
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.

*“When you understand the past, the confusion of the present becomes clear”
- John Betjeman, English poet, writer, and broadcaster*

Canola trade & export figures – February 1, 2019

Canola exports are going to need a big pick up in activity if the market is going to clear the old crop before the new crop comes on board later in the summer.

Based on export figures so far, the pace would have to increase significantly over the next several months. However, as John DePape of FARMCo. points out, “The problem here is that there is nothing on the horizon suggesting any kind of increase in exports. Quite the contrary – with the tensions between Canada and China right now, things are pointing to a reduction in expected exports, not an increase.”

DePape goes on to say that the current export pace could lead to an estimated carry out of 4.2 million metric tonnes on July 31st. That would be more than enough to last until new crop starts coming off the fields.

Bottom line, if all this canola doesn't clear the system, these trade dynamics will have an impact on price and basis levels. To find out about the Advanced Grain Pricing canola hedging program that manages these market risks and opportunities for you, connect with me at 844-982-0011 or commodity-options.ca.

Marketing decisions based on data and probabilities, not emotions and opinions – February 11, 2019

This past week brought the first USDA release since December due to the US government shut down. There was a lot of hype and fanfare surrounding the recent USDA report, and this one more than usual because it's been two month since the last report.

And as is often the case, it was a whole lot of excitement for nothing. The trading range for the grain markets after the report was only five cents.

This really didn't come as a surprise especially when you look back over the past five years of data for how grain prices react following the monthly crop reports. The typical weekly price fluctuation for corn, wheat and soybeans combined for any given week is around 2%. The average price movement in the week following the release of USDA reports is essentially the same, just over 2%.

Bottom line, while some USDA reports can move markets, especially during the crucial summer growing months, most USDA monthly reports have little more impact on the market than any other week. So, to help make marketing decisions based on data and probabilities, not emotions and opinions, connect with me at 844-982-0011 or commodity-options.ca.

Do trade restrictions even work? - February 25, 2019

Trade wars usually don't work the way they are expected or get the results intended. For instance, it's been almost ten months since the Chinese tariffs hit the US soybean market. But are the restriction really working?

An interesting Reuters article called "Long strange trip: How US ethanol reaches China tariff free" states that "Although China slapped retaliatory tariffs up to 70 percent on U.S. ethanol shipments, the fuel can still legally enter China tariff-free if it arrives blended with at least 40 percent Asian-produced fuel."

But to get their, the US ethanol had to go through a convoluted trail involving the State Oil Company of Azerbaijan, an open water transfer between ships on the high seas outside of Singapore and a port in Malaysia. This sounds like a plot for a good James Bond movie!

Bottom line, while I don't know for sure, the same thing is probably happening in the US origin soybean trade as it is with ethanol. And maybe that's why soybean futures have steadily climbed since their July lows, despite the tariffs. So, a trade war resolution with China may not have the positive impact on soybeans you would hope for or expect. For trading insights and commodity hedging strategies, connect with me at 844-982-0011 or commodity-options.ca.

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