

MARKET WATCH

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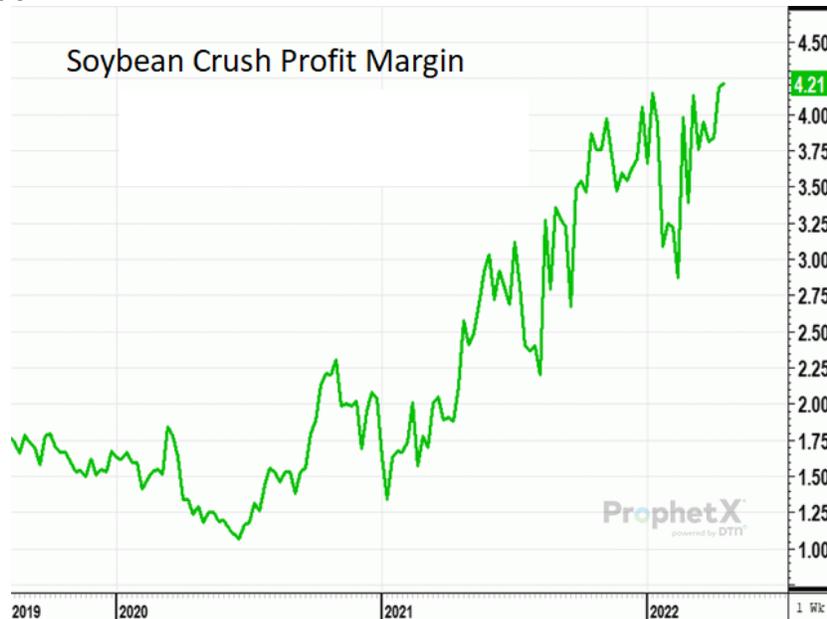
Connect at www.Commodity-Options.ca or 1-844-982-0011

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

Crushing it! – May 2, 2022

Most recently it was a continued partial ban of Indonesian palm oil, then Statscan seeding intentions report showed an initial estimated 7% decrease in seeded acres down to 20.9 million acres. Now we have supportive news from the US Environmental Protection Agency.

A recent proposed ruling by the US Environmental Protection Agency could allow canola oil to be used to make renewable diesel and jet fuel in addition to existing biodiesel and heating oil production under the U.S. Renewable Fuel Standard. In the U.S., soybean oil is now the main ingredient for biofuel.

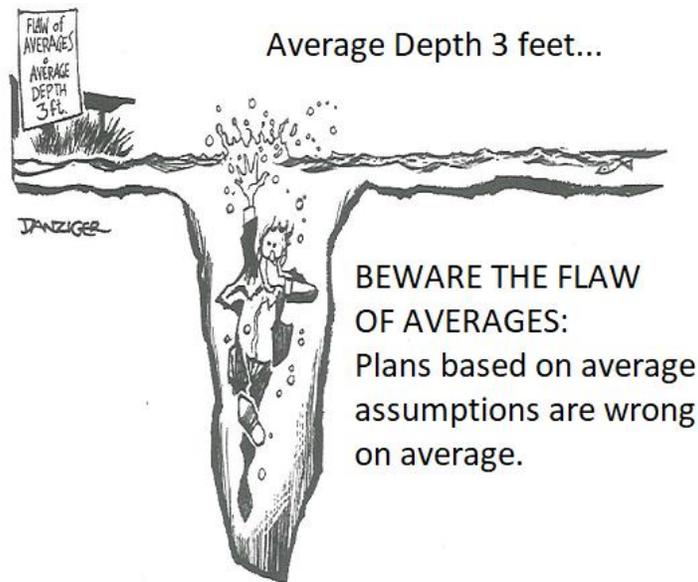


The Canadian Canola Council estimates this could eventually be a new source for 5 to 6 million tonnes of Canadian canola demand, nearly rivaling that of current US or China purchases.

Bottom line, will this continue to support the canola uptrend or is this price rally getting past its due date? We don't know for sure so for hedging strategies to capture these high grain prices, protect against downside risk and minimize your delivery commitments, connect with me at 844-982-0011 or commodity-options.ca.

