

# Oats Market 2025 Outlook

Brennan Turner

POGA AGM

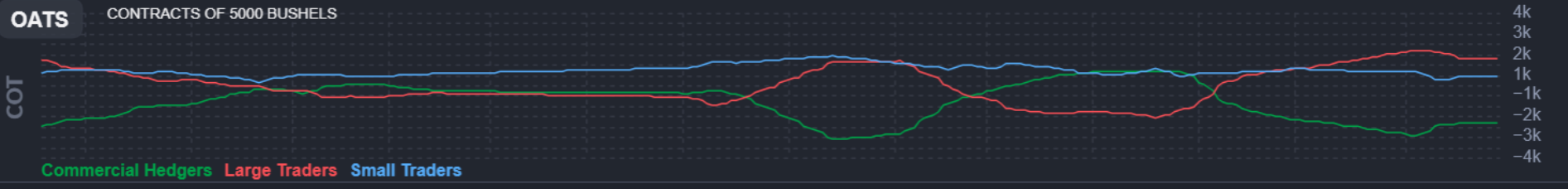
December 4, 2024



Nov 29 O 357.00 H 361.25 L 355.25 C 361.00 Vol 287.00



**OATS** CONTRACTS OF 5000 BUSHELS



Commercial Hedgers Large Traders Small Traders

# Bigger oats harvests across the world

Prepared by Brennan  
Turner for POGA

## Oats Production - Top 10 Players

1,000 MT			#	%	5-Year Avg	Change from 5-Yr Avg
	2023/24	2024/25	Change YoY	Change YoY		
<b>World</b>	<b>19,345</b>	<b>21,945</b>	<b>2,600</b>	<b>13%</b>	<b>23,319</b>	<b>-6%</b>
E.U.	5,931	7,600	1,669	28%	7,276	4%
Russia	3,300	3,250	-50	-2%	4,016	-19%
Canada	2,643	3,000	357	14%	3,914	-23%
Australia	1,000	1,200	200	20%	1,473	-19%
Brazil	1168	1060	-108	-9%	1,093	-3%
U.K.	830	1,000	170	20%	1,013	-1%
United States	828	984	156	19%	794	24%
Argentina	565	600	35	6%	566	6%
China	600	600	0	0%	600	0%
Chile	458	475	17	4%	474	0%
Ukraine	430	400	-30	-7%	446	-10%

Source: USDA

- After last year's record low global harvest, significant rebound in Europe
- EU accounted for 2/3s of YoY jump in global production
- U.S. had its largest crop in nearly a decade (2015/16)

# Who's in the global export game? *(not incl milled products)*

- Australia owning larger market share (that's what a 200K MT increase in production will do!)
- U.S. imports steady YoY but nearing lows
- Russia's exports could continue to trend higher (was just 9,000 MT a decade ago)

*Prepared by Brennan Turner for POGA*

## Oats Exports - Top 10 Players

<i>1,000 MT</i>	2023/24	2024/25	# Change YoY	% Change YoY	5-Year Avg	Change from 5-Yr Avg
<b>World</b>	<b>2,395</b>	<b>2,363</b>	<b>-32</b>	<b>-1%</b>	<b>2,592</b>	<b>-9%</b>
<b>Canada</b>	<b>1,514</b>	<b>1,250</b>	<b>-264</b>	<b>-17%</b>	<b>1,680</b>	<b>-26%</b>
<b>Australia</b>	<b>300</b>	<b>450</b>	<b>150</b>	<b>50%</b>	<b>407</b>	<b>11%</b>
<b>Russia</b>	<b>275</b>	<b>275</b>	<b>0</b>	<b>0%</b>	<b>149</b>	<b>84%</b>
<b>E.U.</b>	<b>118</b>	<b>185</b>	<b>67</b>	<b>57%</b>	<b>157</b>	<b>18%</b>
<b>U.K.</b>	<b>116</b>	<b>125</b>	<b>9</b>	<b>8%</b>	<b>114</b>	<b>9%</b>
<b>United States</b>	<b>29</b>	<b>29</b>	<b>0</b>	<b>0%</b>	<b>34</b>	<b>-15%</b>
<b>Kazakhstan</b>	<b>10</b>	<b>15</b>	<b>5</b>	<b>50%</b>	<b>7</b>	<b>114%</b>
<b>Ukraine</b>	<b>12</b>	<b>15</b>	<b>3</b>	<b>25%</b>	<b>12</b>	<b>25%</b>
<b>Brazil</b>	<b>5</b>	<b>10</b>	<b>5</b>	<b>100%</b>	<b>8</b>	<b>28%</b>
<b>Chile</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0%</b>	<b>17</b>	<b>-71%</b>

*Source: USDA*

# Is the world tired of oatmeal? *(Yes and no)*

Prepared by Brennan  
Turner for POGA

## Oats Consumption - Top 10 Markets

1,000 MT			#	%	5-Year Avg	Change from 5-Year Avg
	2023/24	2024/25	Change YoY	Change YoY		
<b>World</b>	20,630	21,830	1,200	6%	23,217	-6%
E.U.	6,235	7,400	1,165	19%	7,255	2%
Russia	3,050	3,000	-50	-2%	3,850	-22%
<b>United States</b>	2,057	2,248	191	9%	2,199	2%
Canada	1,977	1,800	-177	-9%	2,244	-20%
Brazil	1,150	1,050	-100	-9%	1,074	-2%
<b>China</b>	1,060	1,025	-35	-3%	961	7%
U.K	795	880	85	11%	925	-5%
Australia	750	750	0	0%	1,044	-28%
Argentina	555	600	45	8%	568	6%
Chile	505	520	15	3%	526	-1%

