
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.

“The farther back you can look, the farther forward you can see.”
- Winston Churchill

Rising Interest Rate Still Top of Mind – August 7, 2023

High and rising interest rates are still a top concern for farm businesses. The recent Purdue University-CME Group Ag Economy Barometer survey reports that "given the volatility in crop prices this spring and early summer, it's notable that more producers expressed concern about rising interest rates than declining output prices. Producers' top concern is still higher input costs (at 37% of respondents), followed by rising interest rates (said 24% of respondents) and lower output prices (at only 19%).

Nearly two-thirds (or 65%) of producers in July said they expect interest rates to increase, up from 57% in June. Among those who indicated that now is a bad time to make large investments, their top reason was concern about rising interest rates.

But with consumer inflation pressures falling in both Canada and the US down to around 3%, and an index of a wide basket of commodity prices trending lower, what does that mean for grain price over the longer term?

Bloomberg Commodity Index Total Return



Bottom line, this is just another reason to use hedging tools to capture these good grain and cattle prices in case higher interest rates cause lower commodity prices. For market analysis and hedging strategies, connect with me at 204-982-0011 or commodity-options.ca.

Ag Stocks vs Ag Commodities – August 14, 2023

As grain prices drift sideways to lower so far this year, how are the farm input suppliers and agribusiness companies doing?

While the major grain futures like canola, wheat, soybeans and corn are down about -12% this year, a couple of exchange traded funds comprising a basket of agriculture related stocks are off on average only around -3%.

In particular, though, Nutrien stock has fallen over -8%, ADM is down around -8% as well, and Corteva off -11% but Bunge is up +14% because of the Viterra takeover.

At the same time, the broad based US S&P 500 is up 17% and the Toronto Stock Exchange 60 Index is up 5% so far this year after falling almost -20% & -10%, respectively, last year. In 2022, those agriculture stock funds rose 10% when most grain prices were higher.

COW-T Ishares Global Agriculture Index ETF



In general, stocks are a long-term discounting mechanism that can give some insights into the performance outlook of market sectors.

Bottom line, keep an eye on ag related stocks for signs of what farm commodity prices could do going forward. For market analysis and financial strategies, connect with me at 204-982-0011 or commodity-options.ca.

Top Five Tips of Trading Wisdom - August 21, 2023

There is so much information from government USDA and Statscan reports to industry analysis and opinions. And when markets get very choppy with big fluctuations up and down, like wheat's 15% to 20% swings in the past year, I like to focus on the objective technical analysis of chart patterns & trends. So, here are the top 5 tips of trading wisdom from a list of 30 to help you navigate the markets:

- 1) Information is only valuable if no one really knows about it.
- 2) Trades that make a lot of intellectual sense are likely to lose money.

- 3) There is always a reason why markets go up or down, we usually only learn why after the fact.
- 4) Do not think you are smarter than the market, you are not.
- 5) The market cannot be predicted, we can only play the probabilities.

Bottom line, trading is simple but it is not easy so keep your marketing strategies simple. For objective market analysis and straightforward hedging strategies, connect with me at 204-982-0011 or commodity-options.ca.

China & Commodities - August 28, 2023

While we hear about nothing but high and rising interest rates at home, the picture is quite different in the world's second most influential economy.

Interest rates have been rising in North America since the beginning of last year, but the prime rate on loans in China has actually fallen half a percent (50 basis points) during that time. The only major economy that's seen declining interest rates.

But it's not just rates that are falling, the China yuan currency has dropped 7% against the US dollar in the past year, and almost 14% in the past 2 years. It is now at its lowest level in over 13 years.



Importantly, what could the marginal impact be on commodity prices given China has long been a top consumer of a wide range of commodities and natural resources. It's difficult to say for certain, but in the past year, a broad-based commodity index is down about 14%.

Bottom line, it pays to think outside the box and around the world when it comes to our local farm commodity markets. For market analysis and straightforward hedging strategies, connect with me at 204-982-0011 or commodity-options.ca.

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