

# What's Ahead for 2018/19 and Beyond?

**Presented by:**

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**@leftfieldcr**



**Dec 2018**

# A LOOK AHEAD

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- × Big picture items
- × Canadian situation
- × Other exporters
- × Importers
- × Look ahead
  - + 2018/19
  - + 2019/20

# WHERE ARE WE NOW?

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- ✘ Trade disputes lead to guessing games
  - + Geopolitical games
- ✘ Hangover of bearish sentiment for cereals
  - + Disconnected (mostly) from fundamentals
  - + Slow turn of the ship
- ✘ Several production problems
  - + Northern Europe, Australia, Black Sea(?)
  - + Just not in the US

# TRADE DISPUTES

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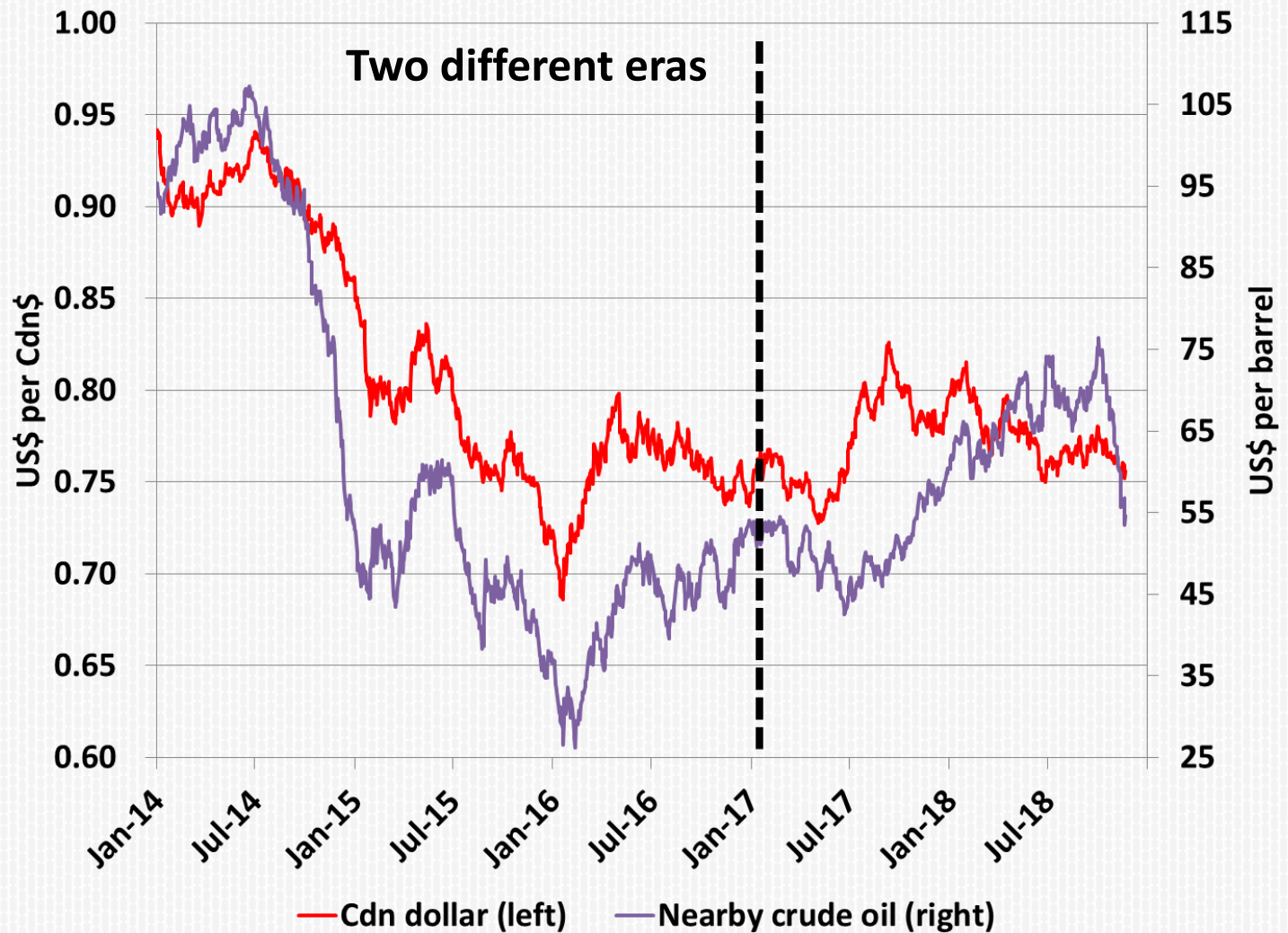
- ✖ US & China are the heavyweights
  - + US calling for fundamental changes in China's practices
  - + Not simply a quarrel over tariffs
  - + No quick or easy resolution

# SPILLOVER EFFECTS

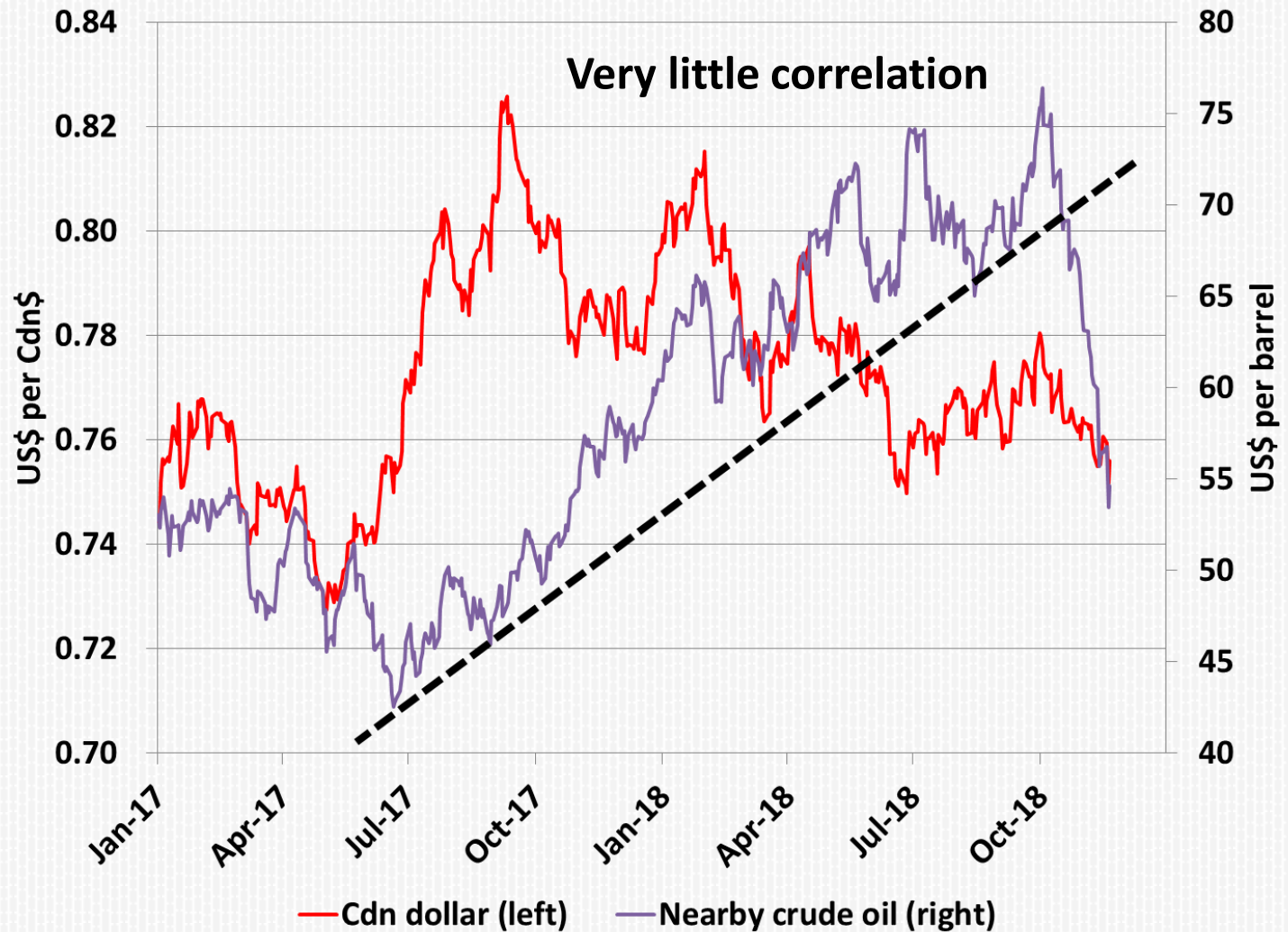
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- ✖ Some increased Chinese demand for Cdn crops
  - + Canola, soybeans, peas
  - + A little underwhelming
- ✖ Pressure for countries to pick sides
  - + Canada trying to be brave, but pretty quiet so far
  - + Australia hit with Chinese barley probe
    - ✖ What about oats?

