

Rayglen Market Comments – July 19, 2017

Soybean futures seem to be consolidating around the \$10.00/ bushel mark after last weeks' roller coaster sell off. November futures are showing \$10.12 and support should remain strong with dryness continuing. Key support seems to be in the low 9.80's, as more reports flow out about subsoil and topsoil moisture getting worse. Locally, the pricing works out to better than \$11.00/bu picked up in the yard for any remaining product in the bin with a couple different buyers saying they are looking for firm offers on product to move quite quickly.

Mustard bids continue strong this week. Concerns about yields have started to creep into the conversation, so we will see how this all works out. Some areas certainly will have stress on the crop due to lack of rain. Oriental is at 30 cents/lb on old crop and 33-34 on new crop, picked up with an act of God. Yellow bids are at 32 cents and in some cases higher on old crop, while 34-35 continues to trade on new crop. Brown is the strongest of the 3 mustards with new crop values at 35 cents/lb and old crop leading the way on pricing with some trades going through recently at 38 cents per pound picked up in the yard. Call the office for movement options.

There has been limited change on the pea markets this week compared to last. Looking at the crop conditions, the US is in significantly worse shape than Saskatchewan and Alberta. We have many spots in Saskatchewan that are quite dry, however peas seem to be performing well, due to the fact that they for the most part they aren't grown in the driest southern areas. Reading through a Stat report, the Saskatchewan pea crop is rated 66% good to excellent. Moisture stress seems to be a common theme and isn't only affecting North America; Australia's pea crop is also down from last year and if rain doesn't show up soon, production estimates may have to be trimmed further. With all these weather issues there still seems to be little price response with old crop pricing coming closer to matching new crop values.

Drought is still quite prevalent for in the southwest of Saskatchewan, which is where most of the chickpeas are grown. Looking at Stat report, crop ratings are down to 34% good to excellent for chickpeas. Last year's yield on chickpeas ended up doing well even though its rating started off low like this year. It's not too late for a shot of rain in July to change everything around. Even with these weather concerns being brought up in the United States and Saskatchewan chickpea pricing seems to be holding out. We still have new crop values up around \$0.52/lb. on a #2 quality and old crop values in the mid-sixty range.

Barley this week is still trading at some good values. Prime areas for growing feed barley having gotten very little moisture this year and feedlots are making sure they have adequate supply. With that being said, we have dropped down a bit at the beginning of the week, just because so much has been bought over the past couple of weeks. Today we are seeing prices on feed barley that is heavy and dry anywhere between \$3.25-3.50/bu, depending on freight. We also still have some buyers looking for new crop barley, so call your merchant, or the office for more details.

Wheat has been the main topic in the office this week, mainly focusing on new crop durum values. With very low precipitation this year in key durum growing areas, the market is reacting and prices are rising. Another positive of little moisture this year is we shouldn't see as much disease in the durum compared to last year when too much moisture was a concern. There are a few different options on new crop durum, so if you are interested, make sure to call your merchant or the office. Feed wheat is still holding

strong and depending on the area, specs, and type of wheat you have, values will vary. There are also significant premiums on low vomit feed wheat (under 1 ppm vomit).

Lentils remain quiet heading into the last part of the growing season. A buyer told us this week that India is now purchasing lentils from Kazakhstan as they have good quality and can supply them until they can evaluate Canadian production. New crop reds are being quoted at \$0.20-\$0.22 and old crop at \$0.24/lb. Large green lentils, at this point, have not really changed in pricing since last week. Lower pigeon pea prices are effecting forward selling as well as holding spot prices stable. Most interesting is the increased demand for X3 quality. As we get closer to harvest keep in touch with your merchant to stay on top of these markets as things may open up quickly as quality and quantity comes in.

Sask Ag is showing that the 2017 canary seed crop is looking about average, but they are also estimating that it will be the lowest yield since the 2010/2011 crop year of around 110,000 tonnes. This is down 20,000 tonnes from the initial 2017 estimate. Nothing is certain until it is in the bin, but supplies have definitely tightened up due too very little moisture and very poor weather conditions. New crop prices have not gone up as a reflection of old crop prices. They are still sitting around 20c/lb for new crop while old crop is has traded at 22 to 24c/lb for sound quality and FOB farm.

Flax prices are more stable this week with #1 spot flax sitting around to \$11.75/bu delivered, while milling quality is around \$12.20-\$12.50/bu picked up. New crop flax prices are also up with some buying interest around \$12.00/bu FOB with an Act of God. Acres are down from 1.115 million to 1.04 million. Yield seems to be the main concern as it is also expected to be down from last year's high of 27.3 bu/acre. The US crushers will need to import more Canadian flax and there will be steady demand coming from China. This will put a squeeze on Canadian supplies as carryover of good quality flax is smaller compared to last year. There may still be some upside for prices to increase even if the 2017 crop stabilizes itself.

There hasn't been a whole lot of change in the oats market over the past week as heat continues to be a major theme throughout the prairies. Milling oats have been trading periodically around \$3.00/bu picked up in the yard in southeast Saskatchewan. That bid fades a touch lower as you move further north and west. Buying in the feed market has been slowing down as we have seen less and less trades go through. The price for heavy and dry feed oats is approximately \$2.10/bushel picked up in the yard depending on location. Spring thrashed oats continue to have a market as well. Buyers like to see a sample first but price indications are around \$1.50/bushel picked up in the yard if they are weighing up. Call your merchant or the office if you have any questions on what we can do for your oats.

Canola has slid again today amid a stronger Canadian dollar and hopes of much needed rain, which is now forecasted to hit some areas across the prairies. On the flip side, soy markets were stronger today, which held losses to \$3.00/MT. Basis levels are a mixed bag anywhere from +\$10/MT to -\$20/MT on spot and \$-25 to -\$50 on new crop. This ranges bids in the \$11.00/bu range delivered plant pending location, movement period and specific buyer basis levels. November finished the day at \$507.50/MT with January at 511.90/MT.