

---

# MARKET WATCH

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

Connect at [www.Commodity-Options.ca](http://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.

---

## **Happy New Year and Make it a Profitable 2017 – January 9, 2017**

The New Year is often a good time to reflect. So for my first Market Watch of 2017, we'll think about what it means to be a farmer.

Over the holidays, I read an interesting poll done by the show 60 Minutes. It talked about major issues we all face on this earth from global warming to war and even "end of the world" scenarios.

One question that caught my attention was: "Which type of person would you most want to have on your side in a post-apocalyptic world?"

The #1 answer was a doctor at 32% of the respondents. But, almost tied at first place with 31% was a farmer. This isn't very surprising since many surveys I've read in the past several past years often placed farmers in the top three most trusted professions.

Farmers are the growers of food for people everywhere. It reminds me of the saying: "If you ate today, thank a farmer!"

Bottom line, farmers that are the backbone of the food and agriculture industry. I'm doing what I can to support farm businesses by helping them improve and increase their profitability and financial sustainability.

## **AgriInvest: Another tool in the farm financial toolbox – January 16, 2017**

Today we'll look at one of the more popular Agriculture Canada farm business risk mitigation programs.

Talbot & Associates Agriculture Manager & CPA, CGA, Julien Grenier noted that the AgriInvest program is one of the main risk mitigating programs offered to producers by the federal and provincial governments.

AgriInvest is a self-managed producer-government savings account to help manage small income shortfalls or make investments to reduce on-farm risks. Producers contribute to a special savings account, held at the producer's financial institution. The government will match the producer contribution up to 1.0% of their Allowable Net Sales with a limit of \$15,000 a year.

Producers can withdraw funds any time throughout the year. Withdrawals are paid out of the government contribution portion first. That amount is only then taxable in the year the government funds are withdrawn from the account.

Bottom line, AgriInvest is another tool in the farm financial toolbox. Feel free to contact the chartered professional accountants at Talbot & Associate to find out more.

## **US Farm Financial Data: Challenging Times Ahead for Canadian Farmers? – January 23, 2017**

Financial data out of the US shows some harsh numbers in farming, and here's what you can do about it.

A recent article in Country Guide entitled "A shadow on land prices" highlighted some stark numbers in US agriculture.

For example, compared to 2013, Chapter 12 farm bankruptcy filings across the top grain-producing states in the U.S. climbed 50 per cent in the 12-month period ending on June 30. In Iowa, the biggest corn producer of all, they jumped a massive 125 per cent.

Then in August, the 2016 Purdue Farmland Value Survey revealed that Indiana farmland values had plunged another 8.5% per cent after having fallen 5% in 2015.

Declines this big have not been seen since the mid-'80s, the university said. And now, farm surveys were also reporting similar drops across the Midwest in cash rents.

These issues have not hit Canada, yet... And one of the main reasons is a continued weak Canadian dollar.

Bottom line, farm businesses in Canada shouldn't rely on a weak loonie to help meet profit targets, especially in these more challenging times. So, learn more about revenue protection strategies using grain, livestock & C\$ options & futures.

## **Farming Big Data in the Agriculture Markets: Part 1 – January 30, 2017**

As part of a three week series, we'll crunch some big data on the agriculture markets.

Big data gets a lot of attention: from online shopping patterns, to life insurance premiums, to high-precision farming equipment. However, risk management & hedging have not received enough scientific analysis and attention to detail.

As a result, only between 5-10% of producers in Canada use tools like options & futures to protect grain & livestock revenues.

At the same time, historical data shows that volatility in commodities like wheat and canola has increased over the past 30 years making farm marketing more challenging.

My study shows that both active and passive selling programs using options & futures give you the opportunity to more profitably sell your commodities. Next week we'll look at some of the main myths and misperceptions that surround farm commodity marketing.

Bottom line, markets have become more volatile in the past 30 years and options & futures are like a Swiss Army knife with all the tools you need to improve your marketing.

*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.*