
MARKET WATCH

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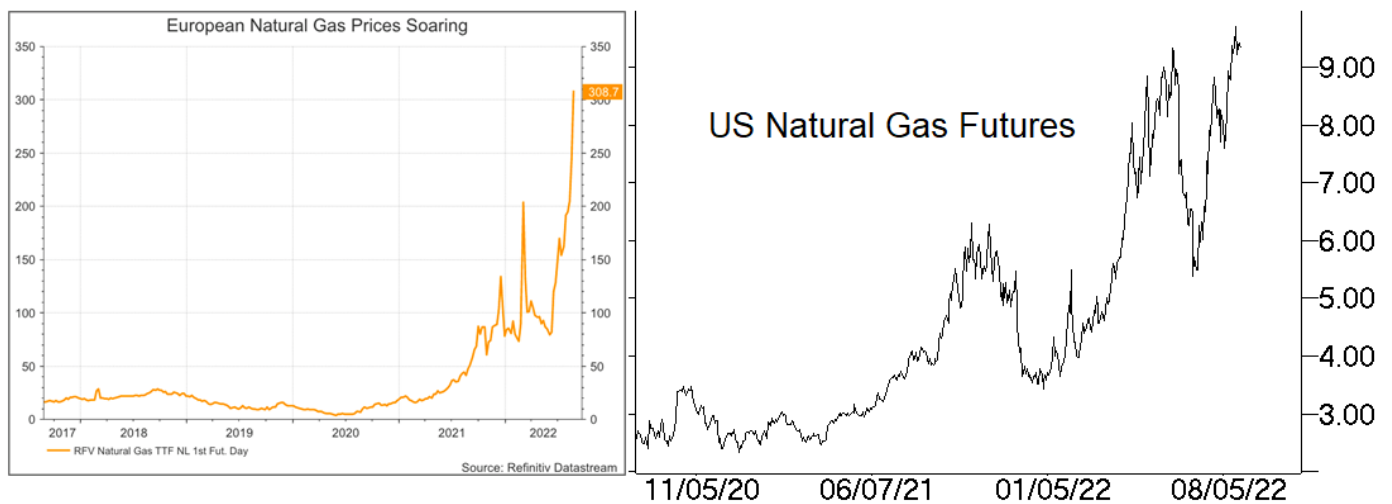
Connect at www.Commodity-Options.ca or 1-844-982-0011

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

*"I'd rather be on the ground wishing I were in the air than in the air wishing I were on the ground."
-Airplane pilots risk management motto*

Some things just make you go WOW! – September 5, 2022

Even after almost 30 years of investing and trading, some things still make you go WOW! A price chart of European natural gas futures made me do exactly that. In the past two years, European natural gas futures have increased thirtyfold. By comparison, US natural gas futures have tripled during that time.



The impact on European household heating and electricity bills, their consumer discretionary spending, as well as increased input costs for businesses could cause some more slowdown in Eurozone economies.

