Rayglen Market Comments – April 12, 2017

Last week we saw a fair increase in the amount of pea trades hitting the books. Yellow peas lead the way for the most part, with buyers working off a $9.00/bu delivered bid and sellers locking up some tonnage. For a larger variety green pea, we have been seeing bids around $8.25/bu picked up on farm, which has encouraged light trade. We suspect some increase in demand due to the fumigation issue being cleared up for the time being. The exemption has been extended to June 30th, but there are no clear solutions on what will happen come July. Per a STAT report, we will see a decrease in pea acreage in both the US and Canada acreage this planting season. As we have seen this year there has been a lack of a green pea price premium, which is why green peas are expected to account for most of the acreage decrease. On to the 2017/2018 crop year, we have been seeing some values starting to pop up on both greens and yellows. Talk to your merchant to discuss new crop values.

Prices remain flat on canary seed and markets remain stagnant. Producers are not excited about new or old crop bids at this point, but things don't look like they will get better any time soon. Even if canary seed acres decrease this year, which doesn't seem to be the case, there should be enough carryover from last year's crop to keep supplies comfortable. The exports in February on canary were around 11,000MT, which is within the forecasted estimate of tonnage for the year. As mentioned, values have not moved and bids remain around 20 c/lb FOB the farm on old crop, while new crop production contracts are sitting around 18 to 19 c/lb FOB with a full AOG. The consensus is that producers are not excited to sell at these levels, but with no price increase in sight, clearing some bin space may not be a bad idea.

We have seen a bit of a bump in #1 flax prices this week with $12.75/bu delivered plant attainable. The bulk of the shipments are heading to the west coast to fill a sale in China. The European demand seems to be filled for now as prices are flat at $12.25/bu picked up. Analysts write that there aren't any exports coming down the pipe that would cause flax bids to have a major reaction. The gains in flax over the last couple of weeks are also caused from reluctant sellers. Generally, traders will start to look to new crop mid May. The US bids are still soft, which means US supplies are still comfortable. StatsCan report comes out next week for seeding intentions. Growing conditions in Canada and the Black Sea region will determine where the prices land.

Another steady week for chickpeas. Slowly we are seeing more acres signed up as the weather improves and crop planning is coming to fruition. The bids for new and old crop have not moved from last week, but we are finding the interest is still steady on the commercial side. This is still a bit surprising since on a global scale, every country will increase acres including Canada. Bottom line, with acres increased in all regions and an assumption of average production, the move to a price fall is hard to ignore. Bearing in mind, there is a finite amount of processing capacity as well, so early shipments could in turn could create a price pop early fall. Something to keep your eye on. #2 CGC large size @ $0.62/lb FOB farm and down to $0.42/lb for #3. New crop #2 Large chickpeas bid at $0.44-$0.45/lb FOB farm with discounts to over 10% damage. Feed chickpea bids $0.33-$0.35/lb FOB farm dependent on location. Also, looking for New Crop chickpea acres, please call us for bids.

Mustard mostly trended sideways this week, but brown mustard has been showing some strength in both old and new crop. New crop remains a very profitable option when compared against other crops. New crop brown has triggered at 35 cents, up there with yellow at 35 and oriental at 33 cents/lb. It seems with acres being down last year on brown, and the world perhaps producing less, the brown price is showing signs of strength. Old crop mustard is stuck at $0.30 on yellow, about $0.28 to $0.29 on oriental, and brown as high as $0.36 /lb in some trades. Call your merchant if you have more questions pertaining to this. We also have a last minute, good supply of certified mustard seed available that can be delivered to your yard. Time is running out to get seed booked at current values as cleaning and shipments will be completed shortly.

Feed wheat markets saw an increase over the past few weeks with improved bids on high vomi feed wheat and durum. This week may have slipped slightly from the highs on max 10 ppm vomi feed wheat and durum, but we are still seeing bids north of $3.00/bu FOB farm. As mentioned in previous reports, movement is going to be a factor growers should keep their eye on. A lot of feed buyers currently have movement out to June/July with some stating September may be needed. There have been some opportunities here and there to move grain quicker, but growers will need to act quickly if these arise. There is a good amount of low grade feed products that need to move before new crop starts coming off. Growers also must keep in mind that spring thrashed feed grains are going to start hitting the market shortly and that is going to put more pressure on the movement situation. Growers that are not planning on carrying over feed grains should look at getting product on the books to ensure delivery.

Markets on red lentils have been on firmer ground here in the past week or so, as the short-term fix to fumigation issues got sales rolling again, with some opportunities to sell some remaining product in the bins. We have buyers that have been interested in #2 quality at 25 cents at the yard and X3 quality at 22 cents. The large greens have not been as active this past week and bids have been hard to find. We still have had some #2 quality trade in the mid forty price range in light action. New crop prices on green lentils remain at aggressive levels with tradable opportunities in the mid thirties. When presented with projected seeded acres in North America, this might just be a solid play to lock in part of your production. The reds for fall prices are at 23-24 cents at the yard with an act of God this week. We will see what effect the Statscan seeded acreage report tells us next week, but we would think the lentils acres would remain historically very high due to a minimal amount of suitable replacement opportunities.

Feed barley has softened a bit this week. We are seeing buyers starting to fill up for quick movement and moving into the end of summer or even fall months in some cases. We are seeing bids for low vomi barley under 1 ppm sitting around $2.75/bu FOB farm depending on freight costs and location. For higher vomi barley, max 10ppm, we are seeing bids around $2.50/bu FOB farm also depending on freight. Offers have been a great tool to show buyers what you have, so call our office or your merchants to learn more or post one.

The oats market continues its quiet, sideways movement over the past week. Still some demand out there for dry and heavy feed oats on the eastern half of Saskatchewan and into Manitoba around $2.00/bushel picked up in the yard with movement out into June/July. As far as milling oats go, we are still in that $2.50-$2.75/bushel range picked up in the yard with April to July type movement depending on location. New crop bids are very quiet so be sure to call in to the office to put out a firm offer to show to the buyers. As has been the case for some time, this market is showing no signs of perking up or dropping majorly.

The soybean market may be able to see a recovery bounce after somewhat positive reaction to bearish news yesterday. July soybeans traded down to the lowest level since August 2nd before rebounding 9-1/2 cents into the close. The USDA Supply/Demand report for soybeans was considered bearish against trade estimates as world supply was well above expectations. World ending stocks came in at 87.4 million tonnes which is 3 million tonnes above the average pre-report estimate. The increase was primarily attributed to production in Brazil, Argentina, Paraguay & Uruguay. Significant rallies may have to wait for a mid-growing season timeframe. Current local market is between $10.80 - $11.00/bu. 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.

Canola markets made very small, almost not worth mentioning, gains today on May, November and January futures. July futures, on the other hand, seen minimal losses. May values seen their insignificant gain due to a view that canola stocks are getting tight, while July took pressure from a stronger CAD. Further out months, such as January, took direction from a stronger soy market. Values today are sitting somewhere near $11.00/bu delivered plant, fluctuating on either side of that number due to basis levels. We did see some interest in southeast Saskatchewan for old crop canola at $11.00/bu FOB farm. This is a small program and growers are encouraged to throw out firm targets to achieve it. Bids will be largely based on location and freight costs of the oilseed. Please call in with any inquires on new or old crop and for FOB farm bids in your area!