

At Market Master

By Shelley Wetmore

November 14, 2008.....

Space seems to be the biggest issue at the moment (besides pricing, of course). Grain producers are realizing due dates are looming only to find space limited for grain sales during times which would fit particular schedules. This leads to temporary (I think) price declines in some feedgrains, particularly barley.

There is good news. This week, there's been a price increase for two commodities: #2 yellow peas and flax. In fact, #2 greens shouldn't be far behind.

If these increases (see the Bid Board) result in a profit for your farm, think about selling. I truly believe in selling into a rising market. We only have to look back a few months to see higher prices that WERE available, that many sellers missed. You don't have to put all your eggs in one basket. Remember, "a bird in the hand..."

Continue to seek out lower canola basis. In Southern Alberta, basis levels are in the positive territory and as low as 10 under in many central locations. On the other hand, if cash flow is required, \$9.00/bu canola should still be considered a good value. Just reflect on the past 15 years or so to recall how often we've seen canola at those levels overall. It will be more difficult to price in the future, if inputs don't decrease.

Watching ICE

Your weekly closing ICE futures \$/MT.

Canola	This Week	Last Week	Diff +/-
Jan 09	\$413.00	\$429.70	↓ (\$16.70)
Mar 09	\$422.50	\$439.20	↓ (\$16.70)
May 09	\$431.70	\$448.60	↓ (\$16.90)
Jul 09	\$440.30	\$457.60	↓ (\$17.30)
Nov 09	\$454.80	\$471.40	↓ (\$16.60)
10-Jan	\$461.60	\$478.20	↓ (\$16.60)
Barley	This Week	Last Week	Diff +/-
Dec 08	\$163.50	\$169.40	↓ (\$5.90)
Mar 09	\$171.70	\$178.00	↓ (\$6.30)
May 09	\$177.30	\$183.30	↓ (\$6.00)
Jul 09	\$178.30	\$184.30	↓ (\$6.00)
Oct 10	\$178.30	\$184.30	↓ (\$6.00)

Be Grainwise!

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

US Grain

Soy Complex

JAN beans closed 25 cents lower at \$8.96/bu while DEC meal gave up \$6.20/t to \$265.50. DEC oil slid 1.30 cents to 32.60 cents/lb.

Weakness in crude oil contributed to losses as did fears of a global recession (see Strategies). A slowdown in Chinese interest was reflected in this week's export figure of 478,300 mt which came in below pre-report expectations. South American hedge pressure also weighed on futures. Limiting further losses were forecasts for heavy rains in parts of the Eastern Midwest which would further delay harvest efforts.

Despite this week's losses, the JAN bean chart remains in a sideways consolidating pattern, while the MACD remains in positive territory.

Corn

DEC corn futures posted a modest gain of 4¾ cents to settle at \$3.80¼/bu.

The same outside influences that affected beans were also at play in corn.

Like beans, corn exports were disappointing at 357,800 mt—the lowest figure in 7 weeks. The high US dollar (see Strategies) and an enduser prepared to sit on the sidelines to see JUST how low this market can go were also responsible for the poor export total.

However, further harvest delays, due to snow and rain, pushed futures into positive territory by week's end.

From a technical standpoint, the DEC corn chart looks like beans with futures continuing in a sideways fashion. However, unlike beans, the MACD on the corn chart appears poised to head into negative territory.

Futures did trade as low as \$3.63¼/bu. While that's a new contract low, it would be difficult to argue that technical support was violated.

Wheat

Wheat is trying to lead the other markets higher.

While this week's export figure fell within expectations at 248,300 mt, the overall export picture remains bright.

The USDA has projected annual sales of 1 bln bu. Total sales to-date now sit at .715 bln bu.

News of diminishing yield prospects in Australia and Argentina also buoyed futures. While overall global supplies are more than adequate, high quality wheat stocks are tightening.

DEC CBOT wheat bounced 33¼ cents higher to \$5.54¼/bu while KCBT wheat gained 25¼ cents, settling at \$5.93¼/bu. MGE wheat closed 16¾ cents higher at \$6.57½/bu.

Canadian Grain

Oilseeds

Weakness in beans and crude oil spilled over into canola with the JAN slipping \$16.70/MT to \$413.00/MT.

A late round of elevator hedging on Friday prevented canola from participating in the late rally seen in other oil markets.

Technically, very little changed with futures remaining in the tight trading range we've seen over the past three weeks.

While there were rumours of export interest from non-traditional buyers, nothing concrete could be confirmed. Perceptions that prairie producers have harvested the largest canola crop on record continues to weigh on the market. However, basis levels vary considerably—it pays to shop around.

Feedgrain

DEC barley futures slipped \$5.90 to \$163.50/MT. Cash bids slipped a bit as well.

Plentiful supplies and a dry, mild fall have kept endusers reluctant to chase prices higher at this time.



"Your grain watchdog."

