

MARKET WATCH

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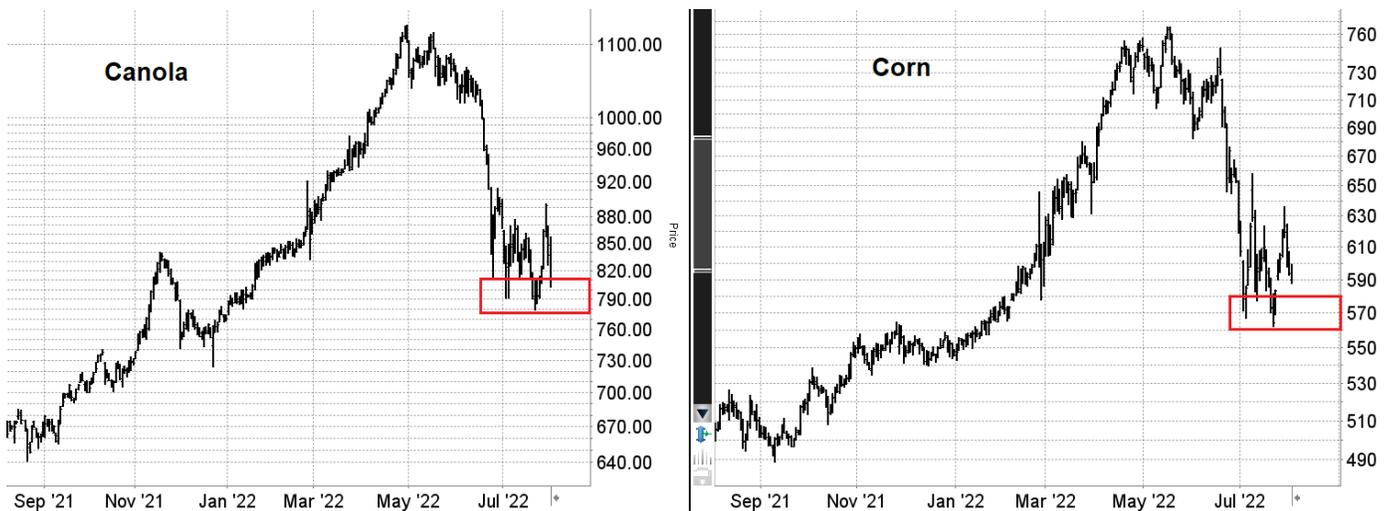
Below are excerpts from my weekly Market Watch radio spots.
Market Watch is broadcast on over two dozen radio stations across Western Canada.

*"I'd rather be on the ground wishing I were in the air than in the air wishing I were on the ground."
-Airplane pilots risk management motto*

What goes up, goes down, and up and down... – August 1, 2022

Grain prices have come down a long way, so a rally isn't unusual. As markets fall back, it's very common for there to be occasional spikes higher, and that's exactly what's been happening across most grains. Even within normal trading activity, prices could bounce 10% or 15% from the recent lows, but the extent of any rally would likely depend on weather.

It's also important to watch the movements of 'the King of Commodities' being crude oil as well as 'the King of Currencies,' the United States dollar. Both help set the tone for agriculture markets, whereby a stronger greenback is not usually good for grain prices. Meanwhile, stronger crude oil helps the vegetable oils, including canola.



Bottom line, key price support for canola futures is at C\$800/tonne, Minneapolis wheat support is at US\$9/bushel, corn is US\$5.75/bu and soybeans are at US\$13/bu. Watch these levels closely and use options & futures hedging strategies so you can protect your price but not have to promise your production. To find out how, connect with me at 844-982-0011 or commodity-options.ca.

Canola Industry Fueled For Growth – August 8, 2022

The Canadian Clean Fuel Regulations to reduce greenhouse gas emissions has fully cleared canola as a sustainable fuel stock compliant with federal land use and biodiversity standards. The Canadian Oilseed Processors Association said the new Clean Fuel Regulations hold quite a

bit of potential for new demand for renewable fuels which have the potential to increase demand for canola as well as domestic canola processing. It is estimated that almost a quarter of canola

production will be used for biofuels by 2030 since about \$2 billion worth of additional canola processing capital investment has been announced in Canada since 2021. However, these new regulations are only expected to be put in place by July of next year.

