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# 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.

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*Thinking ahead: In any matter, if one doesn't think far into the future, trouble will be near at hand. – Confucius*

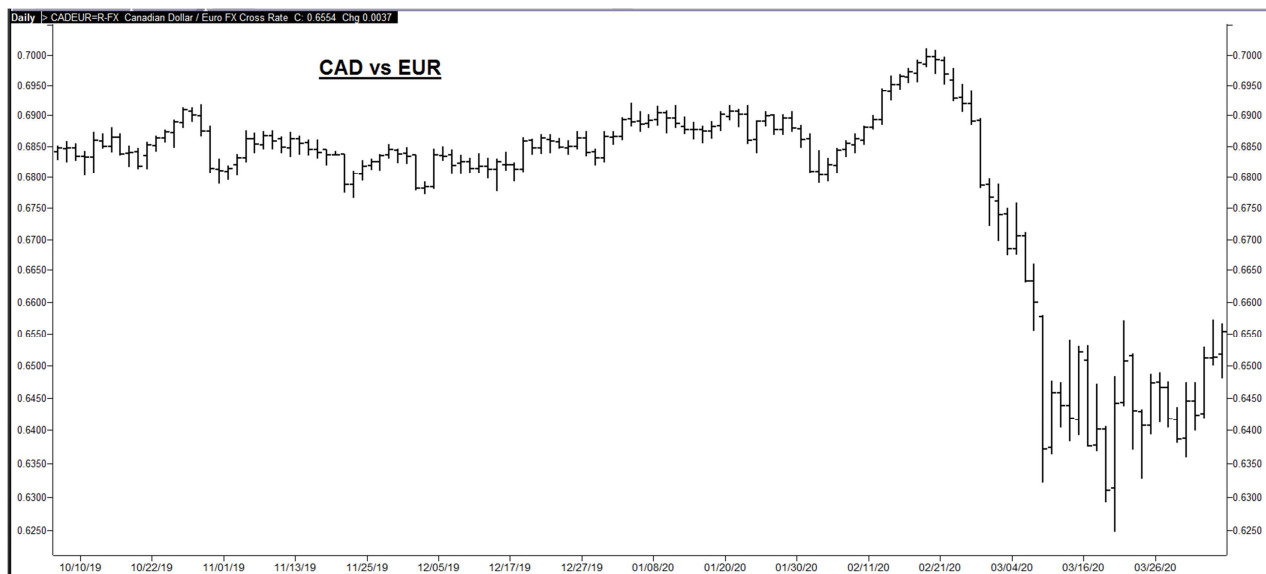
## The Canadian dollar around the world – April 6, 2020

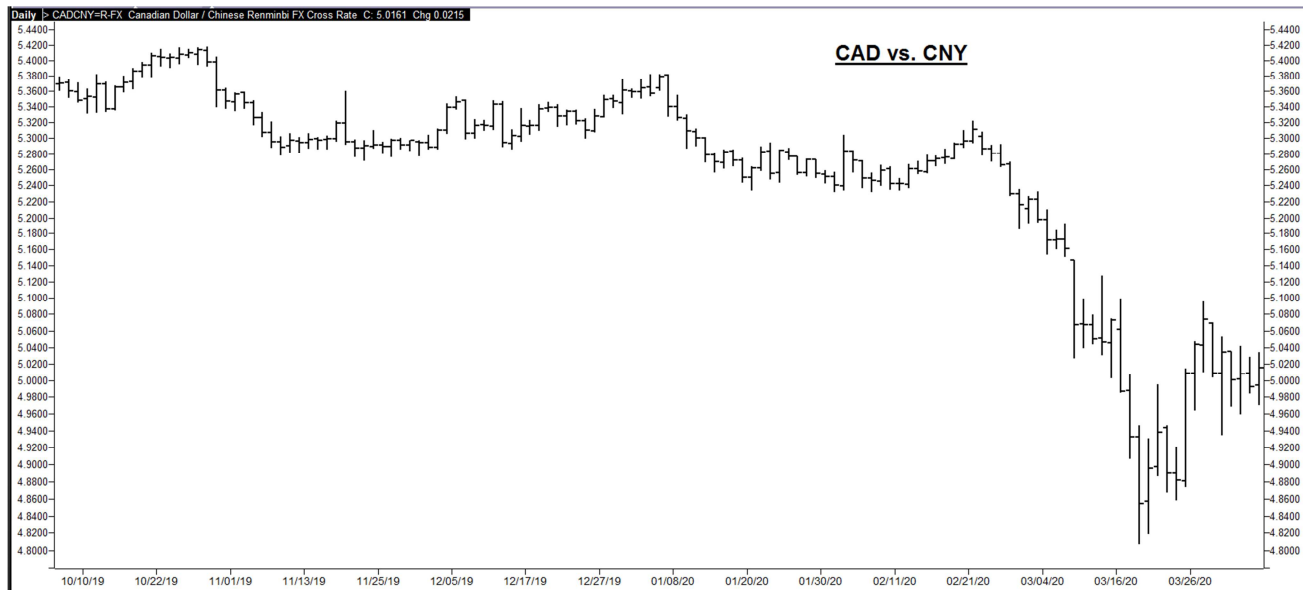
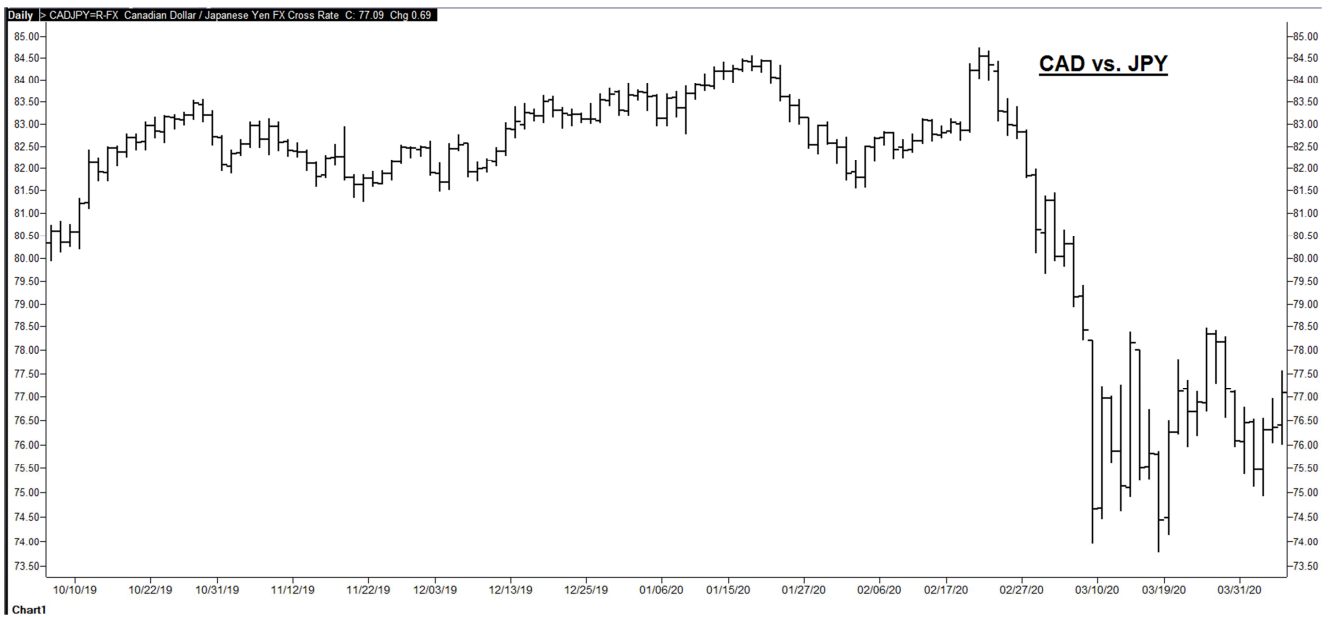
We usually think of the Canadian dollar in US dollar terms. But it's also helpful to think of the C\$ in comparison to other global currencies.

