

Oat Market Outlook

Presented by:
Chuck Penner
@leftfieldcr



January 2024

PRESENTATION OUTLINE

- × Big Picture Issues
- × Oat Outlook
 - + Short-term
 - + 2024/25 season

ECONOMIC ISSUES – CHINA



XINHUANET



Xinhua Headlines: Zooming into strength, resilience and potential of Chinese economy

Source: Xinhua Editor: huaxia 2023-12-07 20:50:



China corn breeders ready for doubling of GMO planting in 2024

27 December 2023 | Source: Agropages



China turned things around. Instead, the market opened.

ECONOMIC ISSUES – TRADE

Markets

Trump's 10% Import Tariff Would Crush Trade, LA Port Chief Says

- Seroka offers optimistic signal on 2024 as business picks up
- Exports from Los Angeles have risen several straight months



Turkey emerges as key durum wheat exporter

amidst global shortages

02 November 2023 • 3 min reading

Argentina's Milei Devalues Peso by 54% in First Batch of Shock Measures

Dec 12, 2023

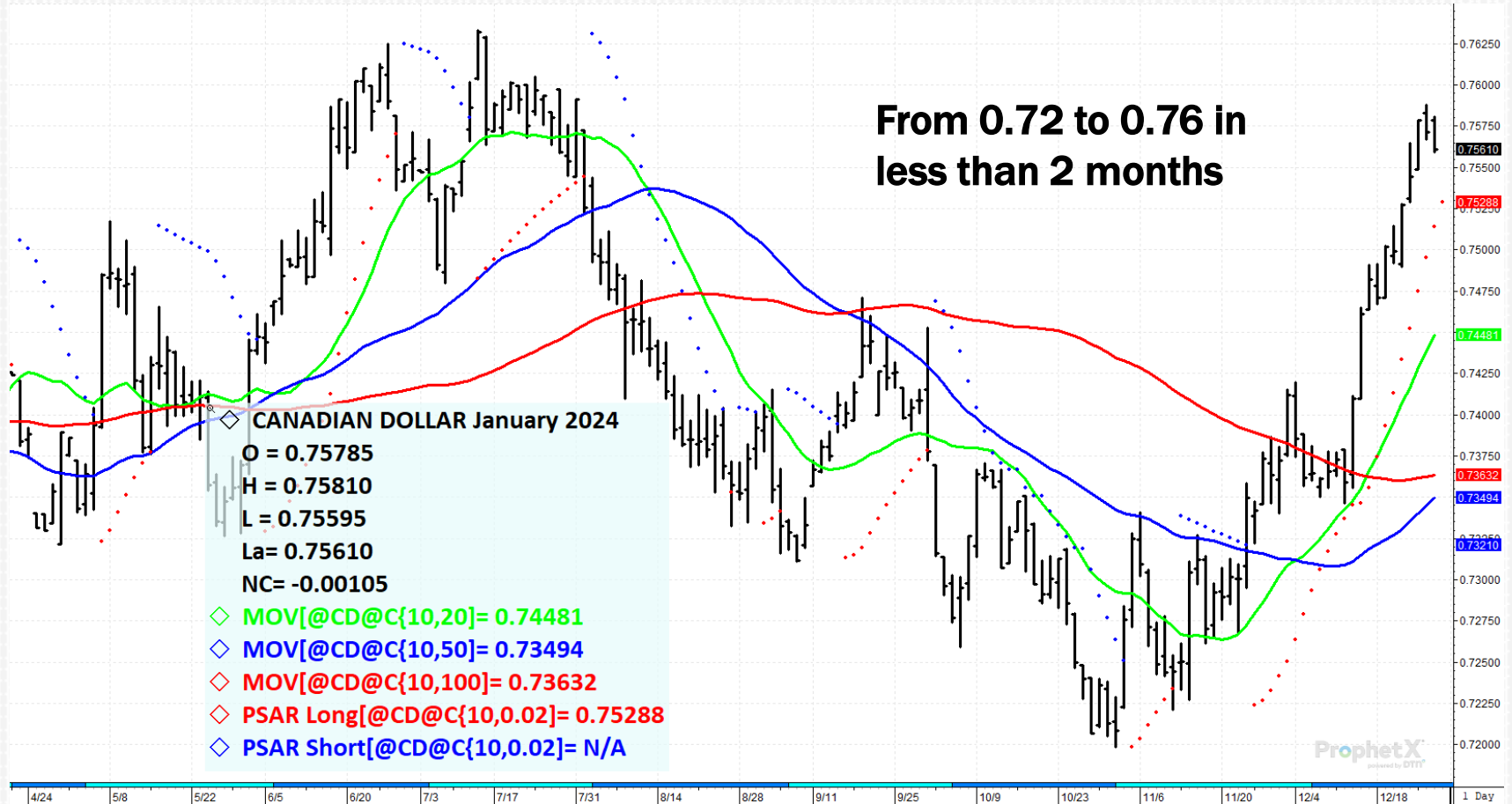
Kevin Simauchi, Manuela Tobias and Ignacio Olivera Doll, Bloomberg News



World Bank Warns Record Debt Burdens Haunt Developing Economies

Surging interest rates and waning financing options threaten a “lost decade” for poor countries.

ECONOMIC ISSUES – CURRENCY



ECONOMIC ISSUES – TRANSPORTATION

Ukraine cautiously optimistic about new Black Sea shipping corridor

Panama Canal Jam Sends Ships Sailing Continents Out of the Way

Ruth Liao, Bloomberg News



Sources: Shiptracking data compiled by Bloomberg, Panama Canal Authority



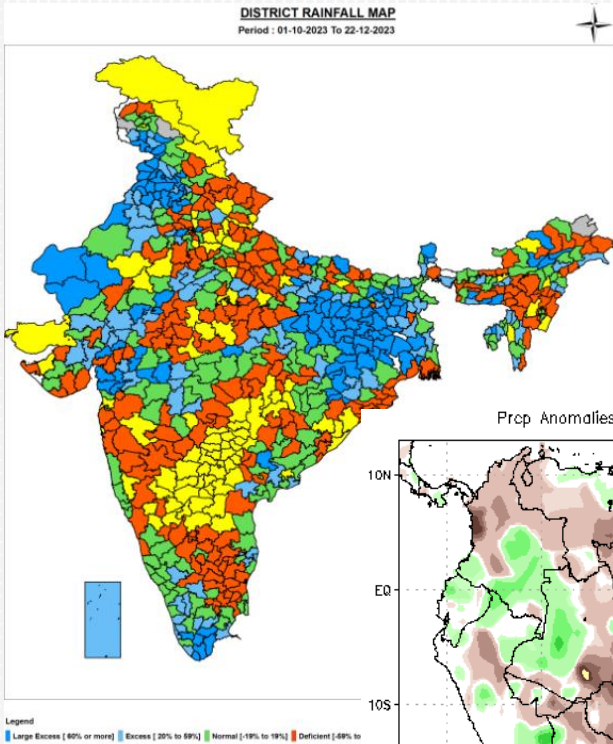
More big shipping firms stop Red Sea routes after attacks

16th December 2023, 12:19 CST

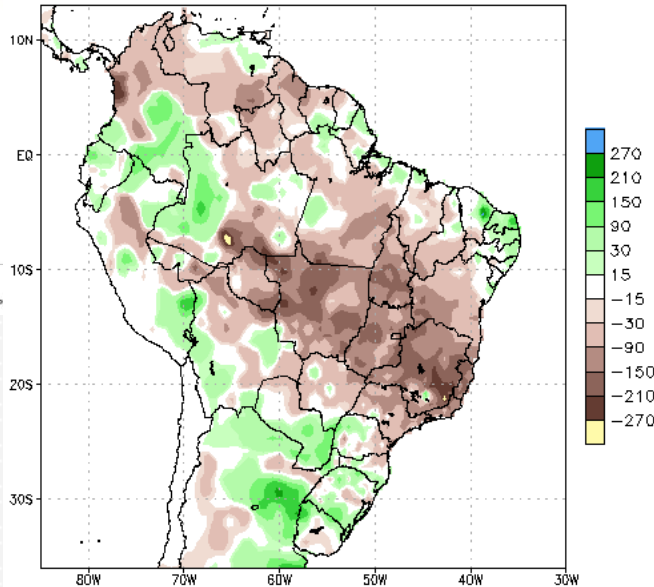
Share



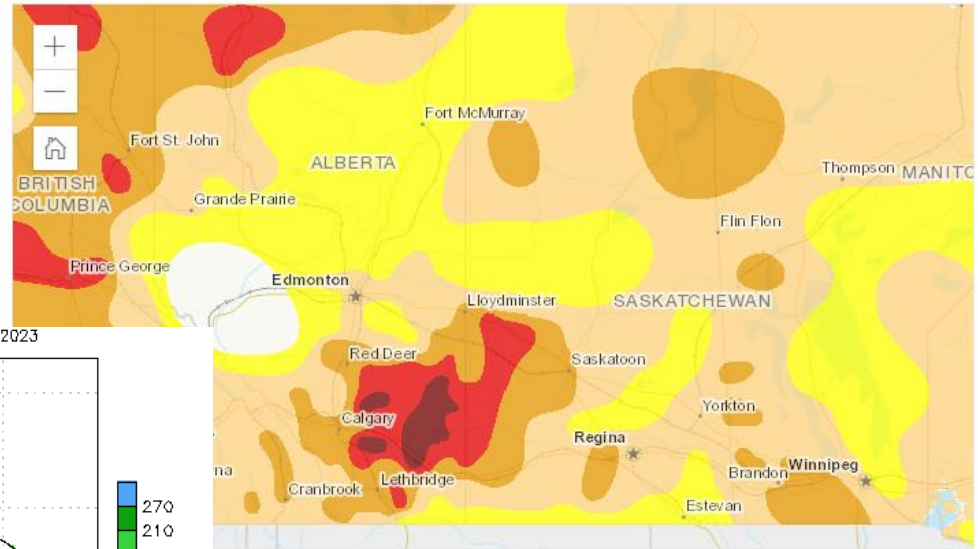
WEATHER ISSUES



Prp Anomalies (mm) 22NOV2023-21DEC2023

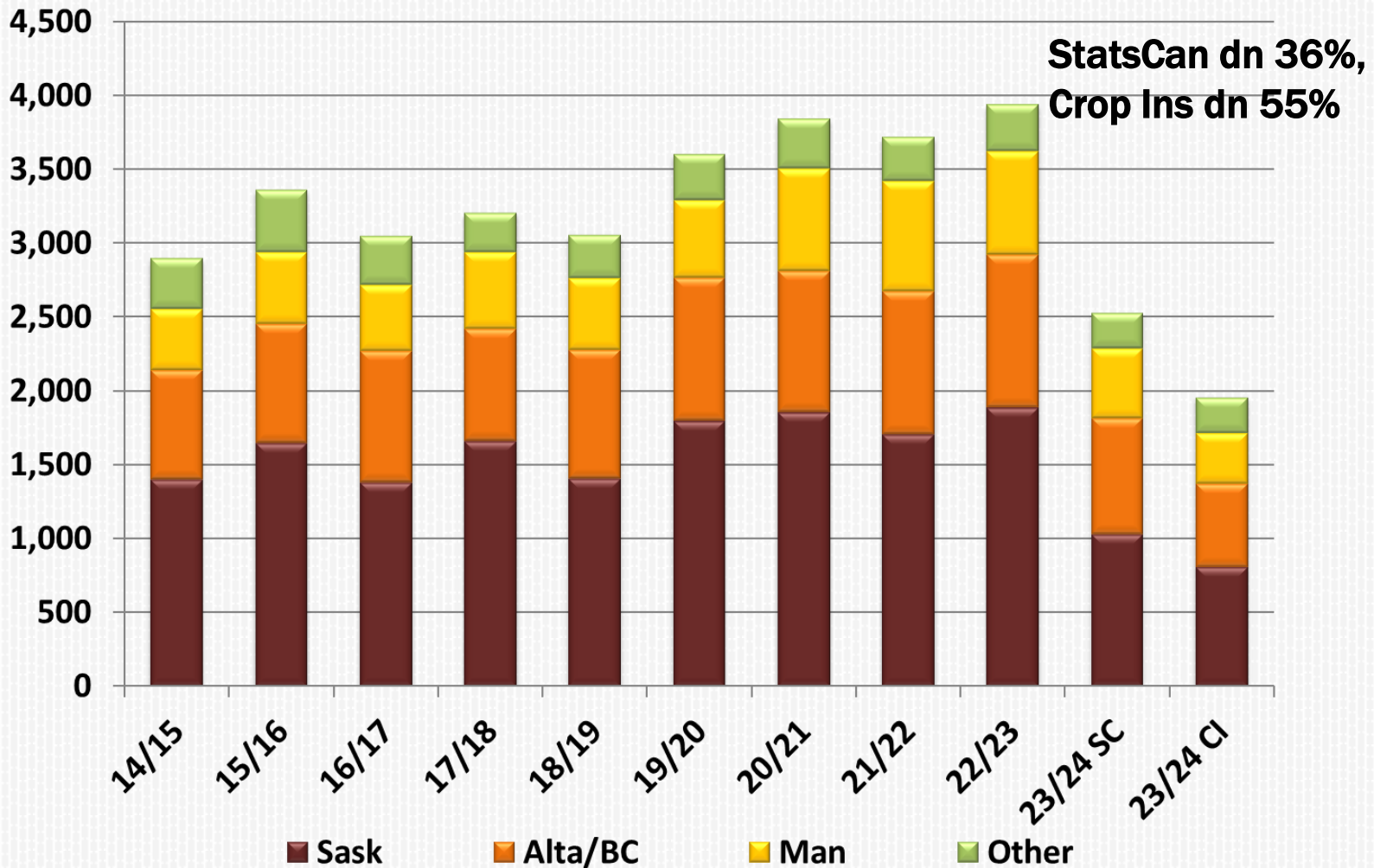


Drought conditions as of November 30, 2023

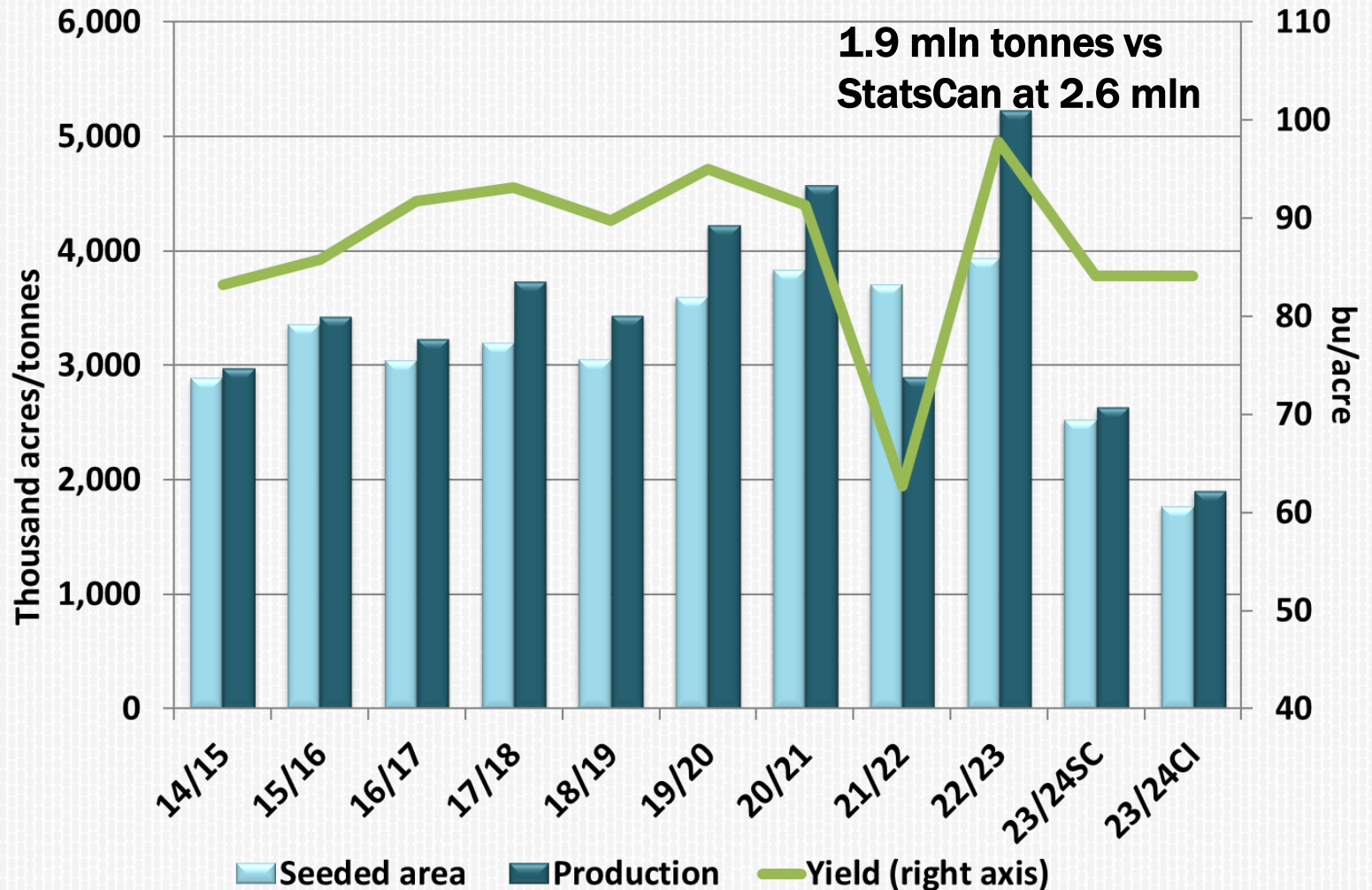


Very dry
Moderately dry
D2 - Severe drought
D3 - Extreme drought
D4 - Exceptional drought
Drought Not Analyzed