Bottom line, these changes will provide more underlying fundamental support for canola, but the demand impact will likely be gradual and incremental over time. As always, canola will also still be influenced by global energy markets like crude oil and oilseeds such as palm and soybean oil. To find out how to use canola options & futures to manage the fluctuations associated with these new regulations, connect with me at 844-982-0011 or commodity-options.ca.

Did you know...? – August 15, 2022



Did you know it's been ten years since the end of the Canadian Wheat Board monopoly? An article this past week by Ed White in the Western Producer reminded me that the CWB monopoly ended on August 1, 2012. So what has changed?

A proponent of free markets like myself, White points out that with "new grain companies entering the market, new facilities being built in a great wave of concrete construction, and the railways pouring money into their systems", the transition from a monopoly to the free market is going well and farmers are adapting to the new marketing reality too.

Producers all across the Prairies are finding new markets and buyers for their grain, investing in on-farm storage capacity and enhancing their grain marketing strategies. In particular, I've seen more and more growers learn about the importance of basis contracts, incorporate online farm marketing tools and use options & futures revenue management strategies to help them reach their marketing goals.

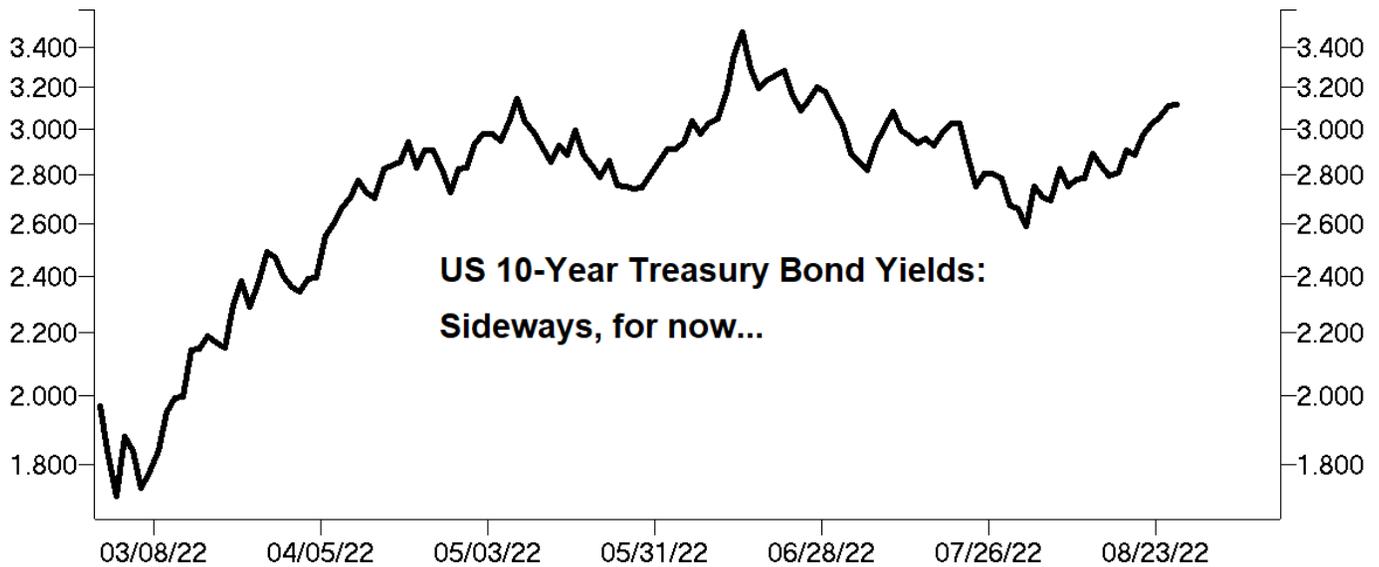
Bottom line, as the agricultural industry constantly moves forward, stay ahead of the curve by using options & futures to capture more marketing opportunities and reduce your risk. Connect with me at 844-982-0011 or commodity-options.ca.