Source: USDA

- SE Asia importing a couple 1,000 MT more (Japan, India, Malaysia)
- China: obvious growth factor everyone is watching (nearly 3x over last decade)
- U.S. relatively consistent at 2-2.7 MMT over last decade

# More feed export opportunities this year?

- **HARD FACT:** Likely that more of the Canadian oats harvest goes into the feed column
- **FUN FACT:** Nearly all of Brazil's domestic production goes into feed use

*Prepared by Brennan Turner for POGA*

## Oats Feed Use - Top 10 Markets

<i>1,000 MT</i>	2023/24	2024/25	# Change YoY	% Change YoY	5-Year Avg	Change from 5-Year Avg
<b>World</b>	<b>13,135</b>	<b>14,254</b>	<b>1,119</b>	<b>9%</b>	<b>15,557</b>	<b>-8%</b>
<b>E.U.</b>	4,800	5,950	<b>1,150</b>	<b>24%</b>	5,840	<b>2%</b>
<b>Russia</b>	1,700	1,700	<b>0</b>	<b>0%</b>	2,380	<b>-29%</b>
<b>United States</b>	898	1072	<b>174</b>	<b>19%</b>	1,039	<b>3%</b>
<b>Brazil</b>	1125	1025	<b>-100</b>	<b>-9%</b>	1,049	<b>-2%</b>
<b>Canada</b>	937	750	<b>-187</b>	<b>-20%</b>	1,122	<b>-33%</b>
<b>China</b>	660	625	<b>-35</b>	<b>-5%</b>	581	<b>8%</b>
<b>Australia</b>	550	550	<b>0</b>	<b>0%</b>	844	<b>-35%</b>
<b>Argentina</b>	405	450	<b>45</b>	<b>11%</b>	426	<b>6%</b>
<b>Turkey</b>	275	300	<b>25</b>	<b>9%</b>	269	<b>12%</b>
<b>U.K.</b>	260	280	<b>20</b>	<b>8%</b>	380	<b>-26%</b>
<b>Norway</b>	305	275	<b>-30</b>	<b>-10%</b>	262	<b>5%</b>

*Source: USDA*

# 2024/25 ending stocks near record lows (2.2 MMT in 2018/19)

- Canada 3<sup>rd</sup> lowest ever carryout
  - 2020/21: 333K
  - 2018/19: 397K
- Tighter balance sheet in North America continues to support similar acres for Plant 2025

