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January 02, 2009 - Welcome to the New Year

Opening Calls: (CBOT) LOWER; (WPG) LOWER

Overnights at 6:00 am: CBOT: CLOSED; KCBOT: CLOSED; MPLS: CLOSED; WPG CNL: -10.90

Currency futures at 7:00 AM

CAD	0.8177	-0.0047
USD Index	82.640	+5.20
JP Yen	1.0963	-0.0066
EURO	1.38470	-0.0740

Stocks at previous close

TSX	8,988	+156.9
DOW	8,776	+108.0

Futures at 7:00 AM

Gold	871.40	-12.90
Crude	41.80	-2.80
Nat. Gas	5.640	+0.018

Futures at Previous Close

Canola	MAR	413.60	+4.00
Canola	MAY	422.20	+4.00
Canola	NOV	443.00	+4.70
Soybeans	MAR	9.80	+27
Soybeans	MAY	J È J F É G î q î	
Soybeans	JUL	F € È € É G î q l	
MGE-Wht	MAR	î È í l	-€ q î
MGE-Wht	MAY	î È í l	+1
MGE-Wht	JUL	î È î l	É G q l
Corn	MAR	4.07	É F € q î
Corn	MAY	l È F î	É F F q G

SPECIAL CROP BIDS

Richlea #1	DEL	0.2200
Kabuli - 10 mm	DEL	0.3000
Desis	DEL	0.1700
Eston Lentil #1	DEL	0.2200
Laird Lentil#1	DEL	0.2400
Fr. Lentil #2	DEL	0.2200
Red Lentil #2	DEL	0.2600
Canary seed	DEL	0.1700
Y. Mustard #1	DEL	0.4000
Green Peas #2	DEL	7.00
Yellow Peas #2	DEL	5.50
Maple Peas	DEL	6.50
Flax	DEL	11.50
Milling Rye	DEL	\$5.46

Commodity Funds net estimated positions/change on CBOT

Beans	13,300	+3,000	Soyoil	-20,100	+2,000	Soymeal	5,200	+1,000
Corn	-25,500	+4,000	Wheat	-17,400	+1,000			

Daily Price Comparisons - Converted to CAD where applicable

Grain	Month	Location	Today	Yesterday	Location	Today	Yesterday	Location	Today	Yesterday
Canola	JAN	SK/AB	\$9.04	\$9.00	MB - CAR	\$8.77	\$8.68	VELVA	\$9.10	\$9.04
Canola	OCT	SK/AB	\$9.03	\$8.92	MB - ALT	\$9.21	\$9.18	VELVA	\$9.28	\$9.17
Peas	JAN	ND - Yel	\$5.48	\$5.49	ND Grn	\$7.37	\$7.39	ND Feed	\$3.65	\$3.66
Lentils	JAN	ND - Red	\$0.2803	\$0.2808	ND (Eston)	\$0.2315	\$0.2320	ND (Richlea)	\$0.2315	\$0.2320
Feed Bly	JAN	Lethb	\$3.70	\$3.70	Calgary	\$3.08	\$3.00	Edm	\$2.78	\$2.70
Feed Bly	JAN	Unity, SK	\$2.84	\$2.88	Red Deer	\$3.25	\$3.17	G ð h c c	\$2.73	\$2.71
US Fd By	JAN	GF MT	\$2.44	\$2.33	ND	\$2.92	\$2.67	SW MT	\$2.92	\$2.93
Feed Wht	JAN	Unity SK	\$4.16	\$4.16	G ð h c c	\$4.22	\$4.27	CWB SK	\$3.67	\$3.67
Oats	JUL	Portage	\$2.48	\$2.48	Yorkton	\$2.17	\$2.17	Barrhead	\$2.01	\$2.01
Rye	JAN	Lethb	\$3.80	\$3.80	Unity SK	\$3.56	\$4.06	Red Dr	\$3.82	\$3.82
Flax (US)	JAN	Fargo	\$10.66	\$10.38	Red W	\$10.91	\$10.81	Crosby	\$9.75	\$9.40
Flax	JAN	Unity SK	\$8.89	\$8.89	Altona, MB	\$10.26	\$10.26	TH. BAY	\$10.41	\$10.41
Durum	JAN	MT	\$9.44	\$9.46	CWB LH	\$12.91	\$12.88	CWB SK	\$8.09	\$8.09
Spr Wht	JAN	Billings	\$9.27	\$9.10	Ontario	\$7.24	\$7.28	CWB SK	\$6.70	\$6.70
Spr Wht	JAN	Portland	\$10.36	\$10.39	CWB LH	\$11.44	\$11.42	Minneap.	\$9.35	\$9.74
CWRW	JAN	Billings	\$6.95	\$6.61	Ontario	\$6.14	\$5.97	CWB SK	\$5.23	\$5.23
Malt 2R	JAN	MT	\$5.56	\$5.57	CWB LH	\$6.87	\$6.83	CWB SK	\$5.50	\$5.50

