
MARKET WATCH

**David Derwin – Portfolio Manager & Investment Advisor
PI Financial Corp.**

Connect at www.Commodity-Options.ca or 1-844-982-0011

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

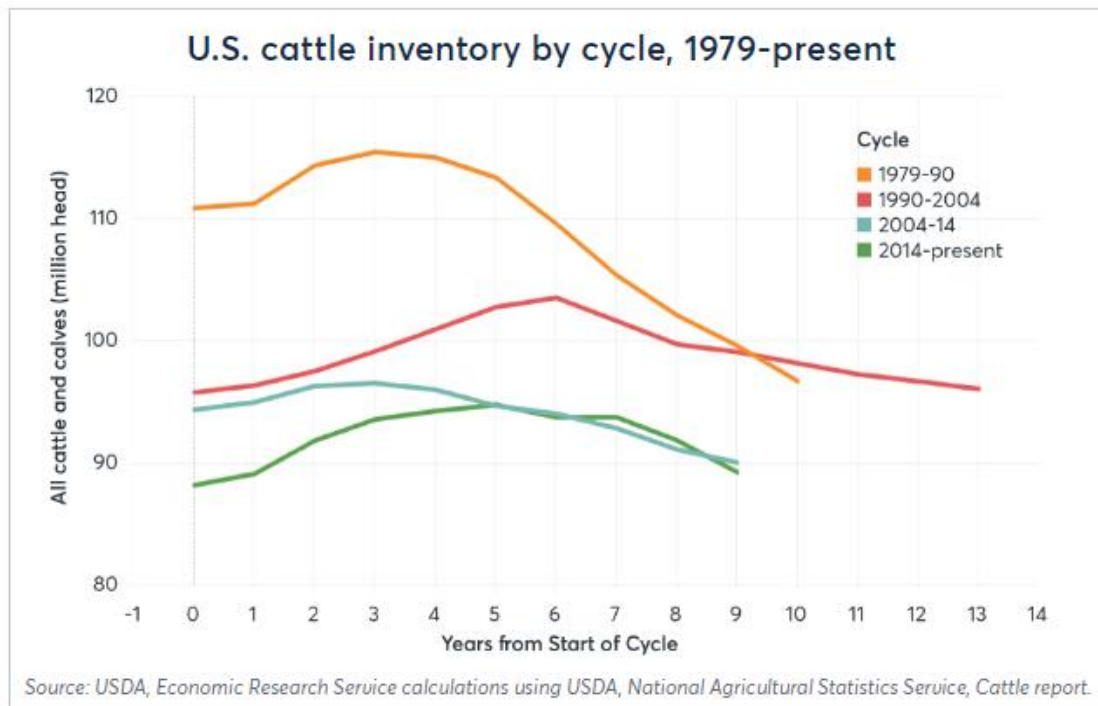
**"If you don't read the newspaper, you're uninformed.
If you read the newspaper, you're mis-informed." - Mark Twain**

Cattle Cycles – September 4, 2023

Commodity markets are known to be cyclical, but the cattle markets have a specific pattern all to their own. A recent report by the Chicago Mercantile Exchange CME Group provides a good reminder of the cyclical nature unique to the cattle markets.

The report points out that the theory of the cattle cycle began in the late 19th century, describing the expansion and reduction of US cattle inventory. Currently, the cycle is in a contraction phase with low herd numbers, partially because of drought in cattle-producing regions, as well as high heifer slaughter levels and rising prices.

Since 1890, the US cattle inventory cycle has averaged 8 to 12 years from peak to trough with the current cycle already 9 years old.



In addition, the trade closely watches heifer retention to gain insight into the current cycle and when the next stage is expected to begin.

Bottom line, cattle futures prices have cycles as well and don't forget, the cure for high prices is high prices. For cattle market analysis and straightforward option hedging strategies to get the downside protection you need, along with the upside potential you want, connect with me at 204-982-0011 or commodity-options.ca.

Proactive, Adaptive, Creative – September 11, 2023

It's no secret that diversification is a valuable business and investment strategy, and it is especially true for a farming operation.

A 5-year study by the Manitoba Pulse & Soybean Growers asked farmers which factors were important to them when planning their crop rotations. It was no surprise that the top reason that would encourage them to diversify their rotation was better economic returns.

One of the key reminders of the study was that producers farm for the long term and crop rotations are a wise long-term investment, so they should try reaching a balance among crops.

The same is true of having a diversified, balanced rotation of commodity marketing strategies as well.

This would include straightforward deferred delivery contracts as well as basis contracts, but also futures and options. With a complete set of revenue management tools in your toolbox, you can further diversify into specific put and call strategies to use in combination with physical sales.

Bottom line, flexible options and futures hedging strategies let you be more proactive, adaptive and creative with your sales. To enhance your farm marketing decision making, connect with me now at 204-982-0011 or commodity-options.ca.

China Watch – September 18, 2023

Everything in the markets trade in a relative fashion and are priced at the margin. So it's important to compare prices from around the world. And since China is still the second largest economy, that's a good place to look.

A couple weeks ago we saw how the Chinese currency is down 7% against the US dollar this year. What have other Chinese asset prices been doing?

In the big picture, Chinese economic output has been stagnant for the past two years. As a result, their stock markets are down about 15% since 2021. At the same time, their residential real estate prices dropped almost 10% as well.

What have Chinese agriculture commodity futures been doing? They've actually held up fairly well in 2023.

- Soybeans -7%
- Corn -5%
- Canola +3%
- Wheat -8%

By comparison, our farm commodity futures have weakened considerably:

- canola futures are down -10%
- corn dropped over -20%
- soybean off -5%
- wheat has fallen 15%.

