# 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.**

## Can our high grain prices still move higher? – February 7, 2022

Dryness in South America has already affected corn and soybean production in Argentina and Brazil. Now we're seeing drought conditions impacting cereal crops in the largest wheat importing region of North Africa. As a result, expect grain imports to increase into Algeria, Morocco and Tunisia if these dry conditions persist. This certainly won't help global grain supply & demand conditions.

Interestingly in China, the world's largest consumer of commodities, grain futures are already at very higher levels:

- Corn US$11/bu or C$14/bu
- Soybeans US$27/bu or C$34/bu
- Rapeseed US$21/bu or C$27/bu
- Wheat US$11/bu or C$14/bu

Could our crop prices get up there as well? Overall, North American price trends are still pointing higher and we have a whole growing season of weather ahead so never say never, especially when it comes to the markets.

Bottom line, with strong crop prices, high input costs, production uncertainty & market volatility, options will be a powerful marketing tool again this year. For grain market analysis and crop hedging strategies, connect with me at 844-982-0011 or commodity-options.ca.

## New Crop Marketing Comparisons – February 7, 2022

I recently read the new crop gross margin comparison analysis by Leftfield Commodity Research. www.leftfieldcr.com At the top of their list are some of the more volatile and smaller crops like lentils, flax, peas and mustard. In the middle of the pack were canola, wheat, soybeans and feed barley.

Another important comparison to keep in mind is marketing flexibility. Crops like durum, peas, and pulse & specialty crops do not have associated options and futures markets while canola, wheat, corn, soybeans and even oats do.

These marketing tools let you prepare well in advance to capture these current high fall prices while at the same time managing some of your production and delivery risk.

You can also adapt more easily to changing conditions to proactively manage more of your revenues from the crops that have hedging mechanisms, like wheat or canola, to offset the crops that don't have options.

Bottom line, a lot can and will happen with prices and production between now and harvest. So, be proactive and use these flexible marketing tools to your advantage this upcoming crop year. For option hedging strategies, connect with me at 844-982-0011 or commodity-options.ca.

## What do new crop marketing comparisons look like? – February 14, 2022

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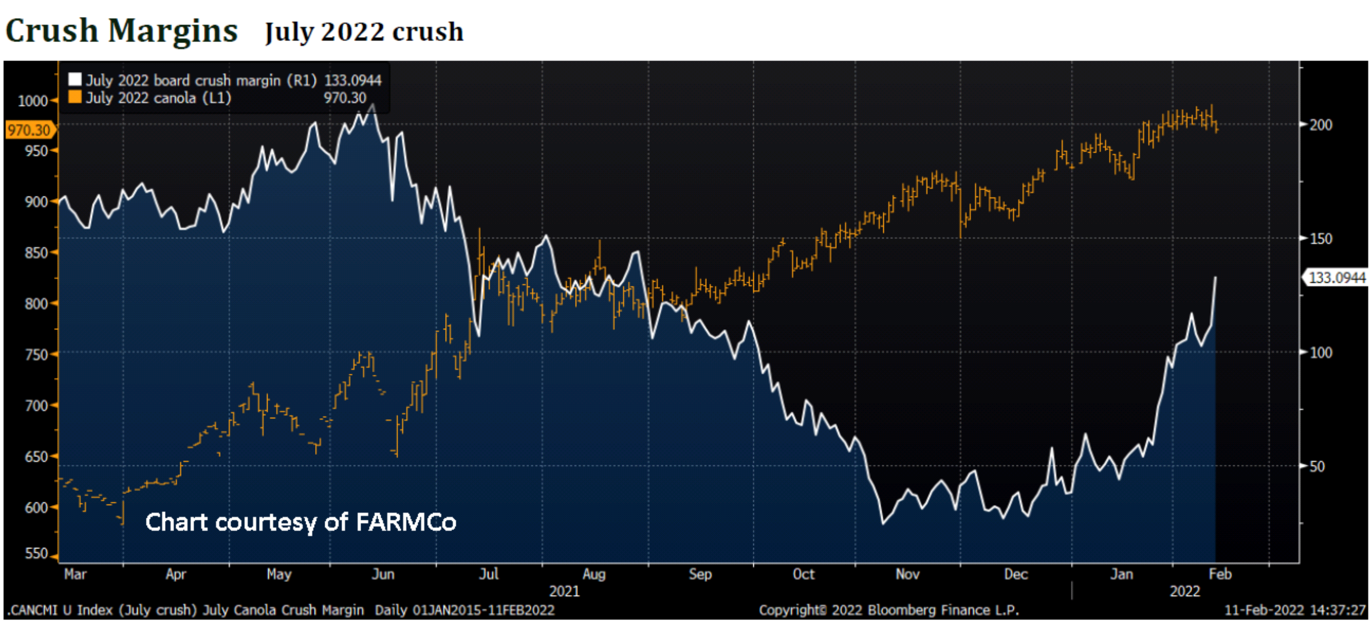
## Under the influence – February 21, 2022



Is there more support coming from the broader commodity markets to help to keep canola prices at these high levels?

With soybean futures up 30% in the past two months, that has pulled up soyoil and soymeal futures around 30%, as well. This has also benefited canola crushing margins by pushing up margins almost $100/mt from $25/ mt to $130/mt, and still trend higher. The previous highs for canola crush margins were $200/mt.

While crush margins are a closely followed component when analyzing canola prices, we also have to remind ourselves of the impact of crude oil and therefore biofuel and biodiesel on vegetable oil prices. Given crude oil is up 30% in the couple of months as well, that can only help support canola prices. At the same time, crude oil crack spread refining margins, the profit from processing and refining crude oil in to products like gasoline, diesel and propane, are at some very high levels too.

Bottom line, outside market influences on vegetable oils for both food consumption and energy production are supportive of canola prices. For market analysis and hedging strategies, connect with me at 844-982-0011 or commodity-options.ca.

## **Did you know…? – February 28, 2022**

By now we all know that Russia and Ukraine combined account for 30% of all world wheat exports, 20% of global corn and 80% of world sunflower oil exports, so here are more facts and figures on the economic areas that could be affected the most by the war in Ukraine:

- Russia is the 3rd largest crude oil producer, responsible for 10% of global all production and is the 2nd largest exporter of oil.
- Russia also provides 50% of the natural gas supply to Germany and 35% to all of Europe
- Interestingly, Russia also produces 50% of all palladium and is the largest exporter of the metal, of which half of all palladium is used in catalytic converters.
- But did you know that the Ukraine supplies more than 90% of the high grade neon gas needed for the lasers used to make semiconductor chips? Yes, those same semiconductors that are already in short supply causing manufacturing and production issues around the world.

Bottom line, there will be a lot of uncertainty over the next few months so options will continue to earn their keep as an extremely valuable and flexible commodity hedging tool so connect with me at 844-982-0011 or commodity-options.ca.