

# 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.

*"Chance favours the prepared mind."* – Louis Pasteur

## A picture is worth one word – December 6, 2021

Input costs like fertilizer and seed are near all time high levels. So what can you do about it?

I knew that fertilizer prices were high but when I looked again at some price charts, I realized just how quickly prices have moved up since the beginning of the year. While a picture may be worth a thousand words, this picture was worth just one word: Wow! Fertilizer prices have all just about tripled this year.

### **Cost of N/lb. (\$)**



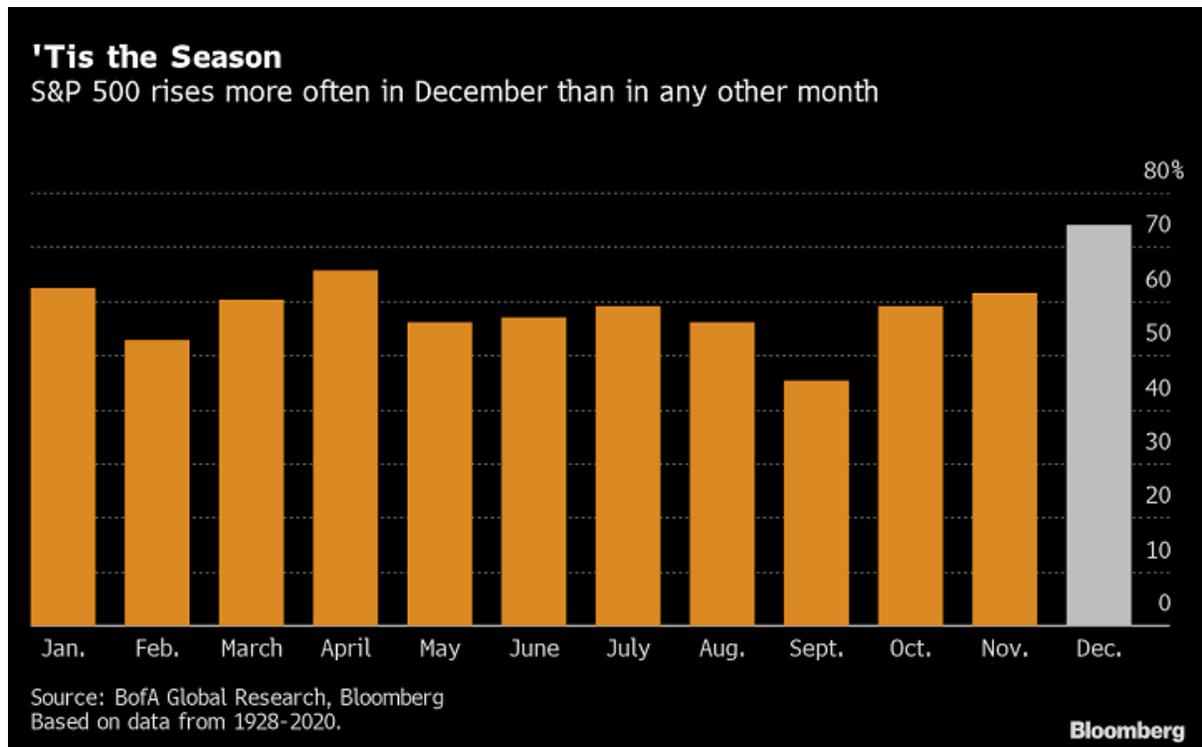
So what can you do about this going forward...? You can make sure you hedge your revenues. But, with last year's drought and buyouts still fresh in our minds as well as potential dryness again next year, that makes it even trickier to market and price your grain.

Bottom line, that's why adaptable marketing plans that allow you to separate your pricing and delivery decisions will be a crucial part of the marketing tool box again for the upcoming crop year. To find out how to capture these high crop prices with flexible option hedging strategies, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

## A strong finish – December 13, 2021

Historically, December is one of the strongest months of the year for stock markets. Will that hold true again this year?

2021 has been a strong year for stocks so far and based on historical data analysis since 1950, December has typically been one of the strongest months of the year for the S&P 500, producing an average gain of almost 2% and was positive about 75% of the time (SEE CHART). Most of these gains tend to occur in the second half of the month through to Christmas and New Years.



Furthermore, this momentum typically continues into the New Year. January has been one of the better months of the year for North American stocks since the 1950s as well, up an average of almost 1%. Will this seasonal pattern persist again this year?

