Rayglen Market Comments 06/21/17

Not much change in mustard markets this past week. Growers continue to hope for rain in select areas as germination is an issue for some. The picture should become a little clearer as we move forward with showers forecasted for many areas all week. Carryover is still on the heavy side, so we should watch weather going forward. Attractive new crop mustard options are still available. Brown has triggered at 35 cents, on par with yellow, while oriental remains at 33 to 34 cents/lb FOB farm for full crop year movement. These are act of God contracts and picked up in the yard. Spot mustard is stable at 30 to 31 cents on yellow, 28 to 29 cents on oriental and as high as 36 cents in some trades on brown. Call the office for a variety of different movement options for all new crop contracts and talk to your merchant.

Nothing new happening in the oats market this week. Fall thrashed, heavy feed oats are still trading slightly above $2.00/bushel picked up in the yard for July movement. We do also have options for spring thrashed oats, so send in a sample to see what the buyers can do. As far as milling oats go, buyers are looking for offers around $3.00/bushel picked up in the yard for July movement. This is freight sensitive with southeast Saskatchewan attaining the best values due to cheaper freight. For new crop, be sure to call in and put out a target to show the buyers your desired values.

Chickpeas remain one of the most attractive options as far as prices go these days. Buyers are still looking actively for both old crop and new crop contracts. For new crop chickpea contracts with a full act of God, we have seen values as high as $0.52/lb for a #2 with discounts down to a sample grade with max 10% green and damage. This would be picked up in the yard for September-December movement. Old crop pricing remains around $0.65/lb for a #2 picked up in the yard. Buyers are still looking for old crop chickpeas of all grades so if you have any in the bin, let us know and we will see what price we can find for you based on your quality.

The canary market has had little movement as of late with prices bouncing between 20.5 to 21.5 cents per pound, picked up at the farm. We have a few buyers that have been bidding delivered to plant pricing at 22 cents for those who are interested in eating the trucking cost themselves. New crop prices are currently sitting around 19 to 20 cents FOB farm with an act of God, depending on the farm location. For those who are looking to hedge their bets and lock in some production, these are decent levels to lock in the first 10bu/ac. Crop conditions sound fair to good to start the year and recent rains likely hit a lot of the canary growing area, so we can surmise things are ok for the time being. Canary in the bins still does not seem to be too hard to track down for those that are looking in the short term as a few contracts have traded in recent weeks.

Feed barley, once again this week still has no major price change. We are seeing most of the province happy with the amount of rain they got last week, which will help pasture land and up coming crops. We are now seeing buyers start to push movement out into harvest months, so if you are hoping to get your bins emptied by harvest, it might be a good idea to start looking for a home now. A great way to show buyers what you have and want is an offer. Call your merchant or the office to discuss our very flexible target system. Todays indication on feed barley is around $2.80-3.00/bu FOB farm depending on freight and vomi levels. Buyers are still looking for new crop barley if that interests you at all.

The United States and Western Canada are having some weather concerns on spring wheat crops as drought conditions persist over a large portion of major wheat growing areas. They are experiencing heat and dryness, which has put a strain on crops and ultimately pushing future values higher. The

USDA has estimated that 27% of the crop is in poor to very poor shape. On the flip side, the USDA also estimates that 41% of the spring wheat crop is in good to excellent shape. Max 10 ppm feed wheat has traded around $3.50 to $3.75 depending on area, minimum 58l lbs and dry. If your wheat is not meeting those specs, we still have an opportunity to move your product. We just need to know your specific quality and we can work out a bid FOB farm. We also have buyers who are interested in off quality durum that is still in the bin at very attractive pricing levels. This could be a major opportunity for producers to sell their remaining durum.

Soybean market drivers as of late are a mix of Chinese export demand, U.S. crop condition and S.A. inventory hoarding. U.S. soybean industry groups are postulating that next month China may increase their commitment to buy U.S. origin soybeans. China currently buys about 25% of the U.S. soybean production and the July 13th meeting in Iowa could be set to generate a new purchasing record exceeding 13.4 million MT. Soybean crop condition in the U.S. improved a little this week to 67% good/excellent, whereas last year it was 73% good/excellent. Weather forecasts continue to shunt the futures market and recently caused soybean futures to incur a slip. South American farmers continue to hoard soybeans in hopes of putting upward pressure on the market. Local old crop bids are $11.00 FOB farm and new crop values are $10.70-$10.80 delivered.

Chatter in pea markets has been quite limited this week. There has been weakness in old crop values on both green and yellow varieties. Yellow peas have been trading at $9.00/bu picked up on farm and green peas at $7.50-7.75/bu. Both off roughly $0.50/bu compared to last week. Sales activity is slowing down and this is not surprising given the large amount of exports over the last couple of months. As per a Stat report, buyers are slowly backing away from the market due to the chatters about heavy inventories and India's declining prices. However, this is normal activity to be seeing for this time of the year. With exports coming to a lull, due to sales being previously filled, our Canadian prices could soften. How long this lull lasts will all depend on our weather conditions over the next couple of weeks.

Flax prices remain soft, with milling quality at $12.20/bu picked up while #1 quality is $12.00 delivered to plant. There seems to be no big concerns about new crop as bids are still few and far between. While analysts are not concerned about the number of acres in, we may only see average yields. It is still unclear if the recent rains have helped or harmed the flax crop, as poor timing on rains can be detrimental to the root system. The market will likely not see any burdensome supplies even if the crop ends up larger than last year. The carryover form 2016 is lower quality. Bids are likely to remain soft until after harvest with the lack of export business. Those with spring thrashed flax should start to find homes instead of carrying it over to new crop when it will be harder to move.

Lentils markets are all over the place lately. New crop greens are still strong with bids in the mid to high thirties, while Old crop is not seeing much interest at all. We have seen some trades take place on Large Greens X2's at $0.48 to $0.50 based on the quality of the lentils, but lower grade bids are virtually nonexistent. Reds continue to drop on both old and new crop as recent rain has relieved most of the drought concern. India remains in a holding pattern on purchasing any red lentils for now. India is also trying to encourage pulse acres by increasing their MSP (minimum support price), which will likely not force a market increase. New crop contracts are available with an act of God and being indicated at $0.22/lbs for Sept-Dec movement. As there are very few contracts on the books, we could see a mad rush on contracting in August as farmers try and move product for bin space. If we see this happen it may push the delivery further out and will likely cause a price drop. Taking advantage of an acreage contract at these levels will help with getting in the cue for delivery and protect yourself from anymore of price drop.

Canola futures ended the day about $4.00/MT lower across all months. That, paired with yesterday's losses of ~$7.00/MT, puts July futures at $506.30/MT and November at $479.40/MT. These losses have pushed bids off their recent highs and can be attributed largely to losses seen in the soybean market. Why, you may ask, did soybean markets drop? Recent U.S. crop condition reports had improved the outlook for the upcoming bean crop! Canola basis levels seem to have bounced back a little this week with many buyers back quoting +$10.00/MT for Jun/Jul delivery and -$25.00/MT for Sept/Oct delivery. Spot bids today sit at roughly $10.70/bu delivered plant.