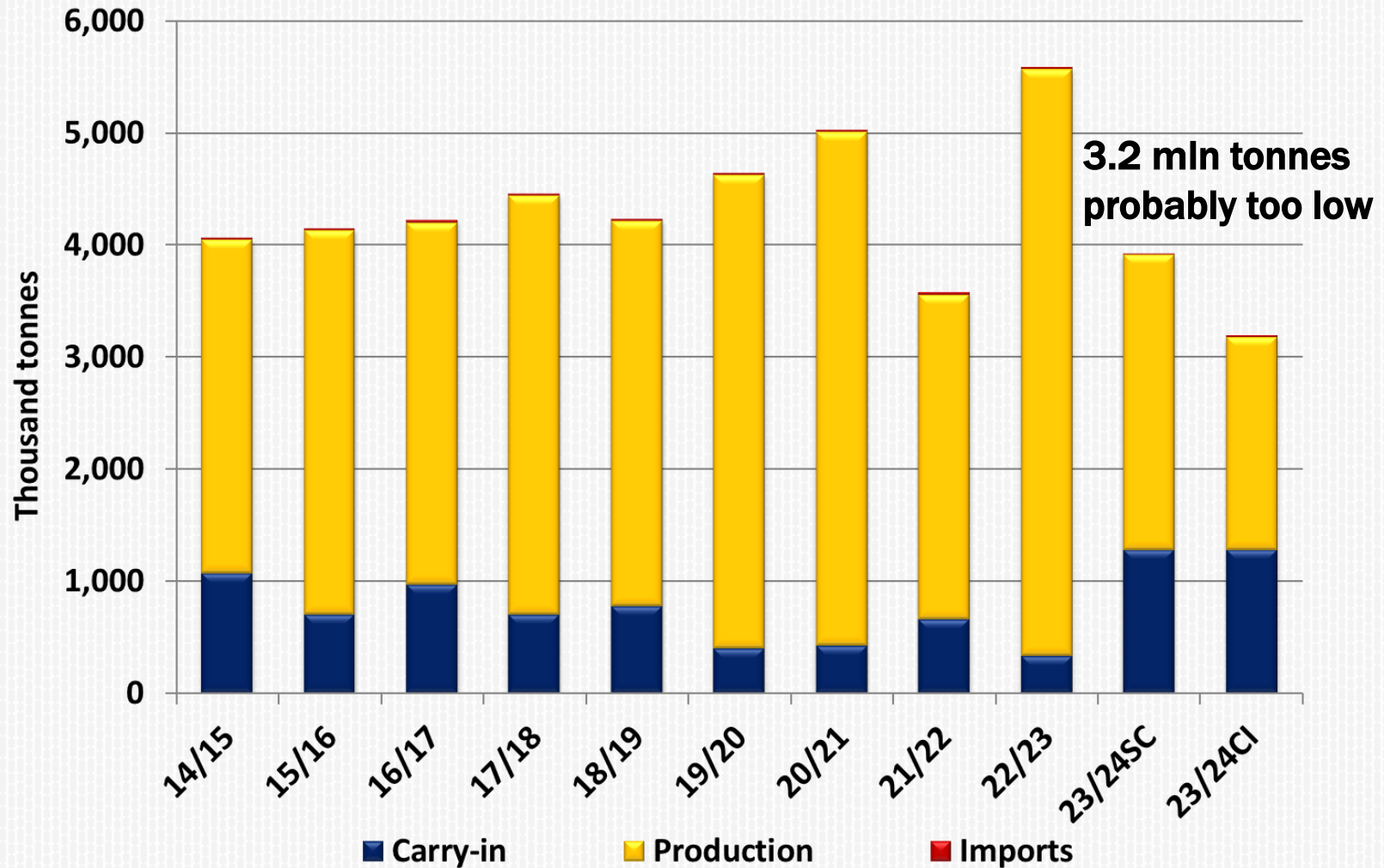
SEEDED AREA – OATS



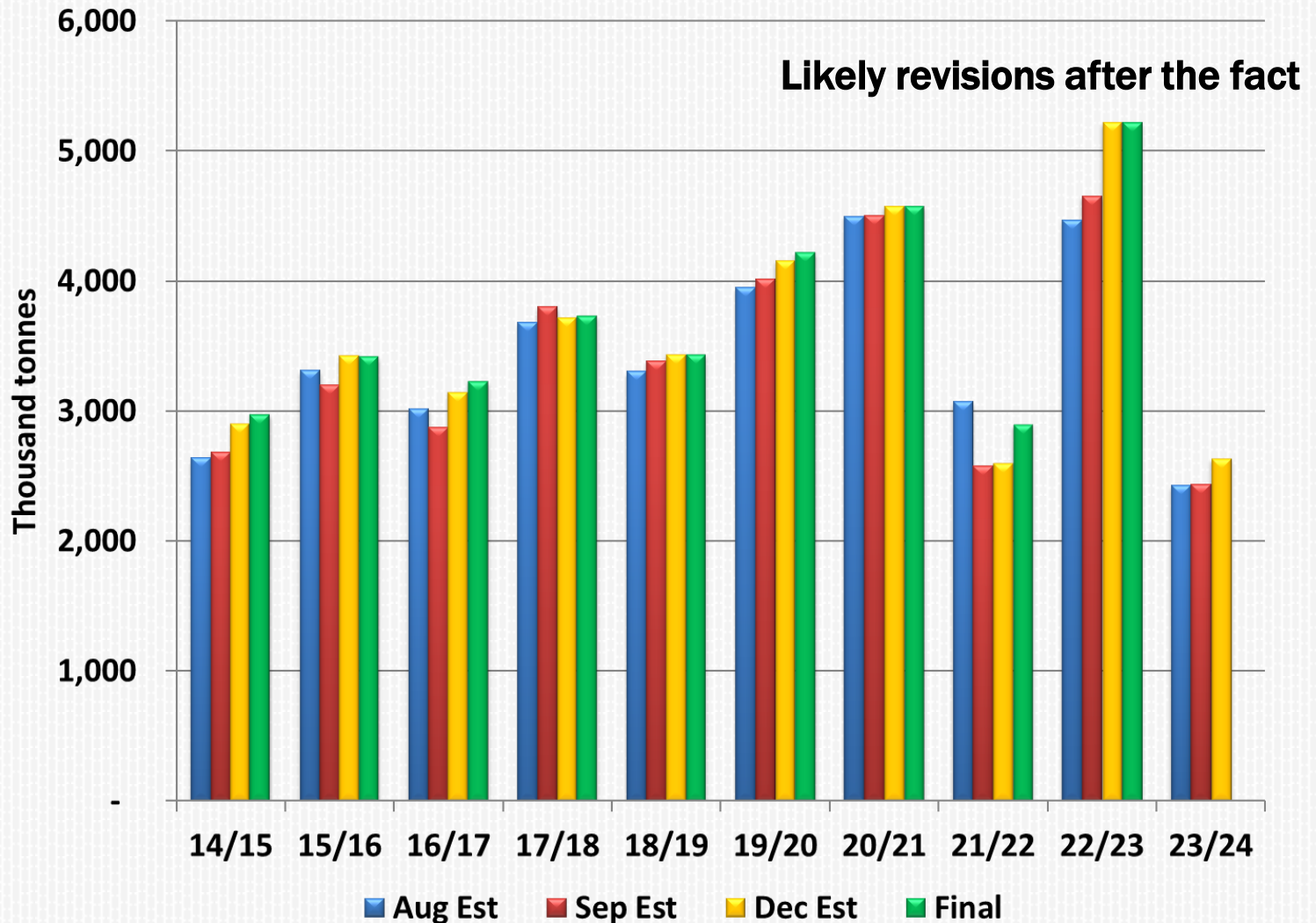
OAT PRODUCTION SCENARIOS



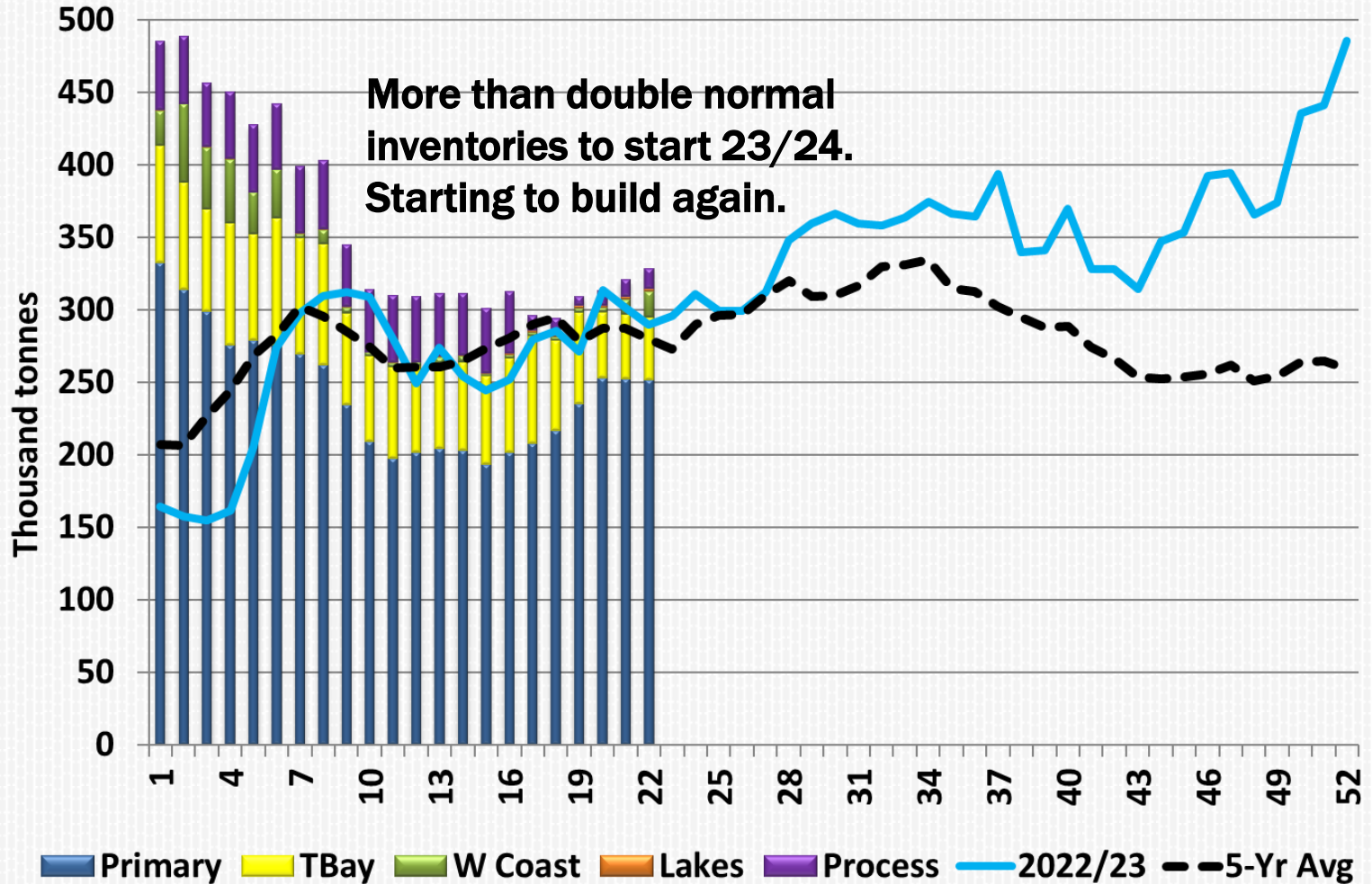
OAT SUPPLY SCENARIOS



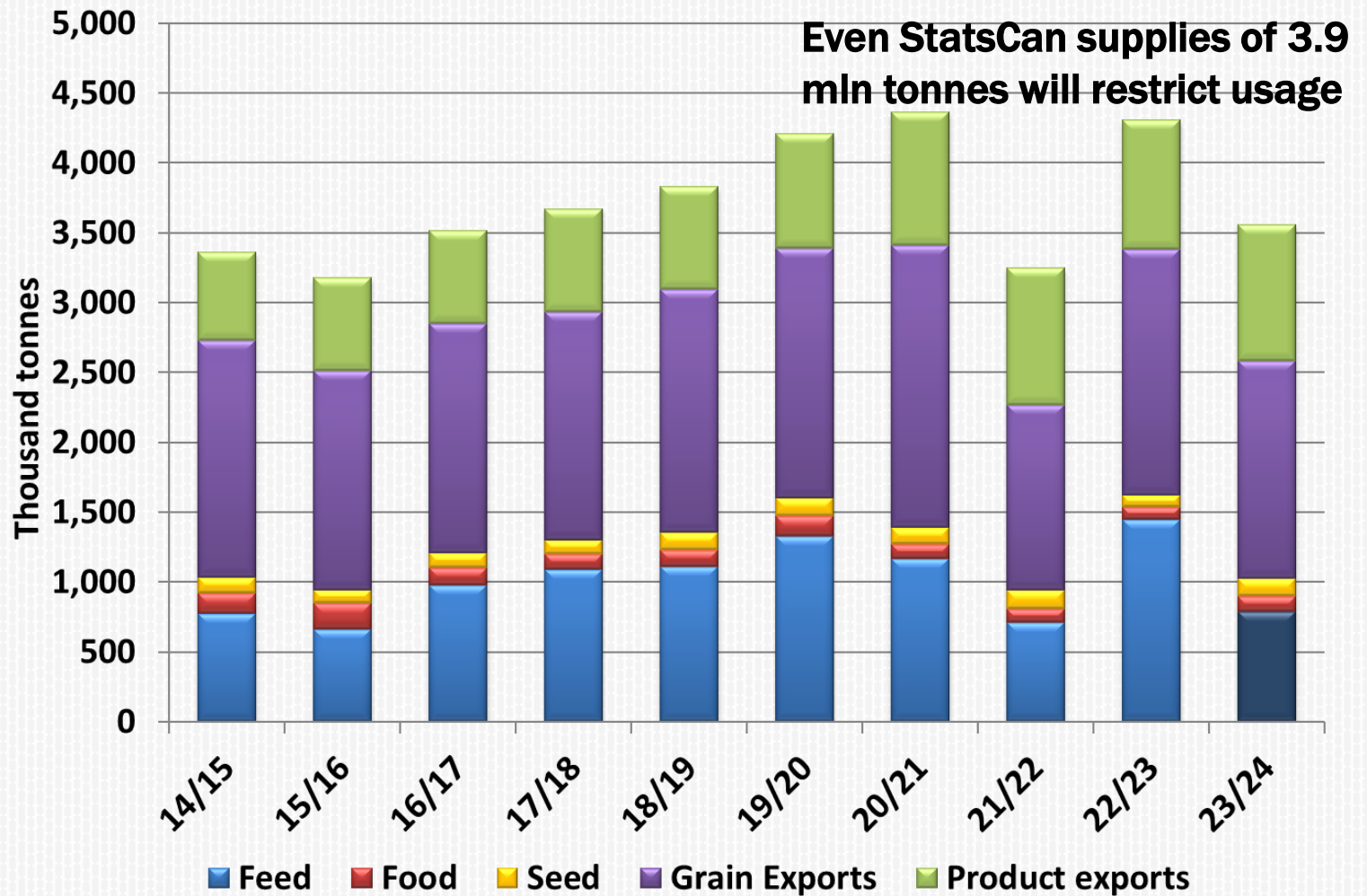
STATSCAN OAT PRODUCTION ESTIMATES



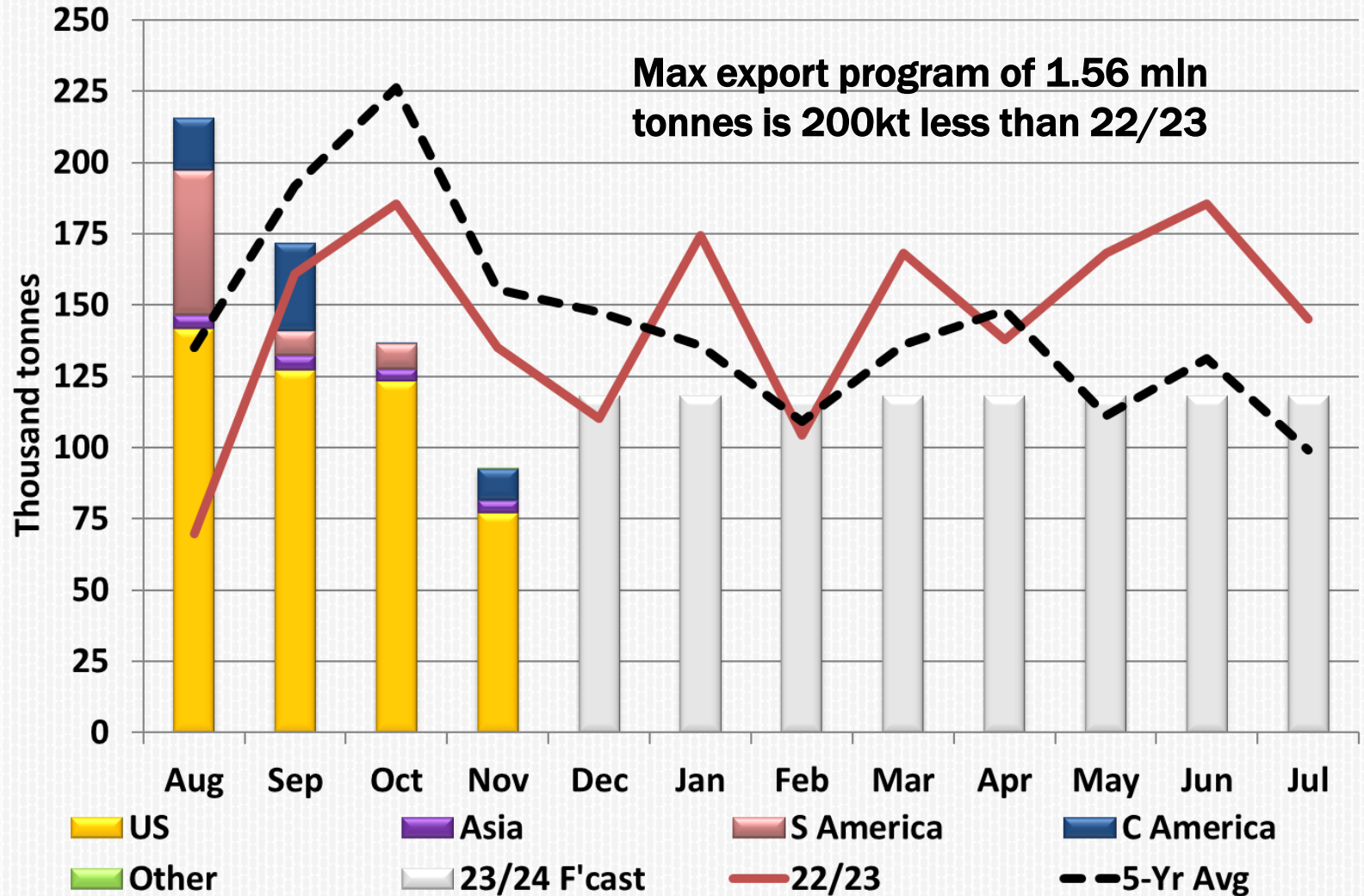
CDN COMMERCIAL OAT INVENTORIES



CANADIAN OAT DISPOSITION



CANADIAN OAT EXPORTS

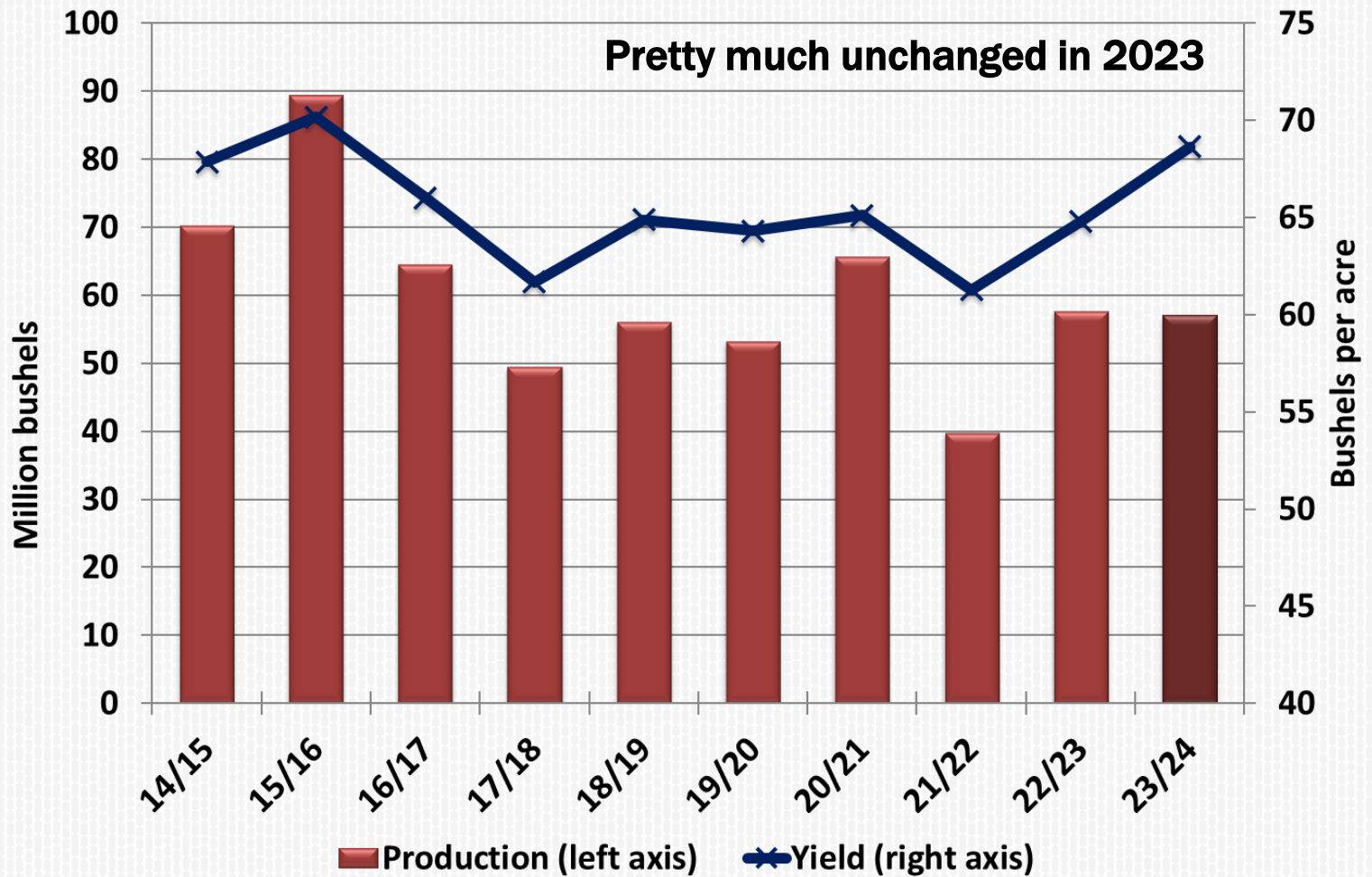