Prepared by Brennan Turner for POGA

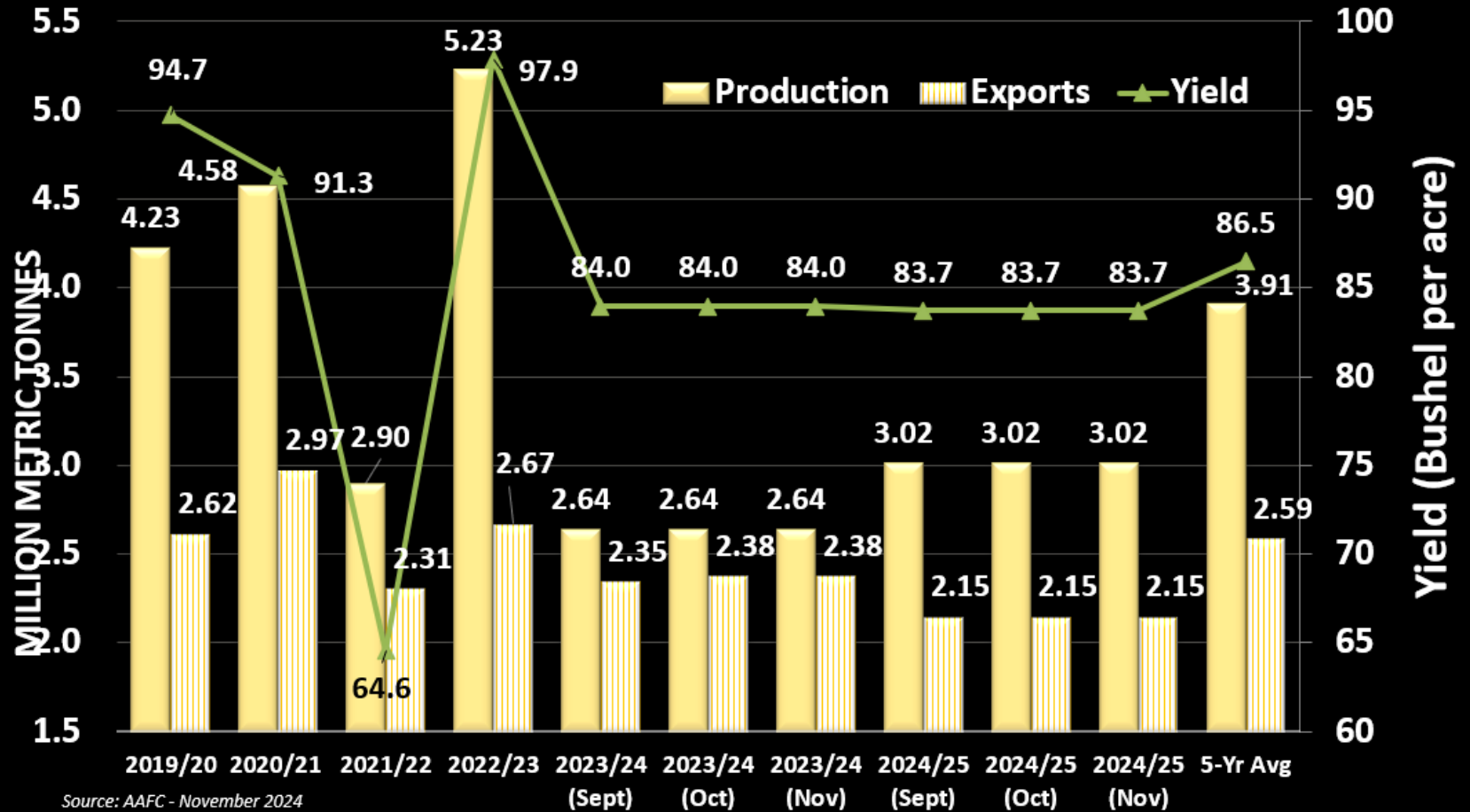
## Oats Carryout - Top 10 Markets

1,000 MT	2023/24	2024/25	# Change YoY	% Change YoY	5-Year Avg	Change from 5-Year Avg
<b>World</b>	2,339	2,378	39	1.7%	2,733	-13%
<b>United States*^\$</b>	526	509	-17	-3%	518	-2%
<b>Canada*^\$</b>	442	412	-30	-7%	627	-34%
<b>European Union*^\$</b>	290	380	90	31%	425	-11%
<b>Australia*^\$</b>	299	299	0	0%	315	-5%
<b>China^</b>	139	139	0	0%	123	13%
<b>Russia*^\$</b>	149	124	-25	-17%	165	-25%
<b>Brazil*^</b>	95	95	0	0%	85	11%
<b>United Kingdom*^\$</b>	75	90	15	20%	125	-28%
<b>Kazakhstan</b>	60	81	21	35%	70	16%
<b>Argentina^</b>	63	63	0	0%	66	-4%

Source: USDA

\$ = Top Producer   \* = Top Exporter   ^ = Top Consumer

# Canadian Oats Production + Yield Vs Exports



Source: AAFC - November 2024



# 2024 Rebound in Acres, not so much Yield

Prepared by Brennan Turner for POGA	Seeded area (acres)					
	2023	2024	5-Year Avg	% Change vs 5-Yr	% Change YoY	# Change YoY
Saskatchewan	1,033,000	1,263,100	1,614,262	-22%	22%	230,100
Alberta	698,700	789,300	850,244	-7%	13%	90,600
Manitoba	474,900	522,700	603,414	-13%	10%	47,800
<b>Total Canada</b>	<b>2,535,100</b>	<b>2,896,600</b>	<b>3,445,185</b>	<b>-16%</b>	<b>14%</b>	<b>361,500</b>