Since the markets really started to feel the effects of the corona virus near the end of February, the Canadian dollar is down -7% against the US dollar. During that same time frame, the loonie has also been weak against other major currencies. In fact, the C\$ is down about -8% compared to the Japanese yen (JPY), -6% versus the Euro (EUR) and around -6% to the Chinese Yuan (CNY).

This is important since a lot of our farm exports are purchased by European and Asian countries. This makes them more competitive when global buyers plan their commodity and food import decisions.

Bottom line, in the past month the Canadian currency has dropped around 7% against major currencies. Given the loonie is often considered a commodity and petro-currency, that could weigh on our dollar going forward. For commodity and currency market insights for your farm business, connect at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).





## **Farmer's Almanac: Spring weather forecast – April 13, 2020**

What's in store for the spring planting season? Well, according to the Farmer's Almanac spring weather forecast, much of the US growing regions will experience frequent and widespread precipitation. During the first part of April across the Plains states and parts of the Southwest, there may be a threat of strong-to-severe weather. Temperatures will run somewhat cool for most regions, even into June.

In Canada, occasional wet snow and unseasonably chilly conditions will hang on into April. The Almanac expects temperatures will run somewhat cool for most regions into June. Overall, it will be a chilly spring with plenty of showers across our Prairies.



Bottom line, cool and wet is the spring forecast for the North American grain producing regions this year. Fluctuations and uncertainty, however, are always the case when you're dealing with weather, just like in the markets. For farm hedging strategies to help manage revenues and reduce risk, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

### **Is bigger always better? – April 20, 2020**

Getting bigger isn't the only way to increase profits. Sometimes doing what you're already doing more efficiently and effectively is the way to go. But there are some areas where size can provide extra flexibility and adaptability.

Farm Credit Canada believes that larger farm size can imply lower cost on a per unit basis and thus potentially higher profitability. They say “there are economies of scope as you expand the range of commodities you produce and a larger farm can more easily diversify its mix of crops.”

FCC also points out that by reaching a certain size, farms may also gain benefits related to farm business risk management. “You may be able to combine more than one or two risk management programs and extract an optimal protection for your operation, for example combining Agri-stability, revenue insurance and crop insurance.”

Bottom line, larger farms can also benefit from greater farm marketing diversification including hedging strategies with options and futures. To find out how to use options and futures on cattle, canola, corn, wheat, soybeans and the Canadian dollar, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

### **Negative commodity prices? – April 27, 2020**

A fascinating market event occurred this past week. The May delivery US crude oil futures contract, which expired last Tuesday, traded at a record low price of...

**NEGATIVE** –\$40.32/barrel.

Since there was almost no storage space available to deliver the oil in to, owners of the contracts basically begged buyers to take the oil off their hands for free and then also paid them to store it. Here's what that picture looks like:



This has a direct impact on ethanol prices, which in turn, has a direct impact on corn prices. This could also affect soybean oil and canola oil via the bio-diesel connection too. Everything is connected in our world so it just depends on how close the interrelationships are between the various commodities, currencies and assets.

Bottom line, never say never in these unprecedented times. Expect markets to continue to do unusual things with the potential for prices to reach extremes in both directions. To help navigate these fluctuations, find out how to use options and futures on cattle, canola, corn, wheat, soybeans, and the Canadian dollar in your farming business. Connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

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