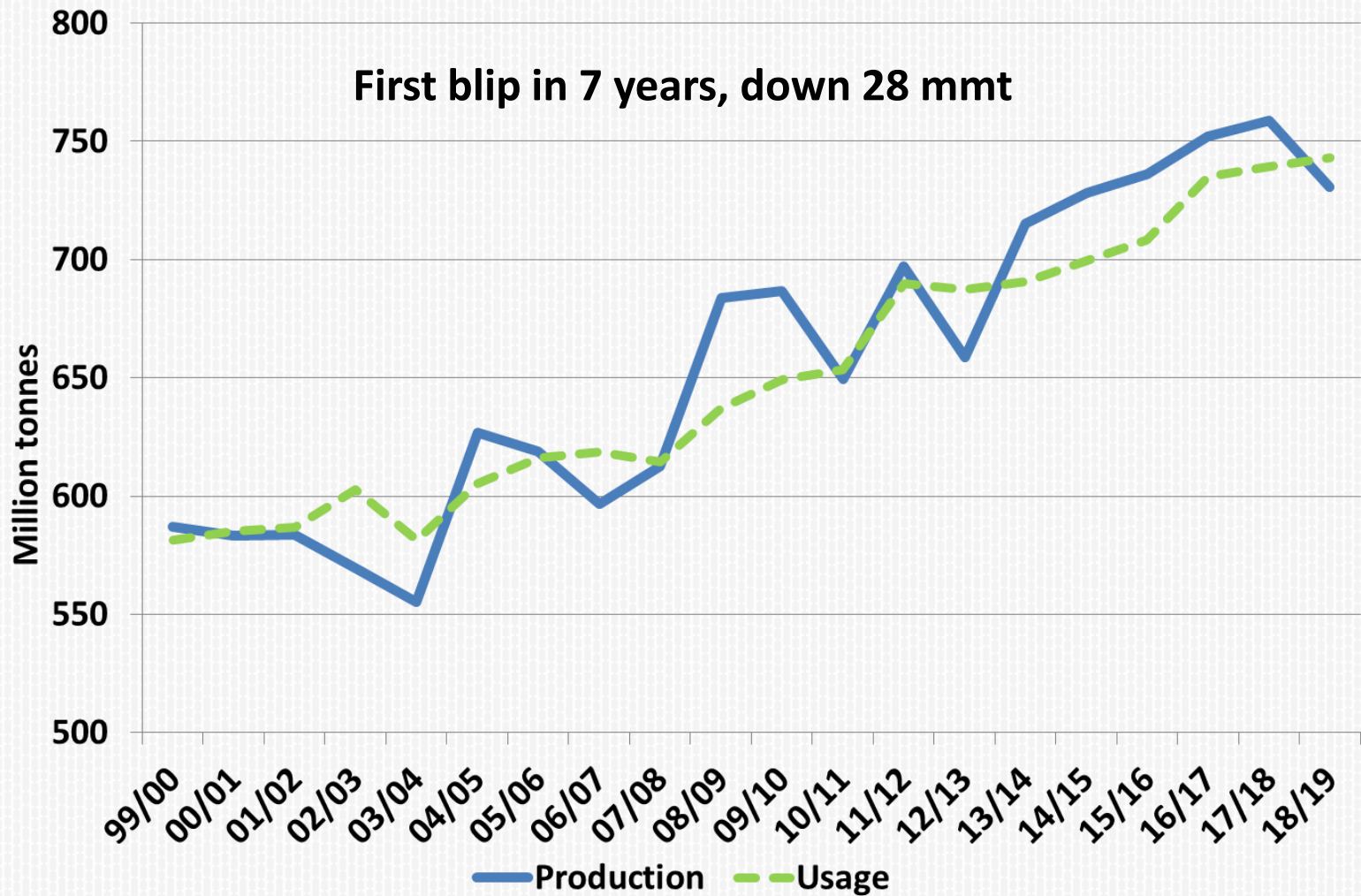
# CANADIAN DOLLAR



# DIRECTIONLESS CANADIAN DOLLAR

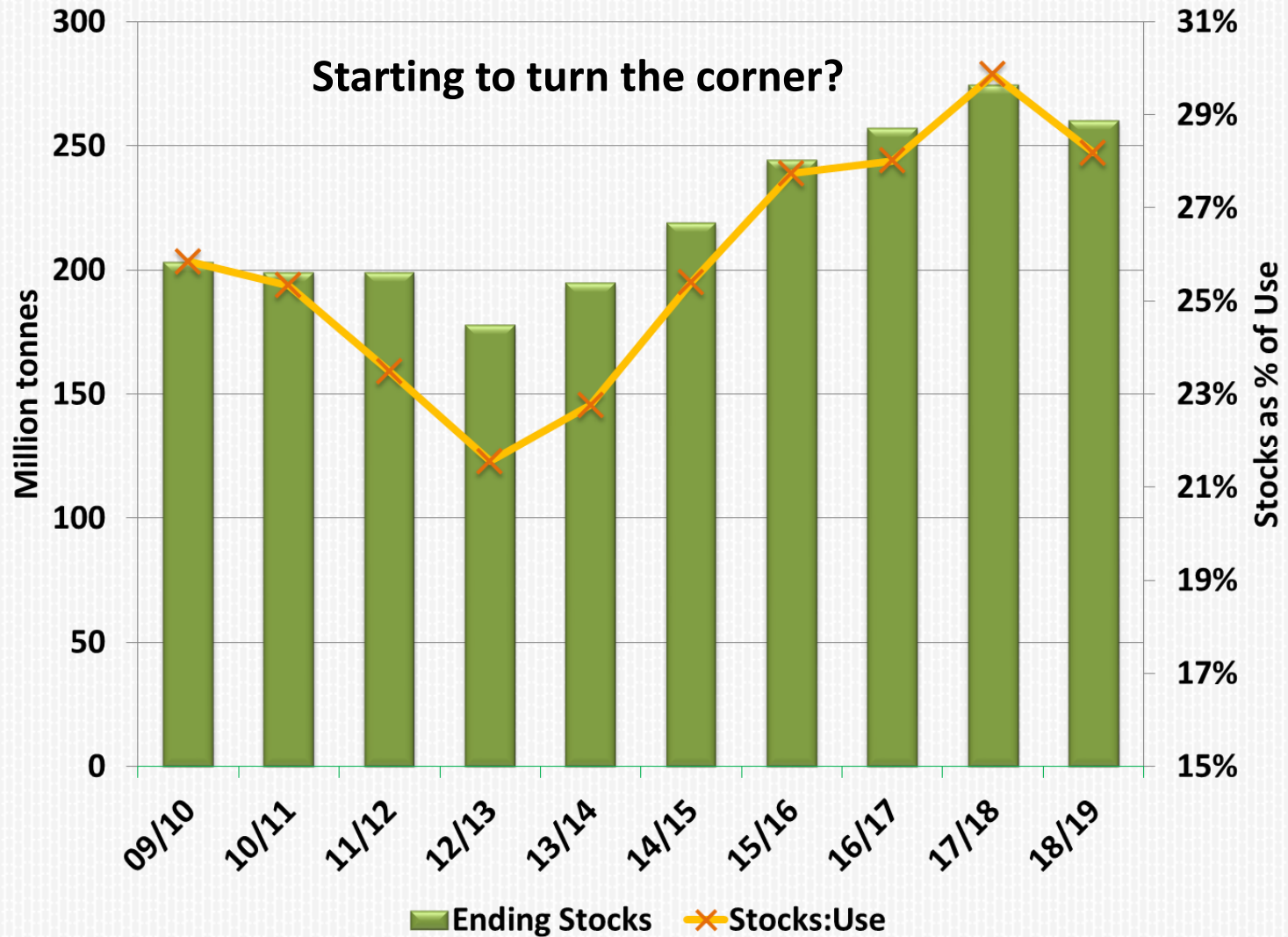


# BEARISH SENTIMENT FOR CEREALS

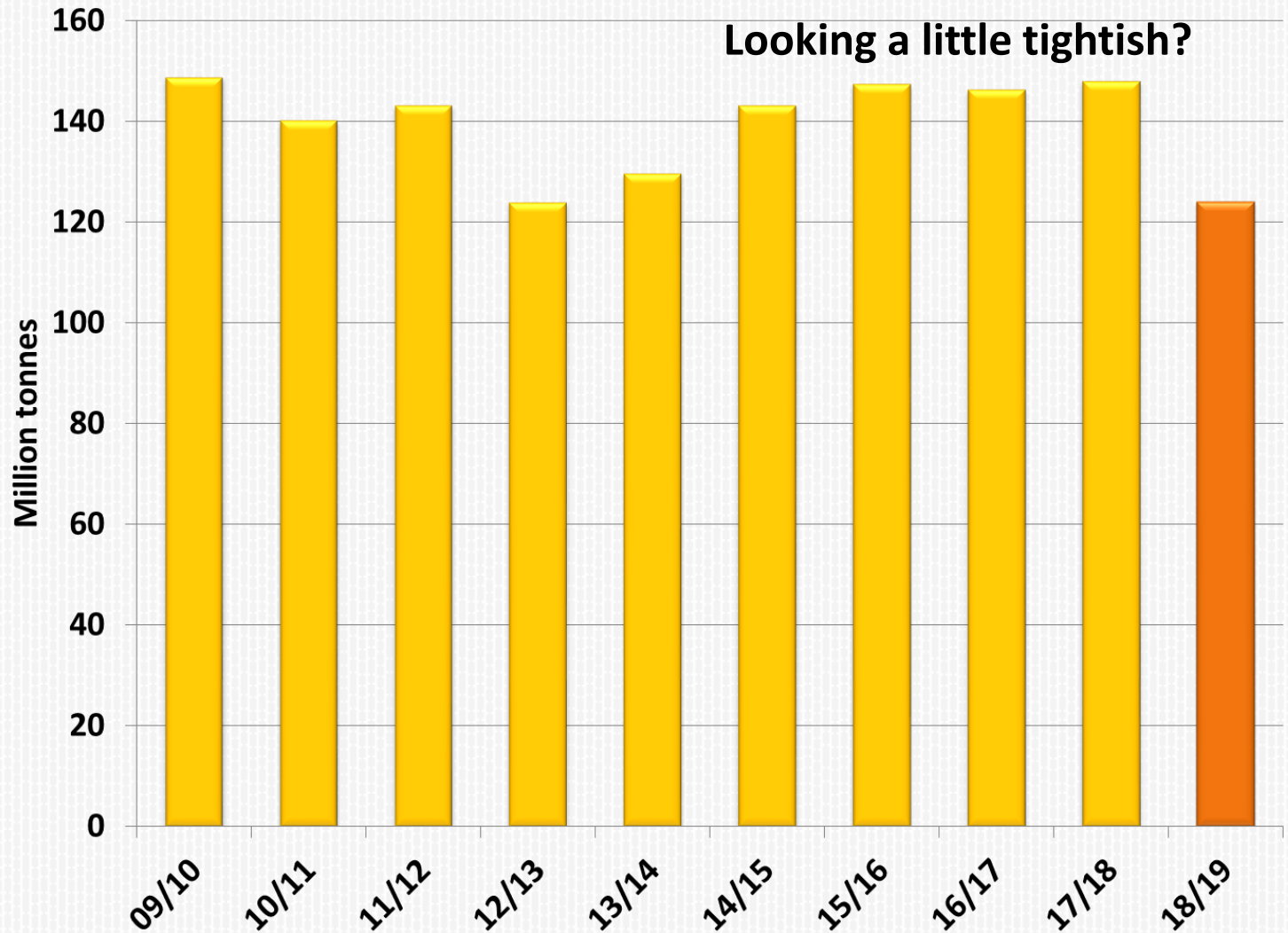




# GLOBAL WHEAT ENDING STOCKS



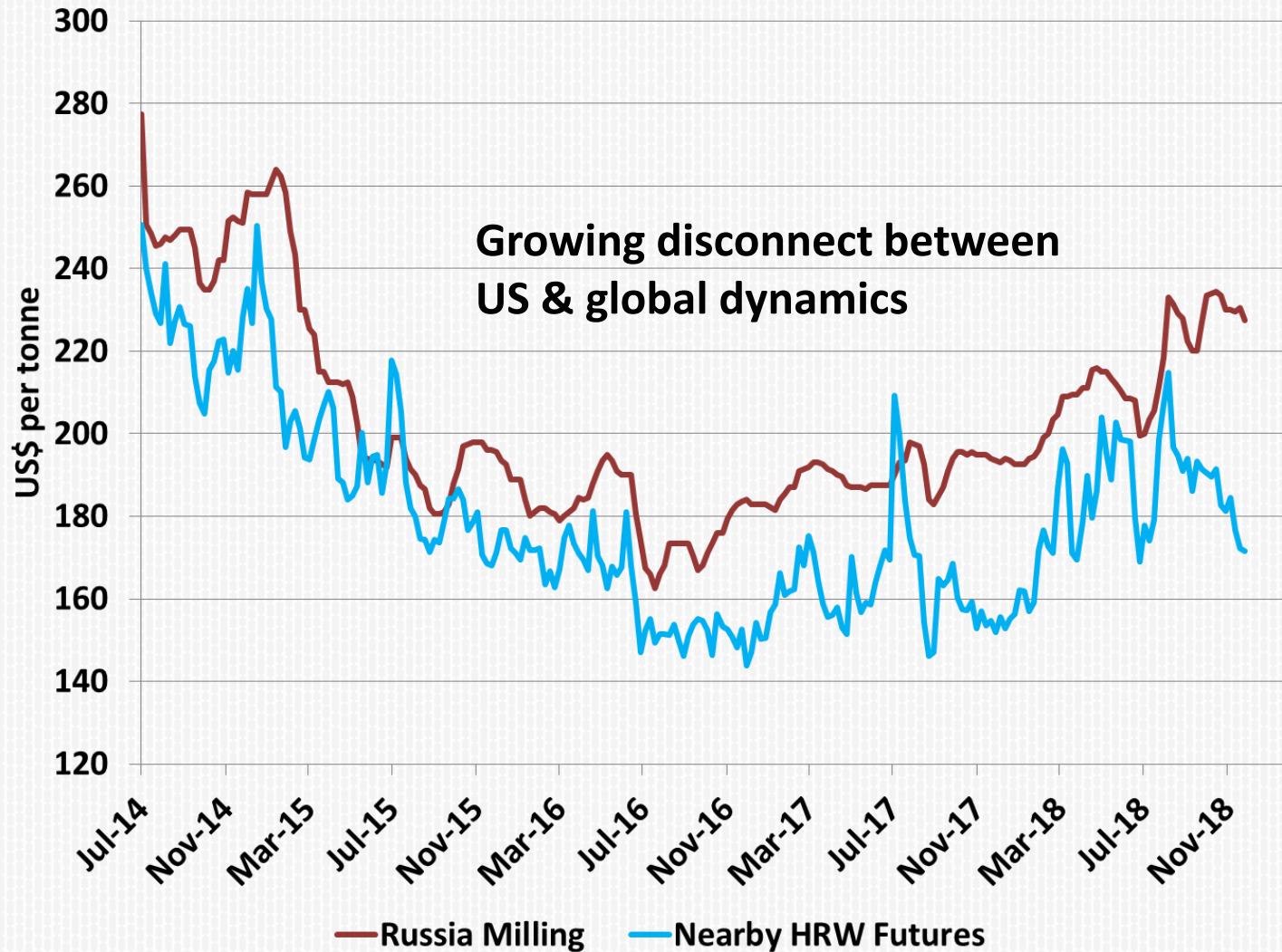
# WHEAT ENDING STOCKS EXC CHINA



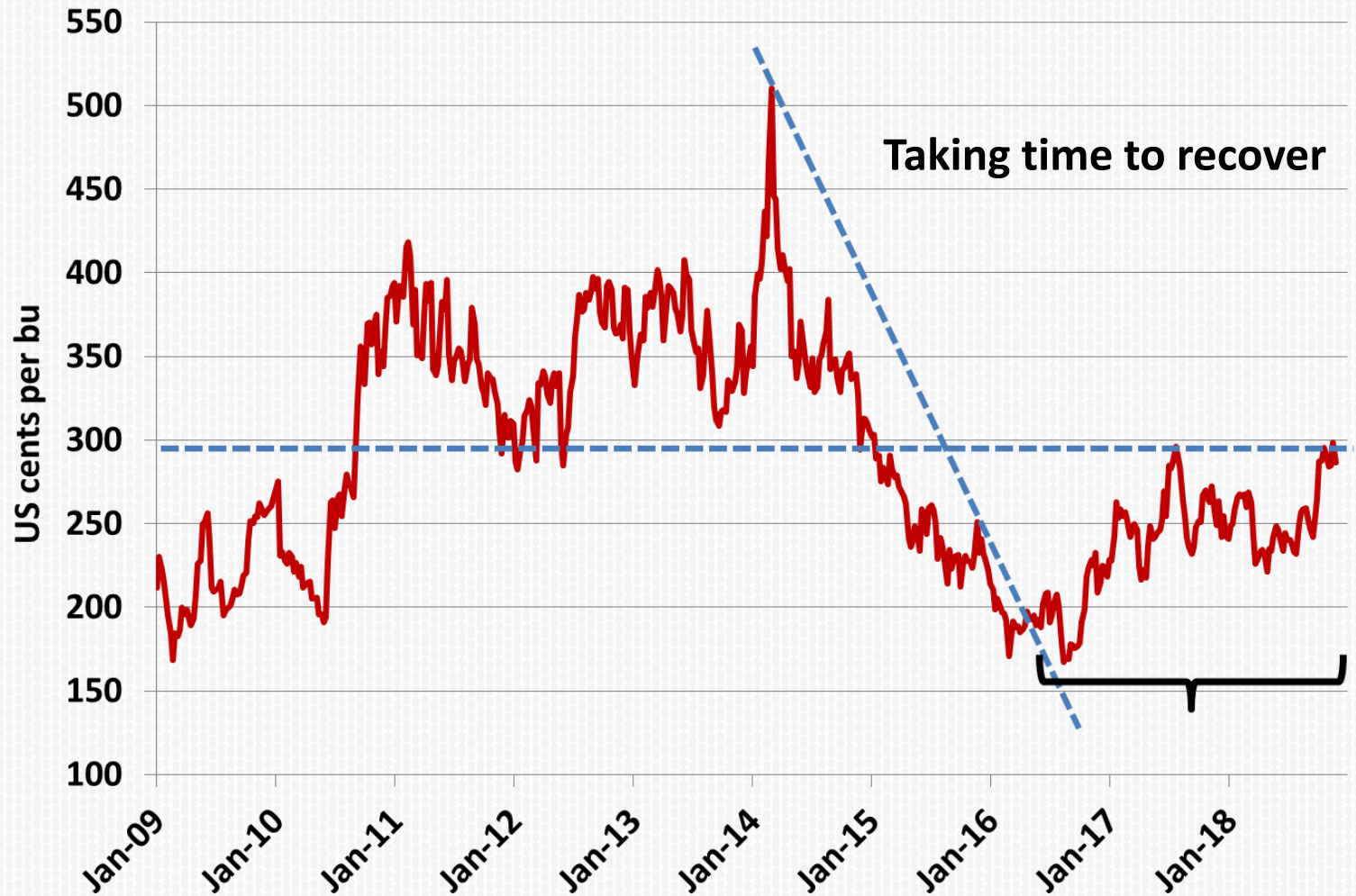
# MGE WHEAT FUTURES



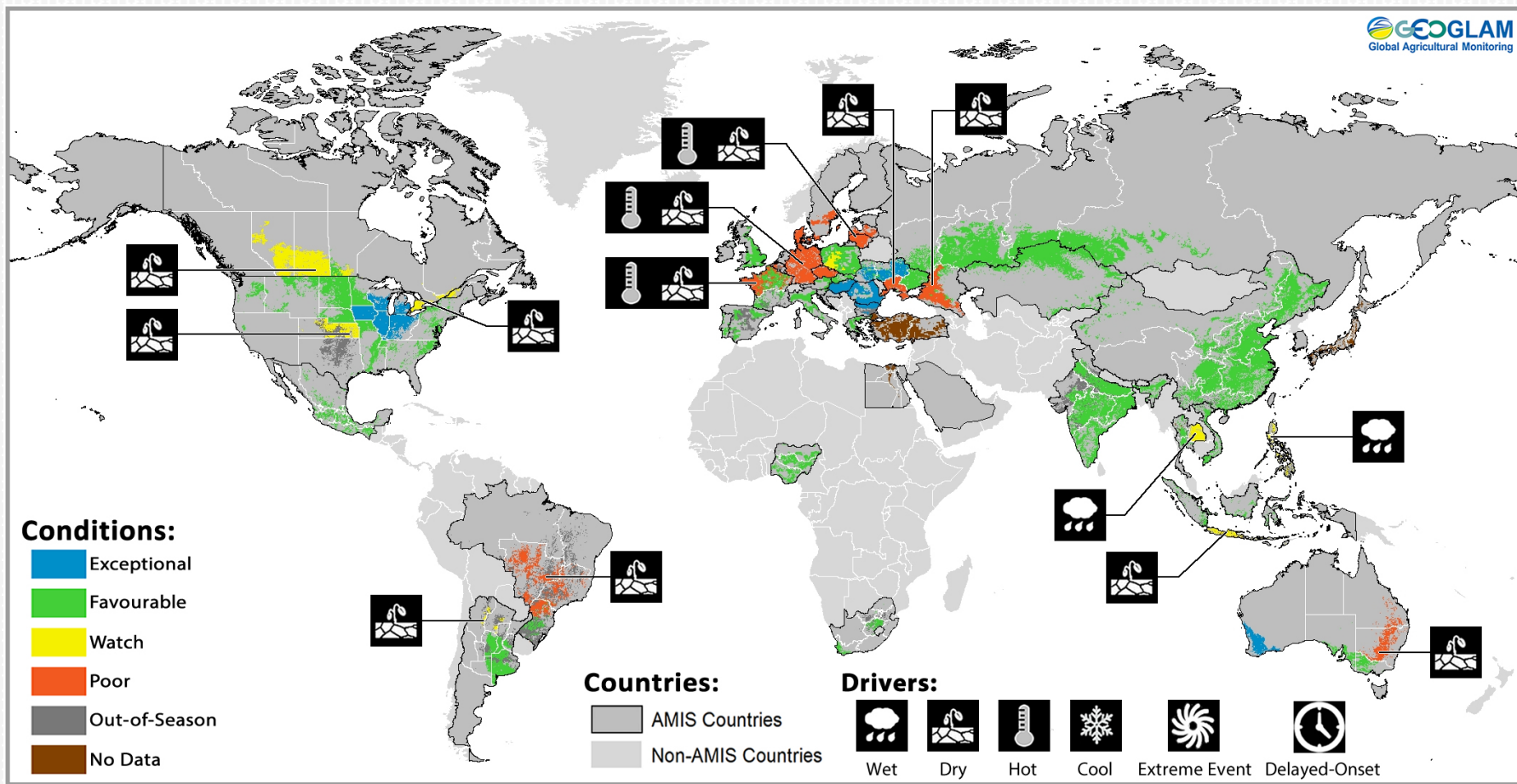
# WHEAT FUTURES & PHYSICAL MARKET



# CBOT OAT FUTURES



# MAJOR 2018 WEATHER EVENTS

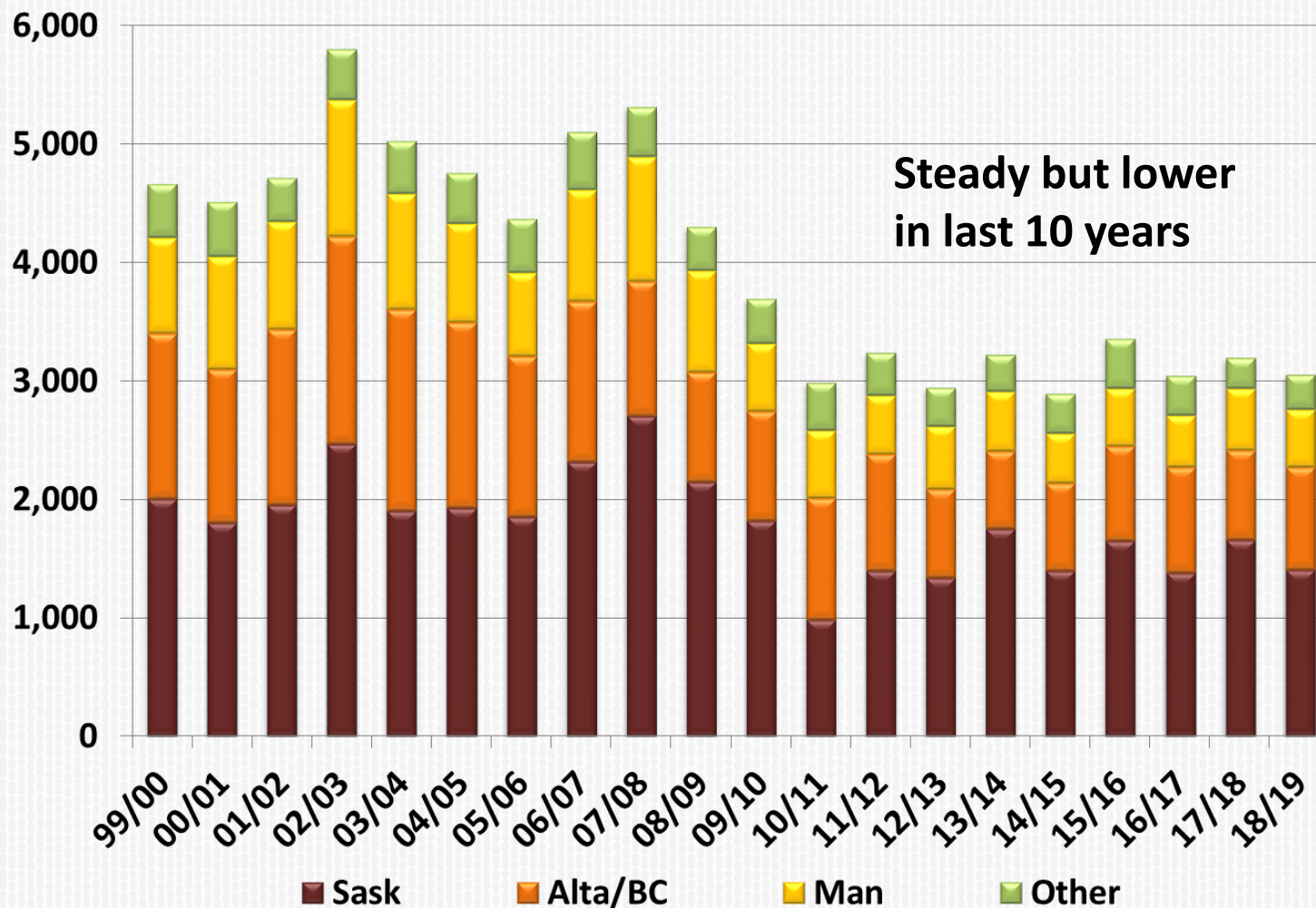


# WHERE ARE THINGS GOING?

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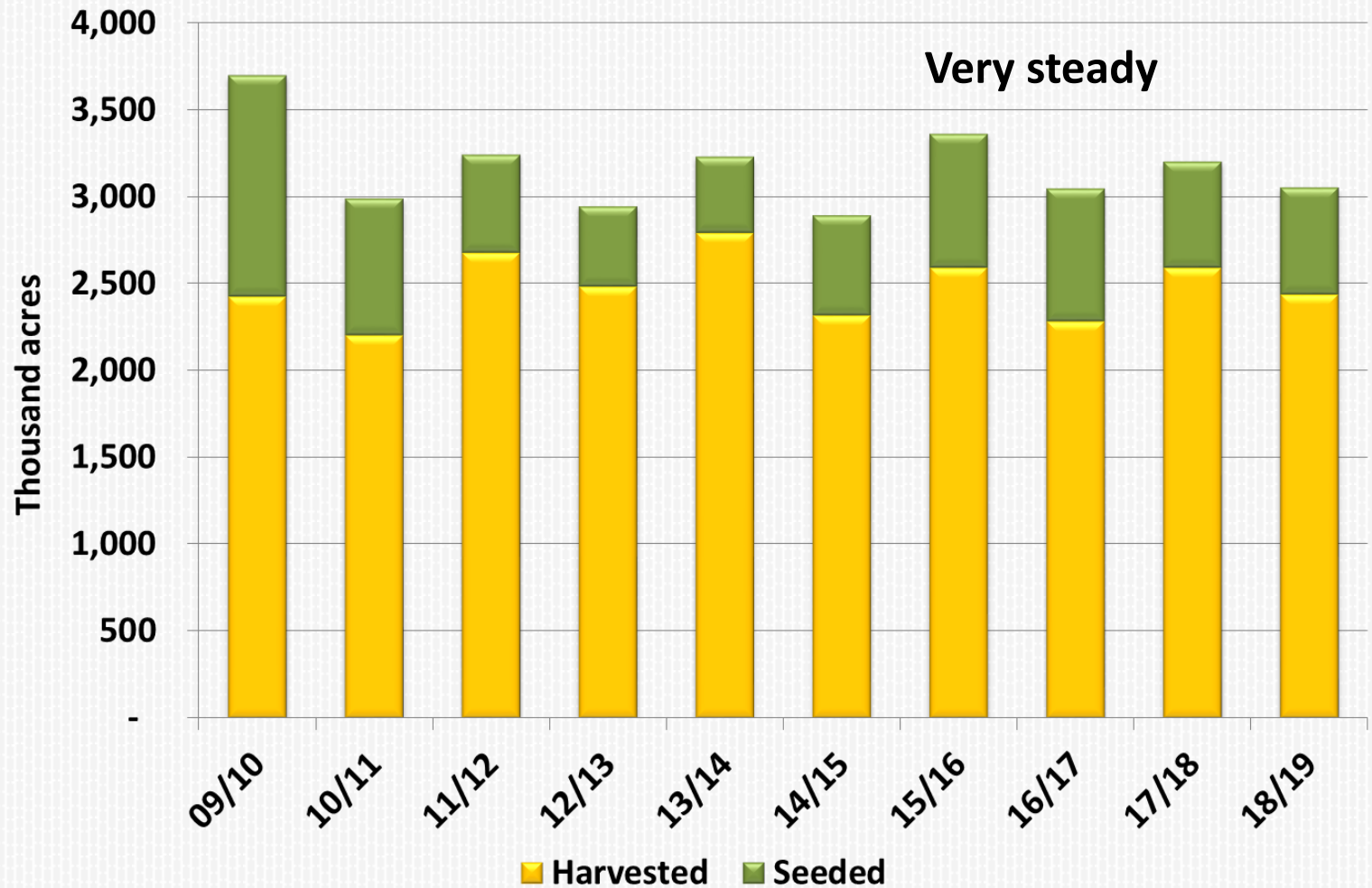
- ✖ Trade barriers resolved (eventually)
- ✖ Demand catching up to large supplies
- ✖ Less cushion for (inevitable) crop problems
  - + Not much fresh supply-side news til next spring
- ✖ Need continued large production responses

