
MARKET WATCH

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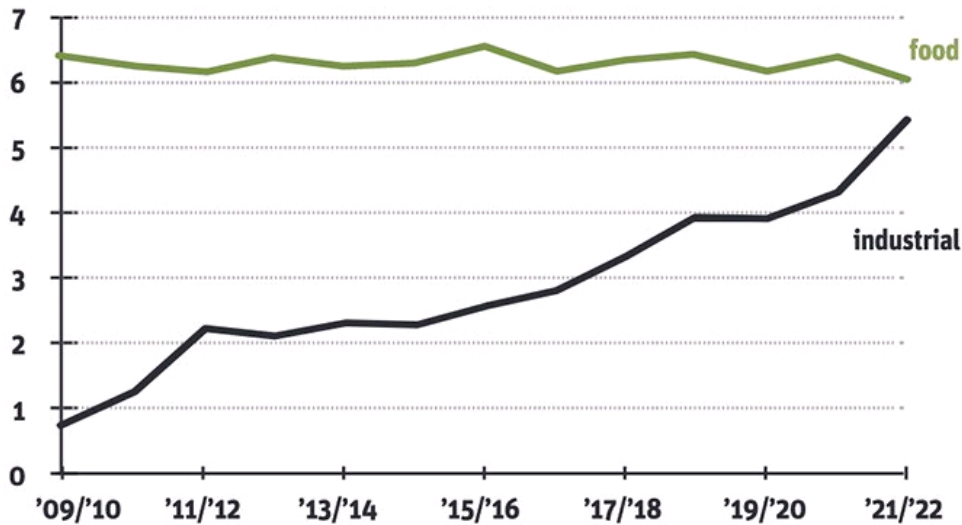
Below are excerpts from my weekly Market Watch radio spots.
Market Watch is broadcast on over two dozen radio stations across Western Canada.

Feeding the factories – July 5, 2021

That grain is being used more and more around the world for industrial uses is nothing new. This trend has been going on for over a decade but it's still an eye opener when you see the numbers.

For example, based on International Grains Council figures, overall industrial demand for soyoil has increased fivefold over the past ten years to nearly the same level as food usage, partially thanks to the supportive US renewable fuel policy. During this same time, food consumption of soyoil has been stagnating.

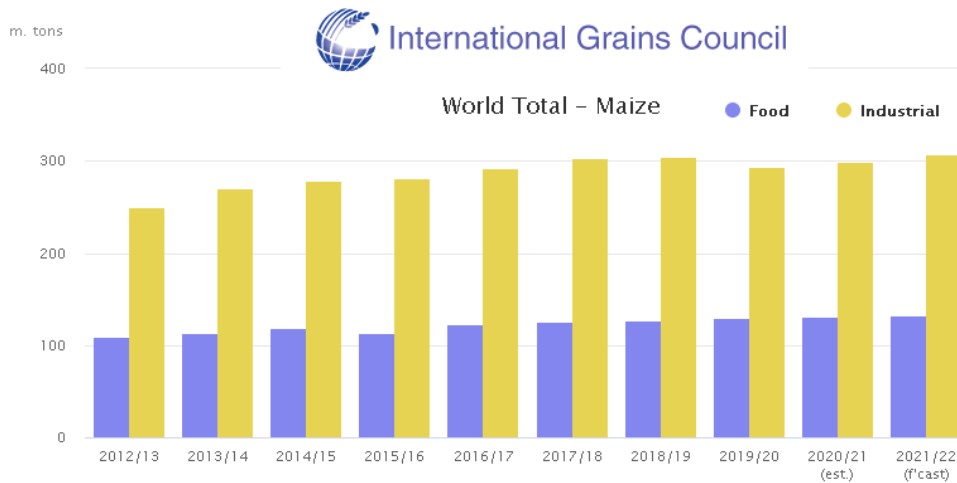
Global soybean oil demand (million tonnes):



Source: International Grains Council | WP GRAPHIC

There's a similar story for corn. World industrial usage for corn is almost two and a half times that for food demand. Around 300 million tonnes is used annually in industry compared to just 130 million tonnes for food.

Bottom line, with the earth's growing population, expanding economies and developing environmental policies, agriculture supply and demand trends will continue to evolve. As these trends ebb and flow, so too will their impact on grain prices both here at home and abroad. For market analysis & farm hedging strategies, connect with me at 844-982-0011 or commodity-options.ca.



A picture is worth 2000 words – July 12, 2021

Why are commodity price patterns, trends and technical chart analysis so important for farm marketing?

When I read a recent article about China arresting or detaining two influential private agricultural supply & demand data analysts, it reminded me again why pure commodity price data analysis is so important.

It's hard enough to take USDA or Statscan data and reports at full face value, since any sort of data collection like counting the number of acres planted to each crop or global grain inventories is a near impossible task to complete accurately.

So when a dominant global grain buying country like China has a history of questionable market transparency, price pattern and trend analysis becomes even more important.

