

Oats: Transition from Scarcity to Abundance

Presented by:

Jon Driedger

@JonDriedger

@leftfieldcr



December 2022

WHAT WE'LL COVER

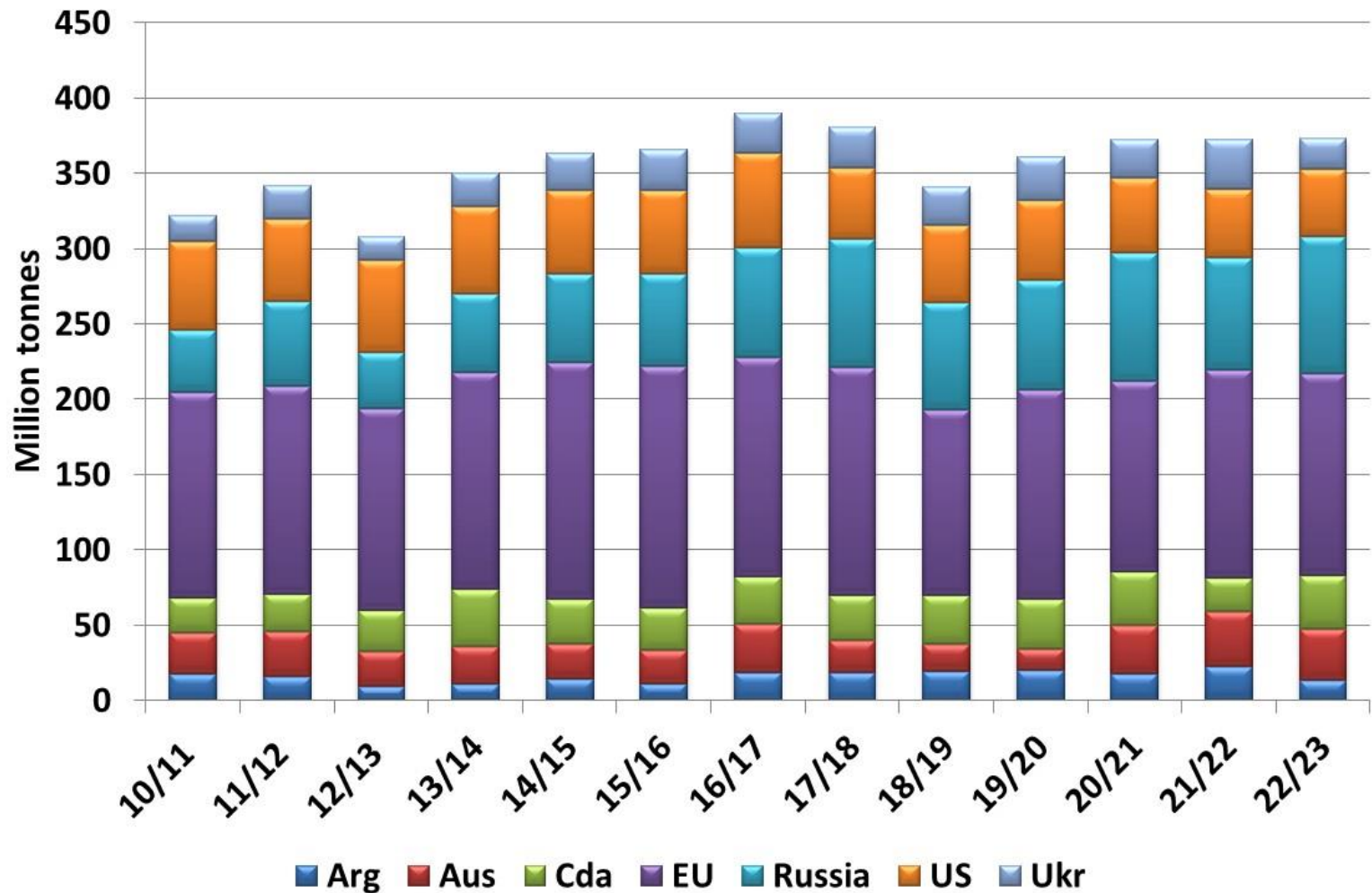
- × Cereal market overview
- × Oats – Transition from shortage to abundance
- × International overview
- × What about 2023?
- × Summary

CEREAL OVERVIEW

- × Balance sheets are tight
 - + Global wheat, US corn, Prairie feed grains
- × Prices are off the peak
 - + Still high, but dropping
 - + High enough? Too high?
- × Bullish vs Bearish Factors

