

Mustard Market Outlook

**Presented by:
Chuck Penner**

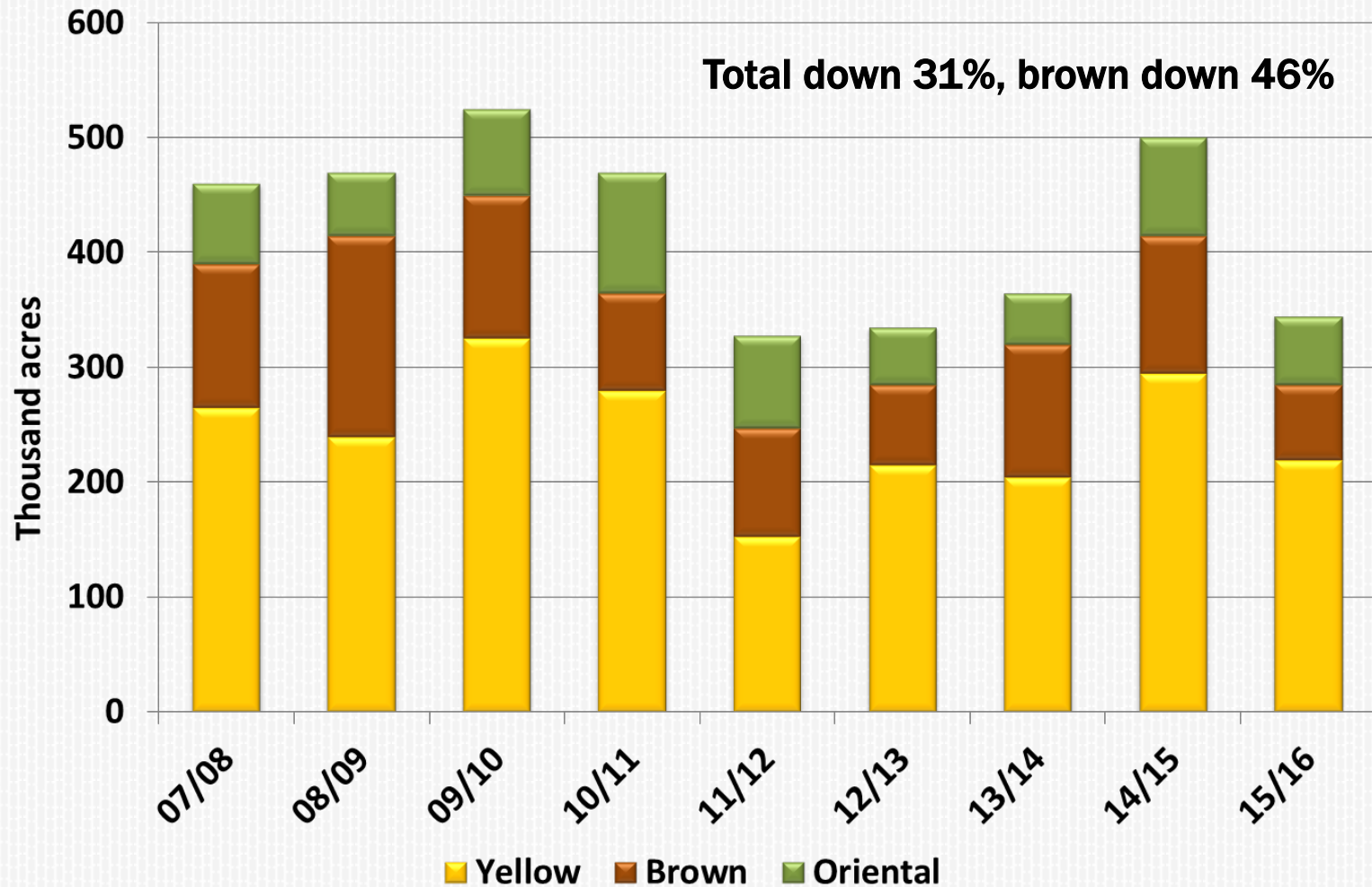


January 2016

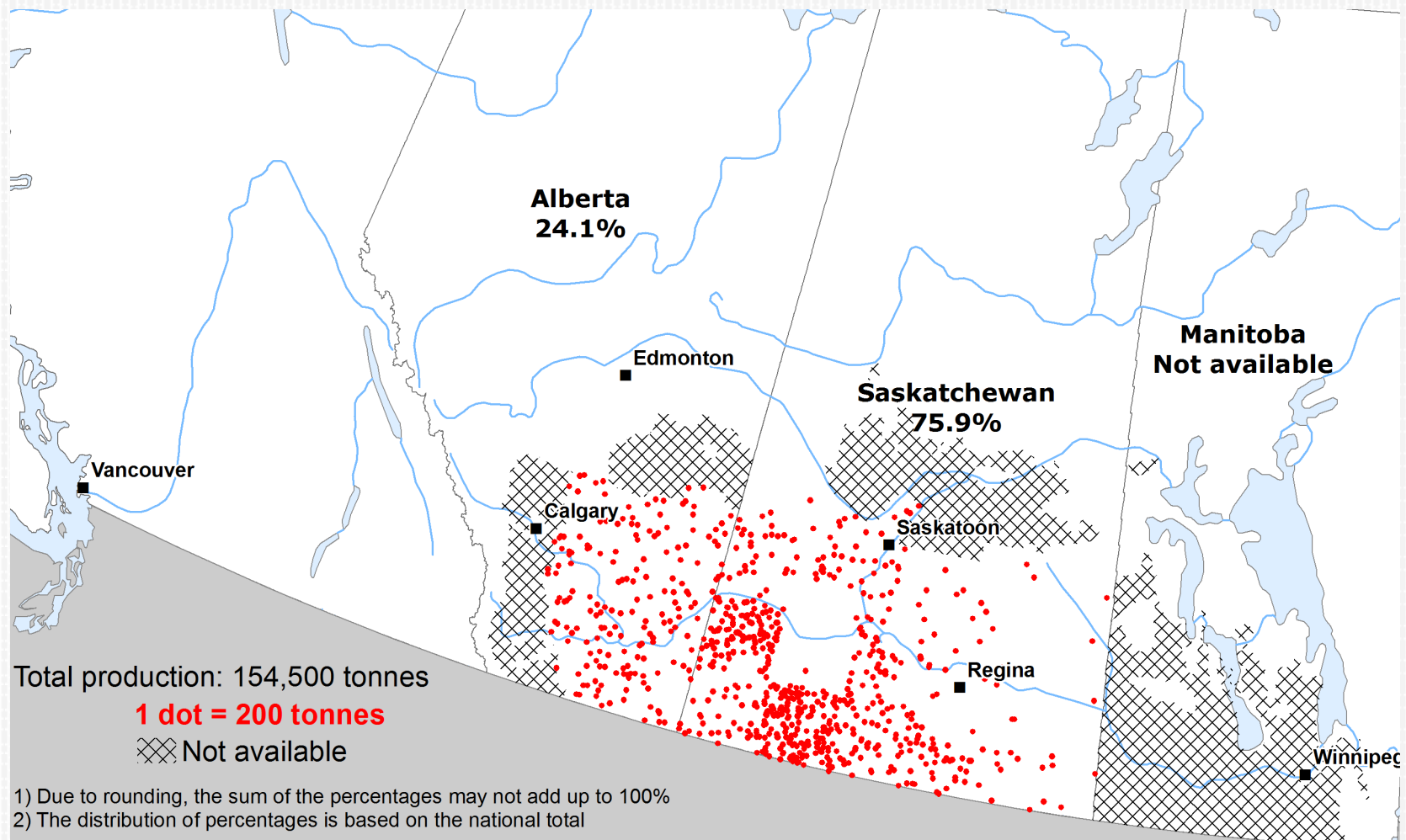
PRESENTATION OUTLINE

- × Mustard situation & outlook
 - + Current crop year situation
 - + New-crop outlook
- × Overall crop market views