# CANADIAN OAT ACREAGE BY PROVINCE

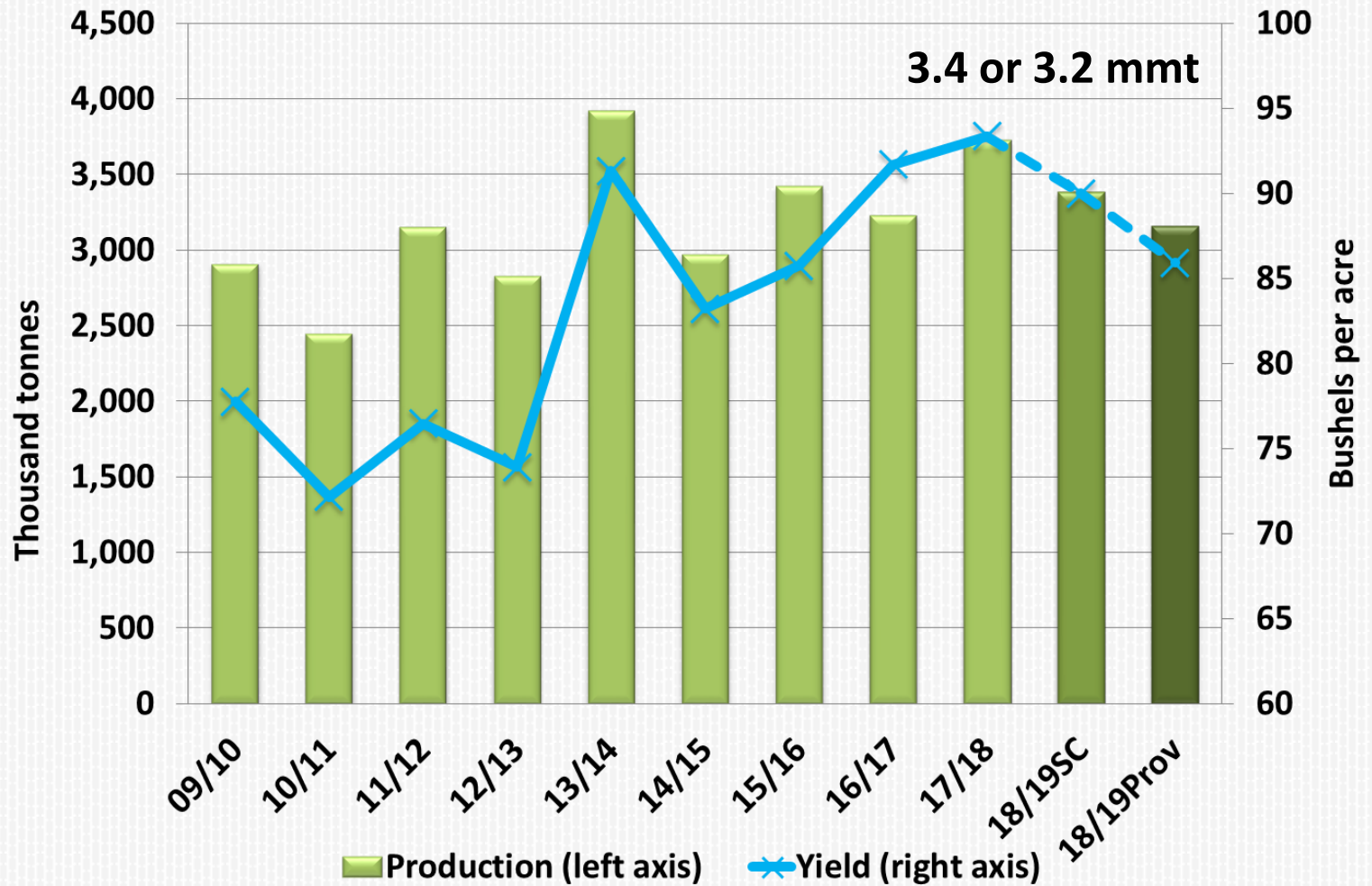




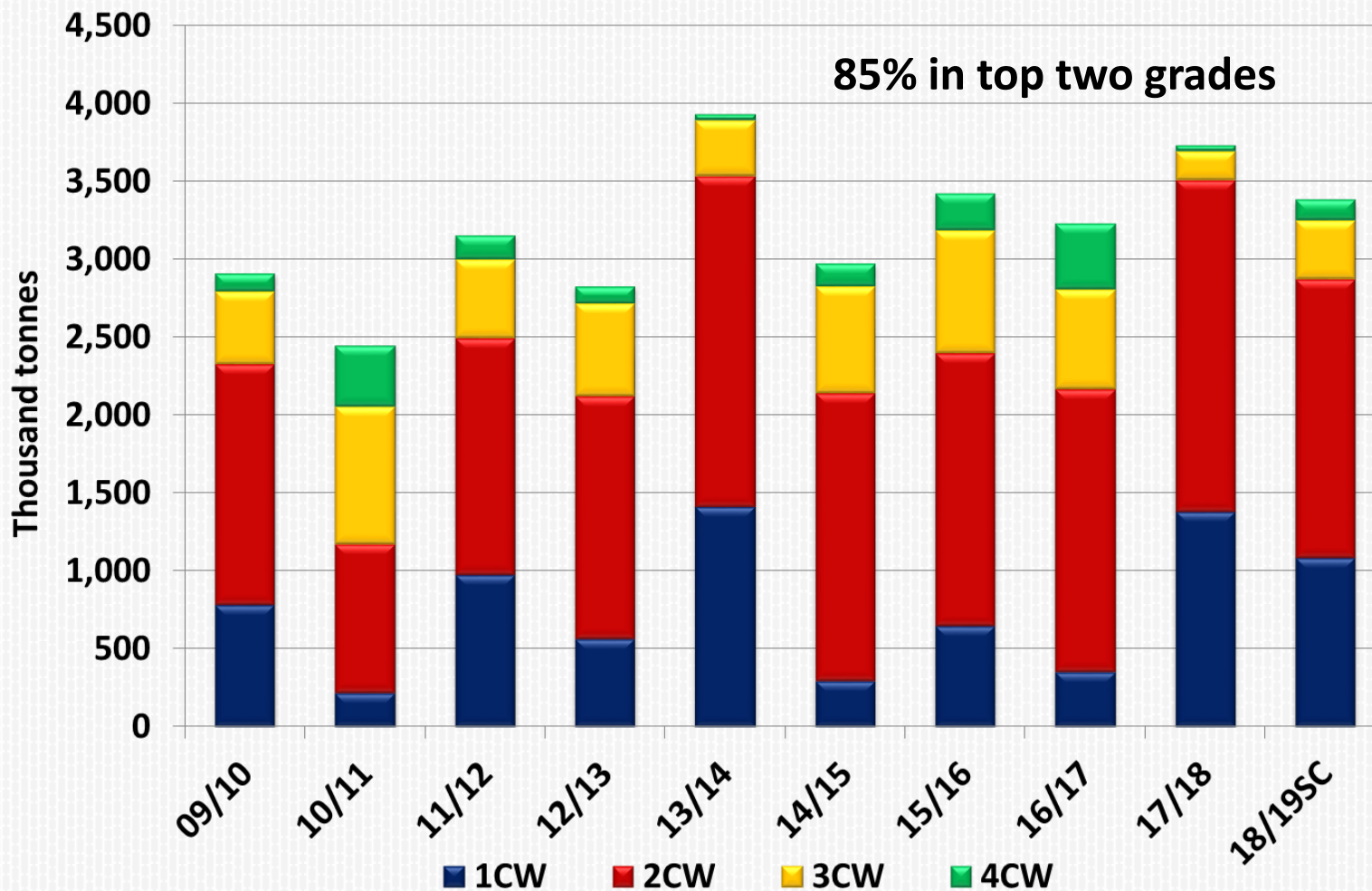
# CANADIAN OAT ACREAGE



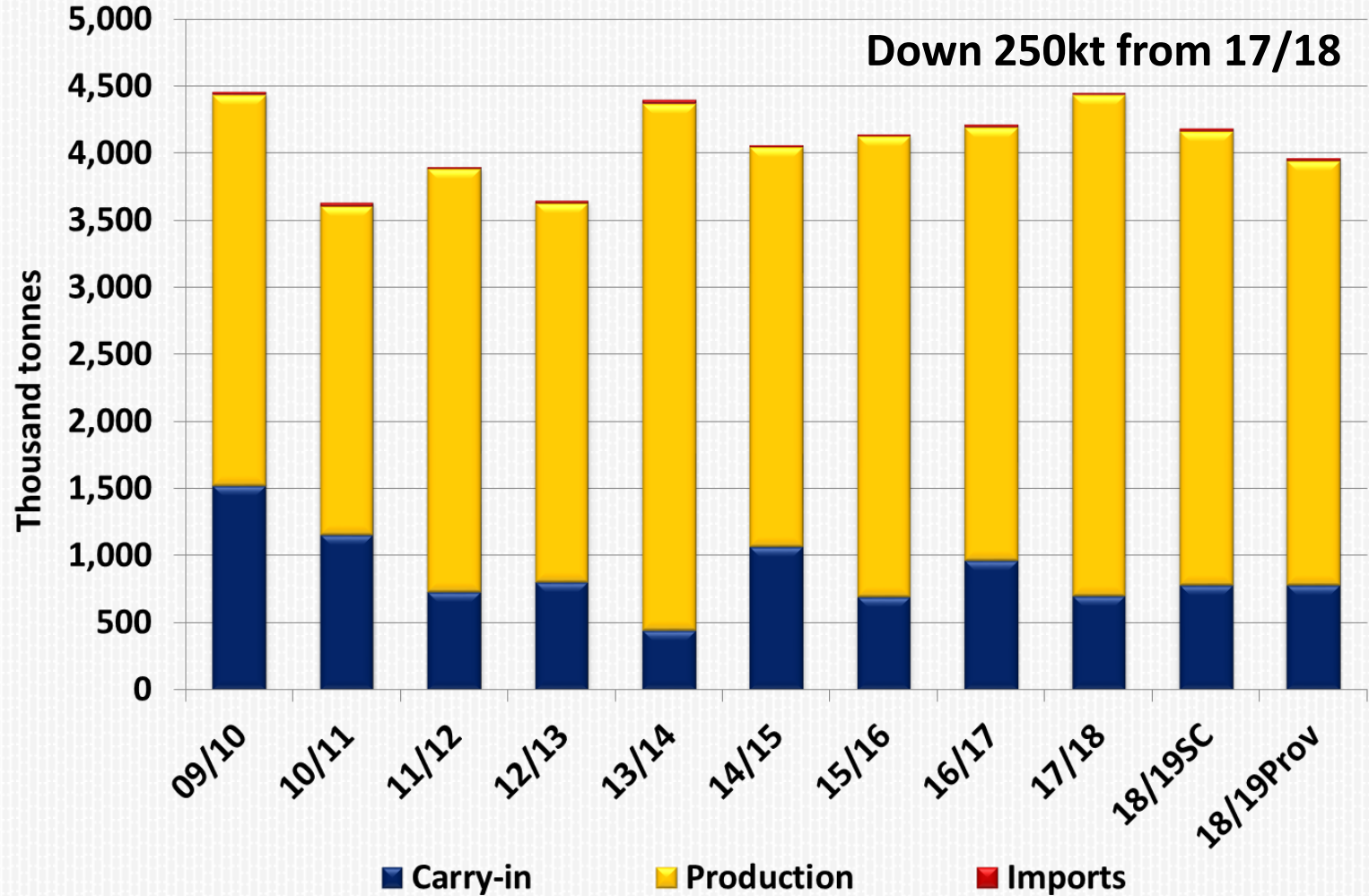
# CANADIAN OAT PRODUCTION & YIELD



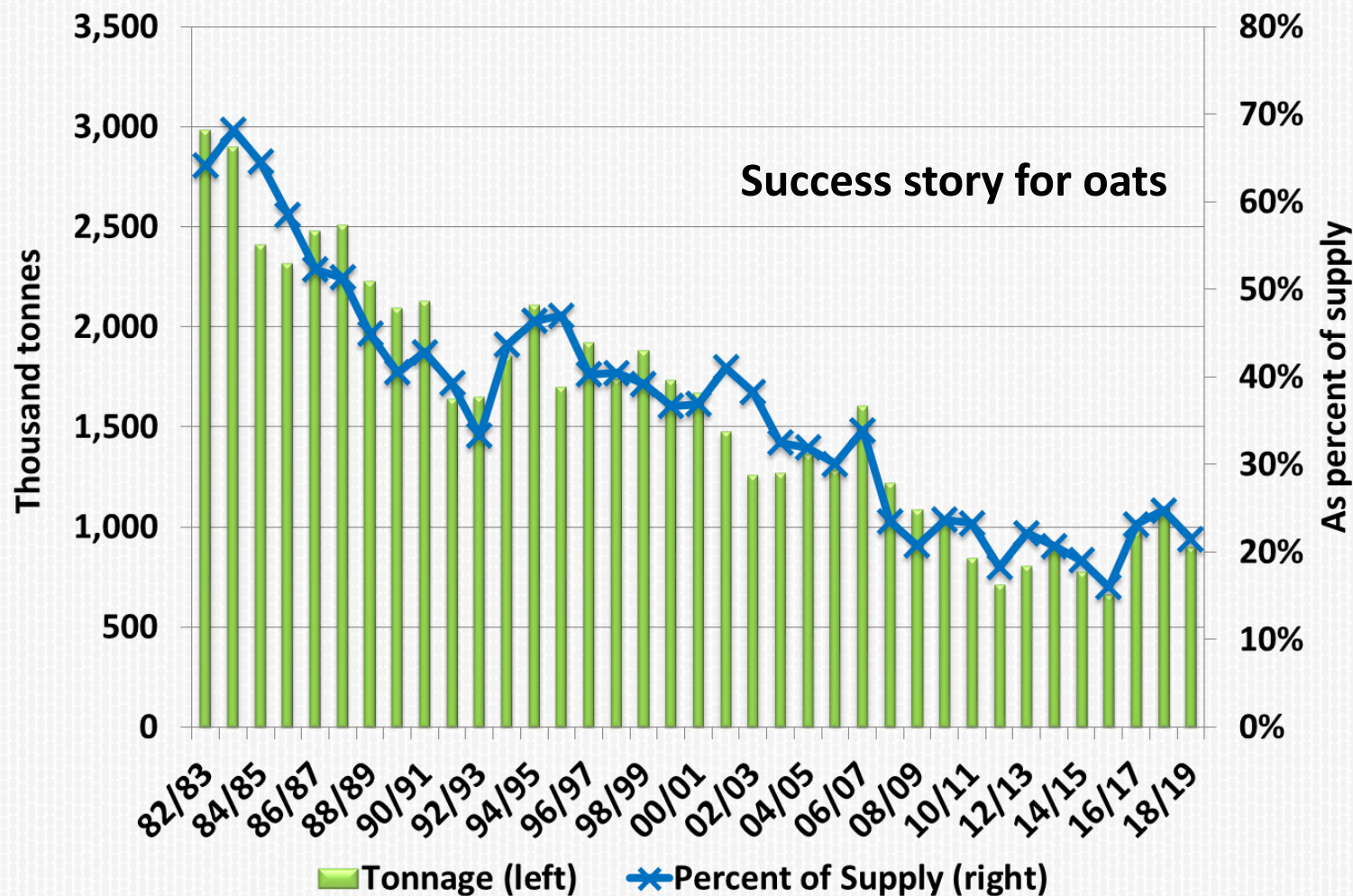
# CANADIAN OAT PRODUCTION BY GRADE



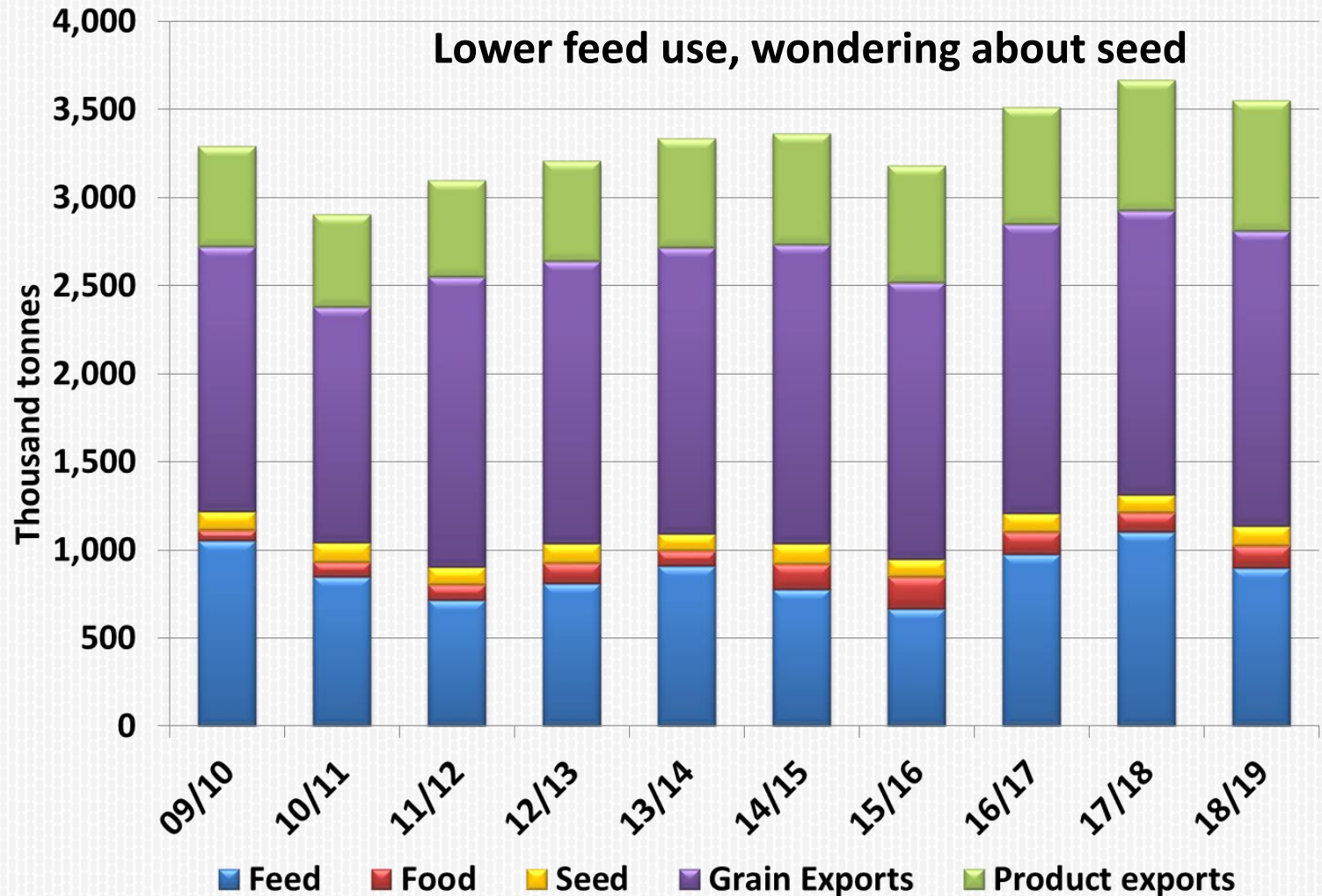
# CANADIAN OAT SUPPLIES



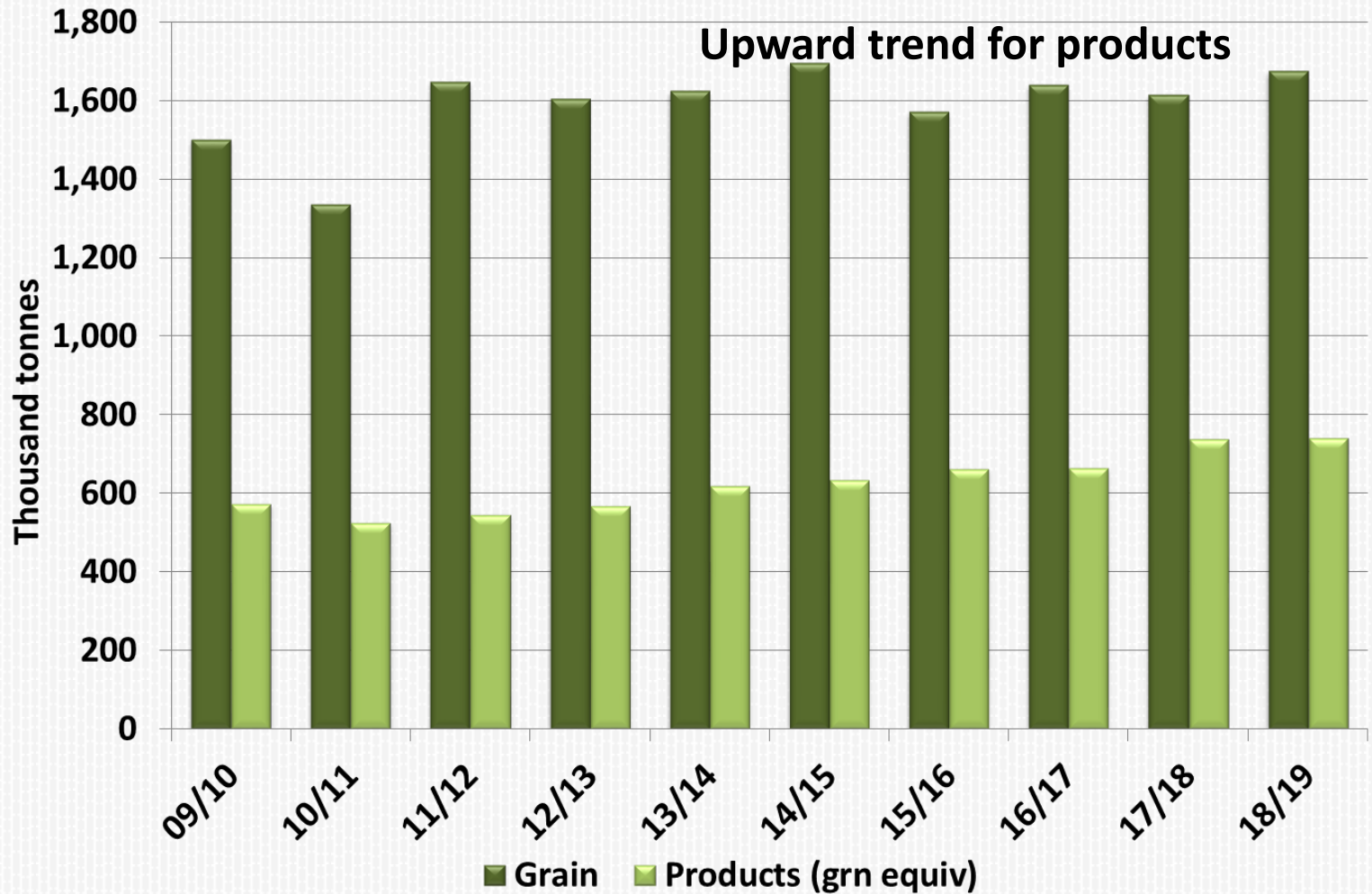
# CANADIAN OAT FEED/WASTE



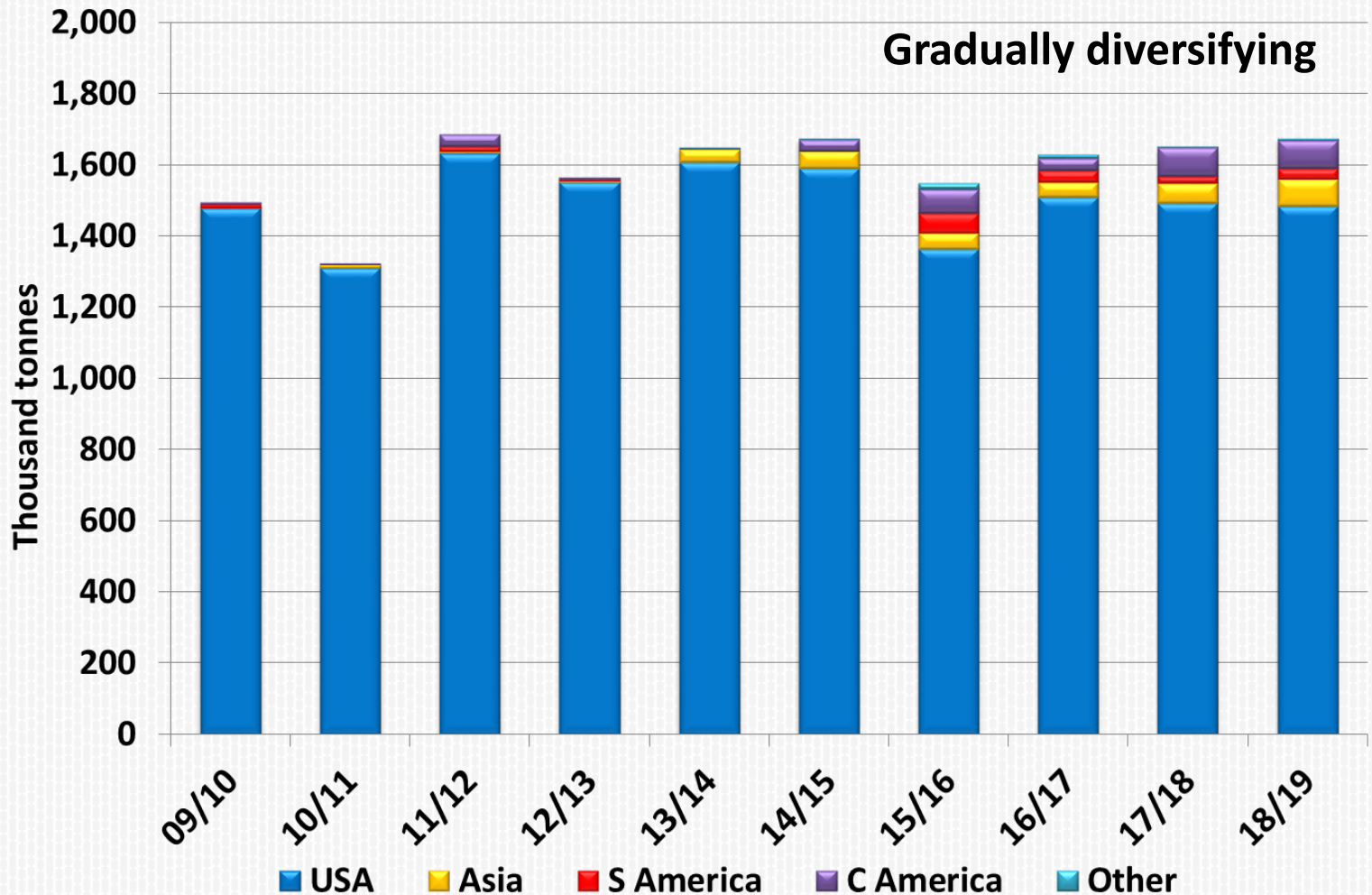
# CANADIAN OAT DISPOSITION



# CANADIAN OAT EXPORTS

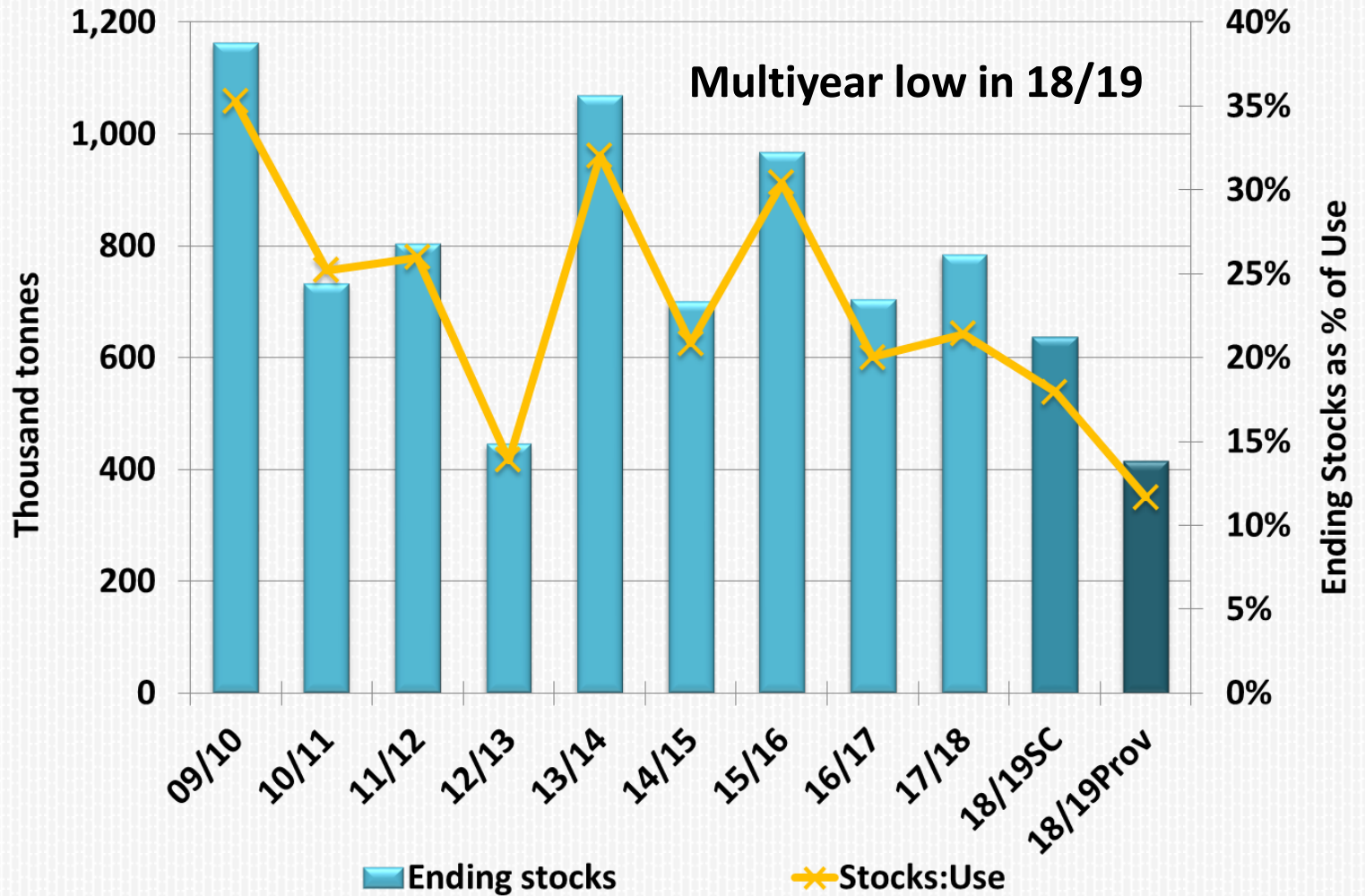


# CANADIAN OAT EXPORTS BY DESTINATION





# CANADIAN OAT ENDING STOCKS

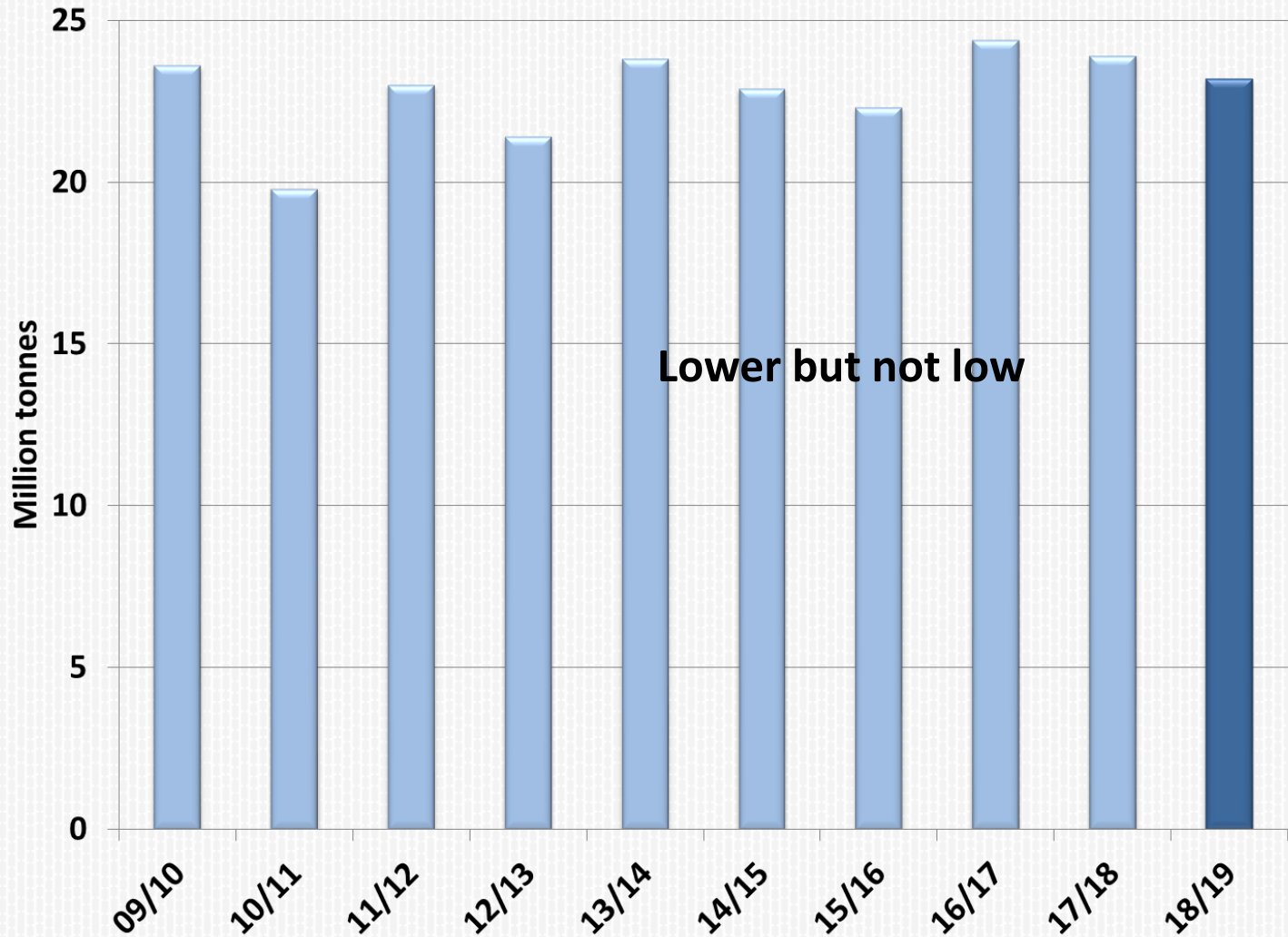


# CANADIAN OAT SUPPLY & DISPOSITION

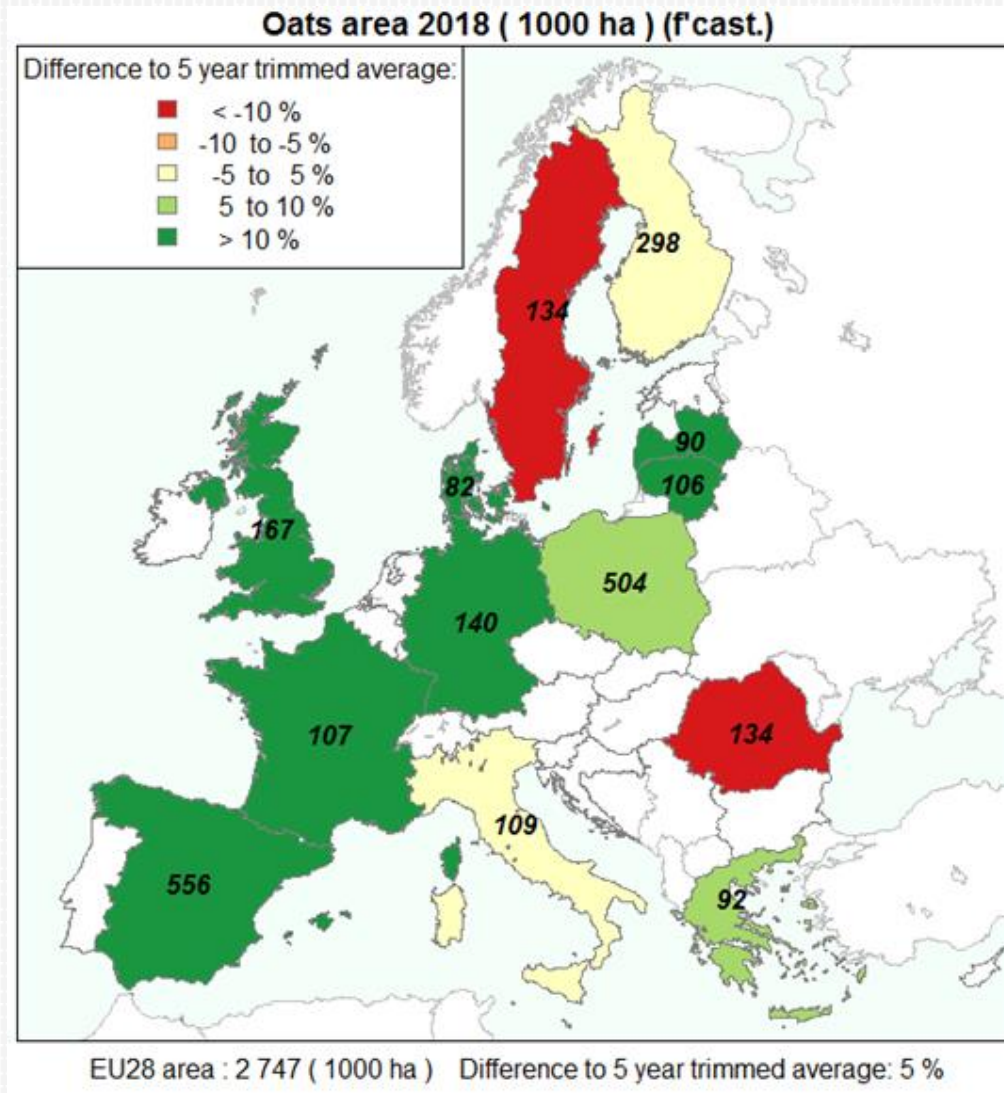
	<u>13/14</u>	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>	<u>17/18</u>	<u>18/19</u>
Seeded Acres, 000's	3,227	2,896	3,360	3,045	3,200	3,053
Harvested Acres, 000's	2,789	2,319	2,590	2,285	2,593	2,438
Yield (bu/acre)	91.3	83.2	85.8	91.7	93.4	90.0
<b>Supply ('000 tonnes)</b>						
Carry-In	446	1,069	701	967	704	785
Production	3,928	2,977	3,425	3,231	3,733	3,383
Imports	30	19	20	21	14	<b>20</b>
<b>Total Supply</b>	<b>4,403</b>	<b>4,065</b>	<b>4,146</b>	<b>4,219</b>	<b>4,450</b>	<b>4,187</b>
<b>Disposition ('000 tonnes)</b>						
Food & Seed	179	260	281	233	212	<b>235</b>
Feed, Waste, Dockage	912	775	664	978	1,102	<b>900</b>
Total Exports	2,243	2,329	2,234	2,305	2,352	<b>2,415</b>
<b>Total Disposition</b>	<b>3,334</b>	<b>3,364</b>	<b>3,179</b>	<b>3,516</b>	<b>3,666</b>	<b>3,550</b>
<b>Ending Stocks</b>	<b>1,069</b>	<b>701</b>	<b>967</b>	<b>704</b>	<b>785</b>	<b>637</b>
<b>Stocks/Use</b>	<b>32%</b>	<b>21%</b>	<b>30%</b>	<b>20%</b>	<b>21%</b>	<b>18%</b>