OAT EXPORTS BY DESTINATION – Q1

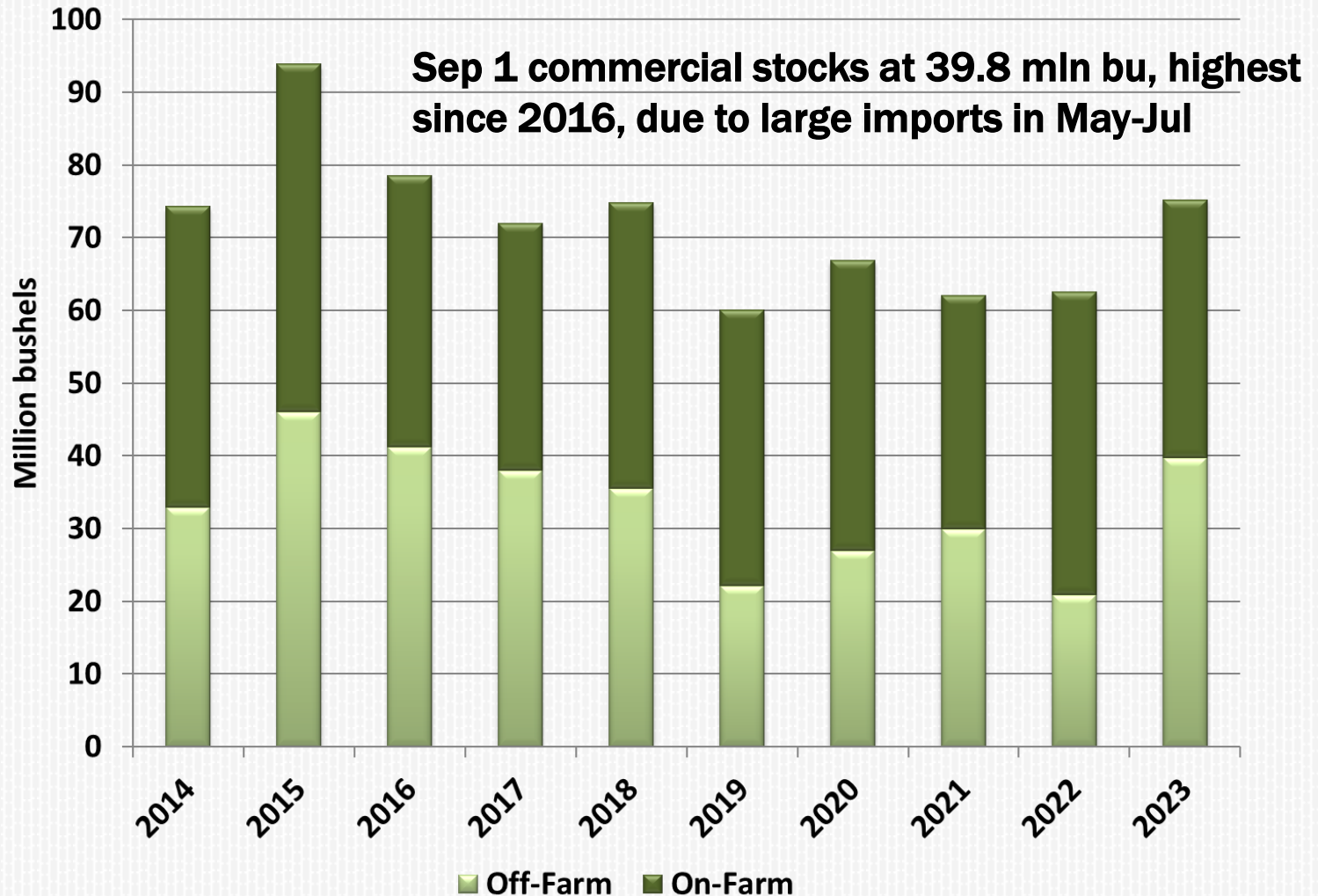
	2019/20	2020/21	2021/22	2022/23	2023/24
US	478,255	491,818	457,460	412,860	391,952
Chile		100,177			50,885
Mexico	36,171	69,314	28,310	79	49,139
Peru	9,843	11,504	8,220		17,600
Japan	8,538	8,208	8,848	1,503	8,523
S Korea	2,028	1,402	3,164	1,082	4,763
Other	11,703	22,815	3,362	338	972
Total	546,539	705,237	509,364	415,862	523,834

