
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.

The winds of change... - June 6, 2022

The month of May seemed to have been all about wheat. But are the winds of change starting to blow?

After last month's USDA report, wheat futures traded limit up a couple times, pushing to new highs. Then, following the Indian wheat export ban announcement, wheat reconfirmed its existing uptrends.

But now with wheat being prominently featured on the cover of May 21st edition of The Economist magazine and a price pullback having begun, could wheat market trends be changing?



There is anecdotal historical evidence that suggests that when a commodity, currency, or the stock market hits the cover of a popular publication like Time, The Economist, or the New York Times, a change in trend could be near. History could be repeating itself given wheat futures worldwide have dropped 15% to 20% from their recent highs.

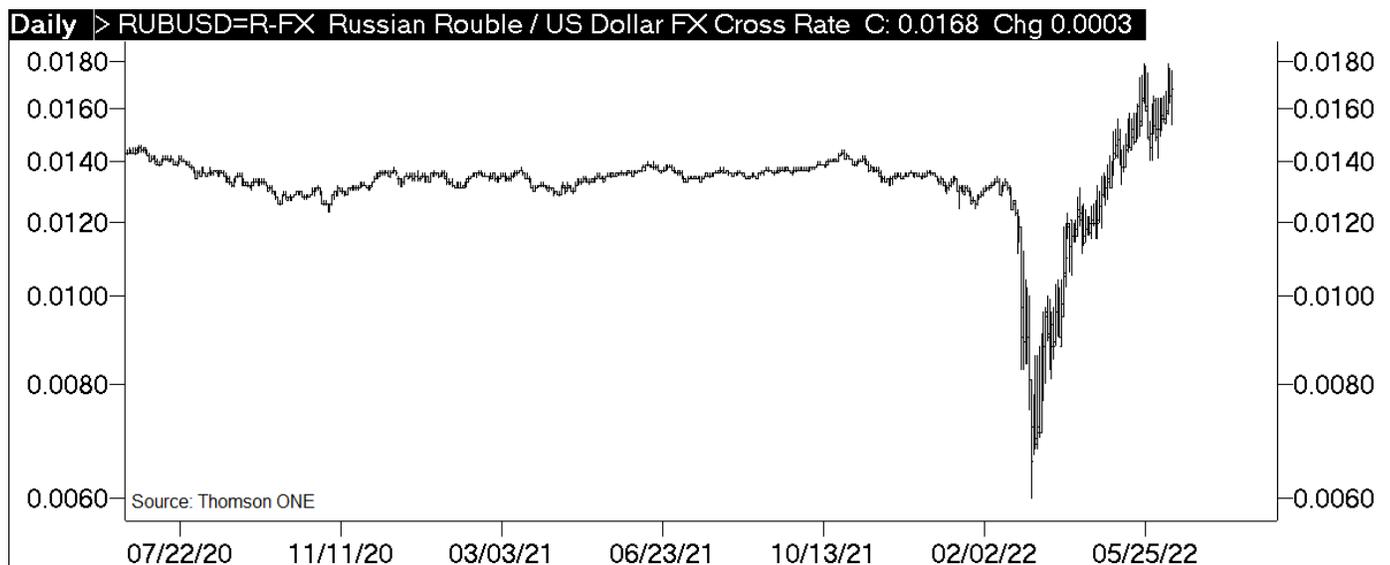
Bottom line, while there's still a lot of weather and a whole growing season ahead of us, is it too early to ask if the wheat prices are changing direction? For futures & options hedging strategies to help navigate a change in grain price trends, connect with me at 844-982-0011 or commodity-options.ca.

Never say never, ever again... - June 13, 2022

In an ongoing and ever-present theme in markets, here's another example of "never say never".

Markets will always surprise us because they are in a constant state of flux with random and unknown events constantly bombarding them. And how we react to all this is random and unknown as well. Then the fallout of all the follow up interactions and feedback loops of these series of events will be complex, chaotic and random too.

So, with all the trade, economic and financial sanctions placed on Russia following their invasion of Ukraine, the Russian currency must be collapsing, right? Wrong. While the Ruble did initially fall over 50% after the invasion, it has since been up about 40% from pre-invasion levels at one point and is now still up over 30%.



Domestic capital controls, internal currency restrictions and the situation where Russia has demanded payment for its energy and commodity exports in rubles instead US dollars have all helped prop up its currency, for now.

Bottom line, markets can often surprise and confuse so for futures & options hedging strategies to help navigate unforeseen and random commodity price fluctuations, connect with me at 844-982-0011 or commodity-options.ca.

Keep an eye on crude oil & the US dollar - June 20, 2022

Currencies, grains and energy markets are interlinked because of their immediate influence on each another.

