

# MARKET WATCH

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

Connect at [www.Commodity-Options.ca](http://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.

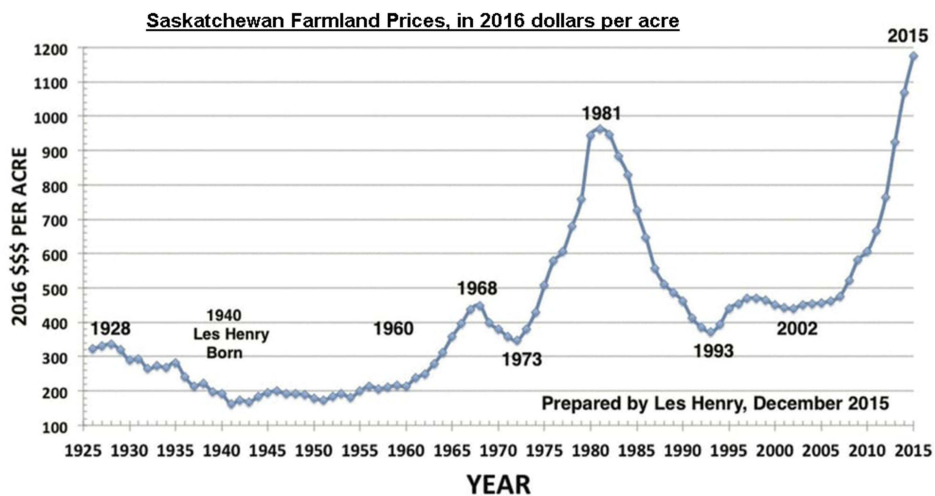
## Long-term market cycles – October 1, 2018

Three decades is a long time to wait but if you owned real estate in Japan, it's been almost that long since average land prices have risen year over year. Not only land but stocks in Japan have been in a 30-year slump as well. The Japanese Nikkei stock market index peaked at 39,000 in 1989. Today the Japanese stock market sits at only 24,000; still down almost 40% three decades later.



The point of this is to show that assets can go down or sideways for long periods of time. Granted Japanese land prices were extremely overvalued leading up to the peak in the late 80s, but bubbles happened all the time.

So this begs the question, are farm land prices in a bubble? Maybe but it doesn't mean farmland has to crash and stay depressed for decades. However, it has happened before here in Canada from the 1930s to 50s and again from the early 1980s until 2008.



Bottom line, it's always interesting to analyze many decades worth of chart data to see if it applies to the markets of today. For long-term research analysis and market strategies, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

### **Canola Contract Update – October 15, 2018**

I've been curious to see how the canola contract would react after it was move to the New York exchange in July. And so far, so good. Since the July move to the New York trading platform, weekly volume for the new crop November 2018 to July 2019 canola futures contracts have been steadily increasing. In fact, volume reached over 100,000 contracts during the first week of October.

While there is still a wide bid-offer spread for canola options, I've noticed that options still trade not too far off the mid-point, which is reassuring, but not much different compared to before the changeover. However, the number of outstanding Canola options as measured by the open interest has increased almost 20% since the switch.

Bottom line, it's too early to tell if canola's transition to New York will provide easier access to more American traders and increase canola activity, but at least it hasn't gone down. Ultimately, it would be nice to see more liquidity in the canola contracts especially in options so farmers can structure the same tailored canola hedging strategies as they do for wheat, cattle or the Canadian dollar. To find out how you too can include canola futures and options as part of your overall marketing program, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

### **Corn – October 22, 2018**

Corn has been getting a lot more attention lately across the Prairies. With the recent shortage of feed grains in southern Alberta, feedlots are using either barley, wheat or corn in their rations, so a lot of American corn has been moving into Canada. According to the USDA, Canada has imported almost 1.5 million tonnes of corn for the current marketing year.

At the same time, we're also seeing more corn grown in Canada. Manitoba planted 410,000 acres last year. This year that number grew to 428,000 acres. This has the added benefit of providing another crop in the rotation for more farmers and corn has been shown to be good for soil health and helps increase yields. Many studies and government of Manitoba analysis show that corn can be quite profitable.