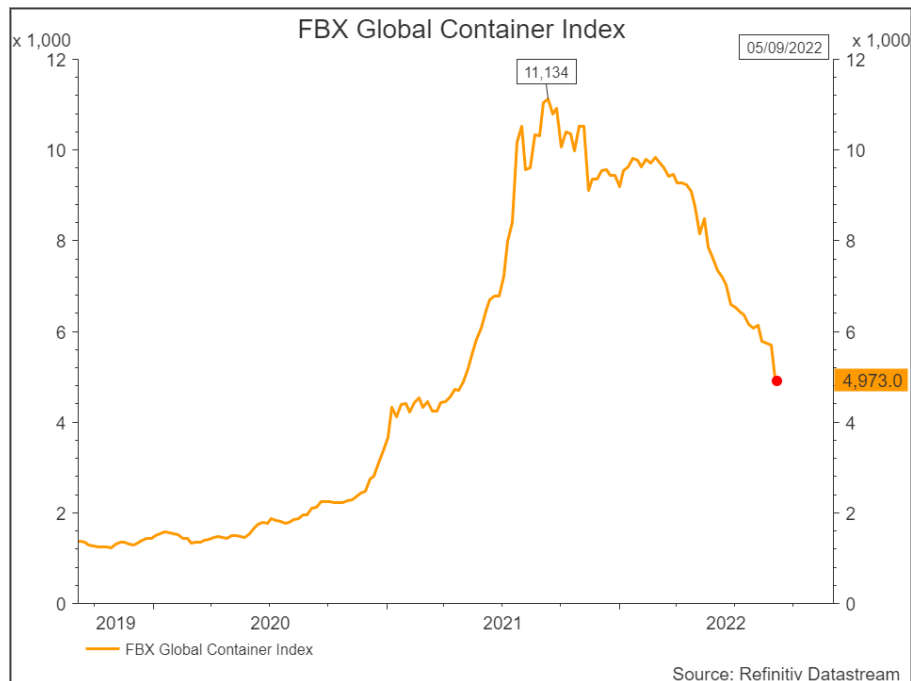
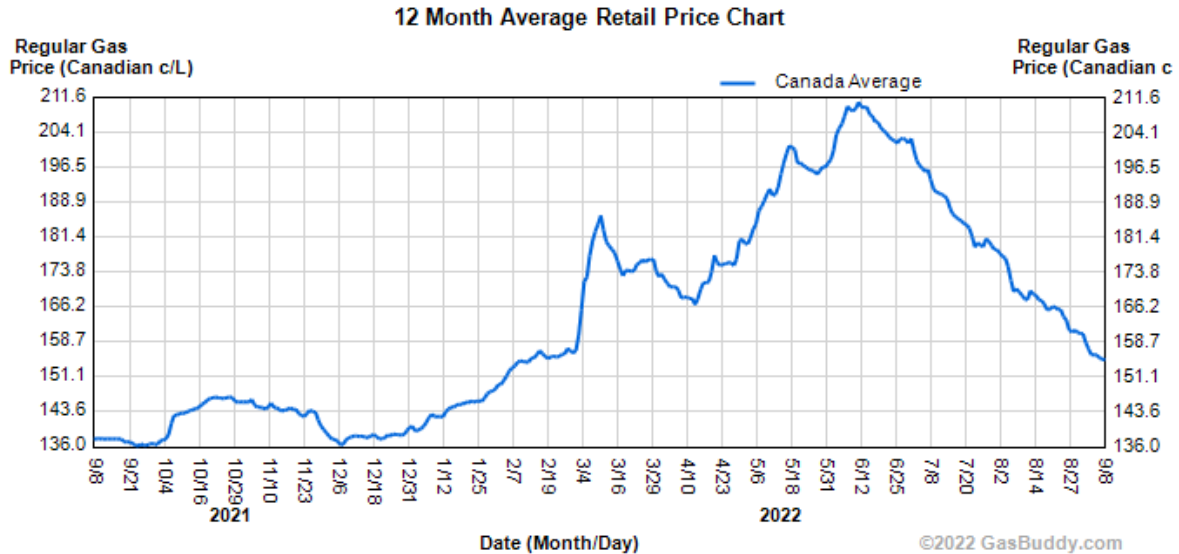
Over the past several months, I've read articles about Europeans reducing their cooking or oven use, turning off their fans despite the heatwave, not ironing their clothes and even showering at work to keep their energy bills down. Some fertilizer companies are cutting the production of ammonia in Europe because of high gas costs.

Bottom line, with extreme headlines like these, are we maybe getting near the end of this story? Or, will high gas and energy prices continue? For market analysis, investment programs and trading strategies, connect with me at 844-982-0011 or commodity-options.ca.

Inflation?? – September 12, 2022

We've been hearing a lot about inflation over the past few months. Is that story getting a little worn out? With so many headlines being dominated by inflation, it's good to look at the other side of the story. Last week we saw how high European natural gas in particular had been getting a lot of attention. But in fact, Dutch natural gas futures dropped again last week and are now down over 40% from their highs at the end of August.

