Grainwise

At Market Master

By Shelley Wetmore

December 5, 2008……………….…….

As I was away from the office most of the week, you can see not much grain was booked. Although, I don't think it would have made much difference. I came back to see feed barley had dropped another $15.00/MT and canola hovering in the $7.50/bu range. Almost every grain producer I know has put locks on their bins. The BIG question remains, "How low will it go?"

Commodities look poised for further drops. We know they WILL recover, we just don't know when or by how much. If today's prices still turn a profit for your farm and you haven't yet sold anything, you might want to consider locking-in a little grain. Don't forget, typically in January, there's a price drop anyways. It's a new tax year for many producers and money needed for payments. Hence, an initial drive to sell grain when the New Year arrives.

Are loans an option? How long can your own farm withstand a stand-off?

At this point, canola is a good crop to review, longer term. Talk to a local buyer and pencil-out the available prices for immediate delivery, then month-by-month until the new crop year. If there's not enough money in it for you to store, perhaps selling a bit IS an option. Plus, don't forget about spoilage … there's heated canola emerging in every part of the province.

Watching ICE

Your weekly closing ICE futures $/MT

Canola	This Week	Last Week	Diff +/-
Jan 09	$354.10	$400.90	($46.80)
Mar 09	$360.00	$409.90	($49.90)
May 09	$368.60	$419.00	($50.40)
Jul 09	$376.60	$426.50	($49.90)
Nov 09	$392.60	$441.80	($49.20)
10-Jan	$399.40	$448.60	($49.20)
Barley	**This Week**	**Last Week**	**Diff +/-**
Mar 09	$127.00	$149.50	($22.50)
May 09	$140.00	$155.10	($15.10)
Jul 09	$144.90	$156.10	($11.20)
Oct 09	$149.40	$156.10	($6.70)
Oct 10	$149.40	$156.10	($6.70)

Be Grainwise!

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

US Grain

Soy Complex

JAN beans chalked up huge losses, closing 99¼ cents lower to $7.83¾/bu. Meal dropped an incredible $16 to $238.30/t while oil plummeted 4.35 cents to 28.55 cents/lb.

Concern over the global recession looms over commodities. Influence from outside markets, like crude oil, was a factor but traders are more concerned about a slowdown in export sales as endusers either sit on their hands waiting for prices to erode further or are unable to obtain credit to complete the transaction.

Bean sales *have* been brisk with just 251,600 mt (9.249 mln bu) needed on a weekly basis to meet current USDA projections of 1.02 bln bu. This week's total was 364,500 mt which should have been bullish but traders are focused on what they feel is *going* to happen and not so much on what *has* happened.

Timely rains for the bean crops in Argentina and Brazil also weighed on the market.

Corn

MAR corn got hammered, dropping 40¼ cents to $3.09¼/bu while setting new contract lows.

Technically, this is a terrible looking chart. The MACD has slipped into negative territory with support at the previous contract low shattered. If there's any glimmer of hope it's that the RSI is very low, indicating a short-term bounce may occur. But, even if such a bounce were to happen, it would only be a short blip in an overall bear market.

Weekly exports were disappointing at 387,000 mt. Unlike beans, overall corn exports are lagging what's needed to meet current USDA projections.

Wheat

No good news in wheat markets either with MAR CBOT wheat slamming 85¾ cents lower to $4.75½/bu. KCBT wheat skidded 78¼ cents lower to $5.03¼/bu. MGE wheat fared best losing "just" 59¾ cents to $5.51/bu.

Improving harvest weather in Australia has buyers looking to that country to cover immediate needs. The soaring US dollar is also doing its part to chase away endusers from American shores. US wheat sales started off the crop year at a very brisk pace but have recently fallen behind what's needed to meet the USDA annual estimate of 1 bln bu. This week's 207,600 mt did little to change that trend.

Canadian Grain

Oilseeds

JAN canola got smoked, dropping a full $46.80 lower to $354.10/MT.

Pressure from outside markets, including the U. bean complex, played a role in the collapse. Thursday's StatsCan report, which indicated a total canola crop over 12.6 mmt, really greased the skids for canola this week. The previous record, set in 2007, was just 9.4 mmt. It's no wonder many analysts are calling for ending stocks as high as 3 mmt. Should this come to fruition, it would pressure canola prices for some time.

Feedgrain

MAR barley slammed a full $22.50 lower to $127.00/MT. However, the StatsCan report played a smaller role in barley's demise than it did for canola. We all knew we had a large barley crop and Thursday's report simply confirmed that notion coming in at 11.781 mmt. The larger effect came courtesy of an extremely weak corn market and a lack of demand by local buyers.