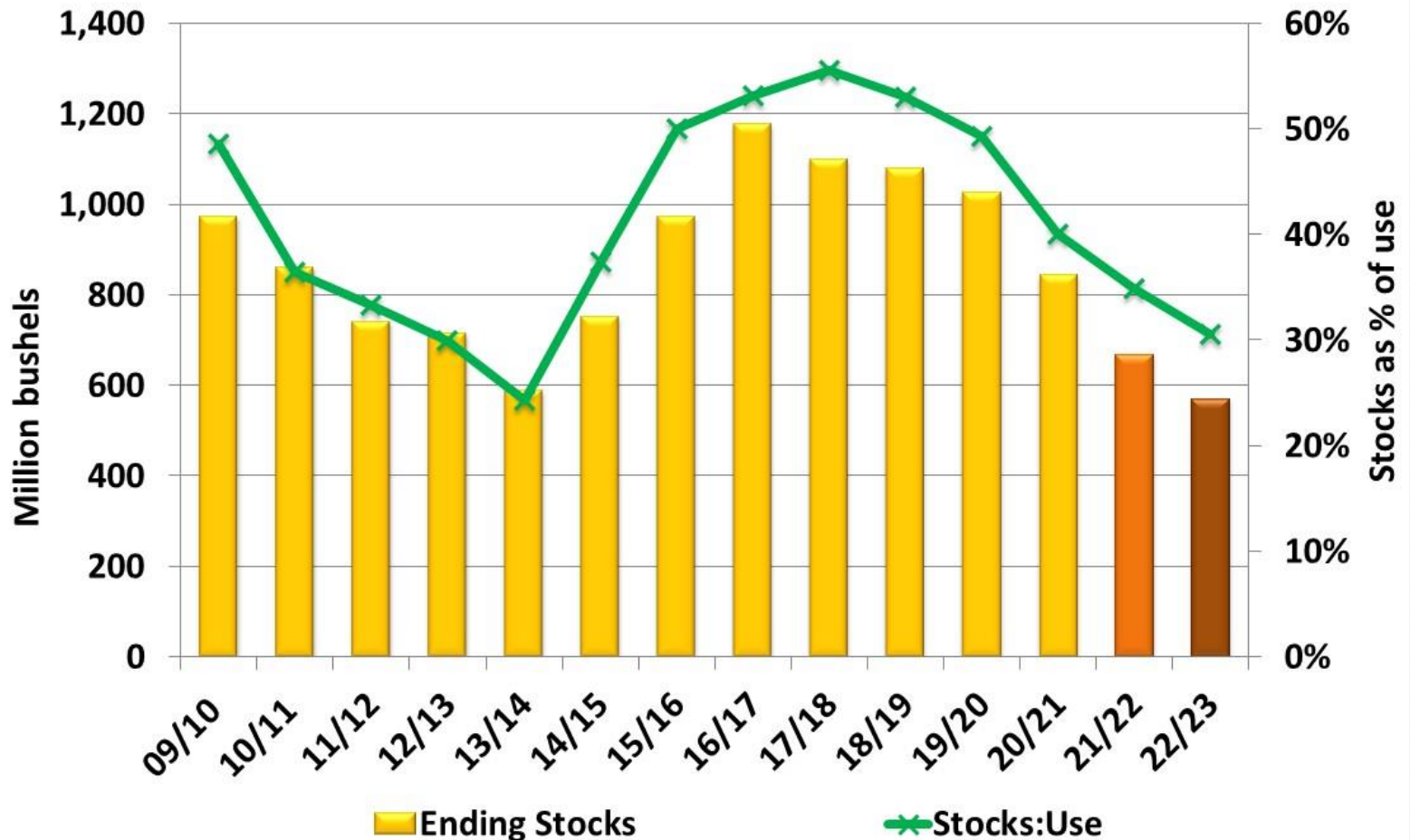
FLAT GLOBAL WHEAT PRODUCTION

Production- Major Wheat Exporters



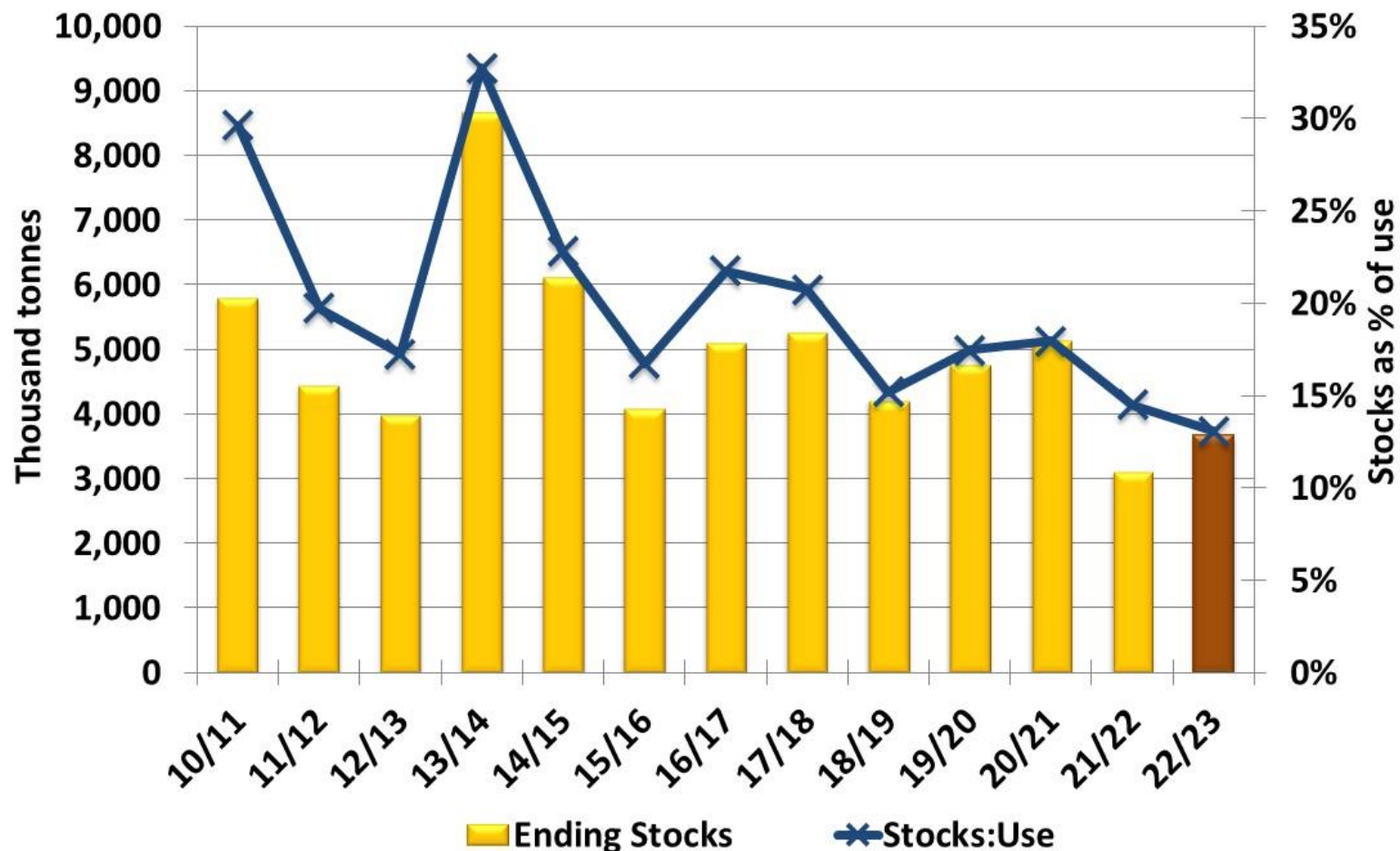
US WHEAT STOCKS TIGHT

US Wheat Ending Stocks

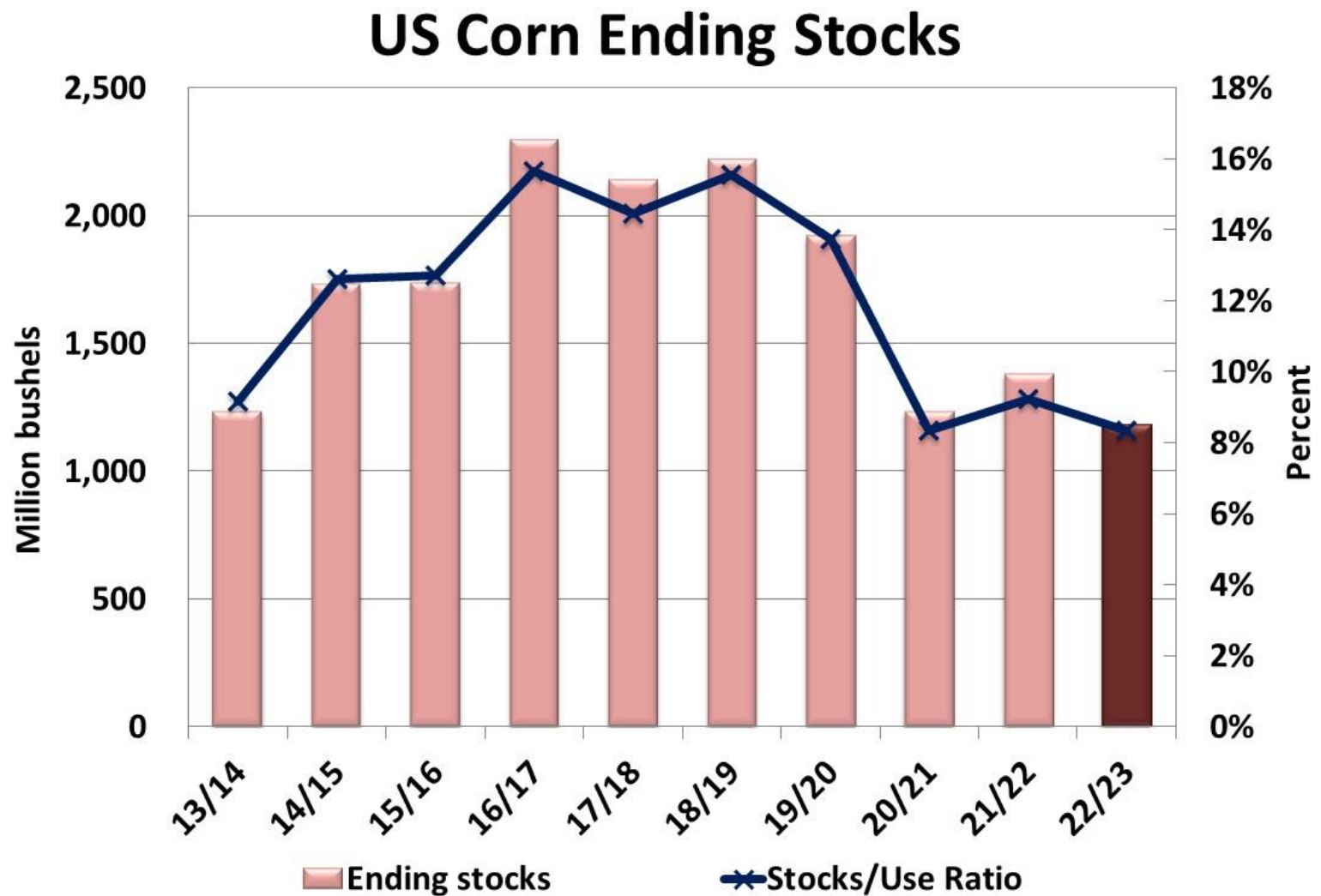


CANADIAN WHEAT STOCKS TIGHT

Cdn Non-Durum Wheat Ending Stocks

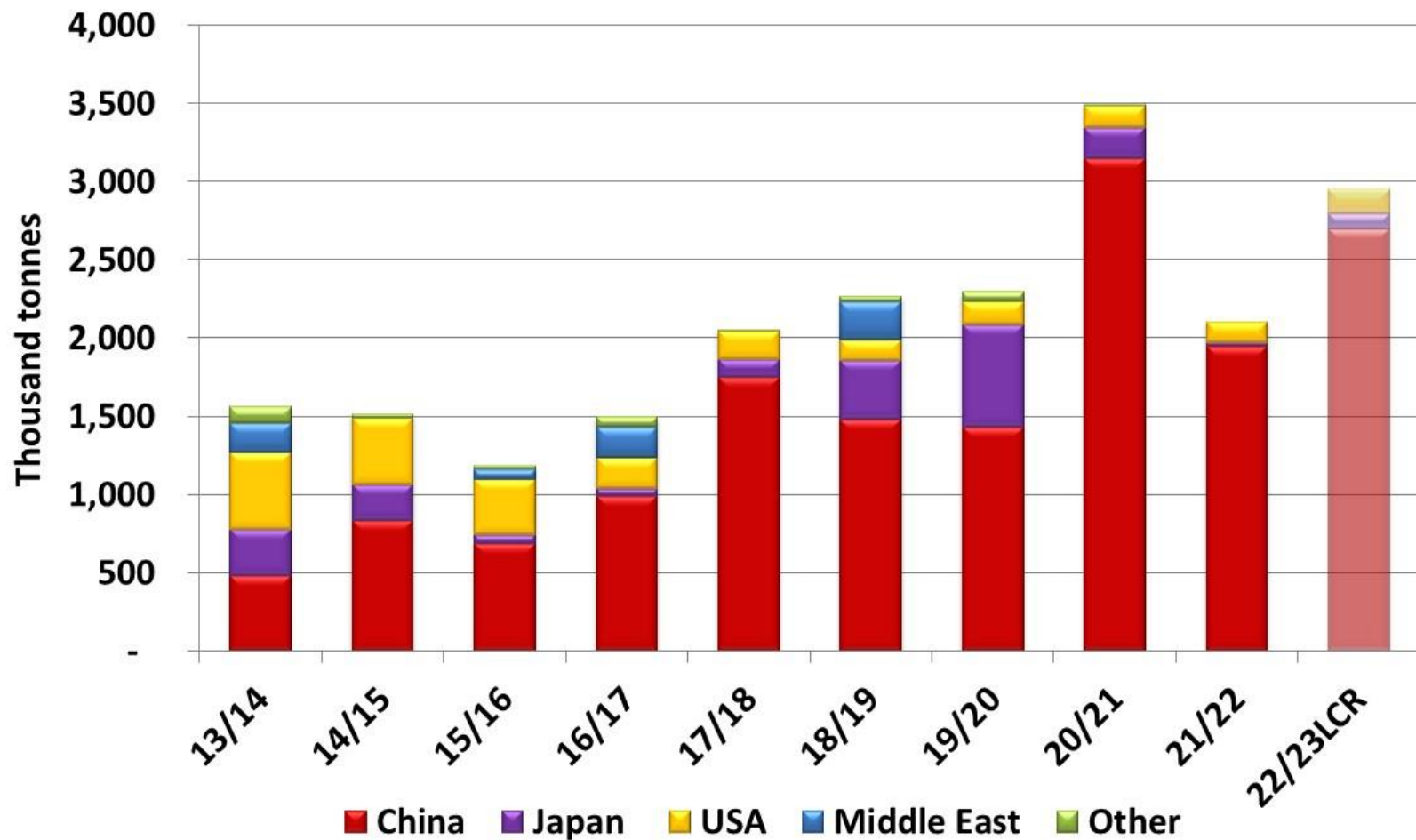


US CORN CARRYOUT TIGHT



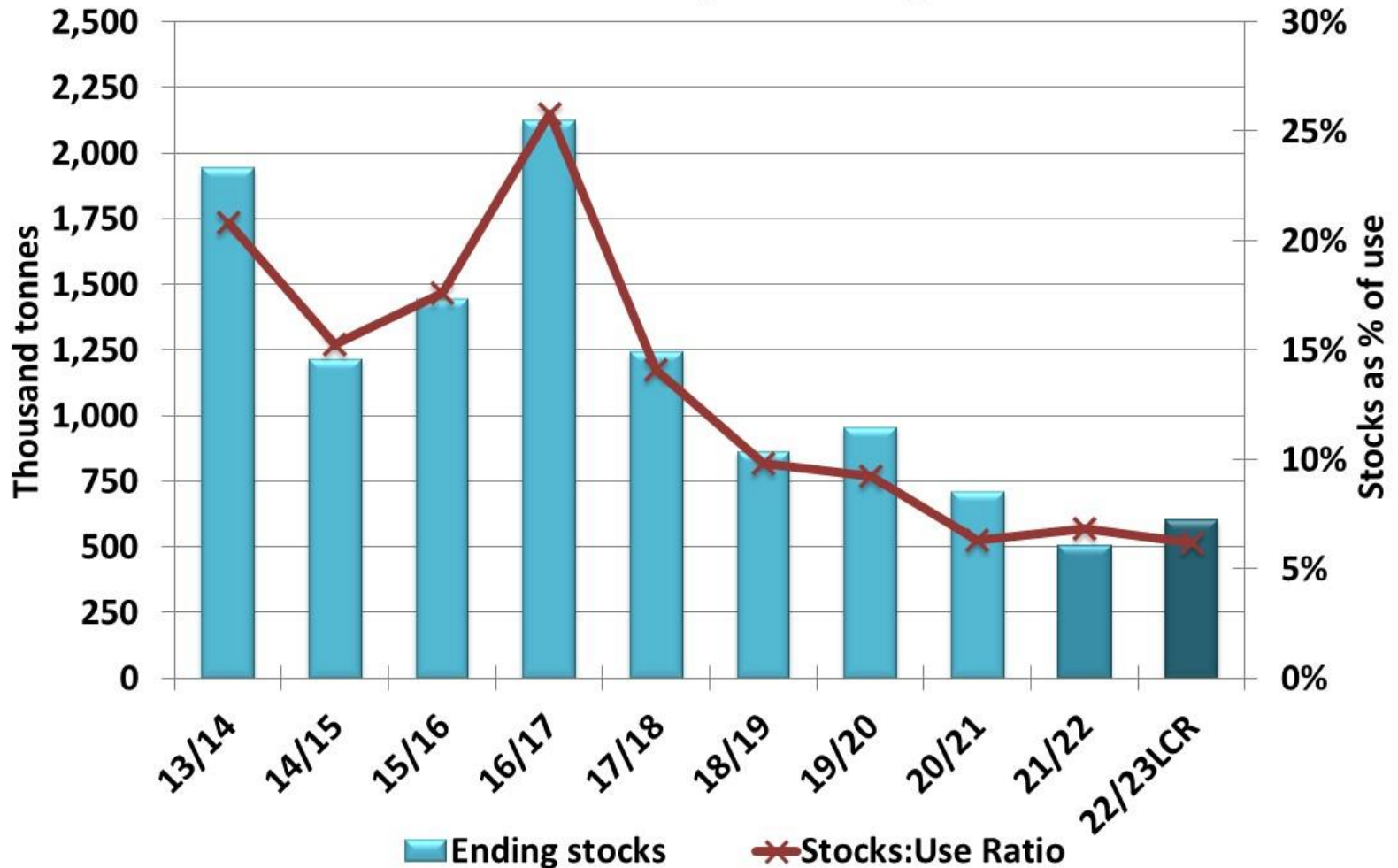
BIG BARLEY EXPORTS

Canadian Barley Exports



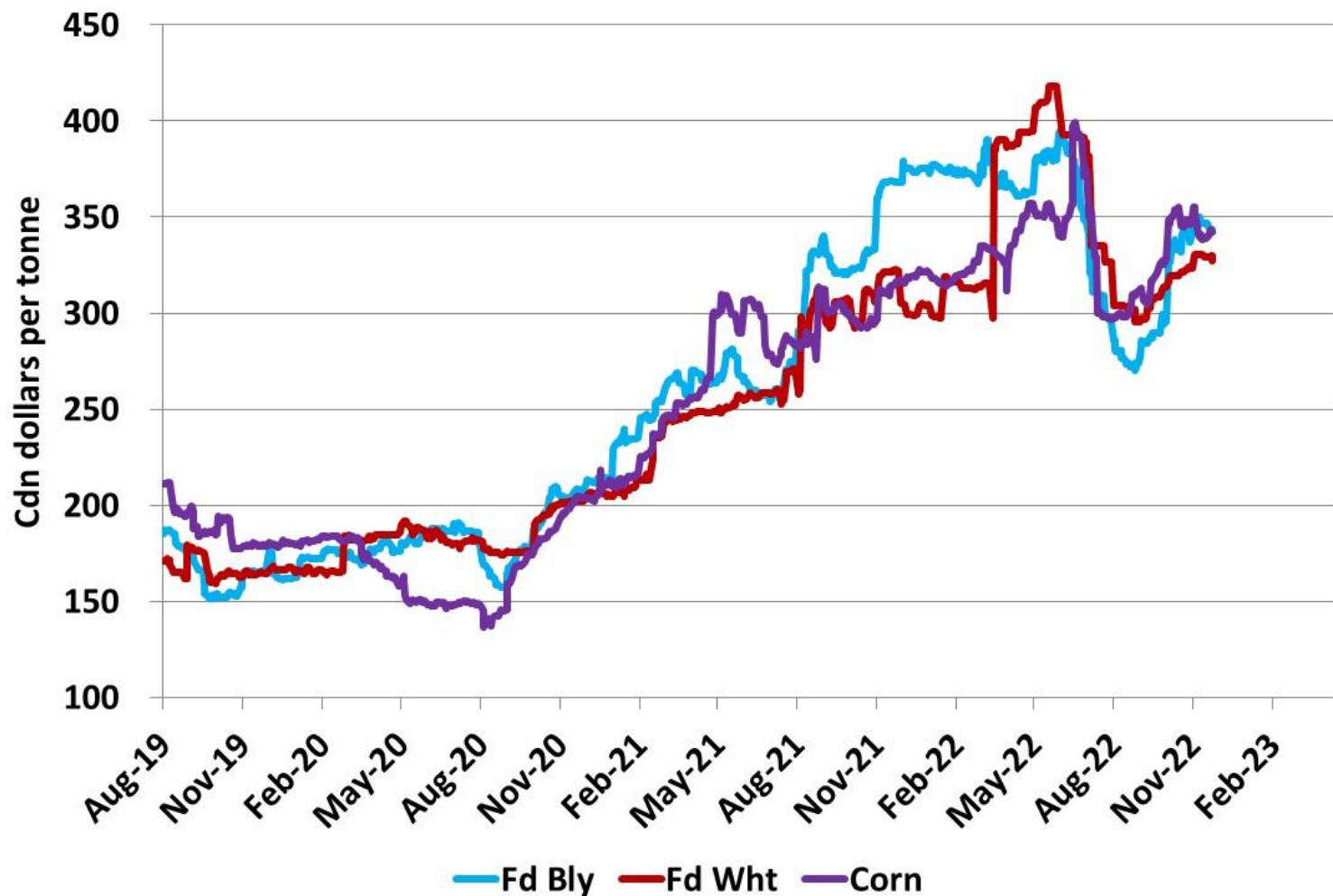
CANADIAN BARLEY CARRYOUT TIGHT

Canadian Barley Ending Stocks



FEED GRAIN PRICES STILL HIGH...

Average Elevator Bids - Feedgrains

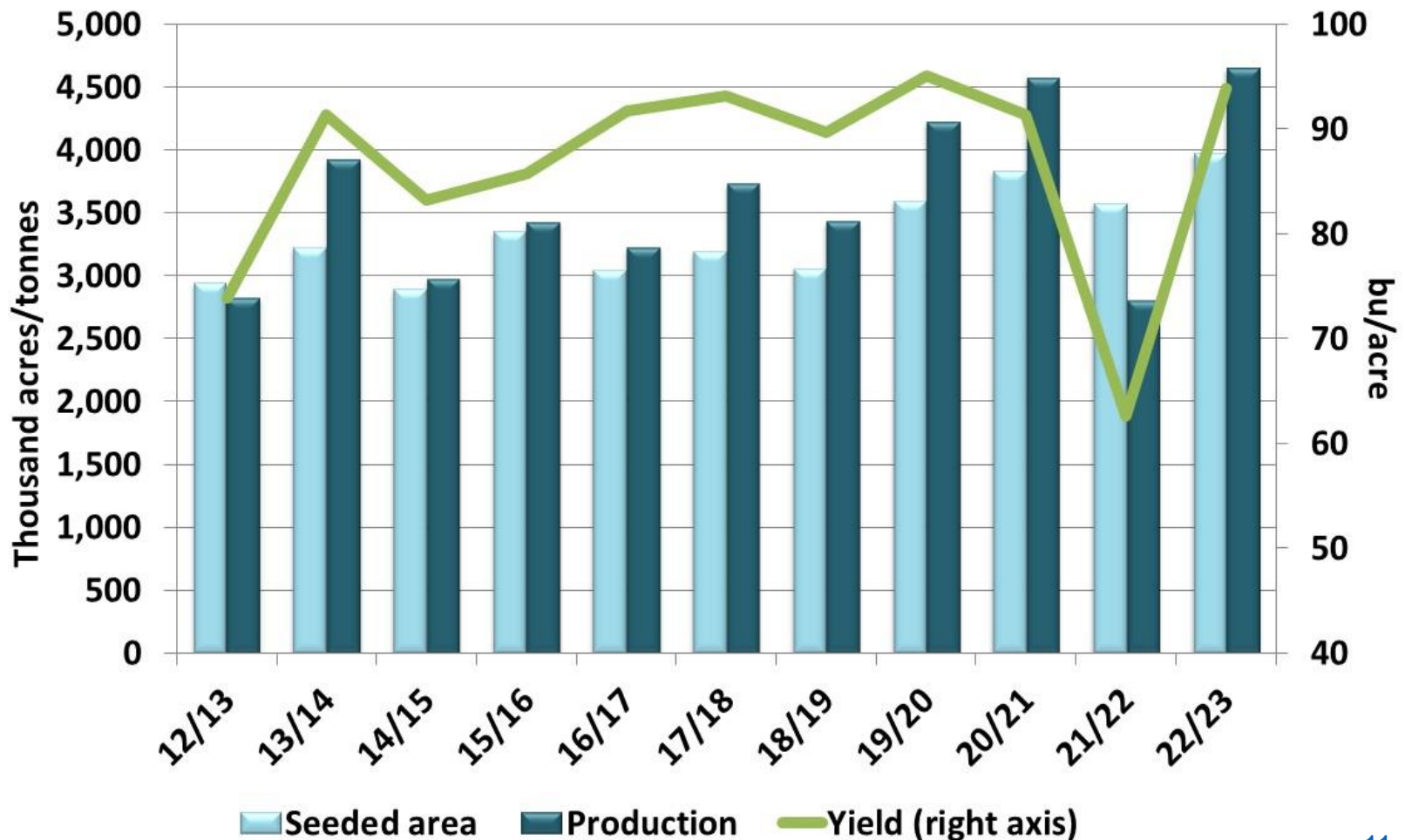


OATS

- ✖ The transition from extreme shortage to abundance
- ✖ Usage will rebound
 - + Working to 'chew through' the big supply
- ✖ Oats are relatively cheap
 - + May encourage some extra demand
- ✖ Supplies are too large to be 'bullish'; prices too low to be 'bearish'

