

MARKET WATCH

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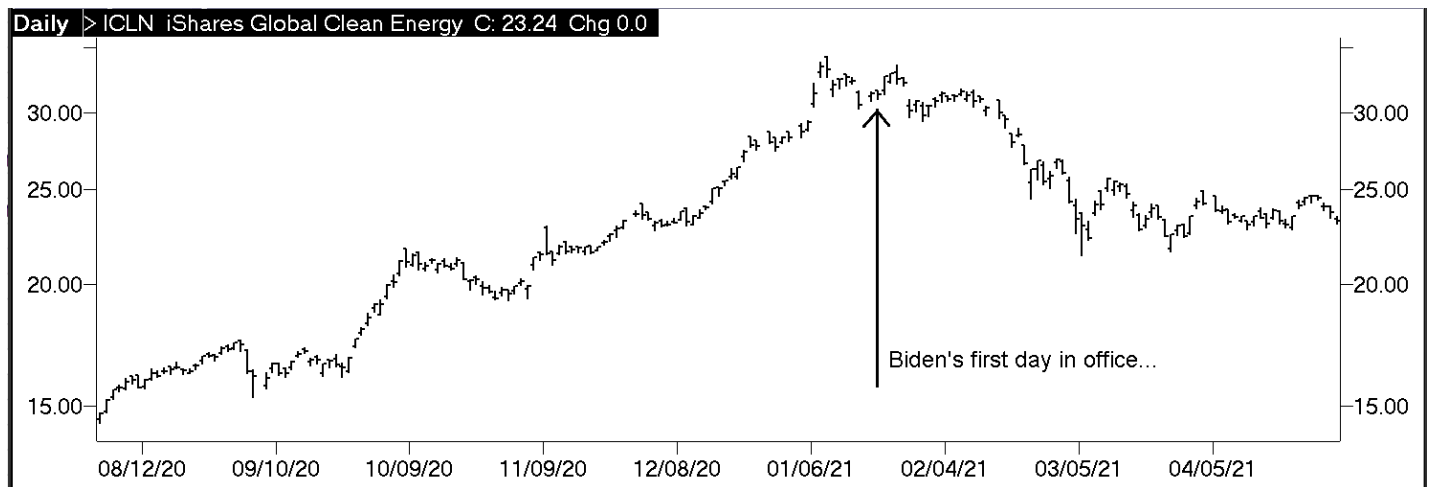
Below are excerpts from my weekly Market Watch radio spots.
Market Watch is broadcast on over two dozen radio stations across Western Canada.

The First 100 Days – May 3, 2021

It's already been 100 days since Biden became President and what's gone on in the financial markets? Investors and traders like to look back at the first hundred days of a new president so let's take a look at what some of the main markets have done in Biden's first hundred days.

First of all, the US stock market, as measured by the S&P 500, has continued its uptrend of the past year rising about 10% since Biden first took office. Meanwhile, 10-year US government bond interest rates have increased by about half a percentage point from 1.1% up to 1.6%. The U.S. Dollar Index, however, is unchanged compared to a basket of major currencies.

Interestingly enough, the one stock sector that is expected to be supported under a Biden administration and that was increasing dramatically during the run-up to the election, the clean energy sector, has actually dropped 20% since he took office. At the same time, a basket of the largest oil & gas fossil fuel companies has gone up almost 20%. A classic example of buy the rumour, sell the fact.



The cure for high prices... – May 10, 2021

Canola, wheat, soybeans, corn and most other crops grown across the Prairies reaching prices not seen in years, or ever. Grain marketing in this environment is providing some great opportunities, but also unique challenges. As one wise veteran farm client said to me recently:

"It's not that I've sold at the wrong price, it's just I've sold the wrong amount; it's either been too much or too little."

It is often said that the cure for high prices is... high prices. And while these strong grain price uptrends don't look ready to turn around any time soon, markets can turn around quickly. So, we want to be patient, but we don't want to be complacent and at least be ready to price some new crop production, lock-in some basis levels and have option hedging strategies at hand.

Bottom line, this type of strong volatile price environment is deal for options strategies to help capture these high prices, get the downside protection you need, the upside potential you want all while managing production risk since you don't have to commit your grain for delivery. For option hedging strategies that compliment our physical grain sales, connect with me at 844-982-0011 or commodity-options.ca.

