
MARKET WATCH

**David Derwin – Portfolio Manager & Investment Advisor
PI Financial Corp.**

Connect at www.Commodity-Options.ca or 1-844-982-0011

Below are excerpts from my weekly Market Watch radio spots.
Market Watch is broadcast on over two dozen radio stations across Western Canada.

October 3rd – Hedging Canola Prices in the Fall/Winter

With harvest almost complete, hedging canola prices into winter is on a lot of people's mind, especially if you signed up for the Spring Price Endorsement.

The Spring Price Endorsement insurance available from Agriculture Financial Services Corp. offers some protection on your grain prices but as we come in to the fall, many farmers are looking at additional ways to hedge grain revenues.

The 2016 Spring Price Endorsement for canola, for instance, was set at \$11.11/bu or \$490/ton. However, the protection only kicks in 10% below this level at about \$440/ton. That means that the average price of canola for the month of October has to be below \$440/ton before the protection kicks in. But, this also means that the protection stops at the end of October.

So, what happens if canola prices continue to trend lower throughout the winter months?

This is where Canola hedging strategies using options that trade on the ICE Futures Canada exchange come in.

Bottom Line, exchange traded options provide year round revenue protection for your farm. So, be aware of all your farm marketing strategies.

October 17th – Canola vs. Soybeans: Price Update

Often times canola prices follow soybean oil because of its higher oil value compared to meal. However, more recently, it's been soybean prices that have had a much stronger gravitational pull on canola prices.

In fact, over the past 6 months, canola and soybean prices have been moving together almost 80% of the time. That's a very high level of correlation or connection.

However, in the past couple of days, canola prices have taken off compared to beans. This likely has a lot to do with the fact that many farmers in Alberta and the western Prairies are having to wear snow shoes to finish harvest their canola crop. This is causing concerns about getting canola off the fields and its quality.

At the same time, soybeans are still very much in a sideways to downward pattern; if soybean prices breakdown, it would likely pull canola down with it.

Bottom Line, this is an ideal scenario to use canola options strategies to give you the downside protection you need, capture some higher prices for your canola but still give you the upside opportunity you want. So, be aware of all your farm marketing strategies, connect with me at 844-982-0011 or commodity-options.ca.

October 24th – Using options to maximize all your investments

You already know that options strategies can increase your grain & livestock revenues and hedge your farm assets, but did you also know that puts and calls can also help you generate extra cash flow and protect the assets in your corporate investment accounts, RRSPs or TFSAs?

Options are an excellent investment, trading and hedging tool to fine-tune and improve many aspects of your farm and family finances.

Not only do options trade on canola, cattle and the Canadian dollar, but they also trade on the majority of large bank, healthcare or technology stocks on the Toronto or New York Stock Exchanges.

Straightforward option strategies like the covered-call or cash covered put, are two simple yet effective investments that allow you to create additional capital gain income while reducing risk.

Bottom Line, not only are options ideally suited to your farming operations, properly incorporated options strategies are also ideal for investment and retirement income planning.

October 31st – Bringing Balance to your Business

According to Backswath Management, Balanced Management, also known as Balanced Scorecarding, is a well known and popular approach to business management. However, it has not been adopted to the same extent in the agriculture sector.... yet.

One of the most important things farm managers need to balance is their overall vision for the farm, says the team at Backswath Management, a farm business management consulting firm.

Working hard isn't enough in today's world of narrow margins and unpredictable markets & weather.

Just as a good farm hedging program balances your storage, delivery and pricing decisions, a comprehensive farm business management approach must balance Operations, Marketing, Human Resources, and Finance.

If any of these functions are not being managed properly, the overall performance of your farm can suffer. This becomes even more apparent as farms grow and challenges become more complex.

Bottom Line, successful management of your own time and resources will help you make sure that you are not just doing things right, but that you are doing the right things. To balance all the necessary farm financial strategies, connect with me at 844-982-0011 or commodity-options.ca.

Options and Commodity trading has inherent risks where significant loss of capital may occur. Investors should consult with their investment advisor to determine if options and commodity trading is suitable for their portfolio and risk tolerance profile. This document has been prepared by David Derwin, Portfolio Manager & Investment Advisor for PI Financial Corp, for information purposes only. This is not an official publication of PI Financial Corp. and the author is not a PI Financial Corp. analyst. The views expressed herein are those of the author alone, not necessarily those of PI Financial Corp. The information contained herein has been obtained from sources believed to be reliable, but the accuracy or completeness of the information is not guaranteed, nor in providing it does PI Financial Corp. assume any responsibility or liability. This document is not to be construed as an offer to sell or a solicitation of an offer to buy any securities and is intended for distribution only to those jurisdictions where PI Financial Corp. is registered as an advisor or a dealer in securities. The inventories of PI Financial Corp, its affiliated companies and the holdings of their respective directors and officers and companies with which they are associated may from time to time include the securities mentioned herein. PI Financial Corp. is a member of the Canadian Investor Protection Fund & the Investment Industry Regulatory Organization of Canada.