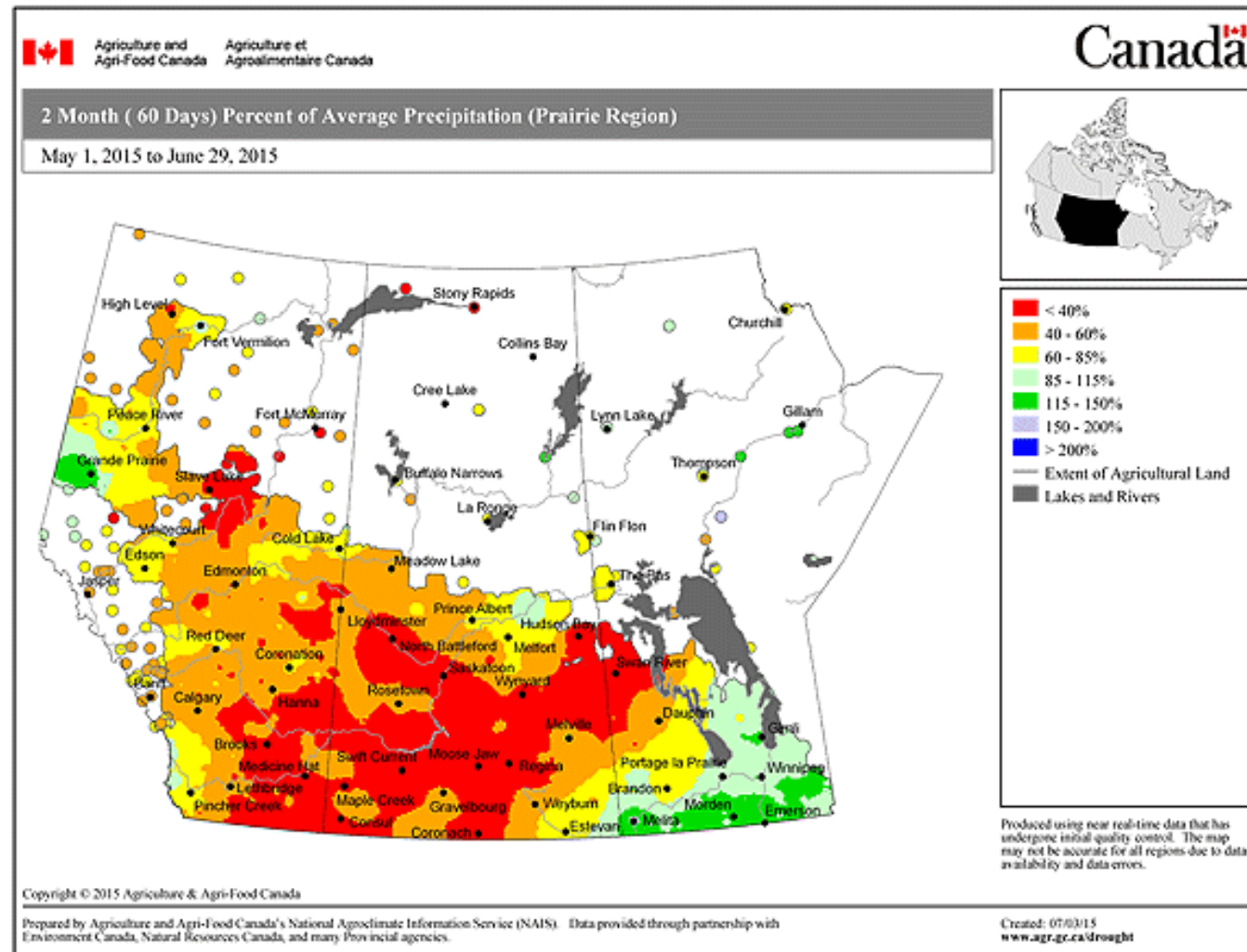
CANADIAN MUSTARD ACREAGE



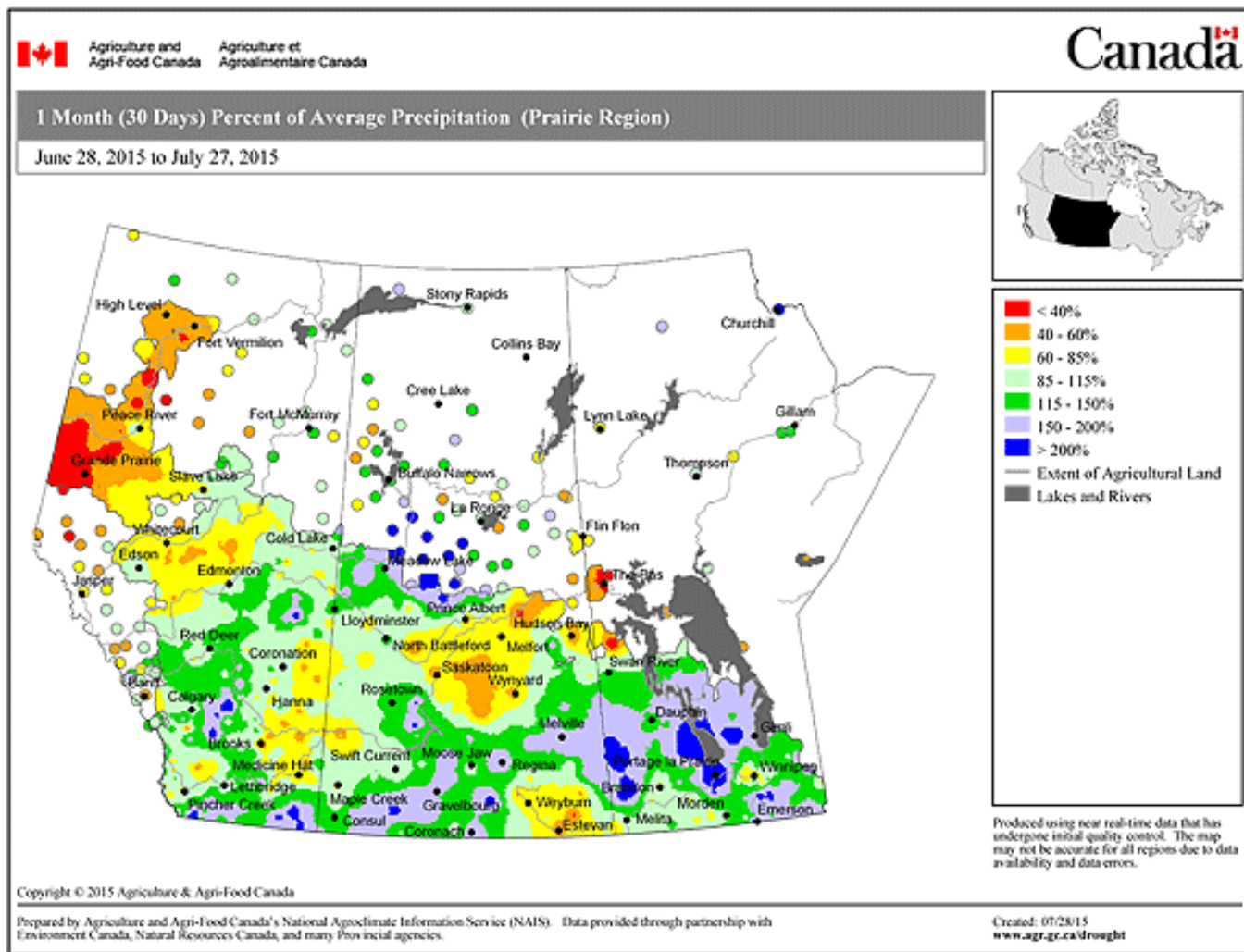
MUSTARD PRODUCTION REGIONS



