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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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## **Data Driven Marketing – September 9, 2019**

I've read a lot of insightful articles lately about using the large amounts of operational data available to make your farm more efficient and effective. There's data from your equipment and crop input usage, historical precipitation and rainfall numbers in addition to yield maps, soil moisture probes, variable-rate technology and drones.

The same kinds of figures are available for cattle producers to assess feedlot performance and carcass information as well as feed conversion and rates of weight gain.

Another area of farming that is rich with data is marketing. You've got between 30 to 50 years or more of daily, weekly and monthly grain, livestock, currency, interest rate and energy price data. You can also look at their seasonal patterns, relative spreads between commodities as well as options data. It's truly a treasure trove of numbers for the analytically minded.

Bottom line, data is not the magic bullet solution for all farming jobs, including marketing. However, it helps to have access to it, interpret it and then use it to make informed decisions that can help improve the return on your investment. For data driven hedging and marketing strategies, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca)

## **Negative Interest Rates in Canada? – September 16, 2019**

Negative rates are nothing new for many countries around the world. Could Canada and the US follow as well?

Recently, the average 5-year interest rate for government debt with negative yields throughout Europe and Japan was around negative 0.5%:

At the same time, the similar US rate was positive 1.4%, while Canada was plus 1.2%. However, Trump is now saying "The Federal Reserve should get our interest rates down to ZERO, or less... to do what other countries are already doing."

<u>Nation</u>	<u>5-Year Yield</u>
Denmark	-0.913%
Germany	-0.901%
Netherlands	-0.828%
Finland	-0.789%
France	-0.762%
Austria	-0.741%
Sweden	-0.737%
Belgium	-0.666%
Slovakia	-0.529%
Ireland	-0.554%
Slovenia	-0.529%
Latvia	-0.495%
Spain	-0.398%
Portugal	-0.370%
Bulgaria	-0.114%
Cyprus	-0.054%
Lithuania	-0.019%
United States	+1.37%

\*Data according to Bloomberg

How does all this affect Prairies farmers? First, Canadian interest rates are following other countries around the world lower which is helpful to reduce borrowing costs. The second area is currency. Whether our buck rises or falls versus the US dollar depends on a few factors, including oil prices and the Bank of Canada interest rate policy compared to the US Federal Reserve.

Bottom line, never say never in the markets and we could see negative rates in both Canada and the US. There will likely be more foreign exchange fluctuations so for Canadian dollar analysis and hedging strategies to manage these risks and opportunities, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

### **Oil – September 23, 2019**

Will last week's 8% rise in oil prices from the bombing of Saudi Arabia's largest oil facilities trigger a new up trend in oil? Continued disruption and geopolitical uncertainty surrounding Middle East oil could lead to additional buying for inventory build-up and stock piling purposes. This would introduce renewed risk premium and volatility into the energy markets and ultimately higher oil prices.

For the Canadian dollar, which is often been called a petrocurrency because the oil industry represents 20% of the Canadian stock market, it would be another supporting factor for the loonie versus the US greenback. In fact, its long term historical correlation with oil is around 90% so where oil goes, the C\$ dollar is likely to follow. This is in addition the widening Canada/US interest rate gap, which is also positive for the Canadian dollar.

Bottom line, since the C\$ has been tracking oil very closely over the past 4 months, any sustained oil price increase or uptrend would help strengthen our currency. For foreign exchange analysis and hedging strategies to manage these risks and opportunities, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

### **A fake market for your crops - September 30, 2019**

Finally something fake that's real. The market for animal meat substitutes is in a well-defined uptrend. Peas, lentils, soybeans, as well as wheat and canola, are all finding their way into consumer products as alternatives to meats. Numerous large companies from A&W and Tim Hortons, to Maple Leaf Foods as well as ADM and Bunge, have all put resources towards plant based proteins.

While they may not be able to replace a steak or a rack of ribs, other products like lentil or bean based burgers and veggie hot dogs are becoming much more common and popular.

Over time, the fake meat industry could become a very real market outlet for the commodities you grow. This would help smooth out and offset other supply and demand issues like large grain inventories or Chinese trade issues.

Bottom line, markets are always growing and adapting, so the factors affecting commodity prices are constantly changing as well. For a monthly commodity newsletter full of thoughts and ideas on farm commodity markets, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

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