**Down to the US, up
everywhere else**

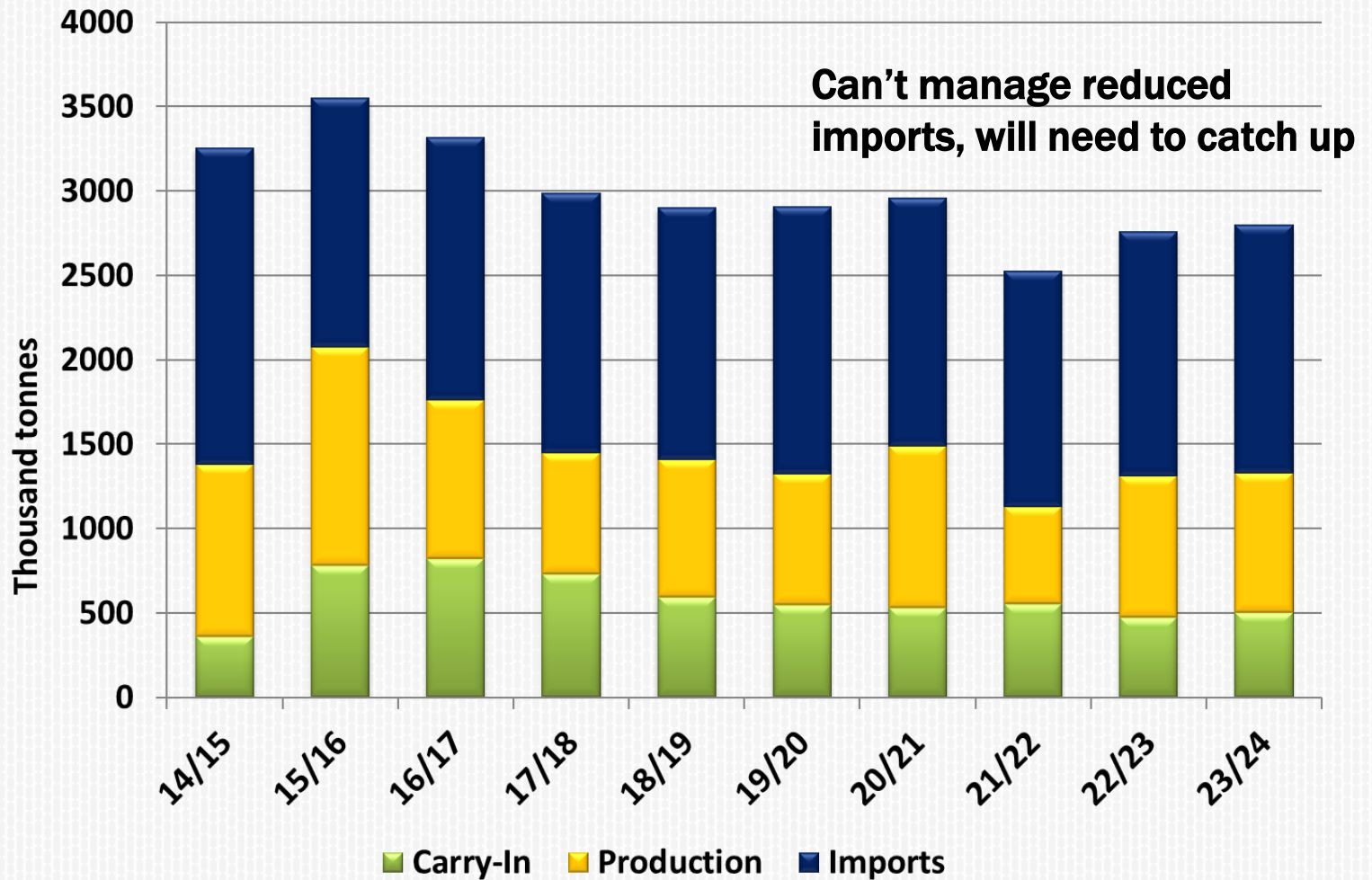
US OAT PRODUCTION



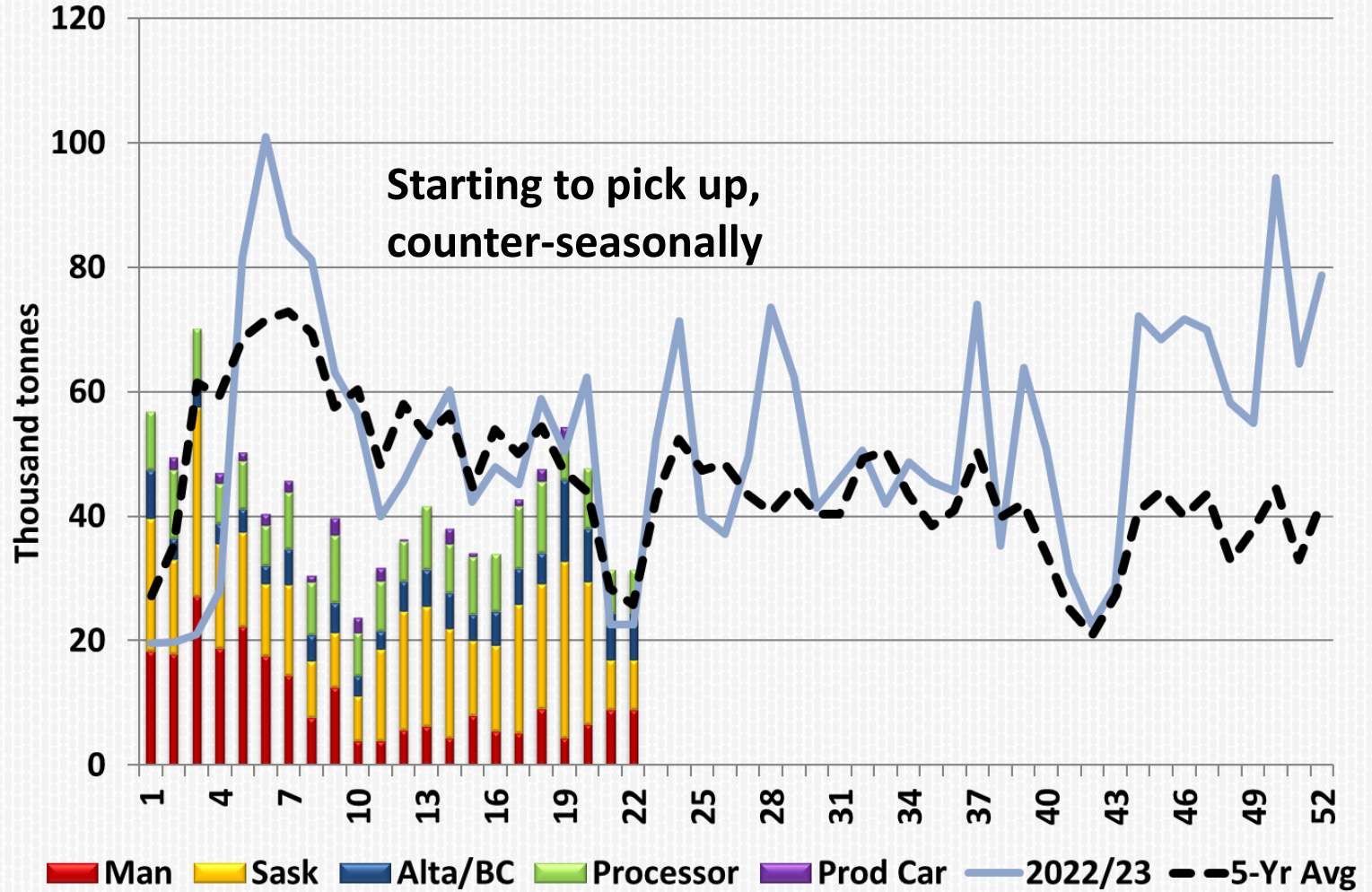
US OAT INVENTORIES – SEP 1



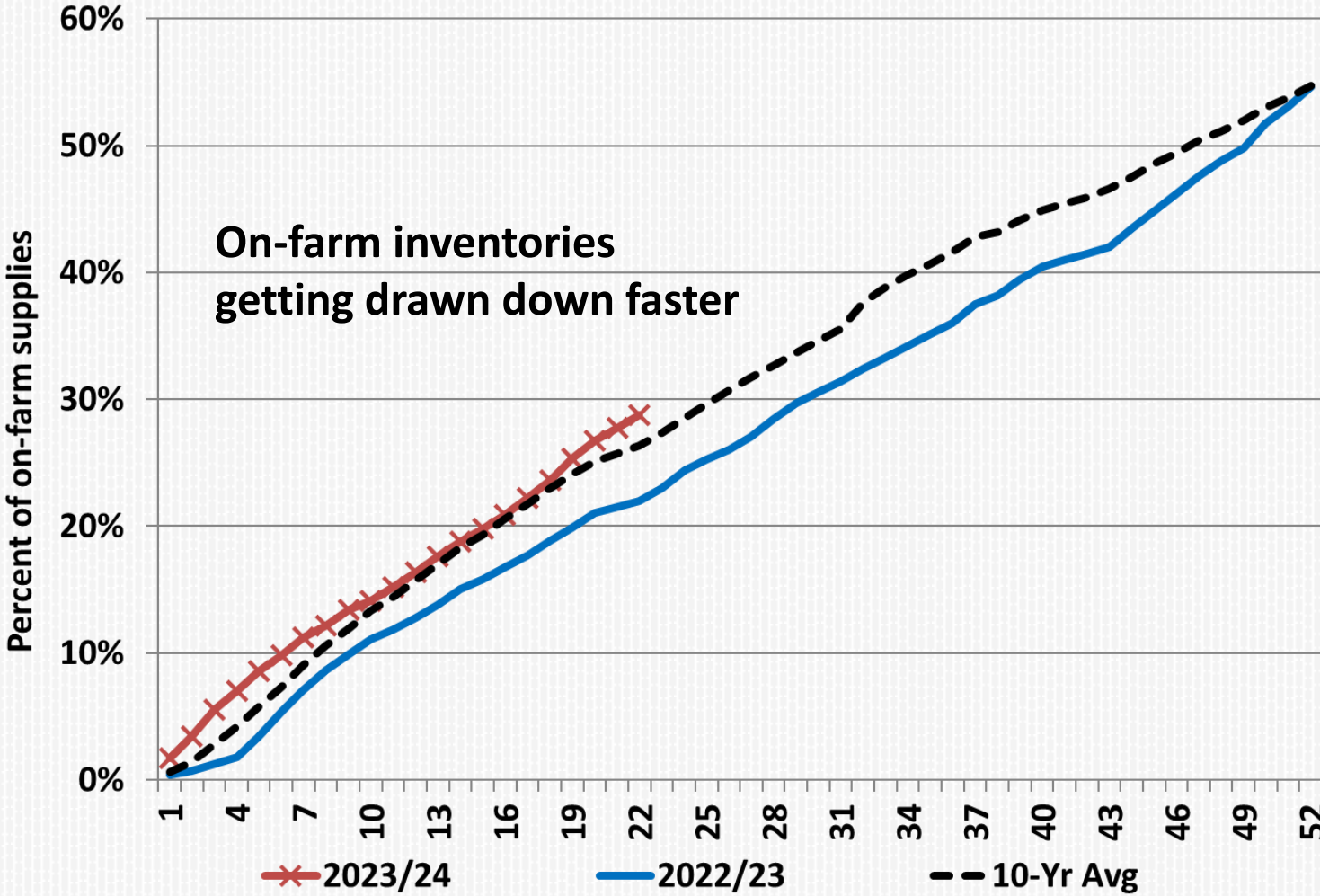
US OAT SUPPLIES



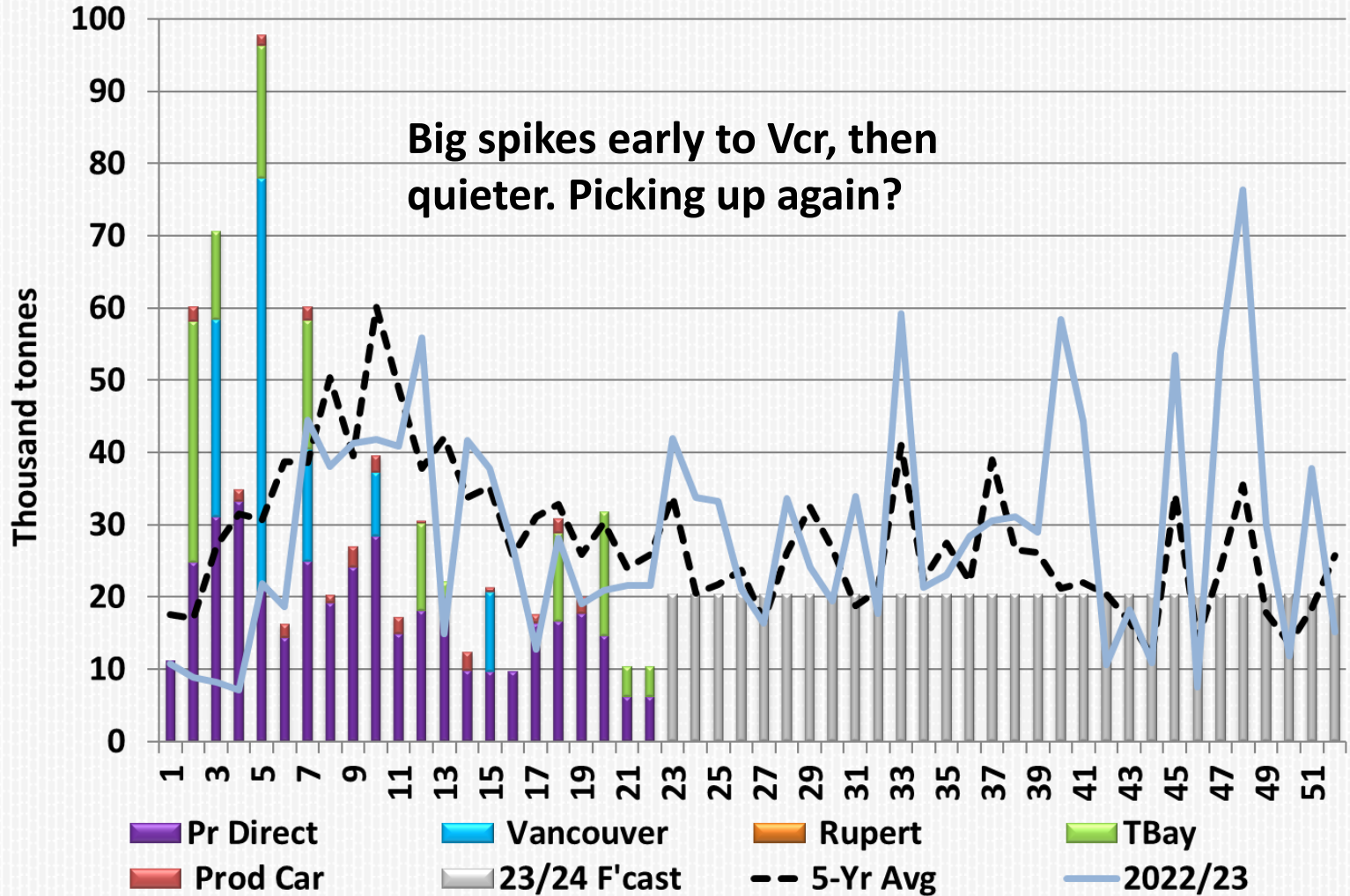
CANADIAN OAT DELIVERIES



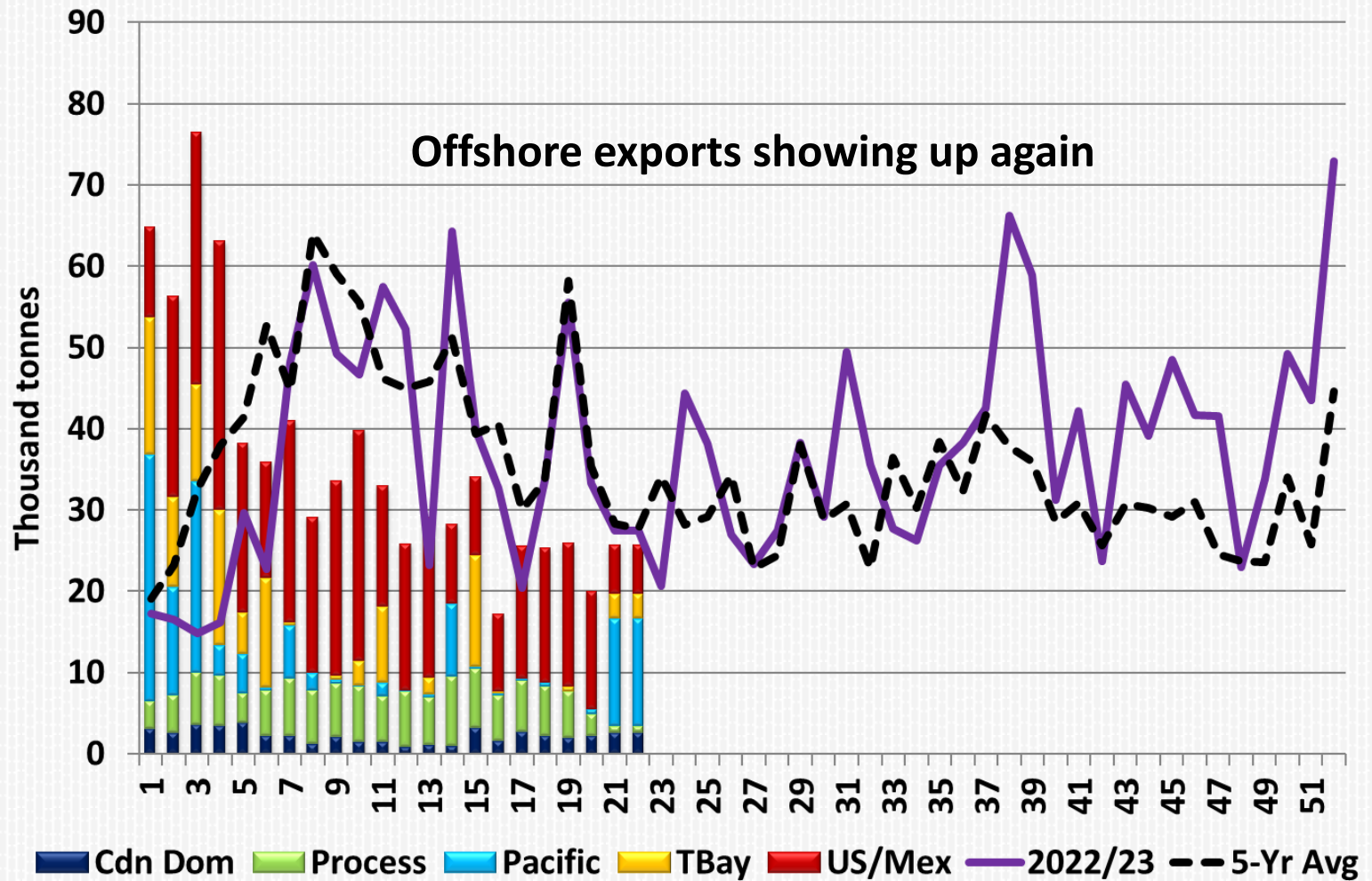
OAT DELIVERIES AS % OF SUPPLIES



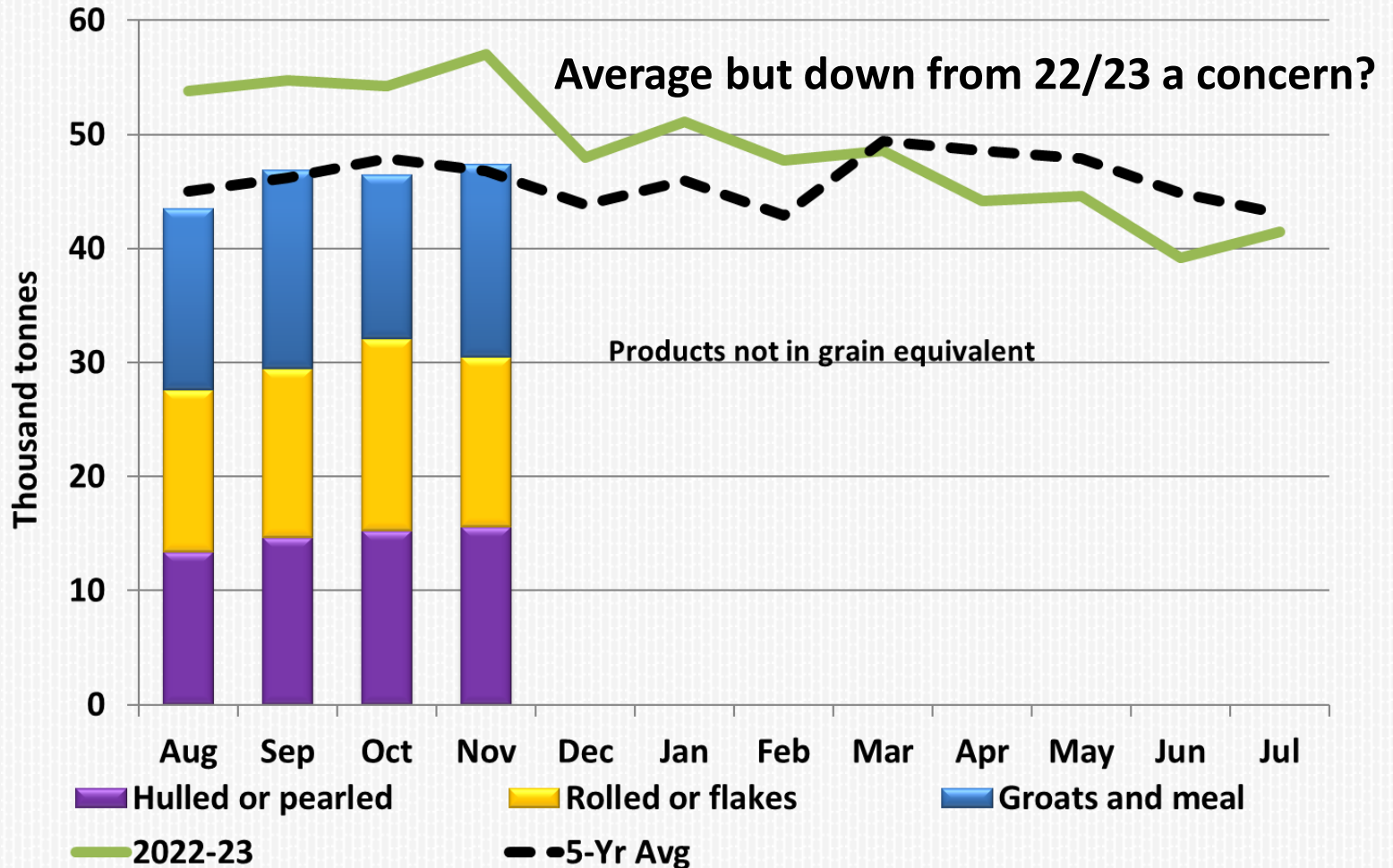
LICENSED OAT EXPORTS



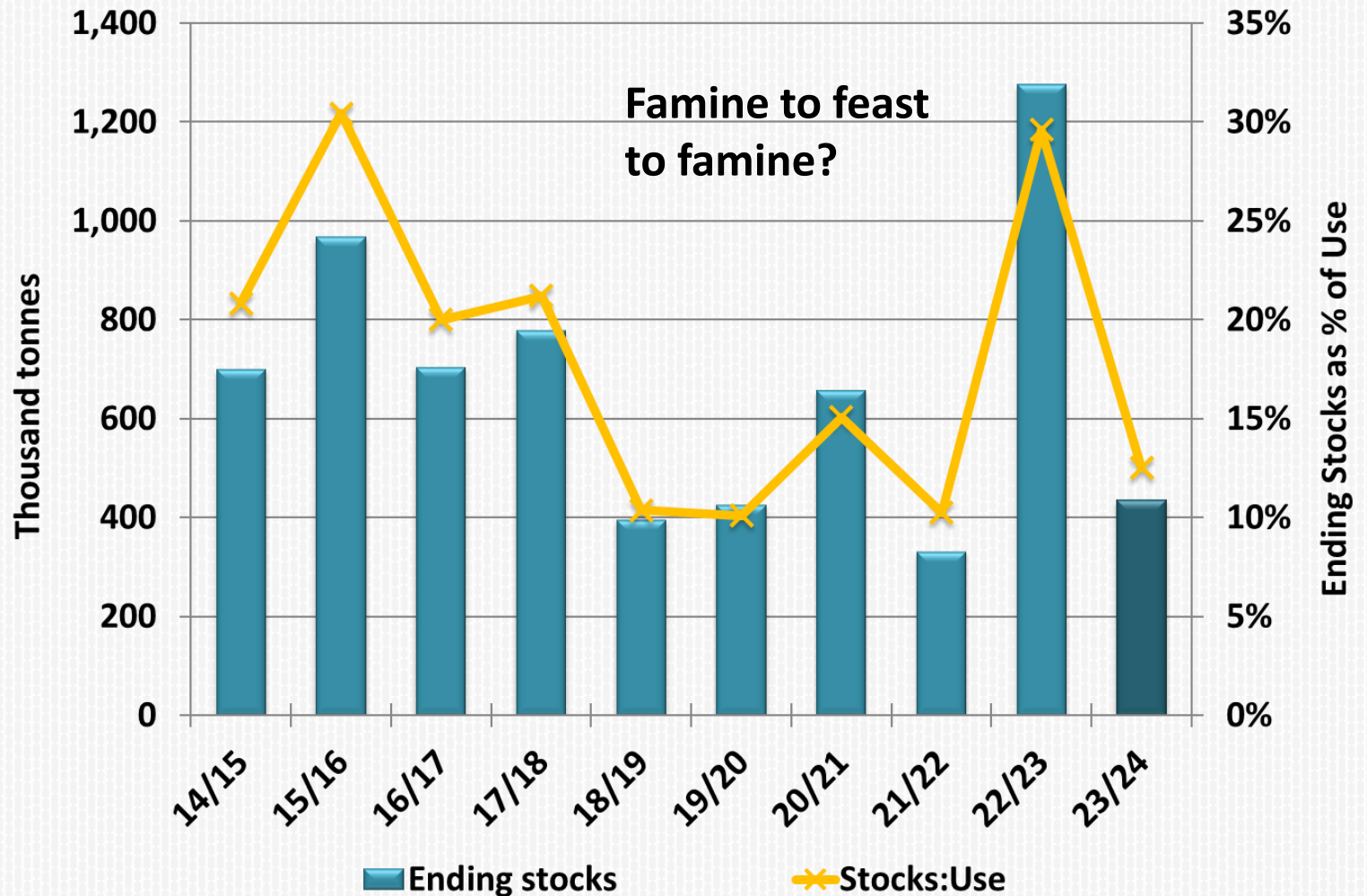
ELEVATOR SHIPMENTS OF OATS



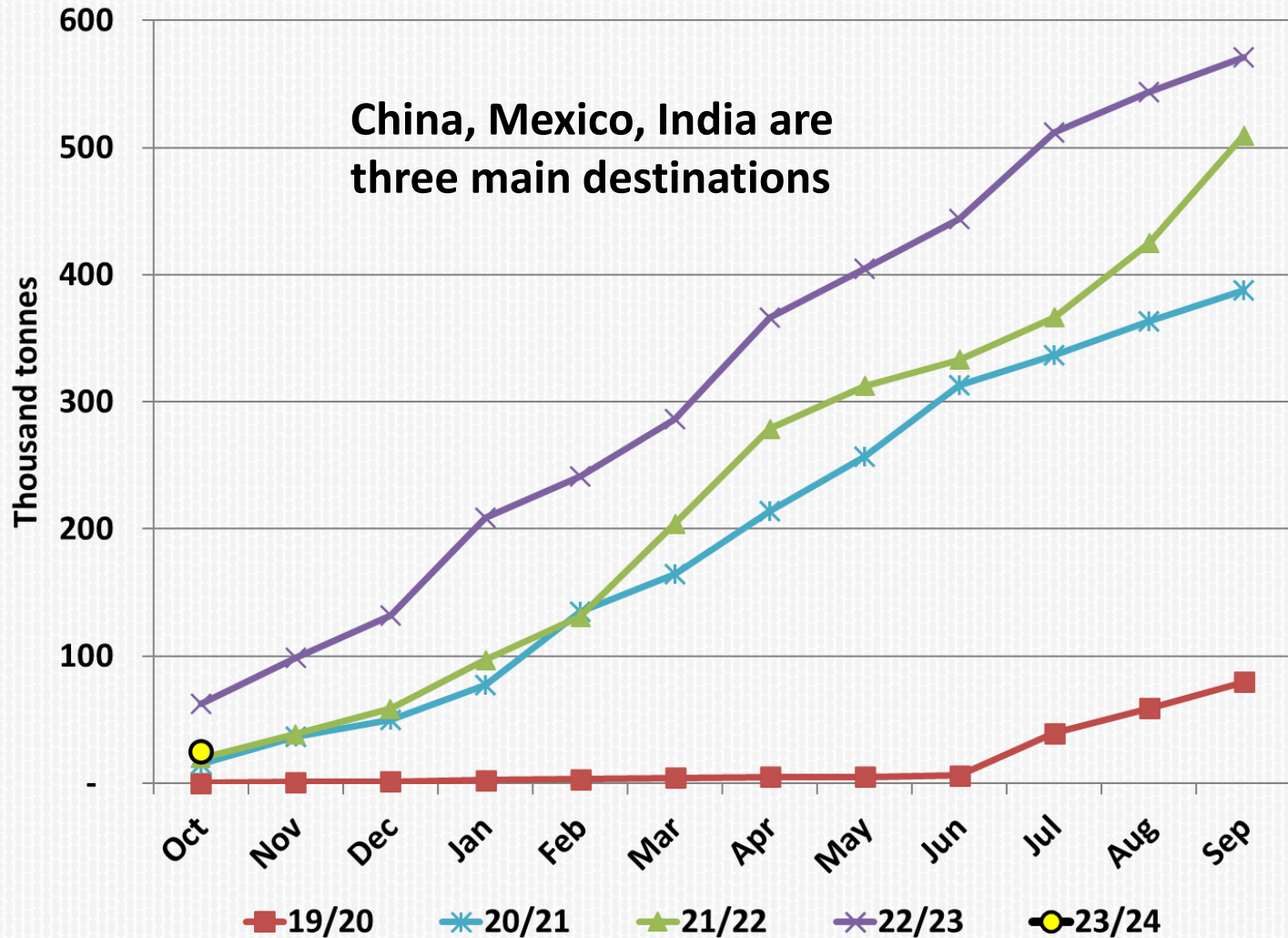
OAT PRODUCT EXPORTS



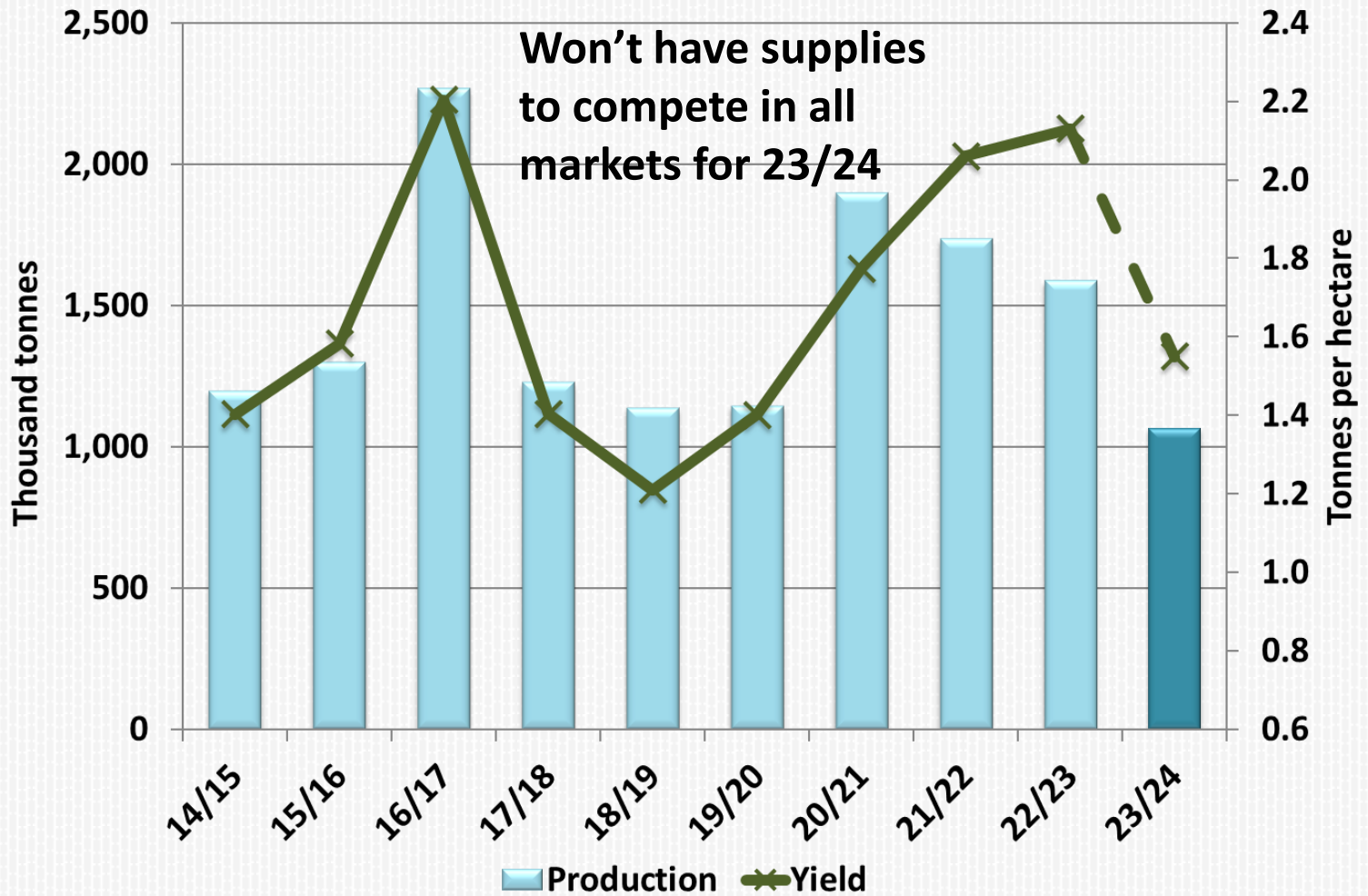
CANADIAN OAT ENDING STOCKS



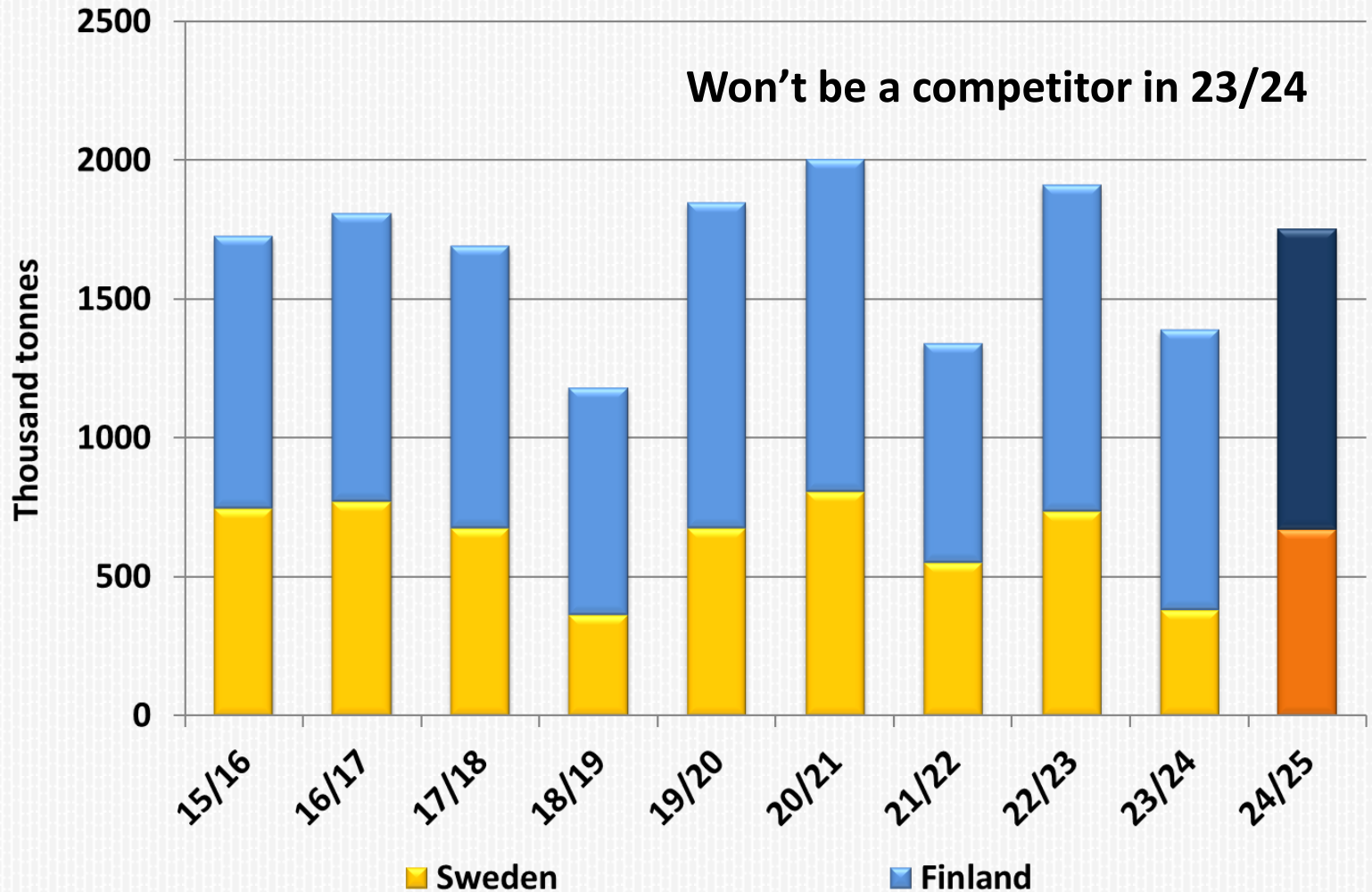
