
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.

***"The 100-year flood comes once every 10 years."
- Wall Street Anecdote***

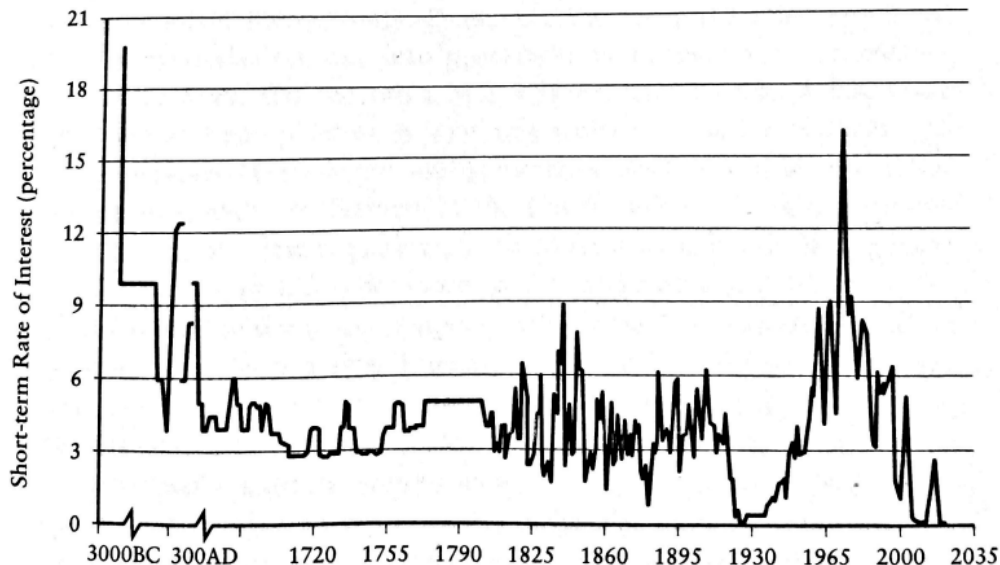
Get used to it - June 5, 2023

Think interest rates are too high? History says get used to it.

We've been spoiled and accustomed to low interest rates during the 15-year period from 2008 until rates started to go up last year. Over that time, the US Federal Reserve Fed Funds central bank averaged half a percent. Since the 1950s, however, that rate has averaged 5%, with half a dozen times when they reached up to 10% or more. While this doesn't mean the US central bank rate is going to go 10% or more this time around, history suggests they can easily stay near these current levels for many years.

And if you want a really, really long-term view going back 5000 years to 3000 BC, interest rates have spent decades, if not centuries, near the 5% level.

Five millennia of interest rates



Source: "The Price of Time: The Real Story of Interest" Edward Chancellor

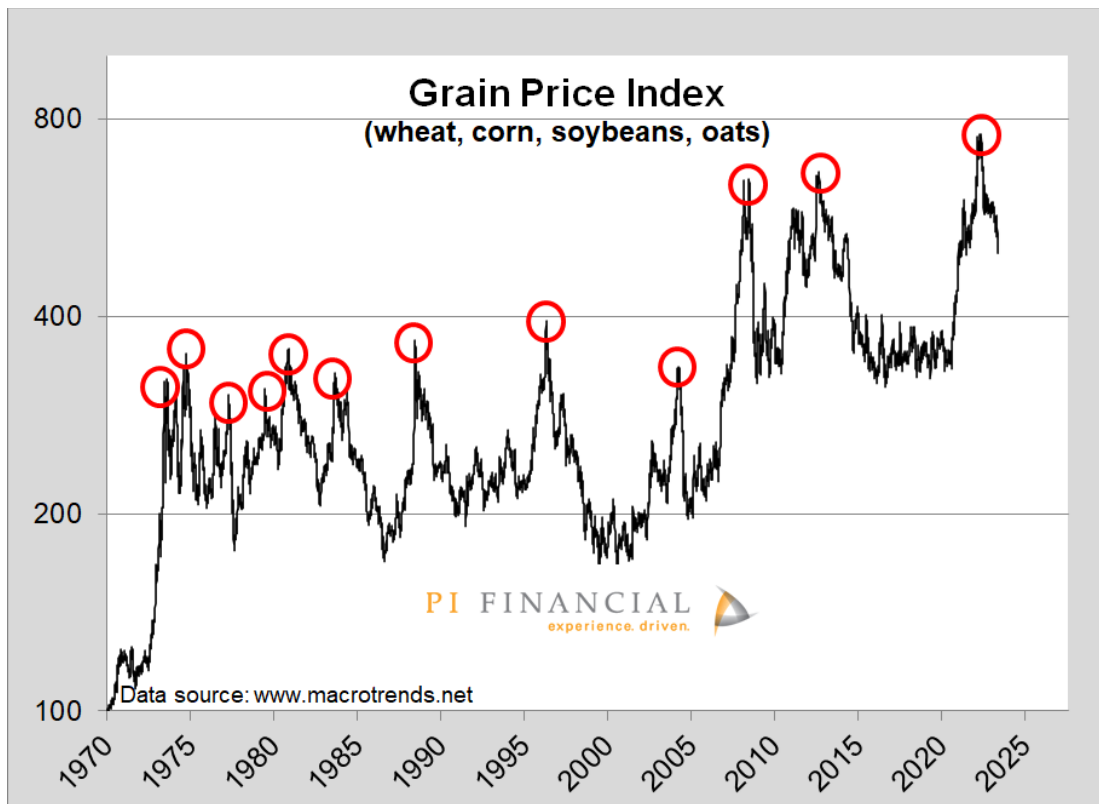
Bottom line, obviously there's a big difference when Canada's prime rate is 2.5% compared to almost 7% today since it will impact everything from basis levels & cash bids, to storage decisions and financing strategies. Use flexible options & futures hedging strategies to help manage the revenue and capital in your grain or livestock business. Connect with me at 204-982-0011 or commodity-options.ca.