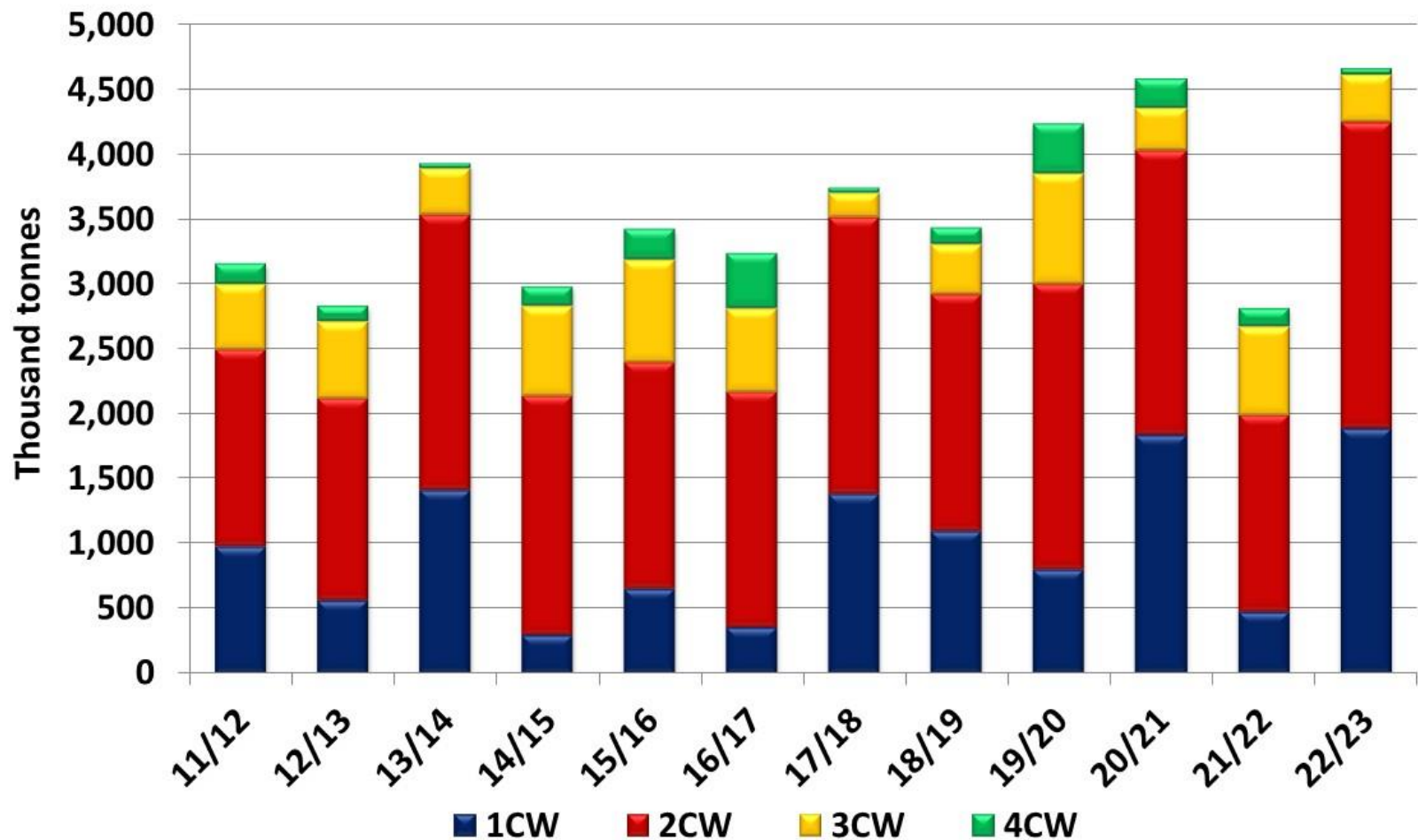
TIGHT SUPPLIES TO ABUNDANCE

Oat Acreage & Production - Canada



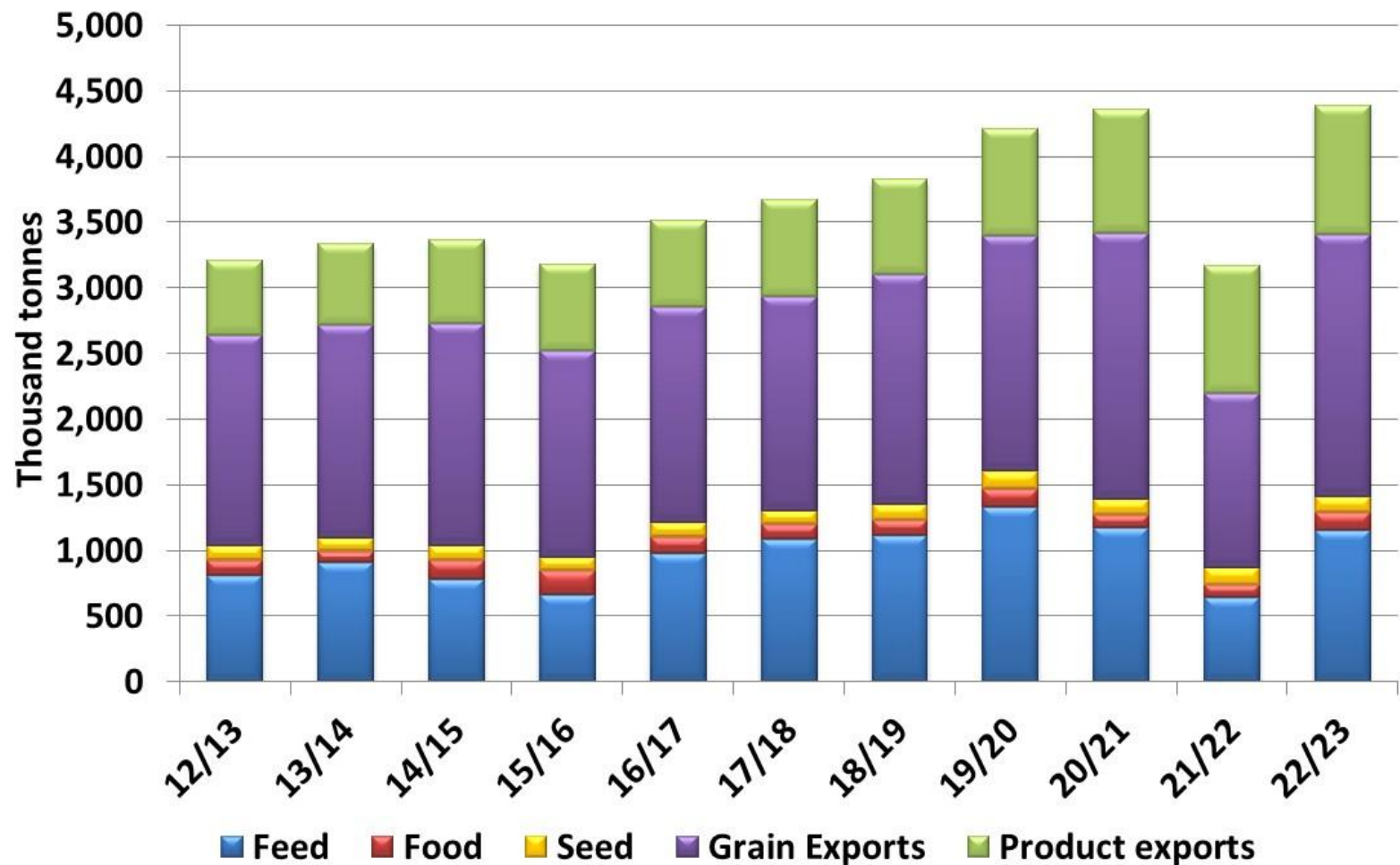
CROP QUALITY IS GOOD

Canadian Oat Production by Grade



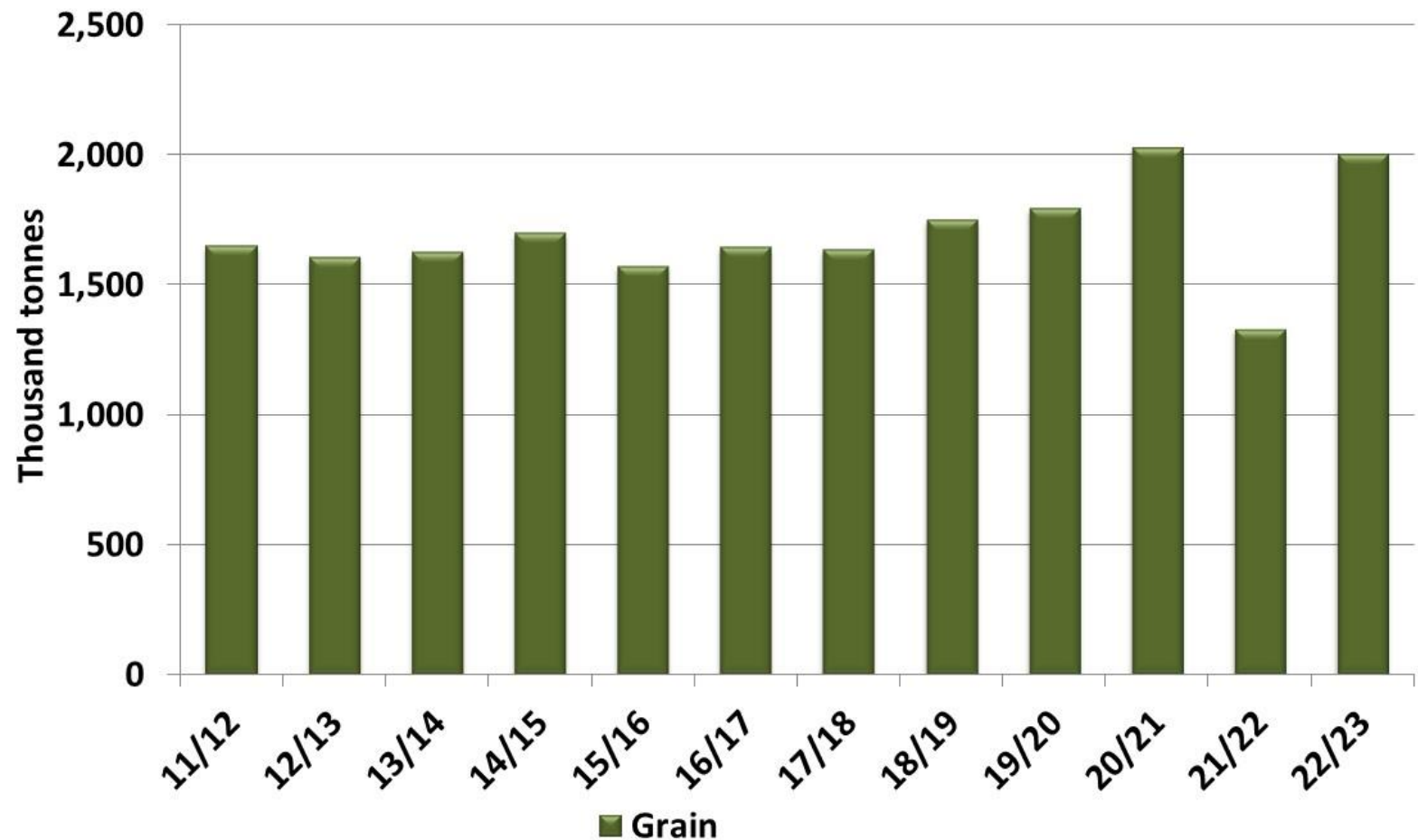
DISPOSITION RECOVERS WITH SUPPLY

Canadian Oat Disposition



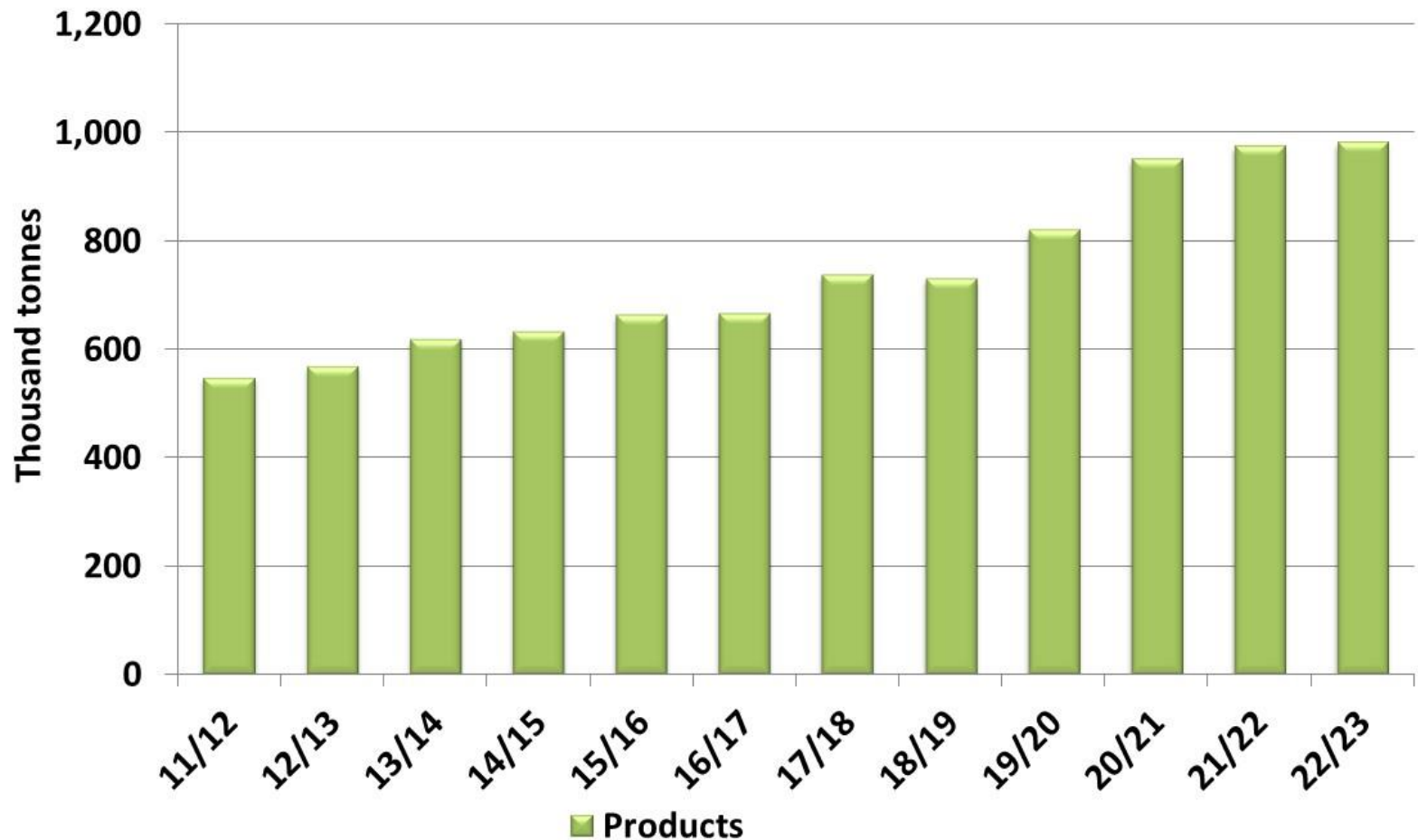
OAT GRAIN EXPORTS RECOVER

Oat Exports - Grain



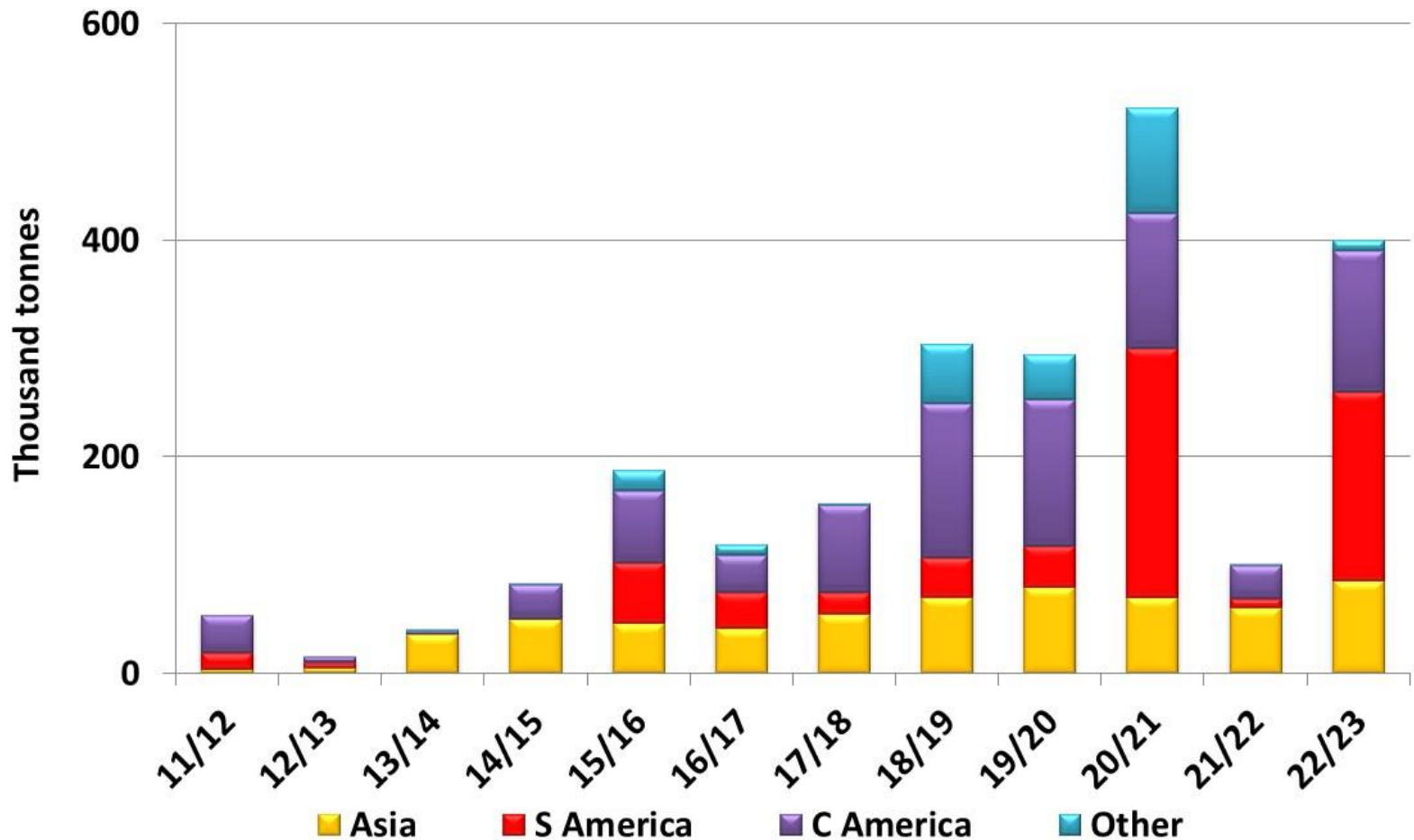