GENERAL OPENING CALL: Corn 5 to 8 lower, Soybeans 8 to 12 lower, and Wheat 5 to 7 lower.

DTN Opening Comments: CORN - A couple of things should immediately come into play as corn begins trade in 2009. Right out of the blocks the market will have to deal with pressure from outside markets as **both crude oil and gold are giving back some of Wednesday's year end gains**. Having itself posted strong double-digit gains Wednesday, corn could also come under pressure as some of the end-of-the-year excitement dies down. Traders will also keep an eye on the weekly export sales and shipment report out on Friday morning, accounting for business ending the week of Thursday, December 25. While this covers a holiday-shortened week, sales pre-report estimates ranging from 250,000 mt (9.6 mb) to 450,000 mt (17.7 mb) are well below the 693,200 mt (27.3 mb) needed this week to stay on pace with USDA's projected 1.8 billion bushels. **SOYBEANS** - Soybeans could come under pressure Friday from the action in outside markets. Additional selling will most likely come as a reaction to rains the last few days in both Argentina and Brazil that could alleviate some of the concern over dry weather. **In Brazil, the rains are expected to continue on Friday over much of the soybean and corn growing areas**. Pre-report sales estimates for Friday's weekly export sales and shipment report range from 250,000 mt (9.2 mb) to 450,000 mt (16.5 mb). Barring a number below the low end of this range for the holiday-shortened week ending Thursday, December 25, the report should prove bullish for soybeans as only 242,700 mt (8.9 mb) of sales and 444,400 mt (16.3 mb) of shipments are needed this week to stay on pace with USDA's projection of 1.05 billion bushels. **WHEAT** - The expected bullish noncommercial sentiment in wheat for early 2009 could be immediately tested Friday with the rally in the U.S. dollar index and possible spillover pressure from outside commodities and other grains expected to emerge. Through the early part of this week wheat has been a reluctant follower, swept up in some of the end-of-the-year euphoria that seemed to pervade the markets. Traders are most likely to shake their heads in wonderment at the low weekly export demand as pre-report sales estimates for the weekly sales and shipment report range from 100,000 mt (3.7 mb) to 200,000 mt (7.3 mb) as compared to the 254,000 mt (9.3 mb) needed this week to stay on pace with USDA's projection of 1 billion bushels.

U.S. Export Sales: Wheat: Net sales of 418,100 metric tons were up 65 percent from the previous week and 74 percent from the prior 4-week average. Exports of 177,100 MT--a marketing-year low--were down 39 percent from the previous week and 53 percent from the prior 4-week average. **Corn:** Net sales of 269,900 MT--a marketing-year low--were down 51 percent from the previous week and 56 percent from the prior 4-week average. Exports of 602,100 MT were down 28 percent from the previous week and 24 percent from the prior 4-week average. **Soybeans:** Net sales of 510,600 MT were down 13 percent from the previous week and 23 percent from the prior 4-week average. Exports of 920,800 MT were down 3 percent from the previous week and 15 percent from the prior 4-week average.

Canola contracts finished 2008 with small to modest advances. The advances in canola were kept in check by elevator company hedge selling with cash bids in western Canada said to be again in the C\$9.00-a-bushel area, a level that induces producers to deliver, brokers said. Spreading was a feature of the activity and helped to augment the volume total. There were an estimated 6,243 canola contracts traded during Wednesday's session, up fractionally from 6,214 during the previous session. Of the contracts traded Wednesday, 2,868 were spread related.