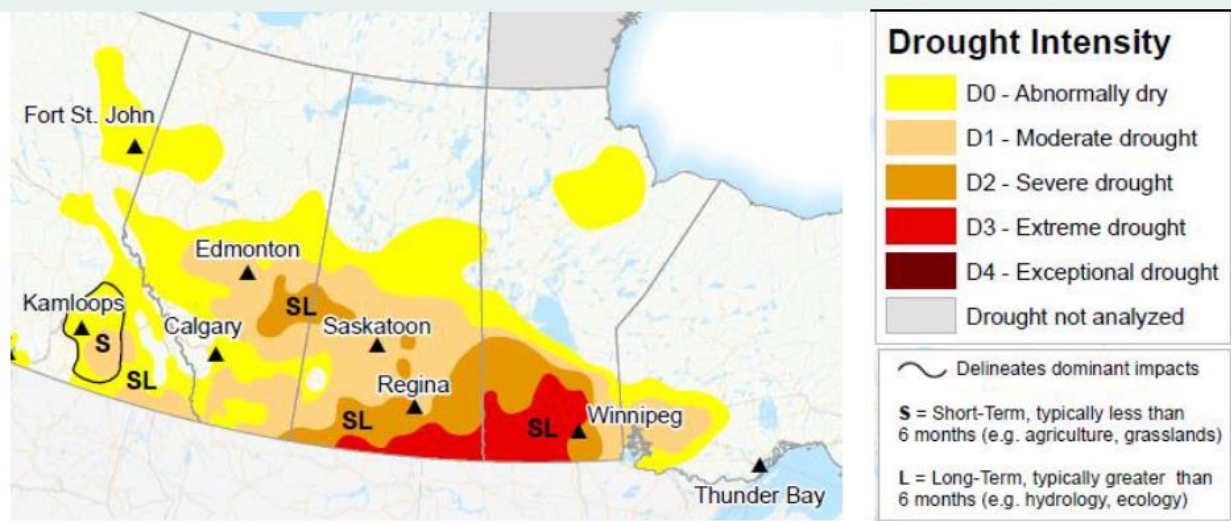
Shifting Gears – May 17, 2021

A recent survey of Prairie farmers by Stratus Ag Research about their top concerns showed that 48 per cent, or almost half, were “very concerned” about the drought conditions heading into spring.

When farmers across Manitoba, Saskatchewan and Alberta were asked about overall moisture conditions on their farms this spring compared with normal, 86% said moisture conditions were drier than normal, with 60% stating it was “much drier” than normal while 26% felt it was “somewhat drier than normal.”

Canadian Drought Monitor

Conditions as of April 30, 2021



Farmers facing these dry conditions will be adjusting their plans this year to deal with the situation. 79% of respondents say they will be more cautious about forward pricing their crops. Only 10% say they will be more aggressive with forward pricing their crops.

Bottom line, even with these great prices, it's still a very challenging environment to market your grain. Fortunately there are flexible option hedging strategies that allow you to capture these high prices, protect against the downside, still participate in any further upside, all without having to commit your grain for delivery. For market analysis and option hedging strategies, connect with me at 844-982-0011 or commodity-options.ca.

“What do you think canola prices are going to do?” – May 24, 2021

With decent moisture in some areas across but most very dry, we're in a volatile weather market so that means a lot of price fluctuations. While there are significant weather and supply/demand factors that will be particular to our canola market, it helps to take a tour around the world of what other oilseed futures markets are doing to provide insights in to the longer-term underlying trends for canola.

Whether it's Chinese rapeseed oil, Malaysian palm oil, French rapeseed or US soybean oil futures, all those markets are still pointing higher for now. Even other lesser followed market like coconut oil, flax, sunflower and olive oil are drifting higher as well. And then of course there's the king of all oil markets, crude oil, with its influence on biodiesel and renewable fuel. Crude oil futures have been moving higher as well for the past year.



Bottom line, low inventories and dry growing conditions across the Prairies are two key domestic price drivers but many outside global factors will also have an important influence on canola price trends. To talk about canola and grain hedging strategies, connect with me at 844-982-0011 or commodity-options.ca.

“Sell in May & Go Away?” – May 31, 2021

There's a time-tested seasonal trading strategy in the stock market that suggests you reduce your equity exposure in May and go away for six months until October. Will it work this year?

The stock market strategy of “sell in May and go away”, is a seasonal market behavior pattern with a very strong historical track record. This strategy has significantly outperformed a typical buy & hold over the past 100 year across over 100 countries, that's a pretty impressive figure.

How about this year? While volatility in the US stock market did increase in the month of May, the S&P 500 index was still up about 1%. Major Canadian stock indices were up even more, around 5%, supported by the commodity strength and reflationary momentum we've seen for the past several months.



Bottom line, with no change in the current uptrend yet during the month of May, stocks could stay strong despite the tendency for weakness throughout the summer and fall. For market analysis and investment management strategies, connect with me at 844-982-0011 or commodity-options.ca.

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