OAT PRODUCT EXPORTS DIDN'T DECLINE

Oat Exports - Products



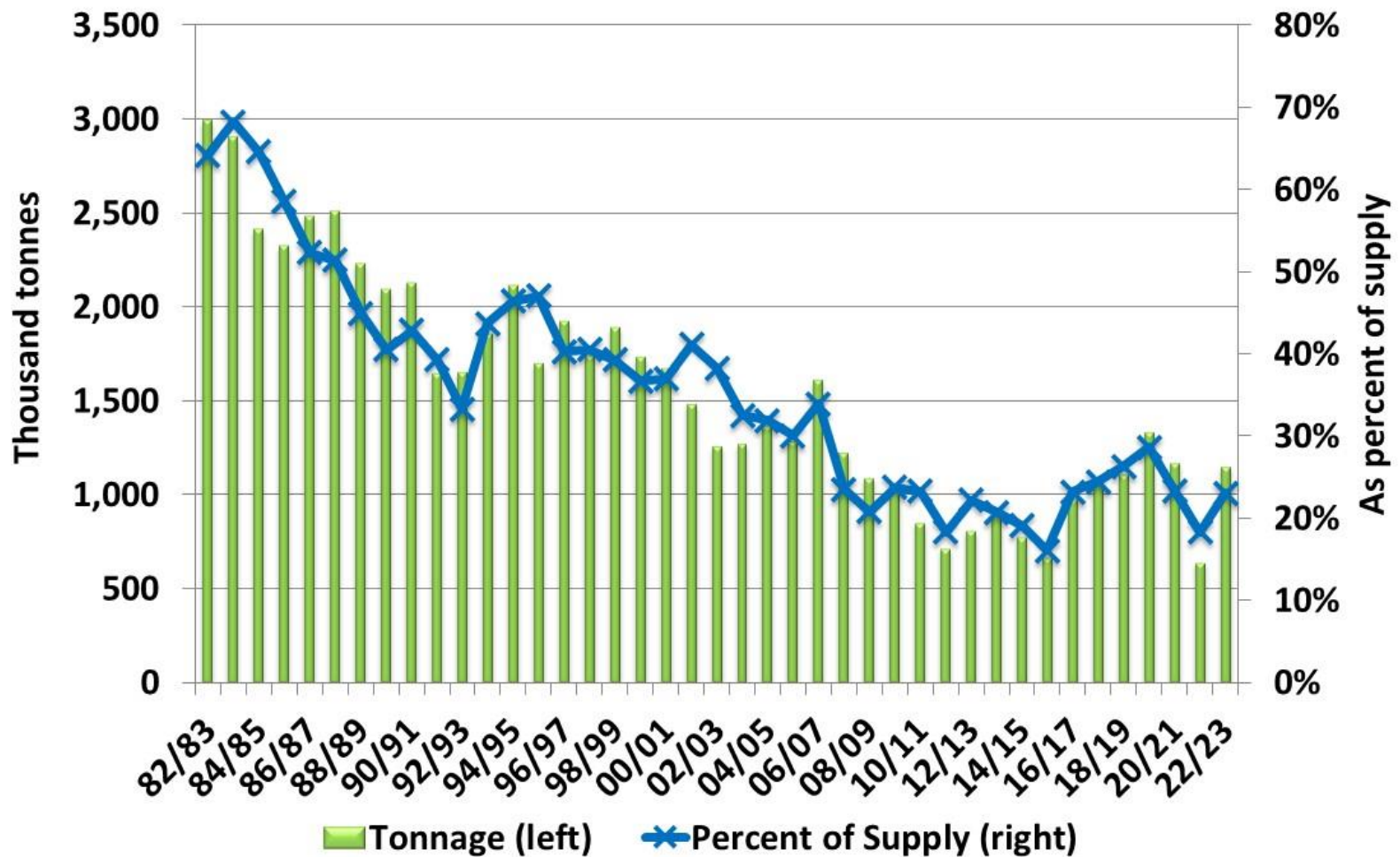
SOME REBOUND TO NON-US DESTINATIONS

Canadian Non-US Oat Exports



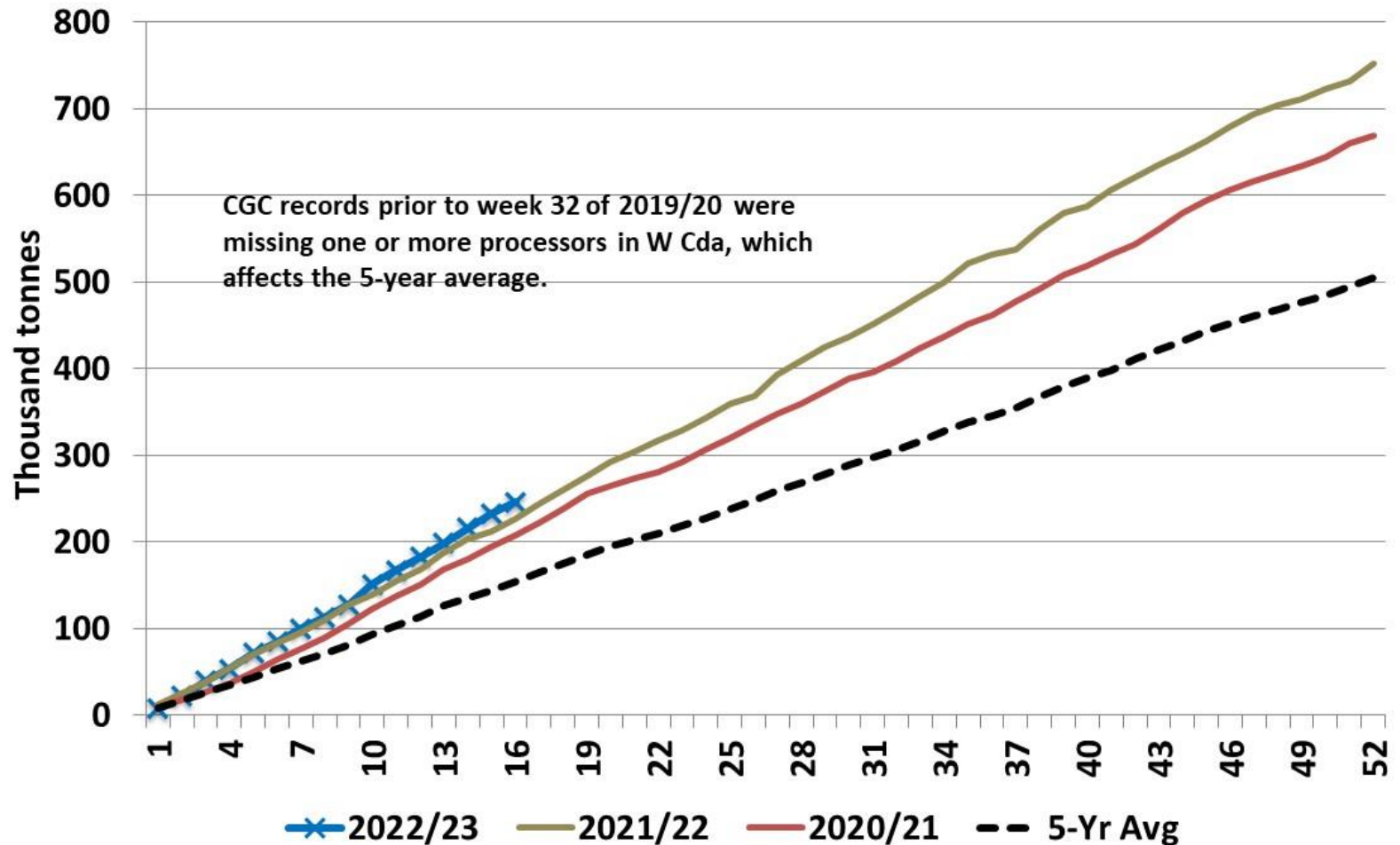
OAT FEEDING AIN'T WHAT IT USED TO BE...

Oat Feed/Waste Use



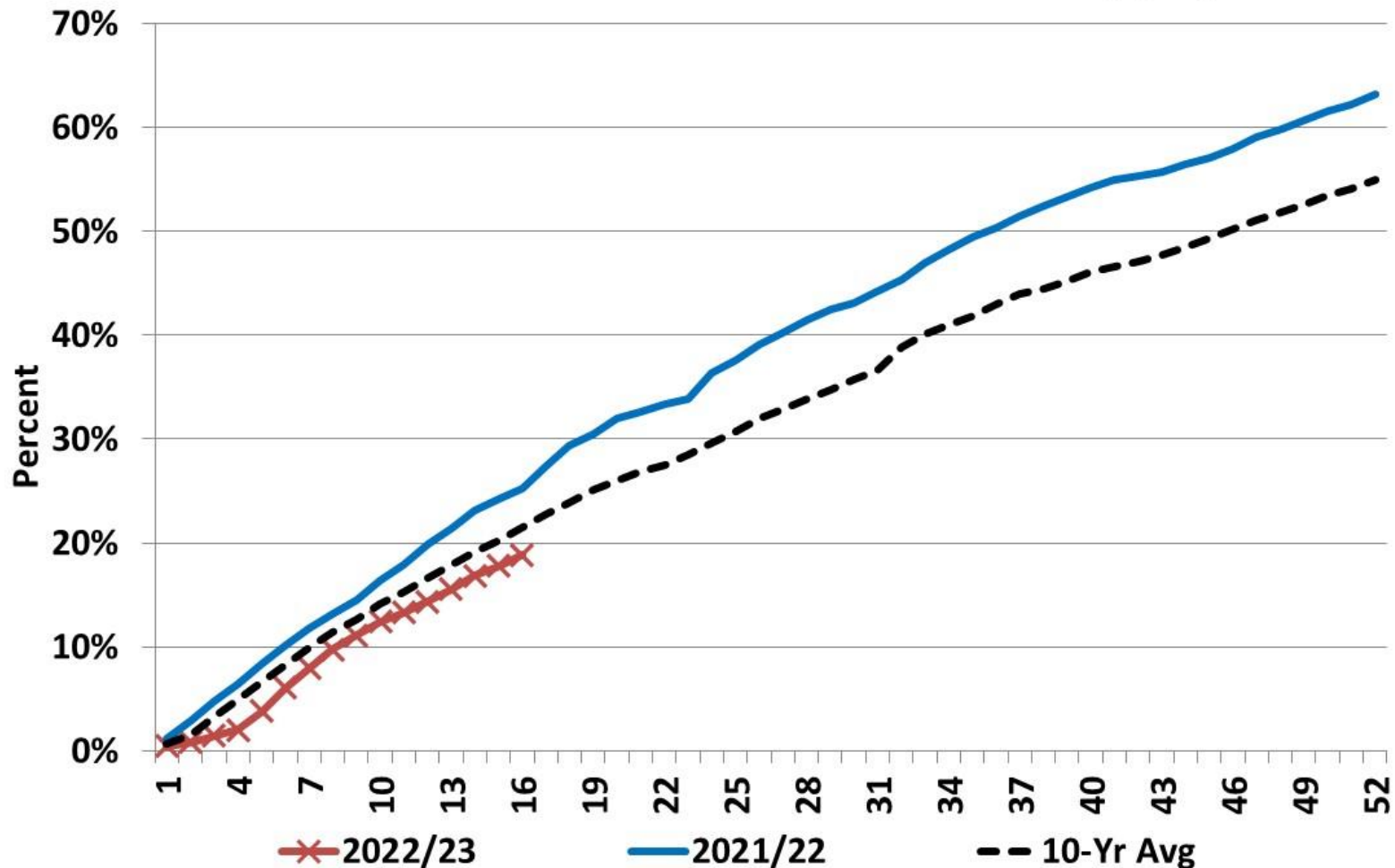
MILLING REMAINS STRONG

Cumulative Oats Milled



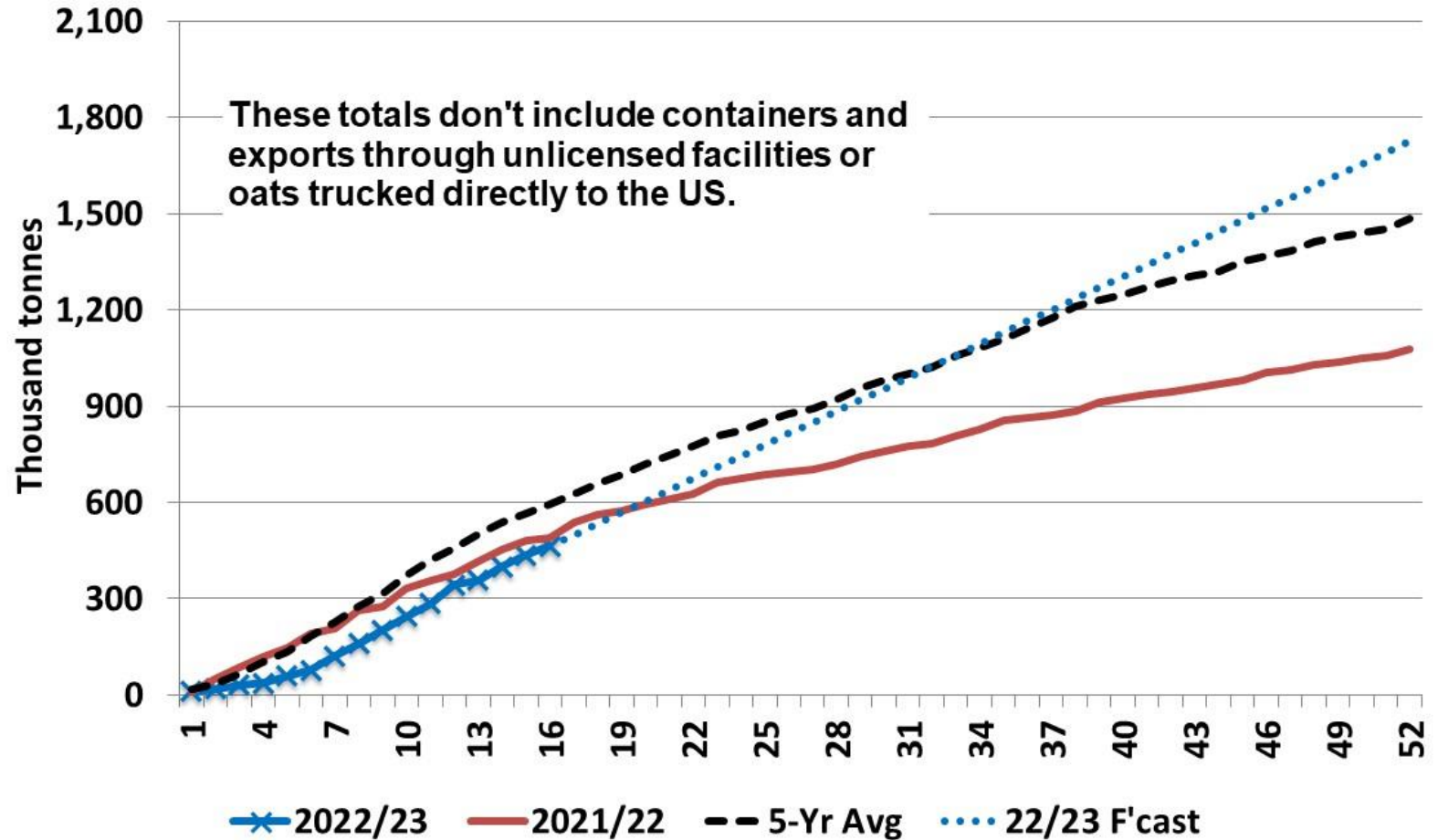
OAT DELIVERIES A BIT SLOW.....

