Where Are Oats Markets Going in 2020?

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I’m Brennan!

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- Family farms ~65,000 acres between Saskatchewan & North Dakota
- Notre Dame Hound (2005)
- Yale University (2009 B.A.Econ)
- Wall Street commodities analyst/trader
- Why FarmLead? Make grain trade easy
- Was on Fast Company’s 2017 list of Most Creative People in Business
- 2018 Henry Crown Fellow at the Aspen Institute
- FarmLead named to Forbes Most Innovative Companies in Agriculture in 2017 & 2018
FarmLead Turns 5 Years Old!

- $2 Billion USD of grain successfully negotiated
- 2+ million negotiation events
- Our Farmers = 13% of North America’s production of grains, oilseeds, & pulses
  - Includes ~50% of Canadian spring wheat + canola production
- Our Buyers = ~10% of annual demand within North American
- 19 out of top 20 grain buying companies in North America are using FarmLead tools to help them find grain
Global 19/20 Oats Harvest +2.3% YoY

Source: USDA
Major Global Oats Producers
(with change YoY & vs 5-yr avg)

- EU: 8.0, +3%, +1%
- Russia: 7.92, +3%, +1%
- Canada: 4.3, -9%, -13%
- Australia: 4.0, +16%, +19%
- USA: 1.0, +13%, -27%

Source: USDA
2019 Oats Harvest Honourable Mentions

Countries who produce at least 100,000 MT per year (with change YoY & against the 5-year average)

- Brazil: 825,000 MT (+38%, +42%)
- Belarus: 450,000 MT (+32%, no change)
- Chile: 385,000 MT (no change, -32%)
- Argentina: 350,000 MT (-39%, -40%)
- Kazakhstan: 340,000 MT (+12%, +19%)
- Norway: 300,000 MT (+108%, +11%)
- China: 200,000 MT (-11%, -18%)
Canada Continues to “Oat” yield

(Countries who produce at least 100,000 MT/year)

<table>
<thead>
<tr>
<th>Country</th>
<th>2019/20</th>
<th>5-Yr Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>144.3</td>
<td>132.6</td>
</tr>
<tr>
<td>Norway</td>
<td>112.6</td>
<td>102</td>
</tr>
<tr>
<td>Canada</td>
<td>87.4</td>
<td>88.7</td>
</tr>
<tr>
<td>EU</td>
<td>81.3</td>
<td>79.4</td>
</tr>
<tr>
<td>Belarus</td>
<td>78.7</td>
<td>78.7</td>
</tr>
<tr>
<td>Argentina</td>
<td>68</td>
<td>60.5</td>
</tr>
<tr>
<td>United States</td>
<td>60.6</td>
<td>62.3</td>
</tr>
<tr>
<td>Brazil</td>
<td>56.9</td>
<td>55.9</td>
</tr>
<tr>
<td>Russia</td>
<td>47</td>
<td>45.8</td>
</tr>
<tr>
<td>Australia</td>
<td>37.5</td>
<td>41.4</td>
</tr>
<tr>
<td>China</td>
<td>31.2</td>
<td>30.3</td>
</tr>
</tbody>
</table>
Canadian Oats Production Vs Exports

MILLION METRIC TONES

Source: AAFC - Nov 2019
Canadian Oats - Cumulative Exports

YTD ending Nov 24, 2019
582,000 MT
YoY: +0.4%

Source:
Canadian Grain Commission
Canada: the Main Oats Exporter
(with change YoY & vs 5-yr avg)

1,800, +4%, +9%

Canada
Australia
European Union
Russia

1,000 Metric Tonnes

Source: USDA
The U.S. Owns 72%
Honourable Mentions

Countries who have averaged under 100,000 MT of oats imports over the last 5 years

- Switzerland – 50,000 MT
- Japan – 47,000 MT
- South Africa – 33,000 MT
- South Korea – 30,000 MT
- Ecuador – 28,000 MT
- Norway – 24,000 MT
- India – 24,000 MT
Australia’s Loss, Our Gain?