On average, everything looks ok... – May 9, 2022

If you just take a Prairie average, it would seem that moisture levels are pretty good but barely anywhere are conditions ideal. In many places it's either too wet or too dry.



Looking at drought and precipitation maps of Canada, the variability of moisture levels across the Prairies is cause for concern and could provide additional support for Canadian crop prices. Planting is being affected by flooding here in Southern Manitoba, where seeding is delayed another two or three weeks. Meanwhile in Southern Alberta, many farmers have told me they are planting into dust.

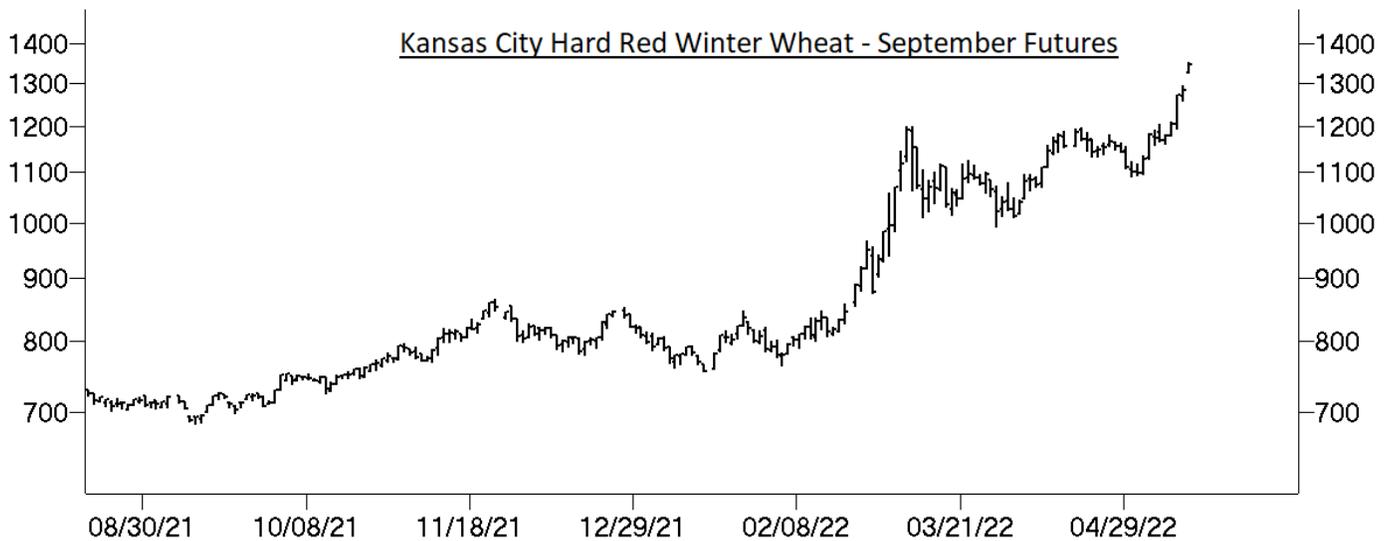
In the US, 35% of their hard red spring wheat, 76% of durum and 71% of barley are still under drought conditions.

Bottom line, we're still a long way out from harvest with a lot of weather ahead of us. However, these uncertain moisture and seeding conditions could affect ultimate production yields providing further support to the canola and wheat uptrends. We don't know for sure, so for hedging strategies to capture these high grain prices, protect against downside risk, participate in the prices move higher all while minimizing your delivery commitments, connect with me at 844-982-0011 or commodity-options.ca.

Limit up! (again...) – May 16, 2022

Wheat is an ideal crop to hedge using options and futures.

Recently, wheat has been the powerful wave on the rising tide grain commodities. Following the USDA report, wheat futures have traded limit up a couple time, pushing to new highs and reconfirming existing uptrends.



Whether it's hard red spring, CPS or a winter variety, wheat is a good crop for option strategies because they allow you to set a floor price to capture the current high prices, protect against the downside if trends reverse and participate in further upside, all without committing any grain for delivery. You can then look around for the best cash bids and basis levels down the road.

These flexible marketing strategies are especially important for wheat since you can minimize the grading risks associated with physical sales that can be discounted at delivery time.

