

At Market Master

By Shelley Wetmore

December 11, 2009

Although we're nearing Christmas holidays which most everyone anticipates with joy, this cold weather has many cursing under their breath. Equipment failures due to these frosty conditions aren't making many producers happy when loading grain, grain haulers are dealing with treacherous road conditions, and livestock owners have to brave the conditions to ensure animals are still cared for. I wish everyone the best of luck, sympathy, and to remain safe.

We're looking for consistently coloured flax, low bleached green peas, and small quantities of oats. Review the bid board, there are limited opportunities at higher prices.

Don't forget, the holidays are around the corner and next week's Grainwise will be the last until January.

Watching ICE

Weekly closing prices for Canadian grain futures

Canola	This Week	Last Week	Diff +/-
Jan 10	\$412.20	\$412.70	↓ (\$0.50)
Mar 10	\$419.20	\$419.40	↓ (\$0.20)
May 10	\$425.70	\$424.10	↑ \$1.60
Jul 10	\$430.20	\$427.90	↑ \$2.30
Nov 10	\$430.80	\$429.90	↑ \$0.90
Jan 11	\$432.60	\$430.80	↑ \$1.80
Barley	This Week	Last Week	Diff +/-
Jan 10	\$159.00	\$162.00	↓ (\$3.00)
Mar 10	\$160.00	\$160.00	⇒ \$0.00
May 10	\$161.20	\$161.20	⇒ \$0.00
Jul 10	\$161.20	\$161.20	⇒ \$0.00
Oct 10	\$161.20	\$161.20	⇒ \$0.00
Dec 10	\$161.20	\$161.20	⇒ \$0.00



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Be Grainwise!

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

US Grain

Soy Complex

US bean traders weren't sure which way to turn this week. Short-term demand remains exceptionally strong with another 927,700 mt on the books this week. Since we only need 211,500 mt on a weekly basis to meet yearly sales projections, this figure is doubly impressive. Perhaps even more positive was the inspections figure which topped the 2mmt mark. This export pace allowed the USDA to drop its US bean carryout figure this week from .270 bln bu to .255 bln bu. But, even this reduction was considered bearish as most traders were expecting an even larger reduction. World carryout was left relatively unchanged at 57.09 mmt.

Longer term, the market is concerned that the South American crop could be a bin-buster. Certainly they're off to a good start with timely rains, putting the crop in excellent condition. There have been some planting delays in Brazil due to excessive moisture, however, no one seems too concerned at this point.

JAN beans dipped 8 cents lower to \$10.35/bu while meal fell \$4.20 to \$306.50/t. JAN oil settled .56 cents lower to 39.57 cents/lb.

Corn

Thanks to a strong close at week's end, MAR corn gained 16 cents to close at \$4.04½/bu.

Despite this week's increase in projected carryout from 1.625 bln bu to 1.675 bln bu by the USDA, the market focused on the severe winter storms which have blanketed much of the corn belt. Many analysts now predict the final 10% of the corn crop may have to wait until spring to be harvested.

Weekly exports have been anemic and are largely responsible for the increase in projected carryout. However, this week's total came in at a respectable 847,400 mt, just about what's needed to meet current annual projections.

Wheat

The USDA bumped wheat carryout from .885 bln bu to .890 bln bu –not a big increase but it didn't give market bulls anything to chew on either.

More troubling is that global carryout increased yet again—this time from 188.3 mmt to 190.9 mmt. Weekly exports were disappointing this week coming in at just 245,200 mt which doesn't even meet the amount needed to meet the recently reduced export target of 875 mln bu.

Adding to the bearish tone is the US winter wheat crop which is going into dormancy in good shape. Strength in the US dollar also pressured the market.

Both MAR CBOT and MGE wheat closed 20½ cents lower at \$5.37½/bu and \$5.42½/bu respectively. MAR KCBT fell 21½ cents to \$5.27½/bu.

Canadian Grain

Oilseeds

Weakness in our dollar along with a slowdown in farmer selling as we approach year-end kept JAN canola largely unchanged at \$412.20/MT. Strong crusher demand was also supportive.

There's some skepticism over StatsCan's sharply higher production estimate released last week. Many traders feel the final number will be somewhere around the 11 mmt mark. Preventing further gains was the general weakness in the vegoil markets and the still unresolved black leg issue and its ramifications on exports into China.

Feedgrain

JAN barley futures slipped \$3.00 to \$159.00/MT but cash bids remain largely unchanged. Cold weather and the impending holidays could offer some small premiums into the cash markets.

Demand is picking up for both yellow and green edible peas. Bids have firmed in the past week as well.



Strategies

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The Corn Crop

As mentioned earlier, up to 10% of the corn crop is in danger of sitting out over winter. This represents over 1 bln bu. Quite likely, at least a portion of this crop will be harvested eventually even if it's in the spring. However, we're probably looking at significant losses and quality issues. In fact, there was concern even before these recent storms regarding mold issues and low bushel weights. Many leading analysts are speculating that up to half of that 1 bln bu may never be harvested.

It was this concern that led to Friday's sharply higher corn market. Just how this will eventually shake out is anyone's guess but this week's market activity has allowed corn to wrest away the mantle of market leader from soybeans which has enjoyed that position for some time.

Technical Analysis

From a technical perspective, it's also put a more positive look on the MAR corn chart. The corn chart has become the type of chart you'd like to dig out if you were teaching basic technical analysis. Let's have a look.

Note the classic double top "A" and the subsequent decline through the first line of support at the neckline at "D". Futures continued to fall down to the point at which the double top formation began "B". However, even that significant line of support failed to hold and prices slipped down to the next line of support at the previous low formed back around the first of November.

Since then, prices have rallied and pushed back through these former lines of support which have now become lines of resistance.