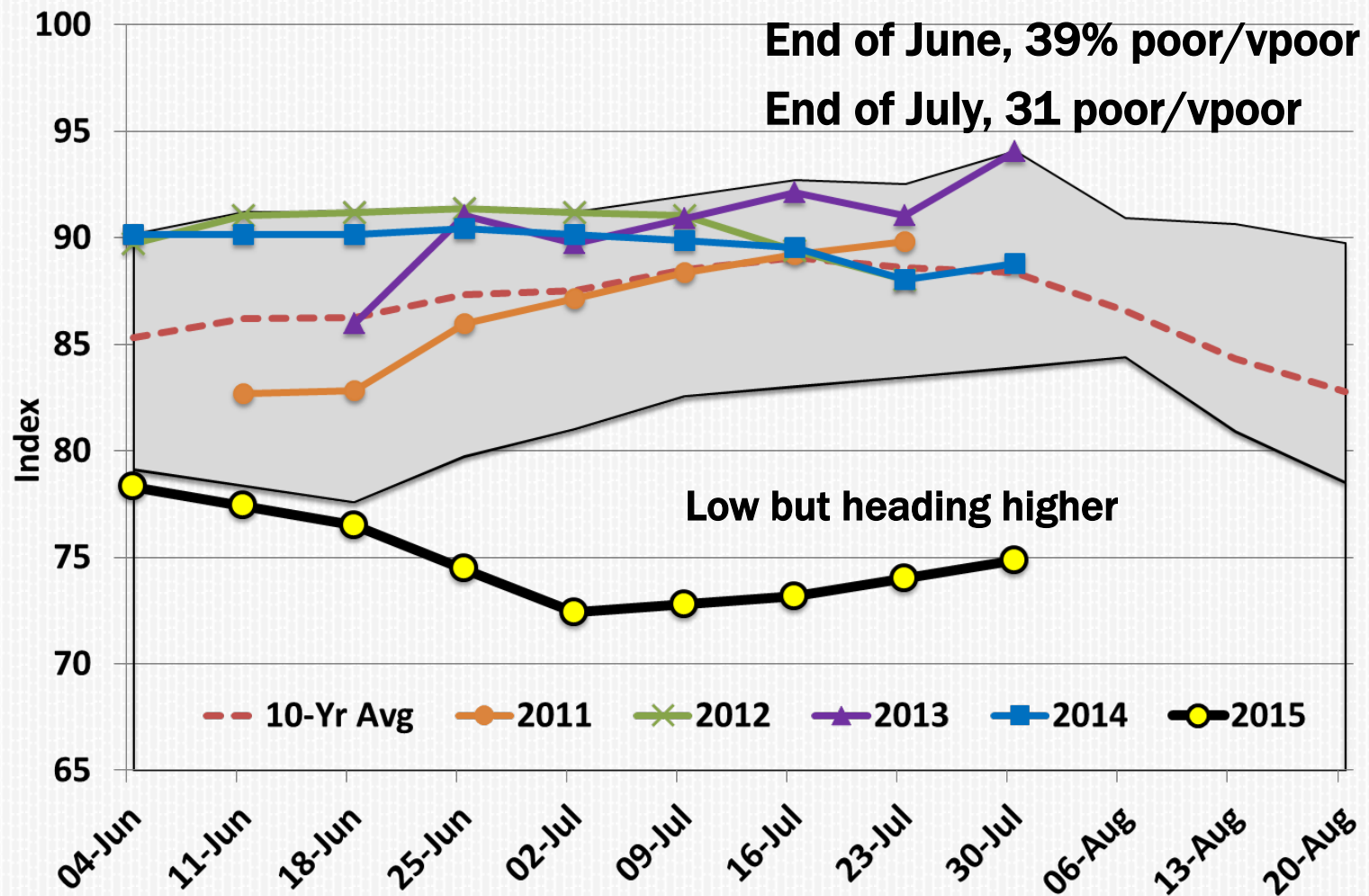
MAY-JUNE PRECIPITATION



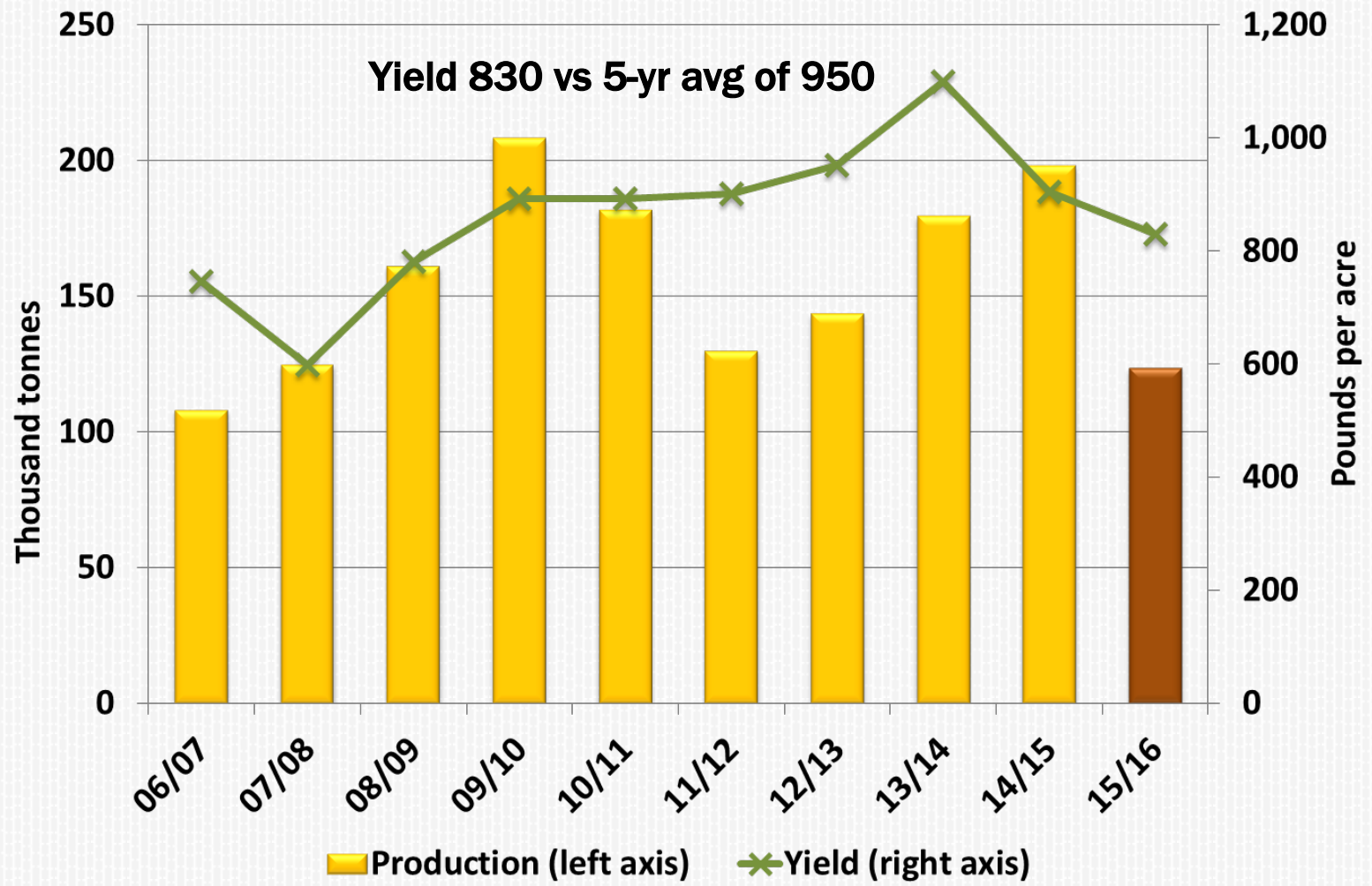
JULY PRECIPITATION



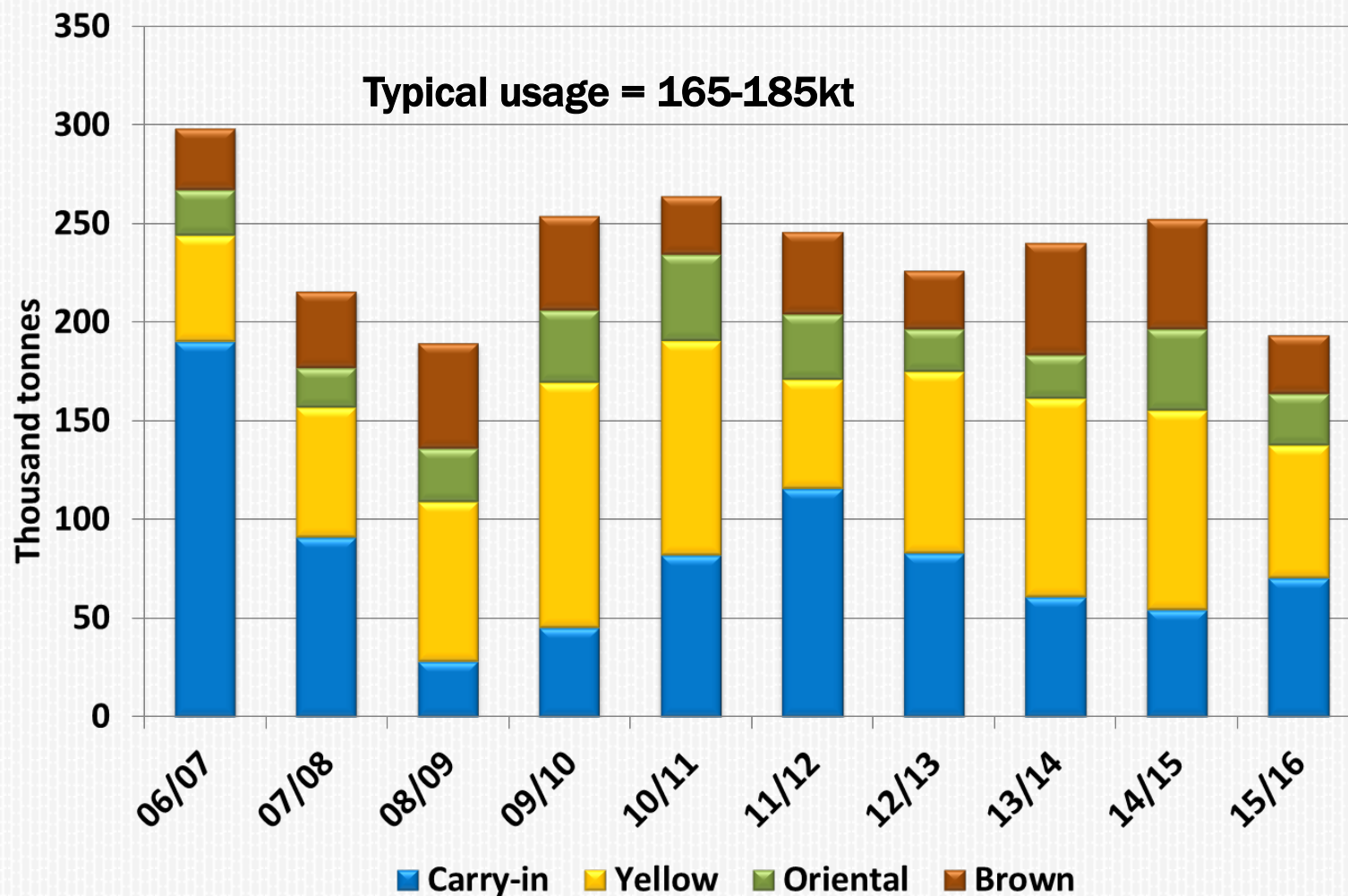