Other key inflation inputs like gasoline pump prices are down 25% in Canada and the US. Meanwhile global shipping costs have fallen anywhere from 50% to 80% since their 2021 peak.

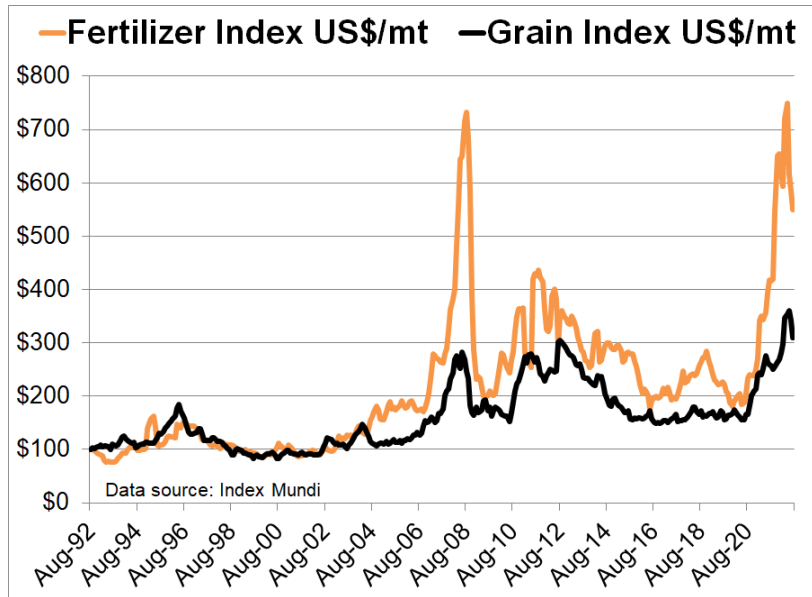


And specifically for farm businesses, fertilizer prices in general have been rolling over too; off between 10% and 20% from the highs earlier this summer.

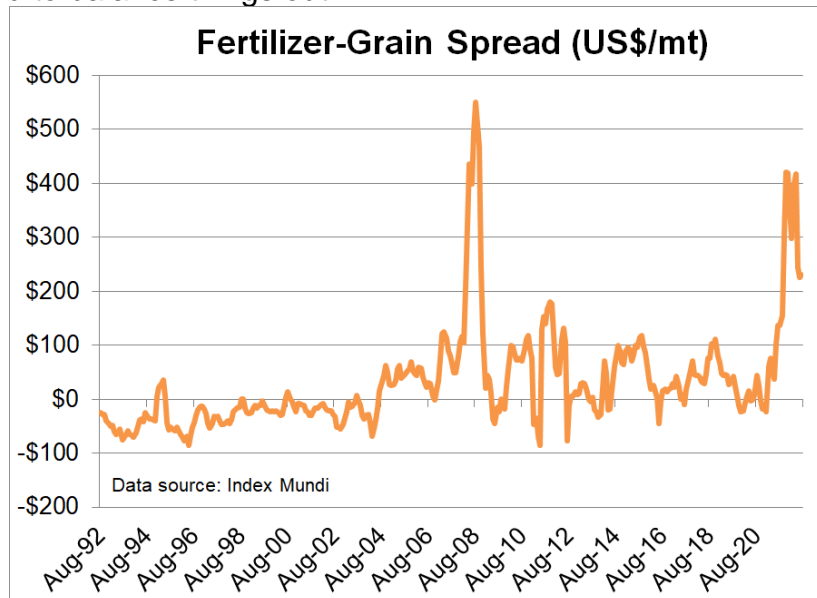
Bottom line, inflation concerns may not be over, but many sensitive consumer price components, including grain food prices, have been trending lower in the past few months. For more market analysis and trading strategies, connect with me at 844-982-0011 or commodity-options.ca.

Are fertilizer prices rolling over? – September 19, 2022

While a lot of attention is being paid to whether or not fertilizer prices are going higher or lower, it's important to keep an eye on both sides of the farm economic equation of inputs and outputs. It's not just the outright prices of fertilizer or grains, but the difference or spread between the two that also counts.



