Canaryseed Development Commission of Saskatchewan

Canaryseed Outlook

Weber Commodities

January 11 , 2009

Agenda

- Supply
- Demand
- Sell Signals
- Transportation
- World Economics
- Weather

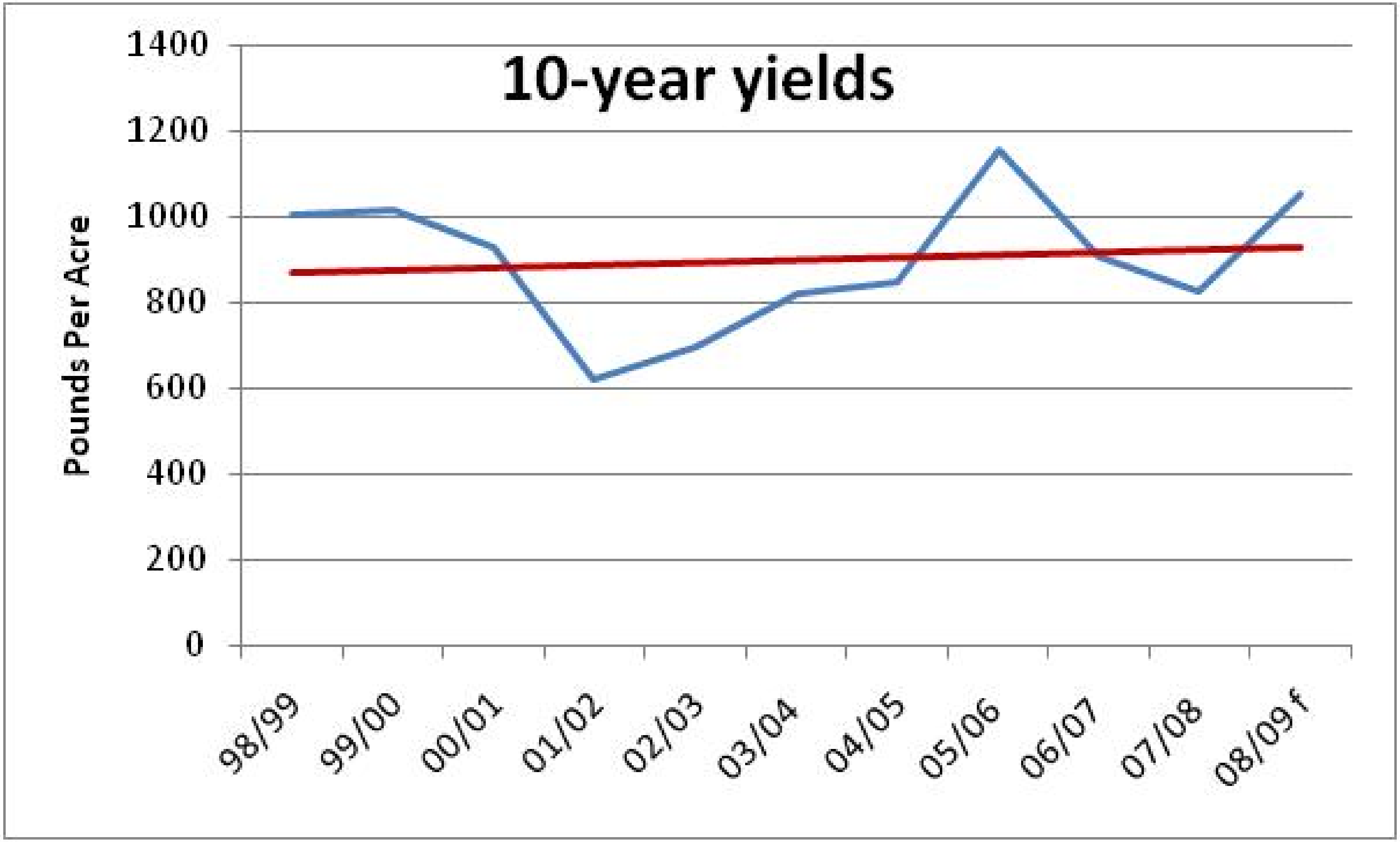
Canary – 2008/09

- 80-85% of the global canary trade
- 07/08 highest exports since drought of 02/03
- Normally we would be going higher – not lower
- These markets are anything but normal