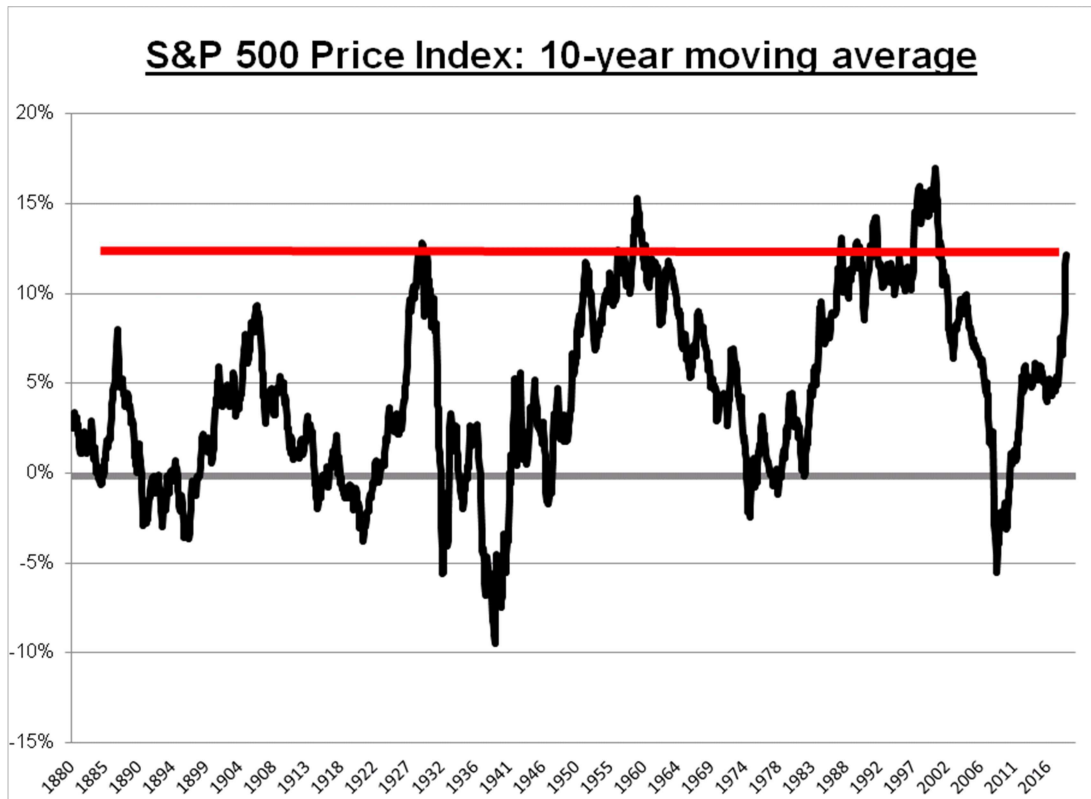
However, the significant investment in planting, growing, harvesting, drying and storing corn makes it a more capital intensive crop.

Bottom line, if you grow corn, consider hedging with options and futures since you can structure numerous hedging strategies making corn a great crop to market. For a complimentary Corn Hedging Guide, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

## Managing your non-farm financial investments – October 22, 2018

Too often RRSPs, a pension payout from previous employment or a TFSA are overlooked compared to farm investments. However, they can be a great way to diversify your assets and generate a valuable source of retirement income so you want to take care of them.

Stocks have had an exceptional run in the past decade and this recent 10-year increase is in the top 10% going back almost 150 years.



While the long-term total annual return from North American markets including reinvesting dividends is around 9%, history shows that the odds are that the next ten years won't be nearly as good as the last ten.

Fortunately, the alternative does not have to be 2 or 3% GICs or government bonds. There are many good high-yielding corporate bonds and preferred shares paying a steady 6, 7, 8, 9 or even 10%.

Bottom line, for help managing your RRSP, TFSA and corporate cash investments as part of a long-term financial strategy, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

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