



Below are excerpts from my weekly Market Watch radio spots.
Market Watch is broadcast across radio stations throughout Western Canada.

***"People don't see what they're not looking for.
They also have a talent for seeing whatever it is they expect to see."***

– Michael Lewis, author of Liar's Poker, Moneyball & The Big Short

Expect the unexpected – February 5, 2024

"Expect the unexpected", and "hope for the best but plan for the worst". Good words of advice to live by. How often have we heard that "market fundamentals are strong and should continue to support the trend going forward", but then prices collapse. Or, people will say "markets should stay steady unless a black swan event happens." Yet black swan events happen a lot and, by definition, we won't know about them beforehand. It's like that 100-year flood that happens every ten years.

While we can't predict the future, we can use hedging tools like options and futures to better manage the unknown in these situations.

So, whether you're...

- a beginner needing to learn more,
- at the intermediate level wanting additional tools in your marketing toolbox, or
- a seasoned veteran that uses options & futures regularly

...there's always room to learn more.

Bottom line, to find out how to take your farm marketing to the next level, connect with me now at 204-982-0011 or commodity-options.ca.

Higher for Longer? – February 12, 2024

The direction of interest rates will continue to dominate the economic and investment headlines again this year. So, where are rates going next?

Interest rates are simply the cost of money; or you can also think of it as the price of money. And money directly or indirectly touches almost everything we do, everything, everything we buy and everything we invest in.

While interest rate hikes by the Canadian and US central banks have stopped for now, it doesn't have to mean that rates are going lower. Instead, they could just stay at these elevated levels and go sideways for a while. In fact, since the 1990s in the US, the amount of time it can take from when rates stop rising to the first rate cut can be as much as a year and a half.

Higher for longer?

The Federal Reserve last raised its benchmark interest rate in July, and talk of eventual rate cuts is intensifying. The Fed has already matched the shortest of the 5 "hold" periods since the 1990s, but would have to maintain the current rate for another year to rival the longest.

● Since July 2023 as of January 2023*



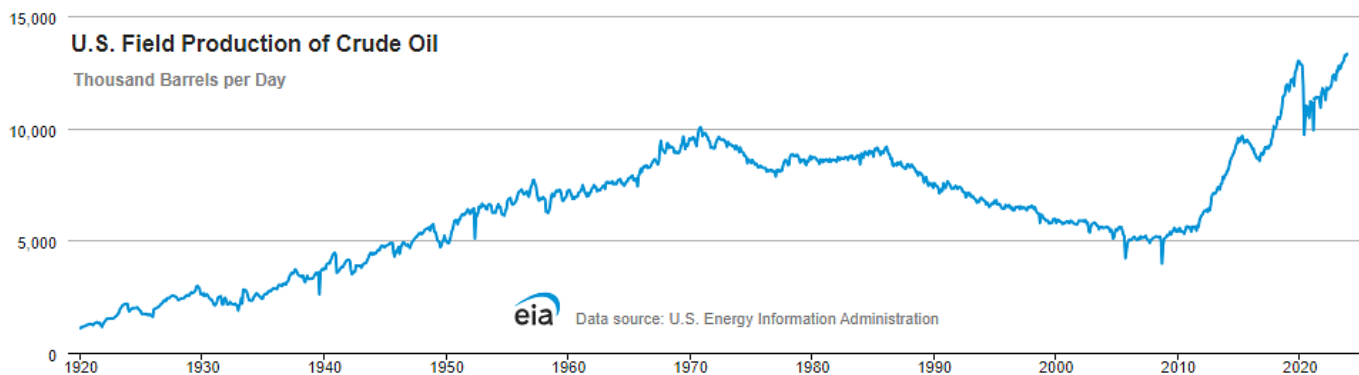
Note: *Current cycle is ongoing. Other bars show number of months from last Fed rate increase to first rate cut.

Source: U.S. Federal Reserve

Bottom line, given it's been only about 6 months since the US Federal Reserve central bank stopped raising rates, it could be up to another year before interest rates start coming down. However, history is just a guide and not a guarantee, so for market insights, investment management and financial strategies for you or your business, connect with me now at 204-982-0011 or commodity-options.ca.

Canola: Prince or Pauper? – February 19, 2024

Oil is the king of commodities since it is absolutely everywhere in our daily lives and another Trump Presidency would polish its crown. But could that turn canola from prince to pauper? The US is already the world's largest crude oil producer as they continue to pump out more than ever. And a second Trump Presidency would expand oil, gas & coal development, bring new LNG export permits and scrap electric vehicle mandates, according to Republican policy advisers.