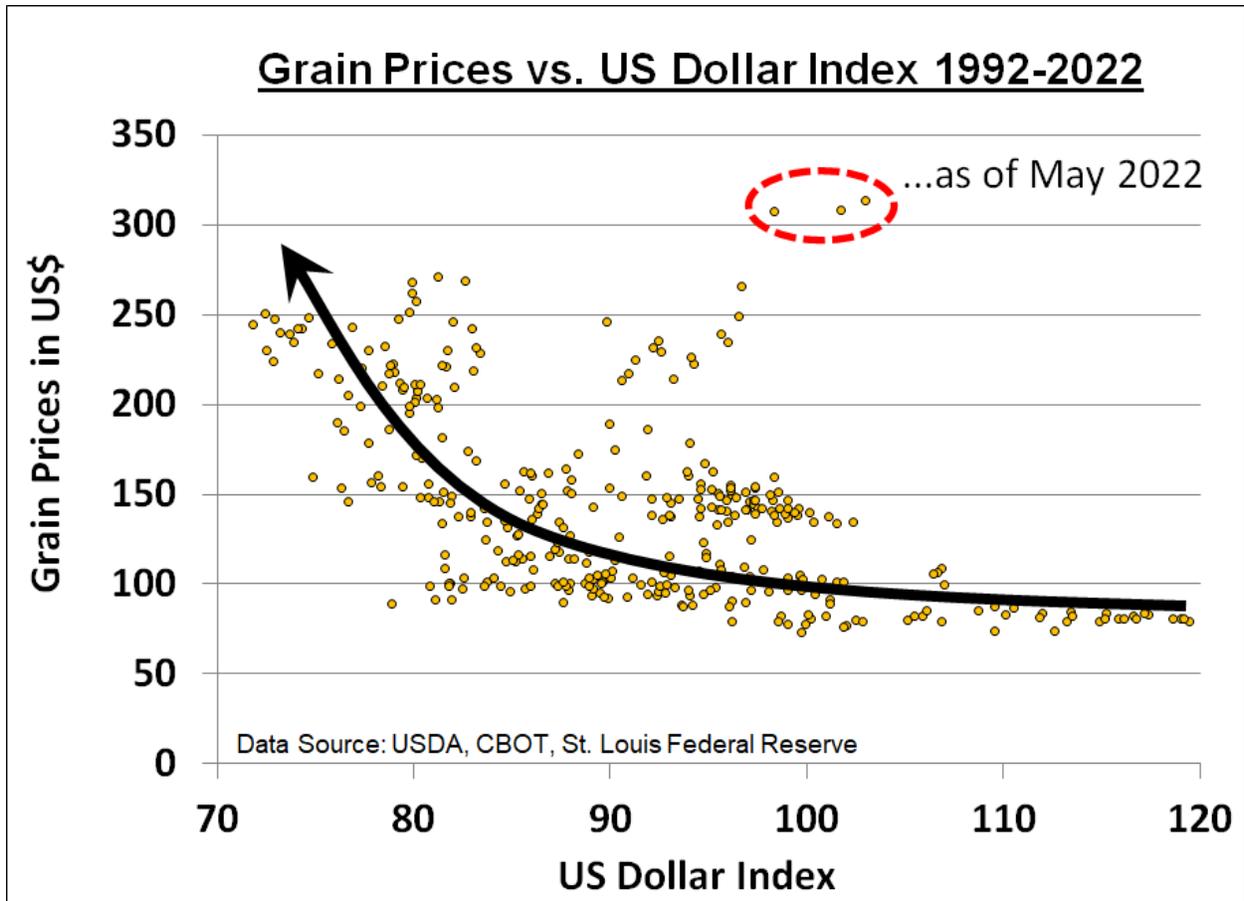
The king of all commodities, crude oil, has a natural connection with oilseed crops because they are both energy sources, and increasingly so from rising biofuel industry demand. Fuel prices will in turn pull up corn and to some extent wheat for their ethanol value which supports other grain markets like oats, durum and specialty crops because they are all food items.

WTI Crude Oil and Corn



Source: CME Group

And, what about the US dollar and grain prices? Typically, a strong US dollar has been an anchor holding back grain prices denominated in US dollars. In fact, thirty years of history shows a negative correlation or inverse connection of about -60% between the US Dollar Index and a basket of wheat, corn & soybeans futures.

