

Rayglen Market Comments 08/09/17

In the pea markets, yellow varieties seem to have quieted down. India still has a sizable supply of peas, which may keep our markets muted for a bit, as per a stat report. We should see Canadian prices strengthen, but it may not be for a while. The Black Sea region has been supplying a large amount peas, which will continue to affect our pricing until that product flow starts to slow down. We still have options for prompt movement on yellow peas in the bin if you are looking to move some. There has also been a price pop up on Patrick green peas, which have been hard to move as of late. Talk with your merchant on picked up pricing in your area.

Reports suggest there is a large amount of uncertainty about the size of this year's chickpea crop. Alberta planted a surprising number of chickpeas that had analysts adjusting their seeded acre estimates, as many believed the reports were too low. Looking at the chickpeas, they seem to be holding up quite well with some decent early yield reports despite the dry conditions that exist. Right now, values are still strong, which shows that supplies remain tight. Bids are expected to continue firm, but there is the potential for increased acreage in India and Mexico due to the strong price environment. This increase for the winter crops could cause the market to soften.

Canary seed values have climbed over the past few weeks, but seem to be holding firm at 24c/lb FOB with little fluctuation the past few days. The prices are moving higher, which is unusual as normally we see prices get weaker this time of year. This is a significant shift in the market and could possibly send prices soaring in the near future. This could also just be a short blip in the market, time will tell; but in any case, these are very decent values to lock in some product. In the month of July, 24.47% of crop was only estimated good to excellent. This is comparable to the 2015 canary crop, but that situation improved in late July, which has not happened this year. It is estimated that the carryout could be down as much as 40,000 tonnes.

Flax prices are a bit firmer this week, with milling quality anywhere from \$12.50- \$13.00/bu picked up. #1 flax prices are still \$11.75/bu delivered to plant. There could be some concerns about the quality of flax if the seeds are not filling properly due to dry conditions; however, late rains might improve the situation. North Dakota flax crops have seen some improvements with late season rains. The US will need to import flax and it is likely that Canada will not be able to meet all the demand. This will mean that the US must source flax from the Black Sea region. There could also be strain from the Chinese, but for now, China is still sitting on large flax inventories. With the Black Sea region needing to fill demand gaps, we could see market pressure in 2017/18.

Canola markets pushed higher today, with November finishing a touch over \$511/MT. Some reports of swathed canola are coming through in the southern areas, but we have not heard much for yield reports yet. Most producers in drought affected areas estimate a 20-25bu/ac crop, but we will know within a couple of weeks once canola starts hitting the bins. Northern areas of the province received a good amount of moisture this year and are expected to achieve healthier yields. Tomorrow's release of the USDA supply/demand report should provide some direction to canola; we await the report patiently. Bids today, delivered to plant, sit at roughly \$11.50/bu.

Mustard bids have continued sideways this week. No reports of mustard yields have come in yet, but we are getting indications that harvest could be close in the US, and southeast Alberta. Some areas of southwest Saskatchewan could also be getting nearer. Crop conditions continued to decline through the

end of July, so Canadian production, again, looks reduced. We will see what the harvest brings in a short time. Brown mustard has new crop values at 35 cents/lb. Old crop has been leading the way on pricing with some trades going through at 38 cents/lb picked up in the yard. Oriental is stable at 30 cents/lb on old crop and 33-34 cents/lb 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/lb with an act of God. This will likely be the last week or two for new crop pricing, so call the office for options.

Barley this week has seen a bit of strength. We are hearing reports that some early combined barley is not yielding as good as producers hoped, and test weights are low. Now, buyers are looking for product to make sure they are covered. We are seeing prices start to move with bids around \$3.35-3.60/bu depending on freight cost and quality. Now that crops are starting to come off, make sure you are doing the appropriate tests before you start marketing. Tests include weight, moisture and vomitoxin levels. Offers are also a great way to catch a high in a market so make sure you are talking to your merchant on that.

Very little to report on this week from the oats market with no real price changes coming in. Milling oats remain at \$2.75-\$2.90/bu picked up in the yard with movement for August/September. Buyers looking at feed oats seem to be slowing down as of late. We are still seeing bids around \$2.10/bu picked up in the yard in the right freight areas. If you have any spring thrashed oats be sure to give your merchant a call and get a sample into the office for our buyers to look at. We will then be able to give you a price picked up in your yard.

We are seeing buyers show some interest in purchasing all varieties of green lentils. However, they are mostly interested in small greens. Prices for all three sizes (small, medium, large) are edging close to, or better than, 40 cents FOB. Interest in the small greens remains most prevalent as these are shipped into niche markets, whereas large green lentils are competing against the pigeon pea market in India. Red lentils are still quiet with a few buyers fading their bid this week as early harvest numbers are reported. Overseas buyers are still showing little concern on yield numbers. Reds may remain quiet until final yields are tallied or until India decides they do not have enough stock to cover the markets.

We have a few buyers looking for winter wheat in the southeast corner of the province. Offers have traded for \$6.25/bu FOB for Sept-Nov movement, but prices since then have backed off. Reports suggest that traders are holding long positions on wheat as they await the USDA report that comes out on Thursday. This is the first "survey based" estimate released this crop year, so everyone is waiting to hear what the farmers are saying about the crops. Depending on how big the adjustments are tomorrow, this should dictate where the market will go for the short term. Watch our twitter account for updates from the report.

The soybean market has not moved around too much as of late, with the local price remaining just under \$11/bu picked up. In most areas, producers can expect \$10.80 at the farm. The soybean futures finished today basically sideways as there was not too much for market-shaking news. We are starting up harvest on a few commodities in Canada, but are still a fair way away from the bean harvest right now, so reports are slow on available tonnages. The feed faba bean market remains at around \$5.75/bu in the yard in most areas, but firm offers have caught some higher opportunities. So far, faba buyers are just focusing on the zero tannin varieties and marketing opportunities have been scarce on the tannin varieties. Keep in touch with the office as we may see some markets open up down the road for tannin beans.