Rayglen Market Comments – May 3, 2017

Soybeans have experienced a small rally due to the recent weather events in the U.S. Chicago Jul '17 futures raised $0.20/bu up to as high as $9.75/bu. More heavy rain forecasted for Missouri/Indiana as a new storm is set to cross the US mid-south late Wednesday. Traders are waiting to see whether soybeans may be planted to replace some corn acres that were flooded from the recent heavy rains. Monday's USDA crop progress report pegged nationwide soy planting at 10% complete as of Sunday, up just 4 points from a week earlier, but enough to push overall progress 3 points ahead of last year and the five-year average. A new fresh 14-month low for the Loonie had it trading below $0.73 USD, which continues to prop up our local bids. New crop average local bids are hanging around $11.50/bu.

The wheat market is a little stronger this week for high vomitoxin as buyers pushed up to $3.25 to $3.50/bu range picked up in the yard in most areas. These deals are for 58 lbs and max 14.5% moisture with max 10 parts per million of vomitoxin levels. Most of the marketing year this kind of quality has been trading at $3.00/bu, or less, at the yard so this is a pretty decent looking opportunity to unload some more of this product before the bin space is needed. If you have product left on farm that is feed quality and has low vomi (under 1 ppm) there is still opportunity north of $4.00/bu picked up in the yard. We do still have a program in southeast Sask looking for new and old crop durum with specs meeting a #1 US quality (300 falling number, 13.0 protein, 85 HVK) around $8.00/bu at the yard (very freight sensitive) so call the office if you think you have something that might fit into the program.

Comparing markets to last week, peas are still holding at the same values. Yellow peas are trading at $9.00/bu picked up and $8.00/bu picked up is attainable on a larger variety green pea. When looking at pea pricing over the year, green peas have been at a discount to yellows. Over the last few reports it has been pointed out that pea acreage will be down, but per a STAT report, greens are going to account for virtually the entire decline in seeded acreage. There is also the issue of late seeding that will be happening in Alberta, where farmers are still trying to take off last year's crop. Peas normally go in earlier, therefore, seeded acreage could end up being less than originally reported. On another note, if anyone is looking for some last-minute seed, we do have limited supply of common yellow pea seed available.

For another week values on canary seed remain flat. It has been a very quiet and somewhat bearish market, basically since harvest. Producers are, or are waiting to, get into the field to take of the canary seed that is left out there from the previous year. It is estimated that producers only got off 82% of the crop off last year, so we are likely to see more canary hit the market shortly. The biggest question will be quality. Seeded acreage is going to be almost unchanged from last year at 270,000ac. Yield estimates peg production at 135,000 tonnes to be harvested. With consistent supplies in 2017/2018, there is not much reason for strength in prices. The seasonal downtrend starts in early march, which means that old crop bids aren't likely to see any strength until mid- summer at the earliest, if ever. Values are sitting around 20c/lb FOB the farm on sound quality for old crop. New crop has been booked at the same value with a full act of God and picked up at the farm.

Chickpeas gained some ground again this week as the weather steadily improves and seeding gets an initial start. While a lot of the Alberta acres are already locked in, the Saskatchewan producer is now starting to think about locking in these values. For old crop, no change to bids; #2 CGC large size @ $0.65/lb FOB farm and down to $0.45/lb for #3. We saw a slight pop again for new crop bids as follows. New crop #2 Large chickpeas bid at $0.51/lb FOB farm with discounts to over 10% damage. There is opportunity to lock in over 10 bus/acre with this having an AOG. Please call for details. Smaller caliber chickpeas are a couple cents lower. Bids this week depend on origin area. Feed chickpea bids are still being indicated at $0.35/lb FOB farm dependent on location.

The barley market has taken a turn for the better and we are seeing prices strengthen as we go through the week. Couple reason for these price increases is due to the spring thrashed feed barley taking longer to be harvested than expected due to moisture popping up in many areas. Another reason would be that corn has taken a jump this week, which helps the barley price move up. We are seeing prices for low and high vomi relatively at the same place with indications around $2.70-2.85/bu FOB farm in certain area. You may be able to find a bit higher prices in the south-east corner of Saskatchewan. Give your merchant or the office a call and we can get a firm bid for your area.

The oats market continues to be as quiet as ever this week as growers look to get into the fields. Dry and heavy feed oats are going for up to $2.00/bushel picked up in the yard depending on location. Movement on those feed oats is out to June/July. Milling oats continue to sit around $2.50-$2.75/bushel picked up in the yard depending on location. Movement on the milling oats is also out to June/July. Nothing to report on any new crop prices for oats but be sure to call in and use our offer system to hit your target price. Expectations are that this market will remain steady for the near future.

No changes in flax pricing this week. $12.75/bu delivered on #1 quality, with milling flax at $12.50/bu picked up with later movement. Acres will be up in 2017, but the carryover will be considerably smaller. A large portion of the carryover will also likely be #2 CW or lower, which will mean tighter supplies for a #1 or milling quality. Demand from China or Europe will likely remain steady for 2017/18. The flat prices indicate sizable inventories at Thunder bay terminals, which are slowly starting to ship. European prices have turned lower, which makes Canadian prices hold steady. There could be sporadic price bumps in the market if additional supplies are needed for China. Some analysts write that new crop prices could develop some strength once the Canadian and Black Sea crop outlook becomes more clear.

As canola has and continues to creep upward this week, we now push past $520/MT on the July futures. Supportive factors for this commodity include a weak Canadian dollar, lingering concern over tight supplies and a strong soybean market. Historically, late May and early June show an upswing in canola future values. Many are waiting to see if this usual trend continues, with some guessing it will hit that $530/MT range. Basis levels remain very attractive at $5-10/MT under the July futures for spot business. These, again, are very good values to lock in on a basis only contract, leaving futures unpriced until you see fit. Locking in a low basis and a seasonal upswing could prove to be a profitable play. New crop canola remains attractive, and likely not a bad play considering the increase in acres this year. Taking some risk off the table never hurts. Factoring in futures and basis levels, spot prices today sit at roughly $11.50/bu delivered plant. For firm bids either delivered or FOB farm, call your merchant with location and quantity.

Lentils markets remained stable this week. Not much has changed in prices, but we have seen more buyers coming to the market with interest in buying new crop green lentils. Buyers still not showing a lot of interest in purchasing new crop reds, although there are a few indications being through out at the 24- 25 cent range FOB with an act of God. These values are extremely freight sensitive so call with your location! Old crop large greens seem to be a little quieter with not many trades taking place as we head into a slower season for large green lentil movement. Red lentils seem to be trading in that $0.25 to $0.26 range for a number #2. New crop large green prices today are trading $0.36-$0.38 for #2/X2 and

$0.38-$0.40 for #1's. As the tractors hit the fields and farmers become busier with seeding, there may be small marketing opportunities that arise if buyers need grain.

Mustard stayed basically unchanged this week, as the market still shrugs off the Statscan report of a major decrease in planted acres. The 390k number is down from about 525k in the previous year, yet the market sees this as neutral so far. Old crop 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. New crop mustard remains a very profitable option when compared against other crops. New crop brown has triggered at 35 cents, on par with yellow while oriental remains at 33 cents/lb for full crop year movement. Brown mustard could continue to be strong going forward. Call your merchant if you have more questions on new crop and old. We also have a last minute, certified mustard seed available that can be delivered to your yard. Time is critical to get seed booked at current values as cleaning and shipments will be completed shortly.