



Direct Connections

May 7, 2004

Helping you stay informed!

This Week: Take the time to protect a good price while you can!

Prices may go even higher, but the risk for a setback can come with the next rainstorm .

When flea beetle feeding is combined with poor plant growth during hot, dry weather, canola can tolerate less feeding .

Some of the early seeded wheat is at the one leaf stage .



Dave's Corner At seeding time it is easy to become totally focused on getting the crop in. While this is necessary, don't forget that it can also be an optimal time to do some marketing. This year, canola prices have been driven up by strong demand. A lot of uncertainty exists due to weather and other factors. This has given us a price for new crop that is worth protecting.

While it is tempting to speculate that prices may go even higher, the risk for a setback is always there and can come with the next rainstorm. It is in your interest to do something about it. You may want to price a portion of your production if you haven't already. You can also hedge your anticipated production in the market by taking an offsetting market position or buying a put. This will lock in a minimum price for you and take away the risk of falling prices.

This year you also have the option of forward pricing some of your wheat. You will notice that the CWB fixed price contract price has increased this week. As of Friday, you could lock in \$5.26/bu for 1RS 13.5, or \$ 4.66/bu for CPSR. These prices are better than the current year and allow you to get this full price on delivery. If you can lock in a profit and have a price worth protecting take advantage of it while you can. Remember that marketing is just as important as getting the crop in the ground. See you next week.

Agronomy Watch

We had some moisture in the form of snow and rain this past week. Amounts were limited in most areas to ½" or less. The exception was Calgary, High River, and the higher elevations which got closer to 2-3" of snow. In some areas, the soil was so dry the moisture had no affect and seeding was able to continue the same day.

Canola Council - Nancy Muchka-Dahl

Scout for flea beetles the first 14 days after emergence, especially on sunny, calm days when temperatures exceed 14°C. When flea beetle feeding is combined with poor plant growth during hot, dry weather, canola can tolerate less feeding than if plants are growing under more ideal growing conditions.

Cutworms Scout the edges of bare areas for cut off plants. Wilted, dead, or cut-off plants will be seen. Dig around the roots of these plants for cutworms. Cutworms may be found in dry soil down to 2" below the surface.

Garth Gunther, BASF- Some of the early seeded wheat is at the one leaf stage. Continue to see kochia and stinkweed. Limited canola damage due to frost.

Bruce MacKinnon, Monsanto- Concern about frost this weekend as more canola is emerging. Must wait to assess damage at least 48 hours.

Dale Steele, Dow- Cutworms showing up in just a few fields so far (4 or 5) south of Lethbridge, Skiff, and Fort Macleod.

NEWS BITS

Elevator Report

Sparks Company estimates Winter wheat production will total 1.464 million bushels. This is lower than expected. Corn acres are up from the last estimate.

CWB – A and B contracts are open 100% on Red Spring and Soft White Wheat.

Ocean freight rates have returned to November levels, around the \$40 a ton, US as China's demand is slowing. There is a concerted effort by the Government to slow the pace of economic growth and inflation.

The Canadian Oilseed Processors Association reports weekly crush totaled 50,705 metric tons (MT) of canola. This is quite a bit lower than we have seen over the past several months.

STATSCAN released Mar. 31st stocks of Canadian Grain on Friday. Wheat and Canola stocks were slightly lower than analysts thought. The estimates were at the lower end of where the markets thought it would be. The Report had little effect on the market.

AgPro- Space has been filled up in Vulcan . Looking for peas .

STATSCAN Mar.31 Stocks (mmt)	2004	2003
Wheat	10,494	8,283
Durum	3,177	2,963
Barley	5,816	3,384
Canola	2,524	2,284
Peas	954	750
Lentils	137	165

Agricore United

Room for Red Spring .

Notices

The CWB announced this week contract calls for Canada Western Red Spring (CWRS), and Canada Western Soft White Spring (CW SWS) wheat for the 2003-04 crop year. Effective May 7, 2004, these delivery calls apply to grain in straight, tough or damp condition in all train runs. Also, the CWB announced contract terminations effective June 11, 2004, for many grains.

Natural Gas Rebate Program deadline for all applications for 2003-04 year is June 30, 2004. Applications are available on-line at (www.agric.ab.ca) or for more information call 1-888-671-1111.

CWB Fall Cash Advance Program deadline for 2003-2004 is May 31. Also the Series C sign up deadline is May 31.

Louis Dreyfus

Are taking bookings for delivery of Red Spring into Lyalta , since the last of the contract has opened.