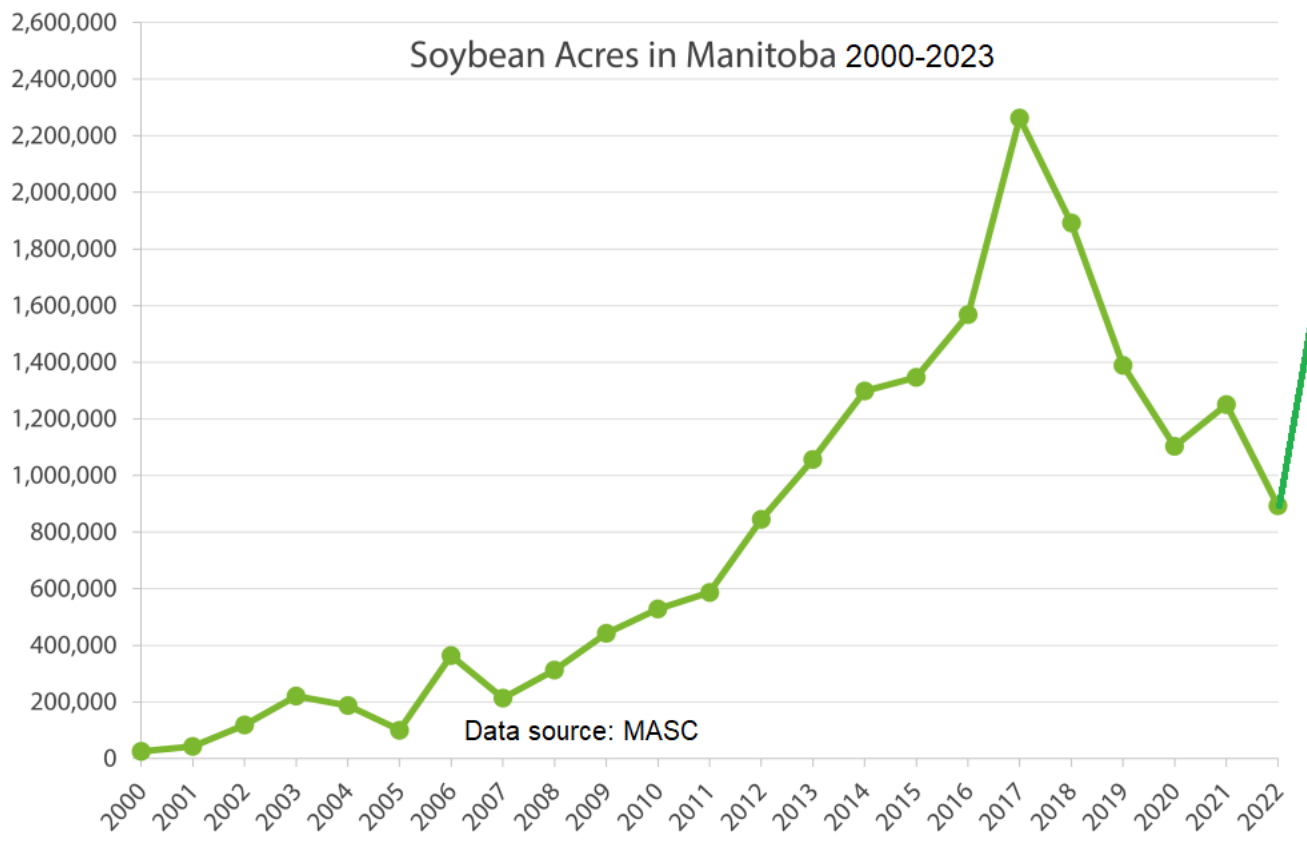


All this just as over 30 renewable fuel production facilities are either operating, under construction or being planned in North America. This expanding biofuel capacity should eventually turn into more demand for canola in the future. But with betting sites showing Trump at 45% to win the Presidency in November compared to Biden's 40%, it's just another added headwind for oilseed prices in the shorter and medium term.

Bottom line, roughly around a third of soybean oil is used to make fuel. So any significant shift in US energy & fuel policy toward crude oil and away from biofuels would have a gravitational effect on our canola prices. For commodity market insights and farm hedging strategies, connect with me now at 204-982-0011 or commodity-options.ca.

Soybeans on the Prairies – February 26, 2024

Soybeans acres should continue to expand across the Prairies. In the recent Manitoba Co-operator article “The future of Western Canadian Soybeans”, it references Statistics Canada numbers showing Manitoba produced over 1.5 million tonnes of soybeans in 2023, second only to Ontario and more than Quebec.



Furthermore, it goes on to say that research into northern soybean development and improvement is well underway. At the same time, the Manitoba Pulse & Soybean Growers association noted that current estimates of the major crops in Manitoba such as corn, canola, wheat and soybeans, soybeans had the highest net revenue over operating costs.

Soybeans are also a great crop to market since the options & futures traded on the Chicago Mercantile Exchange Group are extremely liquid allowing you to create numerous flexible hedging strategies. Plus, you have the ability to protect out two crop years, all the way to November 2025.

Bottom line, a few farmers have told me they are trying soybeans again this year or adding more acres. With the economics penciling out fairly well and a lot of marketing and hedging strategies available, soybean could offer cropping and marketing benefits for your farm. For commodity market insights and farm hedging strategies, connect with me now at 204-982-0011 or commodity-options.ca.



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