
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.

Farm Equipment Sales Down – December 2, 2019

Last week we reviewed how weak fertilizer markets are a sign of challenging times for farming. Today, we'll look at another market based farm economy indicator.

According to the Canadian Federation of Agriculture, farm equipment sales are one of the better barometers of the health of the farm economy noting “they have certainly declined immensely here in Canada. That’s a prime indicator of people not spending money because they don’t have it to spend.”

For example, two-wheel drive tractor sales are down four percent in Canada through the first 10 months of 2019, based to the Association of Equipment Manufacturers figures.

Furthermore, their data shows that four-wheel drive tractor sales fell 35 percent. Combine sales have dropped 25 percent.

Bottom line, it’s been a tough couple of years in farming. One approach that can help in this environment is a renewed focus on marketing to protect prices and maximize revenues. To learn about all the hedging tools available to your farm, connect with me at 844-982-0011 or commodity-options.ca.

The evolving dynamics of the North American energy markets – December 9, 2019

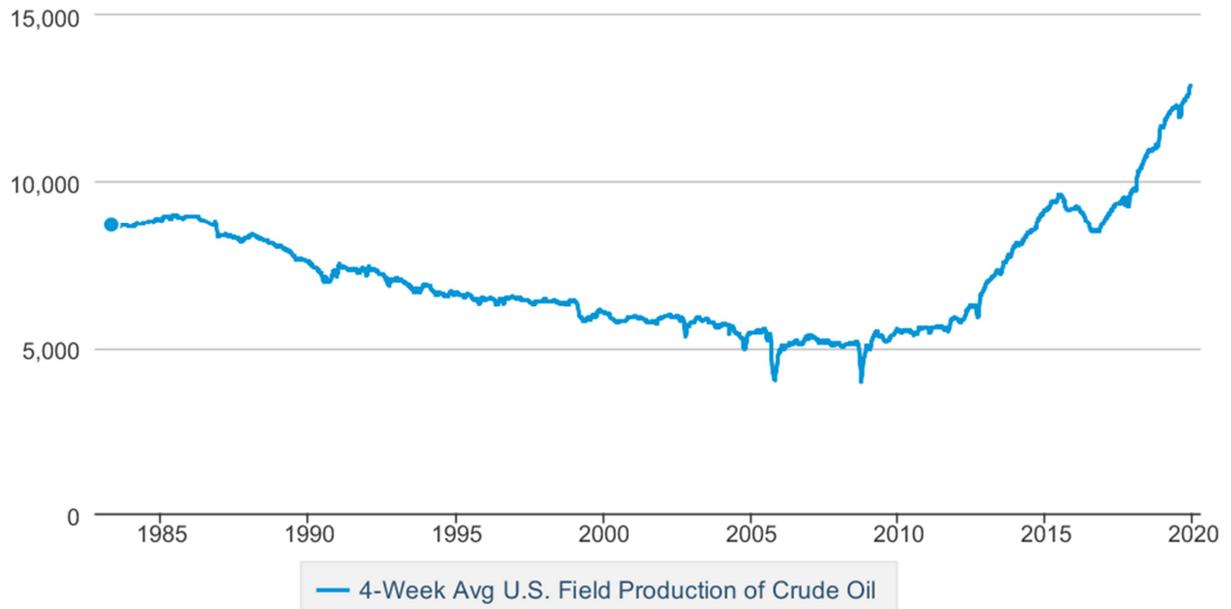
According to the U.S. Energy Information Administration (EIA), American crude oil output hit a record of almost 13 million barrels per day in November. They said “the United States remains on course to set new crude oil production records this year and next”, growing more than expected in 2019 and 2020. At the same time, US crude oil and petroleum products exports continue to make new all-time highs as well. (SEE CHARTS)

These market dynamics will continue to put pressure on Canadian oil prices. Without a way to get more of our oil to market, the price discount to West Texas oil, the US benchmark, which is currently around \$20/barrel, will persist.

Bottom line, the North American energy market is changing and so could the Canadian dollar's historical relationship with oil. Other factors may begin to have more influence over the future direction of our loonie. For more market insights and commodity commentary, connect with me at 844-982-0011 or commodity-options.ca.

