



OAT OUTLOOK

Presented by Matt Toews



matt@sweetgrassltd.com
www.sweetgrassltd.com
Linden, AB, Canada



INTRODUCTION TO SWEET GRASS

Trading grain since 1995, Sweet Grass has grown into a significant player in the international grain market. The company, incorporated in 2003, remains family-owned and operated.

Our Growth & Operations:

- Expanded into retail and international oat markets in 2007.
- Currently distributing over 70,000 metric tonnes annually.
- Serving 12-15 countries with bulk and bagged products.
- Deep roots in local agricultural community.

• Strategic Advantages:

- **Prime Location:** Located in rural Alberta, with easy access to rail, we efficiently move our products to, through, and away.
- **Established Network:** We reach over 1100 farmers weekly.
- **Vertically Integrated:** Complete control from sourcing to international distribution.





- Demand, World, USA. What is it doing?
- 2024 Ending Stocks
- Production, How many tonnes did we grow?
- What can we expect 2025 usage to be?
- What can we expect for 2025 production?
- 2025 ending stocks
- Tariff's
- Summary

WHAT ARE WE TALKING ABOUT?



World Demand

- **World Demand is steadily climbing at around 2-3% per year.**
- **US demand is down, 2024 US imports are down 200,000 +/-**
- **Traditional Markets:**
- **The domestic livestock feed sector continues to be a significant driver of oat demand**
- **The Equine industry has been a longtime consistent market.**
- **For Alberta specifically, these are some interesting market dynamics:**
 - **Canada is one of the world's largest oat exporters, with Alberta being a significant producer**
 - **The province benefits from proximity to the US market, which is a major importer of Canadian oats**