Like a global poker game, no one wants to fully reveal their hand if they don't have to and bluffing is also part of the game so price becomes the direct source for what's actually happening in the market.

Bottom line, technical chart analysis can help make marketing decisions. Additional value then also comes from developing option & futures hedging strategies around current price conditions, so connect with me at 844-982-0011 or commodity-options.ca.

Farm, Family & Finances – July 19, 2021

In addition to daily grain price fluctuations, we also need to take to look at longer-term business decisions and investment plans. Whether it's selling the farm, retiring from active farming, transitioning to the next generation or looking to expand and diversify your investments, farm land values is one component in that process.

With the average farm land rental rate about 3% across the Prairies and given capital appreciation has been around 6% per year over the past five years, farm land as an investment has on average been generating between 7% to 10% annually. Likewise, a balanced investment portfolio of stocks, preferred shares and corporate bonds would have provided similar results as well as valuable diversification benefits to your overall farm, family and finances.

Bottom line, financial investments like stocks, bonds and exchange-traded funds can work in conjunction with farm assets to spread out your risk and reward. Investment tools including a Tax-Free Savings Account (TFSA) where you can earn tax free returns or a corporate investment account can play an important role in your long-term investment, tax and succession planning strategies. For financial advice and portfolio management, connect with me at 844-982-0011 or commodity-options.ca.

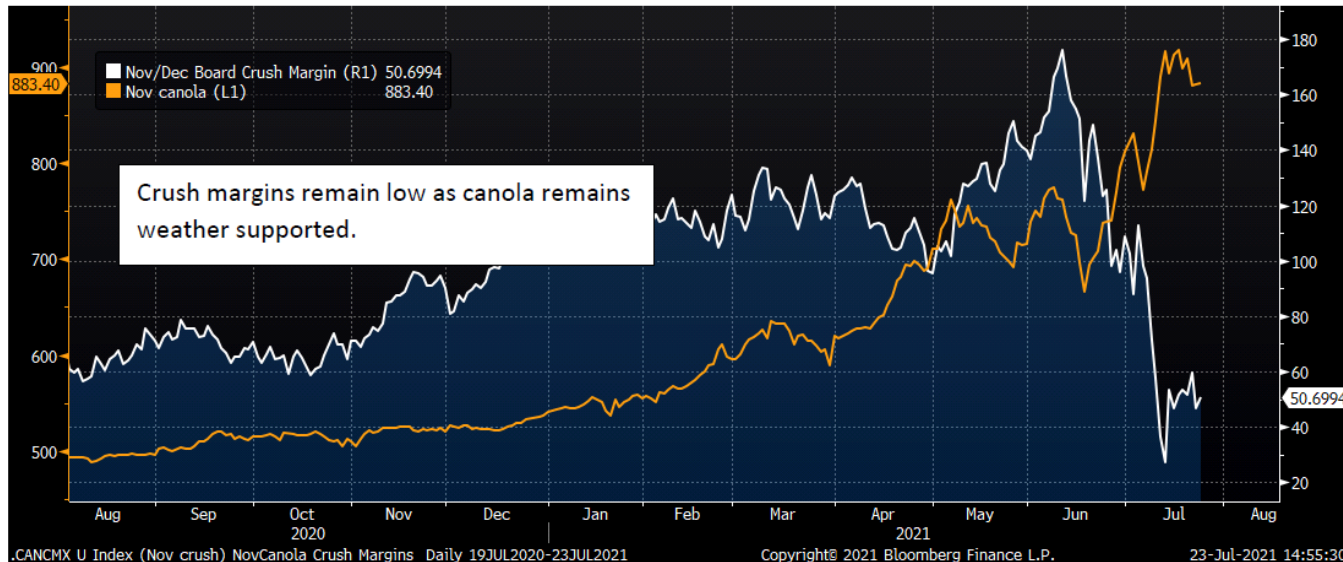
The crush getting crushed!! – July 26, 2021

While global oilseed product demand will have a big impact on our canola prices, so too will domestic demand factors.

Global oilseed futures like US soybeans, soyoil & soymeal, European rapeseed, Malaysian palm oil and Chinese rapeseed products have all been trading in a sideways pattern for the past two months.

Despite this, canola futures have trended higher due to dry Prairie weather. However, one important factor that has turned negative lately is the canola crush margin. The crush margin measures the profit from buying canola seeds, crushing it and then selling the oil and meal by-products. The new crop canola crush margin rose steadily alongside canola prices for the past year up until a month ago. Since then, it has collapsed from \$180/metric tonne to around \$50; below the level it was at this time last year.

Crush Margins



(Chart courtesy of John Depape - FARMCo.)

Bottom line, while canola has kept moving up even as other global oilseed products have been trading sideways, the recent drop in canola crush margins will be another potential drag for canola prices going forward. For commodity market insights and farm hedging strategies, connect with me at 844-982-0011 or commodity-options.ca.

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