India chana futures erased early losses on Friday afternoon on buying at lower levels and firm spot market, analysts said. Futures were trading down in early trade on fresh crop arrivals in southern India and a likely rise in pulses supply. National Agricultural Co-operative Marketing Federation (NAFED) has invited bids to sell 51,600 tonnes of imported yellow peas to Indian buyers, the state-run company said on Friday. ([REUTERS](#))

On Dec 31, the USDA revised the last 5 years production numbers minimally, the 2007 corn crop was reduced .3% to 13.037 billion bushels, the 2006 bean crop was increased .3% to 3.196 billion and 2005 crop was raised .2% to 3.068 billion. In wheat the 2007 crop was reduced .8% to 2.051 billion, the 2006 dropped .2% to 1.808, and the 2005 and 2004 crops were each dropped .1% to 2.103 and 2.156 billion respectively. The USDA left unchanged total ending stocks figures for corn, soybean wheat and for the 2007/08 marketing year.

India expects its buffer wheat stocks to reach 9.17 million metric tons Apr. 1, against a state requirement of 4 million tons, a statement from the federal government said Friday.

Next-to-worst year for TSX: After rising roughly 10 per cent in the first six months of 2008, the S&P/TSX composite index recorded a dramatic peak-to-trough plunge of more than 48 per cent in 2008. Beginning the year at 13,833 and rising above 15,000 in June, Canada's benchmark index closed as low as 7,724 on Nov. 20. The TSX wound up trading on Wednesday, the final day of 2008, with a gain of a 156.98 points, or 1.78 per cent, to 8,987.70. That was up more than 16 per cent from its low, but still a 35-per-cent loss on the year as a whole. The TSX narrowly missed the distinction of being the worst year on record for Canadian stocks; that remains 1931, when the market fell more than 37 per cent. ([CANADA.COM](#))

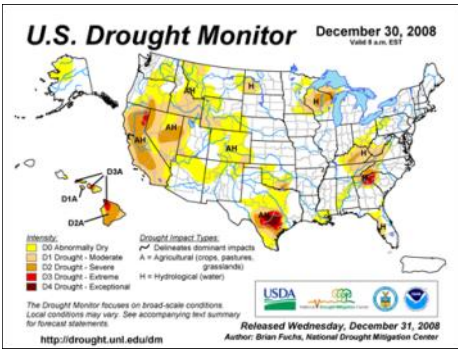
India: State-run trading corporations, PEC and MMTC, have invited separate bids from traders for sale of a total 13,860 tonnes of pulses. PEC has invited bids for sale of 10,860 tonnes of pulses, which include 8,000 tonnes of yellow peas of Canadian origin, the PSU trading corporation said in a tender notice. The bid closes on January 6, it said, adding that the minimum bid amount is 300 tonnes except some items and traders would have to lift the pulses from warehouses at Mumbai, Chennai, Kolkata and Tuticorin, it said. ([THE HINDU](#))

ND Durum: The durum market continues to hold in a firm but softening 8 U_c h U z I a a i ^ & c [i A ~ [i A c @ ^ A p [i c @ A O a e l [c a e A Y @ ^ a e c A O [{ { a • • a [} E A % Y ^ C i ^ A , a e a c a is very slow, to almost non-^ c a • c ^ } c E A a e • A i [a ~ & ^ i • E A c [[E A , a e a c A ~ [i A @ a * @ ^ i A i a] i [a ~ & ^ i • C A • ~]] | **Minneapolis cash markets are trading at \$9.75 (CAD\$11.89)**. But, on a positive note for U.S. producers, Canada has been slow in shipping to the U.S. In 2008, Canadian imports into the U.S. a e i ^ A i E A i ^ i & ^ } c A a ^ @ a } a A c @ ^ A G e e i A] a e & ^ A ~ [i A c @ ^ A i ^ i a i A [~ A O e * ~ • A a ~ • @ ^ i • A c a i • ~ • A i A { a | | a [} A a ~ (F&R) **Probably enough to enhance the bonus pool for employees though**