2023/24 Ending Stocks



- 23/24 Ending Stocks 345,000 mt



• **5 year average ending stocks is 585,000 mt**

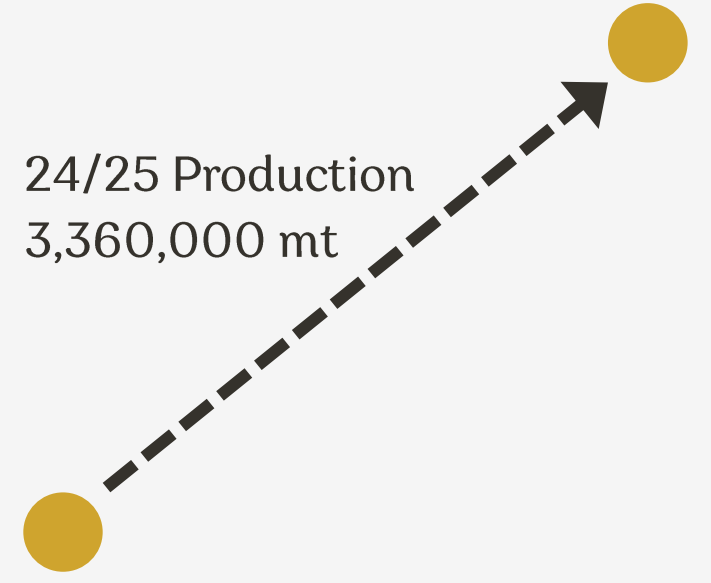


24/25 Production

• 24/25 Total Supply 3,705,000 mt

• 24/25 Production
3,360,000 mt

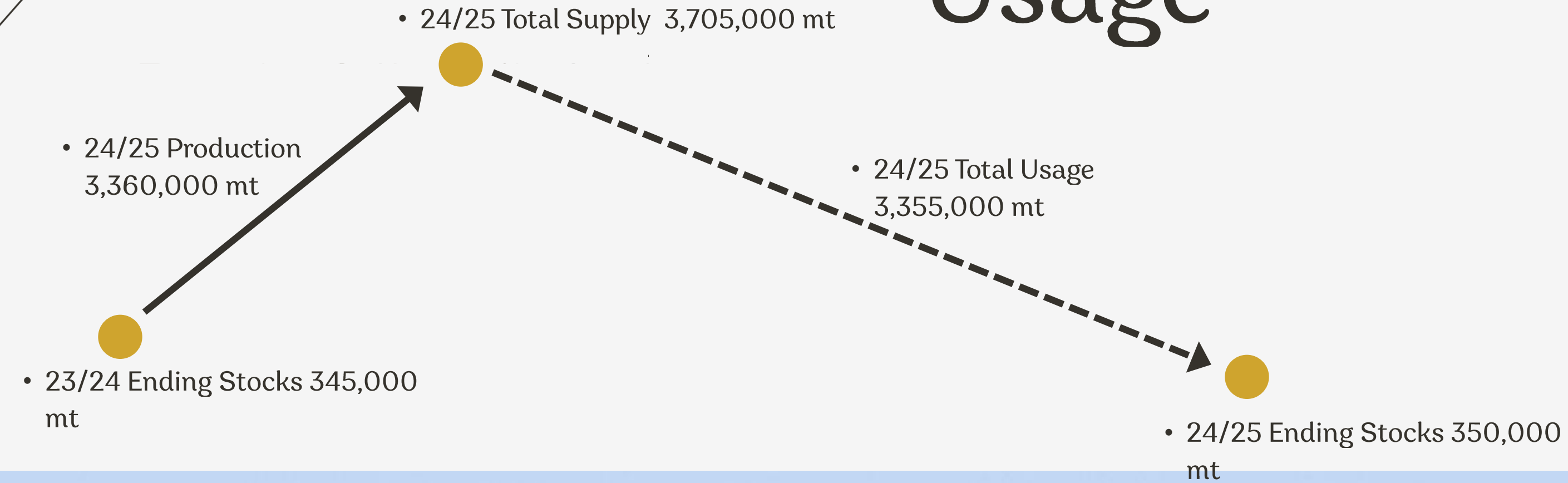
• 23/24 Ending Stocks 345,000
mt



• **5 year average production is 3,614,000 mt.**

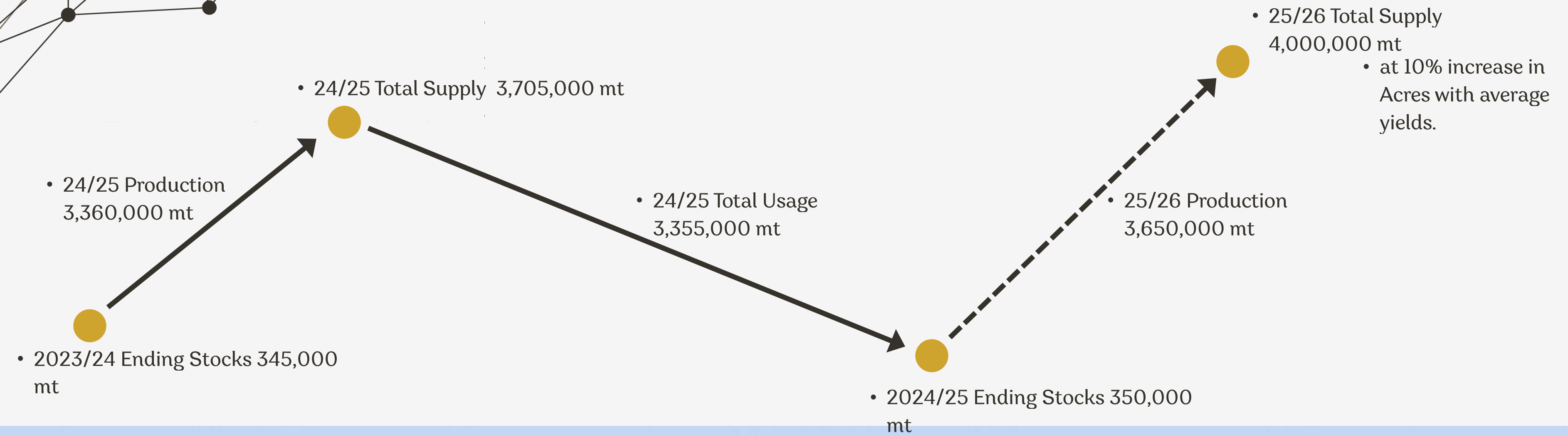


2024/25 Usage



- **5 year average ending stocks is 585,000 mt**
- **24/25 Ending stocks are on pace for near record low**