MUSTARD CROP CONDITION INDEX



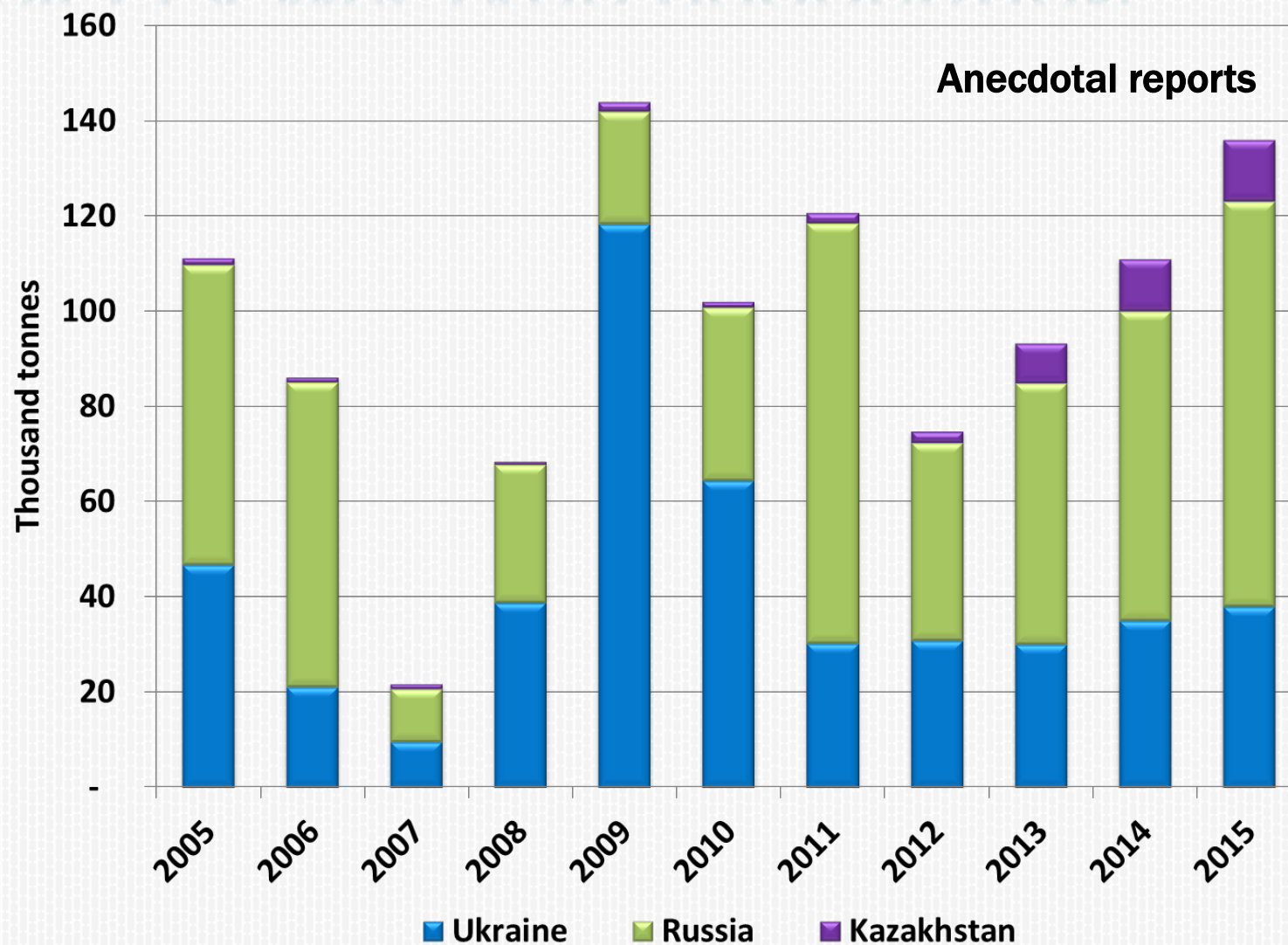
CANADIAN MUSTARD PRODUCTION



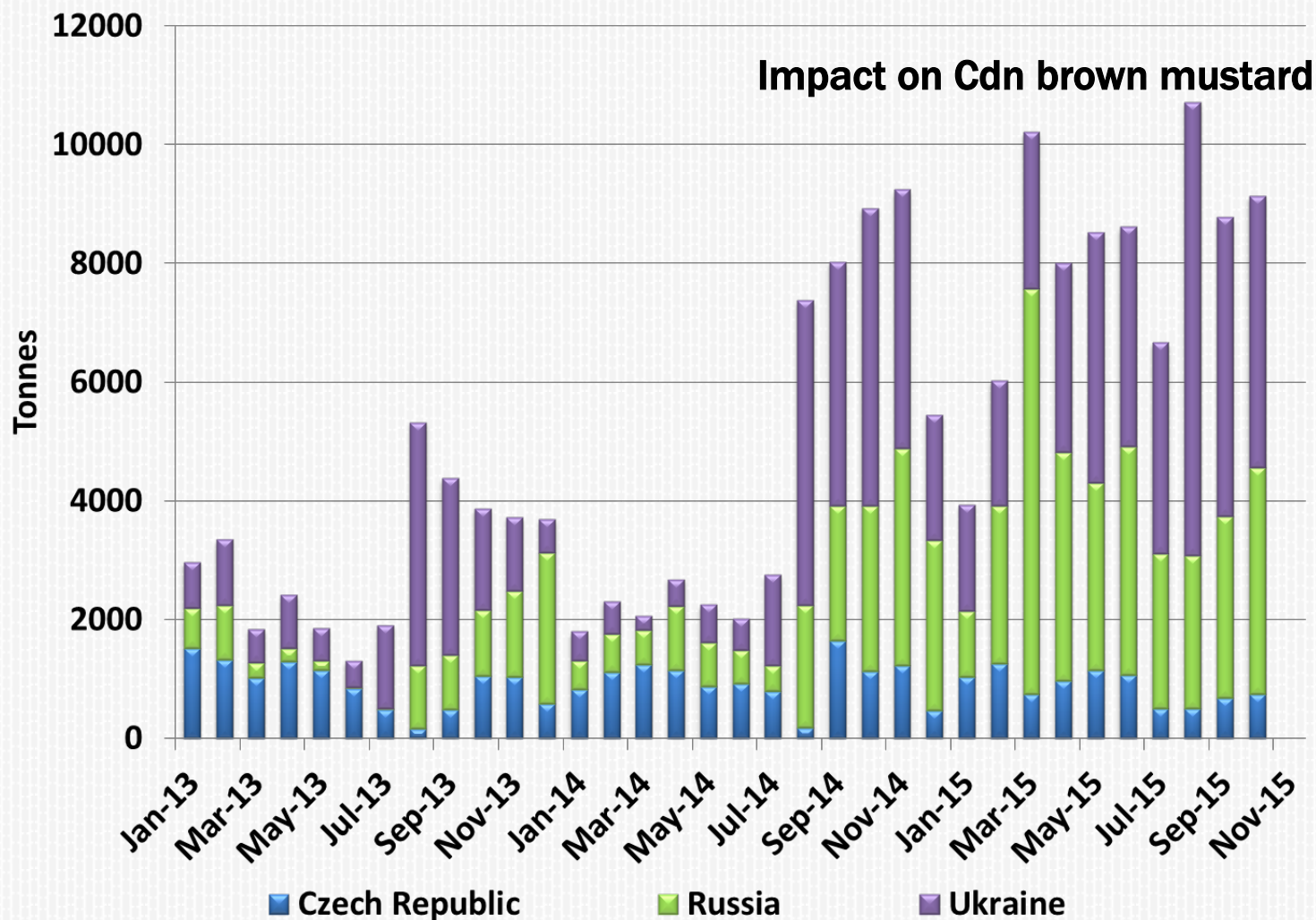