Alberta Ag's Summer Farm Employment Program allows you to hire a young person (15-24 years of age) to work full-time during the months of July and August with wage support up to \$330./month. Deadline for applications is May 31. For more info visit (www.agric.ab.ca) or call Eileen Chauvet at (780)427-3141 (Dial 310-0000 for toll free access.).

CAIS Program deadline May 31, to select a level of protection. Questions? Call 1-877-744-7900 for assistance.

Pest problems? Alberta Agriculture is setting up a Crop Pest Monitoring Group for 2004. They'll be looking for reports of lygus bugs, Bertha army worms, the Diamondback moth, and other pests. If you have pest problems please call 1-866-882-7677.

LOCAL BIDS :

Del. Leth. Ar ea

MT Bush.

Fd Wht - \$157. \$4.27

Barley - \$155. \$3.38

Chickpeas

#1, 10's 32 cents

#1, 9's 29 cents

#2, 7's 12 cents

Yellow Mustard -18 cents

Brown Mustard -19 cents

CWB04 Fixed Price Contracts

Vancouver Price

May 7

FPC This week Last Wk
1RS13.5 \$236.35 \$229.12

1 RW \$209.14 \$196.87

Fertilizer Cash

Prices - :

46- N \$400.00

11-52 - P \$415.00

Natural Gas:

NYMEX Friday Last Wk

Jun 04 \$62.94 \$58.62

Fuel Prices: Gas up

Diesel- Dyed- 46 cents

Gas- Dyed- 62.9 cents

Crude :

NYMEX Friday Last Wk

Jun 04 \$39.93 \$37.38

Weekly Markets

May 7 closing price

WCE Barley

Friday	THIS WEEK	LAST WEEK	CHANGE	LAST YEAR
Jul 04	164.50	166.00	(\$1.50)	
Oct 04	164.00	165.00	(\$1.00)	
Dec 04	166.10	168.00	(\$1.90)	
Mar 05	166.90	169.00	(\$2.10)	

WCE Feed Wheat

Friday	THIS WEEK	LAST WEEK	CHANGE	LAST YEAR
Close				
Jul 04	166.0	163.5	\$2.50	
Oct 04	165.5	170.5	\$5.00	
Dec 04	167.9	167.0	\$0.90	
Mar 05	153.4	153.4	\$0.00	

WCE Canola

Friday close	THIS WEEK	LAST WEEK	CHANGE	LAST YEAR
Jul 04	425.70	420.50	\$5.20	
Nov 04	407.70	401.10	\$6.60	
Jan 05	412.00	404.50	\$ 7.50	

Trading Ranges

Friday Close		THIS WEEK	LAST WEEK	CHANGE
Live cattle	June 04	84.375	80.400	3.975
	Jul 04	87.500		
Feeder cattle	Aug 04	99.025	98.425	0.600
	Sept 04	98.000		
Cdn \$	June 04	72.21	72.84	(0.63)
Aussie \$	June 04	70.19	71.84	(1.65)

Market Report

Canola- There was a definite lack of new business this week on both the export and crusher side. Japan is in the middle of a holiday which has curtailed business from that part of the world. Crush figures were down this week as well. The crushers seem to have covered their needs well into June. Continued dry conditions supported the new crop canola as the market considers yield prospects for the new crop. The other factor helping is the lower loonie as we hit levels not seen for months.

The US Soybean crop seems to have good seeding and moisture at present. The present market provides a good opportunity to price some new crop. I would consider this if you haven't already. Another option would be to buy a put or some other means to protect these prices.

Feed Grains –Feed wheat had a better week than barley. The Stat Can report favored wheat and lent support. Border uncertainty due to legal action in the States may keep feedlots here fuller in the short term, but what we really need is the resumption of normal trade. A strong and healthy feedlot industry will ensure continued demand for your barley in the long term.

Cattle Report for May 7, 2004

Most feeder steers and heifers up this week. Cow market remained steady.

Steers

300-400lbs	115.00-124.50
400-500lbs	114.00-122.50
500-600lbs	109.00-122.75
600-700lbs	104.00-122.00
700-800lbs	95.00 -112.50
800-900lbs	86.00- 102.50
D1-D2 cows	22.00- 26.25
Bred Cows	900.00-1000.00

Heifers

300-400lbs	98.00-116.50
400-500lbs	96.00-112.50
500-600lbs	96.00-114.50
600-700lbs	89.00-104.50
700-800lbs	86.00-101.50
800-900lbs	85.00- 94.50
D3-D4 cows	18.00-21.00
Cow/Calf Pairs	1050.00-1200.00

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