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# Pricing Components in Marketing Your Canola

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**December 2016**

# CANOLA PRICING COMPONENTS

- **Futures**
- **Basis**
- **Canadian Dollar Exchange**
- **What influences each part?**
- **How do I find out Cash Price?**

# FUTURES

- Futures are traded on the ICE (formerly Winnipeg Commodity Exchange)
- Canola Futures are traded in Canadian Funds
- Unit of Measure – Metric Ton (2,204.62 pounds)
- 1 Contract = 20 Metric Tonnes

	Name		Last	Net Chng	High	Low	Open	Bid	Ask	Volume	Settle
Canola											
RSc1	ICE CANOLA JAN7	☐	519.20	+0.40	522.10	516.30	519.00	518.90	519.40	5532	518.80
RSc2	ICE CANOLA MAR7	☐ ↑	524.70	+0.20	528.00	521.80	524.50	524.50	525.00	5880	524.50
RSc3	ICE CANOLA MAY7	☐ ↓	529.00	+0.10	532.50	526.20	528.50	528.90	529.50	653	528.90
RSc4	ICE CANOLA JUL7	☐ ↓	531.00	-0.20	535.00	528.50	533.00	531.00	531.80	598	531.20
RSc5	ICE CANOLA NOV7	☐	501.50	+0.80	501.50	497.50	500.70	500.60	501.50	269	500.70
RSc6	ICE CANOLA JAN8	☐ ↓	502.50	-1.00	502.50	502.50	502.50	502.80	504.50	5	503.50
RSc7	ICE CANOLA MAR8	☐	504.10					502.80	507.00		504.10

# FUTURES

- **Common internal factors influencing Canola Futures**
  - Supply
    - Crop Size
    - Farmer Selling
  - Demand
    - Crush and Crush Capacity
    - Export Demand

# FUTURES

- **Common outside factors influencing Canola Futures**
  - Soybean Futures
  - Soybean Oil Futures
    - Canola Oil is priced off of Soybean Oil Futures
  - Other Vegetable Oils (Palm Oil)
  - Canadian Dollar Exchange (inversely related)
  - Crude Oil
  - Weather

# FUTURES

## - Hedging Futures on the Farm

- Contact CHS Hedging
- Buy back futures upon sale of physical Canola
- Not a perfect hedge because of basis and exchange

# BASIS

- Basis is the difference between the futures price and local cash price
- Shown in Canadian Funds
- Unit of Measure – Metric Ton (2,204.62 pounds)
- Localized



## Bid Sheet

Date: 12/12/2016

**Delivered CHS Hallock, MN** Dump Hours: Monday - Friday 6AM to 8PM

Delivery Month	Basis	Futures	Cash Price CDN \$ / MT	US \$ / MT Delivered	US \$ / CWT Delivered	US \$ / BU Delivered	CDN \$ / BU Delivered
Dec	F -4	\$ 519.10	\$ 515.10	\$ 392.35	\$ 17.80	\$ 8.90	\$ 11.68
Jan	F -4	\$ 519.10	\$ 515.10	\$ 392.82	\$ 17.82	\$ 8.91	\$ 11.68
Feb	H -8	\$ 524.60	\$ 516.60	\$ 393.96	\$ 17.87	\$ 8.93	\$ 11.72
Mar	H -8	\$ 524.60	\$ 516.60	\$ 393.96	\$ 17.87	\$ 8.93	\$ 11.72
Apr	K -10	\$ 529.00	\$ 519.00	\$ 395.79	\$ 17.95	\$ 8.98	\$ 11.77
May	K -10	\$ 529.00	\$ 519.00	\$ 395.79	\$ 17.95	\$ 8.98	\$ 11.77
June	N -10	\$ 531.00	\$ 521.00	\$ 397.52	\$ 18.03	\$ 9.02	\$ 11.82
Sep - NC	X -20	\$ 501.50	\$ 481.50	\$ 367.38	\$ 16.66	\$ 8.33	\$ 10.92

Contact us today at 1-855-SCANOLA in the U.S. and 1-844-222-6652 in Canada. All bids are subject to change without notice. All contracts will be in MT. Payable in USD.

# BASIS

## - **Common factors influencing Canola Basis**

- Supply and Demand
  - Crop Size
  - Plant needs
- Timing
- Weather
- Location



# CANADIAN DOLLAR EXCHANGE

- **Canadian Dollar Exchange is how we convert Canola into a US Priced Commodity**
  - Traded on CME Globex
  - Influence heavily by
    - US Dollar
    - Crude Oil
  - Currently Trading around .7600.
    - You can buy .7600 US Dollars for every 1 Canadian Dollar.

# HOW TO FIGURE CANOLA CASH PRICE

(Futures +/- Basis) x Exchange Rate = Price/mt / 2,204.62 = Price per Pound.

Price per pound x 100 = Price Per CWT.

Futures	Basis		Exchange		Price
520	- 4	x	.7600	=	\$392.16/mt US

$\$392.16 / 2,204.62 = \$.1779/\text{pound}$

$\$.1779 \times 100 = \$17.79/\text{CWT.}$

# BID SHEET



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Feb	H	-8 \$	524.50 \$	516.50 \$	393.91 \$	17.87 \$	8.93 \$	11.71
Mar	H	-8 \$	524.50 \$	516.50 \$	393.91 \$	17.87 \$	8.93 \$	11.71
Apr	K	-10 \$	529.00 \$	519.00 \$	395.82 \$	17.95 \$	8.98 \$	11.77
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# HOW TO RECEIVE OUR BIDS

- **Website**

- [www.chsag.com/hallock](http://www.chsag.com/hallock)

- **Email Bids**

- Email [Zack.Schaefer@chsinc.com](mailto:Zack.Schaefer@chsinc.com)

- **Text Message**

- Text: 701-370-5240

- Name and Provider



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## Thank You!

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