CANADIAN MUSTARD SUPPLIES



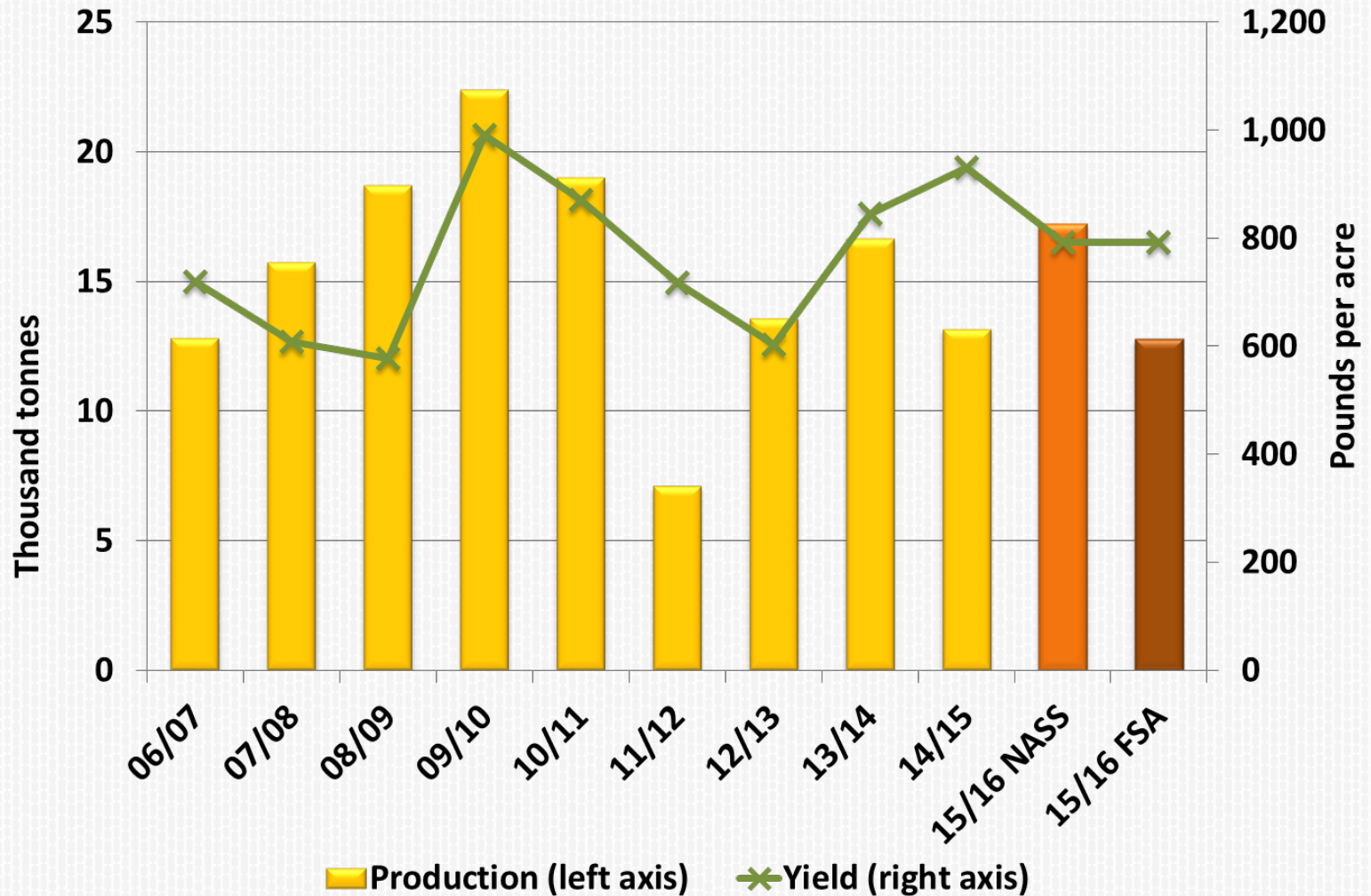
BLACK SEA MUSTARD PRODUCTION



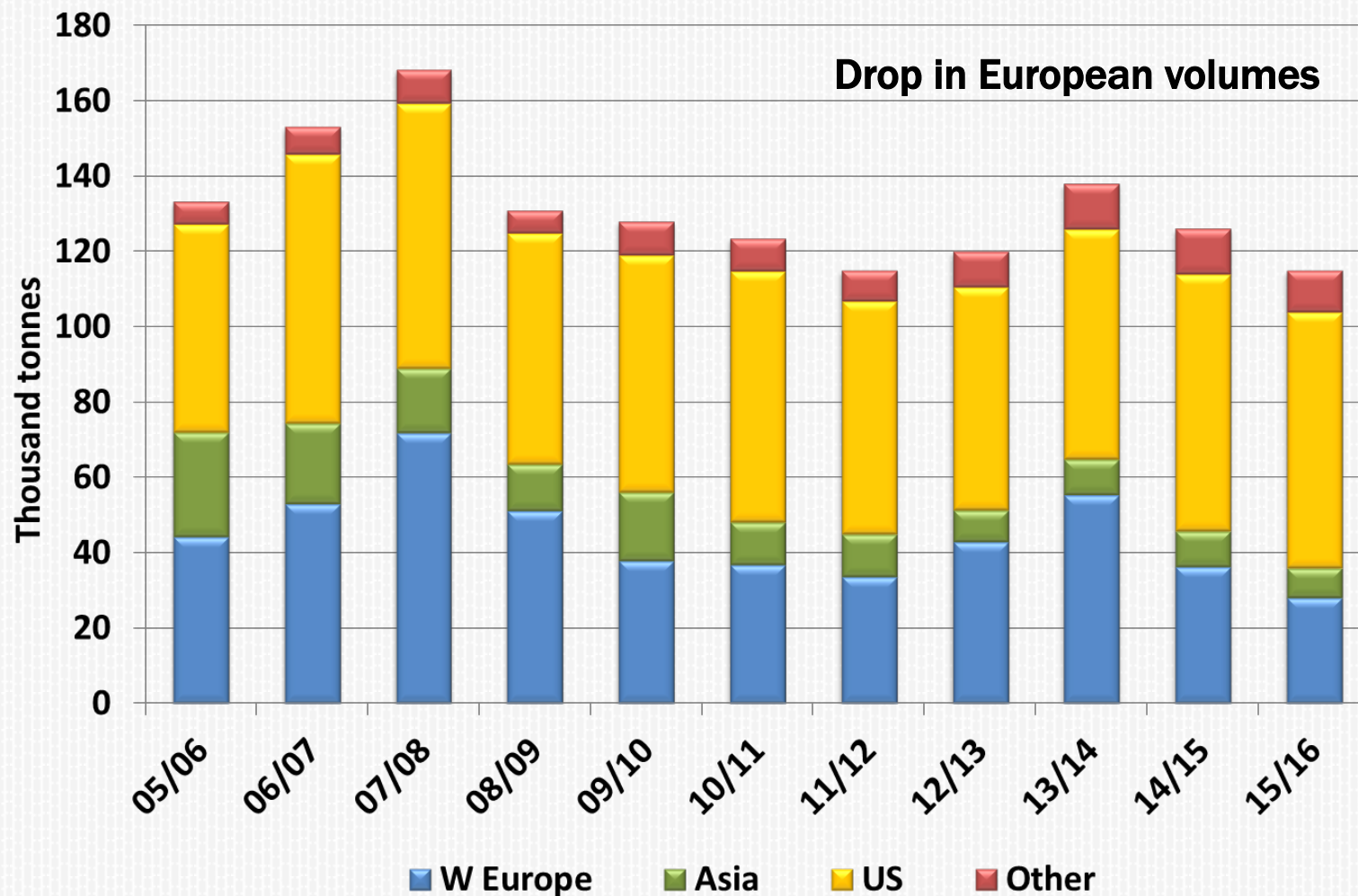
SELECTED MUSTARD EXPORTS