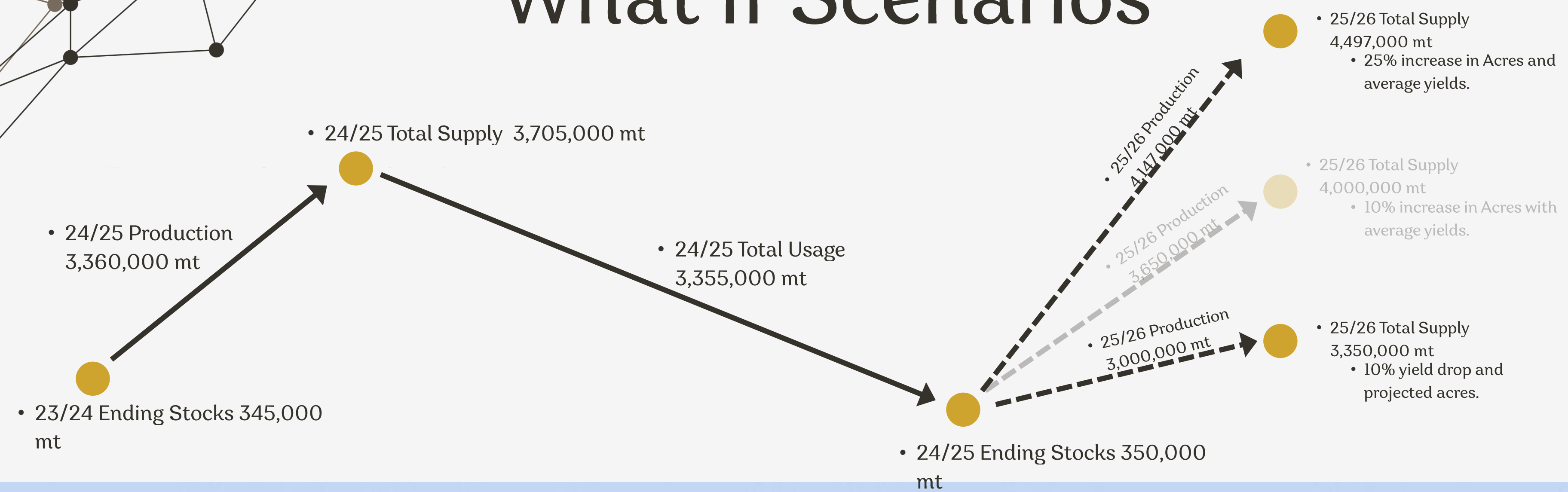
2025/26 Projected Production



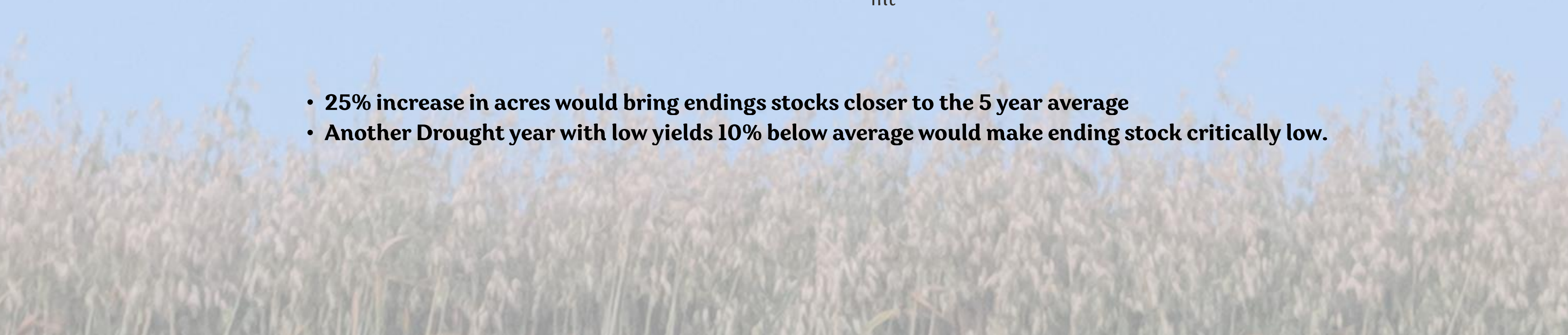
• 2025 production expected at 3,650,000 MT

- 3.2 million acres projected . Up 10.3% or 300,000 acres.
- Canadian Average yield 88 Bu /Acre
- 407,000 Metric tonne up from last year.
- 2025 production expected at 3,650,000 MT
- 5 year average production is 3,614,000.