Cumul Oat Deliveries as % of Supply



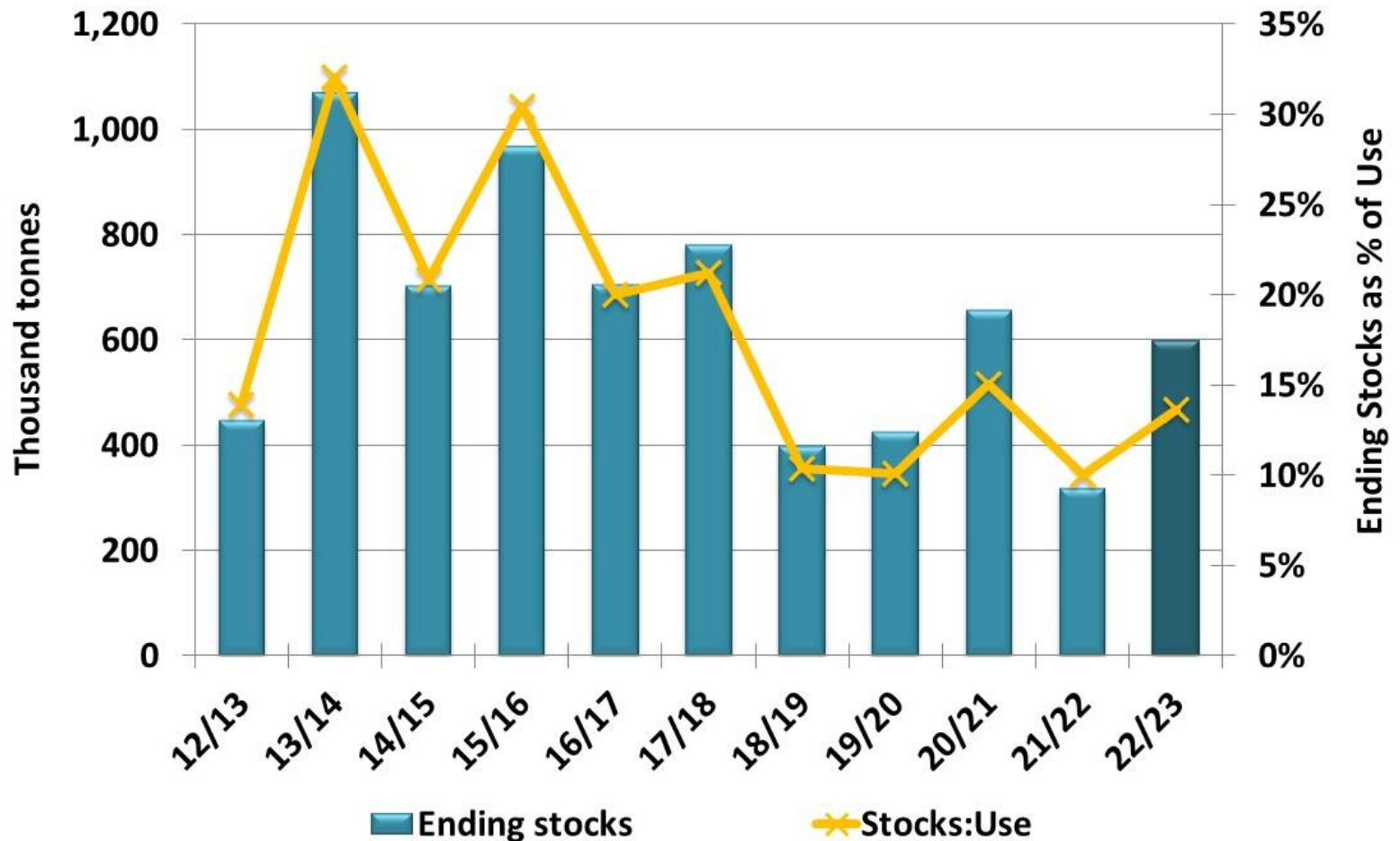
EXPORTS BEHIND THE FORECAST PACE

Cumulative Licensed Oat Exports



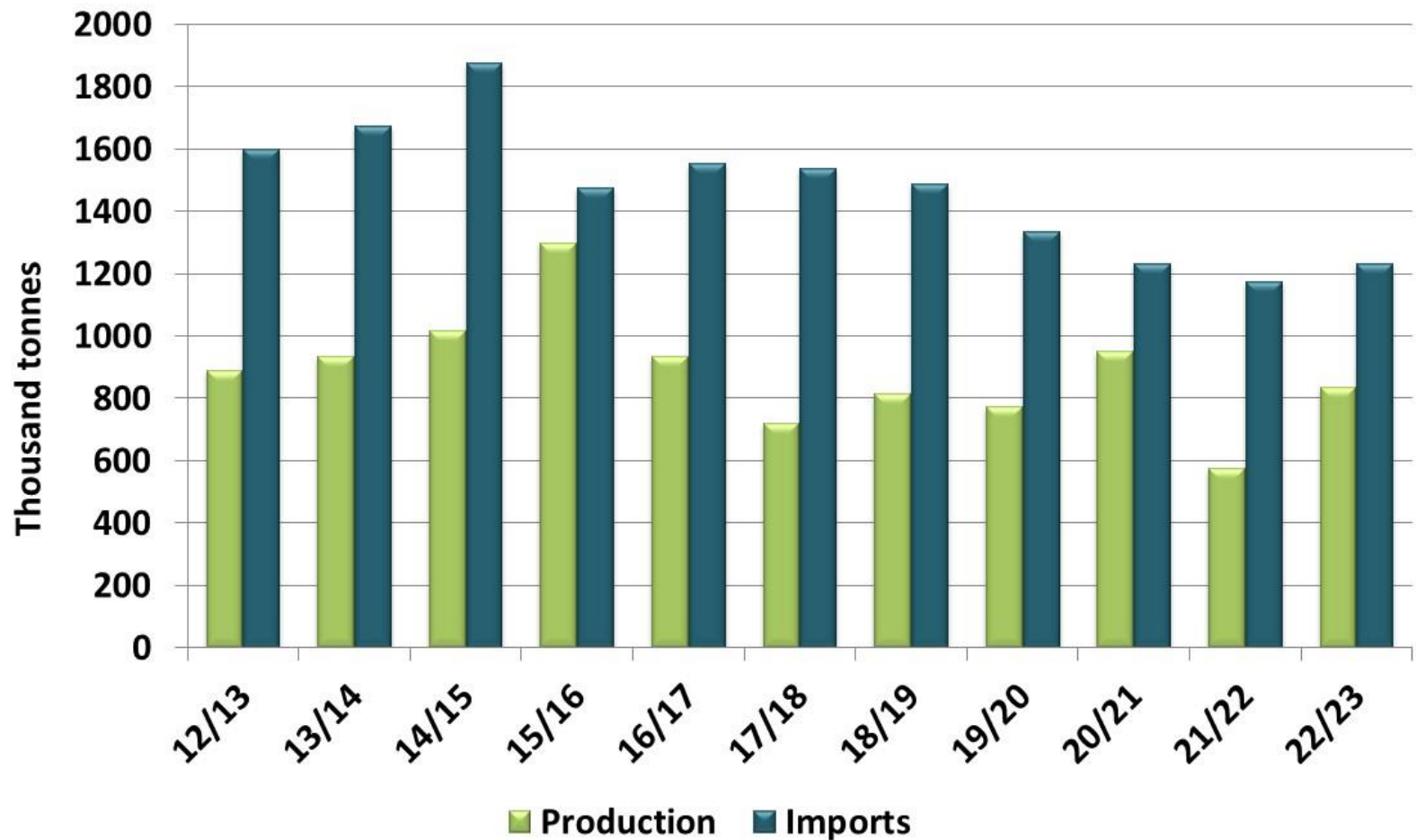
STOCKS BUILD, BUT NOT 'BURDENSOME'

Canadian Oat Ending Stocks



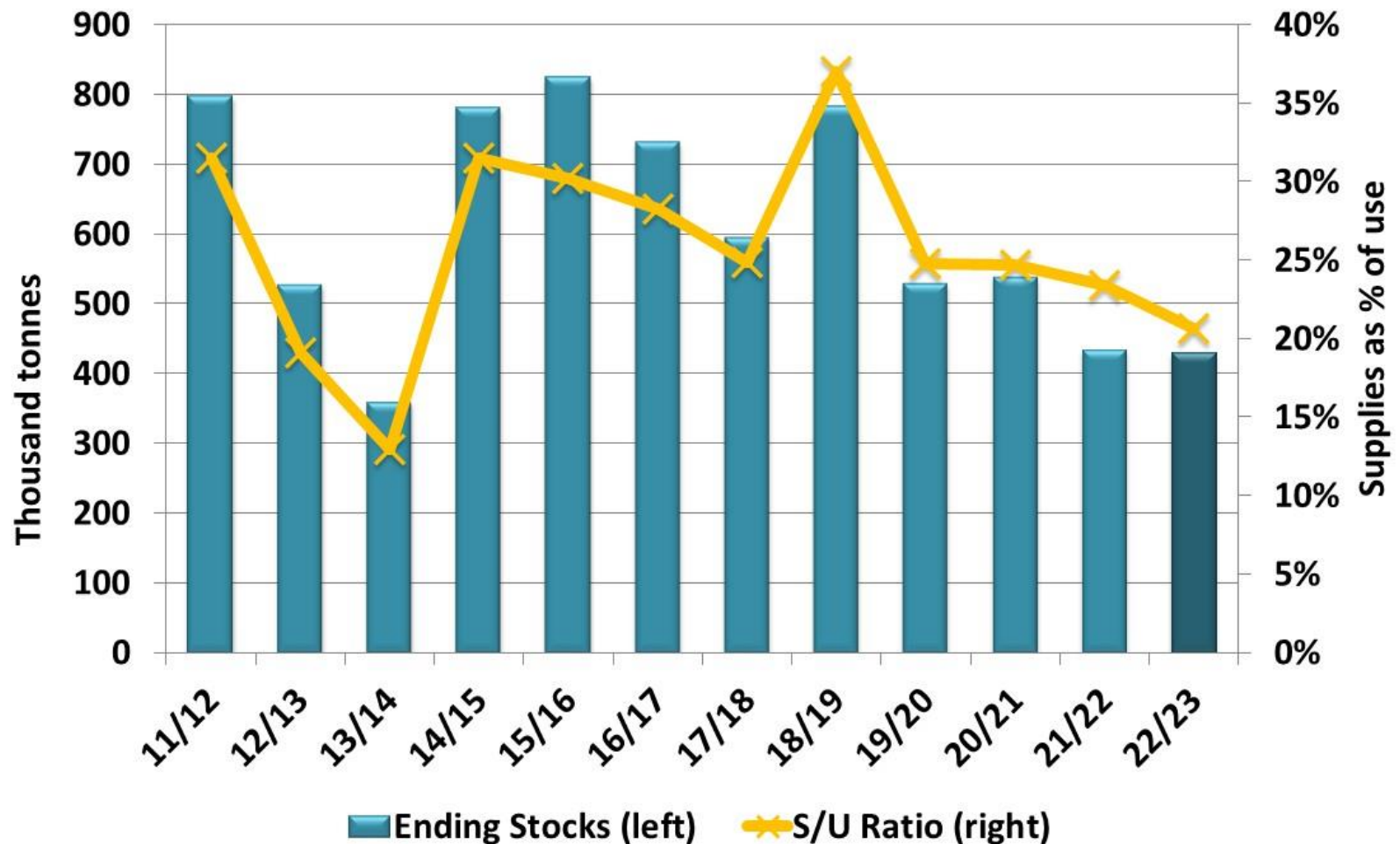
US PRODUCTION UP, IMPORTS UNDERSTATED?

US Oat Production & Imports



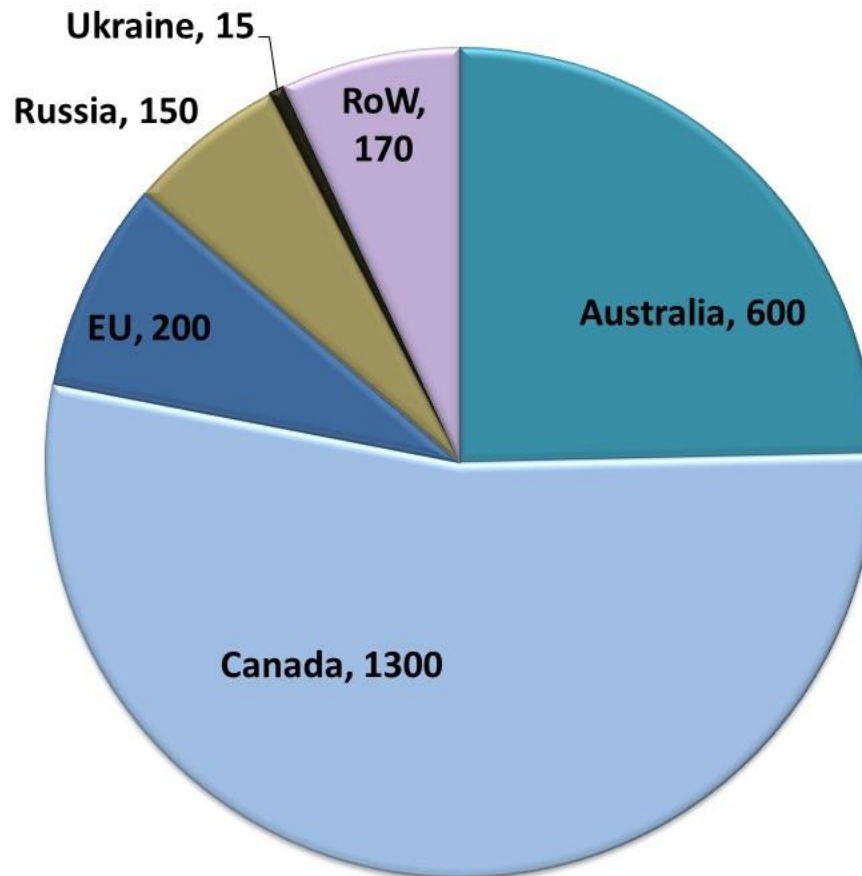
US OAT STOCKS WILL BE TIGHT AGAIN

US Oat Ending Stocks

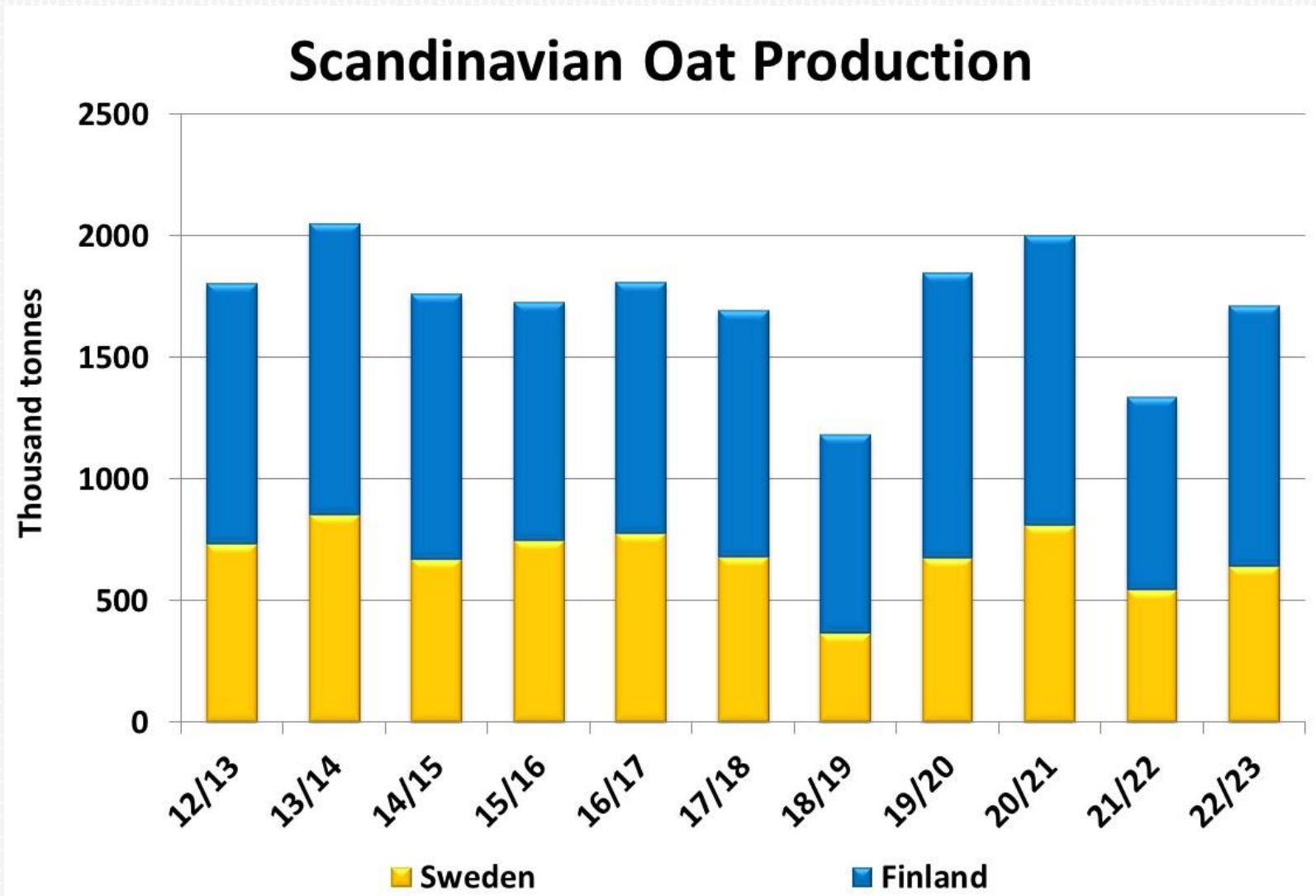


GLOBAL MARKET IS NORTH AMERICA-CENTRIC

World Oat Exports 2021/22 ('000 tonnes)