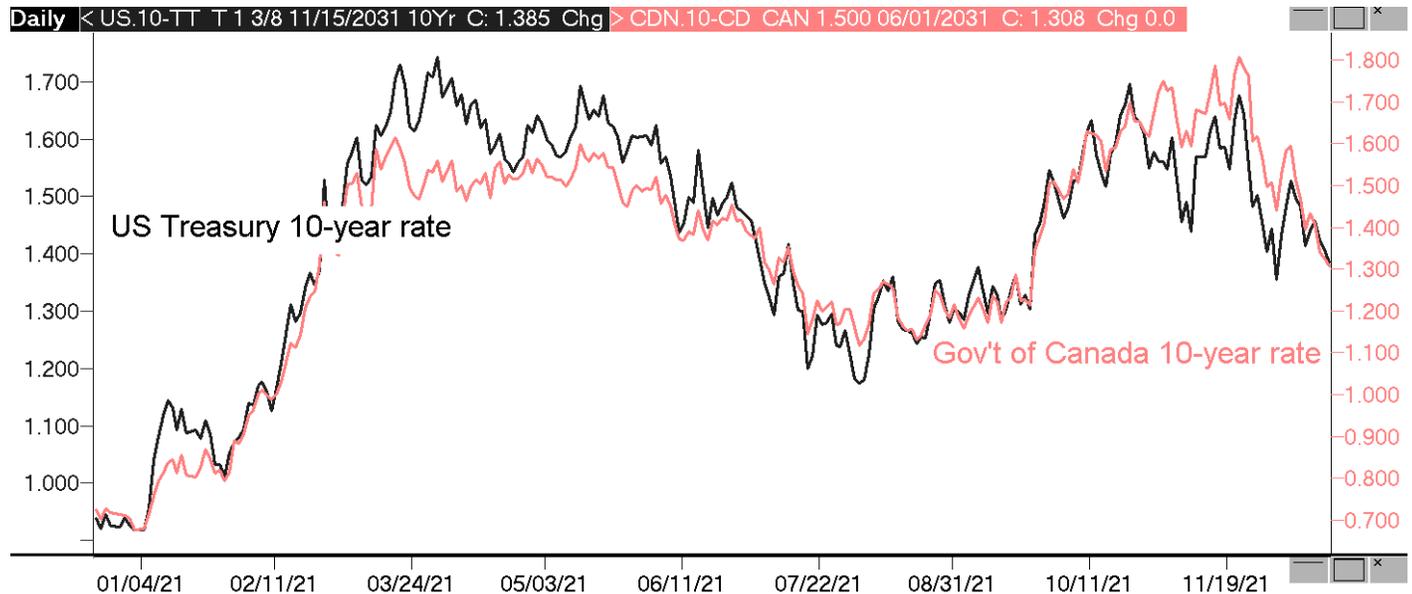
Bottom line, stock markets have been strong all year and are still in an uptrend. In fact, S&P 500 looks ready to break out to new all-time highs, so probabilities are that stocks will continue to drift higher into the New Year. For investment strategies and portfolio management, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

## Inflation is everywhere, or is it? – December 20, 2021

Inflation is everywhere; 4.7% in Canada, 6.8% in the US, 5.1% in the UK and even 4.9% in Europe.

The one place it isn't is where it should be: the bond market. Bonds are typically the investment most sensitive to higher interest rates and inflation because as rates rise, it makes the bonds you've already bought less valuable because you can now get a better rate elsewhere.

So if inflation is such a concern, why aren't bond yields rising? In fact, short term interest futures in Canada & the US have barely increased a quarter of a percentage point (0.25%) and longer-term government bond yields have hardly moved anywhere in months despite these high inflation figures. So why again aren't interest rates higher? Because central banks control interest rates, keeping short term rate low via interest rate policies and long term rates are kept low through their bond purchases.



Bottom line, why aren't bond prices collapsing and interest rates sky rocketing yet? Maybe everyone is just in a wait and see holding pattern, for now... For commodity hedging strategies and investment management, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

## Are rising interest rates bad for stocks? – December 27, 2021

What could rising rates mean for the markets and your investments?

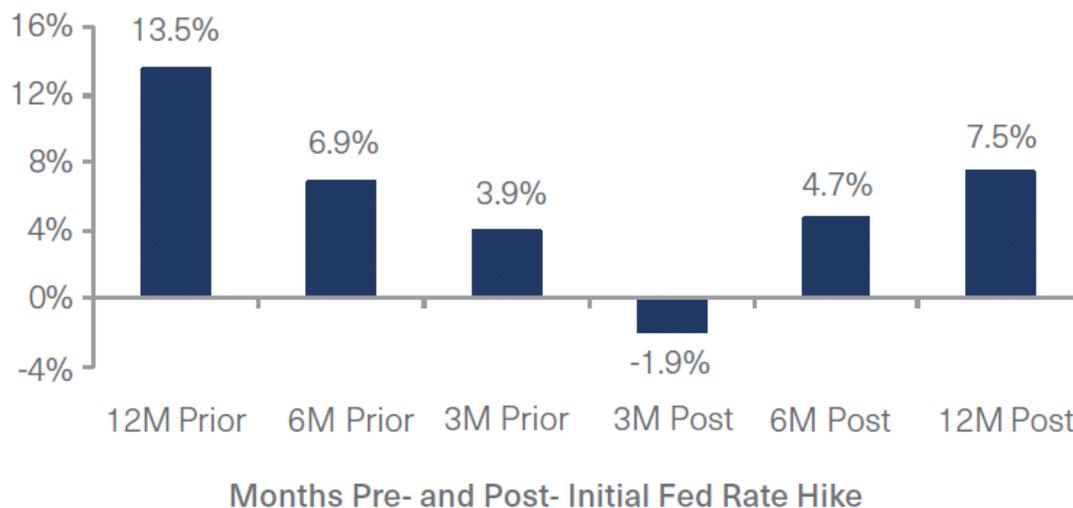
As we head into the new year, investors are now aware that the US Federal Reserve central bank projects it will likely raise interest rates in 2022.

People are worried what rising interest rates will mean for the economy as well as the stock market. But do they need to be? If we use history as a guide, perhaps not.

First of all, the Fed will typically only raise interest rates when the economy is strong, so that's a positive signal. And even if the Fed raises rates to 2% by the end of 2024 as they expect, that's still quite low.

Second, historically, in the six to twelve months before previous Federal Reserve interest rate hikes, stocks have been up around 10%. Furthermore, even 6 months to a year after an initial rate increase, US stocks have still moved up around 5%.

## S&P 500 Average Price Performance around Initial Fed Rate Hikes\*



*\*Includes 1994, 1999, 2004, 2016 cycles*

*Source: BMO Capital Markets Investment Strategy Group, Factset, Haver, FRB (November 18, 2021)*

Bottom line, based on past trading patterns, rising interest rates may not be as much of a concern for stocks as you think. For commodity hedging strategies and investment management, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

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