Source: Statistics Canada with LeftField projections in bold

# GLOBAL OAT PRODUCTION – IGC



# 2018 EUROPEAN OAT AREA



# 2018 EUROPEAN CROP SITUATION

## AREAS OF CONCERN - EXTREME WEATHER EVENTS

Based on weather data from 1 July 2018 until 1 September 2018



Hot and dry conditions

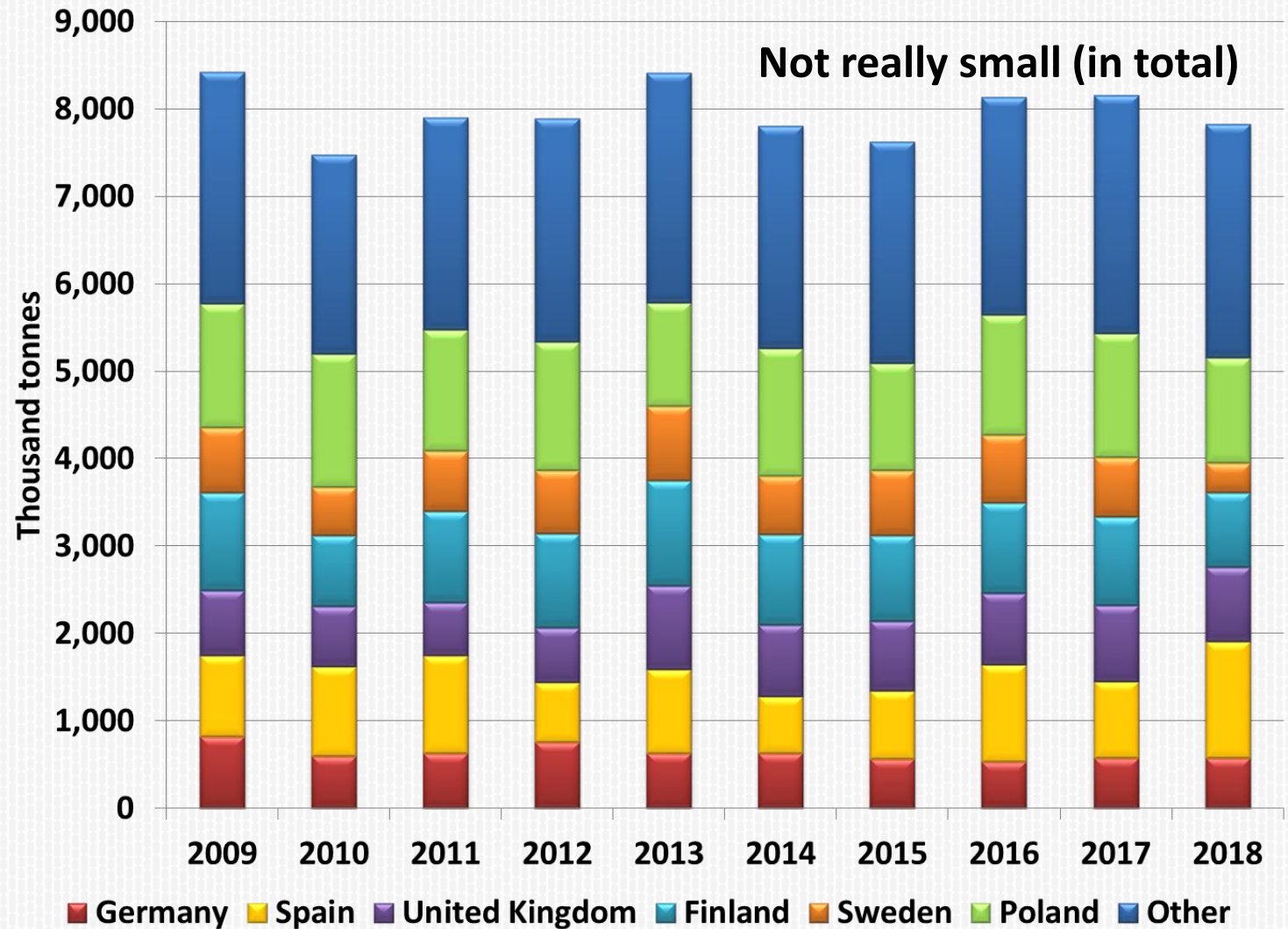
Drought



Rain surplus

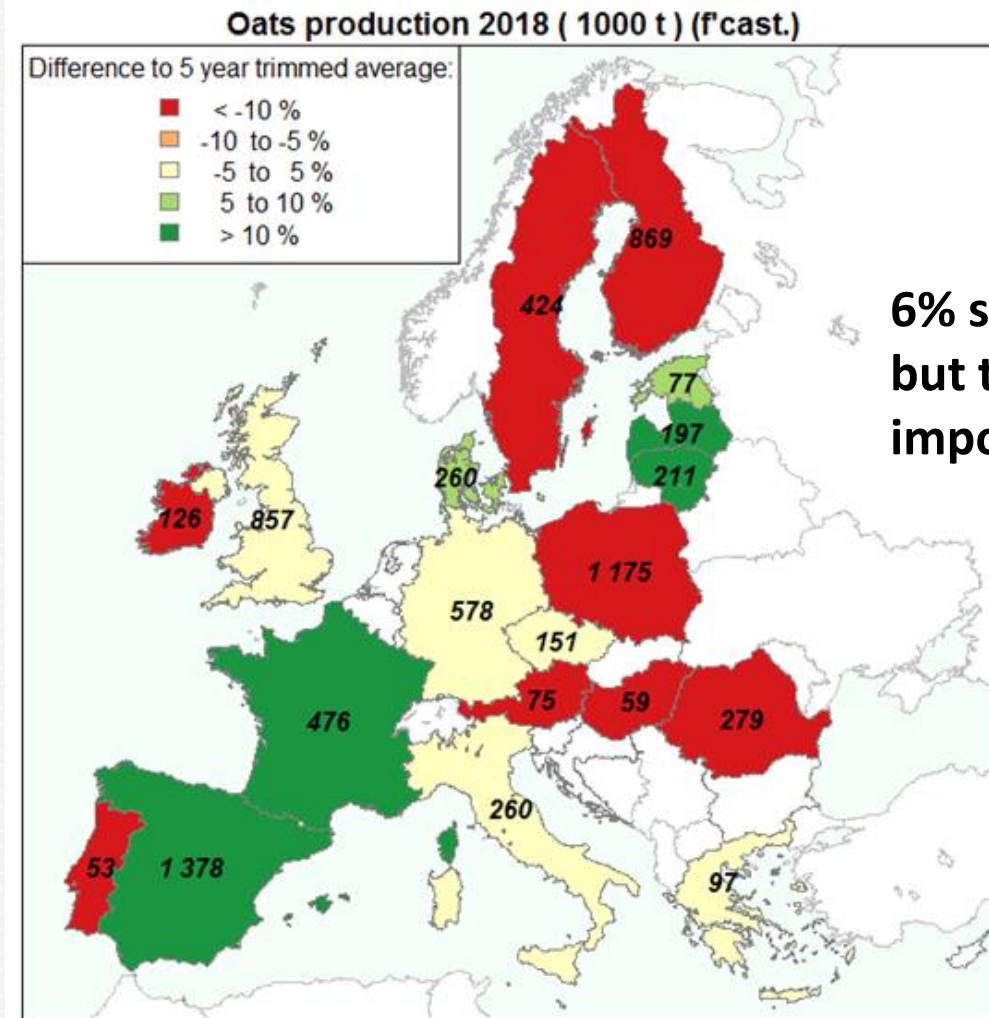
Heat wave

# EUROPEAN OAT PRODUCTION



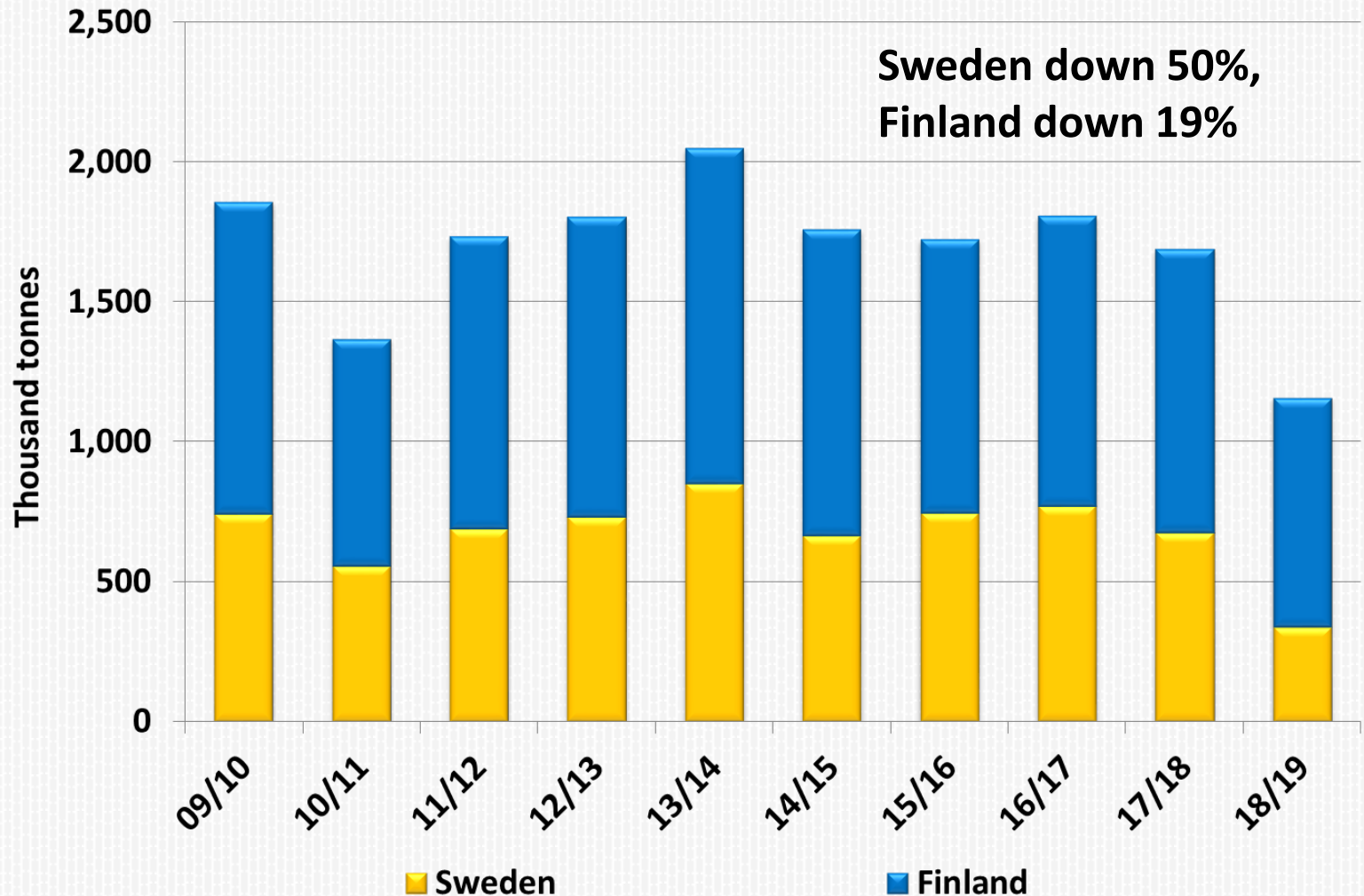


# 2018 EUROPEAN OAT PRODUCTION



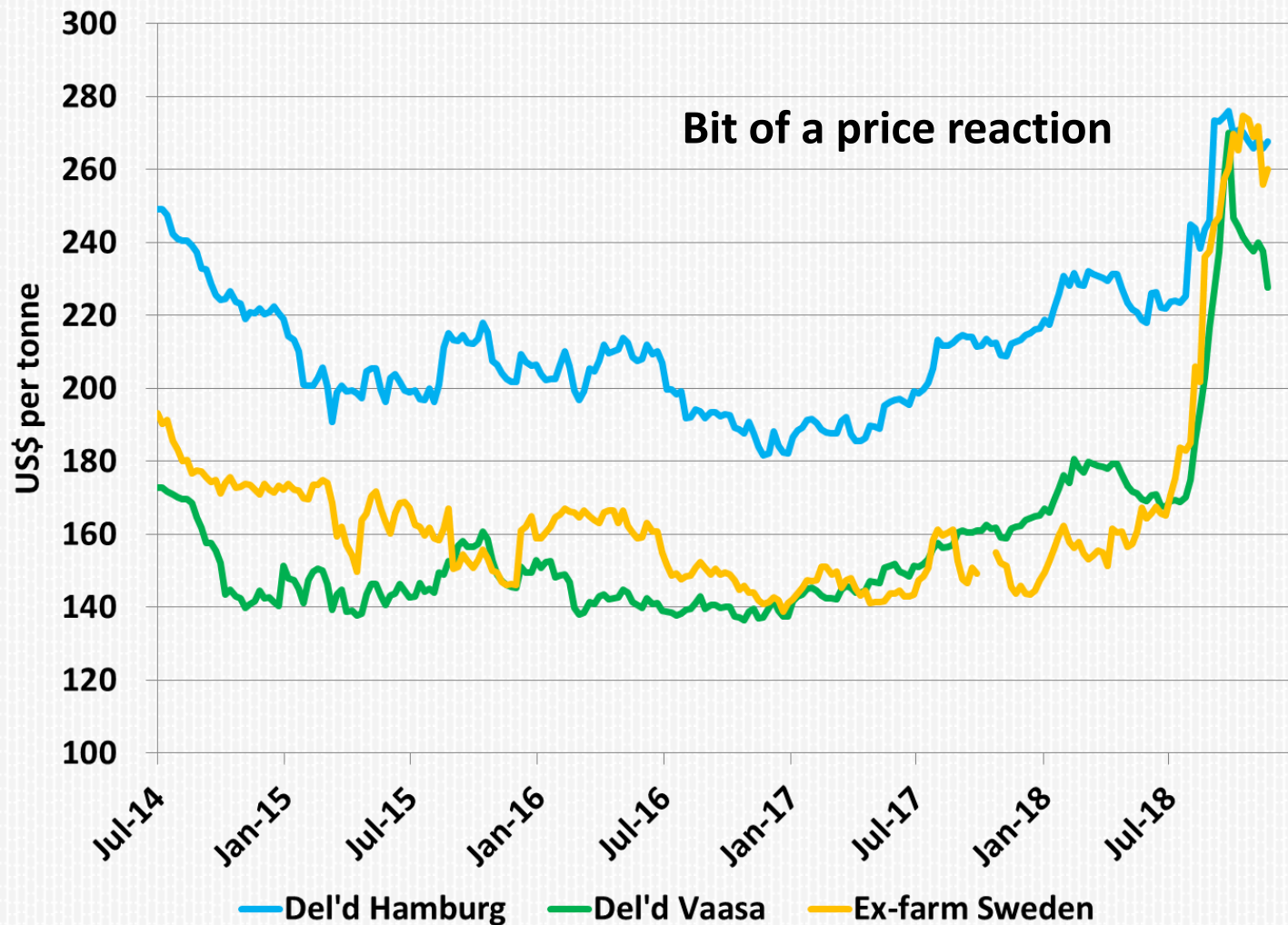
6% smaller crop  
but the “where” is  
important