We now sit at a point just slightly

above the old neckline at "D". Should futures continue to push higher next week, they'll eventually come against significant resistance at the old double top highs at "E".

As you can see, there was activity in the past that took prices above that mark but the market never did close above that line—an important point.

While it IS significant when prices penetrate a support line, it's more important if prices actually CLOSE above that point. In fact, some technicians don't consider a line of support or resistance breached unless there is a close above or below that line.

Charts courtesy of TFC Trading Charts.



Bid Board*Buyers looking for grain (after brokerage)*

Grain	When	Location
Barley	December	\$2.74 del Falher
Barley	December	\$3.21 del Bowden
Barley	Dec-Jan 10	\$2.60 FOB High Prairie
Barley	January 10	\$3.25 del Calgary
Canola	December	\$8.80 del Lacombe
Canola	December	\$8.84 del Fort Sask
Canola	March 10	\$9.25 del Fort Sask
Canola	March 10	\$9.12 del Lacombe
Canola	October 10	\$9.37 del Fort Sask
Canola	October 10	\$9.31 del Edmonton
Flax, milling	Dec-Jan 10	\$8.44 del Medicine Hat
Flax, milling	Dec-Jan 10	\$8.44 del Stony Plain
Oats, #2 CW	December	\$2.41 del Linden
Oats, feed	December	\$2.41 del Edmonton
Oats, #2 CW	December	\$2.48 del Edmonton
Oats, #2 CW	December	\$2.27 del Barrhead
Oats, #2 CW	Jan-Feb	\$2.27 del Camrose
Oats, #2 CW	Sep-Nov 10	\$2.50 del Barrhead
Oats, #2 CW	Sep-Nov 10	\$2.50 del Camrose
Peas, green	January	\$7.75 del Innisfail
Peas, yellow	January	\$6.30 del Innisfail
Peas, green	January	\$7.40 CLR High Prairie
Rye, #2 CW	December	\$3.88 del Calgary
Rye, #2 CW	February 10	\$4.06 del Calgary
Rye, milling	March 10	\$4.13 del Calgary
Wheat, feed	Dec-Jan 10	\$4.29 del Lacombe
Wheat, feed	January 10	\$4.24 del Edmonton
Wheat, 12.5% prt	Jan-Mar 10	\$4.57 del Red Deer
Wheat, CWRS 12.5% prt	Jan-Mar 10	\$4.70 del Red Deer
Wheat, feed	Mar-Apr 10	\$4.29 del Red Deer

At The Bin*Prices booked this week (net to the producer)*

Grain	Price	When	Producer
Barley, 48 lb	CWB Malt	Dec-Feb 10	Ryley
Barley, 48 lb	\$3.00 FOB	December	Legal
Barley, 48 lb	\$3.25 del Calgary	January 10	Blackie
Barley, 48 lb	\$2.55 FOB	December	High Prairie
Oats, feed	\$2.23 FOB	December	Rochester
Peas, feed	\$5.50 FOB	December	Bentley
Wheat, feed	\$3.80 FOB	December	Wetaskiwin
Wheat, feed	\$4.29 FOB	December	Gwynne
Wheat, feed	\$3.90 FOB	December	Bruce
Wheat, feed	\$4.57 del Stettler	December	Red Deer
Wheat, feed	\$3.97 FOB	Dec-Jan	Abee

By The Number*Prices to keep an eye on!*

Commodity	This Week	Last Week	Diff +/-
CME Live Cattle (FEB)	\$83.40	\$81.00	↑ \$2.40
CME Live Hogs (FEB)	\$65.43	\$61.15	↑ \$4.28
CDN Dollar (MAR)	\$0.95	\$0.94	↑ \$0.01
CBOT Wheat (MAR)	\$5.37	\$5.48	↓ (\$0.11)
KCBOT Wheat (MAR)	\$5.27	\$5.36	↓ (\$0.09)
CBOT Oats (MAR)	\$2.59	\$2.43	↑ \$0.16
Diesel (spot, Edmonton)	\$0.79	\$0.80	↓ (\$0.01)
Crude/Oil (JAN)	\$69.65	\$75.47	↓ (\$5.82)

Horse Health

It can be difficult to differentiate a sinus problem from an upper respiratory tract infection in horses. Both present with similar symptoms and both should be checked by a veterinarian to determine the best course of action. It is important for horse owners to know what to look and watch for, and this is the focus of a presentation by Dr. Chris Bell, DVM, at the **2010 Horse Breeders and Owners Conference** (HBOC). This is one of the 15 international presenters on the agenda at the 28th annual HBOC in Red Deer, January 15 to 17.

"Each year, the HBOC invites a number of equine experts to speak on issues, current topics and subjects that are of specific interest to Albertans who breed or own horses, work in the equine industry in some capacity, or are simply horse enthusiasts," says Les Burwash, head of equine programs with Alberta Agriculture and Rural Development. "The agenda for the 2010 conference is packed with presentations on horse health, training, nutrition, breeding, horsemanship and horse industry business concerns."

In addition, event sponsors will be on-hand during the weekend to exhibit and talk about their equine products and services. Saturday night features the awarding of the prestigious Alberta Horse Industry Distinguished Service Award.

Conference pre-registration is \$95 per person and cost for additional individuals registered at the same time from the same farm is \$80. For more information, contact van Bryce at 403-420-5949 or Burwash at 403-948-8541.

www.albertahorseindustry.ca

Christmas Hours

Thursday, December 24, closed 11:00 am
 Friday, December 25 to Friday, January 1 closed
 Monday, January 4, back to work
 For emergencies only, contact
 Shelley Wetmore at (780) 953-8951

Last Grainwise issue is December 18, then resumes January 8.