

Rayglen Market Comments – April 05, 2017

Yet another slow and uneventful week in the canary seed market with little interest in purchasing from buyers or marketing from sellers. Most are not too excited at the current price levels of 19 to 20c/lb FOB farm. This market is at a standstill and seems like it's more likely to drop than increase. We guess this as reports are projecting acres to shoot up to around 311,000 acres. Those are just projected numbers; we will see what gets planted this year. Keep in mind we have a very useful offer system that can help to squeeze every penny out of the market.

The pea market has been stronger this week as a few buyers have come in looking for green and yellows and brought the price up some. Currently we have Green peas priced at \$8.25 to \$8.50/bu picked up in the yard depending on freight rates for #2 quality with low bleach. Most trades are set to be picked up in late spring at this point. Yellow peas have climbed up a little as well as buyers have triggered some offers at \$8.50/bu, or even better, picked up in good freight spots. If you have a target in mind this week buyers are interested so show us your number and we can throw it out into the market place. The new crop prices have not changed a whole lot this week, but if you do want to get your name on some paper for the fall with an act of God, let your merchant know and we should be able to firm up a number. There are some buyers looking for new crop and old crop maples peas as well this week so touch base with us to firm up a number there as well.

The March 31st USDA Prospective Plantings report pegged US soybean seeded acreage at 89.482M acres, which was above the pre-report analysis range of 86.400 – 89.300M acres and 6 M acres over last year's 83.433M. Long story short that was bearish for Soybeans and the markets reacted downward. Markets should try to stabilize now, but we may have to test August lows for that to happen. Significant rallies may have to wait for a mid-growing season timeframe. Some analysts believe that we can recapture half of the recent futures dip, which would get us back into that \$11.50-\$11.60/bu range. That level of pricing ranks soybeans within the top 10 returns for cropping options and in the ballpark of a \$200/ac return over variable costs. Soybeans are great way to break disease cycles of other pulse crops and a way to manage abundant moisture. We still have a good supply of early maturing, high yielding varieties available. Give us a call as soybean seed is selling fast.

Feed barley this week has been relatively stable for the most part. We are seeing a lot of product being shown, which doesn't allow the market price to move up. We are seeing low voml barley sitting around \$2.75/bu give or take on the freight, but with a pushed-out movement. Quick movement for low voml is becoming hard to find. With so much product being shown and little demand, quick movement fills up fast. For higher voml barley we are seeing prices around \$2.50/bu Fob farm with some relatively quick movement available, but again filling up. If you have a specific price, and movement in mind call your merchant or the office and through up an offer, that way it gets sent to all buyers and has a better chance of trading.

Flax bids have seen some buying action this week, with #1 quality at \$12.25/bu delivered, while milling brown flax is up to \$12.40/bu picked up, depending on area. The Former Soviet Union is selling for cheaper to Europe than North America, due to residue issues. It is possible that shipments have been refused due to these earlier issues. While the issues overseas work themselves out, Canada still relies on shipping flax to China. The 16/17 Canada flax supply / demand has room for China to take 400,000t. Grain companies are already booking into May / June and after this period, we likely will see prices

transition into a cheaper new crop. There have been some bookings this week at \$12.25 FOB for new crop brown flax, with an Act of God.

Little news to report in oats over the past week. Still looking at the potential of \$2.00/bushel picked up in the yard for dry and heavy feed oats on the eastern side of Saskatchewan and into Manitoba with prompt movement. Be sure to let us know about any dry feed oats you have in the bin and we can help you find a home for them. As for milling oats, indications are pointing towards \$2.50 - \$2.75/bushel picked up in the yard depending on your location in Saskatchewan. Nothing to report on new crop prices, which gives producers a good opportunity to call your merchant to get your offers in front of our buyers.

Lentils have had another positive report. Buyers seem to be back into markets over the last week looking for old and new crop lentils. New crop reds are starting to book at \$0.24 to \$0.245 with an Act of God. Old crop is also trading at \$0.24 to \$0.25 depending on freight costs. Reds seem to be responding to India's news of extending the fumigation exemption until the end of June. Green lentils have not faltered since the announcement of the tariff going on the pigeon peas. Prices for new crop are trading at \$0.36 for number #1, \$0.34 for a number 2, with an Act of God and FOB farm. Old crop prices differ for each buyer; right now, there are some who are more interested in lower quality while others are interested in higher quality. You are best to call your broker to discuss options. One item to keep a watch on over the next few months is the U.S. lentil markets as they are slated to seed over 1 million acres of lentils for the first time. Since 2014 they have doubled their acreage. It will be interesting how this will impact local and world lentil markets.

India un-expectedly popped into the chickpea market last week with a supply demand from Mexico. This in turn created a bit of an upswing to the tail end of the market and a firmer tone this week for new crop. The USDA is reporting huge increases in their acres on large size chickpeas, up 62%, with small chickpeas up 36%. With average yields that would take the production from 247,000 MTS to 356,500MTS. Feel the sentiment of increased acres is obvious, but the numbers may be overstated as chickpea seed is still in demand, which makes it hard to understand such a dramatic shift. #2 CGC large size jump to \$0.62/lb FOB farm and down to \$0.42/lb for #3. New crop #2 Large chickpeas bid up a bit at \$0.44-\$0.45/lb FOB farm with discounts to over 10% damage. There is still opportunity to lock in 15 bus/acre so please call for further details. Feed chickpea bids \$0.33-\$0.35/lb FOB farm dependent on location.

Mustard continues its trend on both new and old crop pricing. The market has not moved much recently, but we are seeing some excitement on brown. If you are still undecided on new crop plans, new crop mustards are showing some very profitable options for growers. It seems perhaps that Russia didn't produce as much brown as first thought, so that price has certainly showed strength recently. New crop brown has triggered at 34 cents, yellow at 35 and oriental at 32 cents/lb. Old crop is stuck at .30 on yellow, about .28 to .29 on oriental, and brown as high as 35 cents/lb. Call your merchant if you have more questions pertaining to this. We also have a good supply of certified mustard seed available so call your merchant for details on how this seed can be delivered to your yard.

Canola markets had a small upswing today fueled mainly by a gain in soybean markets. May futures ended just shy of \$490/MT with July stilling just over that mark after both months seen roughly \$4/MT gains. We are seeing some companies lighten basis levels quite drastically as of late, some are indicating \$5/MT under for delivery in the summer months. This puts bids at \$11.00/bu range delivered plant. If these values aren't interesting you, it may be a good time to sign a basis contract, ensuring you have

these very reasonable values locked in while worrying about locking in the futures value down the road. New crop basis levels have seen little change at this point. Call your merchant for firm bids either delivered or FOB farm.

Feed wheat values have seen a little improvement over the last week. High vomi bids have crept up to \$3.25/bu picked up on farm depending on location for June/July movement with some buyers starting to need August on the contract for a delivery window. This is based on 10 ppm vomi spec, 58lbs and dry. Product that differs from these specs can be sold with the price adjusted accordingly. Low vomi feed wheat continues to trade at 4.00-4.75/bu picked up on farm depending on vomi levels and location of the grain for June/July movement as well. Growers with high vomi that are not planning on carrying this product over should look at getting product on the books as end users are seeing a lot of this product. We have seen some feed buyers push their movement into new crop delivery as now until August is already book solid. Price has been stable and likely won't change to drastically going forward. The concern going forward is movement. Growers should also keep in mind there will be more feed grain hit the market due to spring thrashed product, which will add to the already heavy supply of feed that needs to get moved.