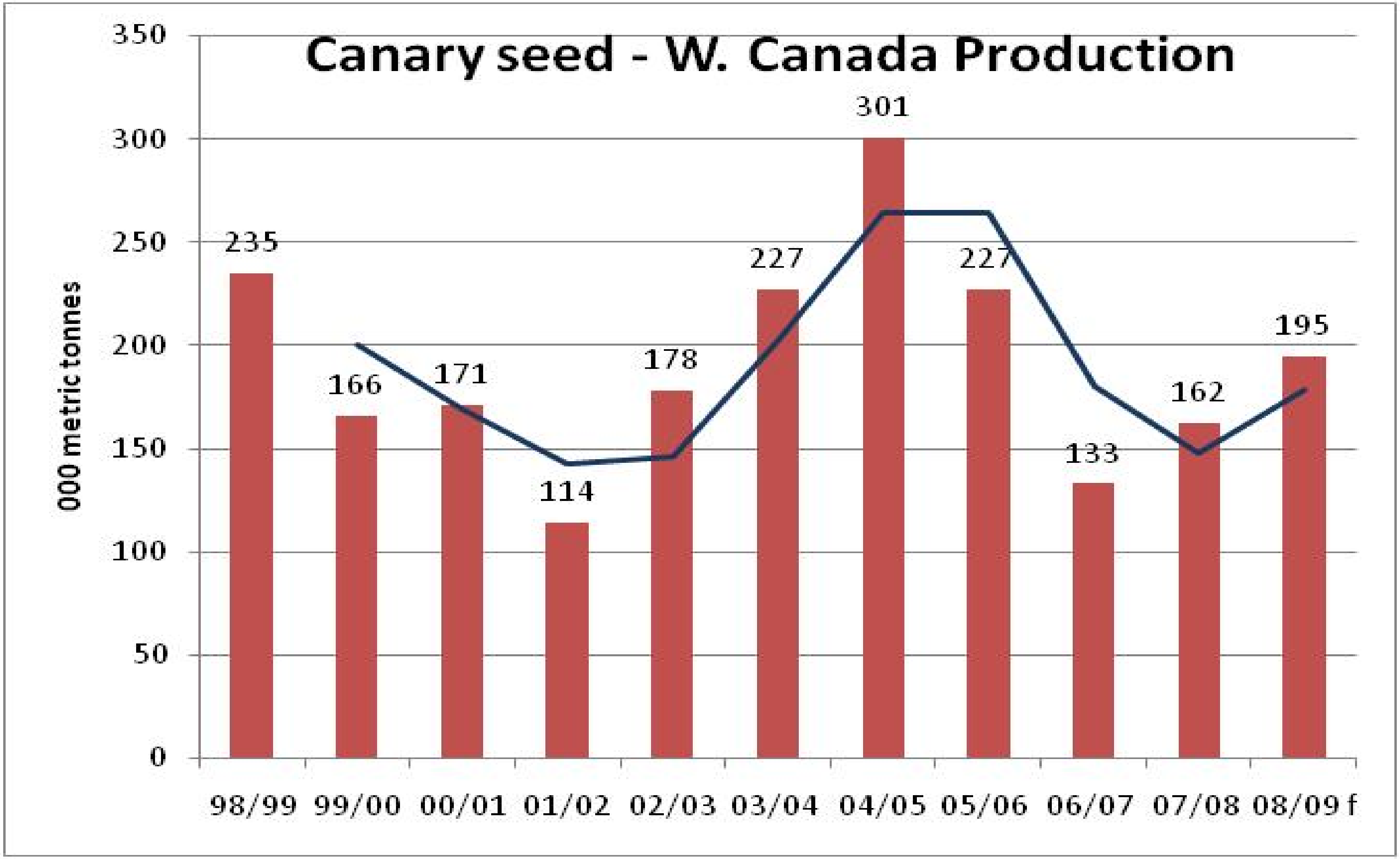
Canary – 2008/09

- Ag Canada sees average price down 4.3 cents
- Carry lower than last year
- Total supply lower than last year
- S/U ratio lower than last year
- Normal = higher prices

