
MARKET WATCH

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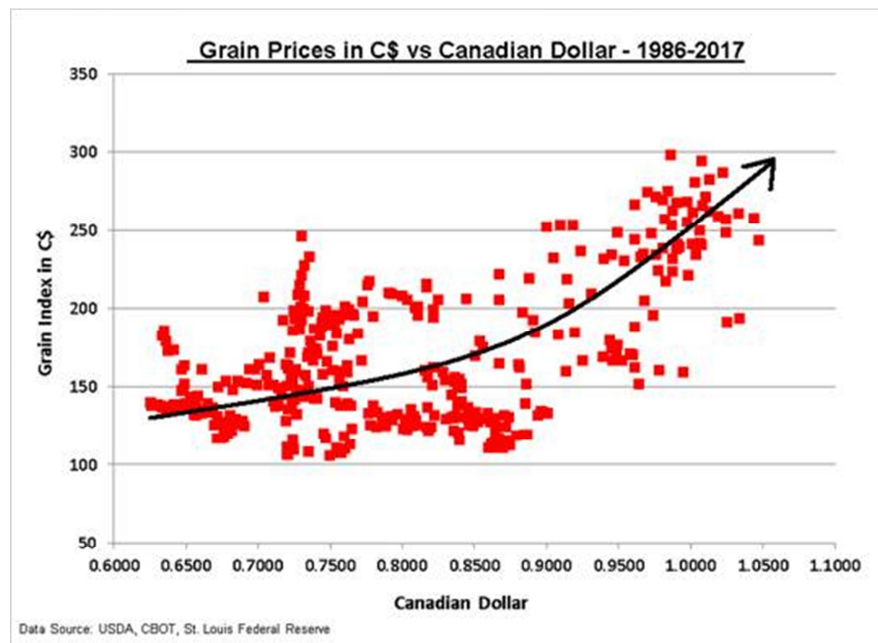
Below are excerpts from my weekly Market Watch radio spots.
Market Watch is broadcast on over two dozen radio stations across Western Canada.

Is a strong loonie a bad thing for Canadian farmers? – November 6, 2017

Is a strong loonie a bad thing for Canadian farmers? The answer may surprise you.

In a recent article in the Manitoba Co-operator, I analyzed over 30 years of market data to determine the actual long-term impact on domestic grain prices of Canadian dollar fluctuations.

Interestingly, a falling US\$ and rising C\$ has typically been associated with higher grain prices for Canadian growers. Wheat, corn & soybeans futures have a strong negative correlation or connection with the US\$ of about -60%.



This makes sense given commodities are priced around the world in US\$, with people in Europe and Asia buying more and pushing up grain prices as the US\$ weakens at a greater rate than the strong C\$ dollar hurts Canadian farm prices. Remember several years ago when soybeans were C\$16/bushel, corn was C\$7, wheat C\$8 and canola C\$15/bushel...? The Canadian dollar was near par!

Bottom line, a strong C\$ is not necessarily a bad thing for Canadian producers despite what anecdotal evidence suggests. For a copy of my article, connect with me at 844-982-0011 or commodity-options.ca.

Open, Transparent Pricing vs. Closed, Black Box, Private Pricing Formulas – November 13, 2017

Which is easier to see through, a freshly wiped windshield or a windshield spotted in mud from going down a wet dirt road?

Today we'll look at independent, fully disclosed, open-market prices vs. dark, closed, black box, private pricing formulas.

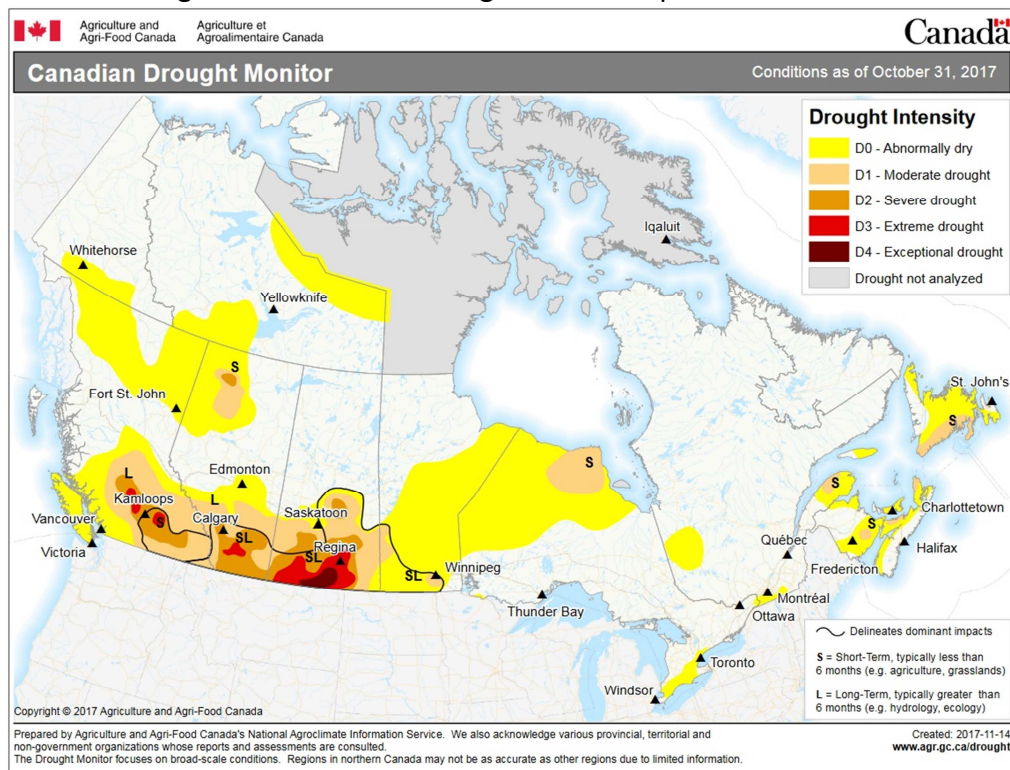
Based on recent Bloomberg and Reuters articles, one of the world's biggest agricultural trading houses was forced to pay a \$10 million fine for providing inaccurate information that concealed as much as 90 percent of its mark-up and misled farm customers, the U.S. Commodity Futures Trading Commission said. This involved grain programs that help farmers hedge against volatility.