What if Scenarios



- **25% increase in acres would bring endings stocks closer to the 5 year average**
- **Another Drought year with low yields 10% below average would make ending stock critically low.**



"OAT PLANTINGS MUST SIGNIFICANTLY EXPAND IN 2025."



- **Western Canada oat plantings will need to climb 25% to return the oat balance sheet to near normal, and even this may not be enough.**
- **A less than 25% increase will require above average oat yields.**



- **Growers are not trusting the oat market!**
- **Despite solid net oat returns compared to other crops in 2024, the market failed to secure the expected "necessary" oat acreage.**



- Trump's proposed tariff's have been delayed pending review. Hopes are that he sees the dependency the USA has on Canadian oats and will not tariff oats or oat products.
- Justification: Tariffs tied to issues beyond trade, including illegal immigration and drug trafficking.

TRUMP TARIFFS A POTENTIAL CONCERN FOR OAT MARKETS

POTENTIAL IMPACTS OF TARIFFS ON NORTH AMERICAN OAT MARKETS

- U.S. companies importing oats and oat products will bear the financial and administrative burden of tariffs.

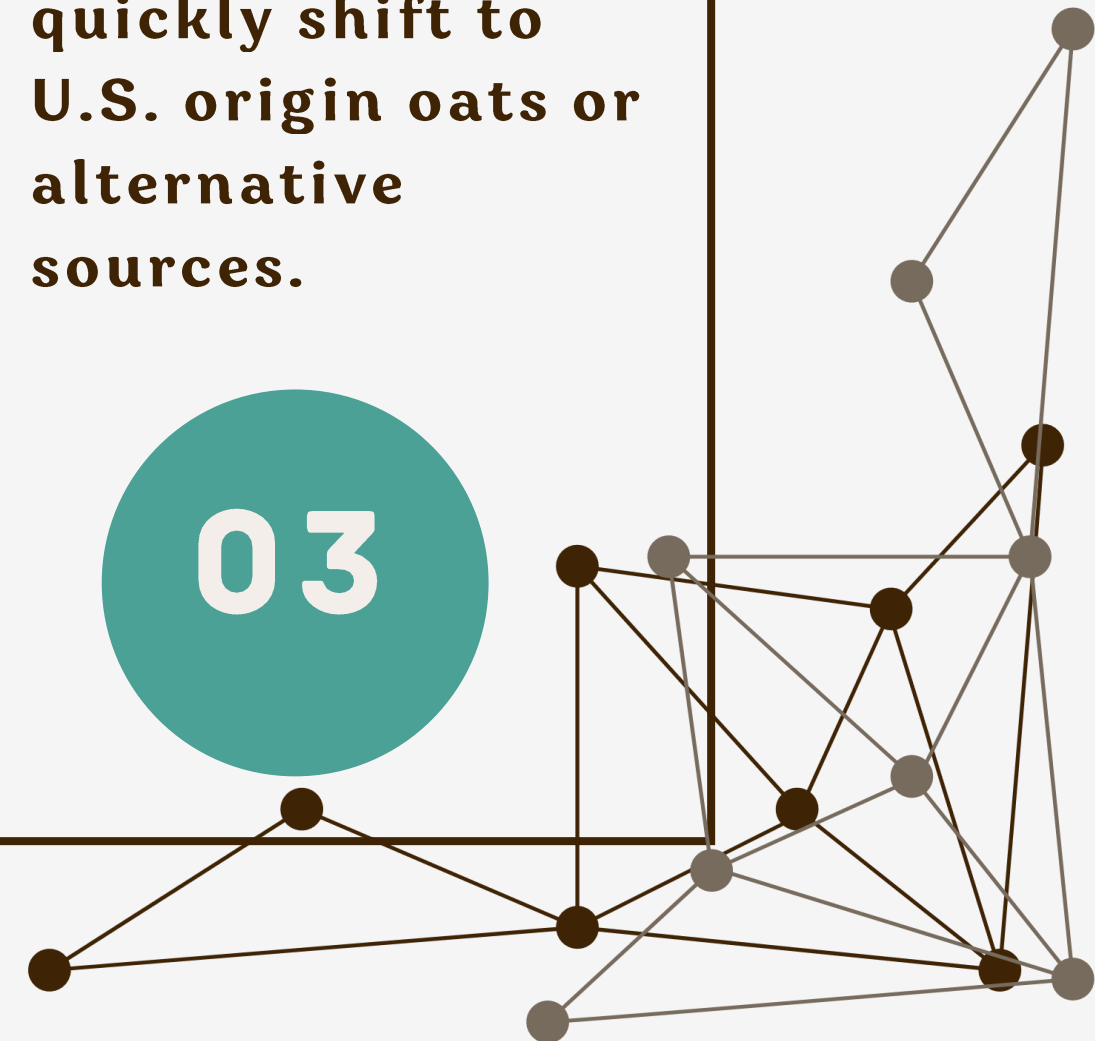
01

- Initial demand for Canadian raw oats may not drop significantly, but long-term demand could erode.

02

- Feed sectors (pet food, hog, and horse demand) could more quickly shift to U.S. origin oats or alternative sources.

03



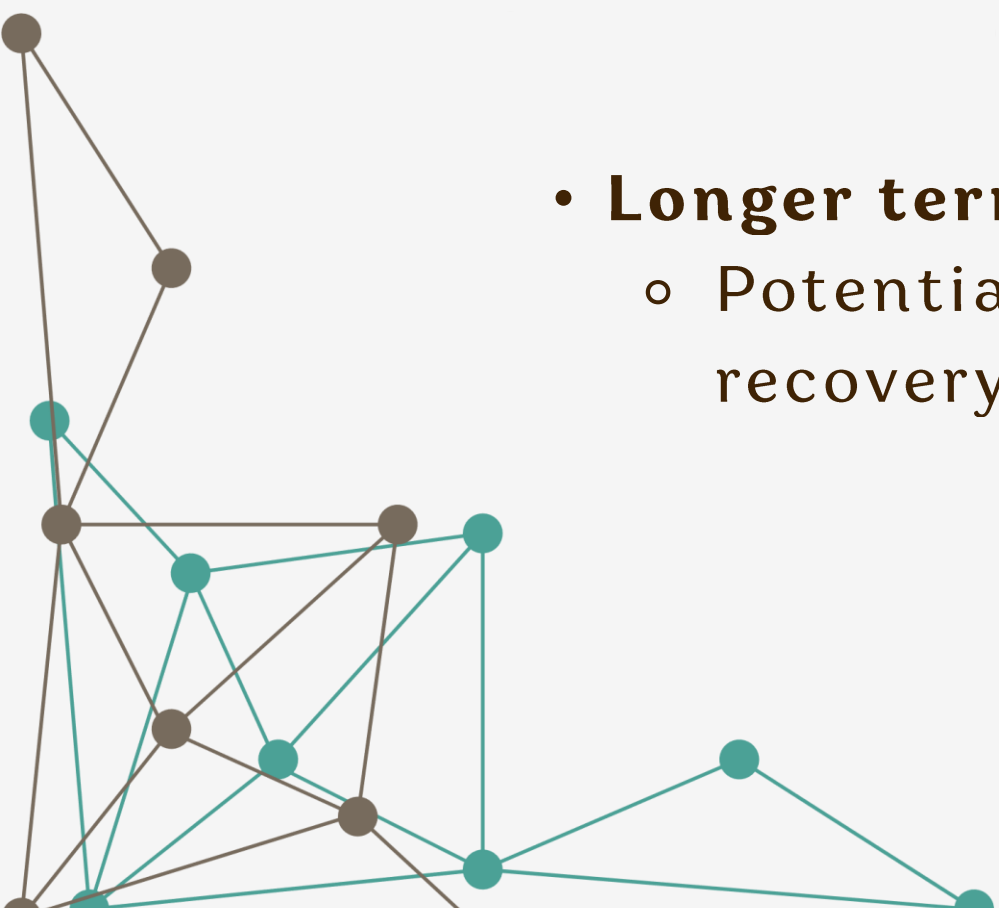
WHAT COULD BE THE IMPACT TO CANADIAN OAT GROWERS?