AUSTRALIAN OAT EXPORTS



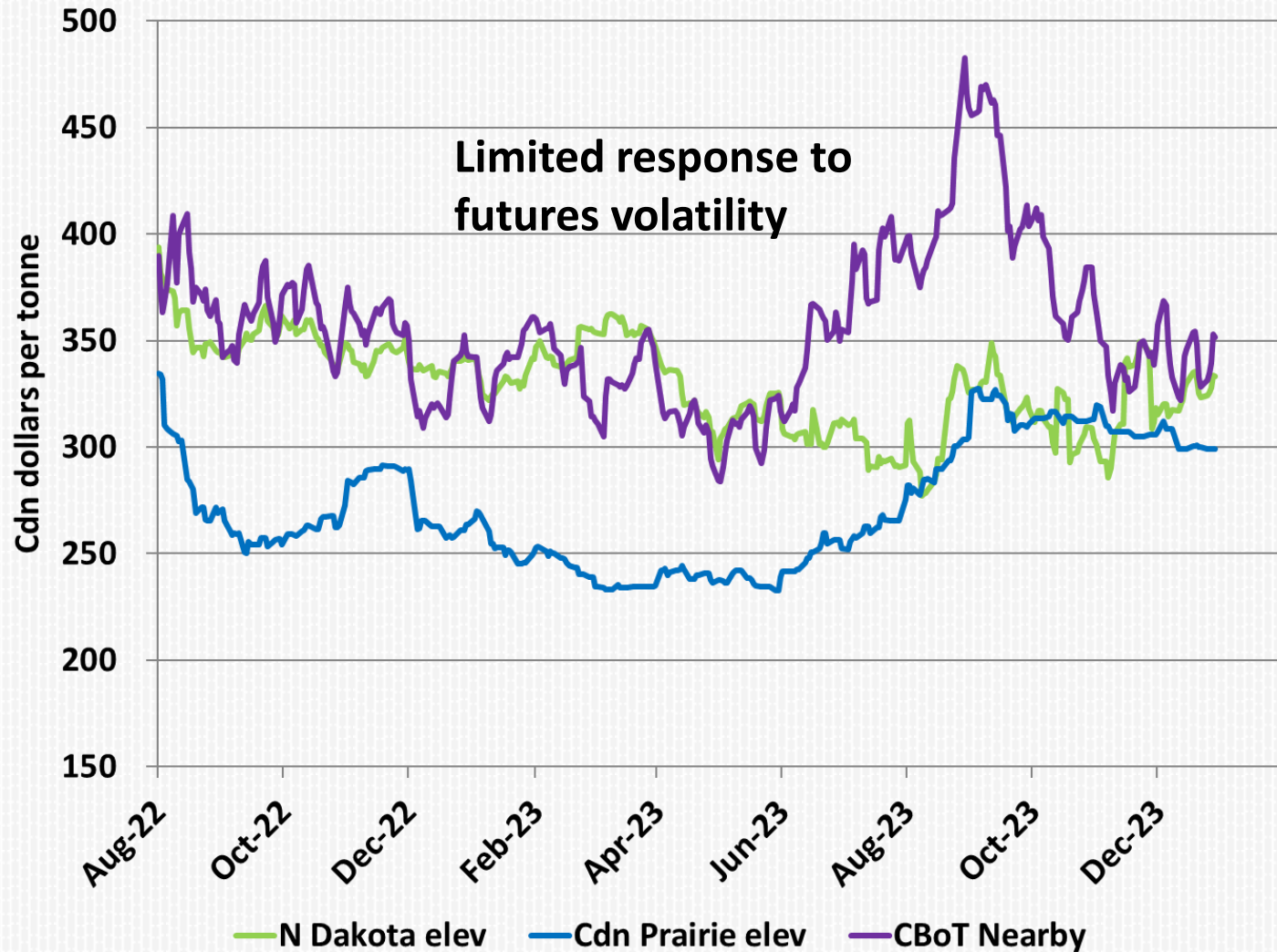
AUSTRALIAN OAT PRODUCTION



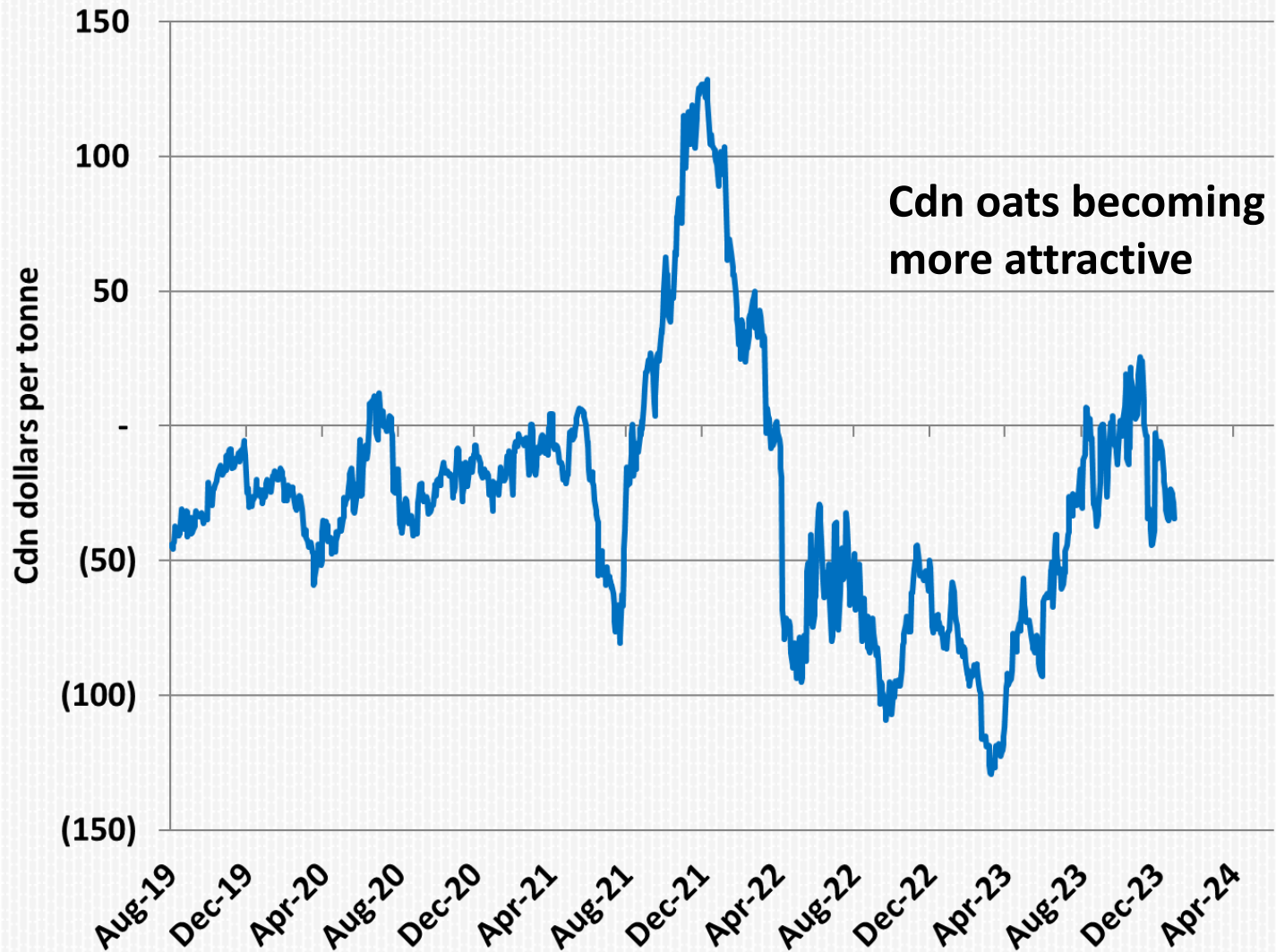
SCANDINAVIAN OAT PRODUCTION



NORTH AMERICAN OAT PRICES

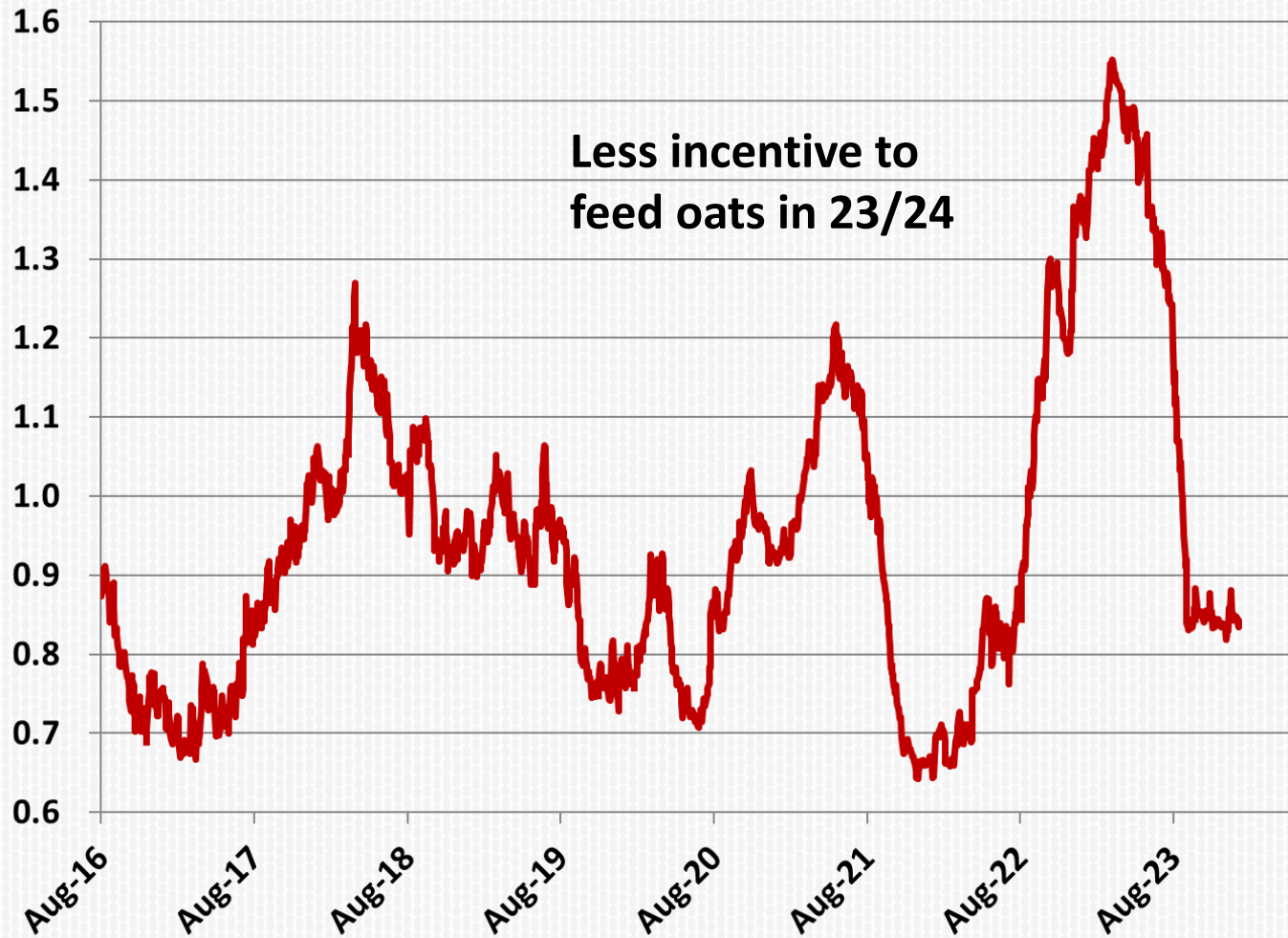


CANADA/US OAT SPREAD

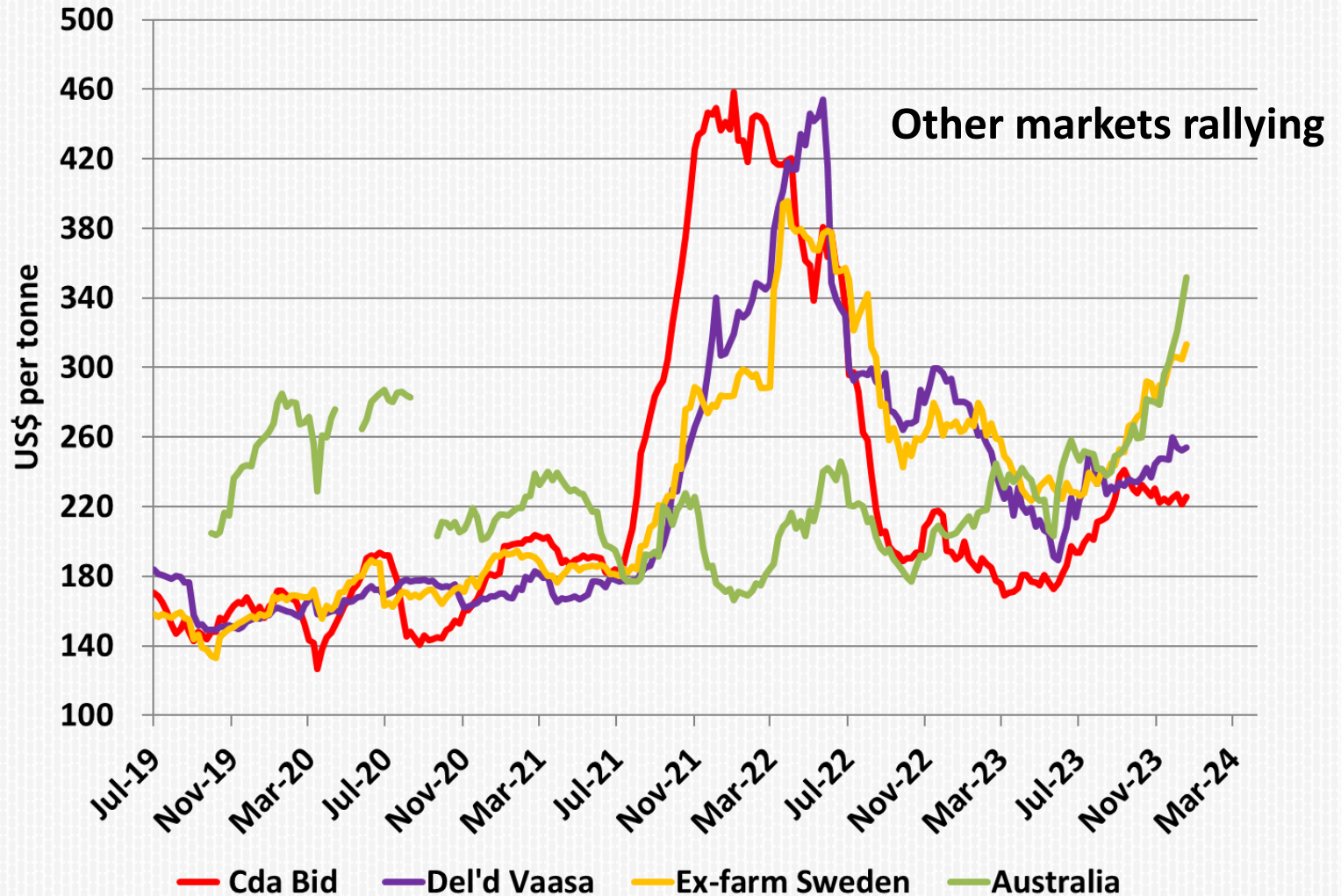


Cdn oats becoming more attractive

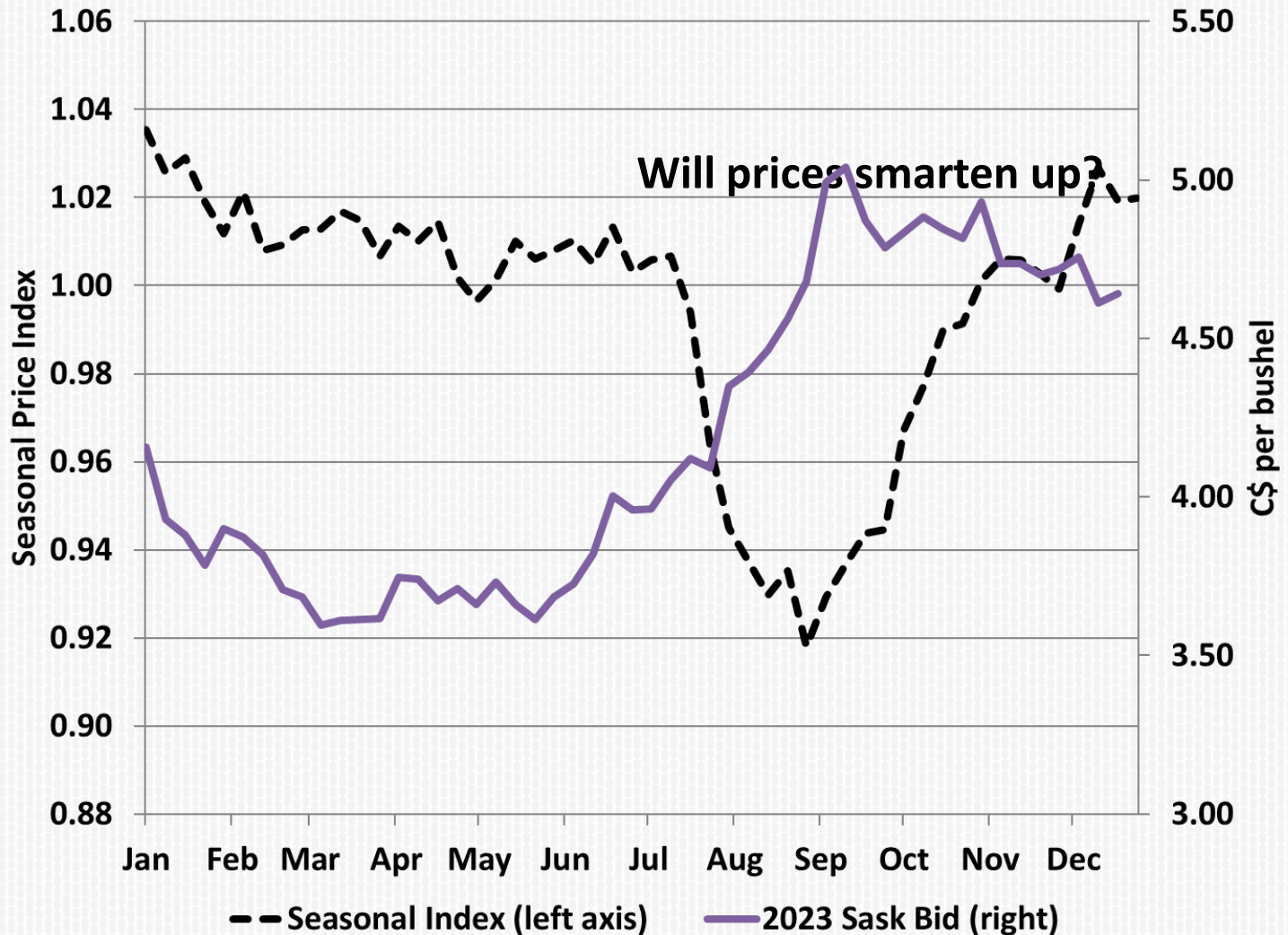
FEED BARLEY / OAT SPREAD



SELECTED MILLING OAT PRICES



SEASONAL OAT PRICE INDEX



MARKET STRENGTH SCORECARD

Composite Mkt Score

January 2, 2024	LeftField Market Strength Scorecard								
	Seasonal	Momentum	Historic	Fundamental	This Week	Last Week	4 Wks Ago	52-Wk High	52-Wk Low
Red Spring Wheat	1.5	1.0	3.0	4.5	10.0	11.5	14.5	17.5	7.5