So you thought interest rates were only going up?– August 22, 2022

Did you know that despite rising global interest rates, the world's second largest economy is actually cutting rates? The People's Bank of China (PBOC) lowered short term lending rates to banks by 10 basis points (bps) to 2.0% from 2.1% to "keep banking system liquidity reasonably ample" for the Chinese economy.

The inflation rate in China is also quite low, only about 2.5% over the past several months while it's been close to 10% across most other major countries.

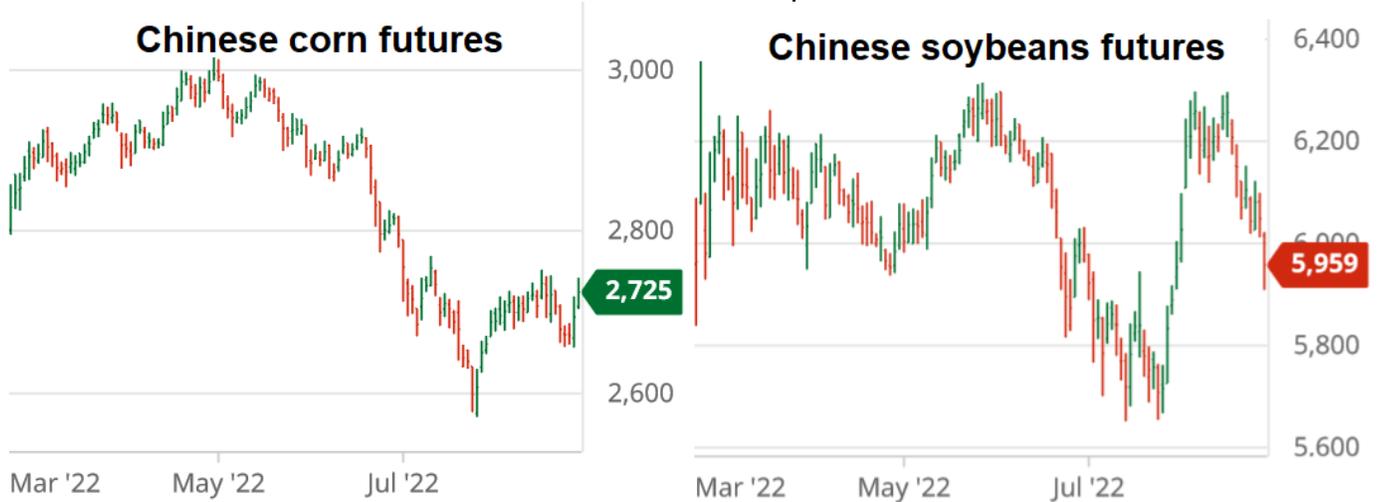
Interestingly enough, open market rates like 10-year US treasury bond yields have been falling too. They were as high as 3.5%, then fell all the way back to 2.5% and are now around now 3%.



Bottom line, while it's good to track what the Federal Reserve and Bank of Canada are doing, keep a closer eye on bond market rates to get a picture of where the market believes interest rates may be going. For market analysis and financial strategies, connect with me at 844-982-0011 or commodity-options.ca.

What does the drought in China mean for grain prices?– August 22, 2022

With recent Reuter news stories reporting the worst heatwave since 1960 hitting parts of China over the past couple of months, crop supply and food security are becoming an issue once again for the world's most populated country. The agriculture ministry said on Tuesday that the hot weather posed a "serious threat" to autumn grain production. So far, though, the impact on their corn and soybean prices has been minimal. For the past six months, Chinese soybean futures have been trading sideways while Chinese corn futures have been trending lower. At the same time, US corn and soybean futures have also been trading in a range. The same sideways price action has been the case for wheat and canola over the past few months as well.



Bottom line, grains are still at an important level of price support but a few more government crop reports, ever changing weather and harvest results over the next month could provide some direction for grain markets. For market analysis and hedging strategies heading into harvest, connect with me at 844-982-0011 or commodity-options.ca.

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