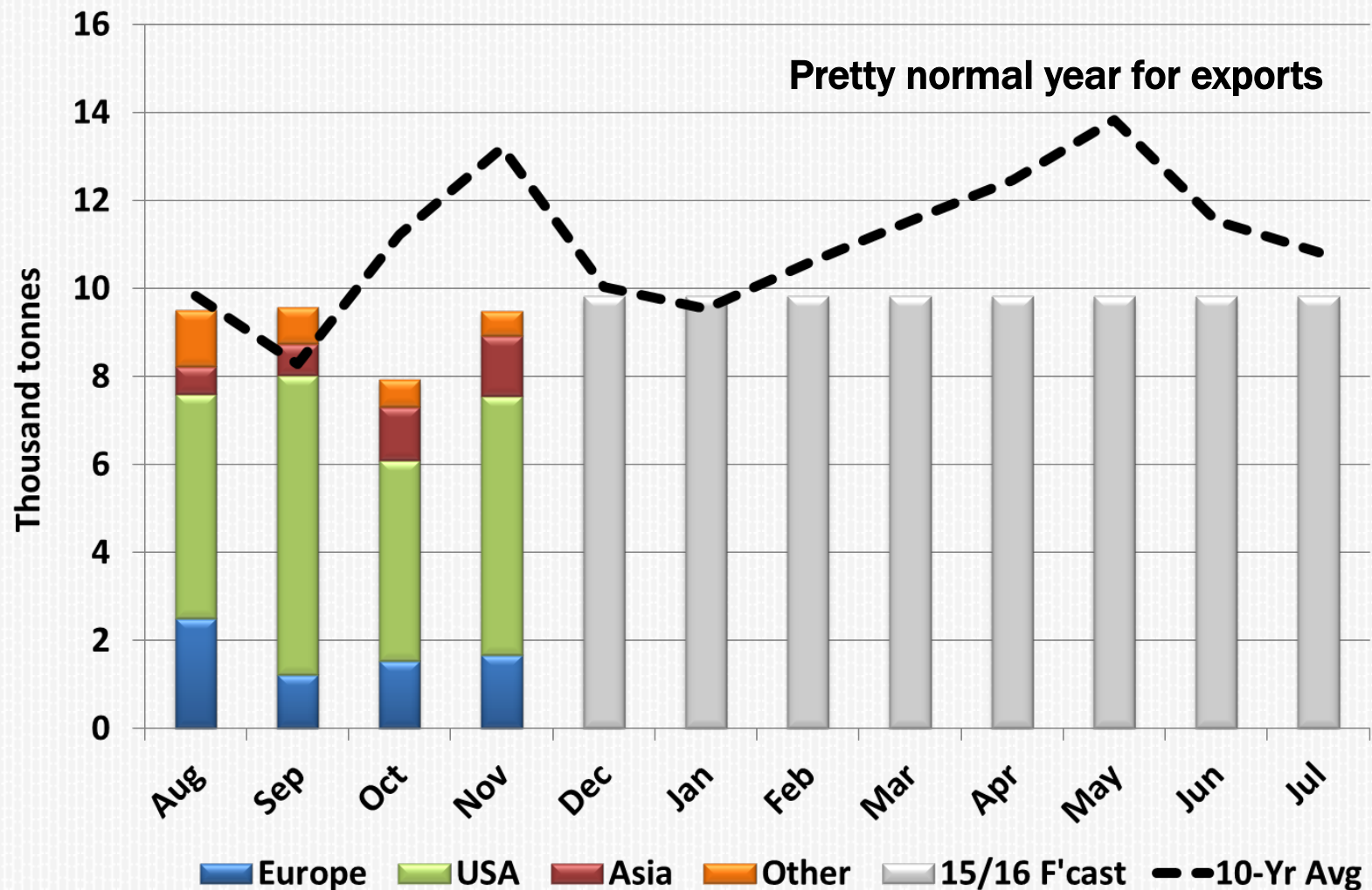
US MUSTARD PRODUCTION



CANADIAN MUSTARD EXPORTS

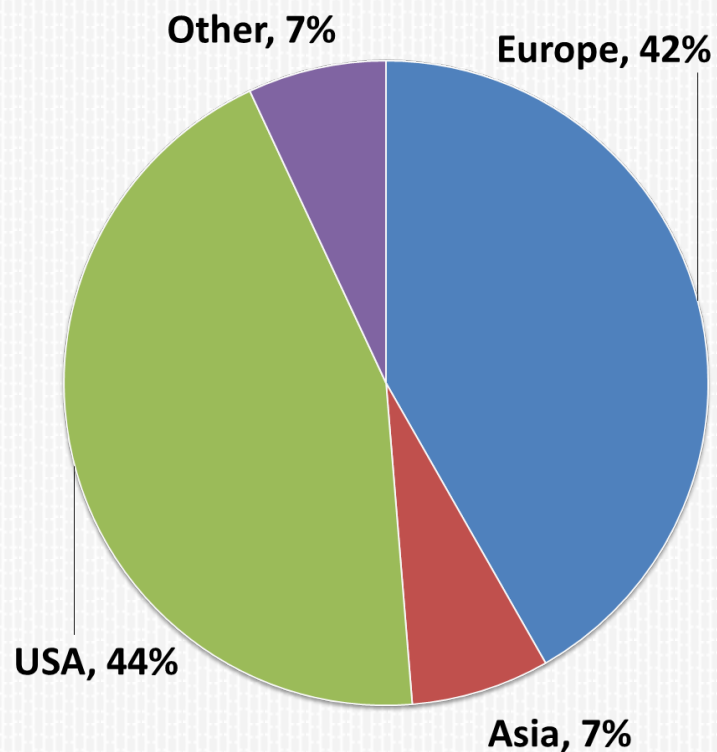


