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# 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.**

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## **Ready, Aim, Fire – April 3, 2017**

You sit down with your management team on your farm and make plans for the year: Operational plans, investment plans, human resource plans, and more. But do you also have a set of financial targets?

As the new crop year begins, Backswath Management, a farm business management consulting firm, stresses the importance of farm financial targets. "If you and your team do not have a set of financial targets that you are working towards, how will you be able to evaluate your performance at the end of the year? What will you compare it to?"

"Sure, you can look at your net income and call the year a success (or failure), but are you profitable enough to keep up with your competition? Are you building enough equity so that your farm can sustain itself through lean times, or a succession to the next generation?"

These are all important questions according to Backswath and they believe that "setting targets is a relatively simple process that will provide you with additional context when analyzing your performance. It's an important part of the strategic planning process."

Bottom line, without targets, what are you working towards? To better aim for and hit your financial targets this year, connect with me or the team at Backswath at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

## **Long-Term Weather Patterns & Trends – April 10, 2017**

One thing that dramatically affects agriculture commodity prices is weather. While we all keep an eye on daily, weekly and monthly weather forecast & conditions, it's also good to look at longer-term weather patterns and trends.

The Prairie Climate Center, a collaboration of The University of Winnipeg and the International Institute for Sustainable Development (IISD), has developed interactive longer-term weather & climate charts on their site [www.climateatlas.ca](http://www.climateatlas.ca). What's interesting are the forecasted weather impacts on farming across the Prairies:

- Spring is expected to experience the largest increase in precipitation
- Summers are likely to get much warmer, but precipitation changes will be region specific
- Falls are expected to get slightly wetter but substantially warmer
- Winter precipitation is projected to increase but more of this precipitation is likely to fall as rain.

Overall, with potentially more +30c days as well as more frost free days, a longer growing season provides farmers with new opportunities and risks.

Bottom line, long-term weather volatility, just like price volatility, will impact the crops you grow and the revenues you get for you farm. To help manage and protect farm revenues through all weather conditions, connect with me 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

## **Know Your Options – April 17, 2017**

This week we are going to get technical to address some common questions about commodity option hedging strategies.

Think of put and call options on stocks, commodities or currency as similar to life insurance, crop insurance or general insurance that protects your equipment or buildings. They all have a premium, level of protection on an asset, time frame and associated perceived risk.

When it comes to exchange-traded options on grains, livestock or currencies, the common questions are:

- what level of protection,
- which type of strategy, and
- how far out into the future should I go.

The amount of market uncertainty or volatility will greatly influence option premiums, when to implement protection and which strategy to use: either simply buying options, using spreads or including more advanced option selling strategies as part of your hedging process.

Bottom line, when using options, make sure your strategy takes into account the perceived riskiness of current market conditions so you can benefit from volatility and put the odds in your favour.

## **Protecting Your Greatest Asset... You – April 24, 2017**

I talk a lot about risk management on the farm so today we'll discuss protecting your farm's greatest asset... you.

One of the greatest assets on your farm is you, the farmer running the business. How can you protect that value and manage the associated risks? Ray Vermette of Vermette Financial says:

"Why do Canadian farmers buy life insurance? The most common answer is to cover off debt. This is because of the risk it poses to financial security and the farm's continuity in the event of the premature passing of the farmer."

Vermette goes on to say: "This answer is not incorrect but is incomplete; no one wants to plan for the certainty of death and this is the biggest risk a farm will face."

"But, like the various tools a farmer has in the shop, life insurance is simply another tool to assist a farm to move forward in a time of change. And, what is often perceived as a cost, is in fact one of the most tax effective financial tools that CRA still allows to exist."

Bottom line, to manage your farm risks and protect your greatest assets, connect with me to learn about your all farm financial strategies.

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