## Plant 2025 Prediction

- Overall, acres flat to slightly higher

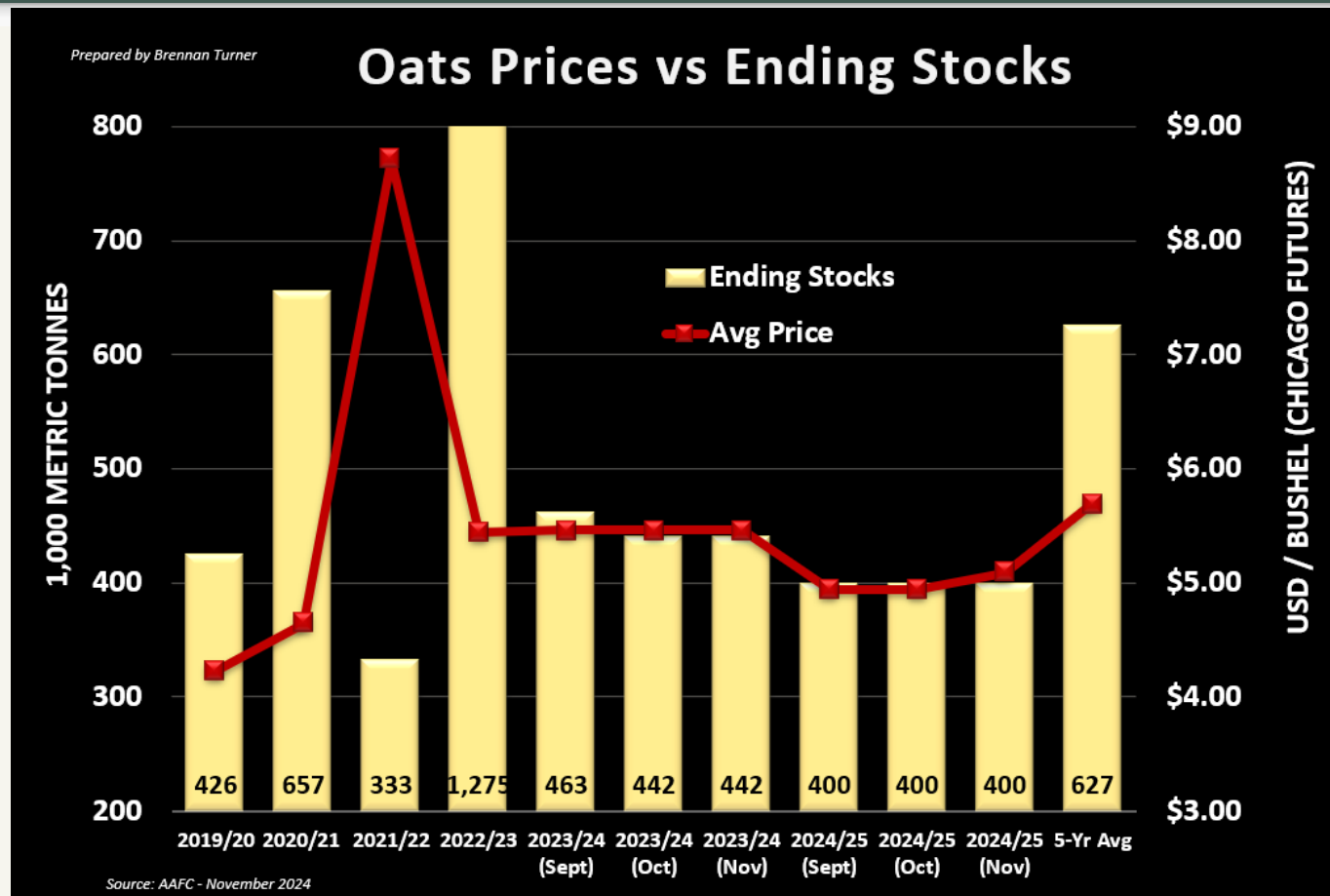
## Yield 2025 Prediction

- Ask Mother Nature

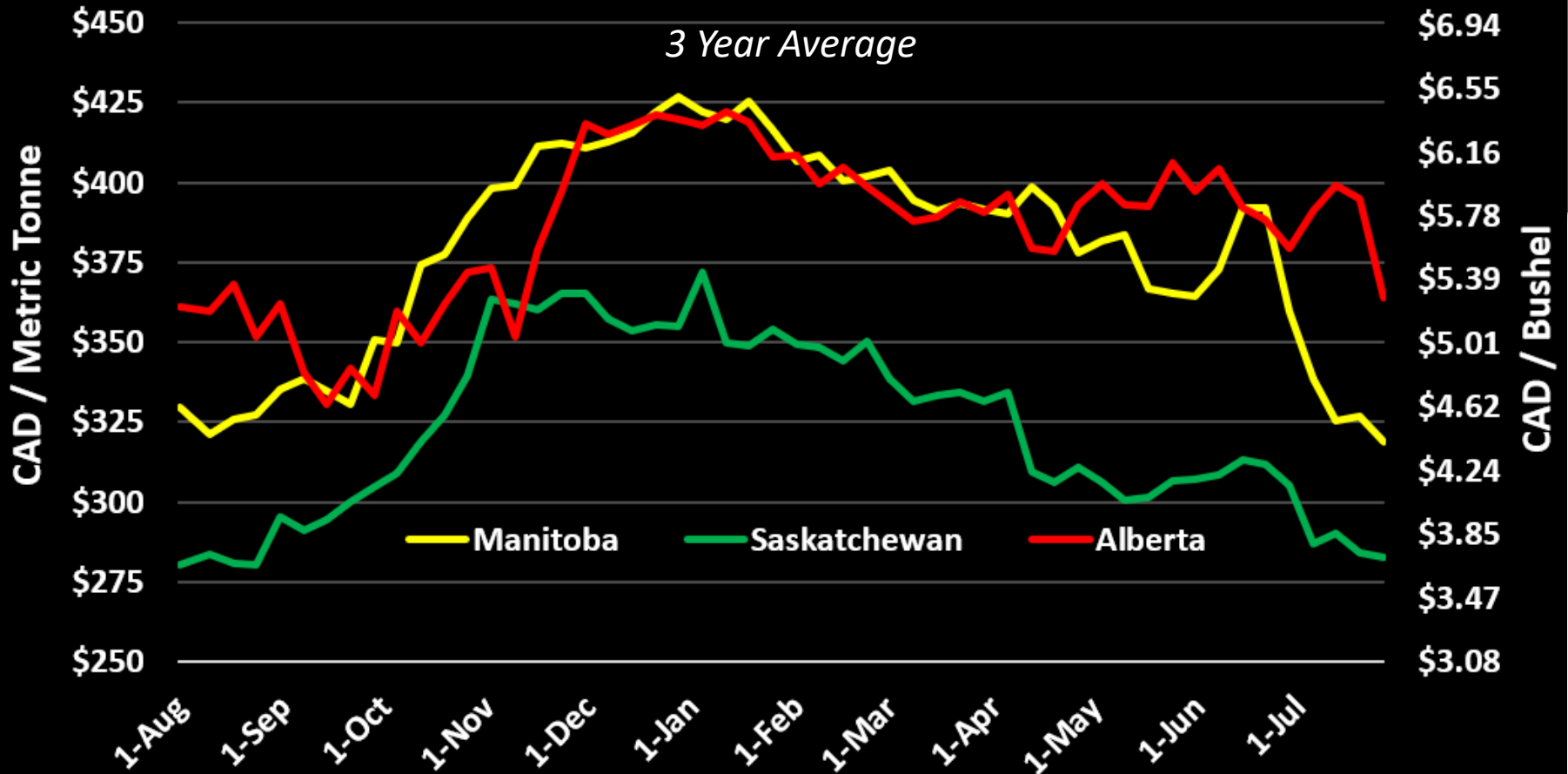
Prepared by Brennan Turner for POGA	Average yield (bushels per acre)					
	2023	2024	5-Year Avg	% Change vs 5-Yr	% Change YoY	# Change YoY
Saskatchewan	83.4	86	85.7	0%	3%	2.6
Alberta	85.4	75.7	83.9	-10%	-11%	-9.7
Manitoba	92.6	96.1	100.7	-5%	4%	3.5
<b>Total Canada</b>	<b>83.9</b>	<b>83.6</b>	<b>86.8</b>	<b>-4%</b>	<b>0%</b>	<b>-0.3</b>

