
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.**

August 8th – Corn, Ethanol & the U.S. Election

The upcoming U.S. election will have an impact on agriculture in Canada. According to a recent Reuters article, Clinton's campaign has solicited advice on how to revamp a federal regulation requiring biofuels like corn-based ethanol be blended into the nation's gasoline supply.

If elected, Clinton could seek to adjust the regulation, called the Renewable Fuel Standard, possibly hurting her chances in corn-growing states like Iowa.

The Renewable Fuel Standard mandates that transportation fuel sold in the United States contain a minimum volume of renewable fuels. It requires a doubling of U.S. biofuels use per year by 2022.

Republican presidential nomination, Trump said he supported the biofuel mandates set out in the Renewable Fuel Standard.

Bottom line, protect your revenues and manage market volatility, regardless of who's in the White House next year. Connect with me at 844-982-0011 or commodity-options.ca to learn how to use grain, livestock & currency options to benefit your farming operation.

August 15th – Canadian and US Farmland Price Trend Update

While farmland has been a good investment for the past several years, prices have already started to slow down in the US. Based on recent USDA figures, US cropland prices have been flat since 2014.

Here in Canada, Farm Credit Canada still shows rising Prairies farm land prices over the past few years, up on average around 10% in 2014 and 2015.

However, with the Canadian dollar down about 20% during that timeframe, the farm land price differential north and south of the border is really just a currency effect. This being the case, that extra quarter section may not have the same upside potential as it did 5-10 years ago.

Bottom Line, just as you rotate your crops to get steadier long-term returns from your land and farming assets, consider also investing in diversified assets outside the business that aren't correlated with farm, especially as part of your long-term retirement and succession planning.

August 22nd – The Farm Pension Plan

Last week I reviewed farm land as an asset with good past returns but with a less certain investment future. This week I'll explore a unique investment option available to farm business owners.

While farmland has been a good investment over the past several years, prices have already started to slow down in the US according to USDA figures. With farm land valuations and price-to-rent ratios across North America at or near all-time high levels, this brings up questions of long-term returns on land.

Combined with changing attitudes towards "bigger is always better" and a focus on improving production efficiencies, there are ways to improve the overall farm financial picture beyond just relying on buying or renting more acres.

This is where a farm pension plan can come in. For years, pension plans have been part of the Canadian business landscape. Now farm business owners can take advantage of those same tax, savings and creditor protection benefits.

Bottom Line, consider investing in diversified assets outside the business that aren't correlated with the farm, especially as part of your long-term retirement, transition and succession planning.

August 29th – The Farm Pension Plan Part 2

Last week I introduced the farm pension plan as an investment tool to diversify your asset base. This week we'll explore a little more about how it works.

According Jean-Pierre LaPorte, CEO at INTEGRIS Pension Management Corp. in Toronto, "a pension plan is best suited for farms where family members are employed by the business. This is primarily because pension assets can pass from one generation to the next without attracting tax consequences."

"Moreover, assets in a pension plan receive the highest level of creditor protection and annual contributions are tax-deductible by the farm corporation. Also, pension rules receive a number of favourable tax advantages that do not exist with RRSPs."

INTEGRIS says that "in an era when the government is tightening up the traditional tax planning techniques to save money for retirement, farmers and their families should seriously consider taking measures into their own hands and create financial security through the establishment of a Farm Pension Plan."

Bottom Line, the farm pension plan is another tool to help manage the risks and assets of your agriculture operation.

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