Rayglen Market Comments – September 6, 2017

Not a lot of change in pea markets from last week. Canada appears to be well-balanced, in relation to world markets, according to a stat report. Despite larger Indian and Black Sea supplies, the US market is reporting much smaller crops. This offset in supply is holding yellow pea pricing fairly firm during this expected seasonal lull. For green peas, pricing is looking positive. However, a stat report is expecting green pea gains to be gradual rather than a sharp spike up. Right now, yellow peas are trading closer to $7.50/bu picked up while green peas are trading at $8.00/bu FOB. We do still have options for more aggressive yellow pea pricing with movement pushed to the new year, contact your merchant for details.

Statistics Canada believes that the canary seed production will be down this year. They estimate that it will only total 117,000MT off 255,000 acres and another 5,000MT grown in Manitoba. These are just preliminary numbers, but at least it gives us some estimate as to what this marketing year will entail. Producers are making good progress on harvest and as of last week, there was a total of 26% of all crops taken off. This is up from last year at the same time, which was sitting at 18% complete. Of this, only 2% of canary seed has been harvested. Prices on canary seed are sitting around 23c/lb for sound quality and yield is roughly averaging around 19 to 20 bus per acre.

Chickpeas are holding at very high values in the commodity market for another week. The yields we have been hearing have not been bumpers so far, with southern Alberta, Sask and into the US not getting great production. Some of the later product looks like it may yield a bit better and as such we are hearing some reports of more respectable yields. All in all, this year's crop isn't going to be a big one. Current bids are in the low 60's for across the board pricing on #2 quality, which is a fantastic opportunity to sell. At this point one would think the upside is limited and I think we can all recall that when the chickpea market dries up, it can be a very hard product to find a bid on, even despite the tight stocks. If you have a target in mind we are happy to take firm offers to show to buyers and try to catch you the deal that suits you best.

Soybean futures rose sharply on technical buying and forecasts for dry weather in the Midwest that could threaten late-season development and thus yield prospects. The USDA said that 11% of the crop was dropping leaves, up from 6% a week earlier and on par with a year ago, but now 1 point behind average. Last week, that portion of the crop dropping leaves was 1 point ahead of average. An estimated 97% of the soy crop was setting pods, 1 point ahead of average. The condition of the crop was unchanged from a week earlier at 61%, but down from 73% a year earlier. Despite the Chinese acreage expansion and higher forecasted production, China's rising consumption continues to outpace its domestic production. Chinese imports of oilseeds are expected to grow to another record forecast of 92.5 million in 2017/18, up by 1.5 million over the previous year estimate. Local soybean bids are in the $10.00/bu FOB farm range. Faba bean harvest in the prairies is s 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 $6.00 FOB farm range based on location.

The lentils markets were mixed again with large greens stable at $0.43/lb for a No. 2, small greens continuing to lose steam, and reds are hovering around the $0.22 mark. Small greens have seen the biggest decline in prices with most buyers paying $0.36 for a No. 1. Selling pressure on the small greens is partly to blame for the decline and that the small green market is a niche market that doesn't need a lot of tonnage before it is full. The markets remain bearish on the reds with reports coming out of India this week that most areas are doing well for moisture. Australia is also reporting timely moisture and at this point in time most commodities have come off their harvest highs. The bright spot is that large green lentils remain stable; how much longer will they remain at 20 cent spread over reds and a 6 cents spread over small greens is the question. Is it just a matter of time before large greens also lose their luster? At this point in time buyers don't seem to be chasing the lentils, but patient to wait and buy at the levels they feel comfortable with, so it may be time to lock in a few bushels and take some risk off the table if the prices come off.

The barley market is flat this week. We are seeing some uncertainty in the market and whether or not these big barley yields will make malt or move to the feed market. Harvest pressure is also a factor in why prices aren't moving. In the meantime, as we see prices stabilize, make sure you are getting your product tested for vomi, weight, and moisture so when prices start to move you know what you have. Indications on pricing this week are sitting at around $3.25/bu FOB farm on max 10ppm vomi. If you can wait until the new year we are seeing bids around $3.75/bu FOB farm on a max 1 ppm vomi. There hasn't been much action in the malt market for some time now, but our buyers are wanting to see samples again, so be sure you are sending them to us so we can forward them on.

Flax prices have had little change this week with #1 quality at $12.00/bu delivered and milling quality in the $12.50-$12.85/bu range picked up depending on location. Yellow flax bids have fallen slightly this week with softer buying demand. Prices sit in the $13.00-$14.00/bu range depending on location. Outcomes on yield and quality have not been reported yet as harvest is still underway. However, yield is estimated to be lower than the 2016/17 year. 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. 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. We could see some more aggressive flax prices later in the year unless the Canadian yields are surprisingly higher than anticipated.

Mustard continues strong as harvest progresses, but no real change over the last week. Some mustard yields are now being reported with some growers even finished up in the southern portion of the province. As expected yields are all over the map, from poor to very good. Isolated showers seem to have made a lot of difference this year. Brown mustard continues to lead the pack at 38 cents/lb picked up in the yard. Oriental is up to $0.32-$0.34/lb depending on variety. Yellow spot bids have moved up to 35 cents/lb for movement in September and possibly higher further out. 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.

Canola markets finished the day virtually unchanged. Initial shock of a higher CAD wasn't a positive note for the oil seed, but lower carry-over stocks provided support. Reports suggest that ending stocks will be 1.35MMT down from last year's carry of 2.09MMT. November futures finished unchanged at $497.20/MT with January down $0.10/MT at $503.90/MT. Recently we have been showing competitive bids in the west/central parts of Saskatchewan. Some of our buyer's further north are looking for product as their regular pull areas are slower to harvest. If you have canola off and are looking for bids FOB your farm, please call the office with quantity and quality. Also, keep in mind we offer a great target system to post your any of your grains.

The wheat market is holding steady as more and more producers are getting into their wheat fields. Expectations for quality remains high across the prairies with yields coming off a bit better than initially expected. For #1, 13.5 protein HRS wheat, we are seeing indications around $6.50/bu delivered into plant. Bids for #1 CWAD have been softening and current bids are down to $7.50-$7.75/bu picked up in the yard. For feed wheat with vomitoxin levels under 1 PPM, bids are at $4.75/bu picked up in the yard for Sept/Oct movement. Feed wheat with vomi levels over 1 PPM are closer to the $3.75-$4.00/bu range picked up in the yard.

The oats market continues to run sideways with prices holding steady and demand on the low end. We are seeing very little interest in feed oats with indications around $1.50-$2.00/bu picked up in the yard. Movement for those feed oats is being pushed out into November and December. Buyers are still indicating $2.70/bu picked up in your yard for milling quality oats. Bids for the milling oats are getting harder to find as Manitoba has been harvesting a strong oat crop.