CANADIAN 15/16 MUSTARD EXPORTS

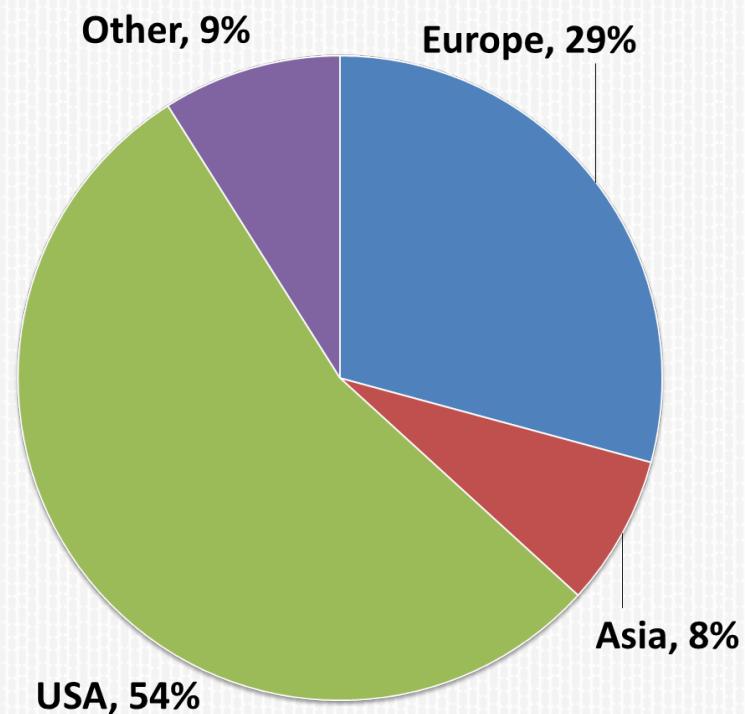


CANADIAN MUSTARD EXPORT SHARE

2013/14

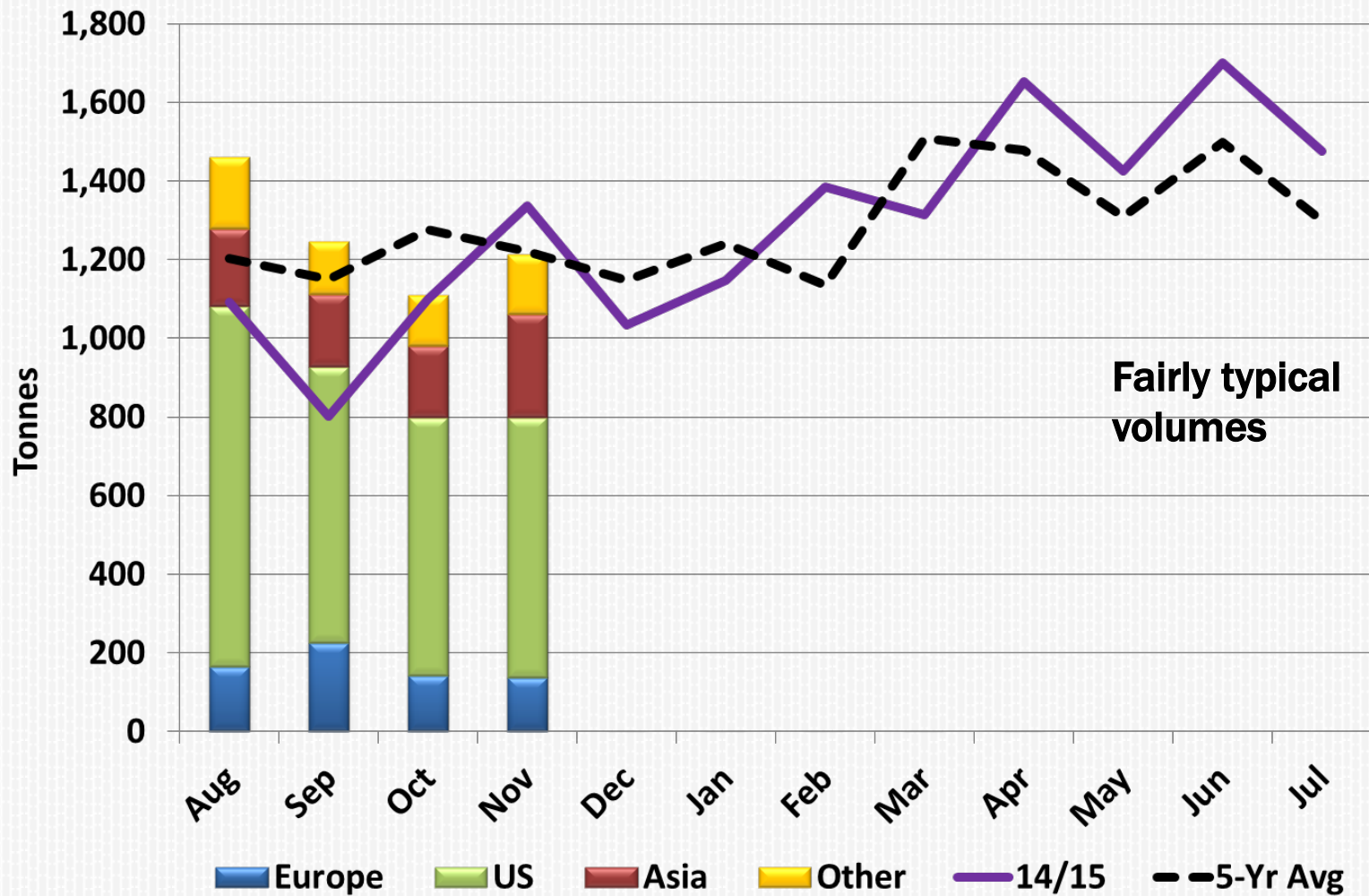


2014/15