# Record low Canadian oats carryout is a certainty

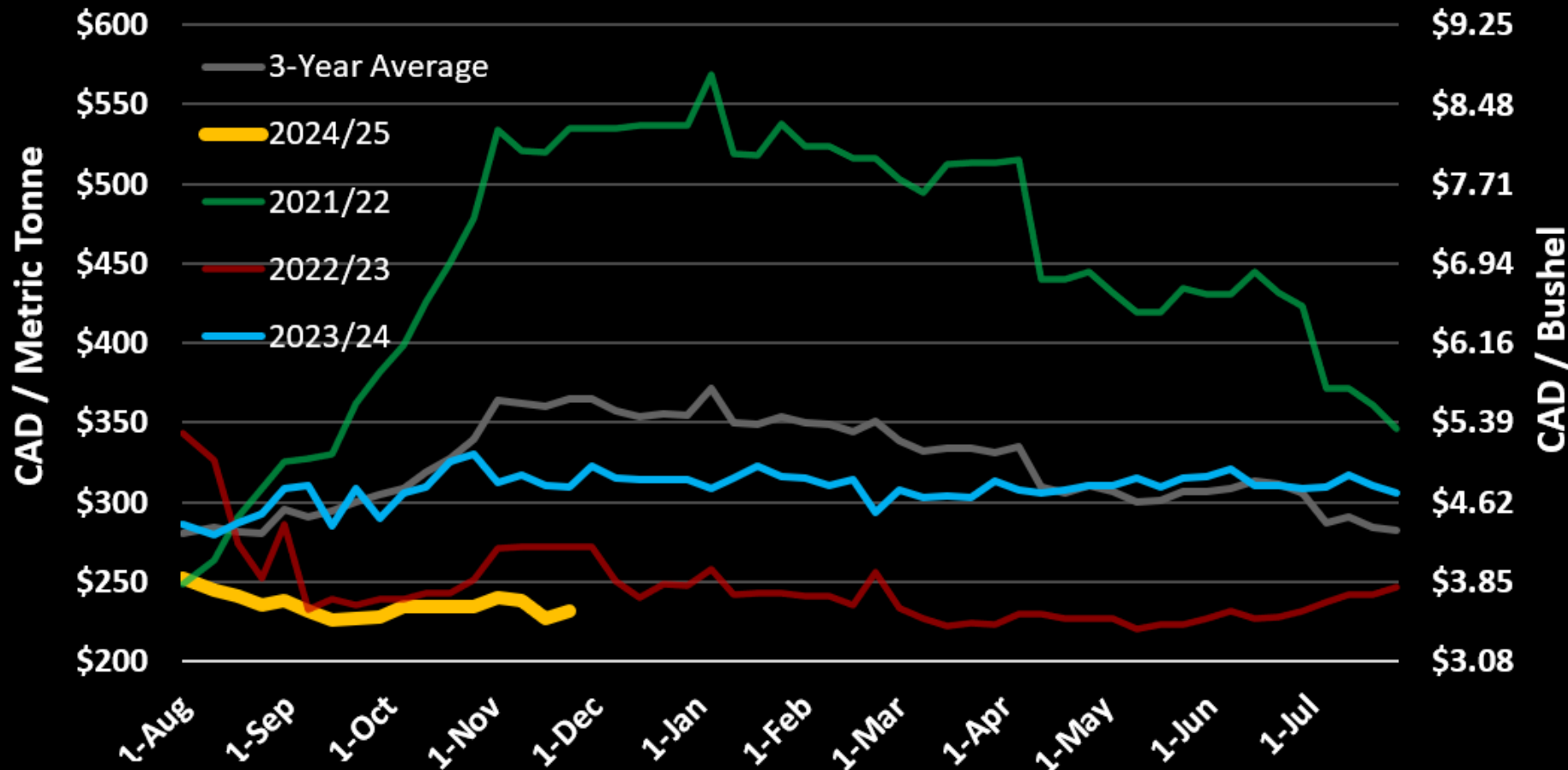
- Tepid demand though could see ending stocks closer to 450K – 500K MT
- Stocks-to-use ratio of 13% are generally “safe”