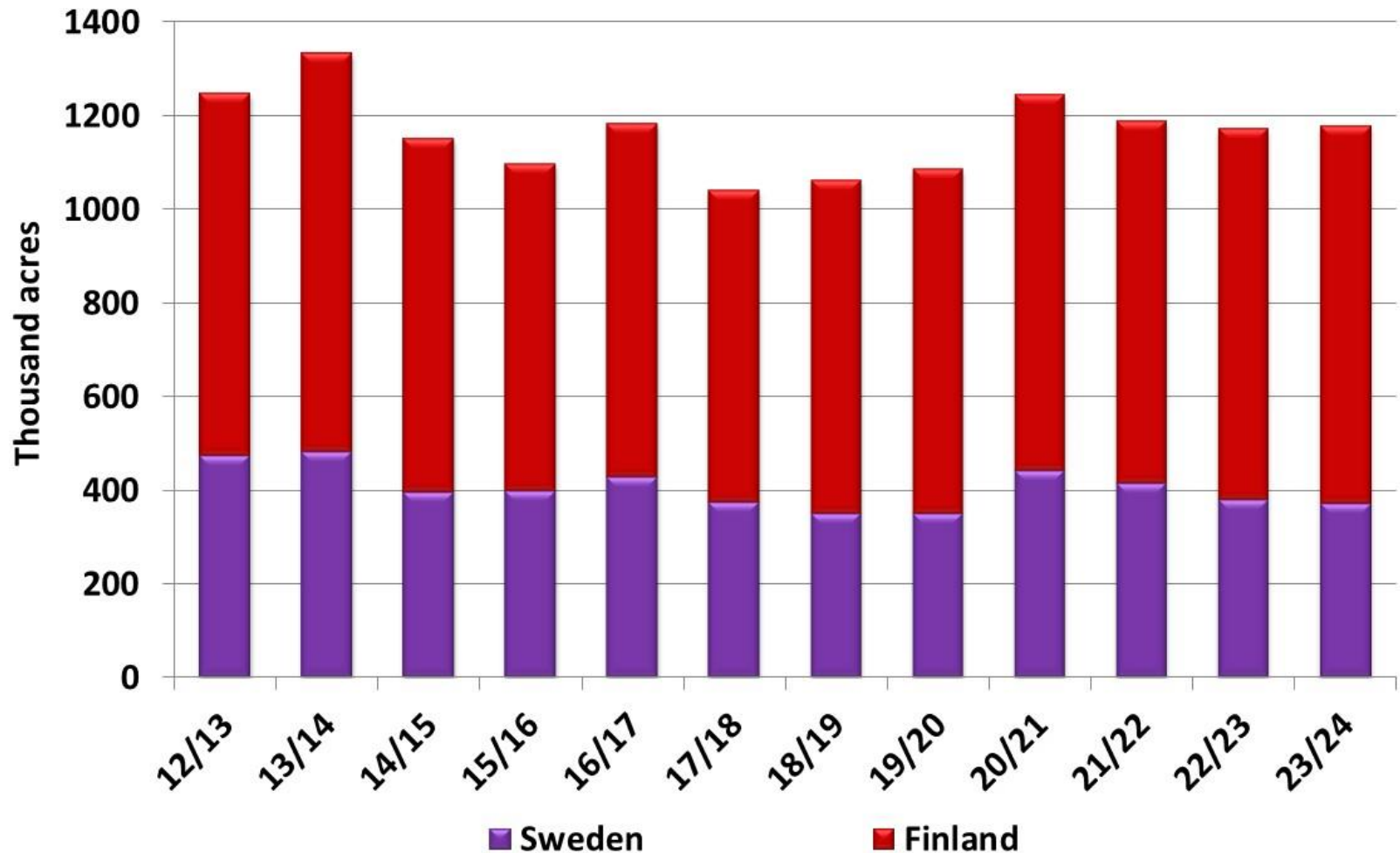


AVERAGE SCANDINAVIAN PRODUCTION



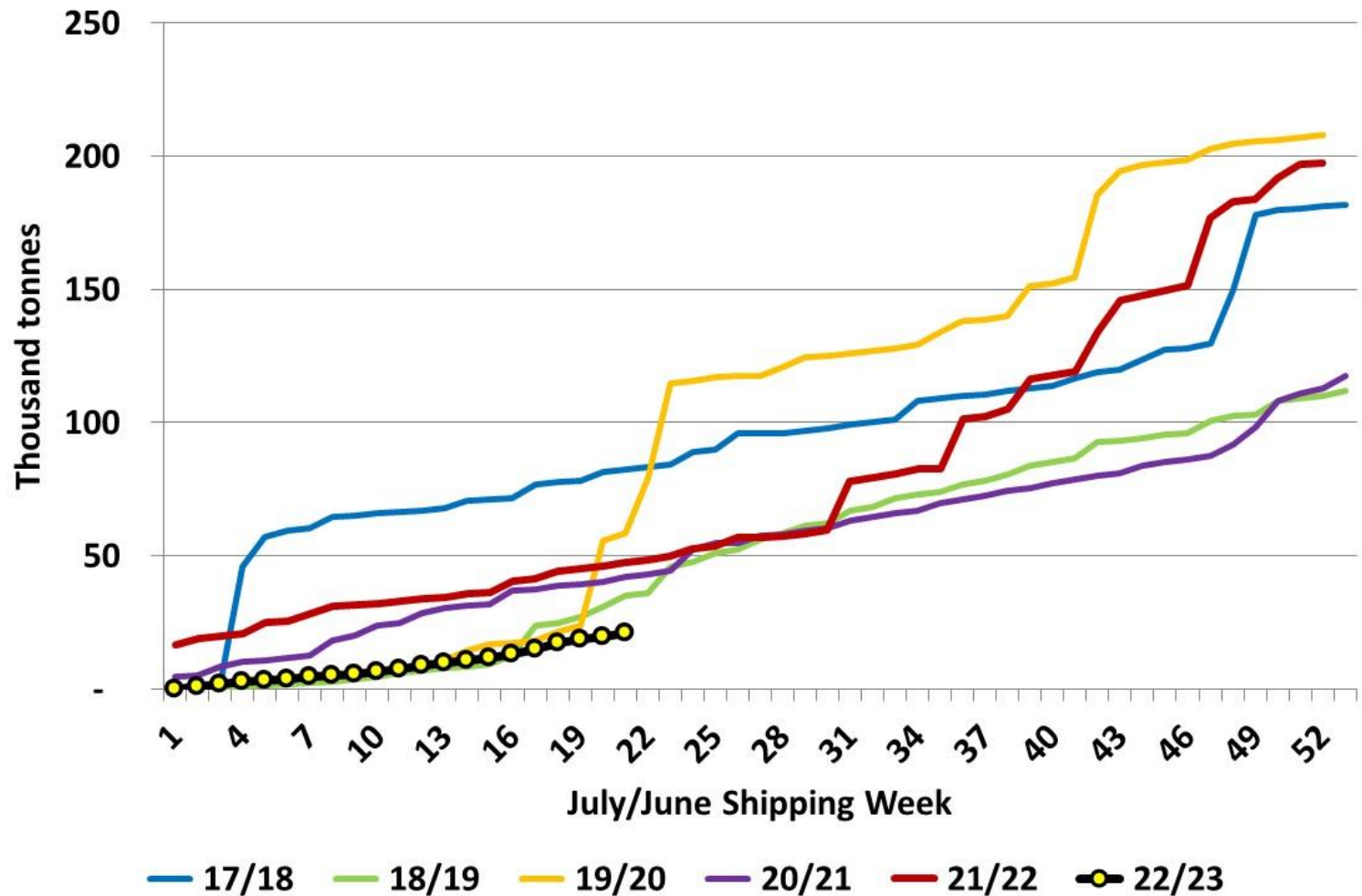
SCANDINAVIAN ACRES WILL BE FLAT

Scandinavian Oat Acreage



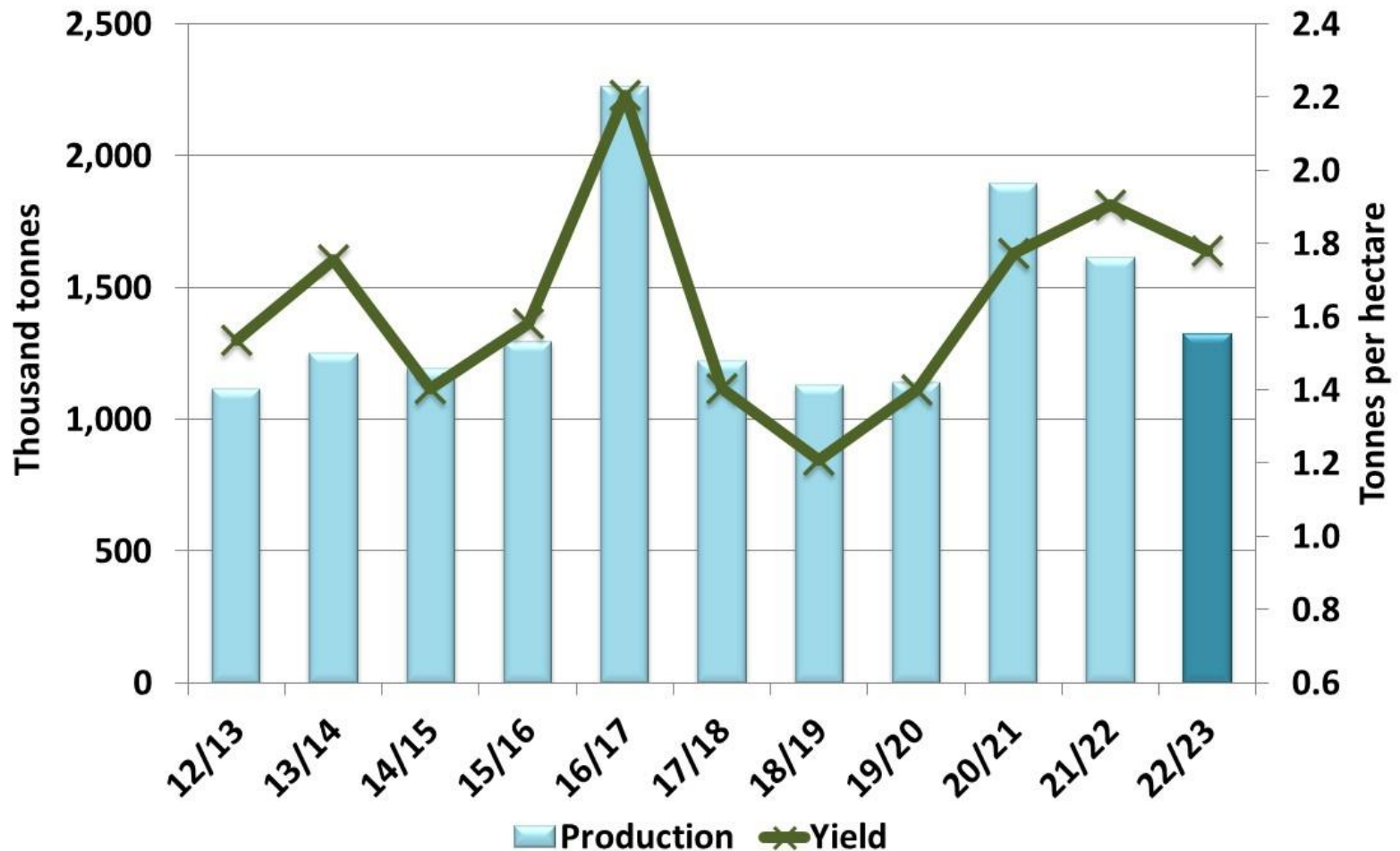
EU EXPORTS SLOW

EU Oat Exports



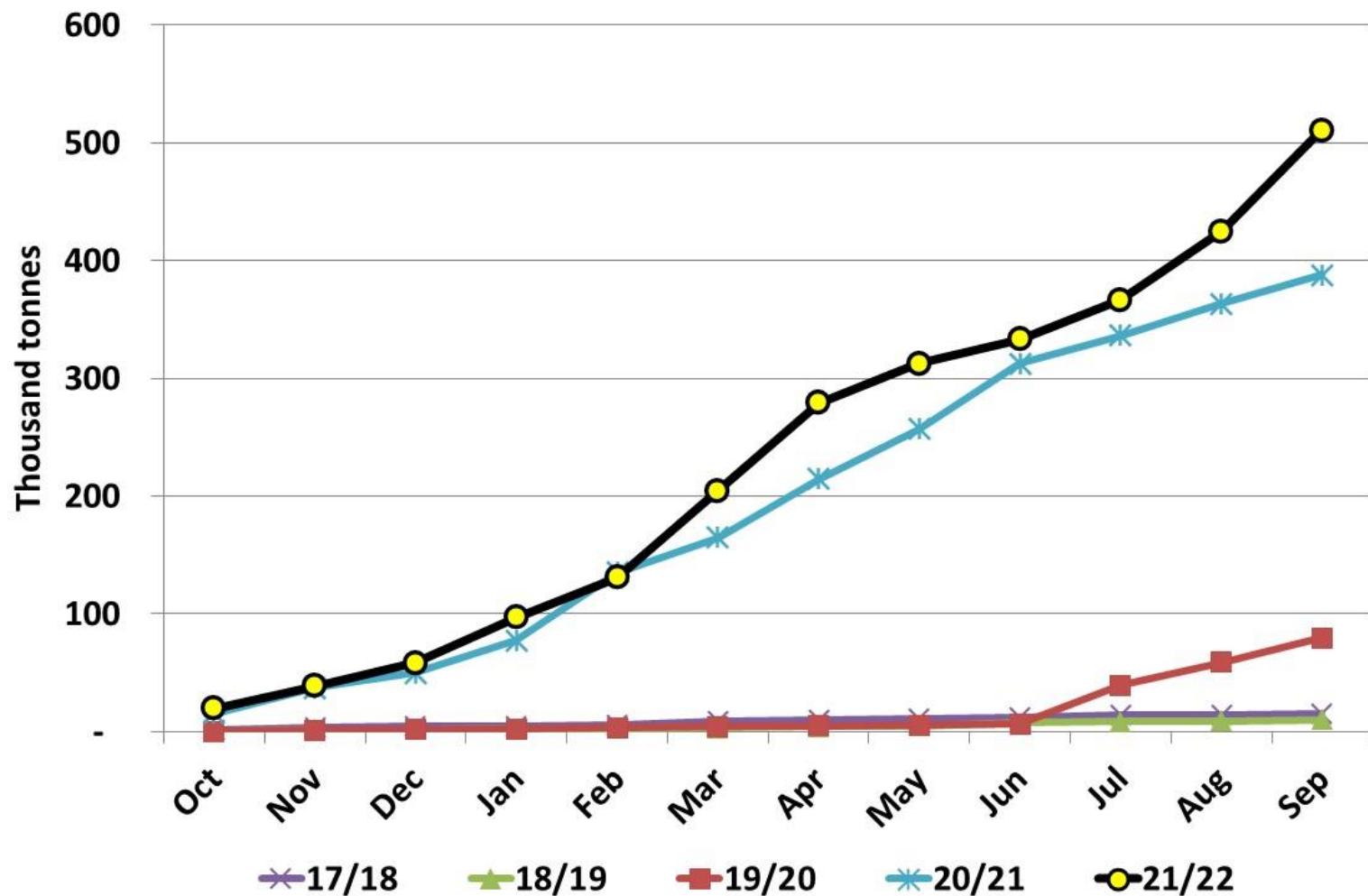
AUSTRALIAN PRODUCTION DOWN

Australian Oat Production & Yield



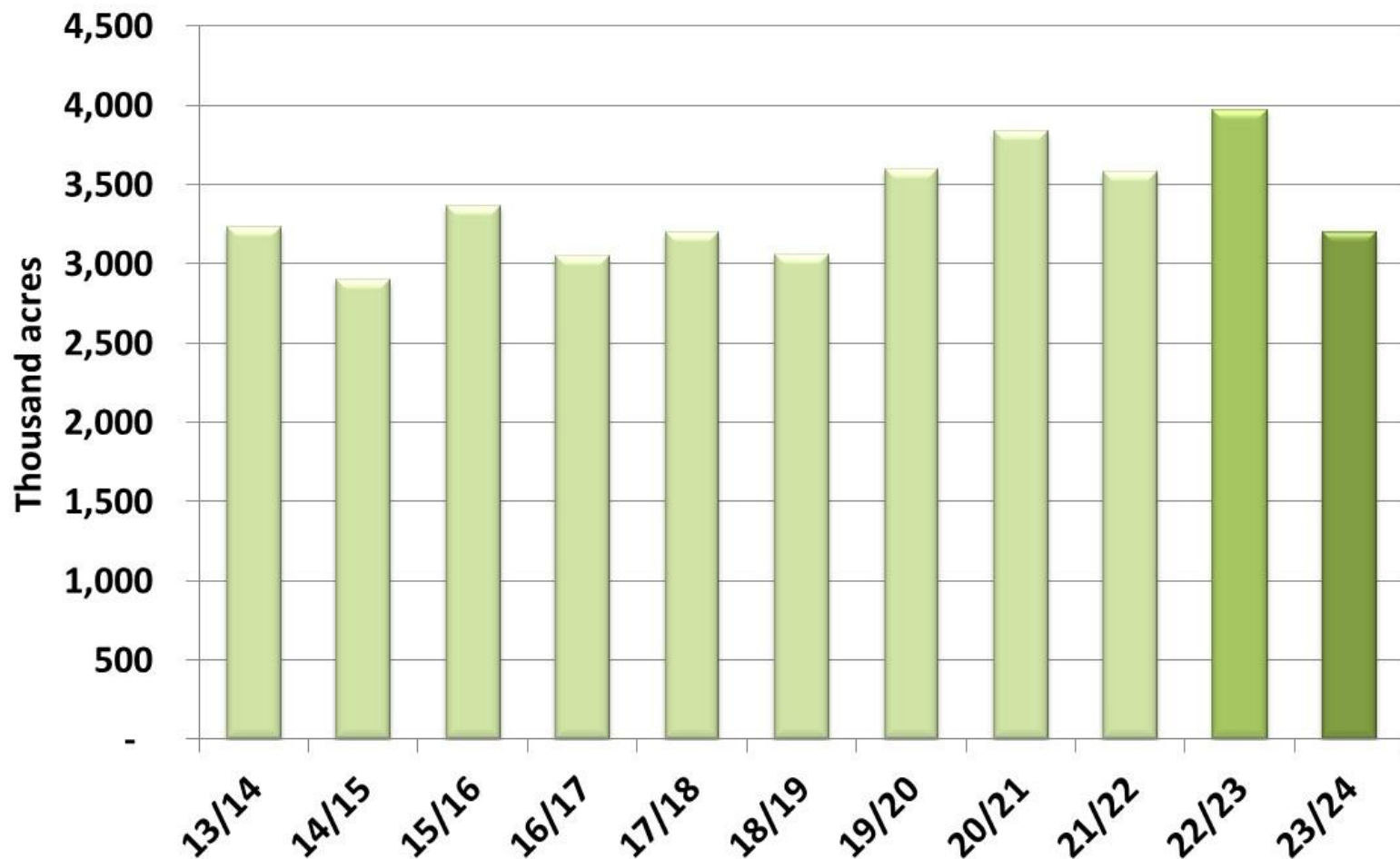
HUGE AUSTRALIAN EXPORTS

Australian Oats Exports



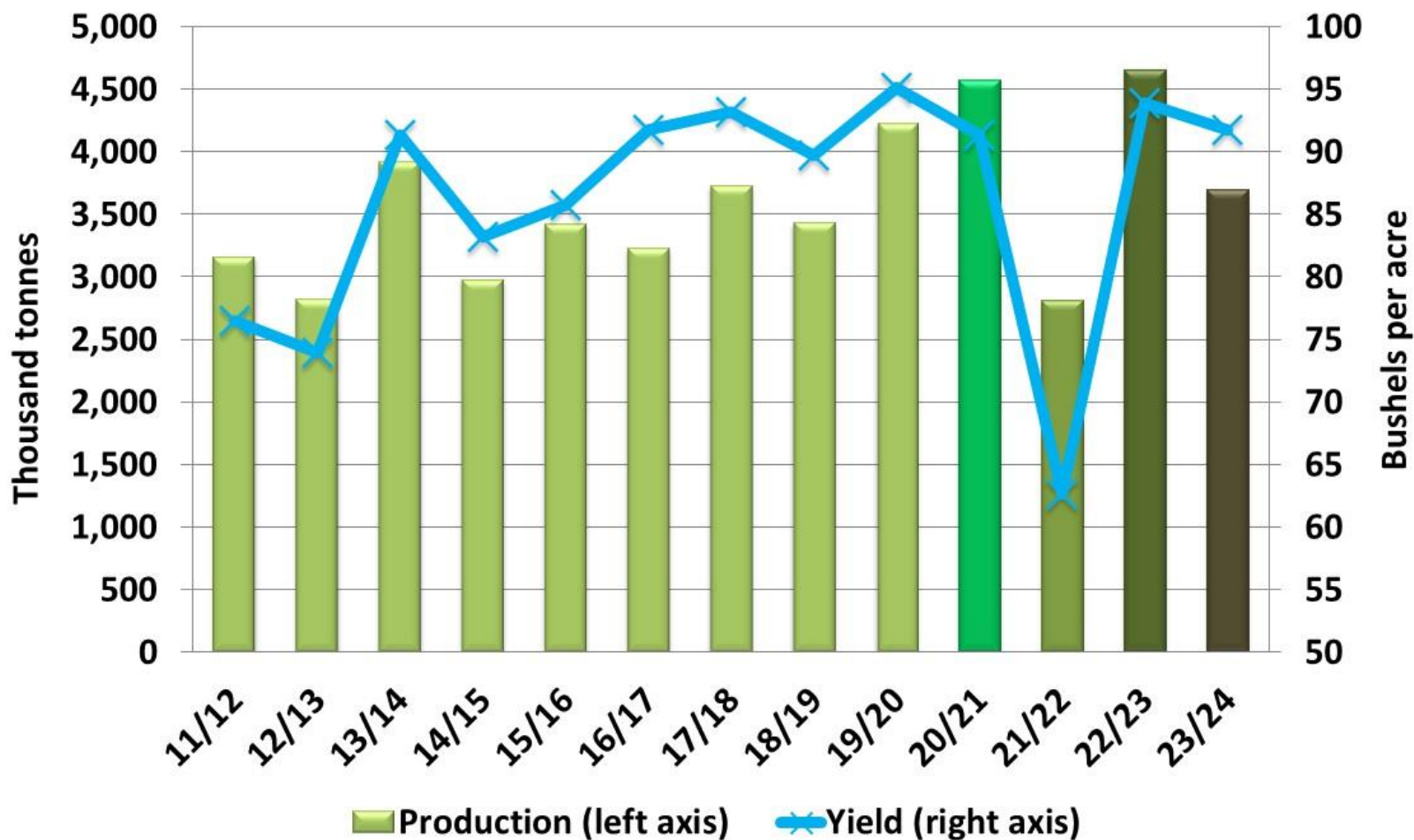
WHAT ABOUT 2023?.....

