
MARKET WATCH

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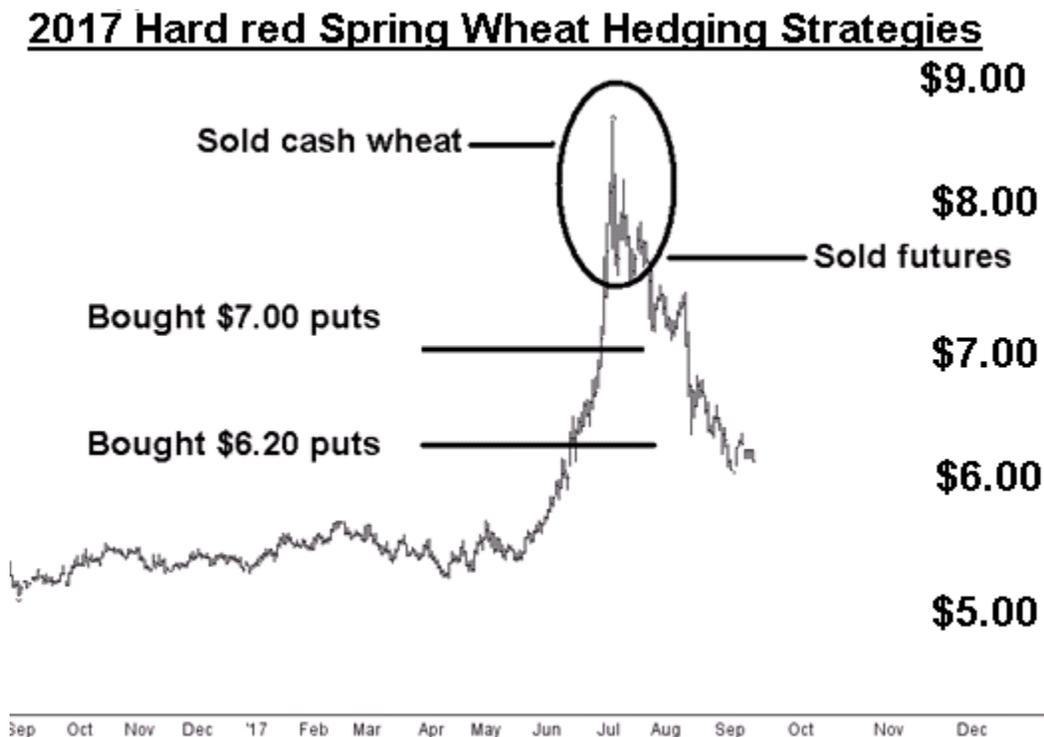
Connect at www.Commodity-Options.ca or 1-844-982-0011

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

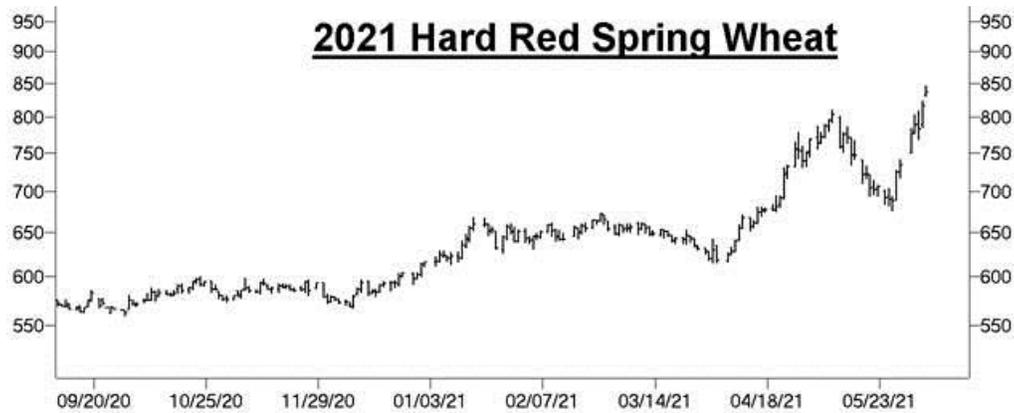
Is history repeating itself? – June 7, 2021

Four years ago this week, hard red spring wheat began a dramatic run up in prices during the month of June brought on by severe drought conditions. Is history repeating itself this year?

In 2017 during the month of June, drought concerns drove hard red spring wheat futures prices from US\$5.50/bu to over US\$8.50/bu. This provided a showcase for having comprehensive pricing strategies. A combination of option strategies, cash sales and futures hedges worked well to capture the high flying prices in 2017 while still managing physical delivery risks.



