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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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## **Knowing your costs helps you manage your revenue – September 11, 2017**

"Knowing your cost of production is key to being able to identify opportunities to make changes and improve profit margins," says Denise Filipchuck consultant associate with Backswath Management Consultants.

Denise Filipchuck and the team at Backswath are big believers in getting a firm grasp on a farm's cost of production. She says that "it is vital to being prepared for the unexpected and creating a marketing strategy that is designed to take advantage of favorable pricing opportunities. If you know your Cost of Production you can easily figure out what yield and price combination you'll need to achieve your target profit."

I agree since knowing your costs will help with marketing and revenue decisions.

With flexible hedging tools like options & futures, you can leverage off your cost & production data to better know where you could and should profitably protect your revenue. It allows for flexibility and selectiveness in marketing so you can get more out of your hard work. You don't have to just lock-in prices, jump at the first move higher or wait and hope for higher prices to make your profit.

Bottom line, many of these farm financial strategies are complimentary and work together. To access my farm hub of ag professionals and consultants, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

## **"The future ain't what it used to be." - Yogi Berra – September 18, 2017**

The USDA report last week came out with some continued bearish crop figures, but prices haven't gone down.

Following last week's USDA report, it seemed like newsletters and analysts everywhere were commenting on the bearishness of the report. While grains did weaken the day of the report, since those intraday lows, grain futures are up about 3%. This is not a lot, but one thing I learned years ago is that markets that don't go down on bearish news tend not to be bearish, at least not usually in the short term.

This doesn't necessarily mean that it has to be bullish. However, given that canola, corn, soybeans and wheat are in or approaching their seasonally strong period, the downtrends that began a couple of months ago may be coming to an end.

This means that better pricing and hedging opportunities could present themselves over the next few weeks or months. Be patient in your sales and use option strategies to replace production you've had to sell or wanted to sell for bin space, cash flow or other operational purposes.

Bottom line, to find out which higher probability hedging strategies are typically most effective over the winter months, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca)

## **Marketing your grain after harvest – September 25, 2017**

Now that many of you have some of your grain off the field and in the bin, your selling opportunities open up even more.

Store it? Price it? Deliver it? Hedge it? Replace it?

These are all marketing questions you can analyze to get the most out of your hard work all year long. With a lot of different alternatives to monetize your grain assets, taking a thorough look at the numbers is the best way to compare the different strategies.

First, in certain areas, basis levels have improved for some commodities. In others, regional basis has gotten worse. Canola basis levels, however, have more or less stayed the same during harvest across the Prairies.

Second, futures curves are steep for some markets like wheat, paying you to hedge and store your grain. For other crops, the curve is quite flat so a different strategy is recommended.

Next, grain option volatilities are extremely low so option premiums are inexpensive. A call replacement strategy could make sense in this environment.

Finally, seasonal factors for some commodities like soybeans are very positive over the next 6 months.

Bottom line, to benefit from higher probability marketing strategies that are likely to be most effective over the winter months, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

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