

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.

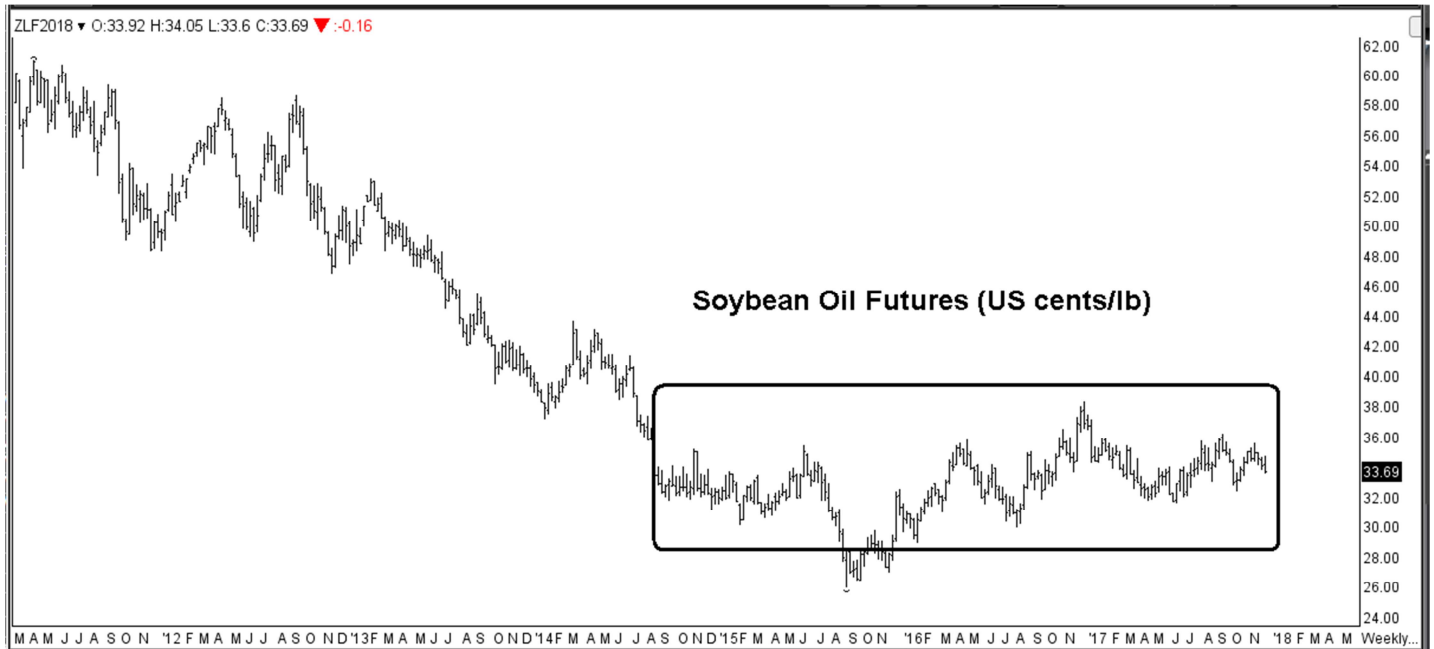
Where's canola going? – December 4, 2017