Bottom line, option & futures hedging strategies to protect against downside risk, capture additional upside while minimizing your grading and delivery risks will be an important part of a farm marketing toolbox again this year. Connect with me at 844-982-0011 or commodity-options.ca.

Here we go again!! – May 23, 2022

A month ago, I wondered which commodity would be next in the series of restrictive trade events that are squeezing global commodity prices. Turns out it's wheat.

There are always unintended consequences of government interference on market prices. The intention of the Indonesian palm oil export ban was to bring down domestic prices. Instead, it has helped push up global oilseed prices and Indonesian palm oil futures are still above the price level before the ban.

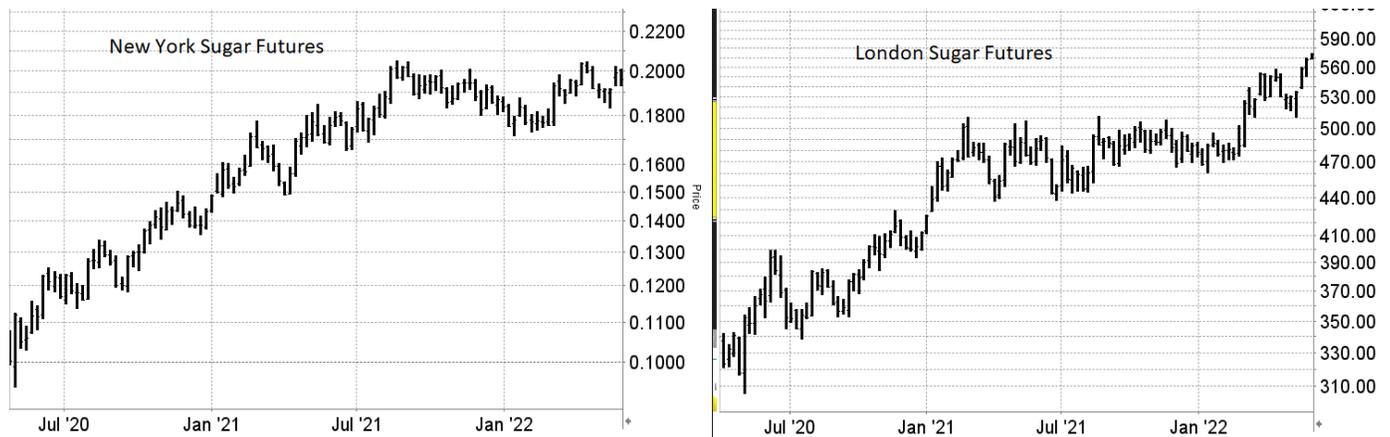
So far, wheat is trading in a similar pattern following the Indian wheat export ban announcement in order "to meet their food security needs". Wheat futures were limit up last Monday, pushing wheat to new highs and once again reconfirming existing uptrends. Wheat is also being supported by continued production issues in the US and planting delays in the northern states and Canadian Prairies, giving farmers some opportunities to hedge a some of their wheat at even higher prices.

Bottom line, as trade policies around the world evolve, option & futures hedging strategies will play an important part in farm marketing to protect against downside risk, capture additional upside all while minimizing delivery commitments. To find out how, connect with me at 844-982-0011 or commodity-options.ca.

Sugar High... – May 30, 2022

First it was palm oil, then wheat, now it's sugar. Last week, the International Monetary Fund, or the IMF, said “We have about 20 plus countries that have put restrictions on exports of food and fertilizers.”

Sugar is the latest food in a series of trade restrictions to experience an export ban by a major commodity producing and exporting country. Last week, India imposed export restrictions on sugar for the first time in six years in an effort to slow down dramatic domestic price increases. Global sugar futures have doubled in the past two years and are still pointing higher, showing bullish price patterns and trends.



India is the world's biggest sugar producer and the second biggest exporter next to Brazil. The Indian government is worried about food inflation and wants to make sure there is enough sugar in the country.

Bottom line, which food will be hit next with trade restrictions? We don't know, but it seems inevitable that some commodity somewhere will become the latest victim in the wave of tightening global food availability. For futures & options hedging strategies to help navigate these commodity price fluctuations, connect with me at 844-982-0011 or commodity-options.ca.

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