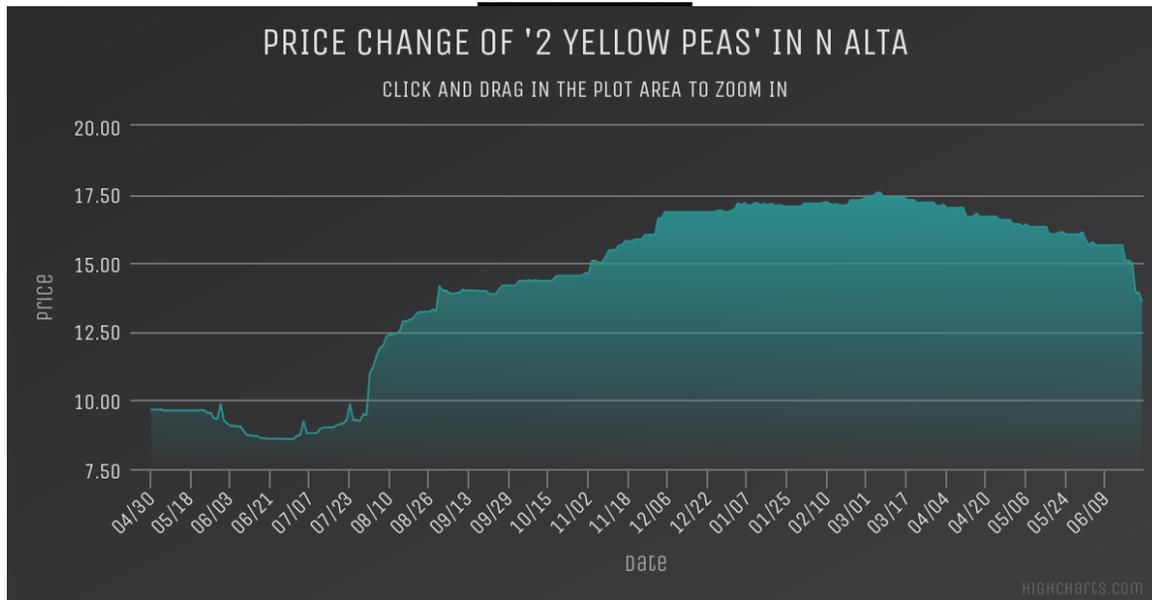


Bottom line, we're now in an unusual situation where both grain prices and the US dollar are trending higher. Since the currency market is massive compared to the global grain trade, will grain prices blink first? For flexible options and futures hedging strategies to help you navigate the current marketing environment, connect with me at 844-982-0011 or commodity-options.ca.

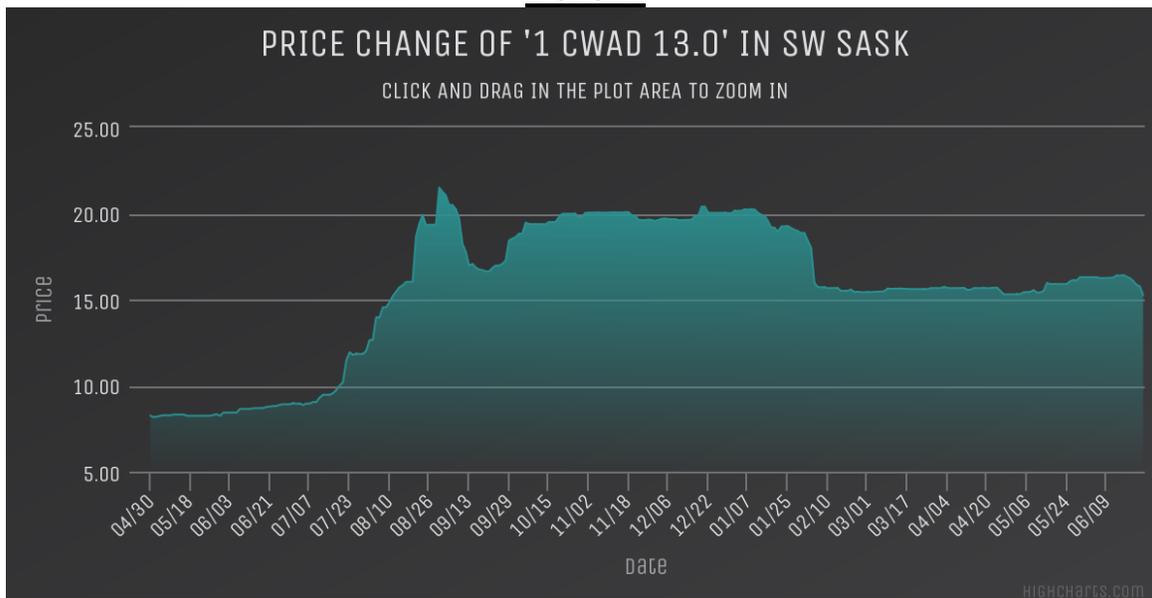
Follow the leaders - June 27, 2022

Wondering where prices for non-futures traded crops like barley, durum, peas and lentils are going? Last week we saw corn, wheat, canola and soybeans futures all drop. So where are other crops like barley, durum, peas and lentils headed? In general, these crops have been trading sideways. But, they are starting to drift lower and I heard some stories last week of price dislocations in these markets as well with barley bids, for example, down 75 cents per bushel one day.

Yellow Peas



Durum



Source: www.pdqinfo.ca

Given large futures traded crops set the pace for grain pricing, it's important to follow those large acreage crops. They provide a good indication of supply & demand, the growing conditions, and the potential weather impact for all crops across North America. If we see grain futures prices continue to weaken, the other smaller crops will likely follow.

Bottom line, since you can't hedge durum, barley or specialty crops, it makes sense to use options & futures even more proactively to hedge the crops you can. For flexible options & futures revenue protection strategies to help you navigate the current marketing environment, connect with me at 844-982-0011 or commodity-options.ca.

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