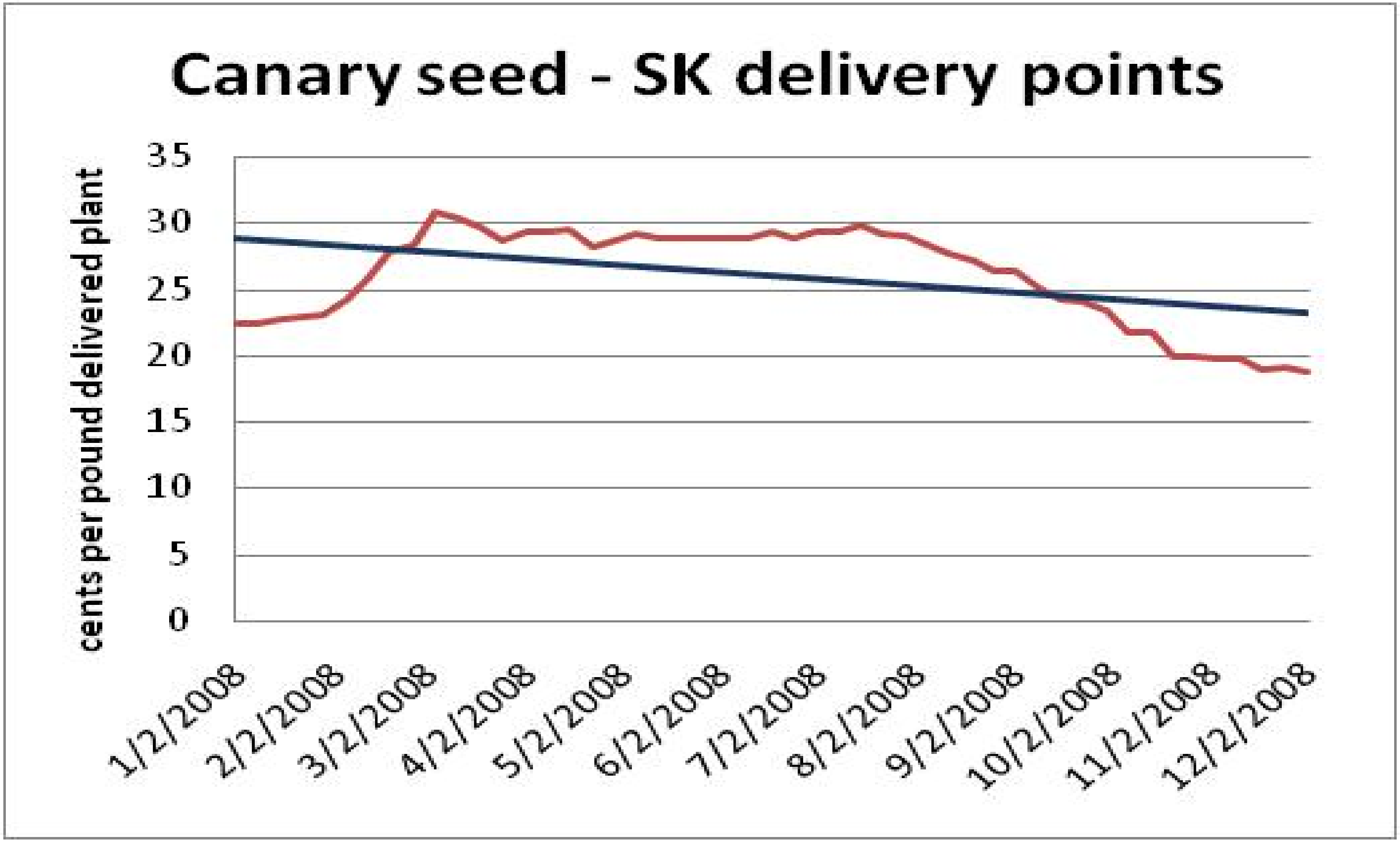
Canary Yields



Production

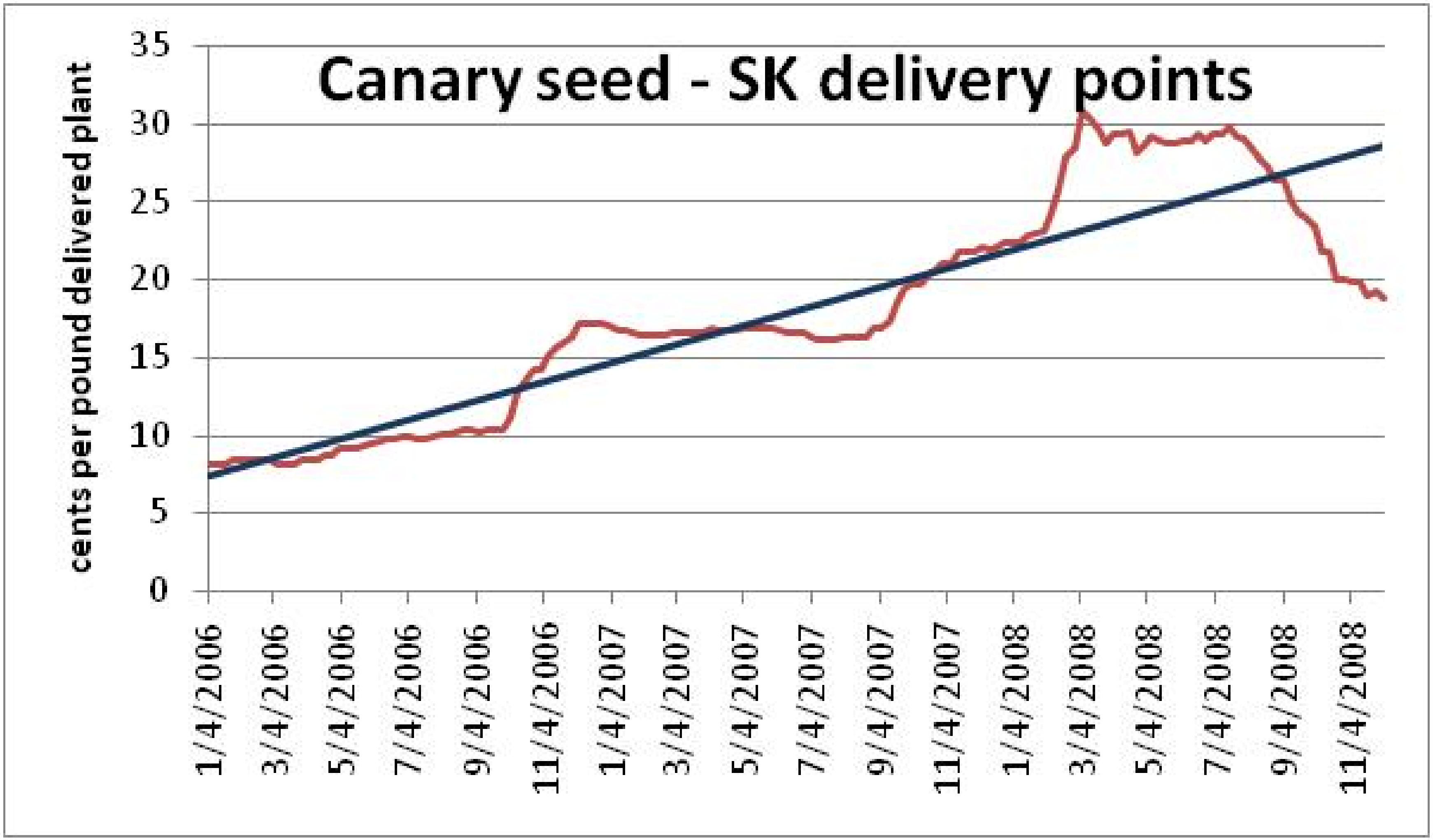

Canary seed - W. Canada Production
000 metric tonnes
0
50
100
150
200
250
300
350
235
166
171
114
178
227
301
227
133
162
195
98/99
99/00
00/01
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09 f

