

MARKET WATCH

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David Derwin
Portfolio Manager/Investment Advisor
204-918-2734 - dderwin@pifinancial.com

Below are excerpts from my weekly Market Watch radio spots.
Market Watch is broadcast across radio stations throughout Western Canada.

"Every life is defined not just by what happens in it, but by what doesn't."
– Michael Lewis, author of Liar's Poker, Moneyball & The Big Short

Hedge your Bets – January 1, 2024

Diversification strategies on the farm can really add up. A recent article by Robert Arnason in the Western Producer reinforces how important diversification is around the farm.

The article interviews Hurst Bohner, the soybean specialist for the ministry of agriculture, food and rural affairs in Ontario, and he says that “farmers should plant more than one variety of soybeans. If they don’t, they are making a mistake.” And “choosing the right variety could be the most important decision.” “If a producer selects only one variety and grows it across the entire farm, how do they know it’s the optimal variety for their farm? For their soil and region?” You need to “spread your risk; it’s a good practice.”

Likewise with marketing. It's good to have many arrows in the quiver, or as I like to say, a Swiss Army knife with lots of tools for the marketing toolbox. Just making cash sales doesn't give enough trading flexibility, exposes you to unnecessary risks and leaves money on the table.



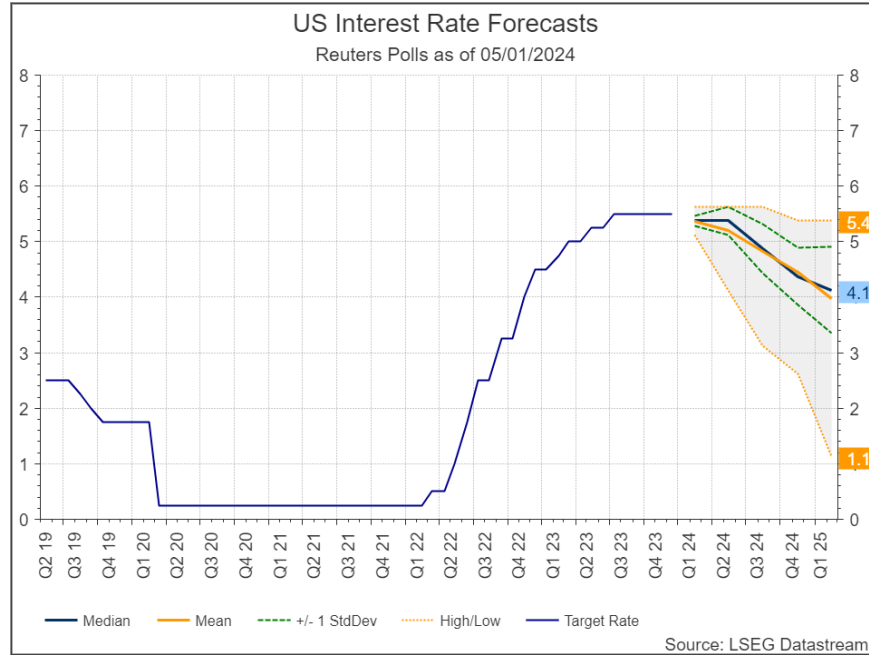
Bottom line, diversification on the farm is all about optimizing resources by spreading around risks and opportunities to maximize net profits. To access unique commodity hedging strategies to optimize your marketing plan, connect with me now at 204-982-0011 or commodity-options.ca.

Following the Crowd – January 8, 2024

Where will interest rates go this year? We don't know for sure, but rates will drive all other asset prices from stocks & bonds to real estate, currencies and commodities.

Getting a handle on the future path of interest rates helps with many other business and financial decisions. Our recent PI Financial Portfolio Strategy report noted that: “the majority of analysts project a decrease in the policy rate over the next year. The consensus is that the US federal

fund rate will reduce from 5.5% to 4.1% by 2025. However, estimates vary widely. The more hawkish predictions anticipate a minimal decrease, with the rate hovering around 5.4%, whereas the most optimistic scenarios suggest a drastic reduction to as low as 1.1%.



Bottom line, everyone is expecting interest rates to decrease but a lot can happen in twelve months. Perhaps rates stay near the same level they are today, or maybe only slightly lower. Regardless of where interest rates ultimately end up, connect with me for market insights and financial strategies to help guide you in the coming year at 204-982-0011 or commodity-options.ca.

The Two Kings – January 15, 2024

Wondering how grain prices will play out this year? It's often a game of kings.