A variety of similar tactics makes sense again this year. When a weather market hits, it's a good to have a full range of pricing & hedging strategies including options and futures in your marketing toolbox.



Bottom line, different strategies are needed in different situations and like any good business approach, it helps to diversify and prepare for the inevitable price moves, both up and down. What will wheat prices do this year? No one knows for sure so for market analysis and farm hedging strategies, connect with me at 844-982-0011 or commodity-options.ca.

A cycle of drought – June 14, 2021

Not only do commodity prices have trends, but so does weather. When dealing with markets, the probabilities are good that a price trend in motion will continue in that motion. To some extent, the same is also true for weather trends.

I read an interesting article recently in the Manitoba Co-operator called "How to break a drought" that basically said that "rain brings more rain and drought brings more drought. If we are in drought conditions, and if these drought conditions are widespread, then it can be difficult to have large amounts of atmospheric moisture. The drier it gets, the tougher it gets to have a supply of moisture in the air; and the cycle continues."

"So, the article goes on to ask, has the dry weather resulted in less rainfall and an aggravation of dry conditions? To a point, yes, but with the right conditions in place we can still get rain and lots of it. Otherwise, we would never break out of a drought cycle."

Bottom line, patterns and trends develop in both commodity prices as well as the weather so for market analysis & flexible option hedging strategies to help manage weather uncertainty, connect with me at 844-982-0011 or commodity-options.ca.

A rising commodity tide lifts all boats – June 21, 2021

There are always two parts to an income statement to keep an eye on, even in these times of high grain prices. Both revenues and expenses work side by side to produce an income statement. So, even when you have times of high grain prices like we have now and revenues are increasing, it doesn't mean that expenses are staying flat.

The main input costs are going up as well. The cost of seed will increase as grain prices increase. Global fertilizer prices have risen between 50 and 100% in the past year as well. Fuel and diesel prices have gone up over 50%.

I've read a few stories about farmers wanting to upgrade equipment but tractor and planter prices have risen dramatically.

Or maybe now people will contemplate buying more land. But, most real estate like homes, cottages, vacation properties and land, including farm land, have been going up as well.

Rising grain prices also mean higher feed costs for livestock producers.

Bottom line, a tide of rising commodity prices lift all boats so even as grain prices are at sky high levels, some farm input costs have gone up as well. Option hedging strategies can help in this type of environment so for commodity analysis & farm marketing, connect with me at 844-982-0011 or commodity-options.ca.

Trend Reversal or Trend Continuation? – June 28, 2021

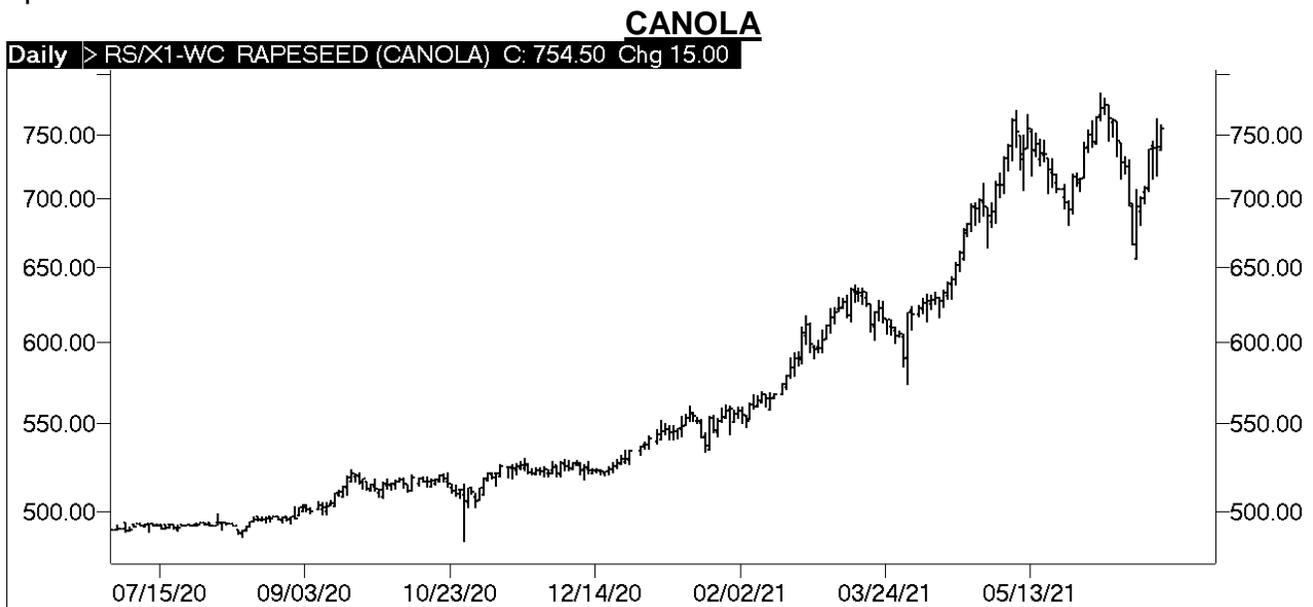
Overall, grain prices are still in a long-term uptrend but a few factors have been shifting.

