

Rayglen Market Comments 06/14/17

Not much change in the mustard markets during the past week. Some concerns have crept into the market about dry conditions in some mustard growing areas, but not enough to affect the markets quite yet. Showers and rain have been forecast to move through some of these dry areas next week. The picture should become little clearer as we move forward. Carryover is still on the heavy side, but we should watch weather going forward. Attractive new crop mustard options are still available. 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. Spot mustard is stable at 30 to 31 cents on yellow, 28 to 29 cents on oriental and as high as 36 cents in some trades on brown. Call the office for a variety of different movement options for all new crop contracts and talk to your merchant.

Flax prices are sideways this week with only small amounts moving through elevators. #1 quality is \$12.00/bu delivered while milling is indicating \$12.25/bu picked up. Although dry in some main production regions, conditions were drier in 2015 and early July rains helped insure a decent sized crop that year. There has not been a rally in new crop prices as there have been no concerns from the North American flax crop so far. There are still reports of Chinese inventories built up, which is one reason for quieter buying. European exports are also still showing some weakness as linseed prices have moved higher. However, seed prices have dipped lower and the spread between Saskatchewan flax and European linseed is too close to discourage any new business. There is more optimism about 2017/18 business for US demand. We still have markets for spring thrashed flax, prices vary on the quality so send us your samples. Keep in touch during this busy season to catch any rallies with our text or email alerts.

Recent STAT reports suggest that all intended pea acres were planted this season, but upcoming surveys will provide us with the number of actual planted acres. We are expecting a decrease in green pea acres this year. It will be interesting to see how many growers have switched out and just how many have hit the ground. Any drastic drop could provide support for green pea values this coming season and even if green pea quality is decent, supply is going to be tight. There have been some calls for rain, but for areas in the US, dry conditions are prevalent. Pricing wise, yellow peas in the bin are still trading at \$9.50/bu, with green pea values closer to \$8.00/bu FOB farm. New crop values are still available as well. However, with the Black Sea having their peas hitting the market right away, sales activity is becoming a little quieter.

There has been some opportunity to move lower grade milling durum as of late based on actual specs averaging out alright. That being said, we have buyers posting attractive values for all grades. If you have some test results handy on what is in the bin talk to your merchant for a little more info and possibly a good-looking bid. Values vary due to things like falling number, HVK and vomitoxin levels, so its best to know what quality we are working with. If you do not have any tests, or would like a second opinion, please send us your samples and we will have them sent away. The feed wheat market remains strong with some bids at \$3.50 to \$3.75 picked up still for max 10 ppm vom; min 58lbs and dry. If your binned product is of lower spec than those numbers, there are still selling opportunities today. For those with heavy feed wheat with next to no vom a premium still exists at mid 4's to \$5.00/bu range FOB farm, which is a solid selling opportunity as the window to move a lot of this stuff out before this harvest is closing quickly.

Lentil prices lose more ground this week as India remains uninterested in purchasing any old or new crop inventories. The few red lentil bids we do have for both old and new crop now seem to be converging with at roughly \$0.23/lb. As mentioned, there are very few buyers in the game of purchasing right now so finding bids is a little tough. There is no new information to suggest that price will rebound for the short term, while the long-term outlook is going to depend on upcoming supply and demand. Oversea trade doesn't seem to be reacting to potential weather problems in Saskatchewan and with rain in the forecast it is easing the mind of many buyers. We are starting to see old crop green lentils come down in price as well as we get closer to new crop being harvested. New crop greens started the week out strong but due to selling pressure bids have lost 1 to 2 cents/lb.

One bright spot in commodity marketing these days continues to be chickpeas. Buyers are still in the market to sign up new crop acres with prices at very attractive levels. To top this, we are still being offered an ASct of God clause to help relieve uncertainty of quality and quantity. Prices this past week have traded at a whopping \$0.52/lb or \$31.20/bu on #2 quality, with discounts down to 10% green and damage. Chickpeas are one of the few markets that remain stable. Buyers are also interested in purchasing all grades of old crop chickpeas grades. With new crop chickpeas still a couple months away from hitting the bin, we may see spot prices remain strong for a few more weeks, but we don't expect them to last forever.

Canola markets finished the day softer due to a stronger Canadian dollar and some recent rains across the prairies. Although many areas are still dry, some zones did receive a needed and timely rain event. This is going to help relieve some of the uncertainty of our upcoming canola crop. July ended its trading session at \$509.10/MT, down \$2.10/MT. November finished at \$481.60/MT down \$2.90/MT. Basis levels widened this week with some buyers posting as high as \$63/MT under FOB farm for new crop. Old crop bids hover around \$11.75 delivered plant. Rayglen is still seeing interest in spring thrashed, heated or off spec canola, so let us know what you have and we will track down a bid. If you have canola in the bin or are looking to price new crop, call your merchant for a bid FOB farm in your area.

The barley market this week has been steady with no drastic price changes. The weather has been dreary this week with much of the prairies getting some rain. This is expected to help some of our thirsty cereals and pasture land, but is unlikely to help our feed pricing anytime soon. We are seeing buyers pushing movement periods out to late summer and even into fall months. With harvest only a couple months away, it might be a good idea to start looking for a home for the barley you have in the bin and need gone before harvest. Indications on feed barley are around \$2.80/bu FOB farm depending on area and quality. There are still some buyers looking to lock up new crop acres of feed barley; if you are interested call your merchant or the office.

Canary seed remains stagnant this week, but better than a couple weeks ago when pricing seemed to fall off completely. Whether prices continue to move in the right direction will largely depend on weather over the next few weeks, LeftField Special Crops Update reported. We are seeing indications on bids for dry, sound quality around 20-21c/lb FOB farm. New crop is holding on at 20c/lb FOB farm with an act of god. Reports also state "In the short-term, bids will remain firm as long as farmers remain patient sellers". If you have some canary you want to get rid of, offers are a great way to catch a little bump in the market when there is one. Talk to your merchant or call the office for more information.

Soybean market gained early this week despite a USDA report that was generally bearish. Funds became unnerved by the forecast for sizzling temperatures and covered shorts. However, as the weather

improved through the week the market gave back the small premium it managed to build. Elsewhere around the globe, Brazilian farmers continue to hoard soybeans & Chinese soybean futures hit 3 month highs on a rumor of more stringent import GMO checks. USDA is forecasting a 4% increase in global soybean consumption, which is largely underpinned by feed demand for global animal protein. The recent strength of our Canadian dollar coupled with a futures retracement, has softened our local bids. Old crop soybeans are \$10.70-\$10.80/bu FOB farm and new crop vales are \$10.60-\$10.70/bu delivered.

The oats market has been flat over the past week after a couple weeks of showing some strength. Feed oats continue to sit in the \$2-\$2.10/bushel range picked up in the yard based on being dry and heavy with movement for June/July. We still are encouraging \$3/bushel offers FOB farm on milling oats as there are buyers looking. This would be for June/July movement and freight sensitive with the price being best in the southeast corner of Saskatchewan. Very little news on new crop oats as we have seen no trading taking place. If you have a target price in mind be sure to call in and put out a firm offer to see if any buyers have interest.