Grains are heavily influenced by two kings, King Crude and King Corn, because of their wide range of energy & fuel uses, and industrial & commercial applications in our daily lives.

And these two fallen kings are pulling down most commodities that affect you on the farm like wheat, canola and soybeans as well as fertilizer, natural gas, lumber and base metals like aluminum and copper. Livestock prices including cattle and hogs have come down too.

Bloomberg Commodity Index

Weekly > DJP | Path ETNs Linked to Bloomberg Commodity Index Total Return due 06/12/2036 C: 30.27 Chg 0.07



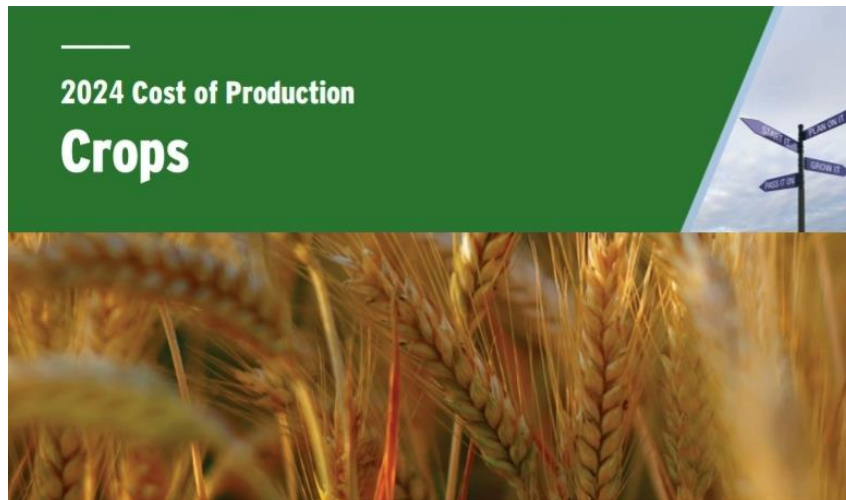
One major commodity that is holding up well is gold, perhaps because of lower interest rate expectations and the ongoing wars in Russia & Ukraine and Israel.

Bottom line, broad-based commodity indices are trending lower, and grain prices are along for the ride. Price fluctuations and rallies will occur. So more importantly, how can you benefit from flexible hedging tools like options & futures to capture these opportunities and manage risk, without committing your grain for delivery? Connect with me now at 204-982-0011 or commodity-options.ca.

Cost of Production – January 22, 2024

So far in 2024, we've seen some cost of production and profit numbers for Manitoba and Saskatchewan. Which crops come out on top?

Recently Manitoba Agriculture issued its annual crop production analysis report showing expected profit for sixteen different commodities. Edible beans hold the gold, silver and bronze positions on the podium. But, among the major grains, oilseeds like canola and soybeans are ranked near the top. Oats and wheat are in the middle of the pack, while corn and barley are closer to the bottom.



At the same time, Leftfield Commodity Research provides a similar analysis of twelve crops for Saskatchewan. Depending on your region and soil type, their analysis shows lentils, chickpeas and some of the other smaller crops occupying the top spots. Canola, wheat and oats are all in the middle of the pack, with barley and soybean nearer to the bottom.

Bottom line, these crop profit estimates are a good guideline and become even more meaningful when you have a marketing & hedging plan in place to manage the associated price opportunities and risks. To benefit from flexible options & futures hedging tools that give you the upside potential you want and the downside protection you need without committing your grain for delivery, connect with me now at 204-982-0011 or commodity-options.ca.

Red, White & Blue – January 29, 2024

For years, if not decades, people have talked about the Chinese economic miracle, but I've never been a fan of investing in China. Just because China has been one of the biggest buyers of commodities, doesn't mean we should be buying into their stock markets.

While China's economy has been growing, its equity markets have not kept pace. In fact, the iShares China Large Cap exchange traded fund holding the largest Chinese equities has basically gone nowhere in the past twenty years.

iShares China Large-Cap ETF



One concerning factor about China is their population growth. And this week we read that China's population dropped for a second year in a row, had a record low birth rate and its highest death rate in 50 years.

Bottom line, when it comes to investing, I like to stick with red, white & blue and of course, red & white. US and Canadian stock markets have increased in value steadily over the decades partially because of favorable demographics, social mobility and an open business environment; all key ingredients for a growing economy, strong stock market and healthy currency.

For financial strategies and investment management, connect with me now at 204-982-0011 or commodity-options.ca.



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