# Western Canadian Oats Prices

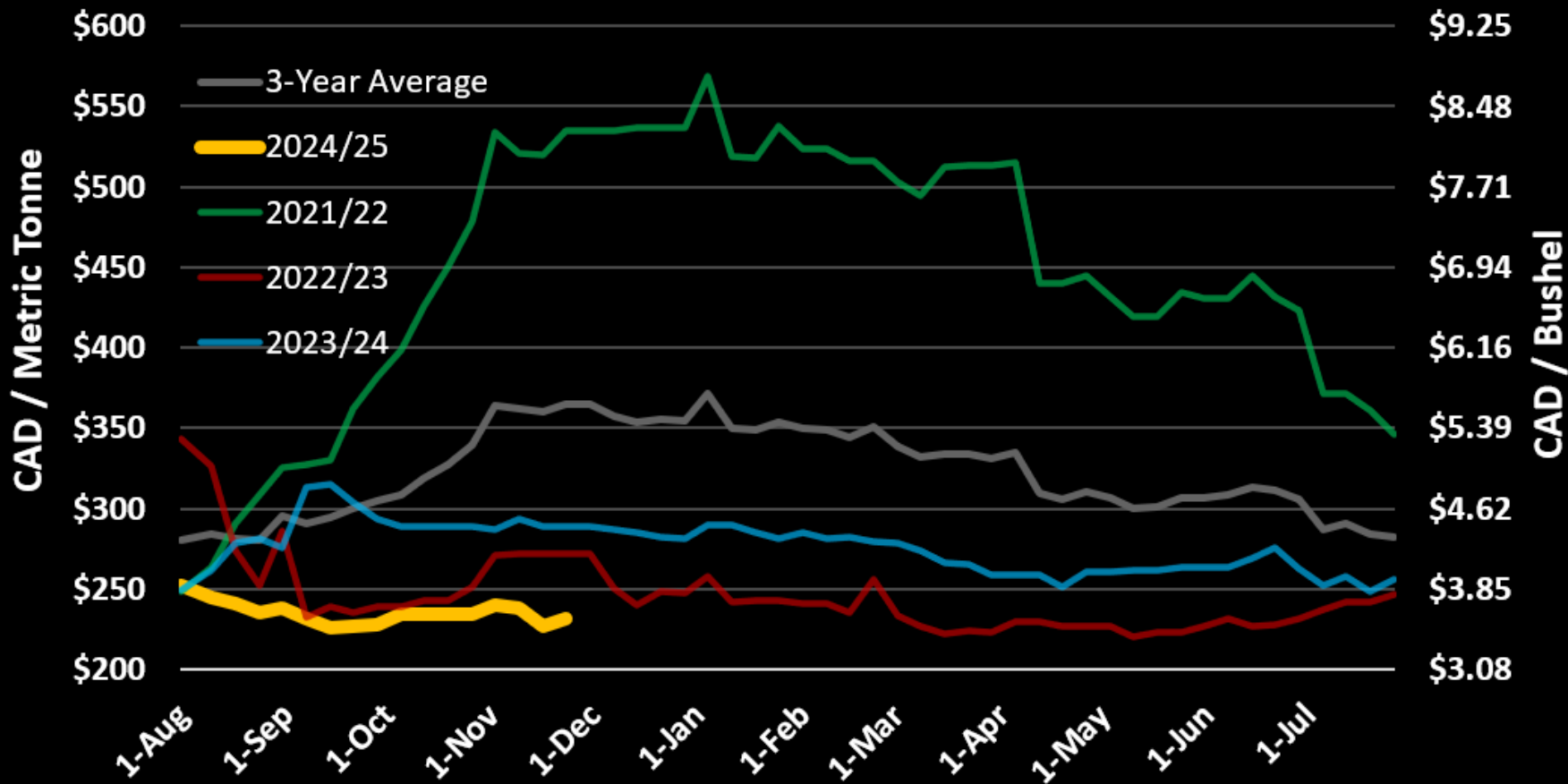


# Alberta Oats Prices (Delivered Edmonton)



Prepared by Brennan Turner for POGA

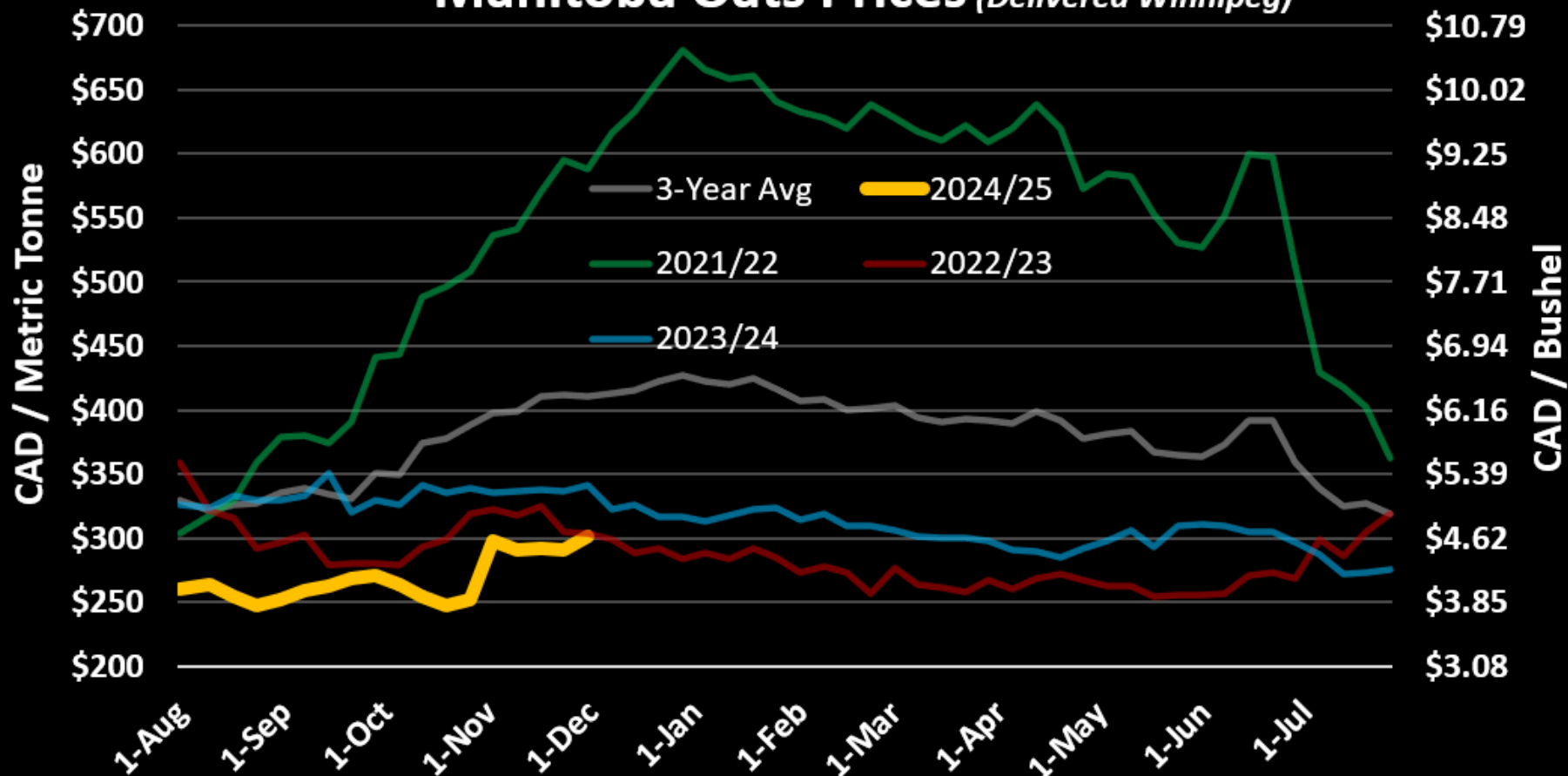
# Saskatchewan Oats Prices



Source: Saskatchewan Ministry of Ag

Prepared by Brennan Turner for POGA

# Manitoba Oats Prices (Delivered Winnipeg)



Source: Manitoba Ministry of Ag

**Just tell me where  
are oats prices  
going in 2025**



# Canadian Oats Buyer Survey

(24 respondents)

---



1. 100% say Plant 2025 acres will determine prices
2. Given importance of U.S. trade, ~80% also think the value of the Canadian Loonie is the 2<sup>nd</sup>-most important factor
3. ~60% say that high prices / demand are going to limit the top end (*“prices are killing some markets”*)
4. Almost 15% mentioned tight supply, relative to the amount of light oats in the market, and that mills could run out towards end of 2025
5. ~80% say the Russian-Ukraine war will have the least impact on oats prices



# Domestic markets over next 5 years?

---



1. Nearly 100% of respondents say Breakfast products (i.e. oatmeal) will have minimal to no growth
2. Nearly 70% believe oat milk will see a little to a lot of growth (*\*\*\*BT note: keep in mind the small base it's growing from\*\*\**)
3. More than 80% believe gluten-free foods (i.e. oat flour) will continue to see some growth, but not a lot
4. Almost 75% see the feed grain market as flat to slowing fading away