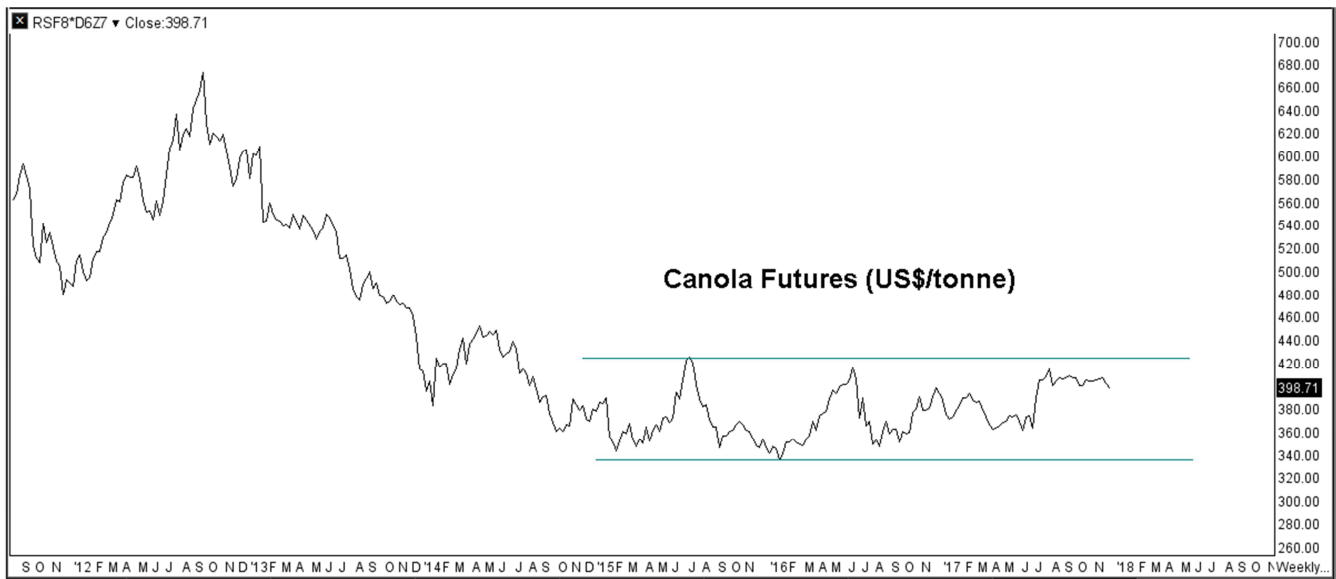
A question I get asked a lot is “Where are canola prices going?”, find out some answers right after this...

Canola prices aren't something you can figure out by looking out your back door or even across the prairies, you really have to look around the world.

Canola and rapeseed oil production worldwide is about 15% of the global edible oil market when you include all largest edible oil markets like soybean, palm, and sunflower. Furthermore, while Canada is the 2nd largest producer, Canadian canola represents less than 5% of the total global consumable oil market, based on USDA figures.

So, where soybean, palm and rapeseed prices go, canola will tend to follow.





With all these global oilseed markets going sideways over the past couple of years, expect more sideways canola price action until a definite change in trend occurs.

Bottom line, take advantage of any canola market rallies by using flexible options and futures strategies to give you the downside price protection you need, with the upside potential you want. For details on specific canola hedging programs, connect with me at commodity-options.ca or call 844-982-0011.

Fertilizer Outlook – December 11, 2017

Another question I get asked a lot is "What do you think of fertilizer prices?" I'll provide a few answers.

While you can't hedge fertilizer prices the same way you can grain, livestock and currencies with options & futures, you can still follow open market price indicators and plan accordingly.

Previous research I've done shows a very high connection between global fertilizer prices and the stock price of two of the largest fertilizer producers: Potash Corp. & Mosaic. Not only do these stocks have a very high correlation with fertilizer prices, they also tend to lead the inputs by around 3-6 months.

For the past two years, global fertilizer prices as well as those across our Prairies have been more or less sideways. This makes sense since the combined price of Potash Corp and Mosaic stock have been trending sideways and have yet to break out of this channel pattern.

Bottom line, keep an eye on fertilizer company share prices for an understanding of underlying industry fundamentals and longer-term fertilizer prices trends.

2017: A Year in Review – December 18, 2017

Today, I'll look back at the markets in the year that was and lay the foundation for the year that will be, right after this...

- In 2017, crude oil futures were up 12%, increasing from US\$52/barrel to around US\$58, while natural gas was down 25%.
- In the foreign exchange, the Canadian dollar rose about 4 cents from 74 cents US to about 78 cents with the US Dollar index is down 8.5%.
- In the stock markets, the Canadian TSX index was up 8.5%, European markets were up around 10%, but the US S&P 500 increased by about 20% all-in.
- Short-term US Federal Reserve interest rates US rose a full 1% from half a percent to 1.5% , while the Bank of Canada rate increased from half of a percent to 1%.
- Feeder and full-weight cattle futures trended higher on average by over 20%. Hog futures had a very choppy 2017, ending the year up only about 5%.
- For grains, mostly down this year: Canola was unchanged at \$500/tonne, soybeans were down 5% and corn down 10%. While hard red winter wheat was down almost 15%, hard red spring is up approximately 10%.

Bottom line, we often need to look back at where we've been to figure out where we're going so see you next year when I offer an outlook & forecast in a market preview of 2018.

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