2008 Price

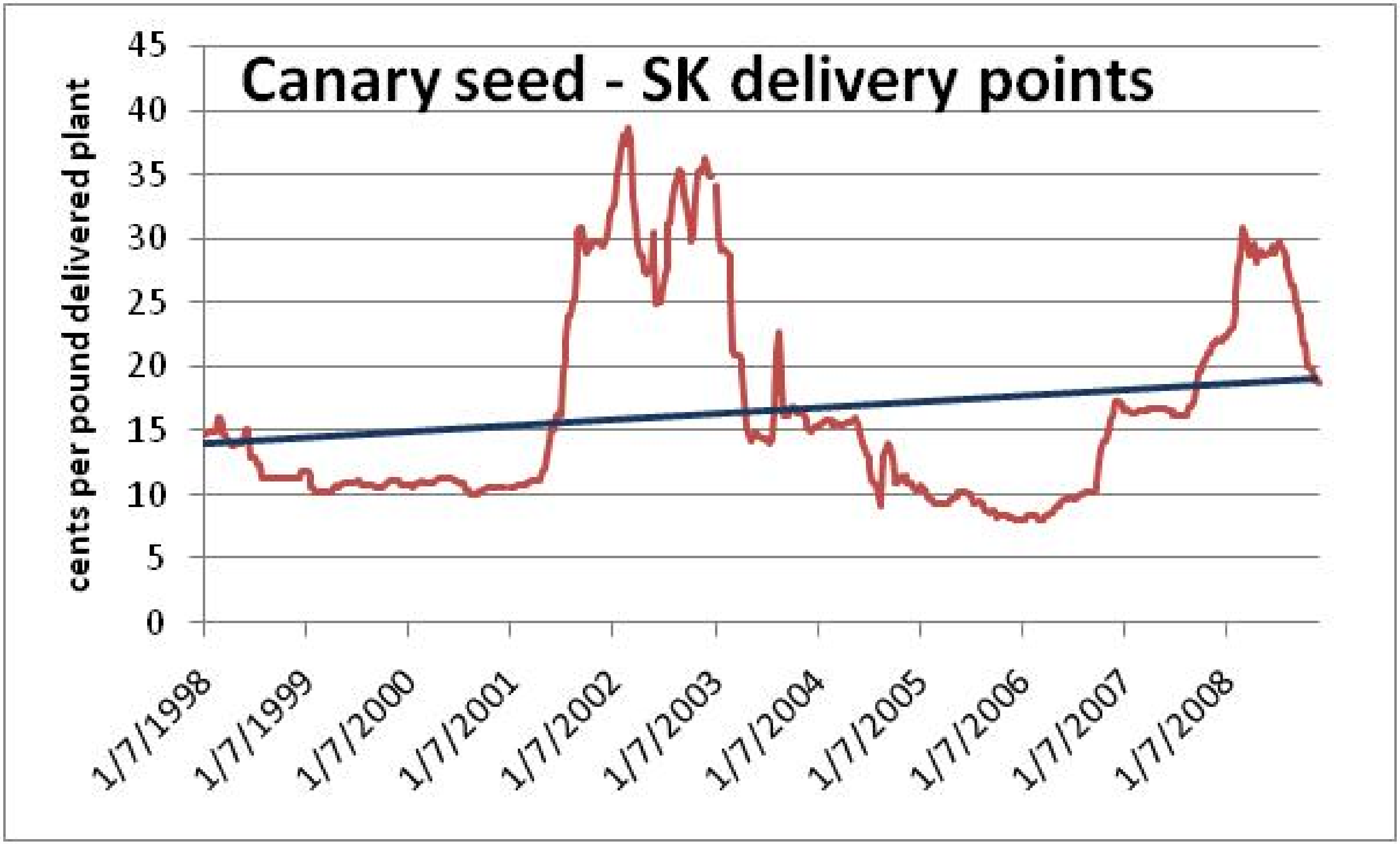


Canary seed - SK delivery points
cents per pound delivered plant
35
30
25
20
15
10
5
0
1/2/2008
2/2/2008
3/2/2008
4/2/2008
5/2/2008
6/2/2008
7/2/2008
8/2/2008
9/2/2008
10/2/2008
11/2/2008
12/2/2008