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Strategies

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

Negative Influences on Grain

Grains and oilseeds markets continue to be held captive by the overriding concern for the global economy.

Stock markets tumbled again as did the price of oil which dipped down into the mid \$50s/barrel and remains under pressure. Lack of confidence in the economy and the inability of many potential buyers to obtain credit continue to weigh on markets. Strength of the US dollar (as investors rush to convert assets to US currency) has also been a negative factor.

Positive Influences on Grain

While it's difficult to see large rallies in grains until some semblance of confidence in the economy as a whole has been achieved, a few supportive news items are filtering into the markets.

- ◆ Soybeans yields and carryout projections by the USDA have been tightening over the past couple of reports.
- ◆ Heavy snow in South Dakota and parts of the Midwest have left corn producers sitting on the sidelines with billions of bushels of corn left to harvest. Forecasts for additional snow have been issued. It's not that the remaining corn is likely to sit out over winter but the longer it sits out under these types of conditions, the greater the losses will be in both yield and quality.
- ◆ Australian officials today announced a further revision downward of that country's wheat crop. Predications have dropped from a 26 mmt crop to the current estimate of 19 mmt.

- ◆ Expectations for large reductions in the Argentinean wheat crop are now being tossed about.
- ◆ On the demand side of things, ocean freight has literally fallen through the floor making exports that much more affordable for endusers—assuming they can secure credit for the transaction in the first place. However, one has to think that (eventually) the crippling credit crunch will start to ease with the resulting pickup in demand.

Fertilizer

There's some good news on the fertilizer front. Urea prices in particular have been plummeting on the world market and we're finally seeing signs of cheaper product making its way into Canada. While some distributors have their sheds full of high priced product and are loath to move it at a loss, the fact that international prices have dipped as low as \$275.00/MT can't be ignored. To track international fertilizer prices click:

www.yara.com/en/investor_relations/analyst_information/fertilizer_prices/index.html

Human Consumption Peas

We've also seen renewed interest in edible pea bids. Stronger prices are being reported at most locations on the prairies. Hopefully, it's the first sign of things turning around for prairie producers.

Stored Feed -- an Excellent Crop Fertilizer

From AAFRD

Nutrients in stored feed are not only a good source of cattle nutrition, but also an excellent source of crop fertilizer. Research by the University of Saskatchewan has shown that in-field feeding promotes better recycling of feed nutrients from manure than do corral feeding systems.

"Stored feeds such as alfalfa hay, grass hay or cereal silage contain significant concentrations of nutrients such as nitrogen, phosphorus and potassium," says Gordon Hutton, development officer, AAFRD, Airdrie. "Cattle retain only a small portion of the nutrients found in stored feeds. The vast majority of the feed nutrients are excreted in the urine or the dung. Feed nutrients also accumulate on winter feeding sites through feed waste."

In traditional corral feeding systems, nutrients accumulate in the bedding pack. With in-field feeding, excreted nutrients and feed waste accumulate in the field.

"Nitrogen especially benefits from in-field feeding," says Hutton. "A winter feeding project at the University of Saskatchewan resulted in 30 to 40 per cent of the feed nitrogen being recovered after in-field feeding on a grass pasture versus only one per cent after corral manure was applied to the pasture. The higher nitrogen capture with in-field feeding is due in part to the reduction in nitrogen losses from off-gassing that occurs within corral feeding systems."

Bale grazing, bale processing or portable bunk feeders are examples of commonly used in-field feeding systems. The distribution of nutrients from urine, dung or feed waste in the field will vary with the size of the feeding area, quantity of feed delivered, length of feeding period and feed type. Legume based feeds generally provide the highest nutrient concentrations.

Winter feeding on old grass pastures

may be one of the most promising options. Most older pastures are low in soil fertility and, as result, low in forage productivity. With winter feeding, high amounts of plant available nutrients can be introduced to the pasture and recycled through new forage growth over the next few growing seasons.

"However, there are limitations to in-field feeding," says Hutton. "One of the challenges is managing nutrient placement. Regular rotation of feeding sites, bedding areas and water sources will improve urine, dung and feed waste distribution."

"As we enter this year's winter feeding period it may be worth while to reassess how we handle the nutrients in stored feed supplies," adds Hutton. "With the rising costs of commercial fertilizers, stored feed nutrients may have an increasing value for use as not only a livestock nutrient but also as source of crop fertility."

For more information, contact Gordon Hutton (403) 948-8502.

At The Bin

Prices booked this week (net to the producer).

