

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.

Cold and Snowy Winter Ahead! – September 10, 2018

Calculations based on the Farmers' Almanac's time-tested formula suggest that the winter of 2018-2019 will be a "teeth-chattering" cold one, with below-normal temperatures forecast for much of Canada. To make things worse, spring will be late. Winter will hang on in many locations through April. This cool weather could stretch even into May!

Precipitation-wise, the region around the Great Lakes could receive above-normal amounts, while the rest of the nation will have averages close to normal.

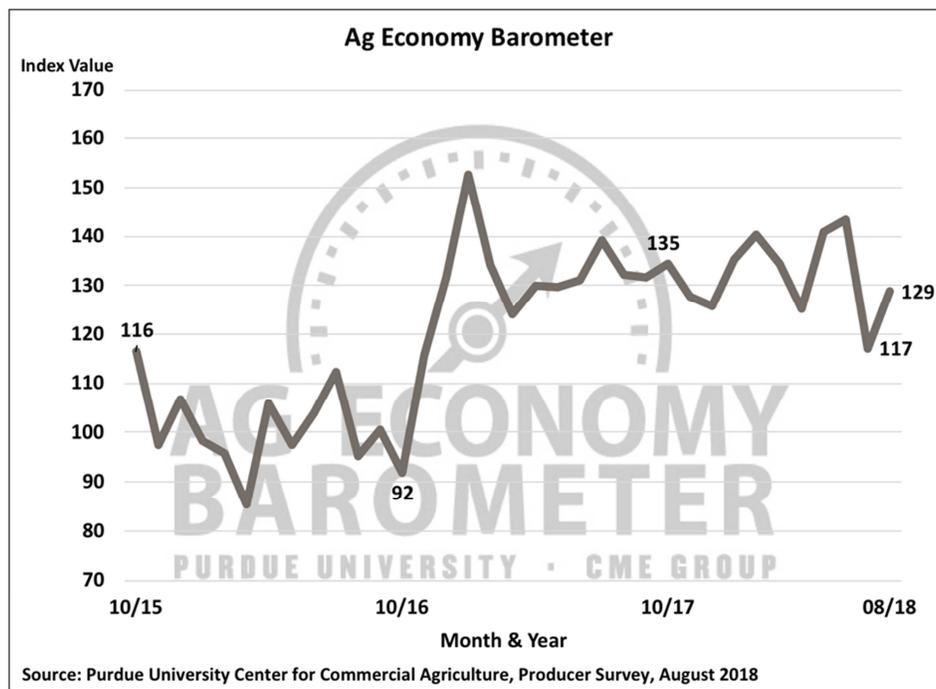
In the US, expect teeth-chattering cold east of the Rockies. The Farmers' Almanac is also predicting above-normal precipitation with lots of snow for the Great Lakes states and Midwest growing regions, with the majority of it falling in January and February.



Bottom line, concern of a third year of drought conditions may not necessarily materialize given the Farmers Almanac's above average precipitation forecast for this winter. To find out what this could mean for pricing decisions and options & futures hedging strategies, connect with me at 844-982-0011 or commodity-options.ca.

August Ag Economy Barometer - September 17, 2018

The recent August Ag Economy Barometer producer sentiment report from Purdue University & the CME Group futures exchange showed a rebound back to the level it's been for the past year and a half, so not much change there. But what I found interesting were a couple of the questions included in this month's survey.



The first one asked whether now is a good time to make large farm investments like buildings and machinery. 65% said it was a bad time and only 26% said it was a good time, with the rest undecided.

Next, when asked to what degree does President Trump's \$12 billion relief plan for US farmers relieve your concerns about the impact of tariffs on farm income, 47% said "Not at All".

Bottom line, these cautious responses may not be a surprise, but they do reinforce the fact they it's been a couple a tougher years for the farm economy and maybe more to come. To help alleviate some of the stress of farming, consider using options & futures hedging strategies to manage risk while capturing any favourable farm commodity price rallies that come our way.

Farm Debt Reaches New High – September 24, 2018

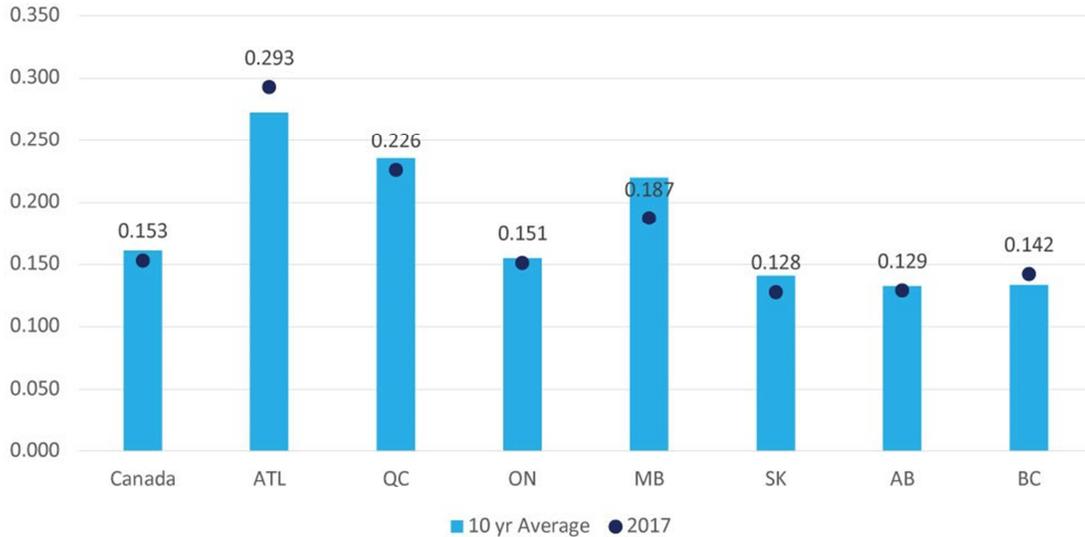
Farm Credit Canada says that although ag sector debt has reached all time highs and commodity prices have declined in the past couple of years, the recent [Stats Canada's Balance Sheet of Agriculture](#) report suggests this might not be cause for concern.

Many of the financial measures from the Balance Sheet report show the ag sector to be in good shape. Even though debt reached all time highs, the current farm debt-to-assets ratio for the Prairie provinces were better than the 10-year average. (SEE CHART BELOW)

On the other hand, the land-to-revenue ratio comparing the Value of Farmland to Farm Crop Receipts to measure the affordability of land suggests that land is expensive from a historical standpoint. This is especially the case in Alberta but not as much in Manitoba and Saskatchewan. (SEE CHART BELOW)

Bottom line, to continue to improve your financial situation and to maximize revenues in an expensive land environment, consider using options and futures in your farm operation. To learn more about hedging strategies to manage risk and maximize return, connect with me at 844-982-0011 or commodity-options.ca.

Debt-to-Assets Ratio



Source: Statistics Canada's Balance Sheet of Agriculture

Land-to-Revenue



Source: Statistics Canada and FCC computations

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