

Rayglen Market Comments – 05/31/17

Soybean traders were awaiting Tuesday's U.S. crop condition rating. U.S. soybean planting is progressing on pace at 67% planted. 37% of the crop has emerged, which is behind the annual average of 40% emerged. Recently soybean futures traded down hard on technical selling linked with improving U.S. weather forecasts. The active fund selling was spurred by continued Brazilian pressure on U.S. demand and the idea of more U.S. soybean acres for the current growing seasons as some Midwest farmers have struggled to plant corn amid an anomalously wet spring. In recent news, China's soybean buyers are pushing to delay soybean imports largely originated from Brazil. It's estimated that this involves 5-7 Panamax-sized vessels (~360,000MT total). Chinese soybean crush profits have swung to the biggest losses in nearly three years after China's edible oil markets were flooded with rapeseed oil auctioned from national reserves and by growing imports of other alternative vegetable oils. This week Canadian old crop soybean prices are near \$11.00/bu FOB farm and new crop values are \$10.70/bu delivered.

Canary seed remains unchanged this week. There are concerns about a decrease in intended northern Saskatchewan acres due to weather delays, but it hasn't affected the market yet as supplies should still be comfortable in 2017/2018. Weakness in value and demand is being realized this past week, with 21c/lb FOB the farm tough to find. Most bids are now coming in at the 20c/lbs mark on old crop. As for new crop, buyers are still indicating 20c/lb as a high for sound quality with an Act of God and picked up on the farm. As always, freight costs will determine actual value. We have not seen much encouragement for prices to rally, which has been the case weeks now. Agriculture Canada forecasts that production could reach 130,000MT this year compared to 120,000MT from last year. This increase will likely not help the price. A note to add, seeded acres are estimated to be around 57% complete, it is not far off from the 5-year average.

Early week action in the pea markets has yellow peas in the bin, seeing values around \$9.50/bu picked up on farm. Old crop green peas had some luck at \$8-\$8.25/bu picked up on a larger variety as well. It appears that deliveries have been slowing, but haven't come to a halt yet. Seeding progress seems to be going well, with most areas starting to wrap up. Late last week/early this week we had new crop values pop up that started to spike seller interest. As per a STAT report, pea crops are expected not only to shrink in Canada, but in several key exporting countries as well for the 2017 crop. Though harvest bids may soften due to the expected lull in exports, if any problems occur, prices could take another jump higher.

Chickpea pricing has been holding firm for the past couple of weeks. Chickpeas in the bin are still seeing values at 65 cents/lb and new crop at 50-51 cents/lb FOB, with an Act of God. As per a STAT report, low global supply has been holding these chickpea prices up relatively high. However, for old crop pricing, it is still being discussed that we should expect these values to fade away; as most key markets have come well off their pricing highs. For our new crop bids, they are going to rely heavily on the crop outcome in the US and, as of right now, US seeding is on track. These attractive values should be considered to guarantee a return, delivery and cashflow in the fall!

The flax market seems to be in the middle of quiet exports and slow farmer seller. The prices this week are slightly down from last week with \$12.00/bu delivered to plant on a #1. Milling quality flax is holding sideways at \$12.50 picked up. There are some markets for spring thrashed flax, although prices vary on the quality, so best to get a sample to us. The CGC data shows limited flax volumes going through terminals since early April, typically when volumes should be stronger. China is overstocked

still. There likely isn't going to be a large downside to prices however. New crop bids are soft with no firm buying. The bids may not firm up until smaller supplies are felt after harvest.

Barley this week is holding steady, with similar bids to last week. We are still seeing good values on high and low vomi, but are not sure how much longer those prices are going to be supported. We are seeing buyers looking for a few loads here and there for prompt movement, but feedlots are getting filled up. We are seeing spring thrashed barley coming off and entering the market so there is no shortage of supply. As mentioned, this week prices on low and high vomi are relatively the same with bids around \$3.00/bu FOB farm for good freight areas, you may see a bit more for low vomi. We do still have buyers looking for new crop feed barley to sign up for fall delivery. If you are interested give your merchant or the office and call and we can give you further details on the program.

Canola is having an "off" week with spot (July) and new crop (November) futures hitting some of their lowest values in over a month. Today July finished at a touch over \$500/MT with November just above the \$480/MT mark. Softer soy markets and traders liquidating their positions contributed to most the losses so far this week. July futures had their biggest loss on Tuesday of \$9.40/MT, down a total of \$16/MT over the course of the last 3 days. November is down almost \$8/MT since Monday. One thing holding producer bids at a reasonable value are basis levels. Some buyers are still posting positive values, in some cases as high as +\$10.00/MT. This puts bids delivered to plant at roughly \$11.50/bu. Call for a bid FOB your farm!

The wheat market is pretty much unchanged this week with prices still at \$3.50 or better picked up on high vomi (max 10 ppm) with a bushel weight of 58 lbs. If you have feed that makes a more traditional grade (under 1 ppm vomitoxin) you can still find bids at a premium (over \$4.00/bu) assuming good bushel weight. Milling durum has a few buyers putting some programs together so let us know your specs on what you have in the bin and we can try to work a bid for you picked up in the yard. The latest US winter wheat quality report shows crop is ahead of the 5-year average, but well behind this time last year, which has bumped up the market a little as of late.

This week saw a slight bump in the oats market. Feed oats remain around that \$2.00/bushel mark for dry and heavy quality, picked up in the yard with movement out to July/ August. Milling oats is where we have seen a slight increase with potential for \$3.00 picked up in the yard. This is freight sensitive with closer to southeast Saskatchewan being the best. This would be for June/July movement. New crop bids remain quiet as we have yet to see any trading taking place in the last couple months. Be sure to give us a call and put out a firm offer to show your values to the buyers.

Old crop lentils have went quit, with no one bidding. Reds had decent interested until late last week and then prices seem to disappeared. The lack of pricing maybe since another vessel of reds was rejected at port in India. Bids this week have went to no-bid for a few buyers, with a few #2's at 24 delivered. Old crop large greens have been quiet very little trades taking place. As we head into the tail end of the crop year buyers will become more willing to wait and buy new crop than chase old crop lentils. New crop prices for large green as still trading at good prices but new crop reds have dropped down to \$0.23-\$0.24 with an Act of God delivered to plant.

The mustard market traded sideways this week. Seeding carries on at the multi year average, so no concerns on seeding so far. Also, the market is still looking at abundant supplies and carry over this year even with reduced acres this planting season. Spot 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 continues at a fairly

strong pace. 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. Call the office for different movement options for all new crop contracts.