2006 - 2008 Price



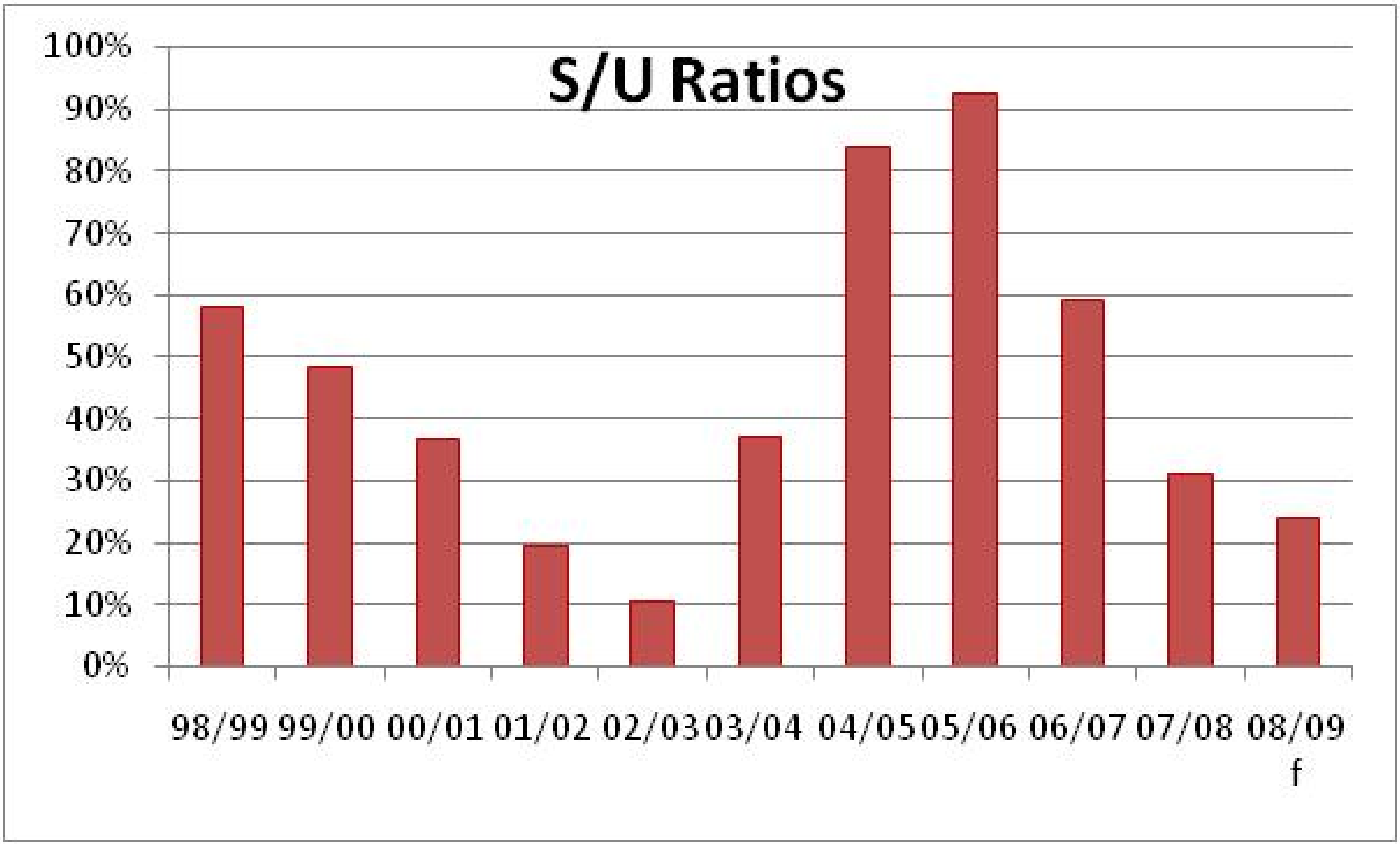
1998- 2008 Price



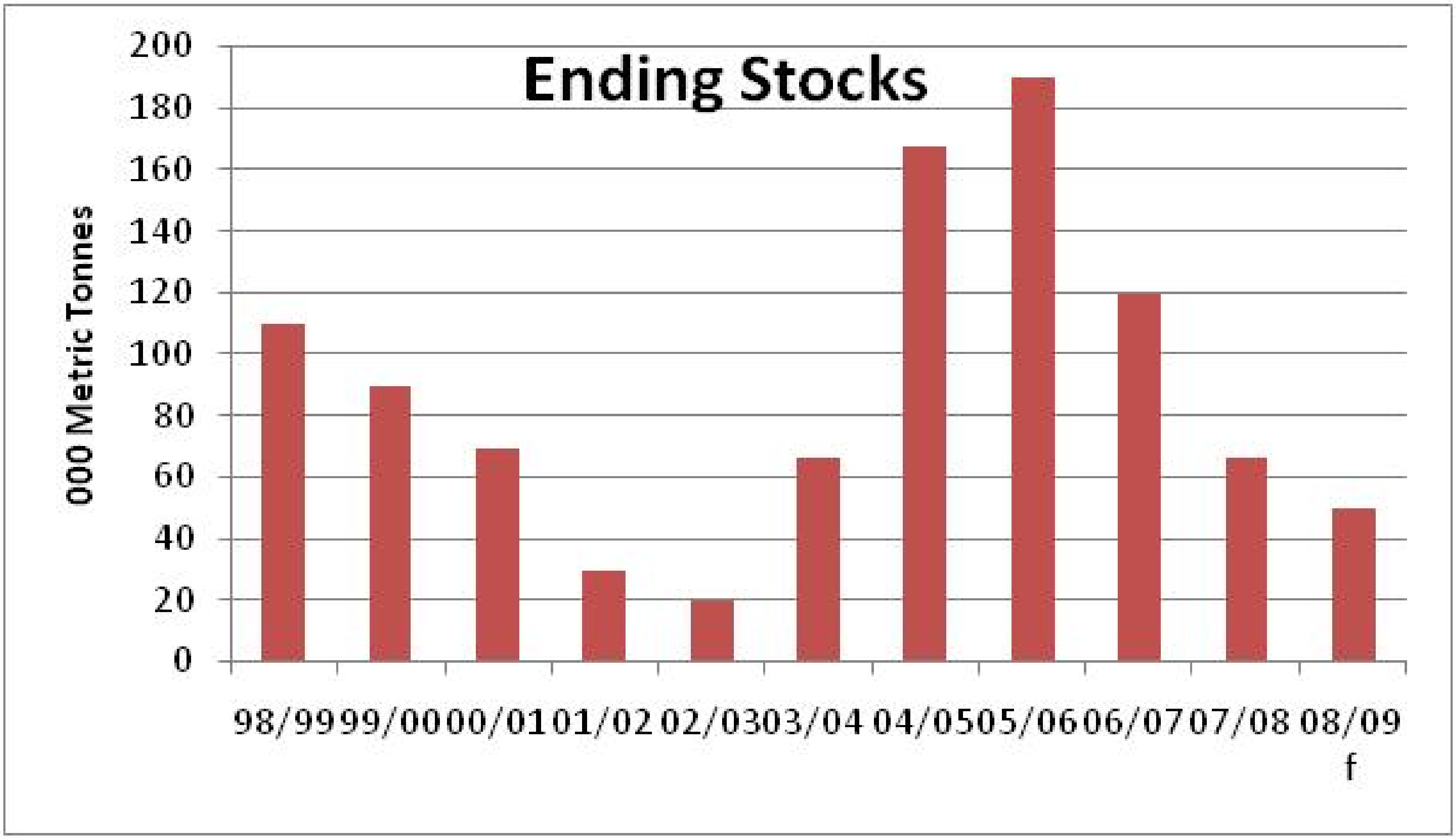
Supply Use Ratios

- Simply divide ending stocks by the sum of domestic use and exports
- Increase = falling prices
- Decrease = rising prices
- Quick – Easy – One glance method to determine price direction