First, the Premier of China said that his country, a key buyer and major factor in the year long uptrend, should keep grain prices at reasonable levels and curb rising prices of agriculture materials. He continued to say that effective measures should be taken to stabilize agriculture prices. Finally, he noted that China is targeting a larger corn crop this year to step up its focus on food security.

Second, while hard red spring wheat and canola futures are still pointing higher, the dominant corn and soybean markets have been more neutral or sideways over the past couple of months.

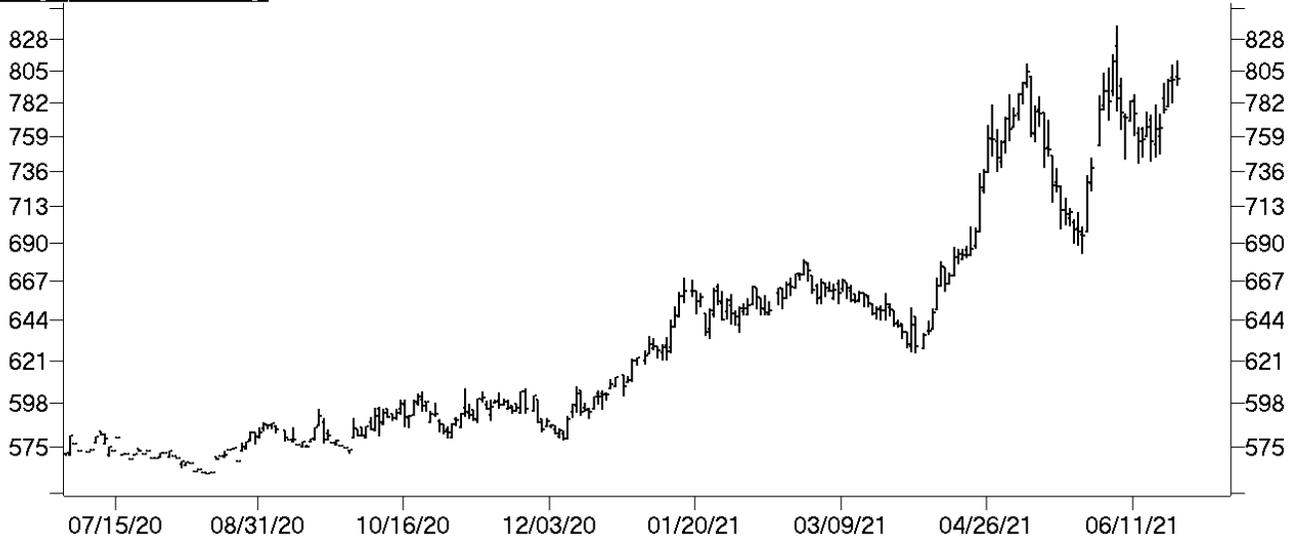
Bottom line, we are coming in to the time frame near the end of June and beginning of July when grain prices historically reach their weather-induced highs. This week's USDA and Statscan reports will help reinforce or change the existing trends. Either way, these reports should provide some direction going forward.