Why wait? - June 12, 2023

Wait until... the seed is in the ground, wait until it starts to grow, it's in the bin or until the fall time. But why wait?

There seem to be a lot of reasons not to price your grain. Many still remember the contracting issues and buyout penalties in 2021 as a result of the drought. Maybe you believe prices will go back up because of the dryness again across the Prairies or the Russia/Ukraine war will dramatically flare up again.

There's also a big reason why you should protect your revenues. Grain prices have been in a downtrend for the past year. And that's where option strategies come in to play. They are like price insurance, giving you the downside protection you need, the upside potential you want, all without any delivery commitments.



Bottom line, with grains under the influence of a bear market, why wait? Be prepared with all the hedging tools available since options can play a crucial role in your overall commodity revenue plan. To find out how to use option hedging strategies in your day-to-day farm marketing, connect with me at 204-982-0011 or commodity-options.ca.

Weather Market - June 19, 2023

We're in the first weather market of the new crop year. But as we all know, markets go both up and down, so here are a few insights about what producers can do about it.

It's hard to know what to do when markets are going down. And often just as challenging to know the best thing to do when markets are trending up.

This current weather driven price rally is providing an outlet to wait for the right market opportunities. You want to be proactive in the process to use the best strategy for the conditions. And that's where option strategies come into play. They are like price insurance, giving you the downside protection you need, the upside potential you want, all without any delivery commitments and associated production risk.

Bottom line, grains are still under the influence of a long-term bear market, but a short-term weather drive rally. Be prepared with all the marketing tools available with options playing a crucial role in your overall commodity revenue plan. To find out how to use option hedging strategies in your day-to-day farm marketing, connect with me at 204-982-0011 or commodity-options.ca.

What's on your mind? – June 26, 2023

Here's a question for you, what risk would you say is the most threatening to your farm business? What risks keep you up at night the most?

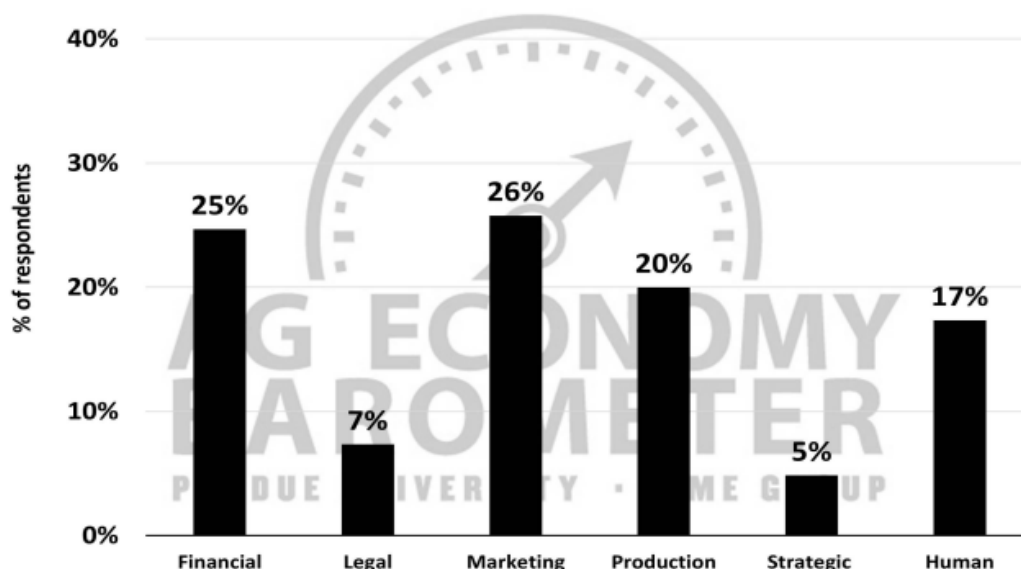
The Purdue University Center for Commercial Agriculture recently released a report called "Resilience to Strategic Risk" where they asked farmers:

"Which of the following risks would you say is most threatening to your organization?"

- Marketing
- Financial
- Human
- Legal
- Strategic

Twenty-six percent (26%) of respondents said marketing risk, then 25% for financial risk, followed by production at 20%, human 17%, legal 7%, and lastly strategic with 5%.

Figure 1: Which of the following risks would you say is most threatening to your organization?



Source: Purdue Center for Commercial Agriculture, Strategic Risk Survey, February 2023

They define marketing risk as changes in supply and demand fundamentals that lead to fluctuations in input and output prices. Financial risk involves items such as the cost and availability of capital, the ability to meet cash flow needs, and the ability to maintain and grow equity. Interestingly, these two highest concerns, marketing and financial risks, have a very direct impact on the money you put in your pocket at the end of the crop year.

Bottom line, to find out how you can use options & futures to manage some of the biggest farm related risks that are on your mind, connect with me at 204-982-0011 or commodity-options.ca.

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