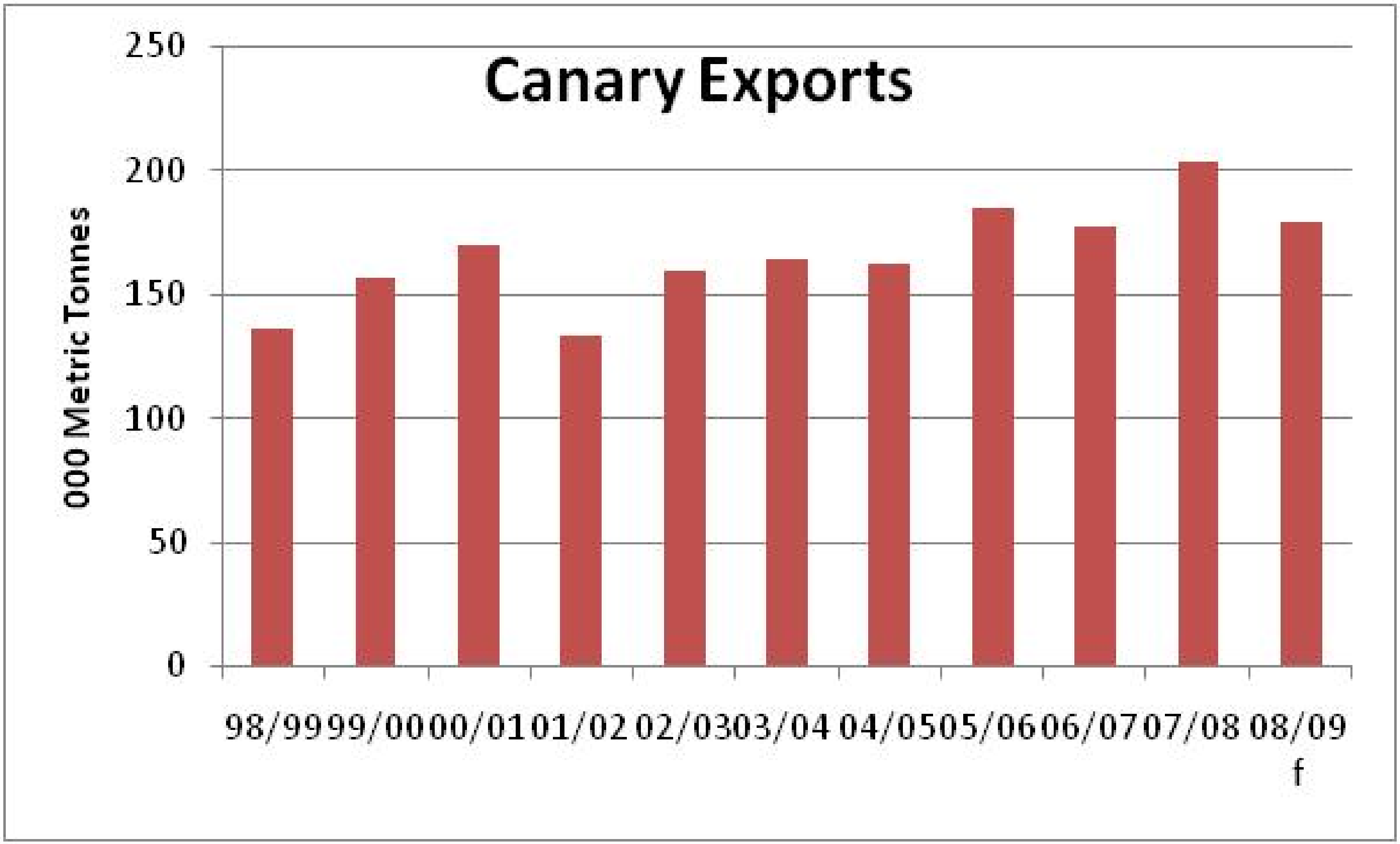
Supply Use Ratios



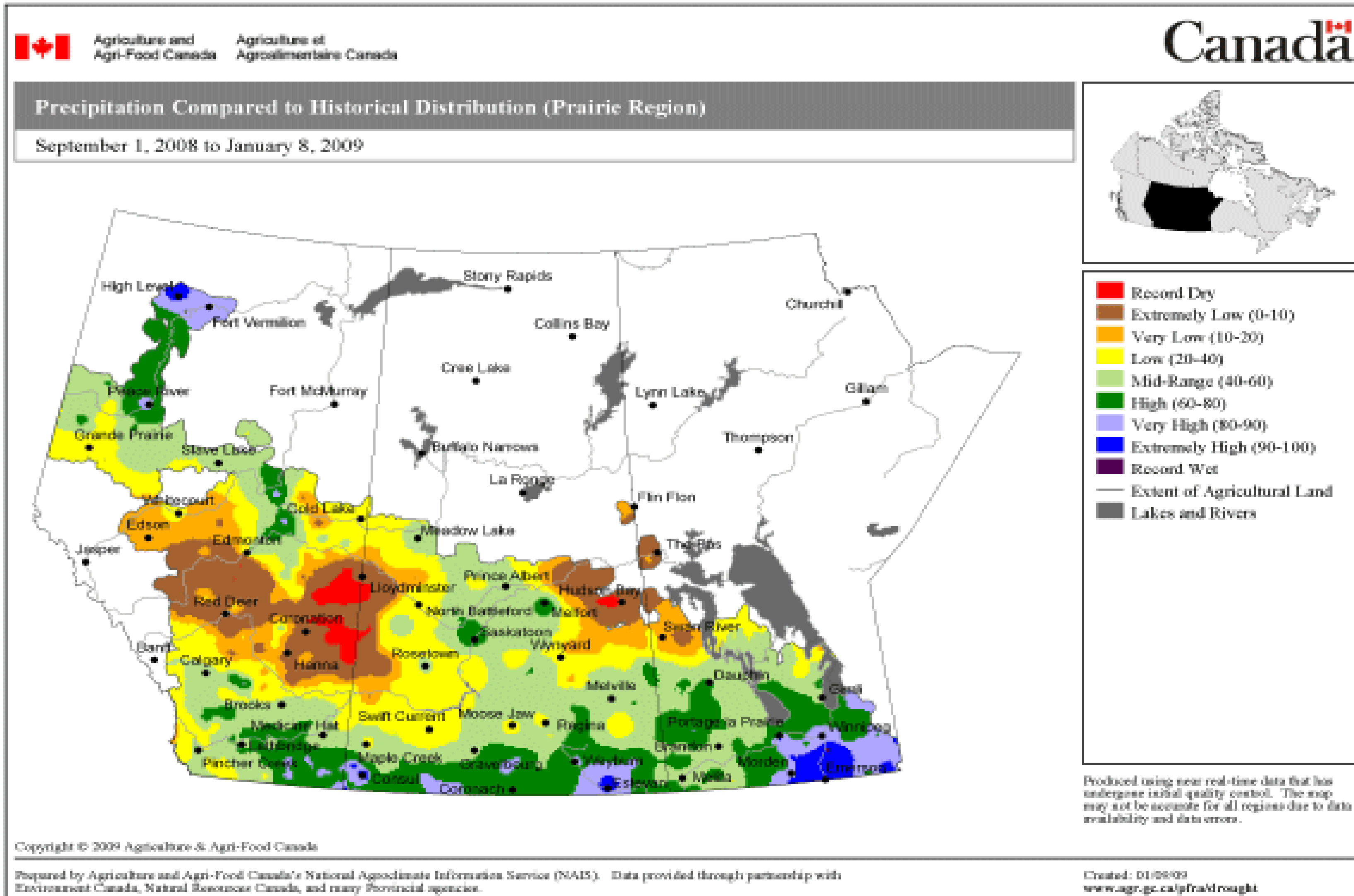
Ending Stocks



Canary Exports



Weather


Agriculture and Agri-Food Canada
Agriculture et Agroalimentaire Canada
Canada
Precipitation Compared to Historical Distribution (Prairie Region)
September 1, 2008 to January 8, 2009
Record Dry
Extremely Low (0-10)
Very Low (10-20)
Low (20-40)
Mid-Range (40-60)
High (60-80)
Very High (80-90)
Extremely High (90-100)
Record Wet
Extent of Agricultural Land
Lakes and Rivers
High Level
Fort Vermilion
Stony Rapids
Collins Bay
Churchill
Cree Lake
Fort McMurray
Peace River
Grande Prairie
Lynn Lake
Gillam
Slave Lake
Buffalo Narrows
Thompson
La Ronge
Flin Flon
Cold Lake
Edson
Meadow Lake
Edmonton
Jasper
The Pas
Prince Albert
Lloydminster
Red Deer
North Battleford