ND Spring Wheat: The last several weeks, according to Jim Peterson, marketing director for the North Dakota Wheat Commission, % O c ^ } A c @ [~ * @ A a [a e i a A] i a & ^ • A a e i **producer bids anywhere from 20 cents to 40 cents** U V c j Y • Z i h i f Y g c d f } W Y a z b e a a E A % V ^] a e a i & ^ } E c A , A a C i [A i A T a) } a) ^ a e i H e a • A ~ there is a premium of \$1 to \$1.50 (CAD\$1.22 to \$1.83) for 15 percent protein wheat over 14 percent protein, he noted. At current prices levels, he estimated hard red spring wheat acres could also be down 1-1.5 million acres in 2009. The European Union is projecting wheat acres will be down three percent from last year. (F&R) **Now doesn't that just make you all warm and fuzzy inside.**

ND Barley: Spot cash prices for both feed and malting barley continue to be on the soft side, according to Steve Edwardson, executive director of the North Dakota Barley Council. On the malt side, buyers of malt barley contracted a significant portion of their production needs in 2008 and will likely continue to contract their needs in 2009, according to Edwardson. **The early 2009 contract prices offered in Sept. 2008, were in the \$5.50 to \$5.80 per bushel range, but have since fallen back to \$4.60 to \$4.85.** Feed barley prices currently range from approximately \$2 to \$2.50 across the state, and malt prices range from approximately \$4 to \$4.25. This is a significant decrease from the mid to late August prices of \$6.00 to \$6.20 per bushel, he notes, and is mainly due to the larger than expected harvest volumes of high quality barley. (F&R)

7 U b U X U D g • X c • • U f • d c g h Y X •] h g • V] [[Y g h • U b b i and investment refuge f Y W c f X • in the U.S. currency from the deepening global recession. Government bonds rallied in 2008. The loonie declined this year after reaching parity with its U.S. counterpart in September 2007 following a 60 percent climb in the prior ~ a c ^ A ^ ^ a e i • A c @ a c A , a e • A ~ ^ | ^ a A a ^ A i a • a } * A & [{ [a a c ^ A] i a & ^ • E A O [{ [{ } ~ ^ E A % V @ ^ A O e } a a a a e } A a [| | a e i A c @ a • A ^ ^ a e i A @ a e • A a ^ ^ } A ~ a c ^ A a e A i a a ^ E + A & ~ i a c a ^ • A Q } & E A a } A V [i [] c [E A % Y ^ A a e i ^ A i ^ a e i | ^ A a e c A c @ ^ A , @ a [A [~ A & [{ { this year, the biggest decline since the start of records in 1972. The Canadian dollar fell 33 percent to 74.49 yen, also the biggest drop. Crude oil futures plunged 54 percent this year, the first annual decline since 2001, when the] i a & ^ • A ~ ^ | | A G i A] ^ i & ^ } c E A Q c q • A c @ ^ (BLOOMBERG) c A a i [] A • a } & ^ A c i a e a a } * A