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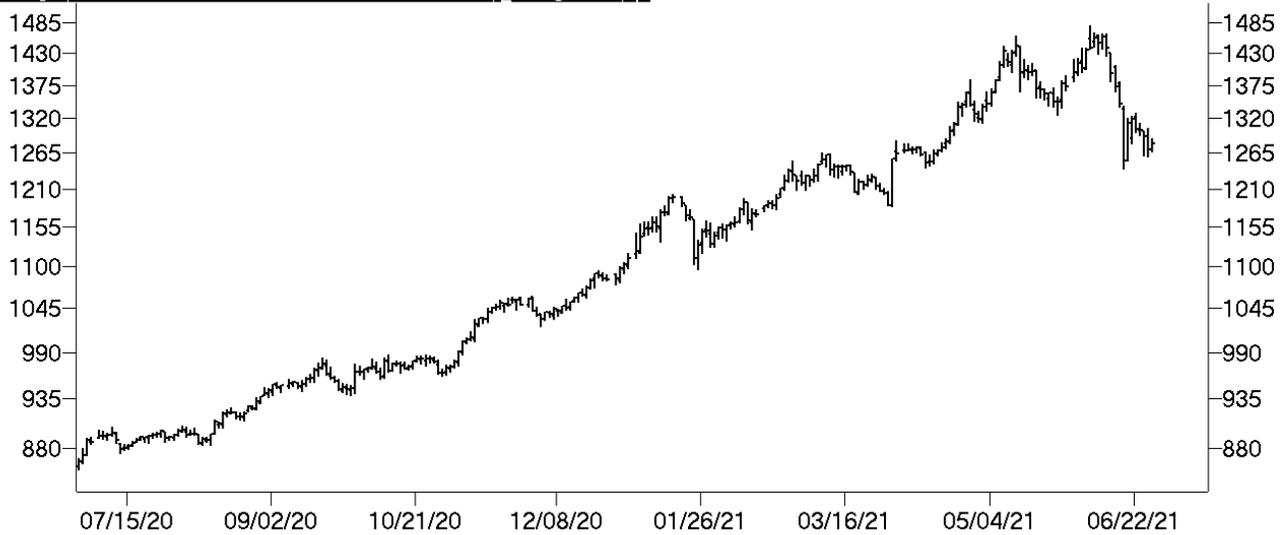
HARD RED SPRING WHEAT

Daily > MX/Z21 C: Chg



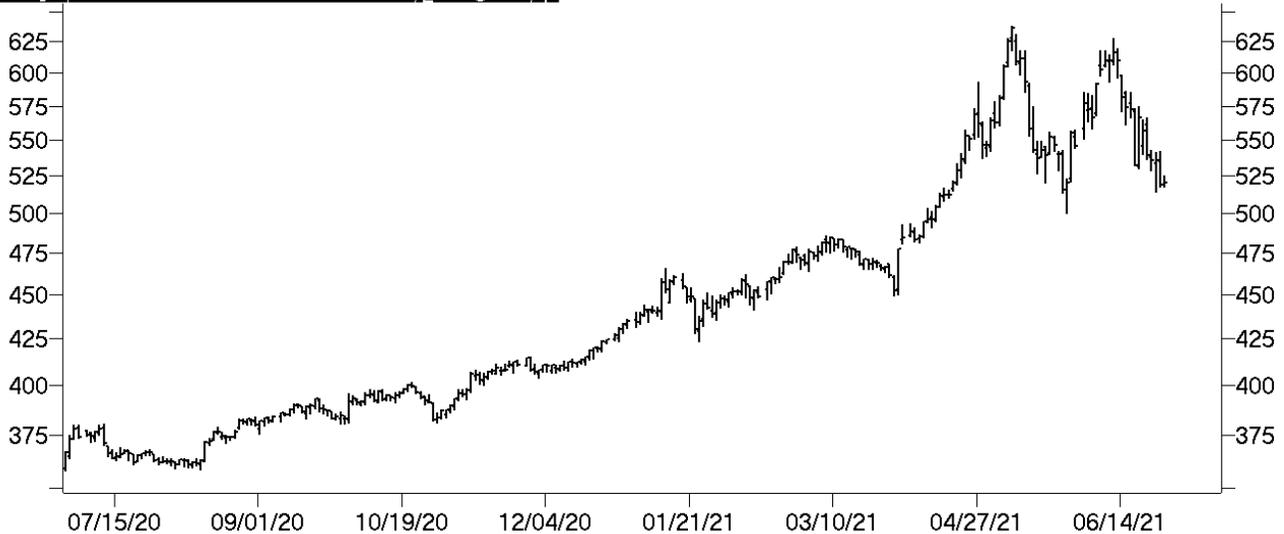
SOYBEANS

Daily > ZK/X1 SOYBEANS NOV1 C: 1280 1/2 Chg 10 3/4



CORN

Daily > ZG/Z1 CORN DEC1 C: 520 1/2 Chg 1 1/4



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