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Canola market finds follow through buying on export pricing, farmer selling improves

Winnipeg canola market

January canola futures closed up \$1.90 cpmt at \$436.70, March canola closed up \$2.30 cdn/mt., at \$433.20. Volume in today's session was well above average at 28,489 contracts, compared to 20,239 contracts traded on Wednesday

Hedge selling limits canola gains on nearby futures

Cash bid prices moved back to \$10/bushel, or higher, which attracted some farmer selling. This selling interest provided some pressure to nearby canola spreads. Cash crush margins have dropped dramatically in the last



week, with board margins back challenging the upward trend-line support. At these margins, crushers will wait for a further improvement in margins, especially in front of a possible increase in the U.S. \$1/gallon blender's credit, and an increase in 2015 biodiesel man-

dates.

Oil share (in canola oil yield terms) took out the lows registered 2 weeks ago, but still remains above the seasonal lows achieved in early August. The meal story continues to be the topic, with traders ignoring current low soyoil stocks. We believe the USDA will adjust 13/14 ending stocks into the 1.250-1.270 billion lb., range, which would seem below pipeline needs! We understand end users have been good buyers on this recent down-draft in soyoil futures prices.

Canadian canola meal exports to the U.S., so far this crop year, are running ahead of the last 2 years. The growing demand for milk production in the U.S. (up 2% over last year), is advancing both Canadian canola meal imports, as well as domestically produced canola meal off-take.