Durum	3.5	1.0	3.5	4.5	12.5	12.5	13.5	16.5	8.5
Feed Barley	2.0	1.0	3.0	1.0	7.0	7.0	7.5	14.5	4.5
Malt Barley	4.5	1.5	3.5	1.0	10.5	8.5	8.5	17.0	7.0
Oats	4.5	1.5	4.0	3.0	13.0	12.5	14.5	15.0	6.0
Corn	2.5	0.0	3.0	1.5	7.0	7.0	8.5	15.5	4.5
Rye	1.5	2.0	3.5	4.0	11.0	13.0	13.0	14.5	6.0
Canola	2.5	1.0	3.0	2.5	9.0	7.5	6.5	15.0	6.5
Soybeans	2.0	0.0	3.0	4.0	9.0	11.5	9.5	14.0	7.0
Yellow Peas	2.5	4.5	3.5	3.0	13.5	14.0	9.0	14.0	5.0
Green Peas	3.0	3.5	5.0	4.5	16.0	16.0	14.5	16.0	8.5
Lg Grn Lentils	4.0	2.0	4.5	2.0	12.5	13.0	14.0	17.0	7.5
Sm Grn Lentils	5.0	2.5	5.0	2.0	14.5	15.5	15.0	16.0	9.5
Red Lentils	2.0	2.5	3.5	3.5	11.5	9.5	10.0	14.5	8.0
Kabuli Chickpeas	4.5	2.0	4.0	4.0	14.5	14.0	15.0	15.5	7.0
