



## Market Comments – September 27, 2017

The market for feed wheat is still holding up at decent numbers across Saskatchewan. \$4.50 to \$4.75/bu picked up in the yard is an attainable number in many areas and if producers are in a good freight lane, \$5.00/bu may be tradeable. The current discount for last year's crop, up to 10 parts per million, only knocks bids down into the low to mid \$4.00/bu range, if the product meets weight specs at a minimum of 58 pounds per bushel. Milling wheat values are a little stronger lately due to the threat of wet weather and harvest delays hurting quality. This has been helping the price firm up a touch. Some local bids have been back up to the \$6.50 range or better delivered into facility. Winter wheat seeding is slower in the States due to rain, but Russia and FSU continue to be in optimum conditions this week.

This year's canary crop is now estimated to be 58% complete, which is up significantly from the previous year, only reporting 20% at the same time. The continued theme of good harvest conditions and few disruptions or downtime, keep this year's canary crop hitting the bin. Pricing is still pretty much unchanged from last week with values peaking around 21 c/lb FOB the farm. If you are looking for current, up to date pricing, or interested in putting out a firm target, please call your Rayglen merchant and they will be pleased to help you.

Canadian flax export data for early 2017/18 is disputing ideas of slow demand. While Chinese purchases are expected to slightly increase, European demand could slip due to Russia and Kazakhstan pushing flax into the market. The US will need larger imports due to the lower 2017 flax crop. A yield estimate from the USDA won't be released until January. Prices for now are sideways with milling at \$12.00/bu picked up, and #1 product slipping slightly to \$11.85/bu delivered plant. Linseed prices in Europe have softened from the Black Sea regions new crop flax supplies. This will limit interest in Canadian product. Any price strength for the flax market may not happen until the second half of 2017/2018, when/ if more flax gets exported.

Barley this week is a touch lower from last. We are seeing feedlots moving corn in as a substitute because of the mass quantity and cheaper values. Buyers are still showing good prices for feed barley and great movement if you need the bin space or cashflow. Prices for winter movement have virtually converged with pricing for fall movement, so holding on until Jan/Feb/Mar timeline brings little to no benefit. Bids are floating in around \$3.70/bu FOB farm in the Southwest and fade slightly as you move North and East. Samples of this year's malt barley crop has been coming in and the majority are up to spec, but malt bids aren't very attractive with reports of \$4.00-\$4.10/bu delivered being the norm. This has prompted some producers to dump their malt into the feed market. This is a decent alternative as sellers don't have to worry about their barley coming out of spec throughout the year. That being said, our malt buyers do want to see samples of product, so if you're holding on for this market to turn around, make sure you are getting those to your merchant.

Soybean prices tend to dip after the USDA Sept. 1 stocks report, which is due to be released this Friday Sept 29th. Recently, soybean futures have been quieter as markets remain uncertain about the size of the incoming US harvest and recent rain in Brazil's forecast as farmers prepare to plant their 17/18 soybean crops. US soybean harvest progress is sticking close to average pace at 10% complete versus the trendline annual average of 12% complete. Recent export news has helped buoy soybean prices amidst a period that typically suppresses markets. China's Jan-Aug soybean imports are up 17% on the year, at 63.34 million tonnes in '17 vs 54 million tonnes in '16. Local soybean bids are in the \$10.25/bu FOB farm range. Old crop faba bean supplies continue to dwindle and for many, new crop harvest is just underway. Local faba bean bids are in the \$6.00-\$6.20/bu FOB farm range.

Not much news to report in the oats market these days as bids remain quiet. We are still seeing feed bids around \$1.75/bu picked up in the yard. These bids continue to be spotty and are location sensitive, so be sure to check in with your merchant to see what we can do in your area. Milling oats likely trade around \$2.50/bu picked up in South West Saskatchewan, with freight knocking down the price as you move further Northeast. Expectations of a big Manitoba oat harvest is keeping prices in check for the time being, but keep talking with your merchant to see if you can catch a bump in the market.

Lentil markets continue their bearish path as large greens, medium greens and small greens all continue to lose ground. The green lentil market is quiet right now with an average to below average number of trades taking place at this time. Word from our buyers is that overseas interests seems to be lacking and dwindling right now. Red lentils remain stable this week, with most trades taking place at 20¢ FOB farm and a few offers triggering at 21¢ FOB farm. New crop lentil contracts have been released this week on all varieties of lentils. If you're looking for new seed, make sure you know what variety of lentil you are purchasing as there are 3 varieties that have PBR's (plant breeder rights) attached to them. Impulse, Proclaim and Redmoon red lentil seed CANNOT be traded as common seed. If you are looking for seed or if you have questions about PBR seed give the office a call.

As harvest is wrapping up, chickpeas are sitting very strong. There are still questions about chickpea yields and sizing this year, but we know that for the most part quality is top notch. Looking at the values, which are holding firm, we have seen trades take place between 68-70 cents/lb picked up on farm for across the board sizing. The global market is short on kabuli chickpeas, which is why we are seeing these historical highs. Australia has a large chickpea crop that will be hitting the market in a couple of months. However, looking at stat reports, pricing might not be affected too heavily until the next Indian and Mexican crops are available. As of recent, we have a limited supply of common large sized chickpea seed available. There have also been buyers looking at new crop pricing for September through December of 2018. Call your merchant for more details.

The mustard market has remained stable this past week. We have seen some spot product trade for later movement to capitalize on higher prices. Mustard harvest is beginning to wrap up now and as expected, the yields vary greatly from one area to another. Brown and yellow mustard are leading the pack with bids now reaching 40 cents for winter movement in Jan/Feb. Oriental is sitting around 34 cents depending on variety. Quicker movement times are

available at slightly reduced prices as well for those who need the bin space and cash flow. We will have certified mustard seed with treatment available again this year. It might be best to secure seed supplies soon as yields, for the most part, are down. Call the office for details on that, as well as any mustard offers on 2018 crop with Act of God.

Canola markets have slipped the last couple days, ending \$3.30/MT down after yesterday's trading session. This morning we are seeing more weakness in the market, with futures dropping an additional \$1.90/MT, as we write. For the most part, values are softening due to weakness in soy markets. Fluctuations in the Canadian dollar are also playing a roll. Yesterday's stronger loonie weighed on markets, but today's weaker dollar is putting some strength in the commodity. An improved weather forecast this week will allow more canola to hit the bin, likely to put some more pressure on the market. As it stands, November canola is trading at \$490.50/MT. Basis levels are sitting at roughly -\$20/MT delivered to plant working back to a \$10.67/bu bid.

Over the past couple of weeks, the pea market has remained fairly quiet. There hasn't been a whole lot of changes on pricing or movement with most buyers sitting comfortably. Yellow peas are around \$7.25/bu FOB and green peas are \$8.50/bu delivered. With most of the peas off already, yield estimates have stayed consistent. As per a stat report, crop projections are at 3.86 million tonnes, making this year's production 20% less than last year. Even though our supply may be limited this year, demand is still unclear for us, which likely has these markets in a holding pattern. India is still actively buying, but they have been sourcing peas from other destinations, resulting in slower Canadian exports. With farmers still looking and needing to move product, it is expected bids will move weaker.

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