

The show must go on

July quarterly market summary

When P.T. Barnum famously said “The show must go on,” he was talking about his circus show. But Shakespeare probably would have said the same about his *Midsummer Night’s Dream*. In any case, the saying is accurate for the balance of the flax growing season. The love of the farm requires the show goes on - regardless of what anomalies are thrown at you. Winners don’t quit and quitters never win.

Weather is now the key market watch until harvest. According to World Weather Inc., high pressure ridges over western Canada usually support a northwesterly flow of air aloft over central Canada and a trough of low pressure over eastern North America. For US crops, there would be plenty of cool air moving southward from Canada into the north-central United States and this will reinforce the negative Arctic Oscillation and the sunspot correlation toward cooler-than-usual weather.

Spring and summer crops that were already planted late in the Midwest are not likely to get much chance to catch up on heating units to expedite crop maturation. That implies crops will be late-maturing and may end up later than they already are if growing degree days slip further behind normal. The potential for early season bouts of cold are above average for the next few weeks. In a normal year, once the calendar rolls into late August, the first frosts begin to show in western Canada. Similarly, normal bouts of frost and freezes often show themselves in the northern U.S. Plains during September. That is in a normal year.

For a year like this, frost and freeze events may show themselves earlier than usual. Already in the past ten days there have been bouts of soft frost in the SE and central parts of western Canada. No visual crop damage has come from it, but they occurred in the heart of summer during one of the usually warmest weeks of the year. What will happen later in August when hemispheric cooling begins and the same bias for cooler-than-usual conditions exists? It just might get cold enough to cause some problems for crops. For this reason, traders will be cautious not to sell a crop that

they do not own - nor will they push for sales that they do not think they can fill.

For the time being, outside markets are influencing the flax market to the same extent the

weather is and most traders around the globe are watching for the first signs of inflation. The seeds for inflation are being planted everyday the US keeps its money printing press running 25 hours a day. Last year, commodity prices rose too far and too fast to have any real sustainability at those levels. However, all grains and oilseeds markets have formed new boundaries which we expect them to perform and we did not build enough reserve in the world flax market to become complacent. Importers have not forgotten that farm prices for flax were \$20 just a short eighteen months ago and have a heightened awareness of growing conditions in western Canada. Farmers remember the \$20 as well and the winter of ‘08 will be retold to grandchildren for generations.

I cannot impress on you enough how important that weather and the state of the financial markets are at this time to the probable price you will receive for your flax come harvest. Both have the ability to turn on a dime and consequently improve or reduce your earning potential this crop year.

Unlike the play *Midsummer Night’s Dream*, farmers do not get the advantage of brushing off a less than stellar performance with a different audience tomorrow. Keep your eye on the weather and abreast of the current financial picture and be ready to react accordingly—remembering that average is the middle of two extremes. Nothing about the first half of the growing season has been average. Do not expect that to change during the final half of this crop year. 🌸