# SCANDINAVIAN OAT PRODUCTION

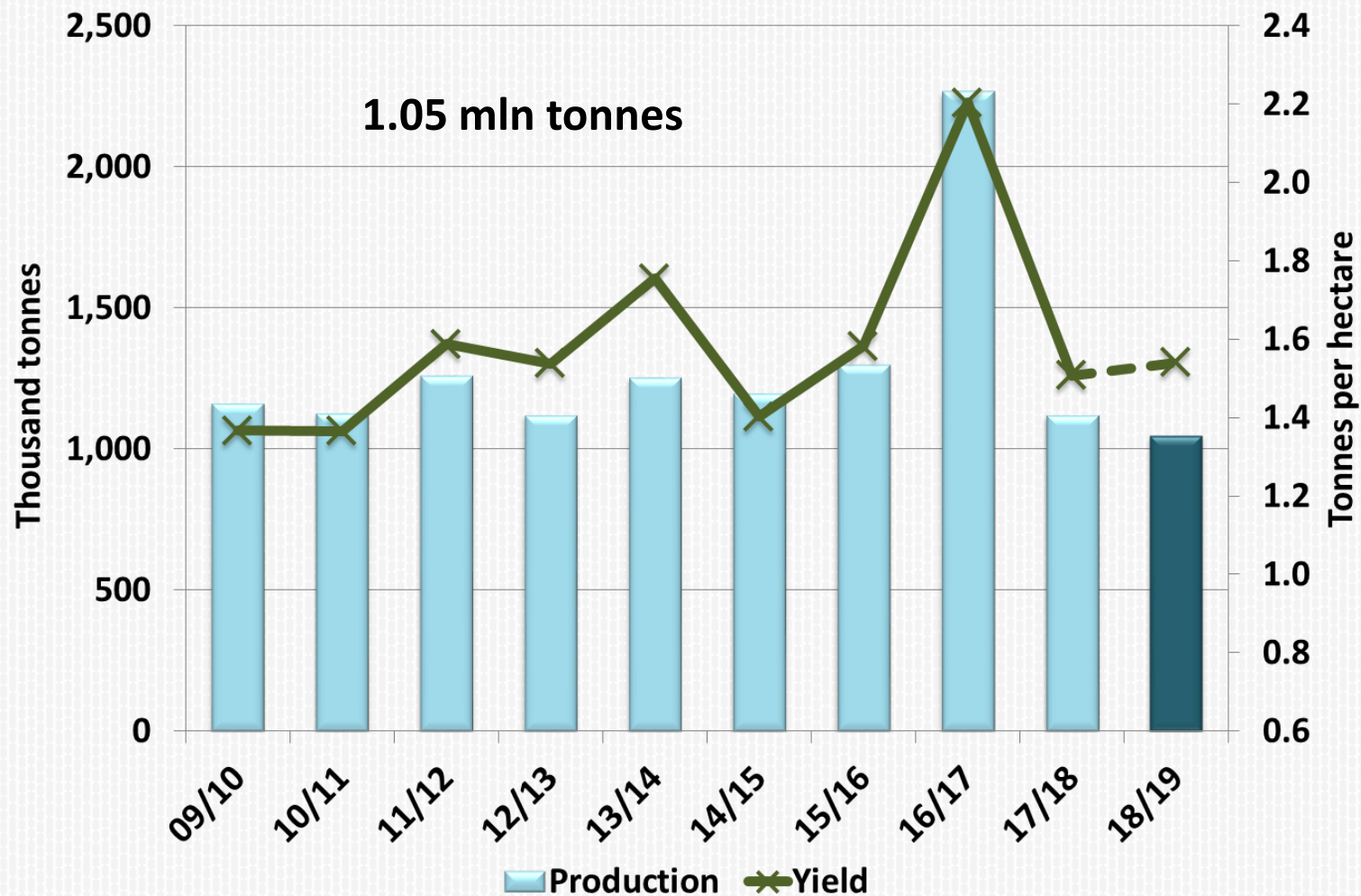




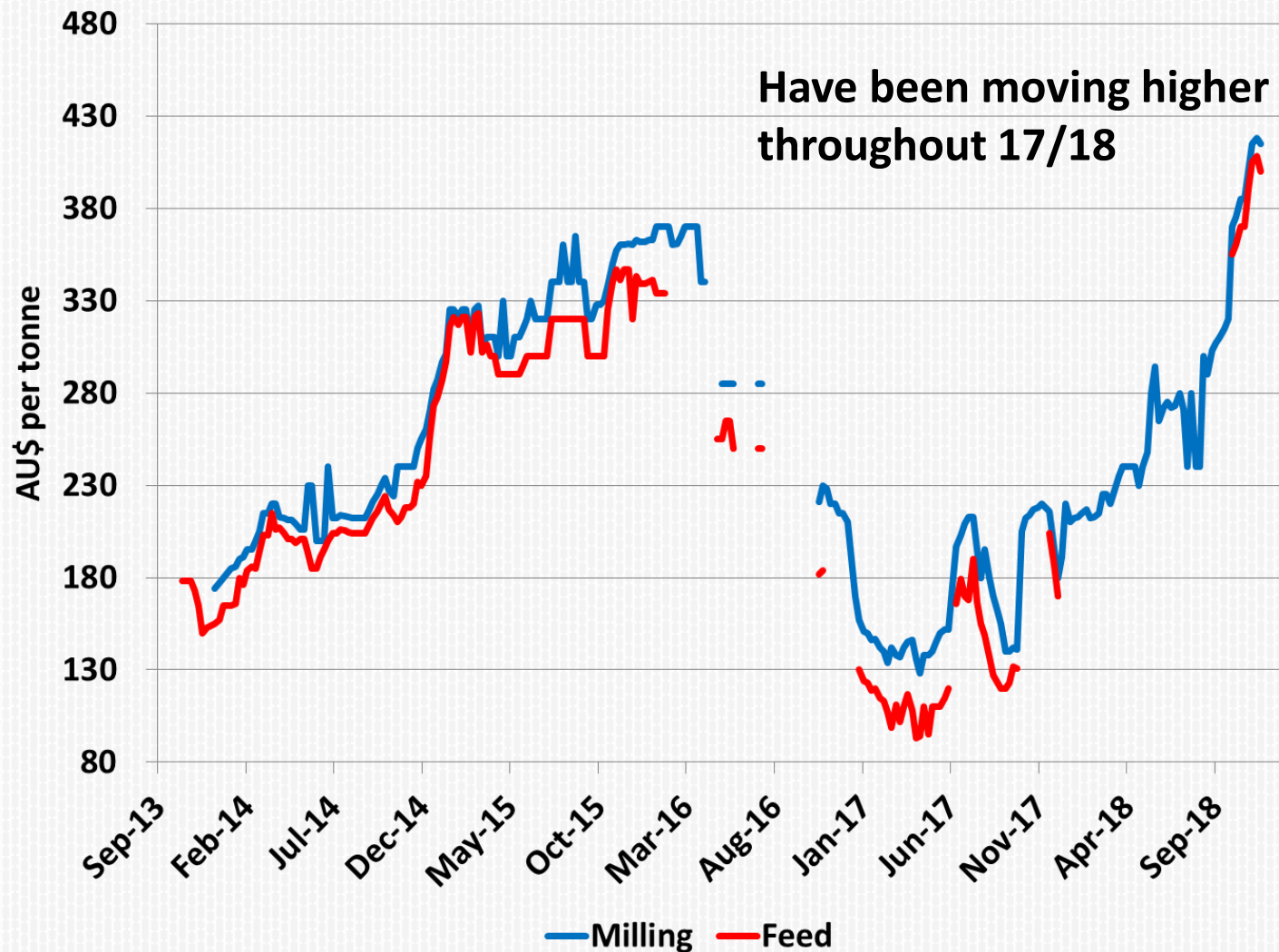
# EUROPEAN MILLING OAT PRICES



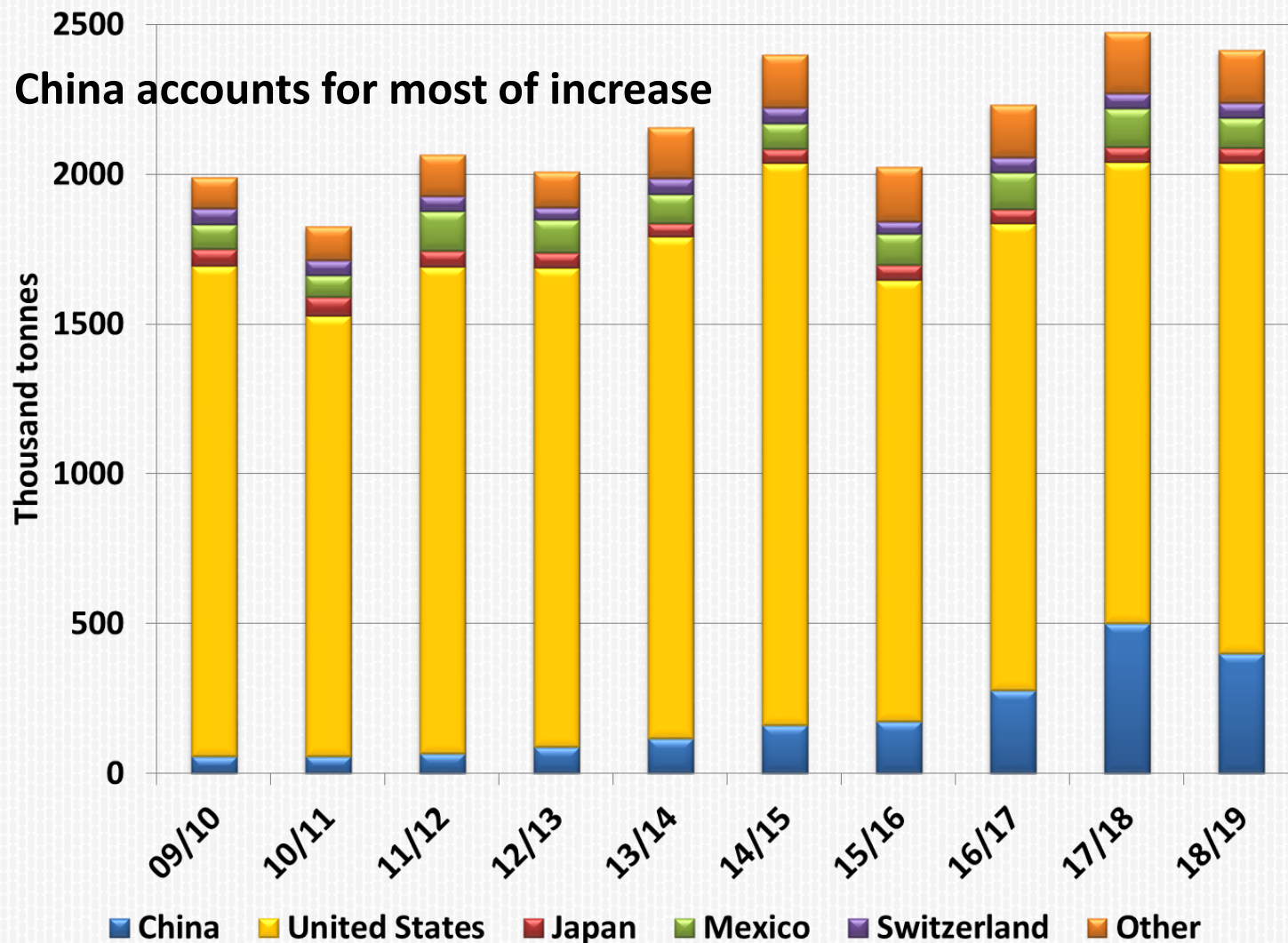
# AUSTRALIAN OAT PRODUCTION



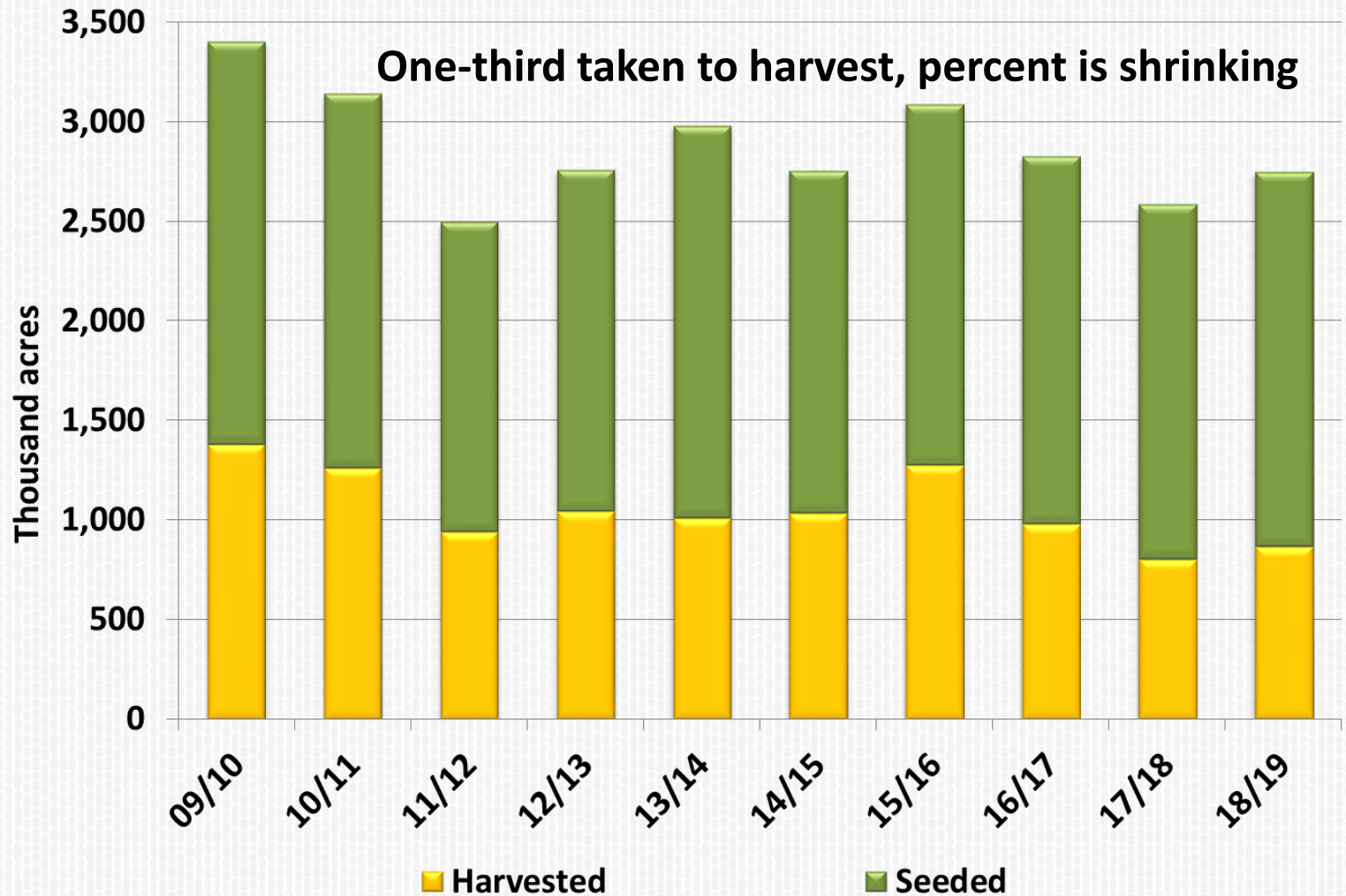
# AUSTRALIAN OAT PRICE - KWINANA



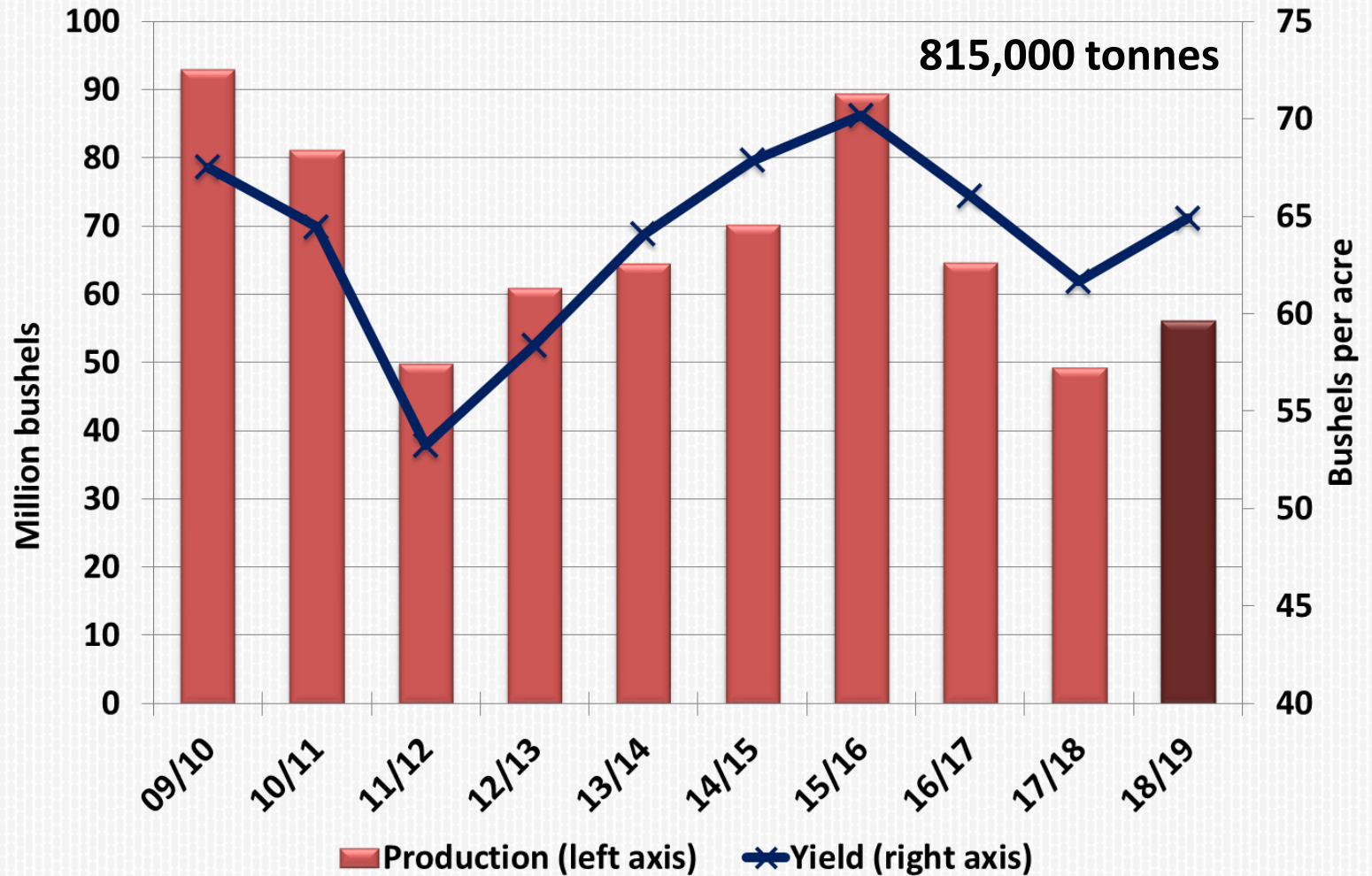
# WORLD OAT IMPORTS



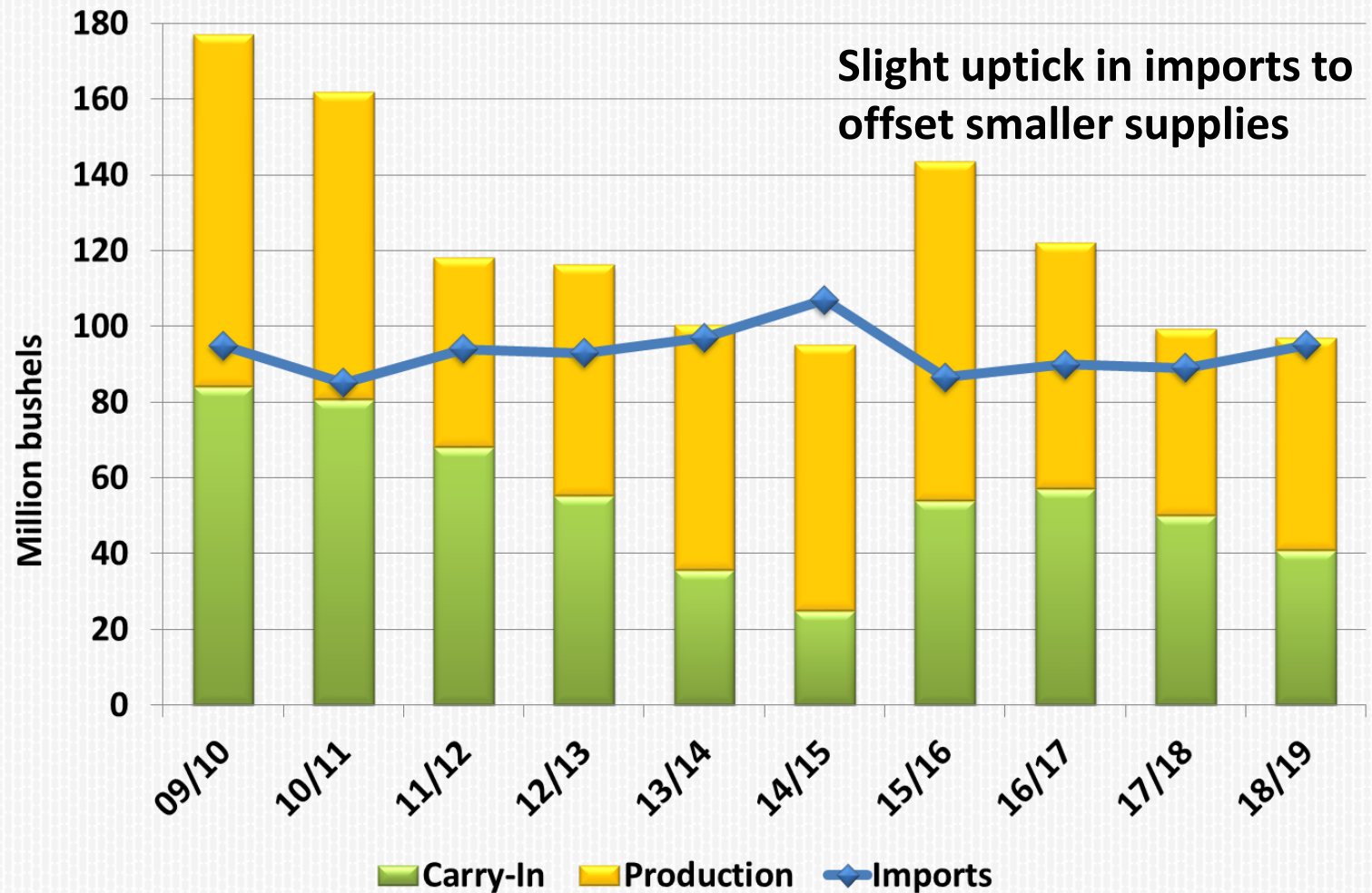
# US OAT ACREAGE



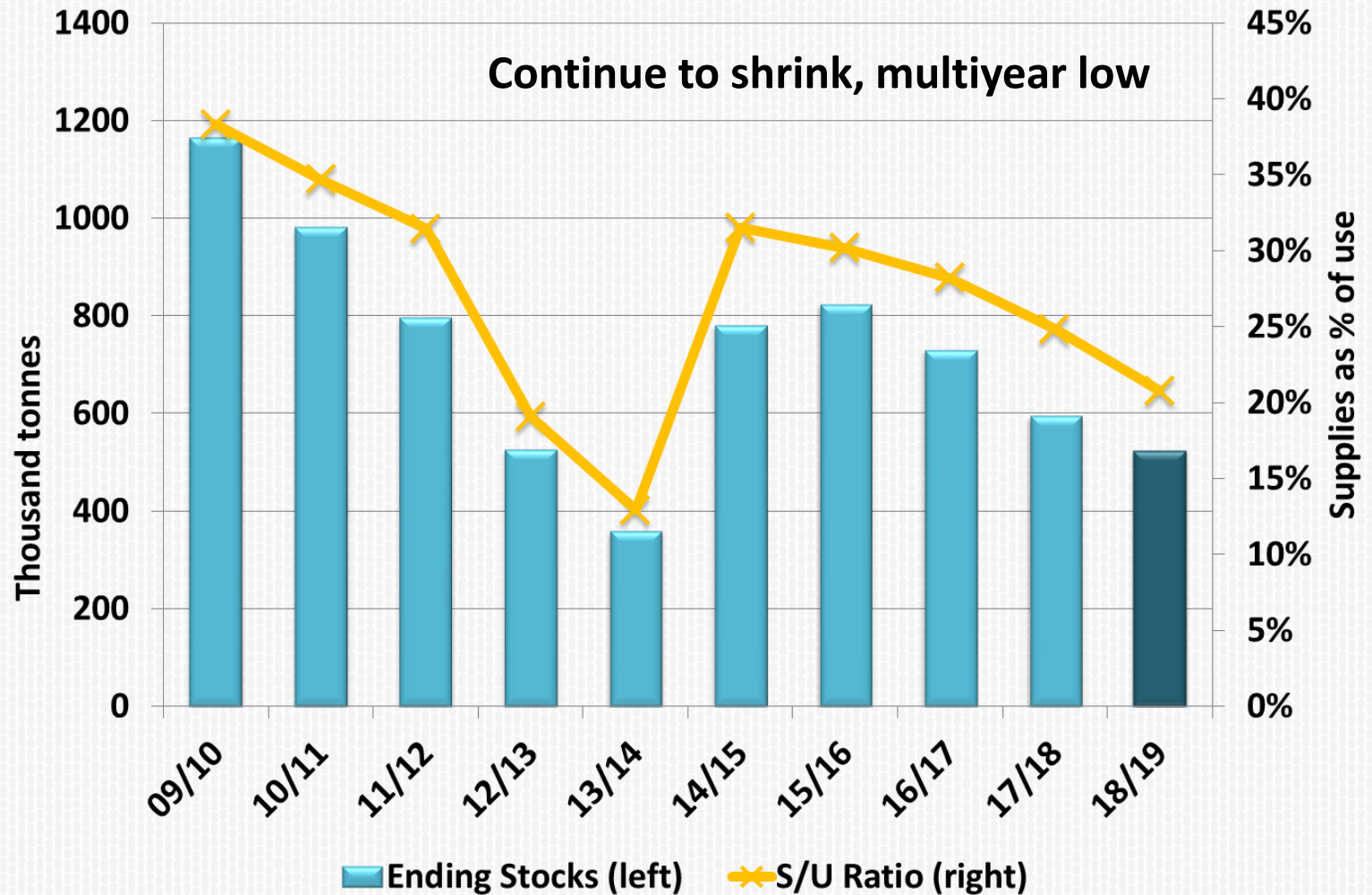
# US OAT PRODUCTION



# US OAT SUPPLIES & IMPORT NEEDS

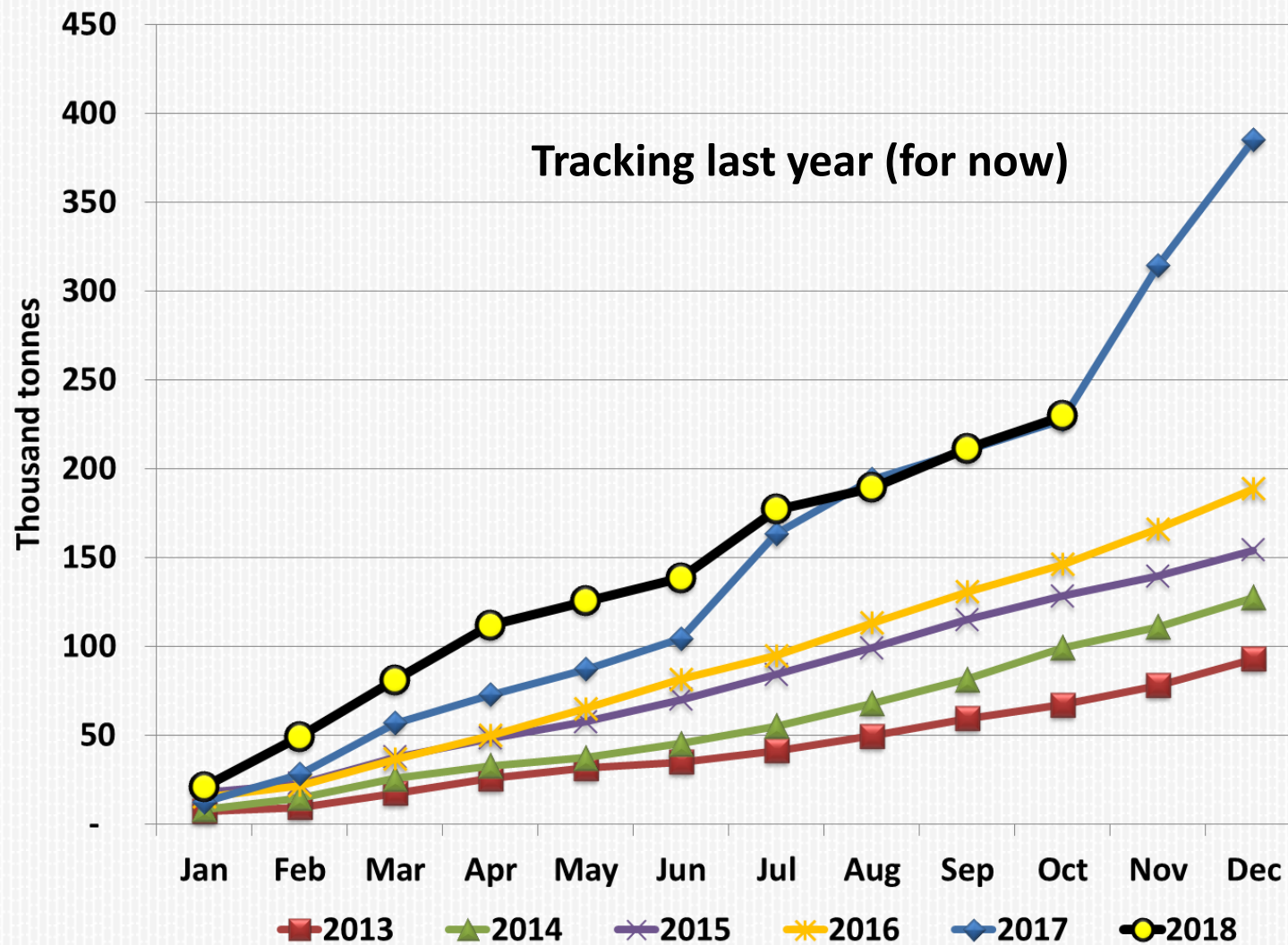


# US OAT ENDING STOCKS

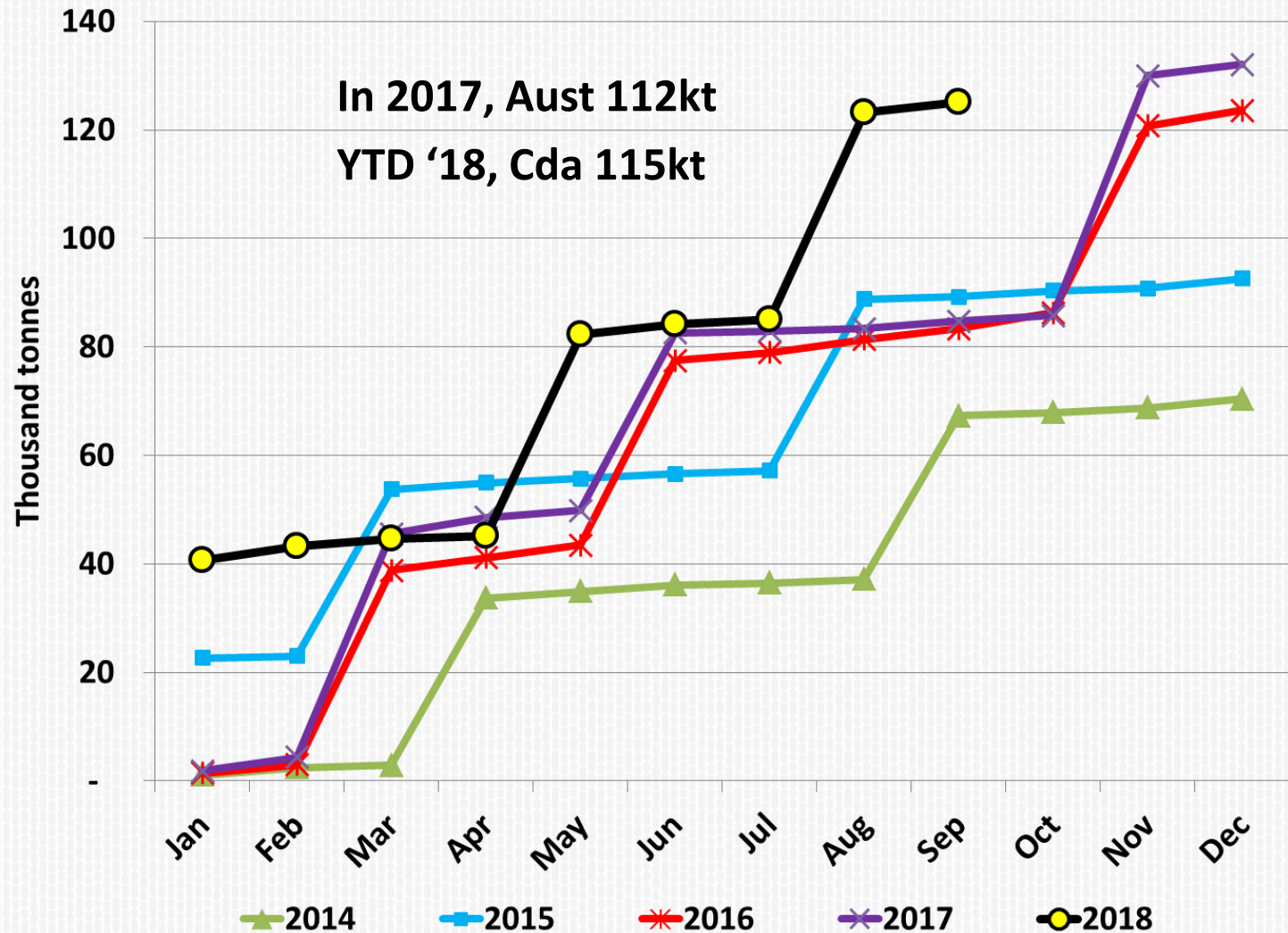




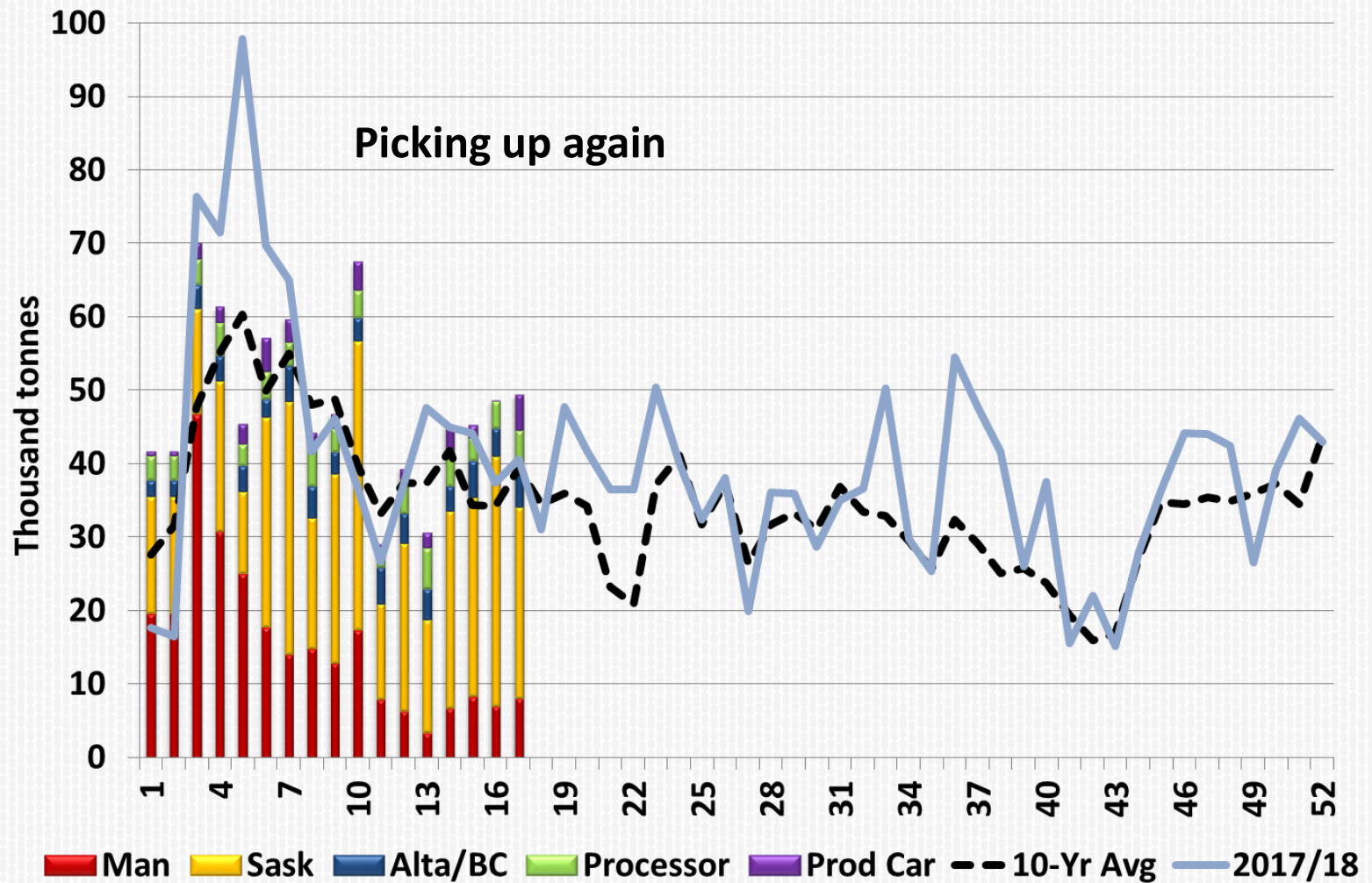
# CHINA OAT IMPORTS



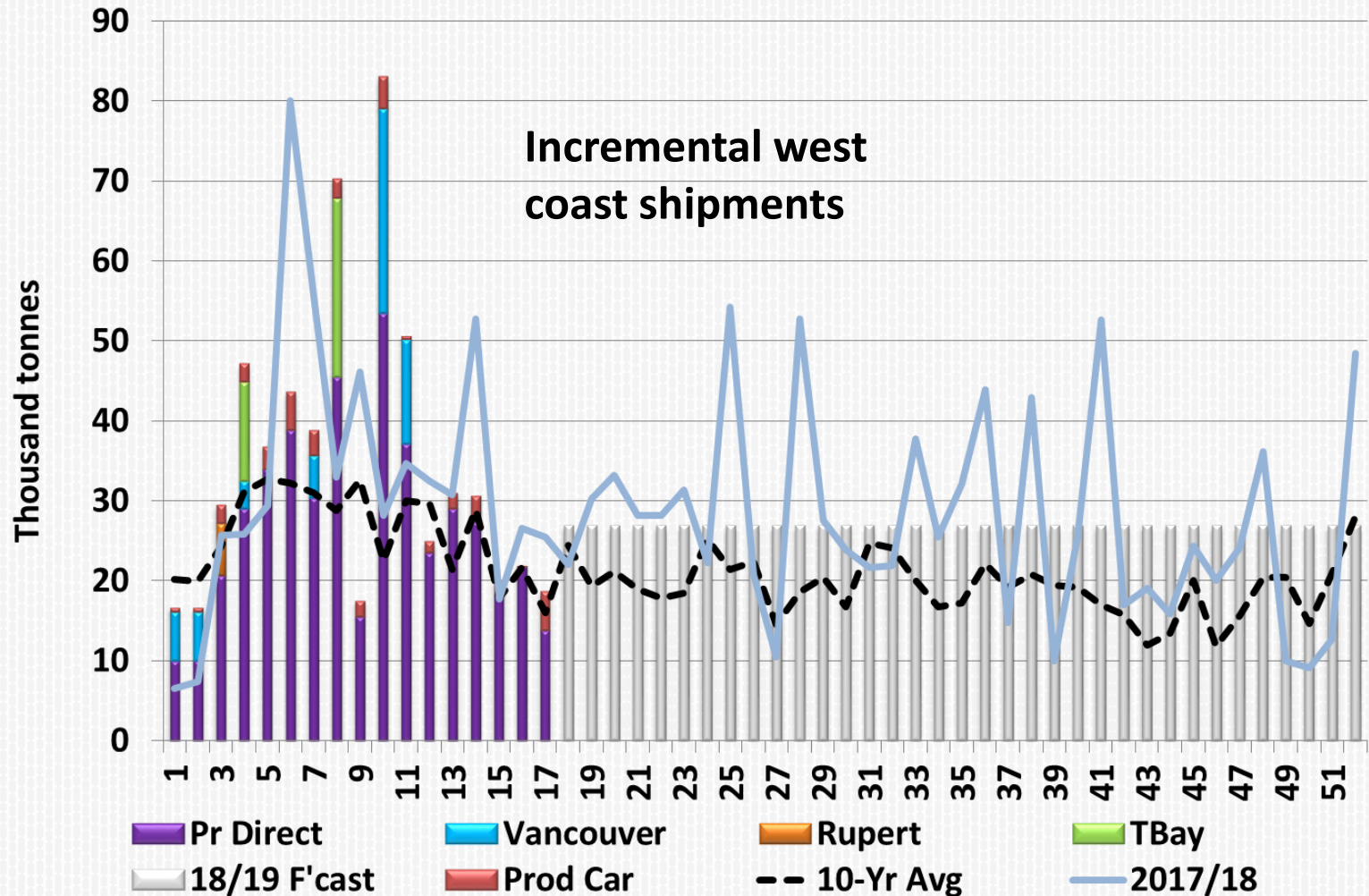
# MEXICO OAT IMPORTS



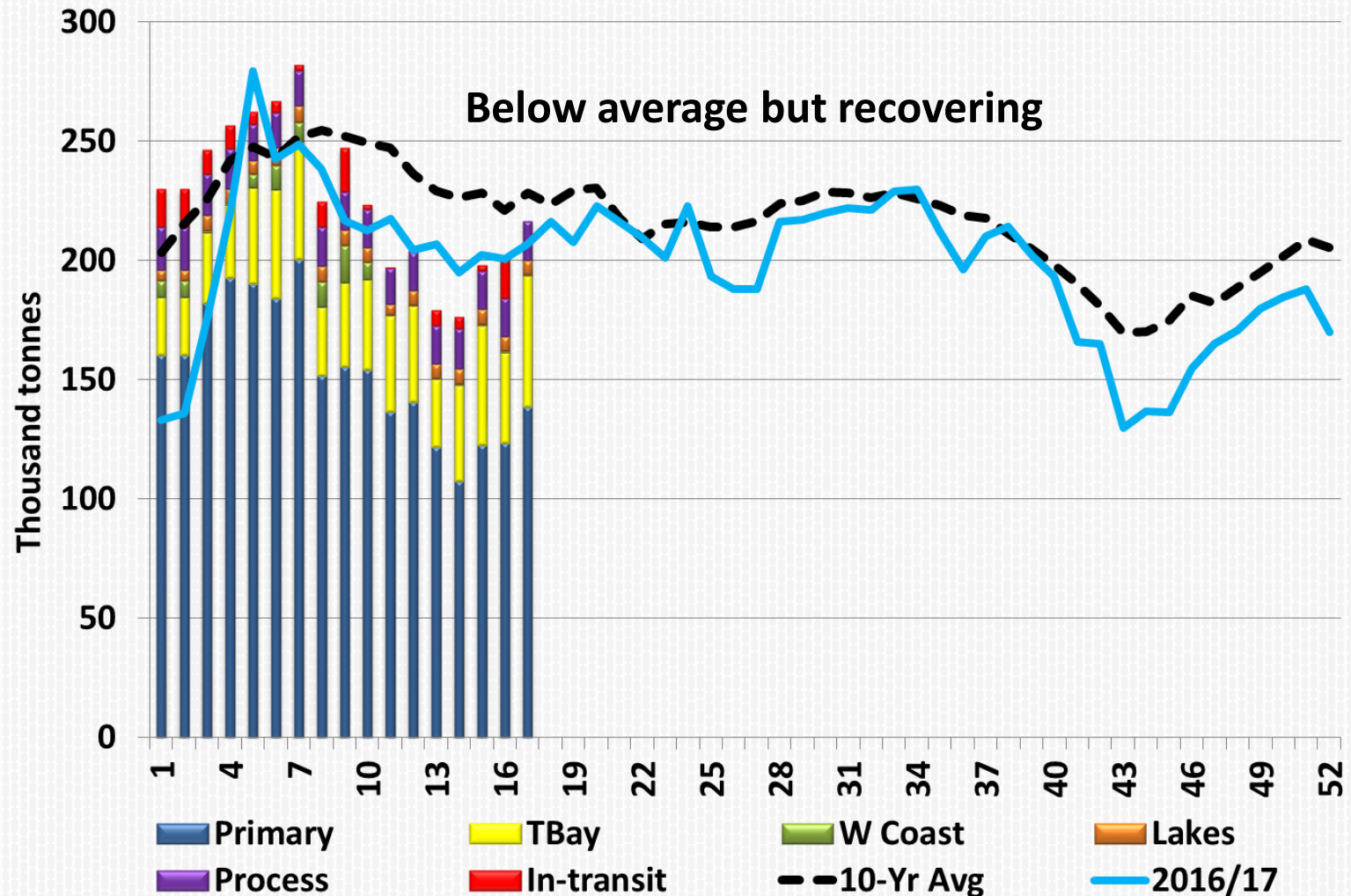
# FARM DELIVERIES OF OATS



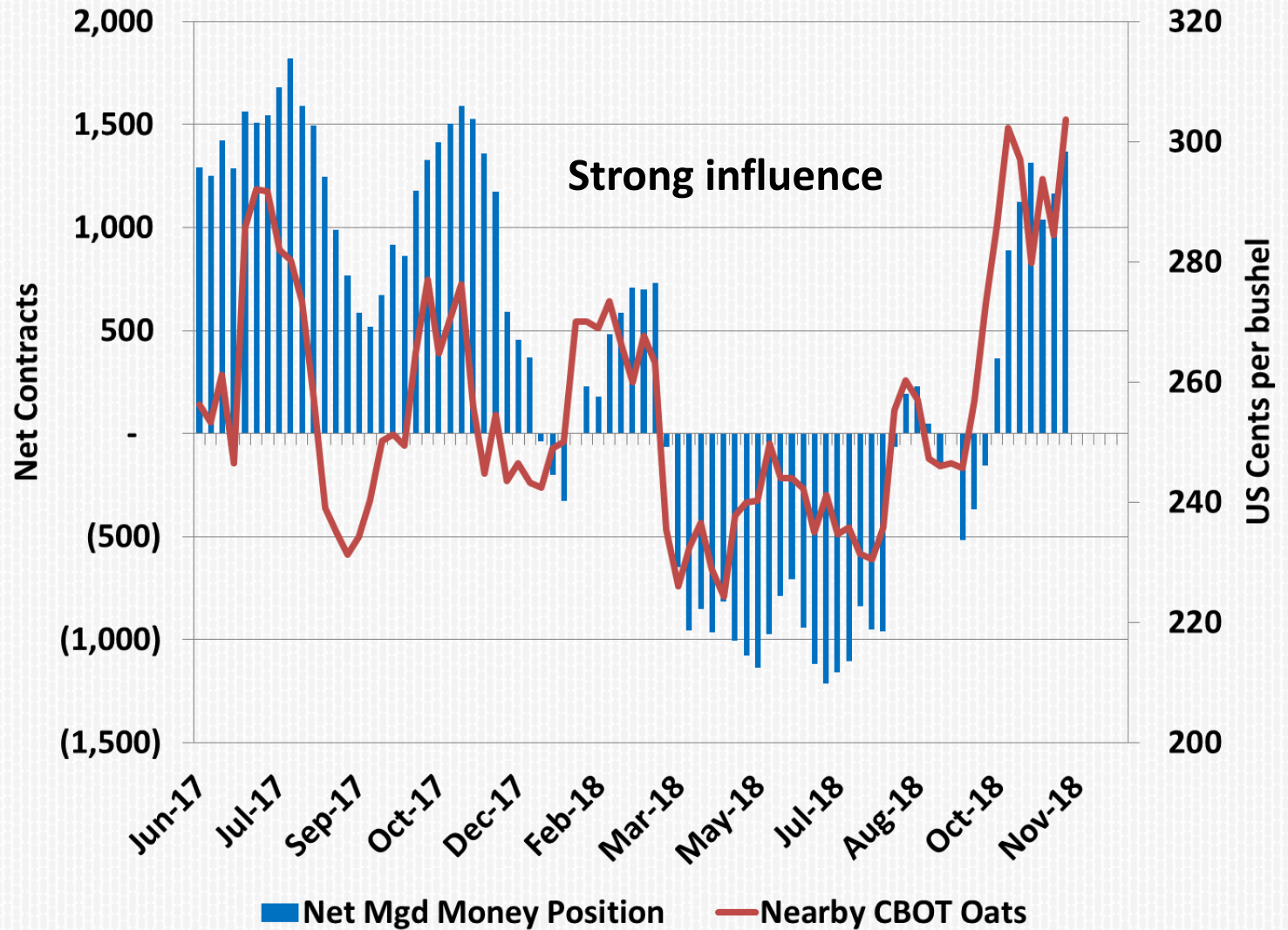
