

Rayglen Market Comments - June 7, 2017

The local feed wheat market has not changed a whole lot in the past week. We still have a few buyers looking to pick up max 10 ppm vomitoxin product at \$3.50 to \$3.75/bu in the yard. Opportunities for low vomitoxin, under 1 ppm, are still available and at aggressive levels with bids coming in at \$4.50 to \$5.00/bu picked up in the yard in most areas. These bids are for high quality feed with specs and freight the determining factor. Milling wheat prices are a little stronger as of late, based on news of US crops not looking quite as strong. We have a few buyers with some interest in milling durum still in the bin so get your grades into the office to see if we can work out a bid for you. If you are looking for a fall price on new durum, markets have not been overly aggressive, but there are some selling opportunities available.

This week's bulletin on the pea market is pretty much the same as last. Yellow peas in the bin are trading at \$9.25-9.50/bu picked up for prompt movement, while green peas may be seeing a slight bump to \$8.25-8.50/bu FOB in the right area. Seeding for this year is nearing completion and new crop contracts are slowly starting to roll out. Production contracts for peas have been advertised at a discount to spot prices though, which has some growers less eager to sign up acres. According to a STAT report, this could affect final seeded acres compared to initial seeding intentions. The next seeding estimates could have a larger impact on prices, prior to harvest, than it normally does.

Canary seed planting is making decent progress as reports suggest that Canada and the US are now 71% complete. Although, this is down from last year, which was recorded at 86% complete. Canary seed prices have seen some life and traded a bit higher this past week simply because producers have not been selling as much lately. Bids have been coming in around 21c/lb FOB the farm with some buyers even trying to push up to 22 cents in the right area. New crop remains at 20c/lb FOB the farm with an Act of God. We have not seen any higher values trade this year on new crop. These values have remained flat because of a larger Argentine crop, which will limit the potential export into South America. They are estimating Canadian ending stocks might remain around 70,000 tonnes for the 2017/2018 crop year.

The feed barley market has had some action in select areas this week where freight values are attractive. Those in the South West and West central portions of the province have been able to attain \$3.00/bu FOB farm with up to 10ppm vomitoxin. On the other hand, pricing across the majority and remainder of the province remains stable and relatively flat at \$2.65-\$2.85/bu for the same quality. Spring harvest should be finishing up here, if not already while new crop has and will continue to hit the ground in certain areas. Rain in certain areas of the province mixed with hot weather, provides great growing conditions. As far as demand goes, buyers have expressed that cattle are feeding on pasture land, and grain rations are slower. We still have buyers looking to lock up some new crop feed barley if you are interested. Also, remember that offers are a great way to show buyers what you have and the price you want. Call the office or your merchant for more details.

Red lentils are dead at the Indian port... literally, another ship rejected, fumigation exemption ends in 23 days, while Turkey, India and Australia all have better quality lentils than what Canada has to offer. All in all, overseas trade is shying away from Canadian product. The upside? Green lentils are still sought after as buyers remain interested in locking up new crop acres at very attractive prices. Values range within the province based on the location of the grain, with east side bids stronger than the west. All contracts contain an act of God, with most having full fall delivery (Sep- Dec). Things will likely remain quiet until

buyers get a better handle on the condition of the Canadian crop. With the large supply of world lentils, the trade does not seem to be excited in booking spot purchases at this time. Offers seem to be the best way to get trades done as buyers are more willing to book firm numbers than showing bids.

Little change in the chickpea market as prices remain strong, despite some expectations of a slip in price. Old crop values are still around 65 cents/lb for #2 large size Kabulis, while new crop remains at 50-51 cents/lb for a #2, with discounts to sample grade with max 10% green and damage. Contracts also include a full AOG. In a time where many markets are quiet and uneventful, this remains a great starting point for the upcoming 2017 crop and one of our top recommended sales. Canadian exports remain above expectations, but the belief is that supplies of chickpeas are too low to maintain such a strong pace. Despite large 2017 crops from India and Mexico, prices for the new crop year remain high due to the lack of production in the previous two crop years. Be sure to call in if you haven't signed up any acres and discuss getting something on the books with your merchant.

For a second week in a row we have seen strength in the oats market. Feed oats have traded a bit higher than \$2.00/bushel picked up in the yard for June-July movement. As always this is freight sensitive so if you'd like to check on your location give us a call. As far as milling oats go, offers at \$3.00/bushel picked up in the yard are being looked at. Again, bids are freight sensitive with preference being given to southeast Saskatchewan for June/July movement. New crop bids are still quiet with no trading taking place recently. Putting out a firm offer with your new crop values could be a good way to get the ball rolling so give your merchant a call.

Seeding appears to be very close to finished this spring on mustard. Total acres have been pegged by Stats Can at 390,000. The reason that mustard continues sideways for now, is because the carryover is still pegged at 23.5% stocks to use, compared to 39.1% in 2016. Although down, still heavy. The market is still looking at good supply and slower foreign buying reported. Good new crop mustard options are 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 different movement options for all new crop contracts and talk to your merchant.

Flax prices have dropped slightly this week with only small amounts moving through elevators. #1 quality is \$12.00/bu delivered while milling has faded to \$12.25/bu picked up. There are still reports of Chinese inventories built up, which is one reason for quieter buying. European exports are also still showing some weakness as linseed prices have moved higher. However, seed prices have dipped lower and the spread between Saskatchewan flax and European linseed is too close to discourage any new business. There is more optimism about 2017/18 business for US demand. There has not been a rally in new crop prices as there have been no concerns from the north American flax crop thus far. Although dry in some main producing regions, conditions were drier in 2015 and early July rains helped insure a crop that year. We still have markets for spring thrashed flax, prices vary on the quality so send us your samples.

Canola markets are virtually unchanged today as July futures did not move and November posted less than a dollar gain. Support from a stronger soybean market and some concern over growing conditions provided a base for canola while soy and palm oil losses held any major advances. July finished at \$509.50/MT, November at \$489.60/MT. Basis levels remain unchanged from last week. +10.00/MT delivered plant is tradable in the Northwest on old crop, with new crop sitting at a respectable -\$25/MT.

For bids FOB farm, call the office with location and quantity of product. We also have markets for spring thrashed canola, please call your merchant for more details.

Soybean market outlook isn't all bearish despite recent news. All the elements that have pressured the market are still present; big '16 U.S. & Brazilian crop and record U.S. soybean acres for '17. On the bullish side of things, commercial firms are holding the largest net long position in 2 years. The Brazilian Real has recovered a little from its mid-May scandal plagued plunge, which has North American origin soybeans competitively priced in global trade. Brazilian farmers are back to hoarding their soybean inventory and have thus far marketed about 58% of the soybean crop. Lastly there are early indications that U.S. crushers may be seeing improved margins and thus increasing crush volumes. The big shoe yet to drop is the June 30th USDA planted acreage report. This week Canadian old crop soybean prices are near \$10.70/bu FOB farm and new crop values are \$10.90/bu delivered.