Canadian Oat Seeded Area



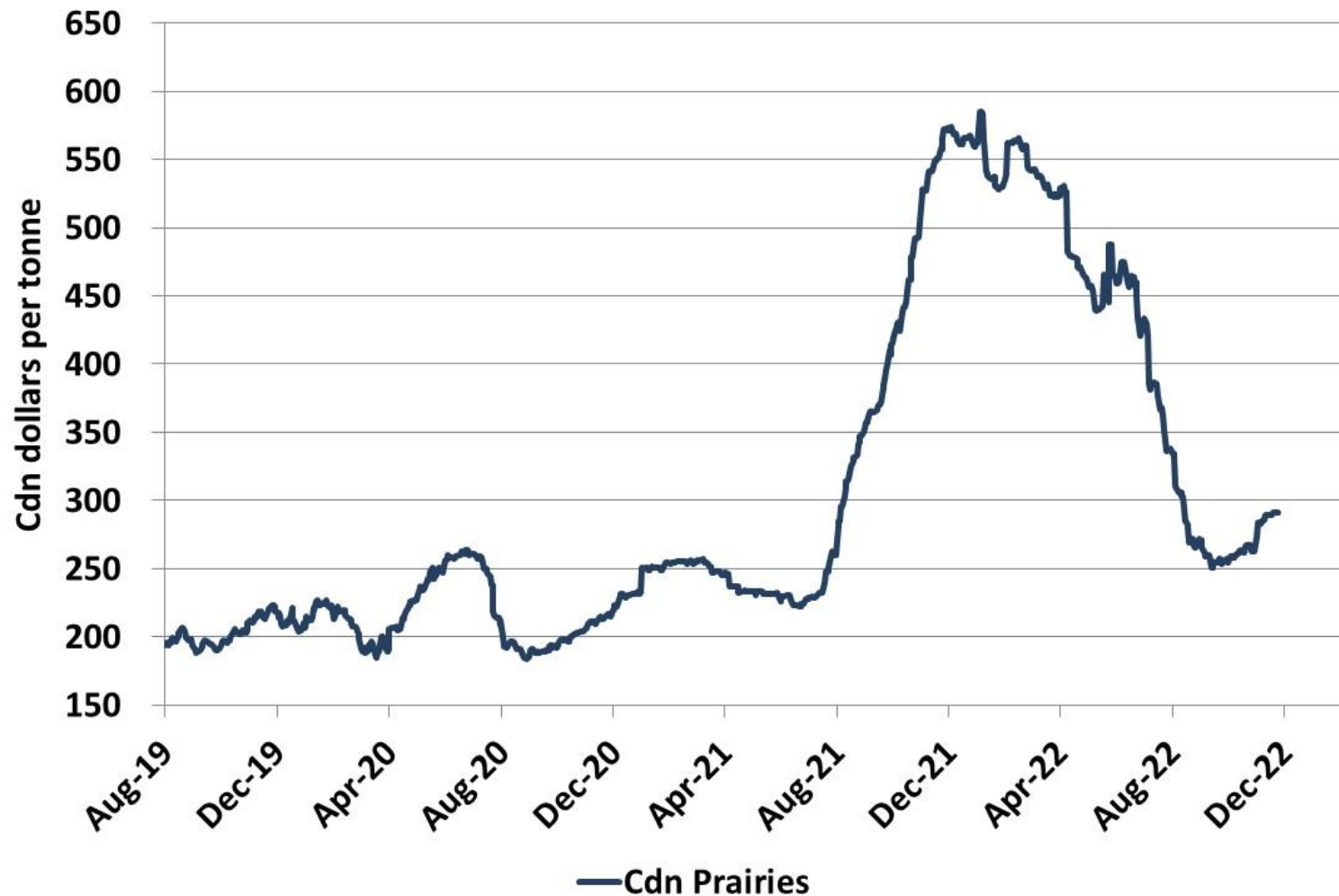
PRODUCTION MAY SEE SIZEABLE DROP

Canadian Oat Production



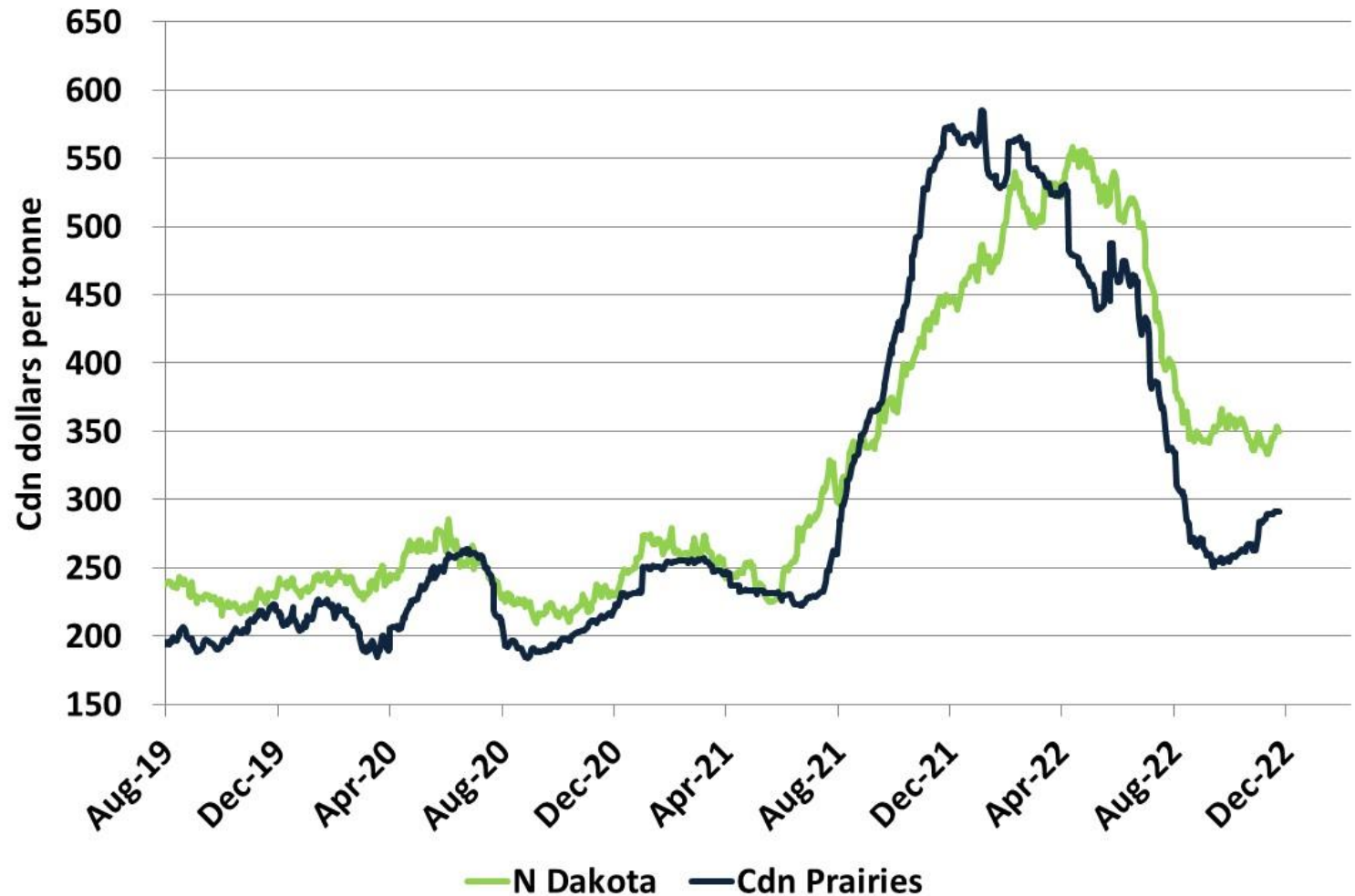
OAT PRICES OFF HARVEST LOWS

Average Oat Elevator Bids



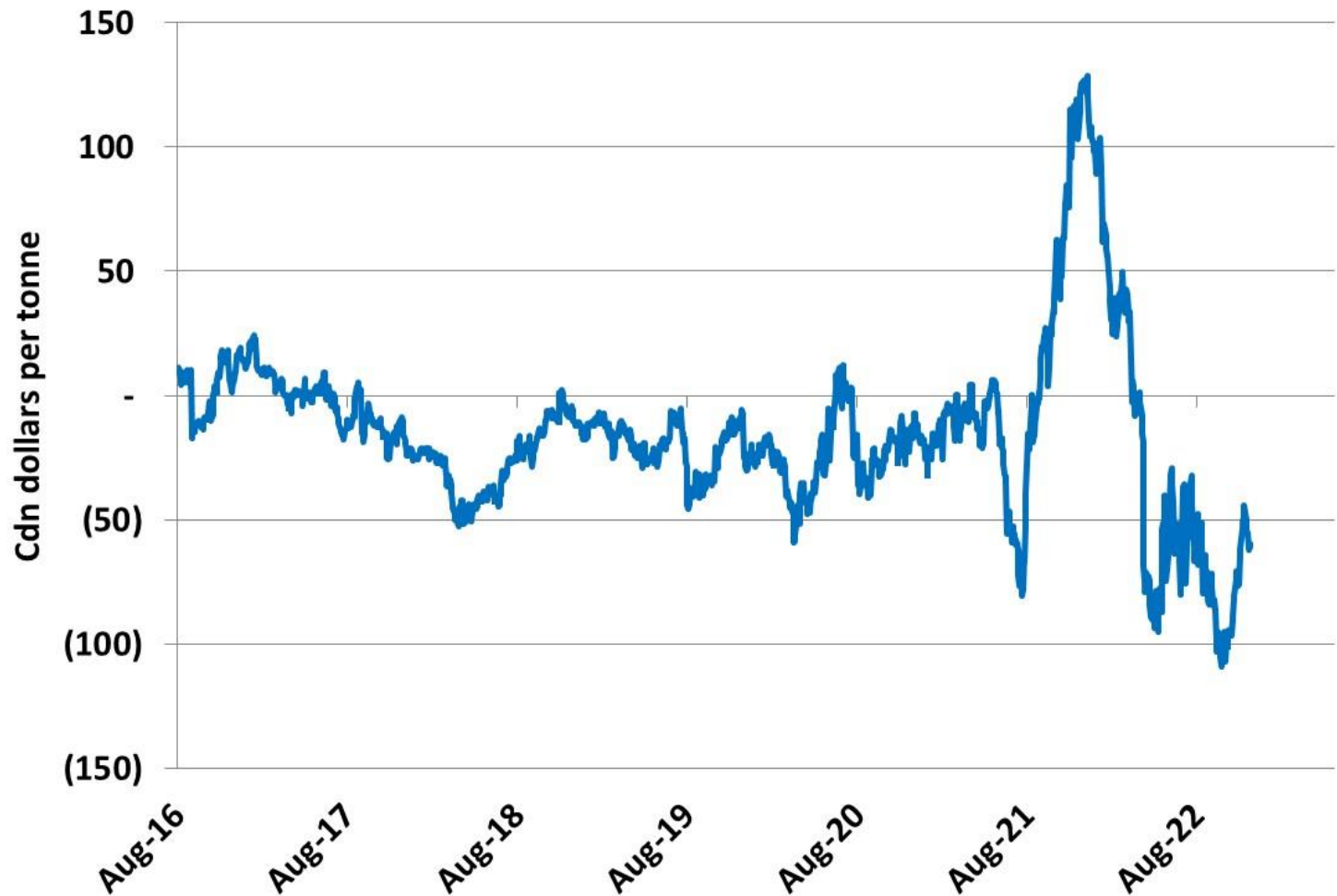
PRAIRIE BIDS DISCOUNTED RELATIVE TO US

Average Oat Elevator Bids



PRAIRIE BIDS DISCOUNTED RELATIVE TO US

Cda - US Oat Price Spread

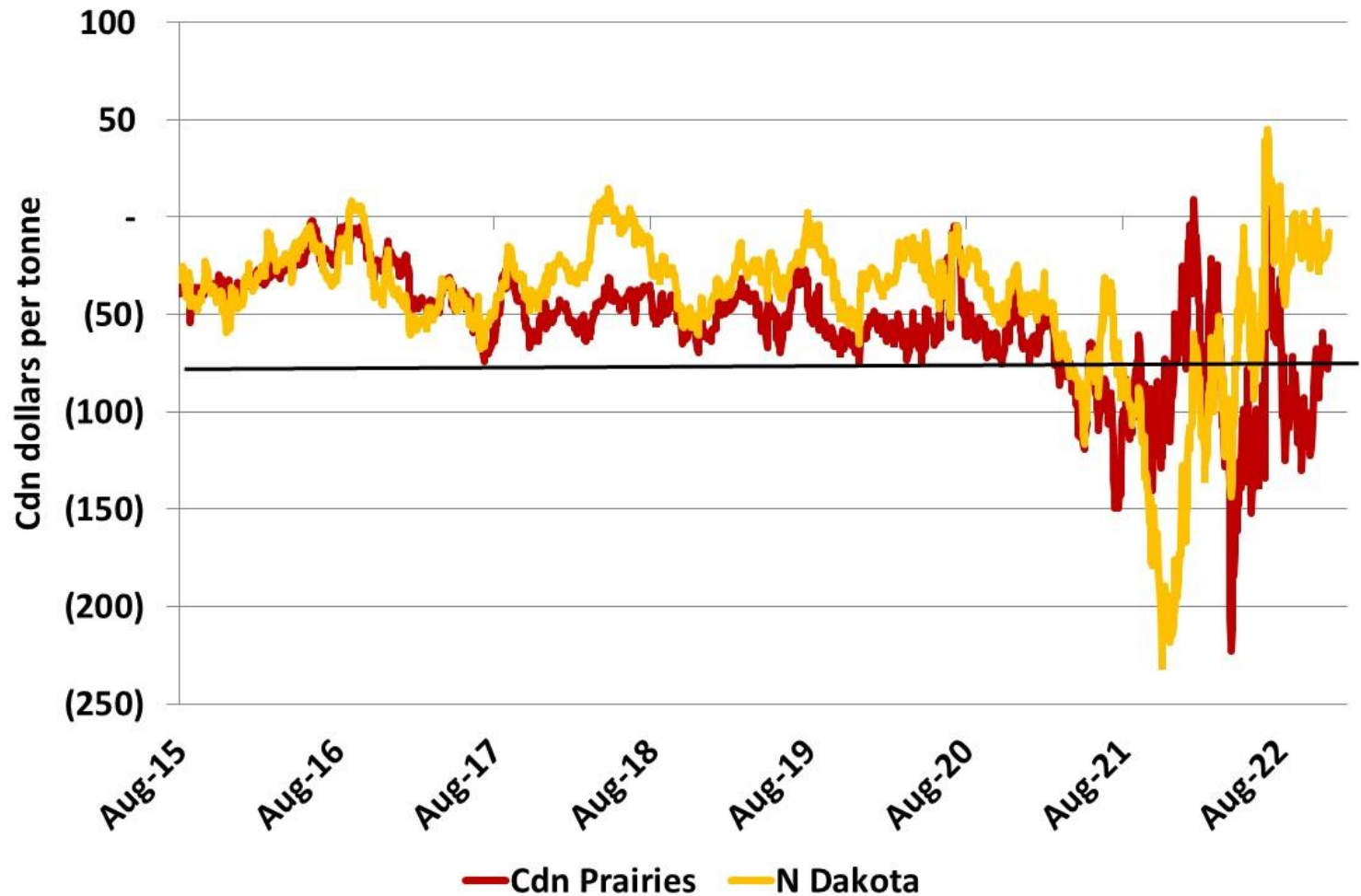


LONG TERM OAT FUTURES



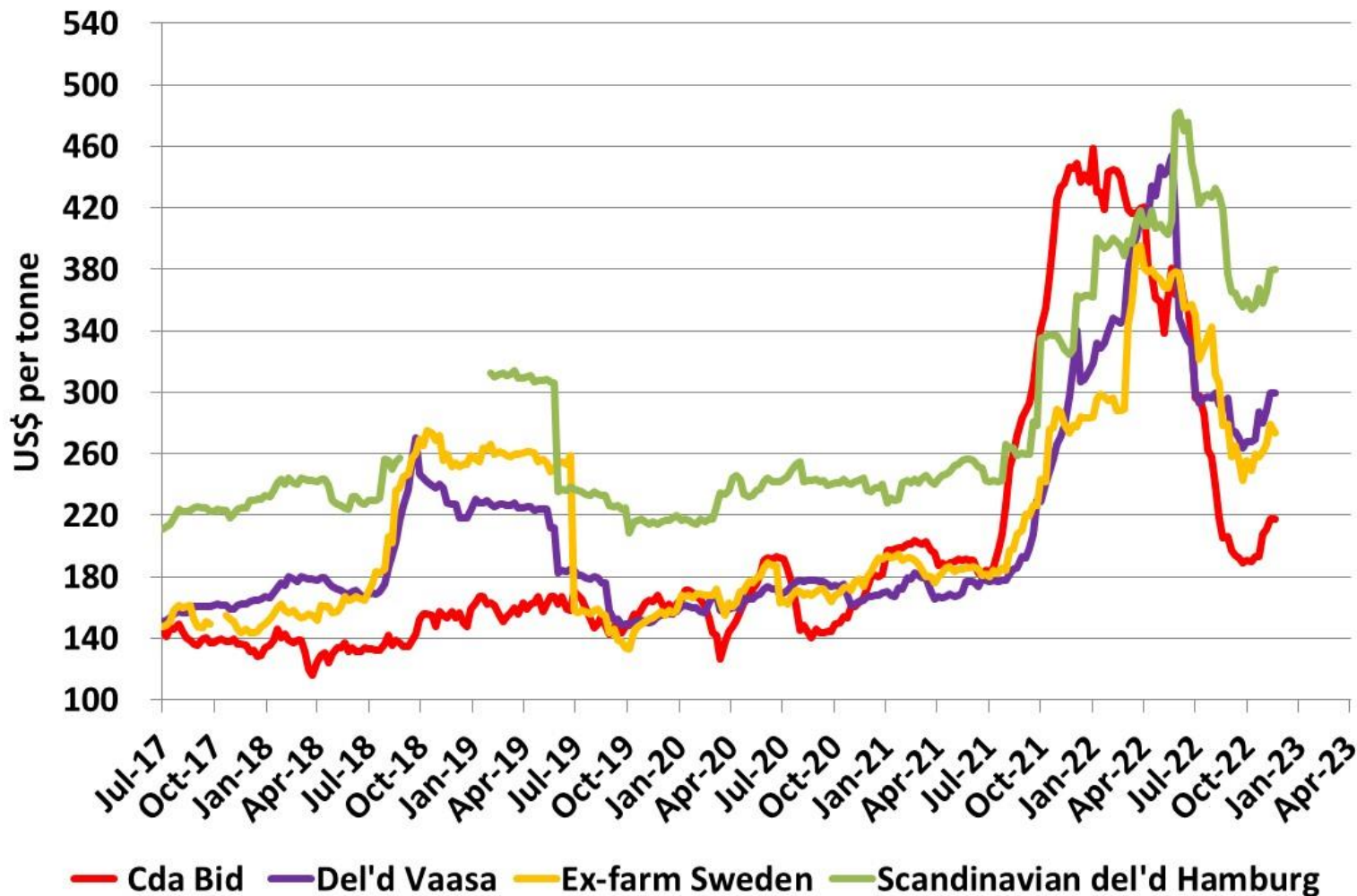
CANADIAN OAT BASIS RELATIVELY LOW

Average Oat Elevator Basis