Fertilizer prices have been at extreme historically high levels compared to grain prices over the past year but have been rolling over since June. Will fertilizer catch down to grain prices? Or will grain prices rebound to balance things out?



You don't know for sure so as you make fertilizer purchases for next year, think of new crop marketing as well. We're still a very long way away from next year's crop. No one wants to commit too much grain for delivery so that's where option hedging can help fill in this marketing gap.

Bottom line, option strategies give you flexible marketing alternatives for the downside revenue protection you need with the upside potential you want, without having to promise your production. For revenue management strategies, connect with me at 844-982-0011 or commodity-options.ca.

How to manage your interest rate risk – September 26, 2022

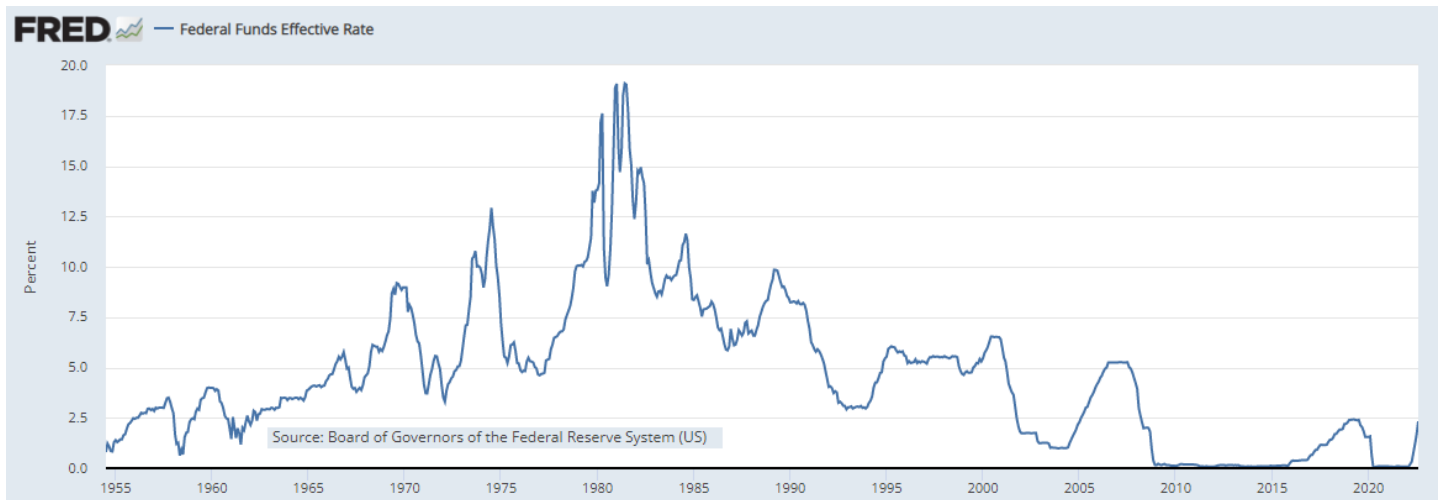
Over the past couple of years, I've had many conversations with farmers about rising interest rates and converting variable rate or short-term borrowings into long-term fixed rate loans to lock in low rates. However, in many cases, that can be costly or difficult based on existing loan agreement terms.

Meanwhile, the Bank of Canada recently announced they "will assess how much higher interest rates need to go and will take action to achieve the 2% inflation target." With consumer prices still rising by nearly 8%, how high could rates go to get it back to 2%?

Central bank interest rates have been going up for the past six months. Historically, rate increases have typically lasted about 2.5 years but some have gone on for as long as 3 or 4 years. During those rising periods, rates often go up by 2, 3 or 4 percentage points. Since rates have increased so far by around 2 percentage points, there could still be more to come.

Bottom line, if you have variable rate borrowings and are concerned about rates moving higher, connect with me at 800-982-0011 or commodity-options.ca to learn how interest rate futures & options can help you manage your financing costs.

US Federal Reserve Fed Funds Rate 1955-2022



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