
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.**

*“Today American agriculture is in the grip of a technological revolution as vast and as rapid as any in history. It is a revolution which has made the American farmer the most efficient in history. It has made his productivity the marvel and envy of every nation.”
John F. Kennedy – September 22, 1960*

Winter Wheat – August 14, 2017

According to the Alberta Wheat Commission, due to a notable amount of unseeded acres in Alberta, many producers are giving serious thought to planting winter wheat this coming fall.

If your field was designated to be a cereal crop this spring, but you never got it planted, then this is the perfect opportunity to put a winter cereal crop in this late August/early September says the Alberta Wheat Commission.

There are several benefits to seeding a winter wheat crop including a more even distribution of labour, winter wheat is generally more competitive against weeds so producers can potentially reduce their herbicide costs and winter wheat allows producers to plant in wetter fields with more ease. This as well as other helpful information is available from the Alberta Wheat Commission or the Western Winter Wheat Initiative.

Bottom line, winter wheat is actually the largest wheat crop in the US at about 750 million bushels. So, another big benefit is that there are very liquid 5000 bushel Kansas City hard red winter wheat options & futures contracts that trade on the CME Group exchange. With recent daily futures volume of 40,000 and option activity of around 3000 contracts, you have more outlets to better manage the price of your winter wheat.

Did you know... – August 21, 2017

Did you know that rice futures may have been traded as far back as 6,000 years ago in China and that around 400 BC in ancient Greece they hedged olives and olive oil production?

A quick search on Investopedia and Wikipedia show that the earliest recognized futures trading exchange is the Dojima Rice Exchange, established in 1710 in Japan.

Western commodity futures markets started trading in England during the 16th century with the London Metals and Market Exchange officially established until 1877.

In the United States, the Chicago Board of Trade (CBOT) began in 1848. Interestingly enough, the CME Group Chicago Mercantile Exchange started as the Chicago Butter & Egg Board in 1898.

The Winnipeg Commodity Exchange, where I started my career on the trading floor over 20 years ago, began as the Winnipeg Grain Exchange in 1887.

Bottom line, commodity futures are nothing new, but they may be new to you so feel free to connect with me at 844-982-0011 or commodity-options.ca for an assessment of your risk management needs as well as an options & futures hedging guide.

Farm Financial Strategies – August 28, 2017

Updating your marketing and hedging plan throughout the year is good practice. It is also a good idea to keep on top of your tax situation throughout the year by doing a preliminary tax calculation.

"Often times, the simple solution to a potential tax problem is to purchase more inputs, or defer grain sales. While these often accomplish the goal of reducing taxes, it may result in forcing you to purchase the inputs and/or sell your crop at less than optimal prices", say Julien Grenier, CPA, CGA & Ag Department Manager at Talbot & Associates.

There are financial solutions farmers can use instead. First, the most often overlooked expense is depreciation. Another deduction you may not consider is an Optional Inventory Adjustment, both could be significant, according to Grenier and the team at Talbot.

Next, from my world of hedging, if you have to sell or would rather not sell your inventory, futures and options can protect or replace a physical position with a paper position.

Bottom line, many farm financial strategies are complimentary and work together. To access my farm hub of ag professional and consultants, 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.