# OAT EXPORTS BY CHANNEL



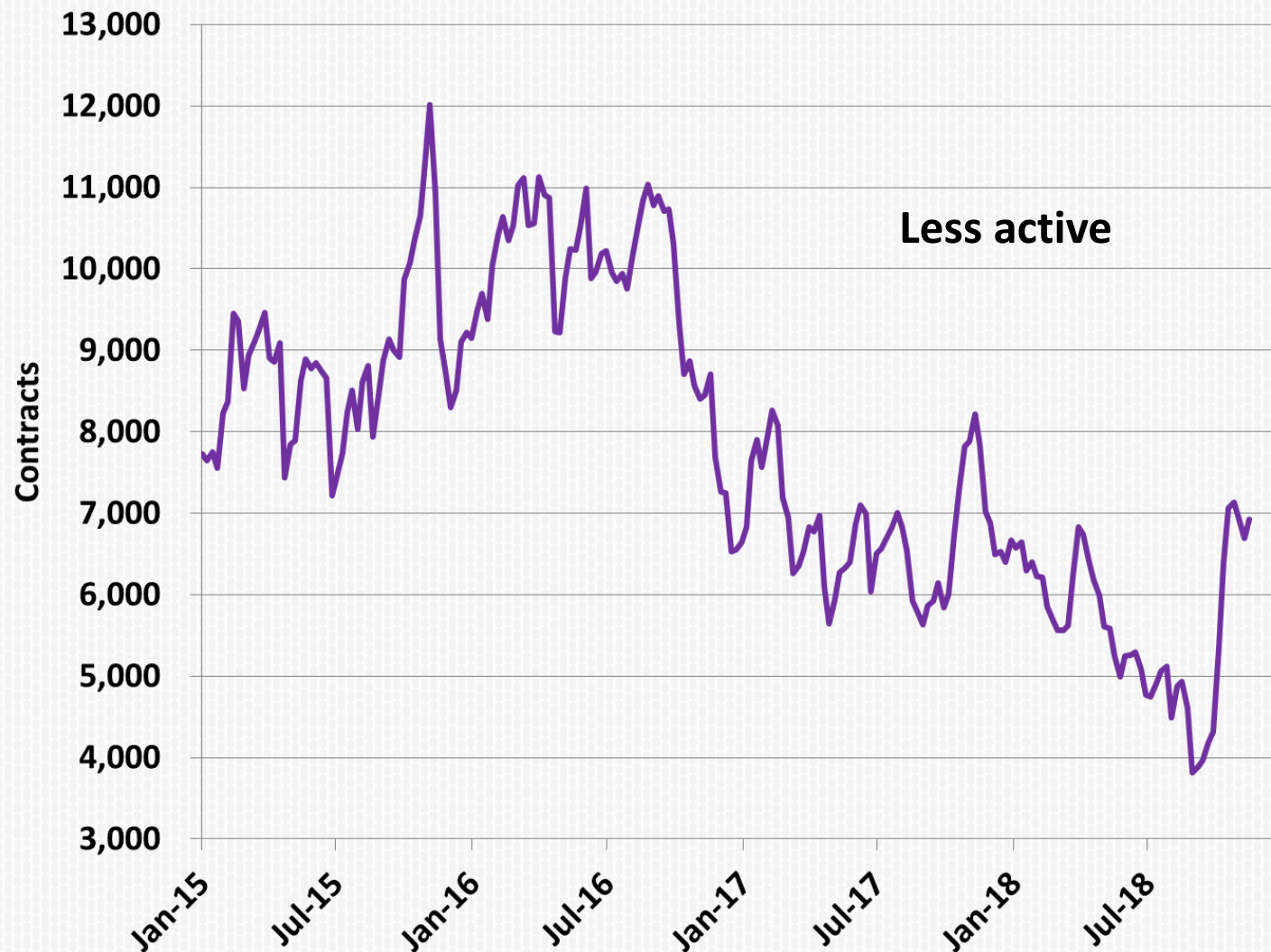
# COMMERCIAL OAT INVENTORIES



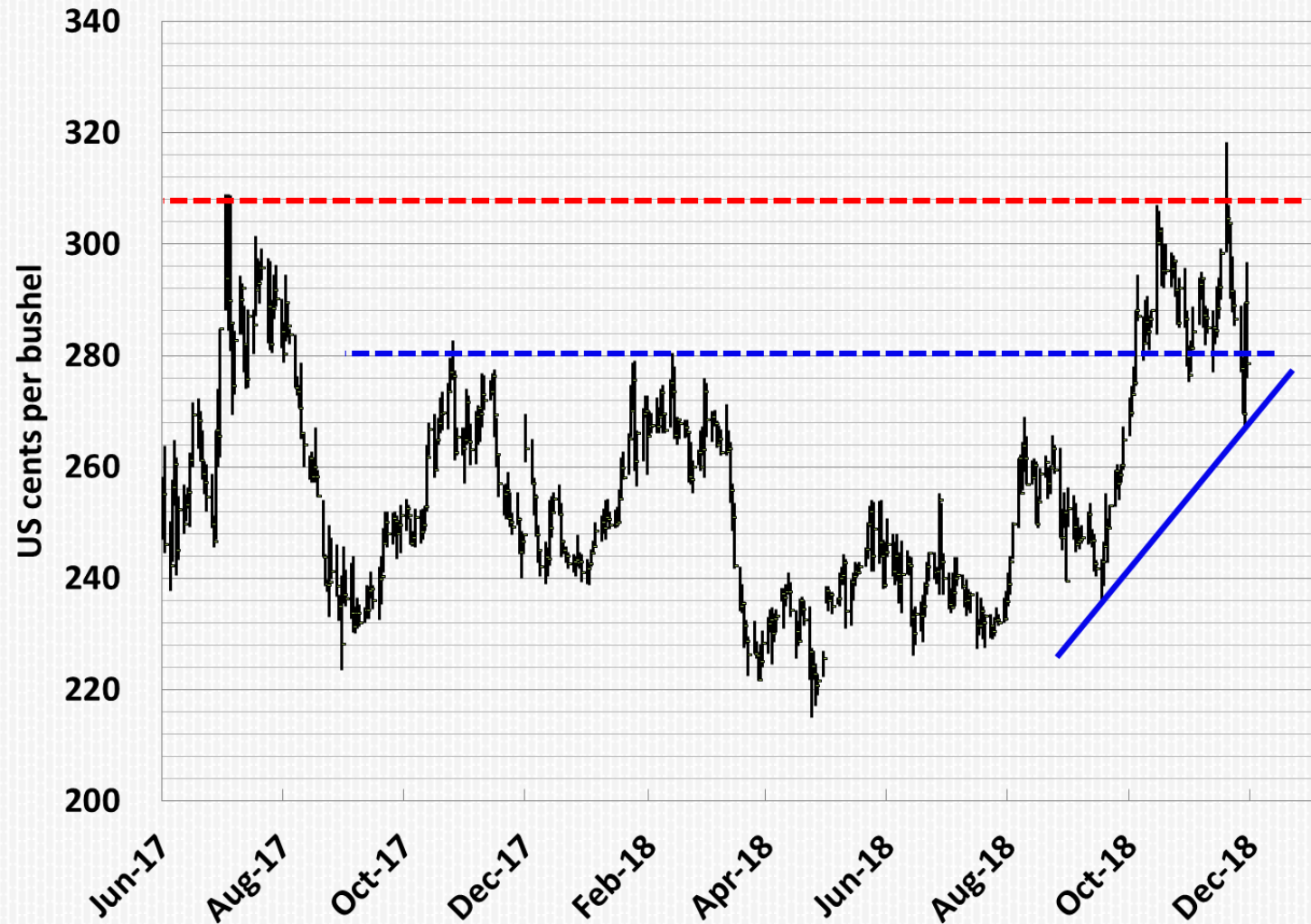
# MANAGED MONEY OAT POSITION



# CBOT OAT TOTAL OPEN INTEREST

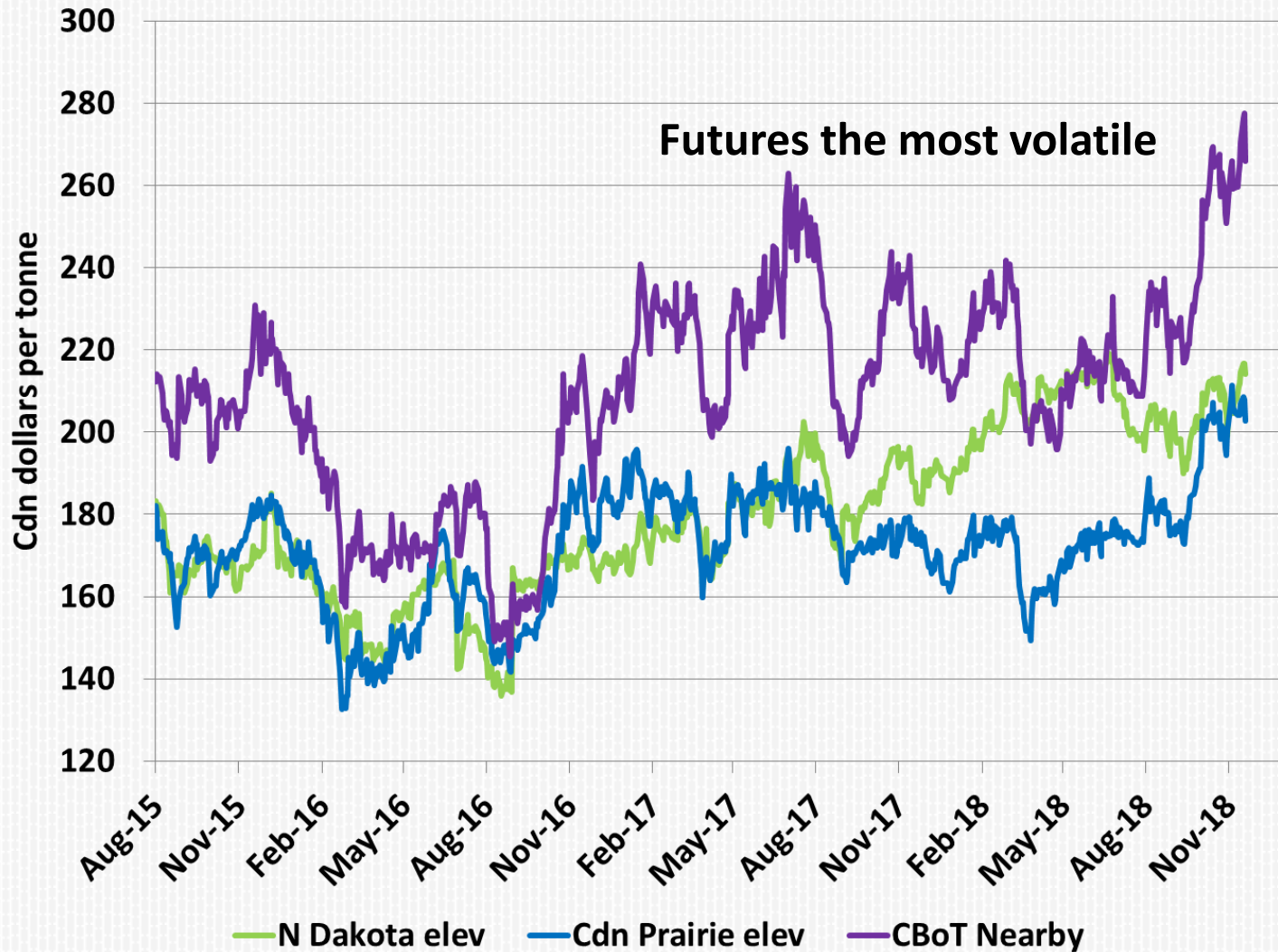


# NEARBY OAT FUTURES

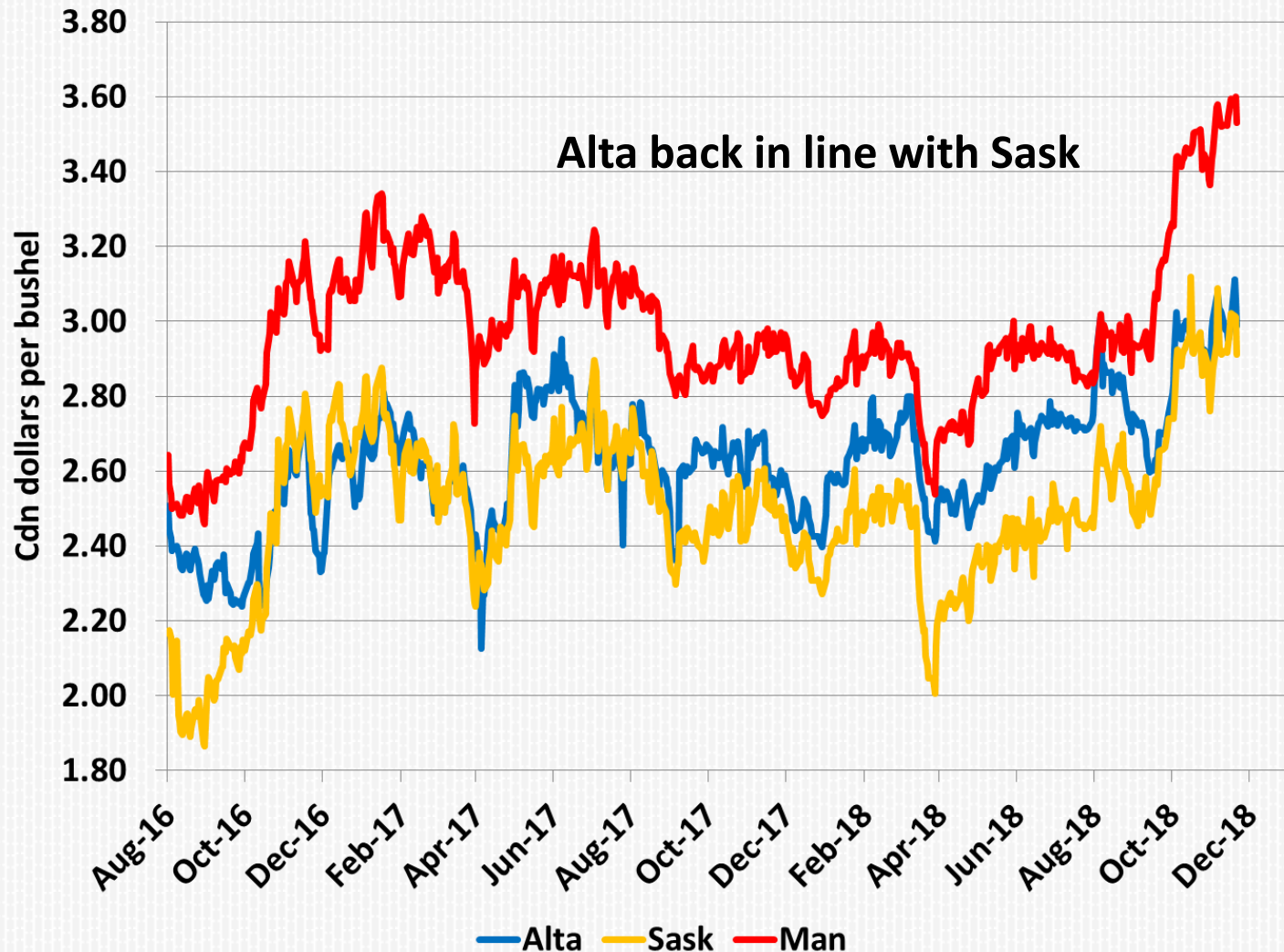




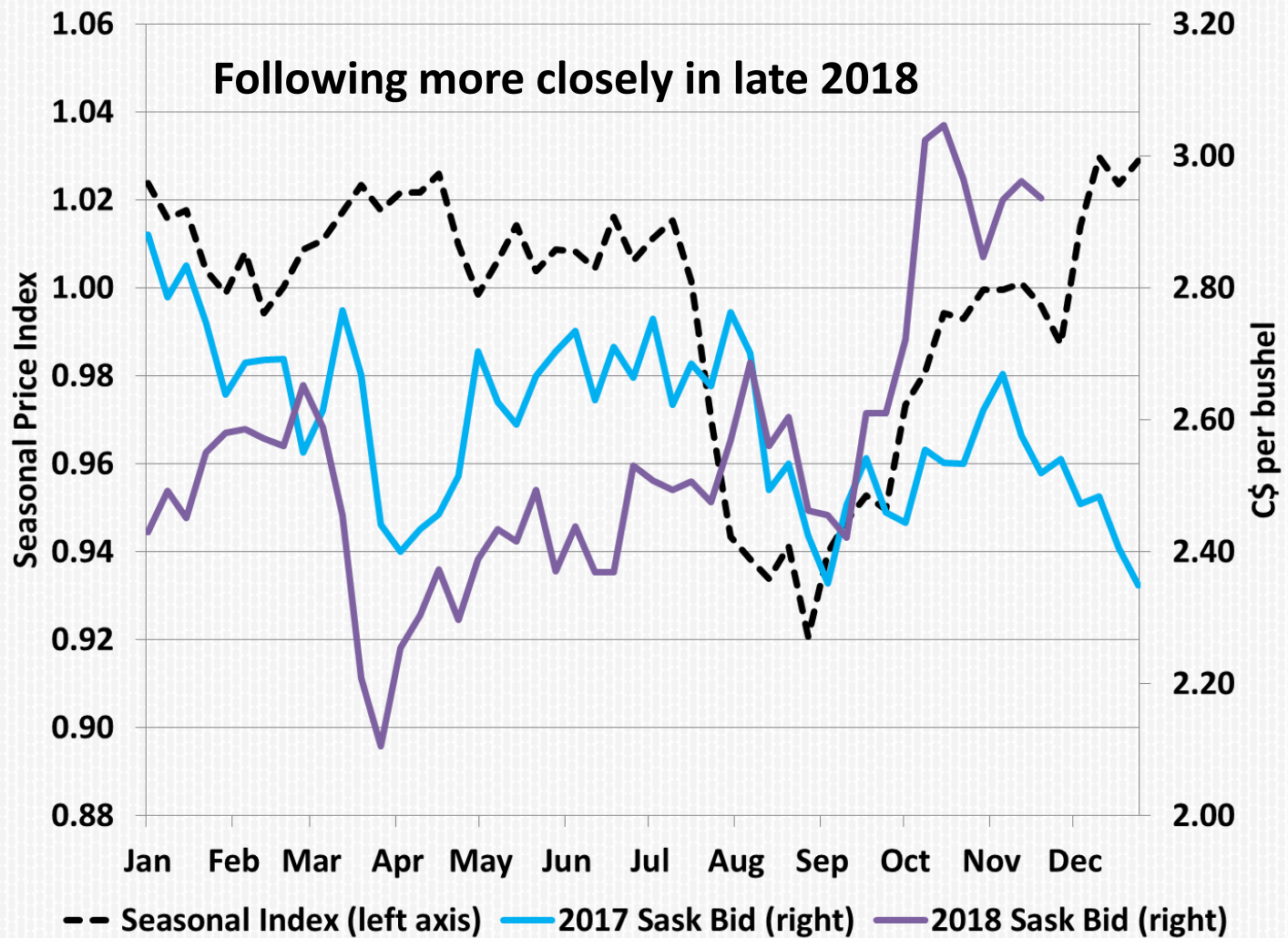
# NORTH AMERICAN OAT BIDS



# CANADIAN OAT BIDS



# SEASONAL OAT PRICES



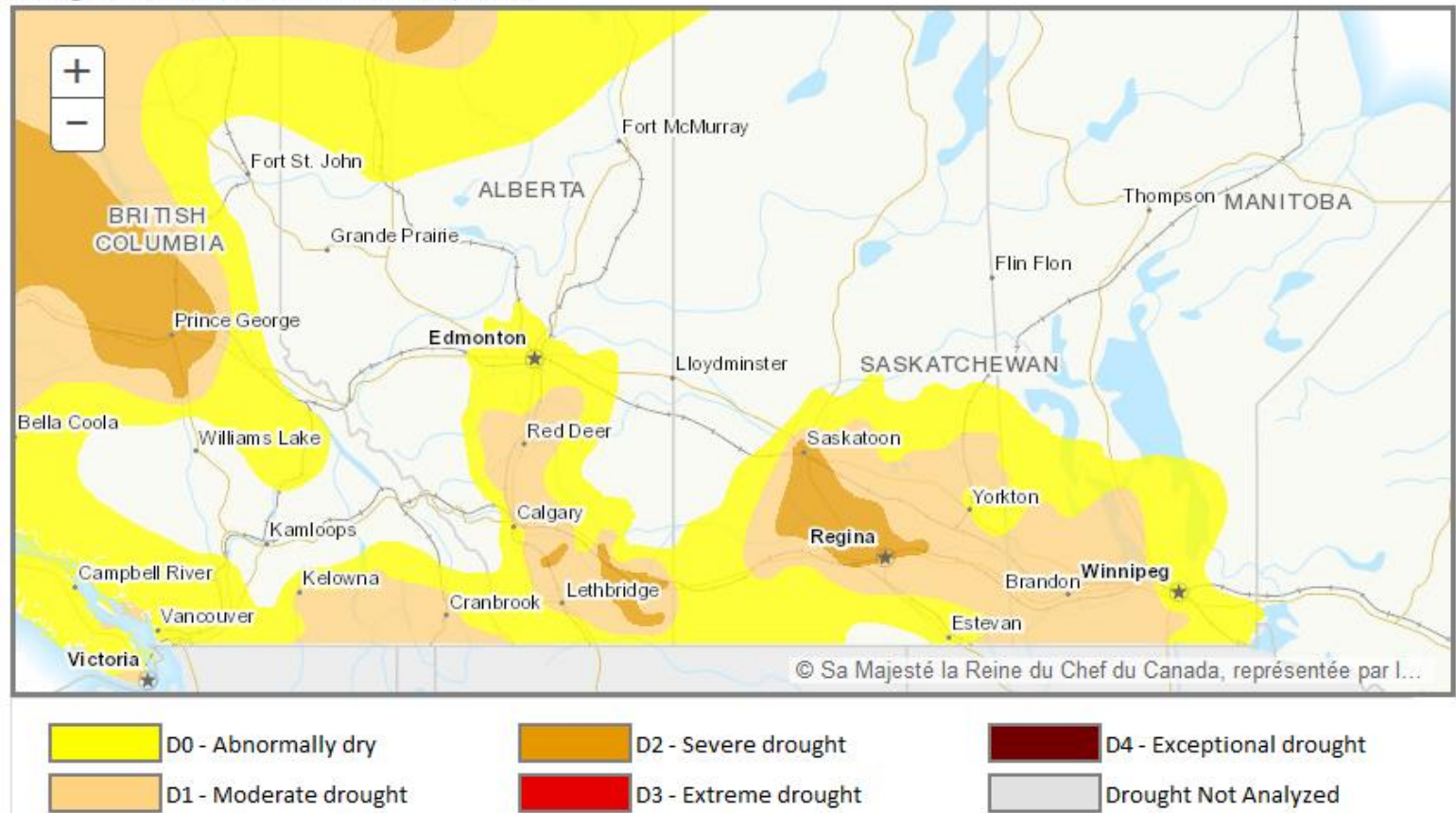
# OAT MARKET – 2018/19

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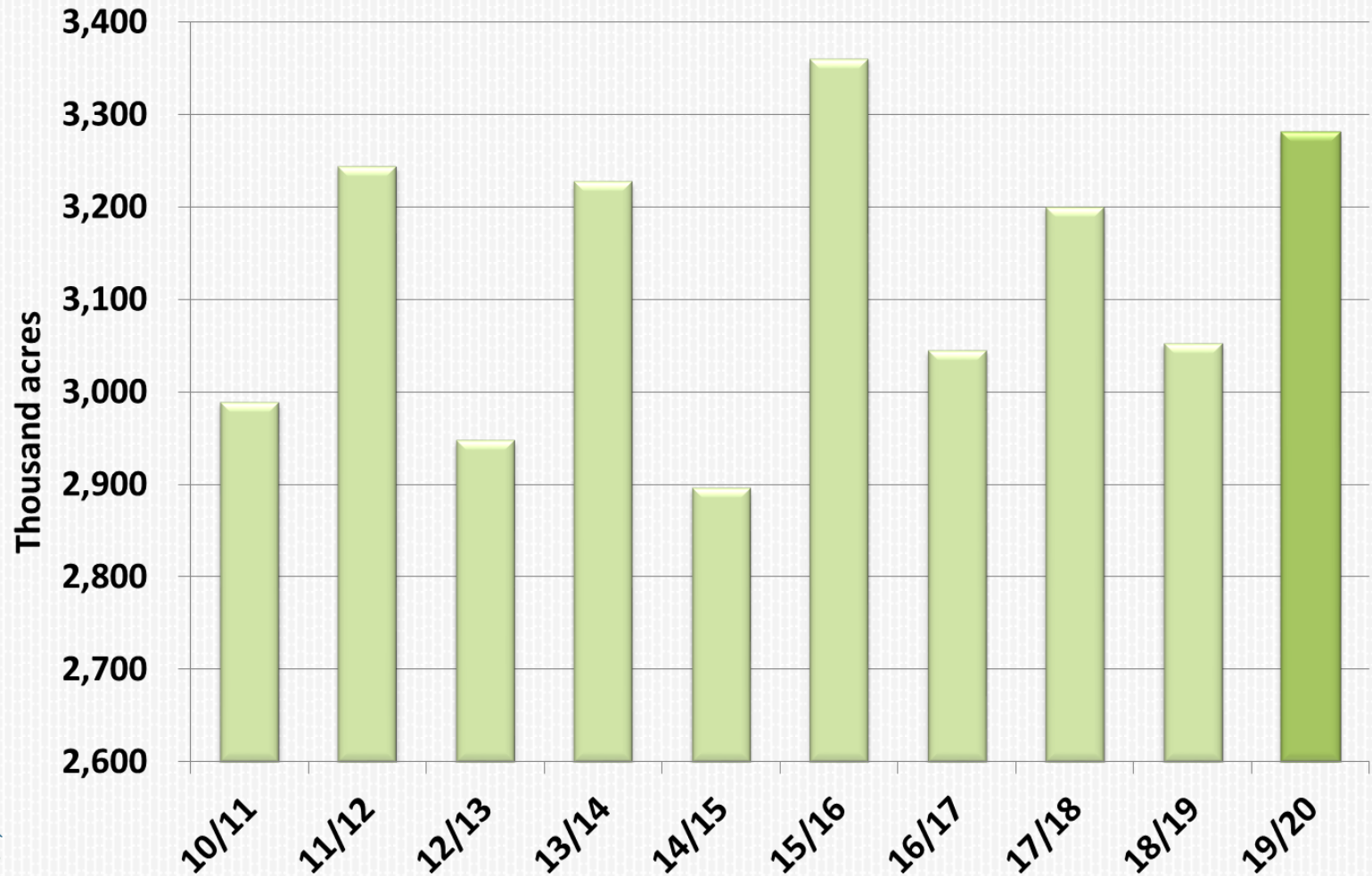
- ✖ Solid demand from the US
  - + Tighter supplies
- ✖ Demand from Mexico
  - + Other Australian customers? (India, Philippines)
- ✖ No competition from EU
- ✖ Where will China go?
- ✖ Gradually tightening Cdn supplies, firmer bids
- ✖ Heads up for 2019 acreage

# WEATHER HARBINGERS FOR 2019

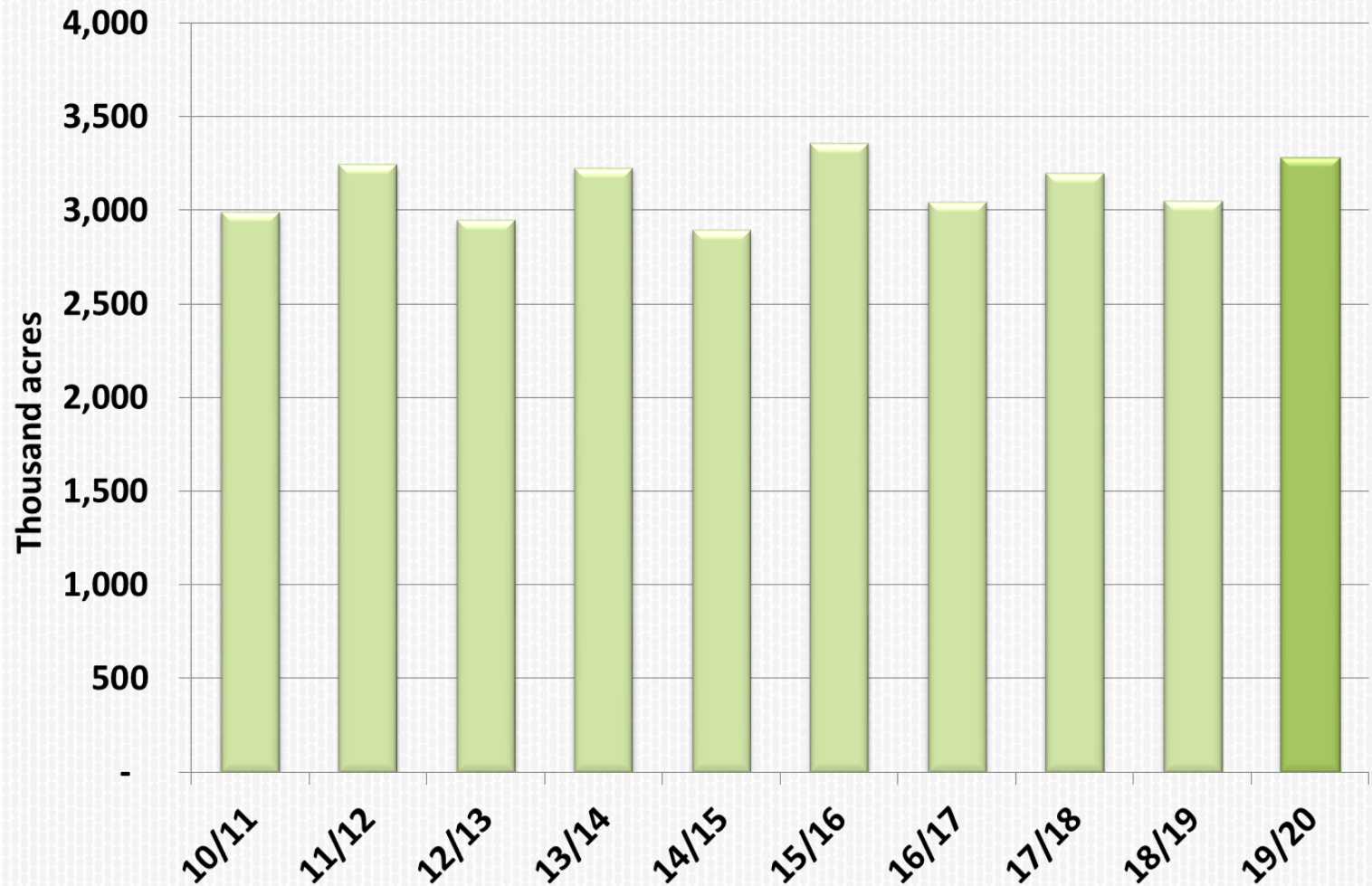