The key takeaway from this is that it reinforces the importance of transparent exchange-traded options and futures as valuable hedging tools.

Bottom line, hedging doesn't have to be complicated so the next time you're checking cash bids, get a text from the grain company or hauling grain to the local elevator, connect with me at 844-982-0011 or commodity-options.ca to put exchange-traded options in your marketing toolbox.

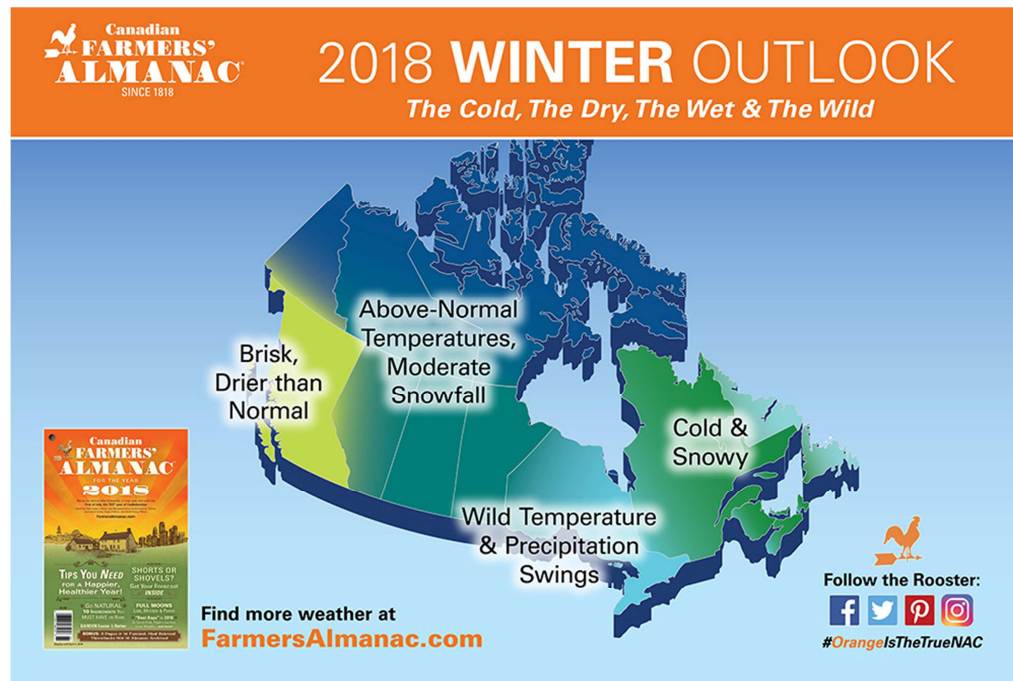
Winter Weather Watch – November 20, 2017

Much of the prairie growing region is in abnormally dry to moderate drought conditions, with severe to extreme drought in southern Alberta and exceptional drought in many parts of southern Saskatchewan, based on Agriculture and Agri-Food Canada's drought-watch map.



Snow would be helpful and can insulate the drought areas from the winter cold, but the winter forecast from The Farmer's Almanac doesn't look promising.

"Overall temperatures will average above normal from the Prairie Provinces west to British Columbia", however, only "moderate amounts of snow should fall over Alberta, Saskatchewan and Manitoba, while British Columbia is expected to see below normal precipitation."



Bottom line, while the weather can be a challenge, hedging doesn't have to be. Learn how to manage some of those weather risks and opportunities at one of my upcoming Grain Marketing Workshops across the Prairies this winter.

Time is on your side – November 27, 2017

It is often said that you can't fight the clock, so why not put Father Time on your side when marketing your grain.

Studies have shown that roughly 2/3 of the grain marketed by farmers in a year is sold in the bottom 1/4 of the annual price range. So for many growers, there is room to fine tune your selling techniques.

Fortunately, says John De Pape of FARMCo, four risk management tools can form the foundation to take your marketing plan to the next level: 1) futures, 2) basis, 3) spreads and 4) options.

DePape suggests "acting on these market features separately and independently to yield better results than just selling at a net price."

"Perhaps one of the biggest yet least understood benefits of using these hedging tools is capturing the value of time", according to DePape. "Grain markets will often pay you to store grain through carrying charges expressed by spreads and basis appreciation."

Bottom line, use exchange traded futures & options strategies to put time on our side when marketing your grain.

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