Market Comments – 8/23/17

The chickpea market remains a bright spot in the commodity world as of late. Spot bids are holding above 60 cents per pound, FOB the yard for #2 quality with across the board sizing. So far, we have heard good reports on harvested chickpea quality, but quantity reports are less positive. At this point combined chickpeas are in some areas that appear to have the poorest yields, so the averages should come up some as we move further into harvest, but time will be the telling factor. If the weather holds out, we wont see widespread high green count across the country, which has been an issue the last 2 years; supplies will still be far from abundant again. Despite shorter supplies, a 60-cent bid still has possible issues with currency risk and shipping to places like India. Taking what is on the table right now might be the best move.

Pricing on peas has remained sideways during the past week. Green peas are showing a little more life than yellows, which was to be expected and a nice change. Reading through a Stat report, pricing is likely to stay flat until Black Sea peas have been moved through India. Until then, the pea market will remain quiet and have the potential to trend lower. Looking at the Canadian market, pricing will firm up later into the marketing year, but it is unsure if a large rally will take place. Currently, we have green peas trading at $8.50/bu delivered and yellow peas are closer to low eights/high sevens.

Looking at the US, there were many good and bad growing areas for wheat and durum this year. The USDA had reported that the spring wheat crop rated good to excellent was up slightly to 34 percent. With this slight improvement in the US conditions, wheat had fallen off its highs. Durum pricing has also showed some losses. Unless you are looking for new year movement, $9.00/bu durum might be hard to find. For the feed market, we do still have opportunities to move max 1 ppm vomi durum at $5.00/bu picked up on the farm if product is heavy and dry.

U.S. soybean production may get even bigger with supportive weather patterns through the early stages of its key development period. The U.S. soybean rating gained a point to 60% good-excellent as of Sunday. Soybean futures are trading in the lower end of the last 6-month range. Export news remains mostly routine as importers appear comfortable on abundant global supplies. Total soybean supply in Brazil is projected to grow 19% to 116.3 million tonnes in 2017/18, with total demand up 14% at 108.6 million tonnes. This week local soybean bids are $10.50/bu FOB farm. Faba bean supplies continue to be scarce and prices (zero tannins) across the Prairies remained largely unchanged $220-230/MT FOB farm.

Flax prices have firmed up this week with #1 flax at $12.00/bu delivered and milling quality in the $12.50-$12.90/bu range picked up depending on location. Flax harvest hasn’t really gotten started yet, but some yield estimates are showing 2017/18 crop will be slightly lower than the 2016/17 year. Outcomes on quality issues will not be known until harvest is underway. The Russian flax crop is still estimating positive yields and some of that crop will likely go into the US market. Argentina and Kazakhstan have also started to supply the US with some product. As Canadian flax becomes harder to source, exports from Russia will also flow into China. So far, there has been quiet Chinese demand, but import volumes are expected to remain stead for 2017/18. We could see some more aggressive flax prices later in the year unless the Canadian yields are surprisingly higher than anticipated.

Canola markets posted small gains today, ending the trading session $1.20/MT higher. Advances in soybeans helped limp the commodity higher. This was in reaction to new US import duties on biodiesel. November canola is once again over the $500/MT mark, working back to roughly $11.00/bu delivered to plant. Some bids across the province may vary depending on basis levels, but $11 seems to be an average number. Many areas of the province have begun to swath and harvest canola and the market patiently awaits yield reports to start flowing in. August 31st will pose as an important day as this is the release of the StatsCan production report. This could set the tone for the rest of the year, so make sure to keep in touch with your merchant.

Feed barley this week has been stable. Buyers are looking for product, but nothing for quick movement, rather, more into the fall/winter months. We are starting to see a lot more barley come off with the quality still unknown and if it will head into the malt or feed market. Its getting to that time of year again where knowing the quality of your product is very important, so make sure you are getting moisture, test weights, and vomi levels checked. Product at max 10ppm vomi is around $3-3.40/bu FOB farm. Offers are a great way to also catch a high in the market, so make sure your talking to your merchant on that.

There was not a lot of change in mustard prices this week. It seems the market is content right now with supply and demand. New crop bids with an act of god are gone now as harvest begins. Some reports are trickling in on yields from southern parts of the province and they sure aren't what they were last year. We will see what the harvest brings shortly and determine where we are going to be on average yields. Different areas of the province will show big swings in yield. Brown mustard leads the pack at 38 cents/lb picked up in the yard. Oriental is stable at 30 cents/lb and possibly better on Forge variety. Yellow spot bids have moved up to 35 cents/lb for movement August through September. Call the office with any mustard offers. Even though its early, it might be best to secure seed supplies soon. Seed could be a little tougher to procure this year. Call the office for details on that as well.

The oat market continues to be very quiet as harvest ramps up for more and more people every day across the prairies. Little demand for feed oats is visible, but what is out there seems to be around $2.00/bu picked up in the yard for heavy and dry product. We hope buying will pick up a bit for October movement. Milling oats remain freight sensitive, but an indication on a price picked up in your yard would be $2.70/bushel with improved pricing towards southeast Saskatchewan. If you still have any spring thrashed oats in the bin be sure to get samples in to your merchant as we may still have markets for them.

Prices this week seem to be stable on large green lentils with reds and small greens slipping a little. Harvest pressure seems to be part of the reason for red and small green varieties losing momentum this week. Reds have fallen to $0.22 FOB farm and small greens to $0.37-$0.38 on a number 1. Large green lentils seem to be steady at $0.42, with a few offers trading higher, basis #2 quality. India still is not buying a ton of reds so until they decide to come back into the market place, prices may remain quiet. Quality of the samples that have come our desk look really good, with uniform size, consistent colour and no other grading issue. Having better quality grain this year will hopefully get the markets excited to buy Canadian lentils.

Canary seed has been trading at the $0.24-$0.25 level with movement for Sept-Oct. We have not heard any yields on canary yet and farmers are likely a couple weeks away from hitting field. Canary will likely remain stable until we get into harvest. Depending on farmer selling and yield, we may see prices lower in a couple of weeks just due to sales pressure. There not being much speculation from farmers on how well their canary will yield as many are not sure how the heat will have effected the crop.