Drought conditions as of October 31, 2018



# CANADIAN OAT ACREAGE – 2019

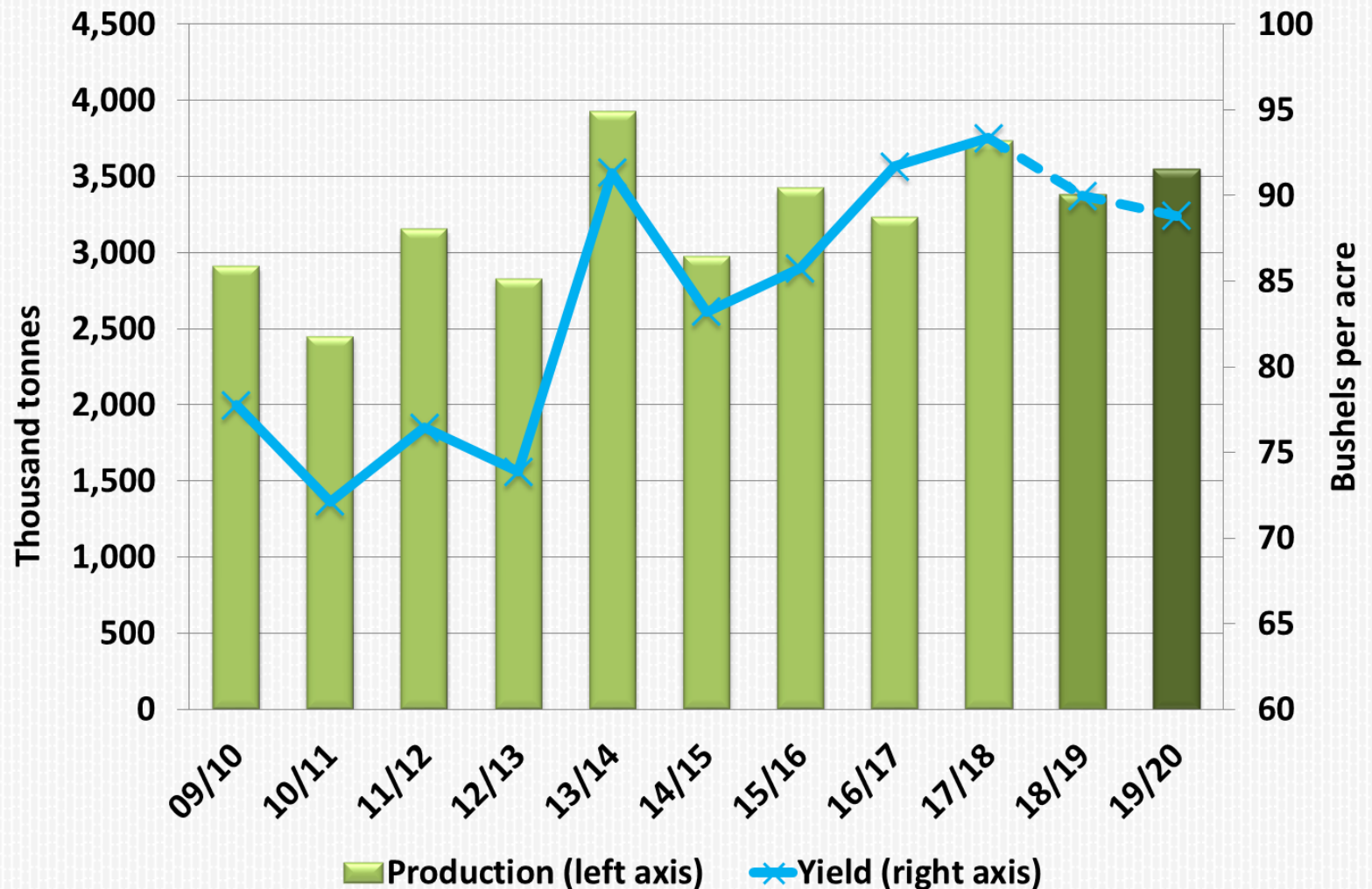


# CANADIAN OAT ACREAGE – 2019





# CANADIAN OAT PRODUCTION – 2019





# CANADIAN OAT SUPPLY & DISPOSITION

	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>
Seeded Acres, 000's	2,896	3,360	3,045	3,200	3,053	<b>3,282</b>
Harvested Acres, 000's	2,319	2,590	2,285	2,593	2,438	<b>2,592</b>
Yield (bu/acre)	83.2	85.8	91.7	93.4	90.0	<b>88.8</b>
<b>Supply ('000 tonnes)</b>						
Carry-In	1,069	701	967	704	785	<b>627</b>
Production	2,977	3,425	3,231	3,733	3,383	<b>3,550</b>
Imports	19	20	21	14	<b>20</b>	<b>20</b>
<b>Total Supply</b>	<b>4,065</b>	<b>4,146</b>	<b>4,219</b>	<b>4,450</b>	<b>4,187</b>	<b>4,197</b>
<b>Disposition ('000 tonnes)</b>						
Food & Seed	260	281	233	212	<b>245</b>	<b>240</b>
Feed, Waste, Dockage	775	664	978	1,102	<b>900</b>	<b>800</b>
Total Exports	2,329	2,234	2,305	2,352	<b>2,415</b>	<b>2,450</b>
<b>Total Disposition</b>	<b>3,364</b>	<b>3,179</b>	<b>3,516</b>	<b>3,666</b>	<b>3,560</b>	<b>3,490</b>
<b>Ending Stocks</b>	<b>701</b>	<b>967</b>	<b>704</b>	<b>785</b>	<b>627</b>	<b>707</b>
<b>Stocks/Use</b>	<b>21%</b>	<b>30%</b>	<b>20%</b>	<b>21%</b>	<b>18%</b>	<b>20%</b>

Source: Statistics Canada with LeftField projections in bold

# OAT MARKET – 2019/20

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- ✖ Guesstimate of 5-10% acreage increase
  - + Competition from other barley and wheat
  - + Less competition from canola
- ✖ Glut not expected
  - + Lower carry-in
- ✖ Rebound likely in other exporters
- ✖ China “what if”
- ✖ Mostly steady price outlook (on “normal” weather)



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THANK YOU!

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