Flax	1.0	1.0	3.0	1.0	6.0	6.0	6.0	11.5	4.0
Canary Seed	4.0	0.5	4.0	2.0	10.5	10.5	11.0	13.0	5.5
Yellow Mustard	1.0	0.5	3.5	0.0	5.0	6.0	6.0	16.0	4.5
Oriental Mustard	4.0	0.0	3.5	0.0	7.5	7.5	6.0	16.5	4.5
Brown Mustard	3.5	0.5	3.5	0.0	7.5	8.5	9.0	15.5	4.0

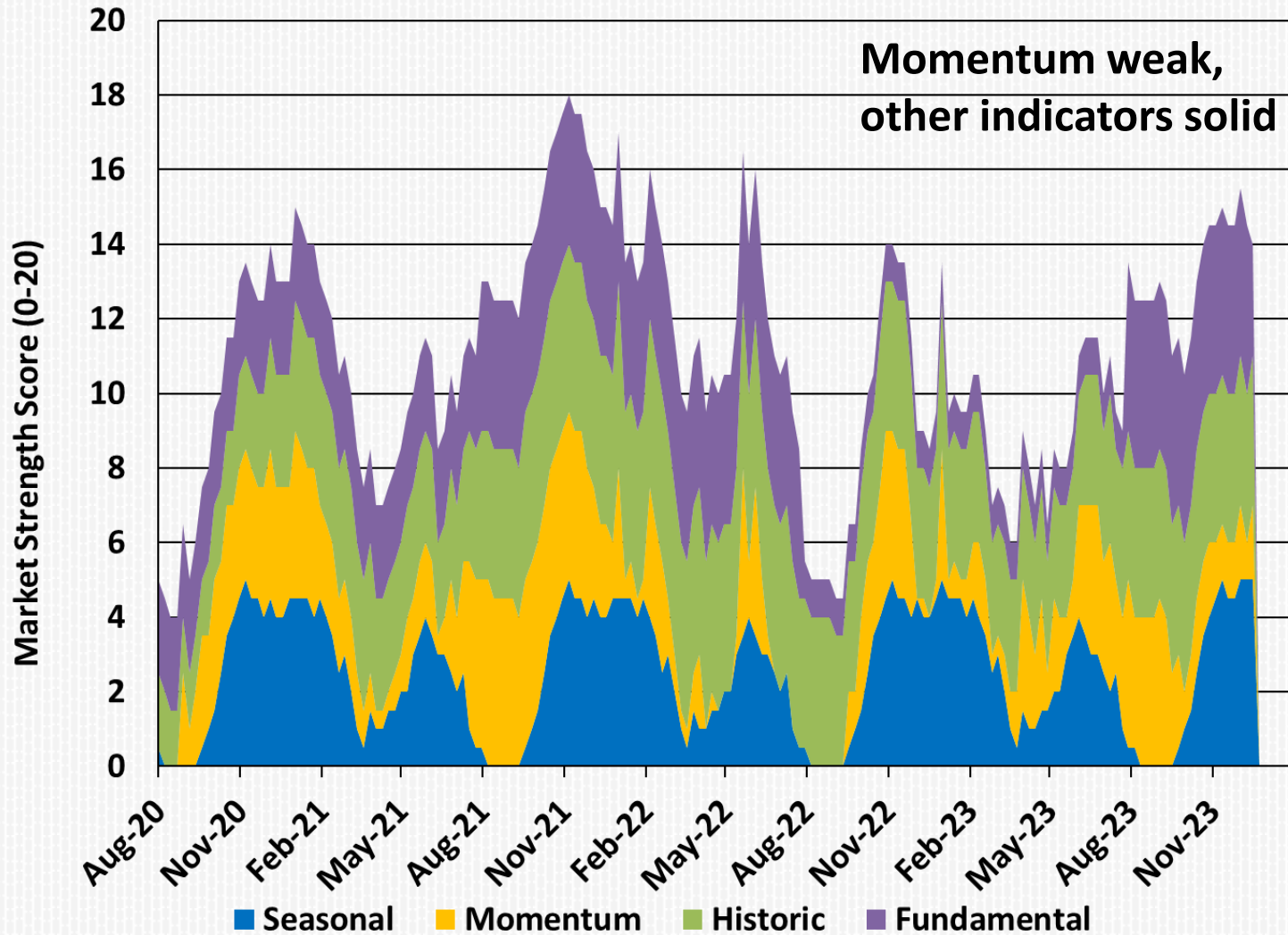
Seasonal = how close the current week is to the high (5) or low (0) in the seasonal index

Momentum = the strength of the move higher (5) or lower (0) over the past week and four weeks

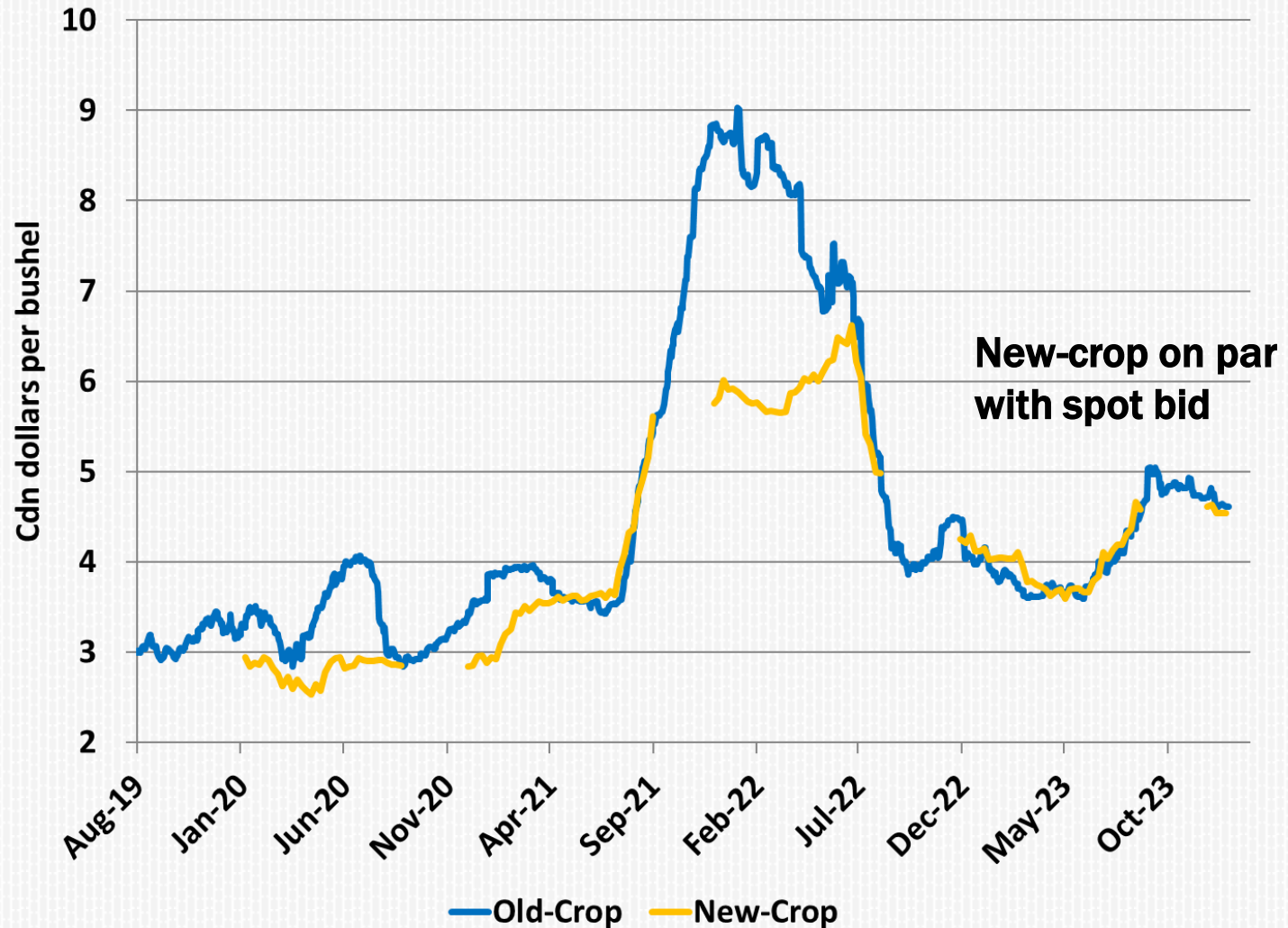
Historic = current price relative to the top (5) or bottom (0) of prices since 2015/16

Fundamental = how low (5) or high (0) the stocks:use ratio is compared to history