The large majority (+90%) of China’s oats imports come from Australia.
Australia Oats Production, Yields

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (MILLION METRIC TONES)</th>
<th>Yields (BU/AC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15</td>
<td>1.198</td>
<td></td>
</tr>
<tr>
<td>2015/16</td>
<td>1.300</td>
<td></td>
</tr>
<tr>
<td>2016/17</td>
<td>1.873</td>
<td></td>
</tr>
<tr>
<td>2017/18</td>
<td>1.119</td>
<td></td>
</tr>
<tr>
<td>2018/19</td>
<td>1.120</td>
<td></td>
</tr>
<tr>
<td>2019/20</td>
<td>1.307</td>
<td></td>
</tr>
<tr>
<td>Jun Est</td>
<td>43.2</td>
<td></td>
</tr>
<tr>
<td>Sept Est</td>
<td>43.0</td>
<td></td>
</tr>
<tr>
<td>Dec Est</td>
<td>40.8</td>
<td></td>
</tr>
<tr>
<td>5-Yr Avg</td>
<td>41.8</td>
<td></td>
</tr>
</tbody>
</table>

Source: ABARES
“Where’s My Oat Foam?”

- Oatly (& others) helping to grow demand side of equation*** (or the 11% category of “Other” it falls into)
- Non-dairy milk market owned by almonds (64%), soy (13%), and coconut (12%)
- 5M litres of oat milk = ~500 MT of oats used
Canadian Oats - Cumulative Domestic Disappearance

YTD ending Nov 24, 2019
92,500 MT
YoY: +10.8%

Source: Canadian Grain Commission
Cash Oats Prices (Del’d Sask Elevator)

Latest Price (Nov 27, 2019): $3.17/bushel
MoM: +10.5%
QoQ: +8.2%
YoY: +7.7%

Source: Sask Ag, FarmLead
Oats Prices vs Ending Stocks

Source: AAFC - Nov 2019
### Good Crop, Bad Crop (Old vs New)

<table>
<thead>
<tr>
<th>Contract</th>
<th>Nov 2019's Close</th>
<th>Oct 2019's Close</th>
<th>$ Change MoM</th>
<th>% Change MoM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar '20</td>
<td>$3.098</td>
<td>$2.978</td>
<td>$0.120</td>
<td>4.0%</td>
</tr>
<tr>
<td>May '20</td>
<td>$3.053</td>
<td>$2.935</td>
<td>$0.118</td>
<td>4.0%</td>
</tr>
<tr>
<td>July '20</td>
<td>$2.920</td>
<td>$2.935</td>
<td>-$0.015</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Sep '20</td>
<td>$2.770</td>
<td>$2.918</td>
<td>-$0.148</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Dec '20</td>
<td>$2.680</td>
<td>$2.908</td>
<td>-$0.228</td>
<td>-7.8%</td>
</tr>
</tbody>
</table>

**Chicago Oats Prices (USD / bushel)**
2\textsuperscript{nd}-Lowest Oats Global Carryout Ever

Oats Ending Stocks - Major Markets

Source: USDA
The best Combyne you’ll ever run

Marketplace

Connections
The most connected Combyne Listings Chat
Why should any of this matter?

Society’s expectations of business are rising

WANTED: More environmental and social good
More Transparency. Please.
30 MMT Carbon Net Capture

- 60 MMT in farmer emissions
- 11 MMT captured in soil
- 79 MMT capture in grain

This ↑ is not shared/talked about. Ever.
“Sustainable” Canola Going to the EU

- No-Till
- Continuously cropped for 5 years
- Field records
Technological Proof

The data is already available.
Open Source Wins

Closed loop systems only benefit small numbers
Optionality of what tools can be used maintains ownership, pride.
Leverage Your Team

A farmer’s bench of transparent ground truth data
There are benefits

1. Consumer trust
2. Market access
3. Differentiation
4. Defense
2020 Expectations for Oats Market

1. Winter rally buys more 2020 acres
   - When will you have cashflow needs?

2. Price today better than price tomorrow
   - What’s your cost of production?

3. Long-term opportunities all in Asia

4. More “demands” from consumers
   - What’s your quality?”
Let’s chat! (Now or later)

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