Edible pea production was little changed from the previous StatsCan report, coming in at 3.571 mmt. No surprise but still a large crop.

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Strategies

A Farmer's Perspective ... by John Stewart, Galahad, Alberta,

Down, Down We Go

The path of least resistance remains down in all grains and oilseeds markets. Another week of heavy selling sent many markets through key support levels and further weakness looks almost unavoidable.

Crude oil has been especially hard hit this week and is trading in the low $40s at the time of writing. Crude oil seems to be the barometer for not only commodities but the health of the economy in general. As the global economy cools, the demand for oil subsides and supplies begin to build. We've also seen commodity and hedge funds scramble to get out of these market in a race for liquidity and it may be some time before the ones that are left have the nerve to jump in on the long side of the market again.

Simply put, investors of all stripes are reluctant to place their money in anything riskier than US treasury bills at the present time. Oddly enough, we're not seeing huge numbers of sellers these days. Most of them have already headed to the sidelines. It's just that there are almost no buyers. No one wants to stand in front of a train that is heading south under a full head of steam.

Will The Market Turn Around?

Eventually, these markets will bottom out but when that will be is anyone's guess. We're now in a market almost the exact opposite to the one we witnessed this spring, where every bit of news seemed to push prices higher. Now, every bit of news seems to push the markets lower. That may be one of the first signs of a recovery—when the market no longer responds to bearish news by sinking lower.

For the time being, markets are extremely sensitive to outside news. Rarely do our StatsCan reports have much impact on the US markets but when Thursday's report was released (which indicated a total Canadian wheat crop of 28.6 mmt versus the 28 mmt most analysts expected), it was cited as a major reason for Thursday's dramatic sell-off in the US wheat markets.

If there's any silver lining for Canadian producers, it's the fact that slumping commodity markets have combined with political instability at the Federal level to push our dollar lower which has, in a small way, propped up grain prices. Now, that's REALLY fishing for good news!

Got Ergot?

A short drive to Wetaskiwin may be the solution.
Call Laverne Buchert at (780) 387-1257.

He'll put your wheat through a gravity table at 450 bu/hour which just might help your wheat make grade OR make it suitable for mill or hog use.

Bid Board

Buyers looking for grain (net prices)

Grain	When	Location
Barley	Dec-Jan	$3.21 del Lethbridge
Wheat, 12.5% prt	December	$4.57 FOB Edmonton
Wheat, feed	December	$5.11 del Lethbridge
Wheat, feed	Dec-Jan	$4.57 FOB Edmonton
Wheat, feed	Dec-Jan	$4.90 del Edmonton
Wheat, feed	Jan-Mar	$4.84 del Lacombe
Wheat, 12.5% prt	Feb-Mar	$5.11 del Red Deer
Peas, yellow	Jan-Feb	$6.01 del Innisfail
Peas, yellow	Jan-Feb	$5.66 del Three Hills
Peas, yellow	Jan-Feb	$5.66 del Wembley
Flax, milling	Dec-Feb	$11.25 Del Edmonton
Canola	December	$7.74 del Lloydminster
Canola, 20% heated	Dec-Jan	$6.74 del Edmonton
Canola, 30% heated	Dec-Jan	$6.18 del Edmonton
Canola	January	$7.47 del Lloydminster
Canola	March	$7.71 del Fort Sask
Canola	March	$7.65 del Lloydminster
Canola	November 2009	$8.20 del Fort Sask
Oats, feed	December	$2.25 del Lethbridge
Oats, milling	January	$1.68 del Martensville
Oats, milling	March	$1.76 del Martensville
Oats, milling	April	$1.58 del Barrhead
Oats, #2 CW	Apr-Jun	$1.94 del Edmonton
Oats, milling	July	$1.92 del Martensville
Oats, milling	July	$1.71 del Barrhead
Oats, milling	November 2009	$2.15 del Martensville
Oats, milling	November 2009	$1.94 del Barrhead

By The Number

	This Week	Last Week	Diff +/-
CME Live Cattle (FEB)	$81.45	$87.38	($5.93)
CME Live Hogs (FEB)	$64.20	$59.50	$4.70
CDN Dollar (MAR)	$0.78	$0.81	($0.03)
Minneapolis Wheat (MAR)	$4.75	$5.42	($0.67)
Kansas City Wheat (MAR)	$5.03	$5.63	($0.60)
Chicago Oats (MAR)	$1.99	$2.01	($0.02)
Diesel (spot, Edmonton)	$0.82	$0.92	($0.10)
Crude/Oil (JAN)	$40.81	$54.43	($13.62)

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