***\*\*\*Green Acres Milling adding 2M bushels in annual oats processing capacity\*\*\****

# *“For the Environment, stupid (if I can afford it)”*

## 1. Oat products meet various lifestyle and health needs:

1. Lactose-free
2. Gluten-free
3. Plant-based
4. Often fortified though with additional nutrients

## 2. Price is usually 60% - 80% higher than cow's milk

## 3. Most established oat milk market continues to be Europe

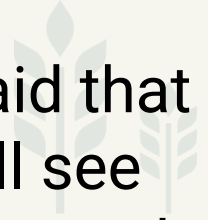
1. 30% of EU milk drinkers consume oat milk 2-3x / week  
(Source: Novozymes)



## Canadian Oats Exports Optimism?

---

1. Over half of respondents said that they are optimistic that we'll see continued growth in the U.S. market
2. Almost 30% also mentioned Latin / South America as a region they're excited about
3. Less than 15% said that both Mexico and the Asia Pacific Region are regions of opportunity



**How much oats  
do you plan to  
forward  
contract in  
2025?**



1. 100% said they will lock in the same amount of forward contracts, if not more
  1. ~20% said they would buy a little bit more than 2024
  2. Another ~20% said they'd buy significantly more than 2024

**Where do you think Canadian oats prices will go over next 6 months?**



1. Just over 50% respondents said minimal change, but maybe a 5% bump in oats prices
2. Almost 1/3 said that prices are likely to correct lower by as much as 5%
3. A little more than 15% said prices could drop by 10% or more