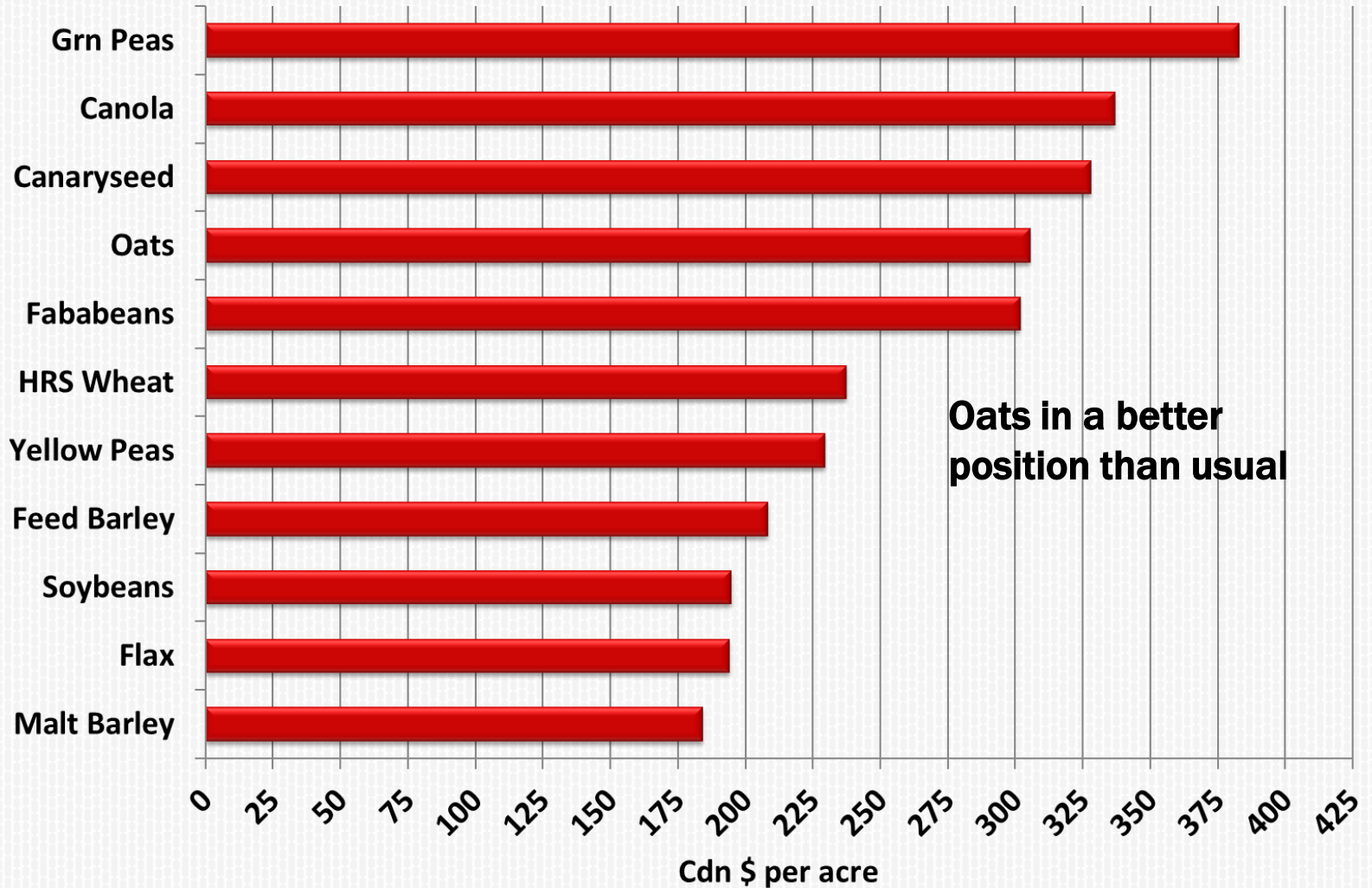
MARKET STRENGTH – OATS



OAT BIDS – PRAIRIE AVERAGE

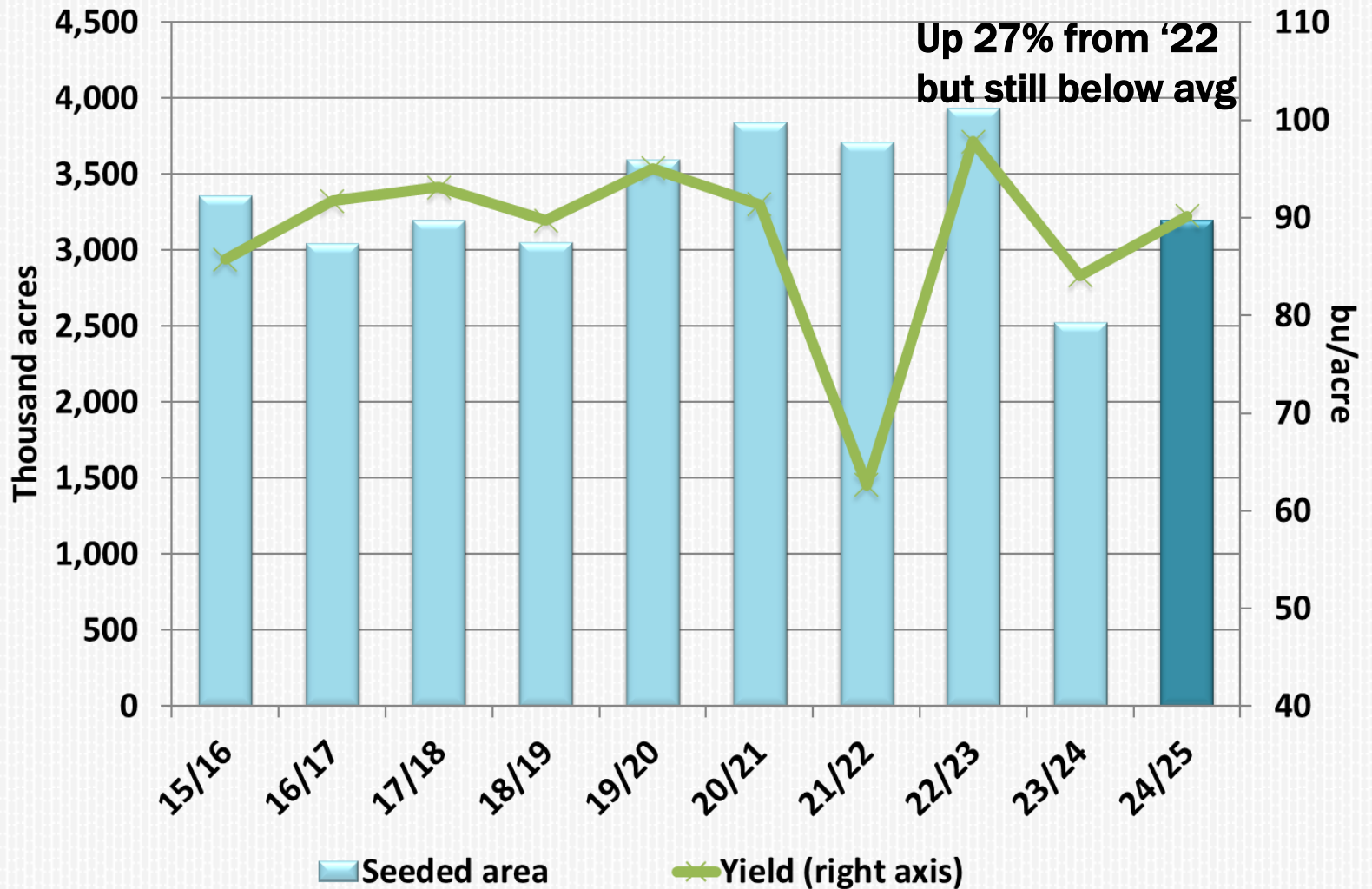


GROSS MARGIN COMPARISON – BLACK

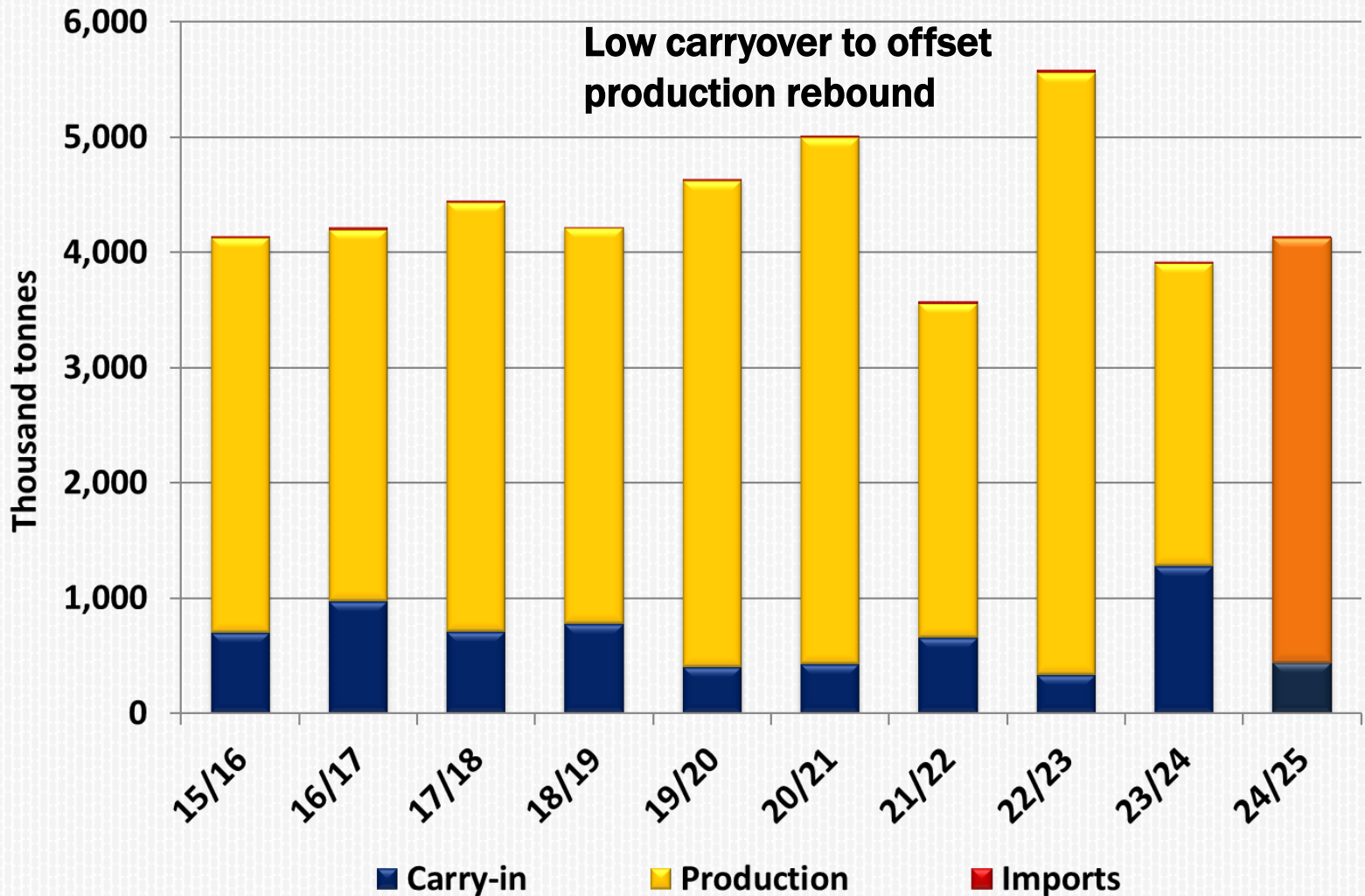


Oats in a better position than usual

CDN OAT ACREAGE & YIELD



CDN OAT SUPPLIES



CDN OAT SUPPLY & DISPOSITION

	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>	<u>23/24</u>	<u>24/25</u>
Seeded Acres, 000's	3,839	3,712	3,937	2,527	3,200
Harvested Acres, 000's	3,248	2,999	3,465	2,033	2,656
Yield (bu/acre)	91.3	62.7	97.8	84.1	90.2
Supply ('000 tonnes)					
Carry-In	426	657	333	1,275	436
Production	4,576	2,899	5,226	2,636	3,695
Imports	17	25	22	10	15
Total Supply	5,019	3,581	5,581	3,921	4,146
Disposition ('000 tonnes)					
Food & Seed	219	231	176	235	220
Feed, Waste, Dockage	1,170	710	1,447	790	850
Total Exports	2,972	2,307	2,683	2,460	2,570
Total Disposition	4,361	3,248	4,306	3,485	3,640
Ending Stocks	657	333	1,275	436	506
Stocks/Use	15%	10%	30%	12%	14%

Source: Statistics Canada with LeftField projections in bold

OATS

- × Transition from famine to feast to...
 - + Lingering acreage/production questions
 - + Commercial inventories distort the supply picture
 - + Counter-seasonal move quite possible
- × Questions about usage
 - + US vs offshore export picture
 - + Domestic milling softer?
 - + Less feeding
- × Supplies limited again in 24/25
 - + Prices environment firm

OTHER MARKET DEVELOPMENTS

- ✘ Mostly friendly into 2nd half of 23/24
 - + Exceptions might be barley, mustard
- ✘ Demand shifting toward Cdn supplies
 - + Durum, canola, flax(?)
- ✘ New and bigger players/competitors
 - + Russia (peas, durum, flax), Australia (red lentils, barley), US (mustard)



LeftField
COMMODITY RESEARCH



Farm Market Letter

May 20, 2021 Volume 1, Issue 3

www.leftfieldcr.com info@leftfieldcr.com (204) 949-1726

The Bigger Picture – Rising Canadian Dollar Impacts Markets

We're certainly not currency experts, but we would argue even the experts have been wrong on the Canadian dollar outlook for a while. This week, the loonie pushed briefly above 83 US cents for the first time since 2015. Even though the dollar leveled off earlier this week, it rebounded today and the short-term and long-term trends are both still higher.

Canada's economy is heavily weighted toward commodity exports. Bullish markets for nearly all ag and non-ag commodities are providing most of the support for the Canadian dollar, with an outlook for higher inflation and rising interest rates adding to the upside.

This strength in the Canadian dollar comes too late in the season to reduce crop input costs but is showing up in time for the start of 2021/22 exports. The stronger loonie makes Canadian crop exports more expensive for overseas buyers and tends to dampen demand. With crop prices historically high, the negative impact of a higher dollar may be less noticeable but is still very real.



Spring Wheat

Bullish

- ✓ Although the current rain event is beneficial, moisture deficits are still a concern in the northern US and the Prairies.
- ✓ China's wheat imports have been above normal over the past year, a trend that is expected to continue.
- ✓ The Canadian wheat balance sheet will be tight in 2021/22.
- ✓ The corn outlook is mostly positive, which supports wheat.

Neutral

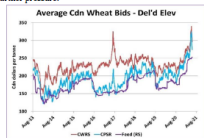
- ✓ The global crop is getting bigger in the market's eyes. This includes large crops in the EU, Ukraine and Russia.
- ✓ Wheat doesn't have its own independent bullish story.

Market Stance

- ✓ Although not heavy, global wheat supplies are increasingly looking comfortable as we get further into the growing season with few problems in the key production regions.
- ✓ Wheat demand will be strong and corn will provide spillover strength, which will help underpin the market once we get past harvest.
- ✓ As much as the crop is largely "made" in the market's eyes, there are still some wildcards to monitor, including mixed reports on Russian supplies for 2021/22.
- ✓ Hard red spring wheat will remain relatively tight.

Chart of the Week

- ✓ CWRS and CFS prices have pulled back sharply over the past week, as would be expected given the correction in futures markets. Conversely, feed wheat prices continue to move higher in western Canada. While milling wheat bids are still at a premium overall, there are regions where the feed market is on par or above. While the break in corn futures is a headwind for prairie feed grains as a whole, it's still at least a couple of months until there is actual supply relief, which will keep feed wheat prices elevated. This will help provide a floor for all wheat bids, even if milling values see further pressure.



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Special Crops Letter

September 13, 2022 Volume 13, Issue 19

LeftField Commodity Research, 52 Swiss Bay, Winnipeg, MB R2G 2P3
www.leftfieldcr.com info@leftfieldcr.com phi 204 949-1726

Highlights & Lowlights

Lentils

- The Sask Ag lentil yield estimate was sharply lower than StatsCan's initial release, with the next one likely lower.
- StatsCan estimated 2021/22 lentil ending stocks at 234,000 tonnes, low but larger than earlier ideas.
- The USDA's crop estimate for lentils (mainly greens) showed yields well below average again.
- The latest Australian crop estimate showed a record 924,000 tonnes of lentils but the real total is likely higher.
- Indian lentil imports have been mediocre through the first four months of its marketing year.

Flax

- Estimates of Canadian flax yields will likely be trimmed in the upcoming StatsCan estimates.
- StatsCan showed surprisingly large 2021/22 flax ending stocks at 85,000 tonnes, the most since 2017/18.
- Canadian flax exports were very quiet to end 2021/22 due to low supplies but also uncompetitive prices.
- Unofficial reports indicate Russian flax exports were a record 975,000 tonnes in 2021/22.
- Offers of Canadian flax into China are still well above Russian offers and will limit Canadian export volumes.

Chickpeas

- The Sask Ag yield estimate was 1,227 lb/acre, 500 pounds less than StatsCan's initial number.
- StatsCan showed 2021/22 chickpea ending stocks at 147,000 tonnes, but that number is questionable.
- Canadian exports were 20,000 tonnes in July, with a record 2021/22 export program of 180,000 tonnes.
- The USDA crop estimate showed below average yields again in 2022, leading to a tighter supply outlook.

Sunflower

- StatsCan pegged 2021/22 sunflower ending stocks at an unrealistically high 118,000 tonnes.
- Canadian sunflower exports to the US were lower in 2021/22 and will decline next year too.
- The condition of the North Dakota sunflower crop has dipped in the last two weeks but may not affect yields.
- Firmer soy oil futures have been unable to provide support to oil and black birdseed sunflower bids in the US.

Lentils

- Another piece of the 2022 lentil production puzzle was added last week, with a Sask Ag yield estimate of 1,174 lb/acre, far lower than StatsCan's initial estimate of 1,504 lb/acre. Based on the Sask Ag yield, the 2022 crop would come in at 2.27 mln tonnes versus 2.91 mln from StatsCan. The average trade guess is 2.7 mln tonnes. That said, we expect StatsCan will lower its

yield in Wednesday's release, which will base yields on satellite vegetation images from August rather than conditions in July. Our view is that the actual yield is closer to the Sask Ag end of the range than the early StatsCan yield. Our own guesstimate is a yield of 1,250 lb/acre which would produce a crop of 2.41 mln tonnes. That's still 800,000 tonnes more than last year but lower than the pre-2021 average of 2.64 mln tonnes. If so, that would mean a red lentil crop of

THANK YOU!