Rayglen Market Comments – 07/05/2017

No big changes in feed wheat market prices this past week. We still have bids around $3.75/bushel picked up for max 10 parts per million salvage grade durum. This bid is dependant on a bushel weight of 58lbs. Discounts will be added upon light or tough product. On traditional feed quality (under 1 ppm vomitoxin) the prices are considerably better; still hovering in the mid $4.00/bu range. The hot priced commodity this week in the wheat world is good protein western red spring with new crop and old crop pricing indications up over $9.00/bu delivered to plant. The durum market looks like it will be starting to perk up a little again with more interest floating around the country. Call the office with your specs and we can work up a bid picked up in the yard or loaded rail nearby.

We are currently experiencing a seasonal slowdown in green and yellow pea pricing. India's buying interest has become very quiet along with other overseas buyers. As discussed last week – this weakness is normal and doesn't suggest an overall feebleness in pea markets; buyers are just covered and waiting for new crop peas to come off. Reading through a stat update, the Canadian pea crop seems to be doing well. There are some weather concerns globally that may affect the crop as the US is currently experiencing a drought and as of last week, it was a small percentage of the pea crop was rated good or excellent. Looking at the recent heat wave in France and the dry conditions in Australia, yields are expected to be reduced too.

The barley market is seeing some signs of life this week. Hot, dry weather and very high temperatures forecasted for the next few days could pose a threat to crops. With that being said, we are starting to see a small increase in barley bids and more demand for the product as well. The gap in price variance for under 1 vomi or max 10 vomi is now small or non-existent. Indications are around $3.00-3.30/bu FOB farm in good freight areas. As always, FOB bids are all dependant on the cost of trucks. We are also seeing buyers looking for new crop barley, so give your merchant a call for more information.

Canary seed acres are down this year ever so slightly from 260,000 to 255,000 acres. In Saskatchewan producers are growing 95,000 acres of hairless glabrous type and 160,000 acres of regular canary seed. Last year it was reported to be around 85,000 and 175,000. As it stands right now, Canada will only have enough canary seed grown this year to cover domestic stocks and export needs for the upcoming year. If this is the case, this would be the lowest supply since the 1989-1990 marketing year. Canary seed pricing on old crop has been sitting around 20c/lb FOB the farm. New crop has been stable around 20c/lb with an AOG.

Canadian pulse exporters have gotten a six month waiver on pest treatment to India. This allows Canada to export peas and lentils without first being treated for pests, which is step in the right direction. India charges $72 per 20- foot container for fumigation, but that is going to jump to around $360 Canadian dollars per container. Canada typically ships 20,000 containers per year to India, working out to roughly $7.2 million Canadian dollars that will come off the price and will be passed on to producers. Red lentil prices have been sitting around 22 to 23c/lb FOB for a #2 quality. Old crop large green lentils have traded between 38c/lb on a #2 quality with the odd opportunity to capture a penny or two more. New crop laird bids have been sitting around 35c/lb on a#1 and 32c/lb for a #2 FOB the farm with an AOG. Red lentil new crop bids continue to sit at 21-22c/lb FOB farm, also including an AOG.

Soybean futures have recovered to levels seen in late March, trading between $9.80-$9.90. This is in response to the June 30th USDA acreage report whereby soybean seeded acres were pegged at 89.51 million acres, up 7% from last year but below the average pre-report trade estimate of 89.9 million. Oil World recently forecasted an increase in global soybean crushing to 3.9 million tonnes for July/Sept. Furthermore, they forecasted an increase in Chinese soybean imports to 91.0 million tonnes. This would mark a record high and 14th consecutive annual increase for Chinese soybean imports. We should expect intense competition from South American suppliers fueled by a weakened currency in Brazil and lower export taxes in Argentina. Local old crop bids are $11.00-$11.50 FOB farm and new crop values are $11.00-$11.10 delivered.

Very little to report on the oats market over the past week. Prices have remained flat with heavy and dry feed oats trading in the $2.10-$2.20/bushel range picked up in the yard. This is dependent on freight and movement likely for July-August. We do still have options on spring thrashed oats, but buyers are asking to see samples first so be sure to send those in if you have some in the bin. As far as milling oats go, we are seeing offers at $3/bushel trade picked up in the yard. This price works best out of south east Saskatchewan and is for summer movement. If you have new crop values in mind be sure to call in and put out a target offer to let our buyers know.

Chickpeas continue to be the best priced crop that has been put into the ground this year. With seeded acres down year and drought concerns in southwest Saskatchewan, a significant chickpea growing area, prices should remain firm for the near future. New crop prices are still strong at $0.52/lb for a #2 large sized kabuli picked up in the yard. This includes discounts for a #3 and for sample grades with a max 5% green and damaged and a max 10% green and damaged with movement from September-December. Old crop #2 large sized Kabulis are still strong at around $0.65/lb picked up in the yard, but there is demand for all qualities. With that being said, as we get closer to the new crop year, margins between old and new crop will need to narrow and eventually meet. Now may be the time to price out any old crop left on the farm. Be sure to call your merchant to get a price picked up on your farm.

The latest StatsCan report pegged 2017 North American flax acres lower than the April report. Down 1.115 million to 1.04 million acres. Yield seems to be the main concern and is also expected to be down from last year's high of 27.3 bu/acre. The US crushers will need to import more Canadian flax and there will be steady demand coming from China. This will put a squeeze on Canadian supplies as carryover of good quality flax is smaller compared to last year. #1 spot flax is down to $11.50/bu delivered, while milling quality is around $12.20/bu picked up. New crop flax prices are also down with indications at $11.60-$11.75 picked up with an Act of God. Despite the recent declines, there is still some upside for prices to increase even if the 2017 crop stabilizes itself.

Oriental and brown mustard have been steady over the past week, but we have some strength in spot yellow. Growers and buyers right now are watching this early July weather carefully. Spot brown mustard still leads the pack as buyers try and fill the gap between now and harvest. This dry weather could certainly have an effect going forward on prices. We will see what July brings as far as moisture. 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 up to 32 cents on yellow, 28 to 29 cents on oriental and 38 cents has traded on brown. Call the office for a variety of different movement options for all new crop contracts.

Canola markets were stronger today amid some weather concerns. Forecasted temperatures across much of the prairies have the market uneasy, which is contributing to most of the gains made today. Many are concerned that 2 weeks of ~30-degree weather during the flowering stage will set plants back rather than progress through this vital time. Other factors today included stronger soybean markets which gained roughly 10 cents and a weaker Canadian dollar, making canola more attractively priced to importers. Buyers are now abandoning July futures and have moved to the November, which surged $6.00/MT today, finishing at $510.80/MT. This works back to roughly $11.00/bu delivered plant. Please keep our target system in mind for your canola and other commodities.