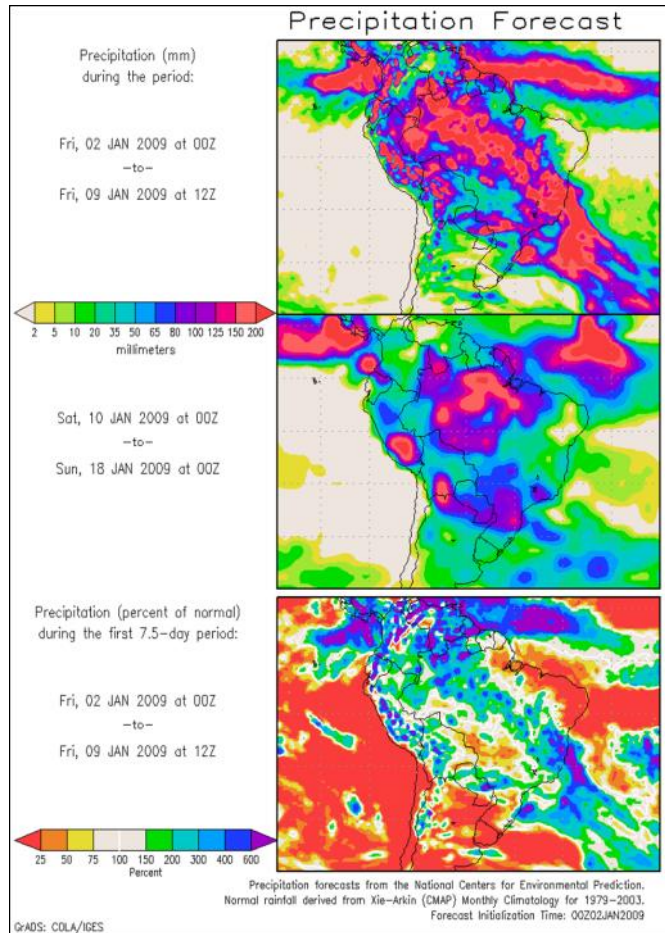
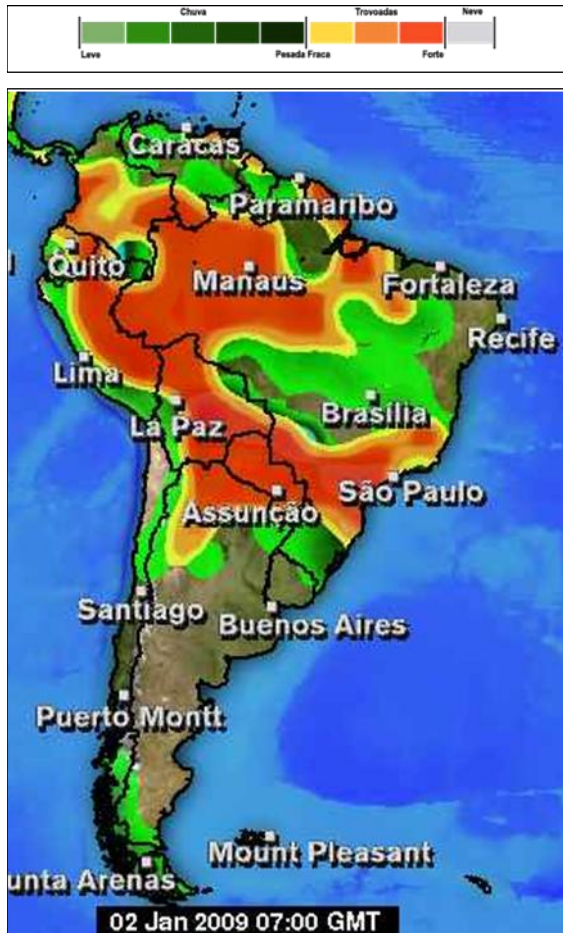


The Plains: Dryness continues to hamper much of Texas, where exceptional drought conditions continue. Without any significant precipitation, conditions are continuing to deteriorate, especially in southern portions of Texas. In areas of eastern and central Oklahoma, a 1-category improvement was made as there was a good overall response to the rains for this time of year. Soil moisture across much of Oklahoma is doing well for this time of year and it should not take much to bring the state back into good shape. **Looking Ahead:** During the next 5 days (December 31-January 4) temperatures should remain below normal over the northern Plains, Great Lakes and into New England, while much of the country should see temperatures 3-6 degrees Fahrenheit above normal during this time. (NOAA)

India Seeding Progress:

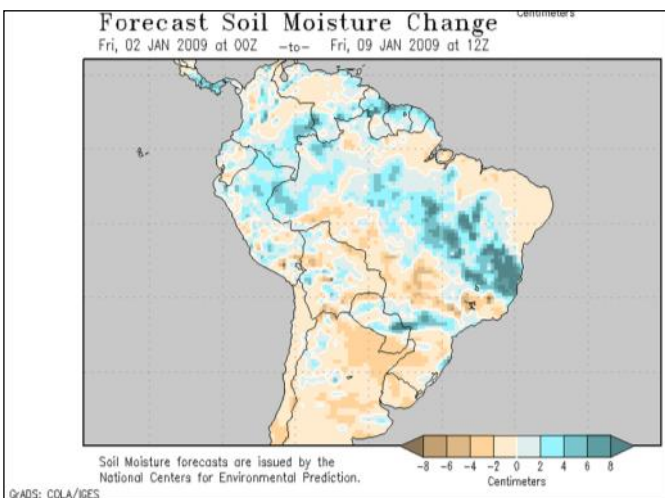
Crop (000 hectares)	January 1	January 4
Wheat	26.266	26.214
Rice	383	345
Jowar	4.842	4.368
Maize	922	883
Total of coarse cereals	6.577	5.966
Gram	8.268 (+8.3%)	7.631
Lentil	1.512 (+13.3%)	1.335
Total pulses	12.88 (+6.7%)	12.072
Rapeseed & mustard	6.589 (+14.6%)	5.752
Total oilseeds	8.903 (+11.5%)	7.982

