
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.

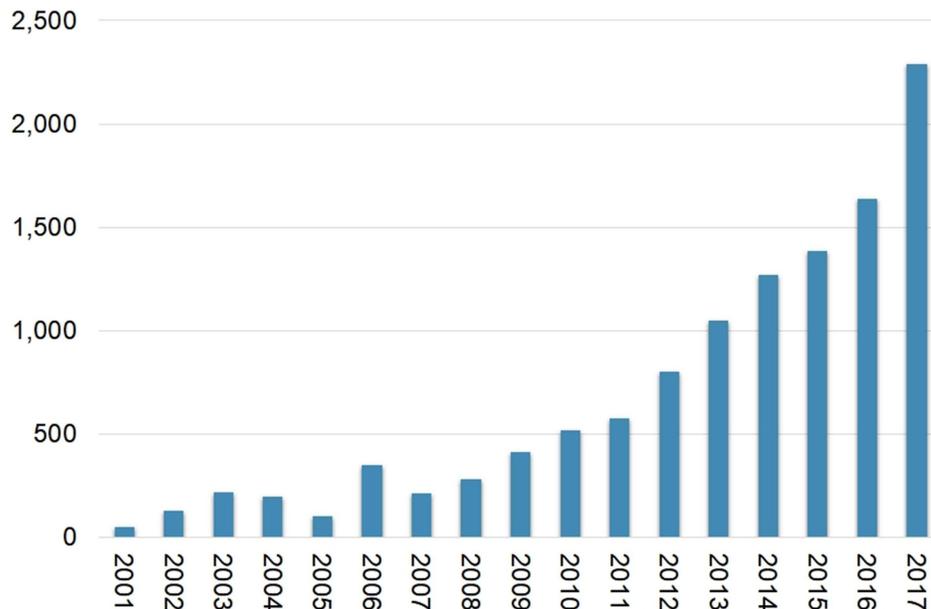
Soybeans – June 4, 2018

For those both old and new to soybean, options can provide solutions to both marketing and production issues.

Dry growing conditions last year made it difficult for soybean growers, especially a lot of new soybean growers. However, acres still seem to be expanding, according to the Manitoba Pulse & Soybean Growers Association. Overall soybean acres in Manitoba have increased from about 1 million in 2013 to around 2.3 million, second only to canola.

MANITOBA SEEDED ACREAGE OF SOYBEANS

Source: StatsCan; in thousand acres



Source: deputer.ca

Soybean yields in Manitoba were mostly in the 30s last year compared to 40 and 50 the previous year. 2018 is starting out dry in many areas so yield variability could be a concern again. This production risk and the novelty of selling soybeans for many growers makes deferred delivery contracts a less attractive marketing alternative.

Fortunately, soybean options are the ideal marketing tool since it removes the issues of just locking in a fixed price as well as having to commit an unknown amount of production for delivery.

Bottom line, with soybeans being one of the most liquid grain futures contracts, option hedging strategies can be flexible and tailored to your farm's unique circumstances. So with more weather uncertainty to come, connect with me at 844-982-0011 or commodity-options.ca for soybean hedging strategies to manage both price and production risks and opportunities.

"Never test the depth of the water with both feet": African Proverb – June 11, 2018

There's an African proverb that says: "Never tests the depth of the water with both feet". This applies to so many things in life, including farm marketing.

A gradual or incremental approach to marketing can come in many forms. It can include a variety of marketing strategies like options to set a minimum floor price, futures spreads to take advantage of pricing discrepancies and tactics to capture carrying charges & storage opportunities

You could also spread your opportunities and risk around by pricing throughout the crop year. Perhaps protect 1/4 before seeding, hedge another 1/4 if a summer weather rally occurs, sell 1/4 at harvest for cash flow and then hold on to the balance to capture any potential winter seasonal rally.

Finally, consider managing 1/3 of your production with a futures program, 1/3 using options-based strategies and 1/3 directly in to the physical cash market as you are already doing.

Bottom line, a combination of all these ideas ensures that you benefit from the power of diversification and don't price too much at one time, at one price, under one strategy. For all your hedging and marketing options, connect with me at 844-982-0011 or commodity-options.ca.

Rotating your crop hedging strategies – June 18, 2018

A diverse crop rotation can boost the grain going in to the bin and increase potential revenue, a diverse farm marketing program can help do the same thing.

We all know that a diverse crop rotation can improve yields. Manitoba Agricultural Services Corp. data from 2010 to 2016 shows crops resulted in only 79% to 93% of expected yield if planted into the same crop's stubble. However, expected wheat yields increase by 7% if followed by soybeans and soybeans benefited if followed spring wheat or corn.

Hedging strategies will rotate from year to year as well depending on growing conditions, price patterns & trends as well as whether options are relatively cheap or expensive. So, it's good advice to have a full range of grain, livestock and currency options & futures hedging tools available to complement cash marketing tools.

Bottom line, join me this Wednesday at Farm Progress for a special session featuring a rotation of three different marketing tools to help increase your farm revenues. For more details, connect with me at 844-982-0011 or commodity-options.ca.

The 2018 State of Grain Marketing– June 25, 2018

The 2018 State of Grain Marketing report, prepared by FarmLogs, provides some helpful farm management figures.

A recent survey of 1000 growers in the US showed that 70% said that crop prices are one of their biggest challenges. At the same time, 77% know their cost of production per acre. So, the profit opportunity is not on the expense side of the Income Statement, but the revenue side since crop prices can fluctuate significantly weekly or even daily throughout the year.

Meanwhile, when asked what aspects of grain marketing do you feel least confident about, "managing the futures price for new crop", "managing basis for new crop" and "choosing which hedging products to use" ranked the highest. Despite this, some of the most flexible hedging tools like options & future that are designed specifically to deal with this pricing uncertainty, are used by only 7% of farmers.

Bottom line, 70% of respondents said that how familiar they are with a marketing strategy is the biggest factor in deciding how to sell their crop. This makes sense since we are going to use something we are familiar and comfortable with. As always, an important part of my hedging programs is providing the awareness and understanding of options & futures pricing tools. So, connect with me at 844-982-0011 or commodity-options.ca for all your farm marketing options.

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