
MARKET WATCH

**David Derwin – Portfolio Manager & Investment Advisor
PI Financial Corp.**

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.

"Wheat is 14% protein and 86% politics." -old trading adage

High crop prices + low interest rates = Higher farm land values **– October 4, 2021**

We all know grain prices are significantly higher than a year ago and that borrowing costs still remain historically low; both support demand and prices in general for farm land.

Table 1. Average farmland value increases

	Average % change Jan 2021 - June 2021 (6 months)	Average % change July 2020 - June 2021 (12 months)
BC	8.8	13.6
AB	3.7	5.6
SK	1.8	3.5
MB	3.5	6.3
ON	11.5	15.4
QC	8.1	13.7
NB	0.9	1.8
NS	4.5	5.8
PEI	0.4	1.5
NL	N/A	N/A
Canada	3.8	6.1

Source: FCC calculations.

The recent FCC farm land report continues to higher values. For, Alberta price increases were 6% over 12 months as some areas experienced several poor harvest years in a row. Even still, the highest increases were primarily on the lower-priced, less valuable land.

However, in Saskatchewan, the average 1-year increase of 3.5% is the lowest increase in the last 15 years; perhaps because parts of western of Saskatchewan have been experiencing drier conditions for some time.

Manitoba farmland value increases have been steady in recent years but with crops currently being affected by drought conditions, it will be important to watch this impact on land demand going forward.

Bottom line, crop prices, farm land values and interest rates all affect decision making so for hedging & farm financial solutions that can help form the foundation for your overall business plan, connect with me at 844-982-0011 or commodity-options.ca.

Winter Weather Forecast – October 11, 2021

With drought, winter snow cover concerns and rising natural gas prices all making news headlines, what's the winter weather forecast for North America?

The latest Farmer's Almanac winter forecast for Canada predicts snow fall at a near-normal, average amount from coast to coast. Overall they are predicting temperatures well below normal for Central Canada and near normal across Western Canada. As we turn to Spring, most parts of the nation will experience unseasonably cold temperatures.

Canadian FARMERS' ALMANAC
SINCE 1818

2021-22 WINTER OUTLOOK

Frosty Flip-Flop Winter

Typical Winter Temperatures & Precipitation

Numb's the Word, Just Shovelin' Along

Icy, Flaky

Typical Winter Chill, Stormy Jan., Tranquil Feb.

Seasonably Cold, Near Normal Winter Precipitation

FarmersAlmanac.com

f t p i d

The *Farmers' Almanac* is also predicting a near-normal amount of snowfall across the US. The West can expect some hefty storms moving inland from the Pacific but they most likely won't alleviate the drought conditions that area is experiencing. As for temperatures, they are forecasting well below-normal temperatures over the Central US. In particular, the Almanac is predicting similar cold and snowy conditions in late January again this year for Texas and Oklahoma; but fortunately, they shouldn't be as bad as last year.



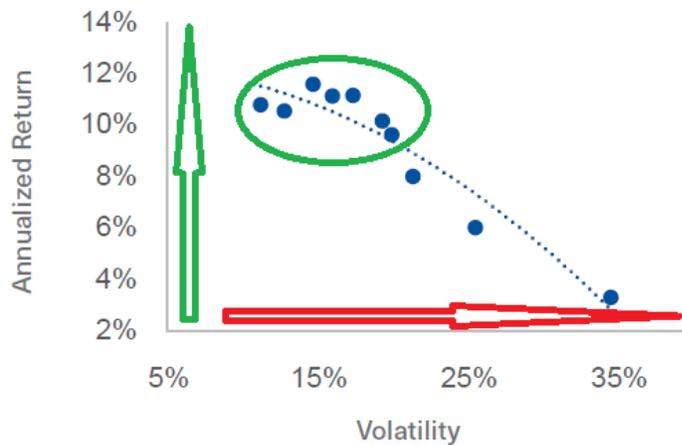
Bottom line, we will all be extra sensitive to weather this upcoming year and it will have an impact on commodity prices. For option-hedging strategies to manage both price and production risks as well as opportunities, connect with me at 844-982-0011 or commodity-options.ca.

Does Higher Risk = Higher Return? – October 18, 2021

Does high risk always equal higher returns? We've all heard the saying "no risk, no reward" or "the higher the risk, the higher the return" but is that necessarily true? Do high risk investments make for higher returns?

There will always be outsized returns if a tech company develops a new revolutionary product, a pharmaceutical firm gets US Food & Drug Administration approval for a new medication or a junior mining company strikes gold. However, based on empirical data from a recent Brompton Funds report, low volatility strategies have generated attractive risk-adjusted returns over long periods of time across various market cycles." In fact, over the past 20 years, the return on a portfolio of lower risk stocks was double that of a basket of high risk stocks.

Portfolio Returns By Volatility Decile (2000 to 2020)



Source: www.paradoxinvesting.com (February 2021)

Bottom line, a diverse holding of large well-known, steady companies that might also pay a good dividend have proven to be good investments over time. For portfolio management strategies for your TFSA, retirement portfolio or farm business account, connect with me at 844-982-0011 or commodity-options.ca.

1 + 1 = 3 – October 25, 2021

In the world of business, different strategies create synergies where one plus one can equal three.

Over the years, Dave Gallant, Director of Finance & Operations at the Canadian Canola Growers Association (CCGA) and I have talked a lot about how hedging and financing tools work together to help create a more diverse and robust farm.

In particular, farmers can match an Advance Payments Program (APP) cash advance to access cash flow on their inventory to cover seasonal operating expenses, pre-purchase next year's inputs, upgrade or do maintenance on farm equipment or invest in capital purchases.

This works well since the cash advance program allows you to matching loan repayments with options and futures hedging that coincide with when you want to make physical sales.

Bottom line, both options & futures hedging as well as the cash advance program can help you manage price and production risk to create greater marketing flexibility and adaptability, especially if we have drought conditions again next year. To find out more, connect with me at 844-982-0011 or commodity-options.ca.

Options and Commodity trading has inherent risks where significant loss of capital may occur. Investors should consult with their investment advisor to determine if options and commodity trading is suitable for their portfolio and risk tolerance profile. This document has been prepared by David Derwin, Portfolio Manager & Investment Advisor for PI Financial Corp, for information purposes only. This is not an official publication of PI Financial Corp. and the author is not a PI Financial Corp. analyst. The views expressed herein are those of the author alone, not necessarily those of PI Financial Corp. The information contained herein has been obtained from sources believed to be reliable, but the accuracy or completeness of the information is not guaranteed, nor in providing it does PI Financial Corp. assume any responsibility or liability. This document is not to be construed as an offer to sell or a solicitation of an offer to buy any securities and is intended for distribution only to those jurisdictions where PI Financial Corp. is registered as an advisor or a dealer in securities. The inventories of PI Financial Corp, its affiliated companies and the holdings of their respective directors and officers and companies with which they are associated may from time to time include the securities mentioned herein. PI Financial Corp. is a member of the Canadian Investor Protection Fund & the Investment Industry Regulatory Organization of Canada.