South America Moisture Watch



PARANA AND RIO GRANDE DO SUL

SUMMARY- Dry conditions except for a few light showers across Rio Grande do Sul, showers and thunderstorms, amounts 0.50-2.00 inch (13-51 mm) across Parana during the past 2 days. **FORECAST-TODAY:** Showers and thunderstorms, amounts 0.25-1.00 inch (6-25 mm), locally heavier. Temperatures 73-85F (23-29C). **TONIGHT:** Showers ending across southern areas. Temperatures 57-68F (14-20C). **TOMORROW:** Dry conditions or a few light showers across Rio Grande do Sul, scattered showers and thunderstorms, amounts 0.10-0.75 inch (3-19 mm), locally heavier across Parana. Temperatures 72-86F (22-30C). **BRAZIL SOYBEAN PROSPECTS:** More rain is needed for any remaining planting and developing soybeans through Rio Grande do Sul and Parana. Favorable conditions across Mato Grosso.



If you are holding canola, the map above with rainfall over the last 24 hours and the forecast maps (click for larger view) should get your attention. Funds in Winnipeg are short (20,000 - 25,000) canola and this week may have had them nervous; however, if they get a glimpse of these maps it may strengthen their resolve to stay short canola. This morning is one of the few mornings you have with no overnight direction from U.S. [f U] b ` a U f _ Y h g " ` ` 8 c b ð h ` ` c g Y ` g] [\ h ` c Z ` h \ Y ` ` U f [Y ` W U b c ` U ` W U f f m c j 9 as the front number for canola much longer. Remember they are weather forecasts and subject to change

JAWF Weather Watch

FSU-WESTERN: Moderate to heavy snow blanketed winter grains in Ukraine and parts of Russia, boosting protective snow cover.

EUROPE: Welcomed drier weather across southern Europe improved conditions for late-season winter grain planting.

MIDDLE EAST: Beneficial precipitation overspread Turkey and the eastern Mediterranean, while drier conditions prevailed elsewhere.

NORTHWEST AFRICA: Drier weather aided winter grain planting in Morocco and Algeria, but increased rainfall deficits in Tunisia.

AUSTRALIA: Dry weather in southern and western Australia benefited winter wheat harvesting, while showers in the east favored summer crops.