- **Short term:**

- Demand impact will be limited in the food sector, potential issues in the horse/feed sector.
- Food companies will keep buying Canadian oats to protect brand and market share.
- Horse markets are likely to see demand challenges as buyers have options of other cereals

- **Longer term:**

- Potential for lower oat prices for Canadian growers as US companies look to recovery the cost of the tariffs. Some potential loss of demand.



WHAT IS THE IMPACT TO US OAT COMPANIES?

- **Costs and Consumer Impact:**
 - Companies face decisions on whether to absorb or pass on the tariffs' costs to consumers.
 - Impact varies by product category (e.g., breakfast cereals, granola bars, oat beverages) due to differing oat content.
 - Competitive markets and branding concerns may influence pricing strategies.
- **Exporters in Canada/Mexico:**
 - Canadian and Mexican oat exporters may face reduced purchasing oat prices from U.S. importers.
 - Identifying alternative markets for Canadian oat/product exports poses challenges but is considered a low-probability scenario.

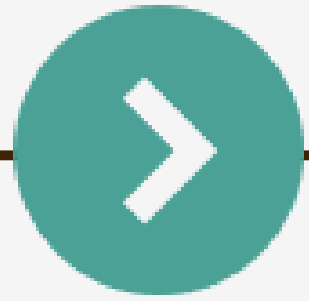




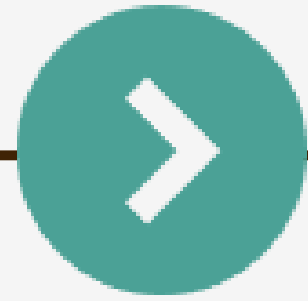
- Millers will need to buy more oats late winter into 2025 oat harvest.
- Millers, however, have become very good at dealing with short supplies, and they are patient.
- They will pay up only when forced to.
- And, they will buy not one pound more of high-priced old crop than needed on expectations of large production/supply increases in 2025/26.
- “Collectively,” growers have some control.

MORE BUYING DOWN THE ROAD...BUT

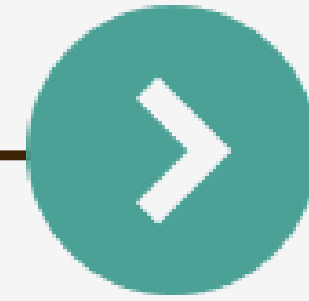
SUMMARY



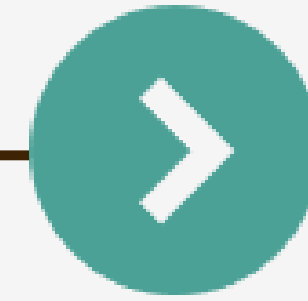
- Canadian 2024/25 oat supplies and ending stocks are below average, emphasizing the need for substantial oat plantings next spring.



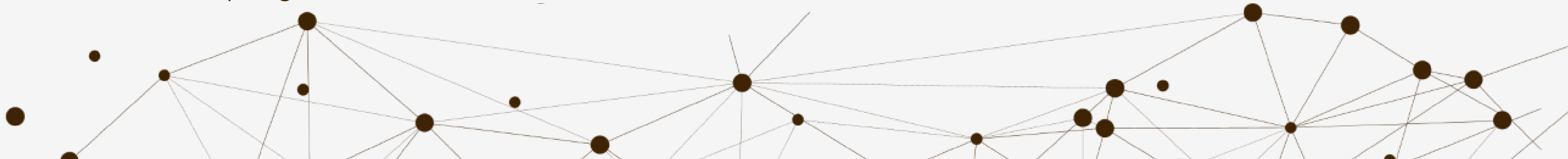
- North America is not replenishing oat stocks, creating a strong potential for higher oat prices in the long term.



Buyers will be patient, as they have become accustomed to the short supply.



- Trump's proposed tariffs could significantly impact North American oat markets.





THANK YOU
FOR YOUR TIME AND ATTENTION

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