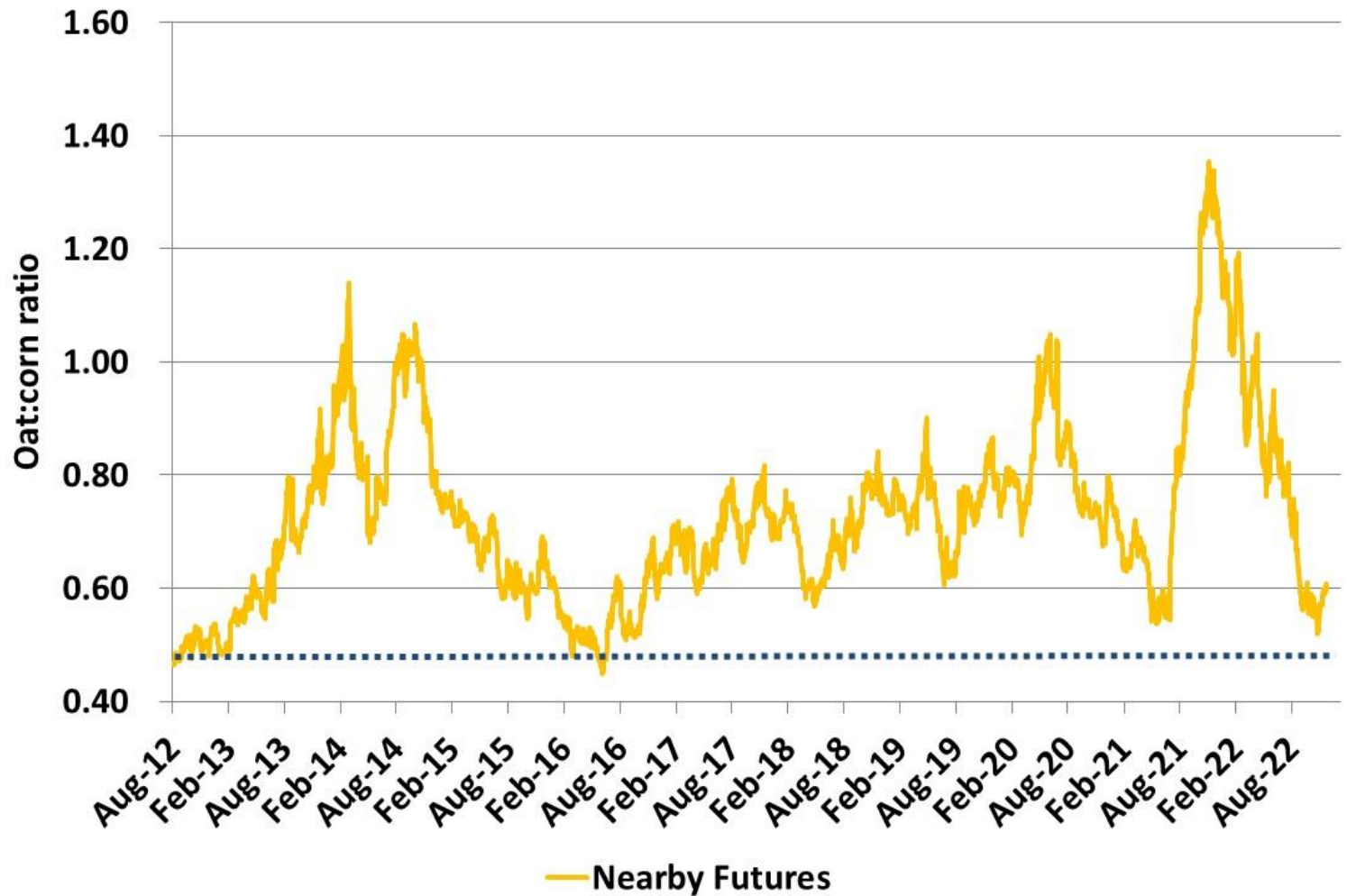
CANADA CHEAP RELATIVE TO EU

Selected Milling Oat Prices



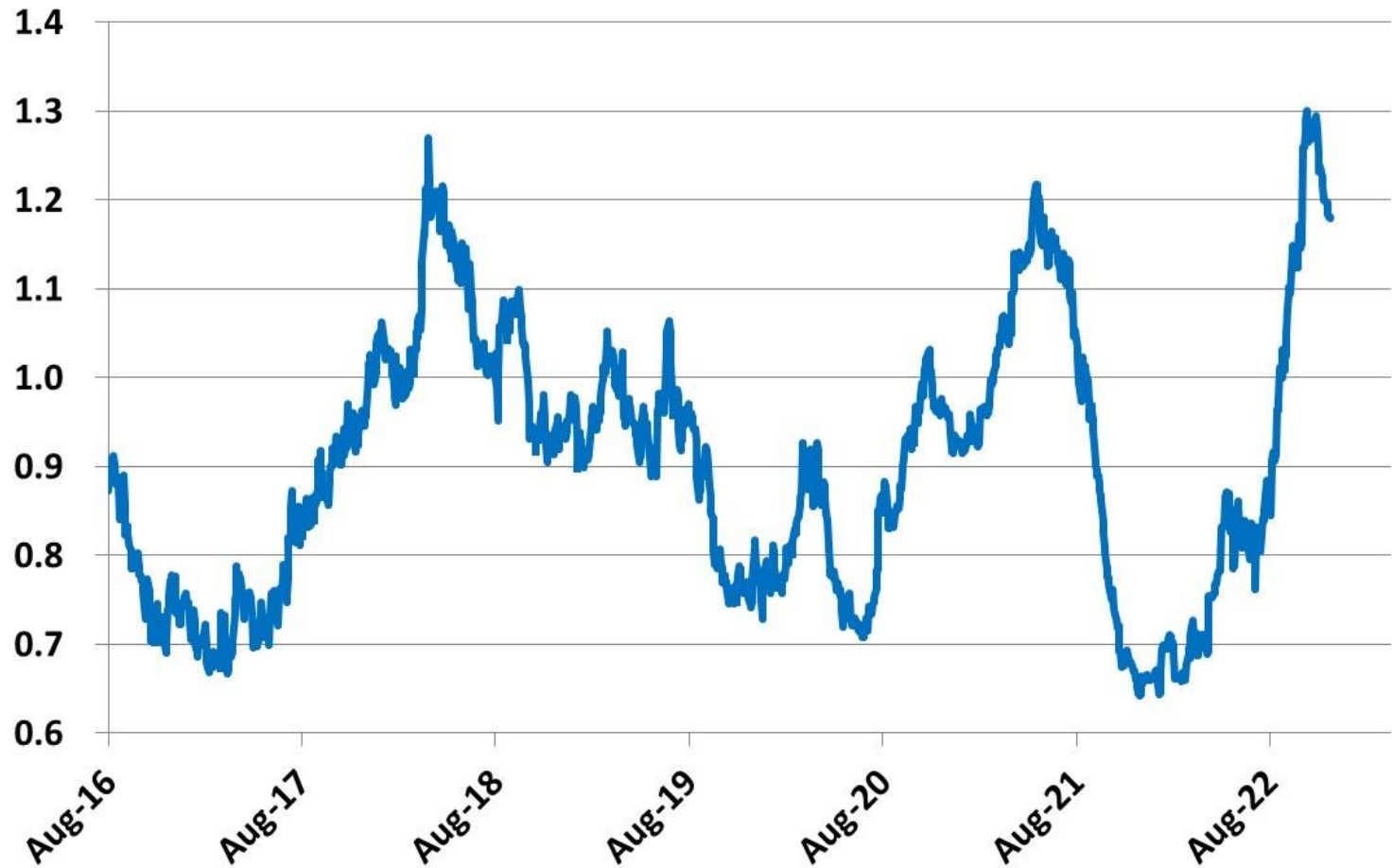
OAT FUTURES CHEAP VS CORN

Oat:Corne Ratios - Futures & Cash



PRAIRIE OAT BIDS CHEAP VS BARLEY

Western Canada Barley:Oat Price Ratio



SUMMARY

- ✖ Big rebound in supply limits upside potential
- ✖ Oats remain relatively cheap, and stocks will not be heavy
 - + 'Should' see usage levels hit forecasts
- ✖ Cereal complex is tight
- ✖ Sets up for steady-to-firmer market
- ✖ May see big drop in 2023 production