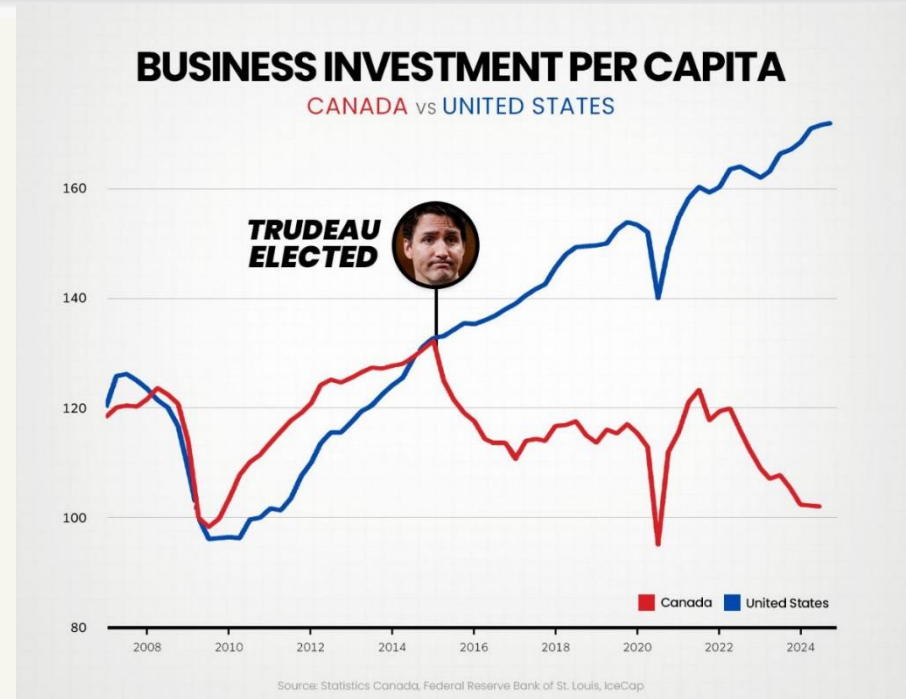
# The Donald Effect



# Another Trump Presidency vs Canadian Agriculture

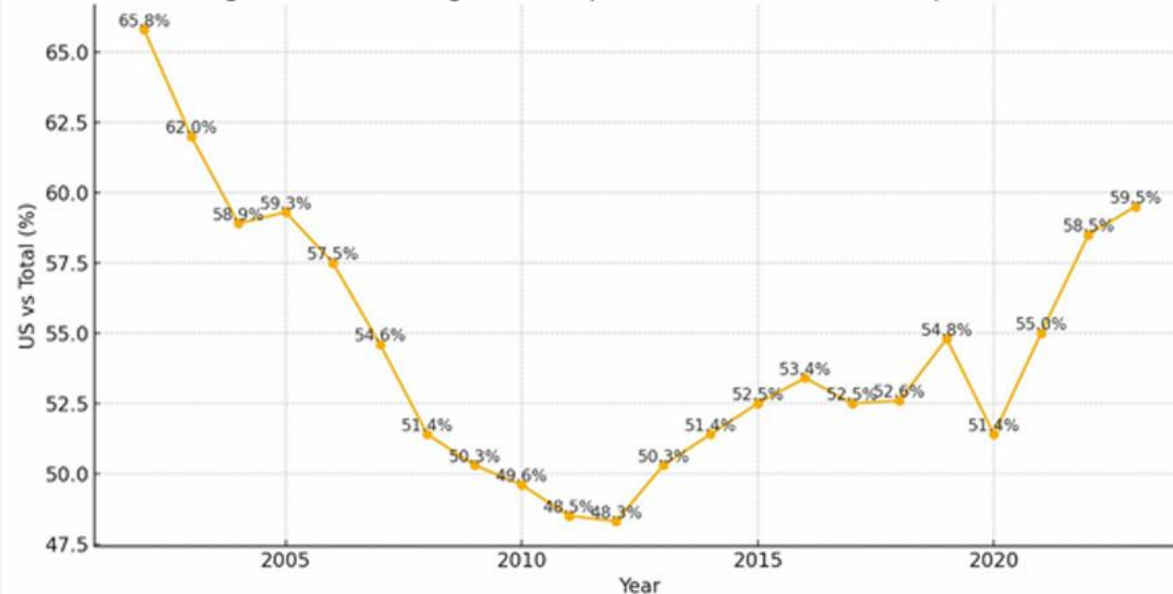
## (1 / 3)

1. Trade agreements review guaranteed (Trump says 25% come January but just wants concessions)
  1. Canada is NOT negotiating from any position of economic strength
2. A weaker Loonie is basically guaranteed (generally good for Canadian exports)



# Another Trump Presidency vs Canadian Agriculture (2 / 3)

Percentage of Canadian Agri-food Exports to the US vs Total Exports (2002-2023)



1. Livestock sector likely impacted most
  1. Trump not a fan of Canadian dairy supply management
  2. COOL issues coming back up
  3. Higher prices in U.S. mean Canadian opportunity?
2. Supply-demand equilibrium already at a potential peak for new oats markets; likely negative if heavy tariffs introduced



# Another Trump Presidency

(3 / 3)

---

**Ray Dalio** (largest hedge fund manager in the world) believes that the Trump administration is focused on 2 main goals

- 1. Domestic reform** (think corporate raider) to
  1. Create maximum economic strength
  2. Less care for people or values
- 2. Preparing for the increasing possibility of international conflict**
  1. With different American morality/ethics, “align with us or else”
  2. Security + trade are important



# Concluding Thoughts

---

## **1. Demand is here (but for how long?)**

- Limitation of good quality oats the outlier towards Plant 2025
- Slow and steady growth in new, differentiated markets (oat milk, flour, etc.)

## **2. Prices likely to level out through January before new crop acres bought**

## **3. Trump may be our next Black Swan**

- War is never a good thing
- Acreage substitution effects for most in-demand crops (i.e. wheat)



**brennan.d.turner@gmail.com**

**@BrennanDTurner**

**306-715-4540**