Bottom line, as a major commodity buyer, it's good to keep an eye on Chinese spending and overall economic activity. For market analysis and farm hedging strategies, connect with me now at 204-982-0011 or commodity-options.ca.

Fed Watch – September 25, 2023

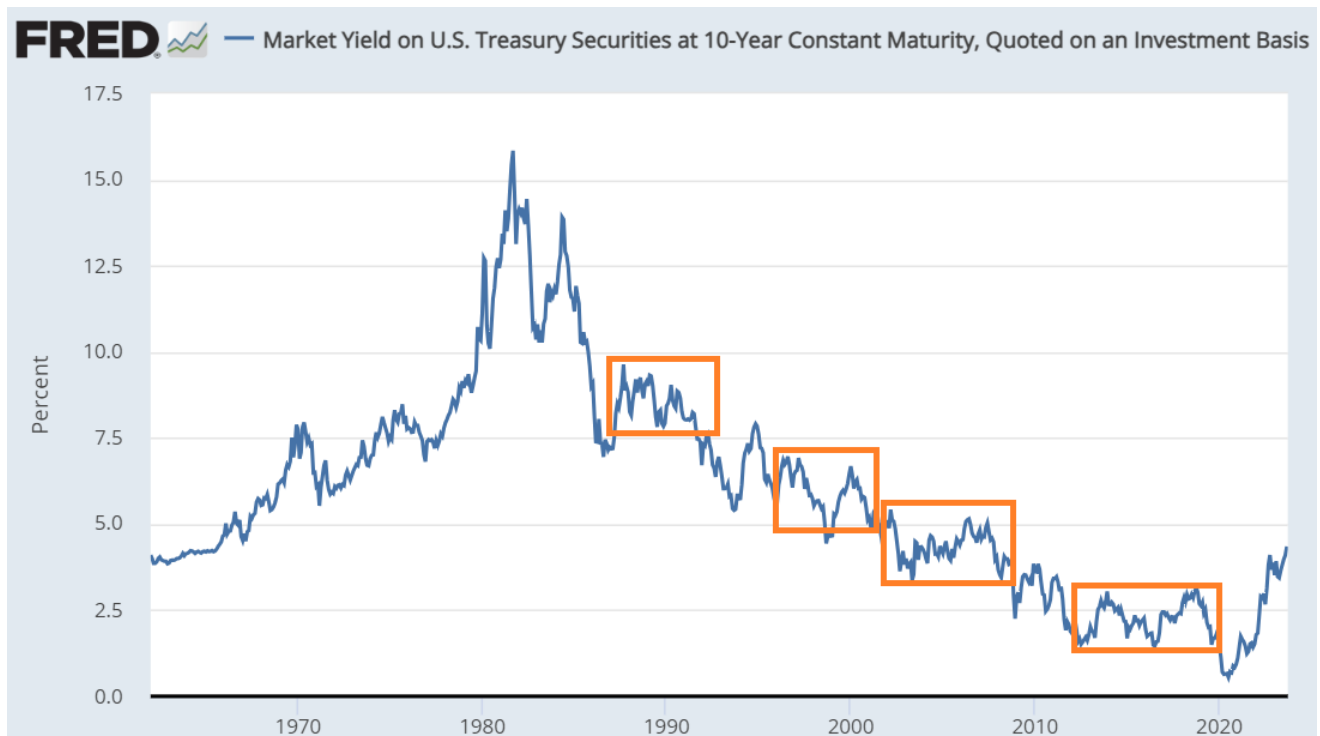
The U.S. Federal Reserve had an interest rate policy meeting last week. What did it mean for markets?

While the U.S. Federal Reserve held interest rates unchanged last week, it reinforced its hawkish stance. A further rate increase is projected by the end of the year and monetary policy is expected to be kept significantly tighter through 2024 than previously thought.

As a result, US S & P 500 stock index has dropped almost 3% and the US dollar is up nearly 1% against a basket of major currencies. Meanwhile, 10-year US government bond yields are continuing the uptrend they've been in for most of 2023, reaching 4.5%, the highest in 16 years.

So the question becomes, will longer-term borrowing rates go up or down from here?

But, it doesn't just have to be higher or lower, rates often go sideways. In fact, there are many instances when bond yields have traded in a sideways range for five years or more.



Bottom line, rates will likely be higher for longer and that will have an impact on all markets going forward. For market analysis and investment & trading strategies, connect with me now at 204-982-0011 or commodity-options.ca.

Options and Commodity trading has inherent risks where significant loss of capital may occur. Investors should consult with their investment advisor to determine if options and commodity trading is suitable for their portfolio and risk tolerance profile. This document has been prepared by David Derwin, Portfolio Manager & Investment Advisor for PI Financial Corp, for information purposes only. This is not an official publication of PI Financial Corp. and the author is not a PI Financial Corp. analyst. The views expressed herein are those of the author alone, not necessarily those of PI Financial Corp. The information contained herein has been obtained from sources believed to be reliable, but the accuracy or completeness of the information is not guaranteed, nor in providing it does PI Financial Corp. assume any responsibility or liability. This document is not to be construed as an offer to sell or a solicitation of an offer to buy any securities and is intended for distribution only to those jurisdictions where PI Financial Corp. is registered as an advisor or a dealer in securities. The inventories of PI Financial Corp, its affiliated companies and the holdings of their respective directors and officers and companies with which they are associated may from time to time include the securities mentioned herein. PI Financial Corp. is a member of the Canadian Investor Protection Fund & the Investment Industry Regulatory Organization of Canada.