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.

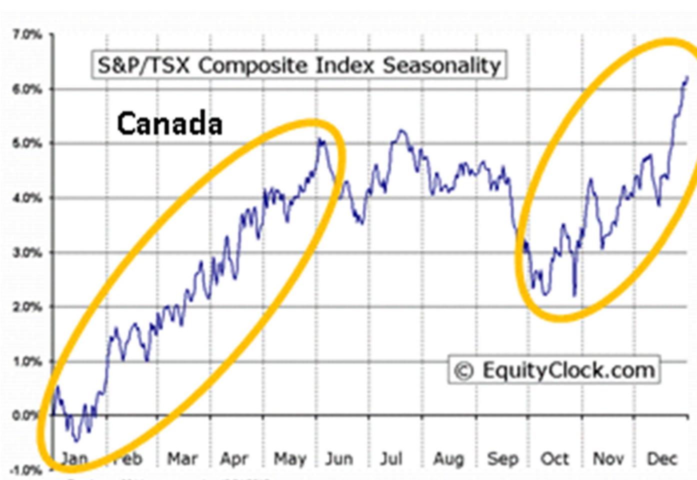
Stock Market Seasonality – October 2, 2017

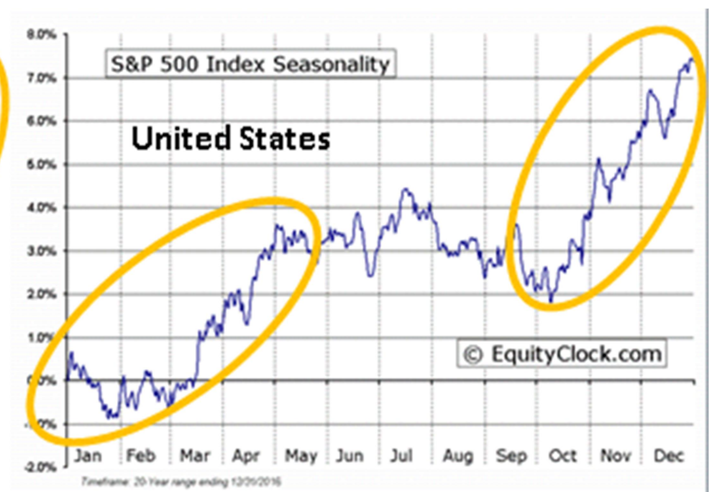
I often talk about seasonal factors in the commodity markets, but do you know which market has one of the strongest and consistent seasonal patterns?

The beginning of October marks the start of the seasonally strong period for global equities. All the major markets typically move up between October and May.

This seasonal investment phenomenon is also know as "Buy when it snows, sell when it goes" and "Sell in May and go away" since this strong period coincides with the winter months.

Based on research by Equityclock.com using the past twenty years of data, historically the major stock markets around the world were up on average 9% in the upcoming 6-month period. In the past, Canada has been up about 8% , the US up around 9% , England almost 7%, Germany 13% and Japan 7%. (SEE CHARTS BELOW)





Bottom line, many stock markets are near all-time highs but with some countries and stock sectors trading at high valuations, I'll keep a close eye on equity portfolios for clients over the next six month to see if the historical strong pattern holds this year, or if stock markets begin a topping out process.

For investment as well as commodity market strategies, connect with me at 844-982-0011 or commodity-options.ca.

The calm before the storm? – October 16, 2017

There has been a lot of talk lately about the low levels of market risk. Is this a warning sign of things to come?

Put and call options are used to protect against risk. When perceived risk is high, demand for options is also high and the price of those options increases as well. Likewise, when everyone is calm and feeling good about things, option prices are low.

Currently, option prices, as measured by their implied volatility, are very low across many markets:

- US stock market & bond risk premiums are at all time lows.
- Gold and silver, often considered safe havens, are the lowest in 10 years.
- Uncertainty in currencies, however, is only in the mid to low range.
- And we already know that option prices are at or near all-time lows in the grain markets.

Bottom line, is this the calm before the global market storm? Not necessarily, since current conditions can persist for a long time. However, commodity price protection is inexpensive so you can take advantage of these cheap options as part of your overall marketing strategy.

Super Soybeans - October 23, 2017

"Helping your fields by adding soybeans." I like reading news headlines like this and I'll tell you why.

A recent article in Grainews called "Helping your fields by adding soybeans" focused on the many benefits of growing soybeans. The article says:

"Soybeans are a great crop to incorporate, with many economic and agronomic benefits. Economically, soybeans allow growers to take advantage of other markets, which decreases financial risk. Harvest timing is different from canola and wheat, so soybeans help spread out the harvest. Agronomically, more crops equal more herbicide modes of action available to the grower. Crops typically do well after soybeans; less residue is left, and it tends to break down more quickly, resulting in a blacker, more workable soil."

Another benefit I would add is that with very liquid option & futures that trade on the CME Group's Chicago Board of Trade, there are numerous hedging strategies you can develop making soybeans a great crop to market.

Bottom line, soybeans offer great production diversification benefits as well as excellent marketing diversity since many other crops don't have open exchange traded market futures & options hedging tools. For a complimentary Soybean Hedging Guide, connect with me at 844-982-0011 or commodity-options.ca.

Rays of Sunshine… - October 30, 2017

While there have been a lot of stories in the past few years about falling crop prices, reduced revenue, financial pressures, farms selling assets as well as farm bankruptcies, one market-based indicator is showing some rays of sunshine.

In the past two years, the Van Eck Vector Agribusiness exchange traded fund, which holds a basket of global agribusinesses companies like Deere, Monsanto, Potash Corp. and ADM, with the ticker symbol MOO or "moo", is up 22%. This is exactly on par with the increase in the US S&P500 stock market index. This is a positive indication for growers since it suggests that investors and traders are confident about future agribusiness earnings and the farm economy.

Since 2001, the stocks in this ETF have had a 90% correlation or connection with US farm receipts. Historically, when farm receipts go up, this basket of stocks tend goes up as well because growers are customers of these companies buying their tractors, fertilizer, seeds and other inputs. Likewise, when farm receipts are weak, these stocks are usually weak as well.

Bottom line, while we have had a couple of weaker years in farming, especially in the US, perhaps things will begin to improve. We'll see if gains in agriculture-based stocks will also be seen on the farm in the years to come.