4-Week Avg U.S. Field Production of Crude Oil

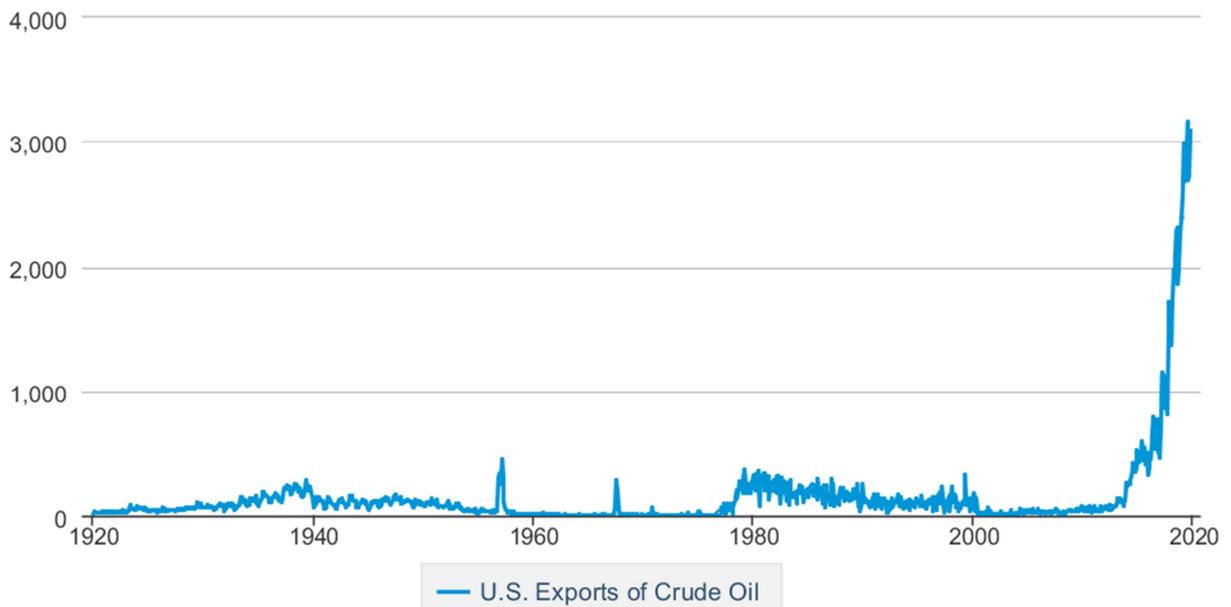
Thousand Barrels per Day



 Source: U.S. Energy Information Administration

U.S. Exports of Crude Oil

Thousand Barrels per Day



 Source: U.S. Energy Information Administration

Land Economics – December 16, 2019

Land has been an important part of farm equity and growth over the past several years, but will that continue going forward? Agriculture land values have been the key pillar of equity and growth for farms for the past several years, but in a recent poll by the Federal Agricultural Mortgage Corp and the American Bankers Association, nearly of half of the US bankers said they expect land values to decline in 2020.

Meanwhile here in Canada, Farm Credit Canada numbers show that land values still increased 3% for the first six month of 2019. However, they did mention that “if you look at the price of land on average compared to what you can get out of your land, we’re at the top of the cycle.” FCC urges farmers to have a risk management plan that protects them as much as possible for unpredictable circumstances.

Bottom line, as part of an overall risk management plan, have marketing strategies ready to benefit from any trade settlement with China that takes hold or any sustained increase in grain prices to higher levels. To include options & futures as part of this process, connect with me at 844-982-0011 or commodity-options.ca.

The most important market development of 2019 – December 23, 2019

There were a lot of attention grabbing news headlines this past year:

- the new NAFTA
- potential war with North Korea
- Chinese trade issues with both Canada and the US
- the Brexit vote supporting the UK's decision to leave the European Union
- re-election of the Liberal government in Canada
- Trump impeachment

Despite all these exciting topics, the most important development of 2019 could be the more mundane continued low interest rate environment. Global interest rate conditions have a long-term, broad-based underlying impact that affects almost all economies and all markets.

While low interest rates has been a policy desire of Trump's all year, he reiterated this again near the middle of November when he said: “In fact, our rates should be lower than all others (we are the U.S.). Too strong a Dollar hurting manufacturers & growth!” And coming in to a US election year, these low rates are likely here to stay for 2020. Here's to looking ahead to the new crop & marketing year in 2020 so connect with me at 844-982-0011 or commodity-options.ca

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