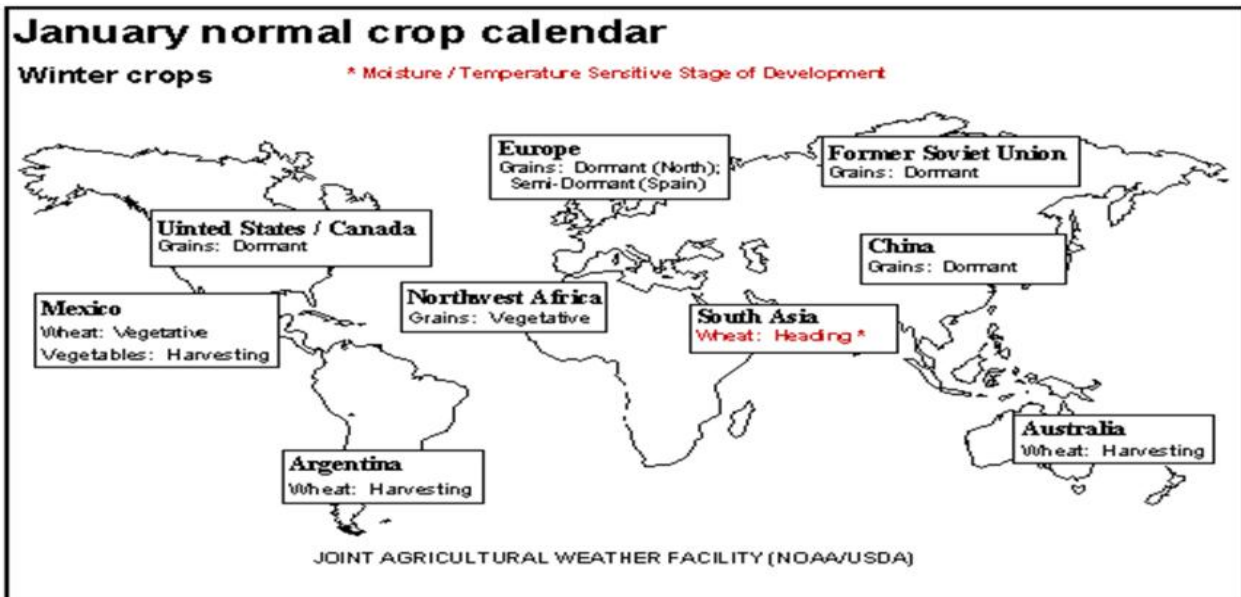
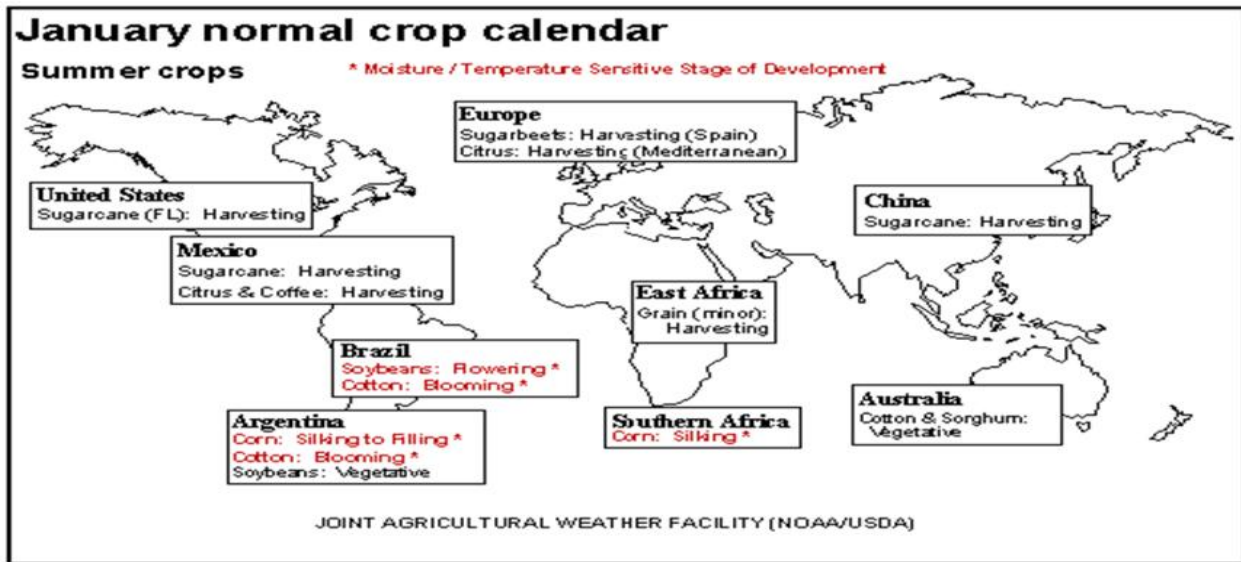
SOUTHEAST ASIA: Seasonable showers maintained abundant soil moisture for rice in Indonesia but slowed oil palm harvesting in the region.

SOUTH ASIA: Dry weather improved conditions for late cotton harvesting in Pakistan and aided late-season harvesting in southern India.

