
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.

Tax Free Income – March 5, 2018

We all want tax free income, and there is a way you generate returns on over \$100,000 of your assets without paying any taxes.

The Tax Free Saving Account, or TFSA, has been around since 2009. It allows to you invest up to \$57,500 per individual, or \$115,000 per couple, without paying any tax on the interest, dividends or capital gains earned from the stocks or bonds held in the account.

Years	TFSA Annual Limit	Cumulative Total
2009–2012	\$5,000	\$20,000
2013–2014	\$5,500	\$31,000
2015	\$10,000	\$41,000
2016–2018	\$5,500	\$57,500

While an RRSP might be a good idea depending on how your farm and family finances are arranged, a TFSA does makes good sense, especially with recent tax changes. In fact, I do see a lot more and more farm clients benefitting from investing in a TFSA.

Rather than just a savings account, it's better to think of it as a long-term financial strategy to diversify your income and asset base, in addition to the farm. A TFSA can be a important component of a transition, retirement and succession plan.

Bottom line, a TFSA gives you tax free returns today while developing long-term personal financial plans for tomorrow. For more about farm, family & finance strategies, connect with at commodity-options.ca or call 844-982-0011.

Canola Board Crush Margin – March 9, 2018

While canola crushers don't disclose their margins, the canola board crush margin, published on the ICE Futures Canada website, provides an estimate of the trend in core processing returns.

It is calculated using canola, soybean oil and meal futures prices. It is based on a 40% oil and 60% meal contribution per tonne of canola seed crushed, expressed in Canadian dollars.

Over the past 10 years, its typical range is roughly between C\$50 to C\$100/tonne; sometimes reaching as high as C\$150 or C\$200, and as low as \$0. This gives an indication of crush plant profit margins and potential impact on canola demand and prices.

It's currently around C\$90/tonne, up almost 30% from a month ago when it was near C\$70, helping to explain the recent canola rally:

Canola Board Crush Margin

CONTRACTS	TODAY		DAY AGO		WEEK AGO		MONTH AGO	
	MARCH 07/18		MARCH 06/18		FEBRUARY 28/18		FEBRUARY 07/18	
	CDN\$	U.S.\$	CDN\$	U.S.\$	CDN\$	U.S.\$	CDN\$	U.S.\$
March-2018	+92.12	+71.16	+92.68	+71.86	+91.17	+71.18	+70.76	+56.40
May-2018	+90.58	+69.97	+91.67	+71.07	+90.84	+70.92	+68.85	+54.88
July-2018	+89.42	+69.06	+89.36	+69.28	+86.45	+67.49	+67.41	+53.73
November/Oct-2018	+97.84	+75.57	+98.18	+76.12	+90.20	+70.42	+69.26	+55.20
November/Dec-2018	+98.98	+76.45	+99.34	+77.02	+90.30	+70.49	+71.04	+56.63

Source: www.theice.com

Bottom line, this type of industry analysis gives you a better understanding of the bigger picture of marketing.

Learn to trade before you trade – March 12, 2018

Numerous articles, reports and surveys have shown that only around 5-10% of Canadian farmers use options & futures compared to about 30-35% in the US. There are many reasons for this but one of the most important is the comfort level.

Confidence and trust in these marketing tools begins with awareness. With some basic understanding, even producers new to the futures markets can implement hedging strategies in their farm operation.

Recently, the CME Institute, the learning centre of CME Group commodity exchange, has produced a new series of short online futures & options videos called: Hedging with Grain and Oilseed Futures & Options. Check it out at CMEGroup.com.

Bottom line, these introductory videos are a great way for farmers to get up to speed on the basics and refresh their knowledge.

Futures vs. Physical Agriculture Markets – March 19, 2018

Ideally, the physical cash and paper futures markets work together to help you better sell your grain or livestock production. The CME Institute, the learning centre of the commodity exchange CMEGroup.com, provides a good overview of their characteristics and benefits. Here are two key features of the futures markets to keep in mind:

First, basis fluctuates just like futures and is a key component of your final price. With futures, you can separate your basis and futures pricing decisions to more effectively sell your grain or livestock.

Second, cash brokers aren't licensed to provide options and futures hedging strategies. While forward pricing is usually available in the physical market, flexible minimum price contracts like options often are not.

Bottom line, visit CMEGroup.com for more insights into the differences between the futures and physical ag markets. Then connect with me at commodity-options.ca or call 844-982-0011 for futures & options hedging strategies you can implement today to fine tune your marketing strategies for the upcoming crop year.

Canola Port Prices – March 26, 2018

When farmers ask about canola prices, track Vancouver levels rarely come up, so today we'll look the port export price.

Canada exports 90% of its canola to 50 markets around the world, so worldwide oilseed demand has one of the biggest effects on our prices here at home. The track Vancouver price and basis provide a window to that world.

The track Vancouver cash bid is the price that elevators and inland terminals sell their canola at to the West Coast. The port basis is simply the level they'll sell at above the futures price. Since 2014, track Vancouver canola prices have been in a C\$100/tonne trading range, roughly between C\$450 and C\$550/tonne.

Canola Cash Bids - Track Vancouver 2014-2018



Source: albertacanola.com

The track Vancouver basis above the futures price has averaged C\$35/tonne and typically varies C\$15 either side of that, between C\$20 to C\$50/tonne since 2014.

Canola Basis - Track Vancouver	
2014 - 2018	
Average	C\$35/tonne
Typical Range	C\$20-C\$50/tonne
Source: albertacanola.com	

Bottom line, global oilseed demand from export markets drives port canola prices and, in turn, inland prices so track Vancouver basis levels need to be a key part of your price analysis. Connect with me at commodity-options.ca or call 844-982-0011 for canola market insights & analysis to fine tune your marketing strategies for the upcoming crop year.

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