Rayglen Market Comments – 05/24/17

No big changes to the feed wheat market these days as a large amount of high vomitoxin product remains in the system and feeders are slowly working their way through it. That being said, markets have been marginally stronger over the past few weeks than previously seen throughout the winter, with bids at $3.50/bu or better in many areas. Product must make spec, weighing up at 58 lbs, dry and having a max vomi of 10 parts per million. There is still a market on product over 10ppm vomi, lighter than 58lbs, or both, but it obviously comes at a discounted value. For growers in the southeast portion of Saskatchewan we still have buyer interest in #1 US grade durum for both product in the bin and for fall as well. Bids on this durum program are at around $7.75 FOB farm and quality is pegged at 300 falling number, max 1 ppm vomi and 85 HVK. If you have some product that would fit the bill touch base with your merchant.

Soybean futures have entered into a bit of a typical, seasonal slump with Chicago Sept '17 resting near recent contract lows at $9.50/bu USD. The market tends to wane a little as U.S. acreage intentions creep up and planting progresses on pace. U.S. soybean planting is 53% complete. That is up 21 points on the week and is 1 point ahead of the average pace. U.S. soybean planted acreage and yield will be key factors in soybean prices this summer. The risks associated with waiting for a summer price rally before pricing the 2017 crop is larger for soybeans. It may be prudent to price soybeans if a rally occurs in June before the release of the June 30 acreage report. U.S. exports to China have been the bright spot in the soybean market. However, with the ever-growing South American production, coupled with the recent rapid drop in the Brazilian Real last week, we have seen increased sales by Brazilian farmers. Just as our currency is giving us a boost in local prices, the Brazilian Real is now doing the same for South American farmers. Our Canadian new crop average local bids are hovering around $10.75 - $10.90/bu.

Markets remain unchanged and prices flat on canary seed, sitting around 21c/lb FOB farm on old crop sales. New crop bids have been sitting between 19 to 20c/lb FOB farm with a full Act of God including drought. Argentina is becoming more of a competitor for 2017, which contributes to some of the reason canary markets have been slow. Their exports have been around 6,800 tonnes, which is slightly ahead of last year. Canary seed prices are expected to remain firm over the next few months and could drop a little if enough farmers sell at these levels. Unless something dramatic happens in the weather, these prices should remain consistent.

Again, the mustard market and outlook remains steady for now. This past week nothing has changed in terms of pricing. The market is still looking at abundant supplies and carry over this year even with reduced acres this planting season. Ending stocks will still be at a multiyear high, keeping a lid on prices for now. New crop prices continue at good levels. Brown varieties have triggered at 35 cents, on par with yellow, while oriental remains at 33 to 34 cents/lb FOB farm for full crop year movement. Brown mustard does continue to show strength because of the reduced acres over the previous year, and is out-performing yellow and oriental by a good margin on old crop. Spot mustard is stable at $0.30 on yellow, $0.28 to $0.29 on oriental and as high as $0.36/lb in some trades on brown. If you are stuck for last minute certified seed, give us a call and we may be able to help even at this late stage.

Chickpea prices remain firm this week with some demand on old crop at 65 cents/lb picked up and new crop at 51 cents/lb picked up with an Act of God. Old crop values are likely to drop to meet new crop values as markets shift towards the upcoming crop. Values in Turkey have dropped and stabilized as the Turkish crop is a concern with lack of rain. Desi chickpea prices in India have levelled off after a sharp decline. Most of the Mexican crop has been harvested and yields are above the 5-year average. Once supplies start to hit the market, it could change what Canadians are seeing for prices. However, one of the biggest price factors for Canadian bids will be the size of the US crop.

Pea seeding progress is off to a good start this year because of favourable weather being reported in a lot of key pea growing areas; but that could change as showers are expected to sweep from Alberta all the way to Manitoba. This is likely to slow down seeding progress in many areas. It seems that yellow peas continue to be the bull for weeks on end as prices continuing to show strength, while green peas continue their uneventful path with markets and bids very quiet. Green peas have been trading around $8.00 FOB the farm and yellow peas have traded as high as $9.50 FOB. We will see in the next month or so how high this market will go. We assume these prices can only last so long as it will soon merge with new crop pricing.

Flax prices have been holding over the past week. Milling prices are $12.50/bu picked up, while #1 flax is $12.50/bu delivered. The market is seeing slower farmer selling along with quiet export demand. We could see prices trend lower once seeding is complete. This could set the direction for short term Canadian bids. China still has interest in buying, but they are overstocked with product. As far as new crop is concerned, there is still some guesswork on total acres since there have been delays seeding in central and northern prairies. New crop prices haven't seen much traction over the last couple of weeks, but prices are expected to remain flat unless smaller supplies are felt after harvest.

The barley market this week once again is strengthening. We are seeing buyers considering summer months now for movement, but still at very competitive prices. With road bans lifted, or about to be lifted, it's a good time to move grain without having to pay for that dead freight. For low vomi and high vomi barley we are sitting at very similar values, with indications around $2.75-3.00/bu FOB farm. We also have buyers looking for some spring thrashed barley, so make sure you call the office or talk to your merchant and let them know your specs. Buyers are also looking to sign up some new crop feed barley on a deferred delivery contract- up to max 10ppm vomi.

Not much has changed this week for the oats market and there aren't any signs of big swings either way in the near future. Depending on location, dry and heavy feed oats could trade up to $2.00/bushel picked up in the yard with movement in July-August. Milling oats have picked up a little bit with bids back to $3.40/bushel delivered into southern Manitoba for June/July movement. We can always work back the freight for you and get a picked up in your yard price so be sure to ask. No news on new crop bids now, but putting out a firm offer to our buyers is a good way to get your target values out there.

Canola markets are depressed slightly after ending their trading session today. July lost roughly $2.00/MT ($523.70/MT) while November recorded roughly $3.00/MT in losses ($498.30/MT). A stronger Canadian dollar contributed to most of the losses today, making canola more expensive for importers. We also saw soy markets take a little hit, which put pressure on canola. Basis levels have remained unchanged for 3 weeks now for most of our buyers with the best numbers coming in at +$5.00/MT to $0.00/MT for nearby delivery. New crop basis levels remain in the $25.00/MT under range, delivered to plant. Working those values back to $/bu, spot bids are at ~$12.00/bu, with new crop at a respectable ~10.75/bu. For bids FOB your yard, call the office with quantity and location.

Red lentils finished last week still trading at $0.26/lb FOB farm, but have quieted down after the long weekend with more than one company going to no bid. Reports that forward sales may be covered are starting to come in. New crop prices are still hanging around the $0.24 mark with an AOG and FOB farm. Prices in India have continued to slide, which may make trading more difficult as the India government will want to support their local growers before purchasing from overseas. The flip side to this is that if the prices remain low, Indian farmers will not seed as many acres causing price increase later next year. Large green lentils have been very quiet for old crop as many buyers are not in the market place for any quality of lentil. We have seen indications at $0.43 on #2 grades, but trading is hit and miss. There have been some new crop prices available with most buyers looking for #2's at $0.36 and the 1/X2 ranged between $0.38 to $0.40 cents. We are still struggling to get buyers to put on an X3 or lower grade price. Prices will likely remain quiet until overseas buyers come to the table.