Melfort
Coronation
Saskatoon
Swan River
Wynyard
Banff
Calgary
Hanna
Rosetown
Dauphin
Melville
Brooks
Gimli
Swift Current
Moose Jaw
Regina
Portage la Prairie
Medicine Hat
Winnipeg
Lethbridge
Brandon
Pincher Creek
Maple Creek
Gravelbourg
Weyburn
Morden
Consul
Coronach
Estevan
Melita
Emerson
Produced using near real-time data that has undergone initial quality control. The map may not be accurate for all regions due to data availability and data errors.
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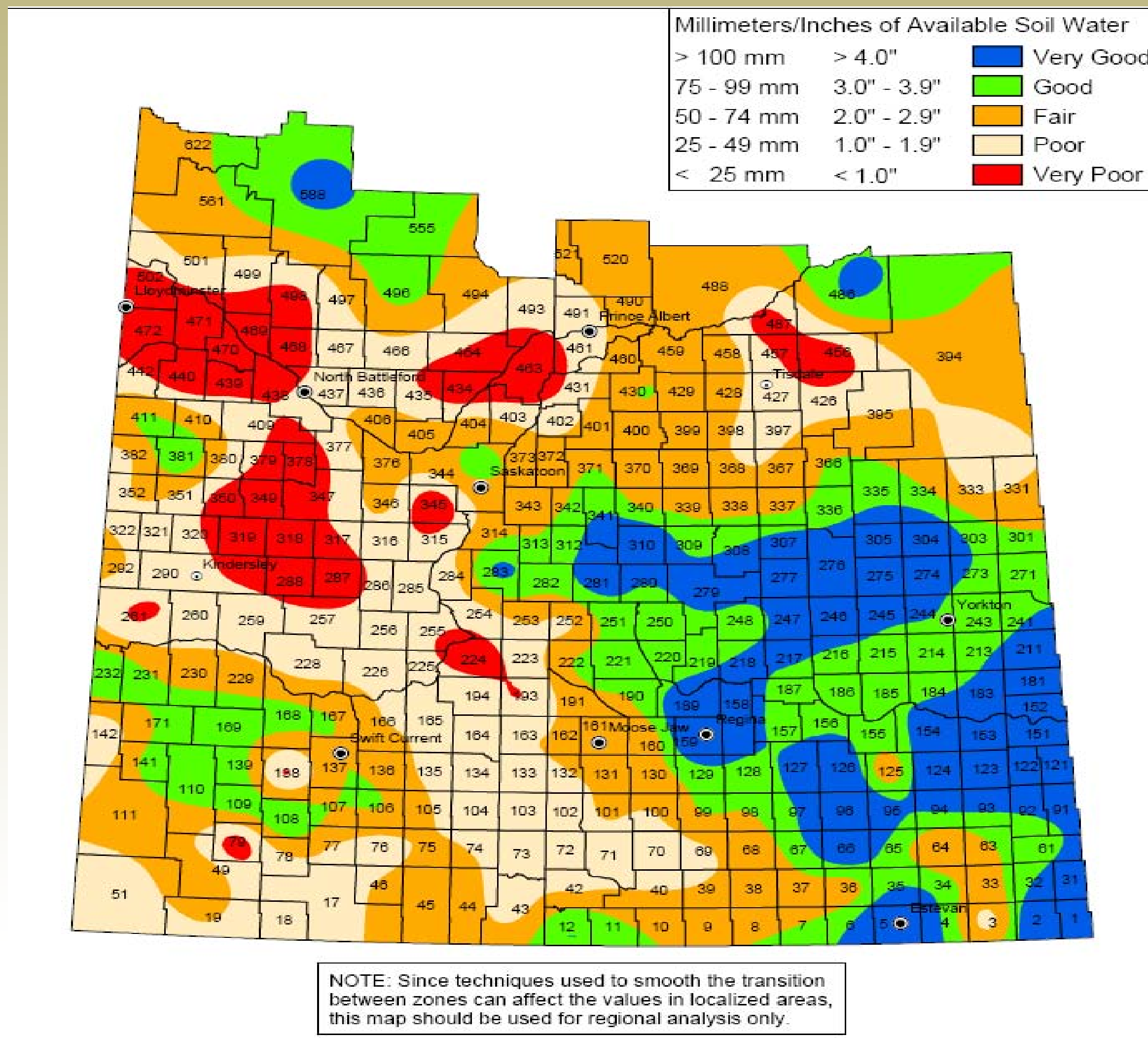
Prepared by Agriculture and Agri-Food Canada's National Agroclimate Information Service (NAIS). Data provided through partnership with Environment Canada, Natural Resources Canada, and many Provincial agencies.
Created: 01/09/09
www.agr.gc.ca/pfra/drought

