	November	\$4.16 del Edmonton
Wheat, 12.5 % prt	Nov-Jan 10	\$4.57 del Red Deer
Wheat, CWRS feed	Nov-Jan 10	\$4.84 del Red Deer
Wheat, feed	Dec-Feb 10	\$4.29 del Red Deer

By The Number

Prices to keep an eye on!

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	\$85.80	\$84.85	↑ \$0.95
CME Live Hogs (DEC)	\$54.15	\$52.75	↑ \$1.40
CDN Dollar (DEC)	\$0.97	\$0.96	↑ \$0.01
MGE Wheat (DEC) - CWRS	\$4.98	\$4.68	↑ \$0.30
CWB SEP PRO - CWRS	\$6.67	\$6.67	→ \$0.00
CWB Fixed Price - CWRS	\$6.14	\$5.97	↑ \$0.17
KCBOT Wheat (DEC) CPSR	\$5.10	\$4.85	↑ \$0.25
CWB SEP PRO - CPSR	\$5.36	\$5.36	→ \$0.00
CWB Fixed Price - CPSR	\$4.93	\$4.77	↑ \$0.16
CBOT Oats (DEC)	\$2.51	\$2.40	↑ \$0.11
Diesel (spot, Edmonton)	\$0.78	\$0.74	↑ \$0.04
Crude/Oil (NOV)	\$77.50	\$71.69	↑ \$5.81