

Rayglen Market Comments – August 2, 2017

The oat market remains unchanged with no major price swings, despite having scorching weather through much of the prairies this summer. Milling quality has been booked around \$2.75 to \$3.00 per bushel FOB the farm in most recent trades, while feed oat demand seems to have slowed down a bit, but are still trading around \$2.10 per bushel picked up in the yard in the best freight areas. If you are looking for most up to date pricing on your oats, please your merchant and they will get a price for you in your area.

Buyers are still very bullish on chickpeas this week, which we suspect is due to current drought conditions across much of the prairies and the USA. Despite this dry weather, we are hearing reports and seeing some very nice looking chickpea crops across the main growing areas. There are some buyers that are still offering 52c/lb for new crop values on chickpeas. The price on old crop has been sitting around 65c/lb for a good quality #2 quality and hasn't shown any sign of weakening yet. If your shooting for a higher value on old or new crop, firm offers are a great way to show buyers what you're looking for and to capture a premium in some cases.

Canola has had a bumpy week after following soy markets downward on Tuesday. Canola losses tallied roughly \$10/MT yesterday after the USDA good to excellent crop condition report was bumped 2% higher for soybeans. This news sent beans plummeting 30-35 cents. Today looks to have both soybeans and ultimately canola taking back some of those losses as the market corrects yesterday's major losses. Today futures gained back \$2.60/MT putting November futures a touch over \$500/MT. Most bids are coming in at \$11-11.25 delivered plant as we write. For a firm bid FOB your farm, please give the office a call with your tonnage and area.

Flax markets remain sideways this week with #1 quality at \$11.75/bu delivered to plant, while milling quality is indicating \$12.00/bu for old and new crop picked up in the yard. We are still showing a full act of God on new crop. There might be some opportunities for some new crop yellow flax at \$14.00/bu if freight works out. Scattered rains have fallen, but there has been no widespread relief. Some analysts are projecting 21.7 bu/acre, which is 10% below the 5-year average. There are also some concerns over the US due to very dry conditions, with projections on yield pegged at 16.6 bu/acre, but that could be optimistic. Not only will the US need flax imports, but Canada will have less to export. China built up their flax inventory so Chinese exports are forecasted to be lower unless they get more nervous about the Canadian crop. Europe is expected to purchase less product from Canada, as there is good supply in the Black Sea region due to favorable conditions. Some strength in prices is expected, but could be later in the 2017/18 crop year.

Yield seems to be word of week as growers are beginning to, or will be taking their peas off within the next couple of weeks. Crops don't seem to be getting any better due to the lack of rain most areas have been experiencing. According to a STAT report, only 50% of peas in Saskatchewan were rated good to excellent and 62% in Alberta. However, with the few growers that have started taking peas off, their yields seem to be ok so far. Pea exports seem to have slowed down a bit, but that's the normal for this time of the year. We are still seeing pricing on yellow peas in the bin around \$8.50 FOB and green peas at \$8.00 FOB. We also have pricing options for quicker movement on yellow and green peas coming off within the next month.

Feed barley has been stable for the past couple weeks. Buyers are still looking for product, just not quite as aggressively as they were a month ago. The reason for that is they just simply bought enough for right now and are now looking for product into fall/winter months. Buyers are also still very unsure how good the feed barley crop is this year, with very limited amounts of rain in lots of areas. Until we start harvesting the crop, markets should stay fairly stable. With that being said, we are seeing bids around \$3.25/bu FOB farm depending on freight and movement is pushed out till early fall. You may be able to move a few loads still in August if you're lucky, but for the most part September is being put on contracts. Offers are also a great way to catch a market high so make sure you are talking about that to your merchant.

The canary seed market has shown some strength recently. This comes as a surprise as this is usually a time for canary seed prices to be slowing down. One reason for this could involve on farm supplies being tighter than originally thought. As well, canary seed in Saskatchewan for the 2017 crop is sitting at just 47% good/excellent. This is significantly lower than the 10-year average of 68% good/excellent with very little chances of late yield improvements. As far as pricing goes, new crop is around \$0.24/bu picked up in the yard with a slight premium for movement out into 2018. Old crop is also in the \$0.24/bu range picked up in the yard for Mexico quality and August movement.

Wheat markets remain relatively unchanged this week. Very low precipitation this year in key durum growing areas has buyers looking for new crop durum. Spring and winter wheat is also in demand as drought pressures the cereal crop. We have different options for delivery, such as loaded rail, FOB farm and even some AOG contracts, so keep in touch with your merchant if you're looking to market wheat or durum. Feed values remain strong with Max 1ppm sitting at \$5.00/bu. For product over 1ppm vomit to a max of 10ppm, bids range from 4.00-4.50 FOB pending location.

Lentil markets remain relatively quiet as buyers wait for harvest to hit full swing. Reds are trading at 23 cents/lb with most contracts having deferred delivery. We are still hearing that India is not looking for product at this time and it may be a while before markets open up to Canadian grain. Buyers are showing some interest in the green lentils though. Large greens are trading at 40 cents/lb for a number 2 and 42 cents/lb on Number 1. Small green lentils are trading in the mid 30's. Early yield numbers seem to be on target with what producers thought their fields were going to yield.

Mustard bids have been sideways this week. The market is calm awaiting the upcoming harvest, but prices are strong especially on brown mustard. Oriental is at 30 cents/lb on old crop and 33-34 on new crop, picked up with an act of God. Yellow spot bids have moved up to 35 cents/lb for movement still in August, while new crop sits at 34 cents with Act of God. Brown mustard has new crop values at 35 cents/lb and old crop has been leading the way on pricing with some trades going through recently at 38 cents/lb picked up in the yard. We are getting to the end of new crop contracting so please call the office for movement details and options.

Soybean futures fell sharply Tuesday after an unexpected improvement in the condition of US crops eased concerns that recent hot weather would hurt yields. Mild weather this week and next week encouraged selling as the weather should help the soybeans move through their seed development phase. U.S. Chicago soybean futures for Aug. tumbled 35 at \$9.59 1/2, Sept. dropped 35 1/4 to \$9.64 1/4 and new-crop Nov. dropped 35 1/2 to \$9.71 3/4. The volatility in price movements associated with weather will continue for the next six to eight weeks. An initial indicator of price direction will be provided by the USDA reports to be released on August 10. While the current USDA yield projection for the 2017 crop year is at 48 bushels per acre, the likelihood of reduced soybean yield projections in the

August 10 crop production report is increasing. Pre-report analyst projections for U.S. national soybean yield is 46.6 bushels per acre. Local bids are \$10.70 - \$10.80 delivered.