Grain	Price	When	Producer
Barley, 48 lb	\$3.27 FOB	Dec-Jan	Mayerthorpe
Barley, 48 lb	\$3.40 FOB	Nov	Millet
Barley, 48 lb	\$3.40 FOB	Dec-Jan	Gwynne
Barley, 50 lb	\$3.53 del Edmonton	Dec	Kingman
Barley, 50 lb	\$3.53 del Edmonton	Nov-Jan	Boyle
Barley, 52 lb	\$3.51 FOB	Nov	Donalda
Barley, 54 lb	\$3.42 FOB	Nov	Alliance
Barley, 56 lb	\$3.75 del Olds	Nov-Jan	Wetaskiwin
Canola, heated	\$5.38 FOB	Nov	Paradise Valley
Oats, feed	\$2.01 FOB	Nov	Vegreville
Oats, feed	\$2.00 FOB	Nov	Vegreville
Peas, green	\$7.75 FOB	Dec-Jan	Calmar
Wheat, feed	\$4.84 del Lacombe	Nov	Wetaskiwin
Wheat, feed	\$4.70 FOB	Nov	Millet
Wheat, feed	\$4.70 FOB	Nov	Clive
Wheat, feed	\$4.84 FOB	Nov	Bon Accord
Wheat, 13% prt	\$4.92 del Edmonton	Nov	Vermilion
Wheat, 13% prt	\$4.84 FOB	Dec	Kinsella

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Nov-Dec	\$3.31 FOB Edmonton
Barley	Nov-Dec	\$3.90 del Lethbridge
Barley	December	\$3.53 del Edmonton
Barley	December	\$3.53 del Coronation
Barley	Dec-Jan	\$3.53 del Edmonton
Wheat, 12.5% prt	November	\$4.70 FOB Edmonton
Wheat, feed	November	\$4.84 del Lacombe
Wheat, feed	Nov-Dec	\$4.70 FOB Edmonton
Wheat, feed	Nov-Dec	\$4.57 FOB Edmonton
Wheat, 12.5% prt	December	\$5.38 del Red Deer
Wheat, 12.5% prt	December	\$4.92 del Edmonton
Wheat, feed	Dec-Jan	\$4.87 del Olds
Wheat, feed	Dec-Jan	\$4.70 del Edmonton
Wheat, 12.5% prt	Feb-Mar	\$5.66 del Red Deer
Peas, yellow	Dec-Jan	\$7.00 del Innisfail
Peas, yellow	Dec-Jan	\$6.65 del Three Hills
Peas, yellow	Dec-Jan	\$6.65 del Wembley
Peas, green	Dec-Jan	\$8.75 del Innisfail
Peas, green	Dec-Jan	\$8.38 del Three Hills
Peas, green	Dec-Jan	\$8.38 del Wembley
Rye, feed	Dec-Jan	\$5.40 del Lethbridge
Flax, milling	Dec-Jan	\$11.42 del Lethbridge
Triticale feed	Dec-Jan	\$4.89 del Lethbridge
Canola	December	\$8.96 del Lloydminster
Canola	Dec-Jan	\$6.74 del Innisfail
Canola	Dec-Jan	\$6.18 del Innisfail
Canola	January	\$8.96 del Lloydminster
Canola	March	\$9.01 del Fort Sask
Canola	March	\$9.22 del Lloydminster
Canola	November 2009	\$9.36 del Fort Sask
Oats, feed	December	\$2.38 del Lethbridge
Oats, milling	Dec-Jan	\$2.44 del Edmonton
Oats, milling	Dec-Jan	\$2.44 del Camrose
Oats, milling	January	\$1.89 del Martensville
Oats, milling	March	\$2.05 del Martensville
Oats, milling	April	\$1.91 del Barrhead
Oats, #2 CW	April	\$2.54 del Edmonton
Oats, #2 CW	May-Jun	\$2.74 del Edmonton
Oats, milling	July	\$2.23 del Martensville
Oats, milling	July	\$2.03 del Barrhead
Oats, milling	November	\$2.32 del Martensville
Oats, milling	November	\$2.12 del Barrhead

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (DEC)	\$90.05	\$92.80	↓ (\$2.75)
CME Live Hogs (DEC)	\$55.58	\$55.40	↑ \$0.18
CDN Dollar (DEC)	\$0.82	\$0.84	↓ (\$0.02)
Minneapolis Wheat (DEC)	\$5.54	\$5.21	↑ \$0.33
Kansas City Wheat (DEC)	\$5.93	\$5.68	↑ \$0.25
Chicago Oats (DEC)	\$2.15	\$2.34	↓ (\$0.19)
Diesel (spot, Edmonton)	\$1.03	\$1.09	↓ (\$0.06)
Crude/Oil (NOV)	\$57.04	\$61.04	↓ (\$4.00)

Young Farmers' Summit

December 7—11
Calgary, Alberta

The international summit will share information on best management practices in the agri-food sector and is aimed primarily at young farmers, 18 to 40 years old. With the high importance of international trade and agriculture, this event provides the key learning opportunity for young farmers to meet, network and learn about best management practices.

Registration for members is \$210 including GST. Other participants pay \$525. Day rate for everyone is \$210. For more information, go to www.cyff.ca.