

## **Market Comments – 8/30/17**

Canary seed is getting closer and closer to coming off in the key growing areas. This hot dry weather is definitely helping move harvest right along. Canary seed tends to be harvested later than other crops so yield reports are thin at this point, but are soon to be rolling in. Bids have been sitting around 23c/lb. to 24c/lb. picked up on farm for September to October movement. As harvest pushes forward, movement will get pushed back a bit and prices could come down depending on yield and quality. Ag Canada thinks production could reach 125,000MT, compared to last year's production of 120,000MT.

Flax prices have little change this week with #1 flax at \$12.00/bu delivered and milling quality in the \$12.50-\$12.90/bu range picked up depending on location. Flax harvest hasn't started yet, and outcomes on yield and quality will not be known until harvest is underway. However, yield is estimated to be lower than the 2016/17 year. The Black Sea flax crop is indicating lower seeded acres, but will be supported by positive yields and some of that crop will likely go into the US market. Argentina and Kazakhstan have also started to supply the US with some product. As Canadian flax becomes harder to source, exports from Russia will also flow into China. So far, there has been quiet Chinese demand, but import volumes are expected to remain steady for 2017/18. We could see some more aggressive flax prices later in the year unless the Canadian yields are surprisingly higher than anticipated.

Chickpea prices are strong this week once again, even with an estimated increase in US acres from the latest USDA report. Yields, however, are estimated to be 5% below the 5-year average. Canadian chickpea yields are expected to be 10% below the 5-year average, along with seed size being a concern. Overall this puts the 2017 Canadian chickpea crop at 120,000MT compared to 135,000MT in 2016. There will be less US demand and a heavier portion of supply going overseas. The gain in prices over the last few weeks are mainly seen in large calibre, which could mean the dry conditions are producing smaller sized chickpeas. If acreage in Mexico and India respond to these high chickpea prices, then we could see bids soften in the second half of 2017/18. We are seeing the market hover around 63c/lb this week for #2 quality.

The wheat market has been a little quieter as of late, which seems to be a common theme as farmers find their attention diverted from marketing and harvest pressure is upon us. Currently we have a few buyers quoting a #1 Red wheat at \$6.50/bu to \$6.90/bu ranges, delivered to plant depending on area. Durum bids are hard to find for #1 grades, but \$7.75/bu delivered was the last indication this week and things have continued to tail down. The feed market is still in the high \$3's to \$4.00/bu range on feed wheat over 1 ppm vomi and premiums close to \$5.00/bu for product that is under 1 ppm. US Corn has been moving north and making selling feed into southern Alberta a tougher venture to catch top prices.

Feed barley this week has slide a bit, but not too much and that's all to do with harvest pressure. We are seeing good barley numbers from across the prairies, still uncertain if the majority of it will make malt or move to the feed market. Early on, we were seeing some low bushel weights, but now we are seeing some heavier product. With that being said, we are looking at an indication around \$3.25/bu FOB farm, with a bit of space left for September movement. For further out movement, we are looking at \$3.35/bu FOB farm depending on freight costs. Also, just a quick reminder to make sure you are getting your product tested for vomi levels, moisture, and weight. This makes the market process much more productive.

Very little action has taken place in the oat market this week. Demand is low for heavy and dry feed oats with indications around \$2.00/bu picked up in the yard. Movement is slow and not much is expected to move before October. Milling oats are still floating around the \$2.70/bu mark picked up in the yard for quick movement. This price is freight sensitive with preference being closer to southeast Saskatchewan. Be sure to give us a call and put out a firm offer if you're looking to move your oats above the current market.

Harvest is coming along and yields seem to be averaging higher than originally expected. Reading through a Stat report, harvest is 54% complete in Saskatchewan and 46% complete in Alberta as of last week. Not only are yields better than expected, quality is much better this year compared to last. It has been talked about that green pea supplies are going to be limited this year, which favors a gradual rally in pricing. On yellow peas, there is still a seasonal weakness, that was expected and isn't much of a surprise. There is potential for yellow pea pricing to show more downside before a post-harvest upswing. However, on yellows we do have a favorable bid for growers in south east Saskatchewan, talk with your merchant for more details.

Soybean harvest has started in the southern US states, with both Louisiana & Arkansas reporting early harvest progress. The market has shown some slight weakness for the second straight day based on speculative and technical selling. September soybeans fell 4 ½ cents to \$9.30 ¾ and November was down 4 cents at \$9.37 ¼. The Pro Farmer Tour has wrapped up and the national crop estimate for soybeans is 4.331 billion bu. The yield was pegged at 48.5 bu/acre (+/- 2%). The USDA's Aug. yield estimate was 49.4 bu. Last year's yield was 52.1 bu. Local soybean bids are still in the \$10.50 FOB farm range. Faba bean harvest in the prairies is a long way from beginning. Crop variability has been reported in some areas which is being largely based on July heat stress. Local bids are in the \$5.50 FOB farm range.

There was not a lot of change in mustard prices this week. It seems the market is content right now with supply and demand. New crop bids with an act of god are gone now as harvest begins. Some reports are trickling in on yields from southern parts of the province and they sure aren't what they were last year. We will see what the harvest brings shortly and determine where we are going to be on average yields. Different areas of the province will show big swings in yield. Brown mustard leads the pack at 38 cents/lb picked up in the yard. Oriental is stable at 30 cents/lb and possibly better on Forge variety. Yellow spot bids have moved up to 35 cents/lb for movement August through September. Call the office with any mustard offers. Even though its early, it might be best to secure seed supplies soon. Seed could be a little tougher to procure this year. Call the office for details on that as well.

Tough week for red lentils as prices continue to slide, settling at \$0.21c/lb picked up on farm today. Trades are slow right now with most buyers focused on large green, and small green lentils. India has not come to the buying table yet, which has really put a damper on sales so far. Weather reports out of India are forecasting rainfall in the next two weeks for most growing regions. The Agriculture ministry official said that the crop prospects remain bright. With this kind of optimism in India, it may take a while for them to come back into the market place. Large greens lentils remain in the low 40's for a number 2 and mid 40's for x2 and #1. Small greens have slipped a little due to harvest pressure, coming down from \$0.39 to \$0.37 for #1. Selling pressure is likely the biggest reason for the price drop.

Canola markets finished off their highs today, settling slightly lower at \$498.10/MT, down only \$0.70/MT. Tomorrow marks the release of the Canadian production report, which, as mentioned last week, could set the tone for the up coming season. Based on early reports, canola yields are not

spectacular and it is expected to remain that way for at least the southern part of the prairies. Areas more North will likely have better looking crops as many areas received plenty of moisture this growing season. Bids FOB farm range from \$10.00/bu to \$10.60/bu pending freight and area. Please contact your merchant with quantity and location for a firm bid FOB the farm.