Subsoil Moisture



2009/10 Canary

- **16-17 cents will not attract acres in a big way**
- **Soybean led rally spurred by SA drought will affect all grains**
- **Given s/u ratios and ending stocks – prices s/b in the 20 cent range – if new crop bids aren't there – expect a volatile canary market in 09/10**

The New Equation

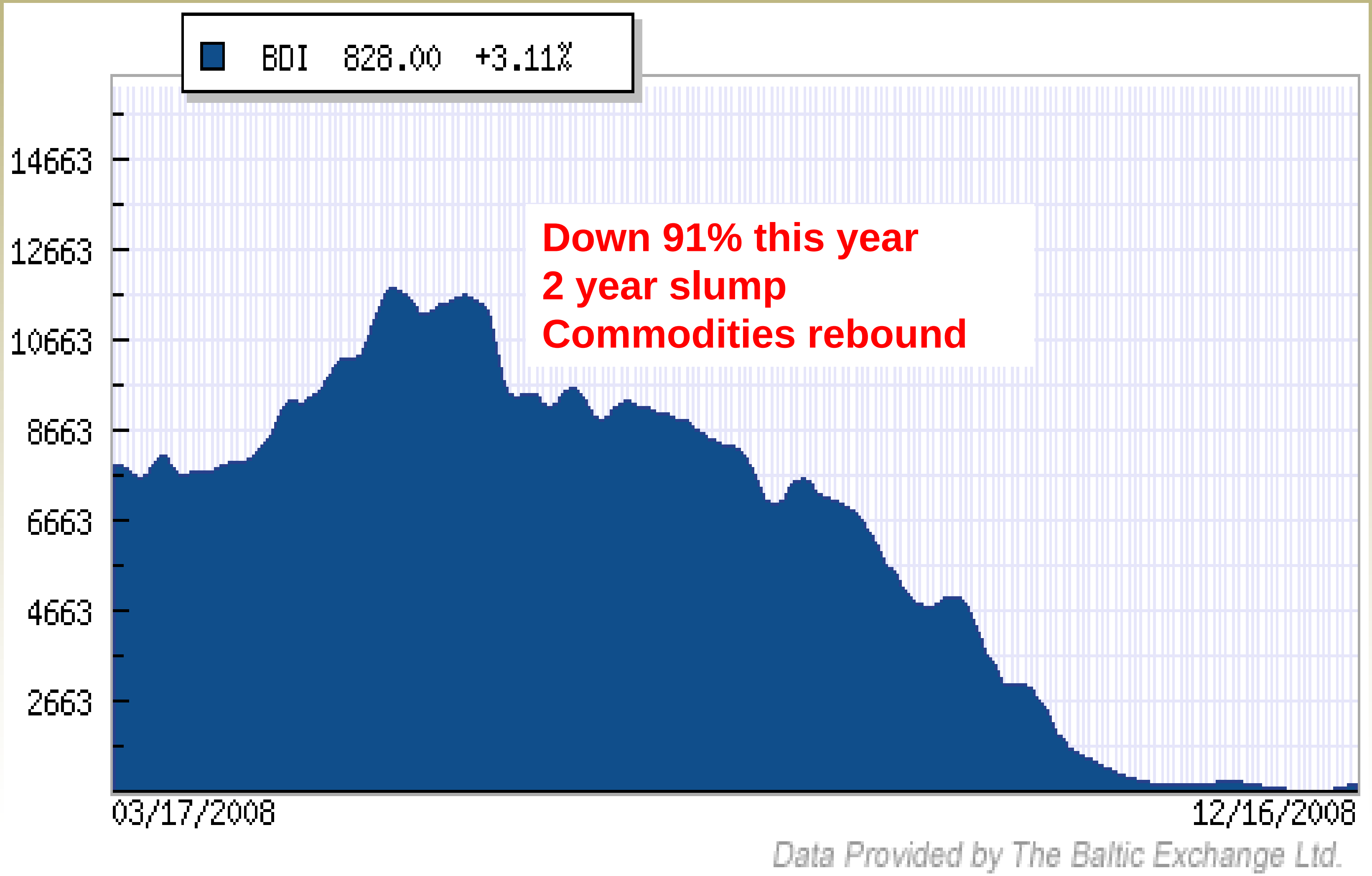
- Don’t forget it is dollars per bushel.
- Tightening credit can adversely affect the ability to buy any product
- Credit affects cash flow of grain companies
- These are not your father’s markets.

Trade Credit

Trade Credit

- Letters of Credit
- Libor
- Bank to Bank
- 35% of canary into Latin America
- Prime +

Baltic Dry Index



FARM ISSUES

- Risk Management
- CWB
- CAIS – Agri-Whatever
- Transportation
- Consolidation
- Credit /Costs

What’s Next?

- It won’t be Demand destruction
- It will be Production destruction
- CFTC or U.S. Gov’t limit funds
- USD continues to slide
- 2 years of instability and volatility
- Farm profits erratic but attainable
- Farmers and the trade either practice risk management - or face auction sales and receivers

Questions