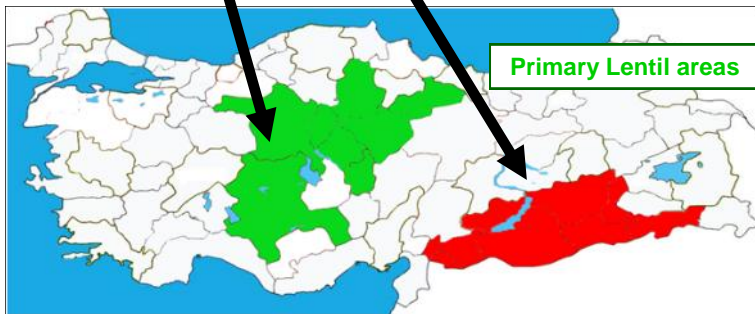
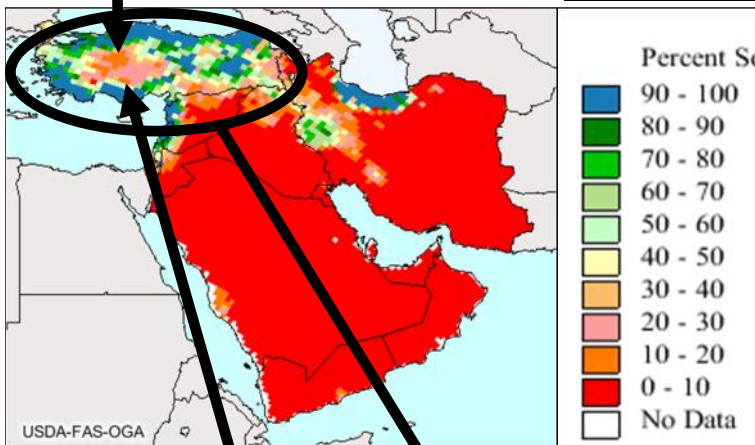
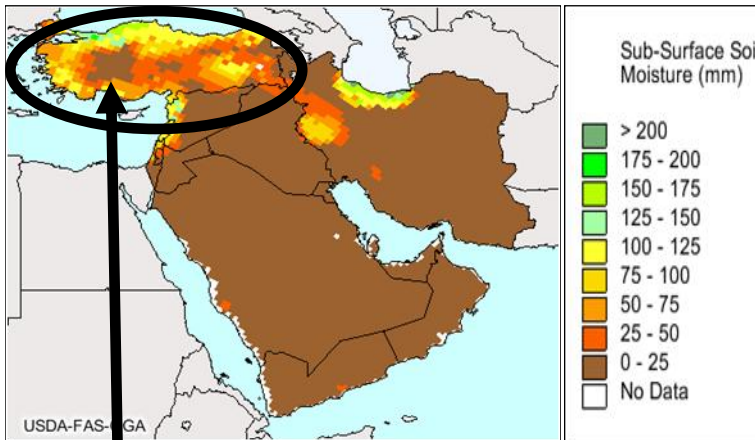
ARGENTINA: Rain brought localized relief from heat and dryness.

BRAZIL: Heavy rain continued in central and northeastern farming areas but drought persisted in important corn and soybean areas of the south.

SOUTH AFRICA: Warm, showery weather returned to eastern sections of the corn belt but the west stayed unseasonably dry.



Turkey Lentil Outlook:



Lentil production is estimated 47% lower in 2008

Weather - What you need to know:

- The subsoil and surface maps were just updated on December 31 and do not paint a rosy picture for the lentil areas even after the rain that occurred during the last 10 days to two weeks.
- A period of unseasonably wet weather provided beneficial moisture to overwintering wheat in Turkey. Most of the precipitation (10-25 mm liquid equivalent, locally exceeding 50 mm) fell as rain, but a changeover to snow occurred on the Anatolian plateau at midweek, providing protection for dormant winter grains during an ensuing outbreak of frigid air (temperatures falling to around -15 degrees C). Locally heavy rain and snow also fell in the watersheds of eastern Turkey. Temperatures were generally favorable for overwintering grains, with lows reportedly staying well above the threshold for potential winterkill.
- As lentils will now go into dormancy it is important to note that they were short moisture going into dormancy but it could still get good spring rains to change the situation quickly come February and March, 2009.

Seeded Acres:

- Seeding of lentils has just finished in Turkey and the biggest question is how many hectares were seeded.
- Reports from Turkey are that seed was in short supply as high prices and a short 2008 crop forced farmers to sell and not keep any carryover. The drought also caused enormous hardship and some families were forced to eat their intended seed.
- This is setting up for a dangerous repeat of 2008 in Turkey - with worse ramifications if the seeded acres are actually down as much as some traders think. (25-35%)

Production Stats:

- The 10-year average harvested area is 1,168,310 acres
- The 10-year average yield is 992 pounds per acre.

What you need to watch:

- A 25% reduction in acres with average yields would see a production decline of 131,400 MT - with normal rainfall. It will be imperative to watch drought and rainfall maps from Turkey during the next three months and keep on farm red lentil stocks and seeding intentions loaded - and ready to pull the trigger. Importers should be nervous and that may be reflected in new crop bids at the Crop Production Show - if there are any. .