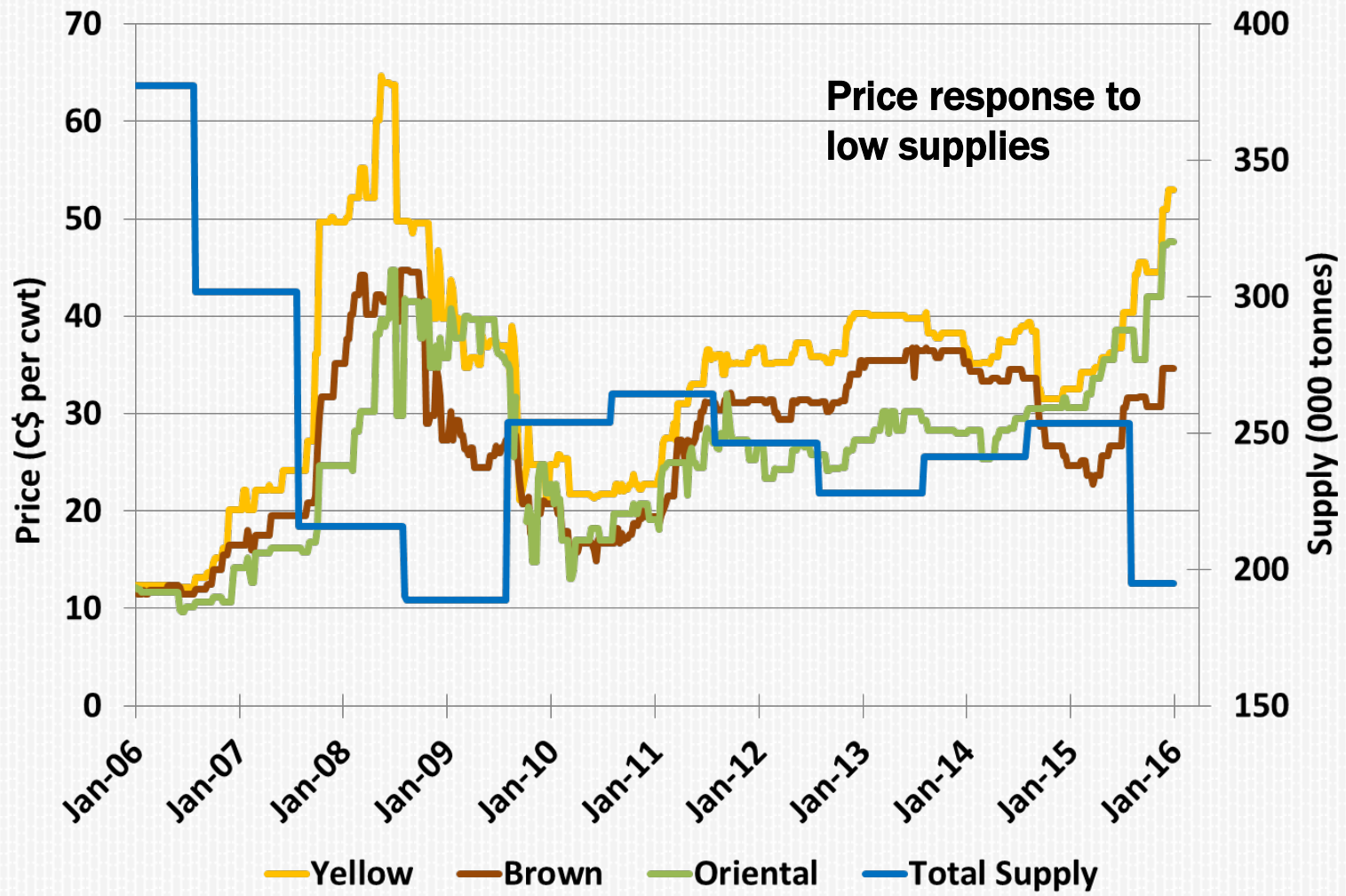


YTD 15/16 , 61% US, 19% Europe

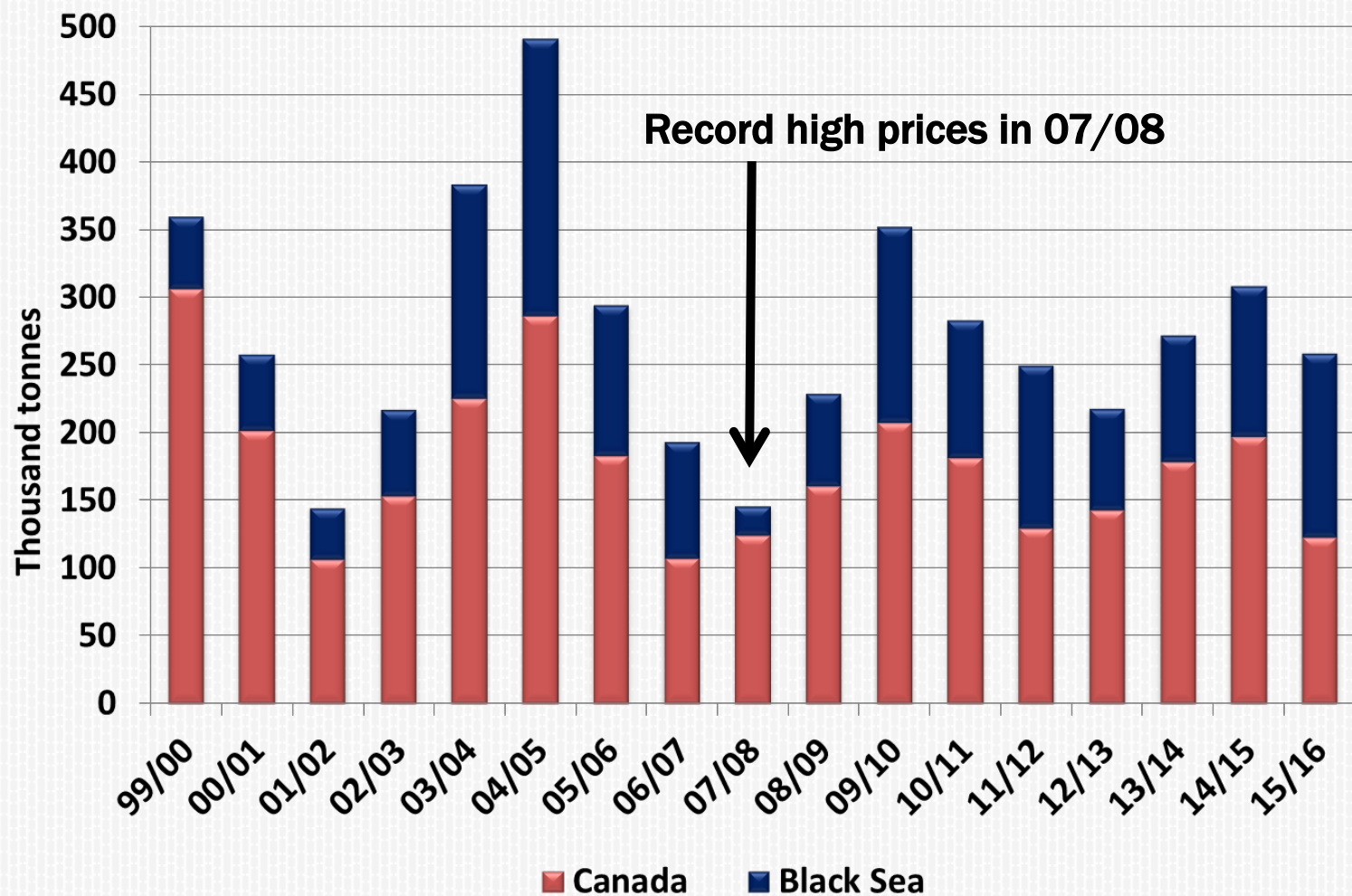
MUSTARD PRODUCT EXPORTS - 15/16



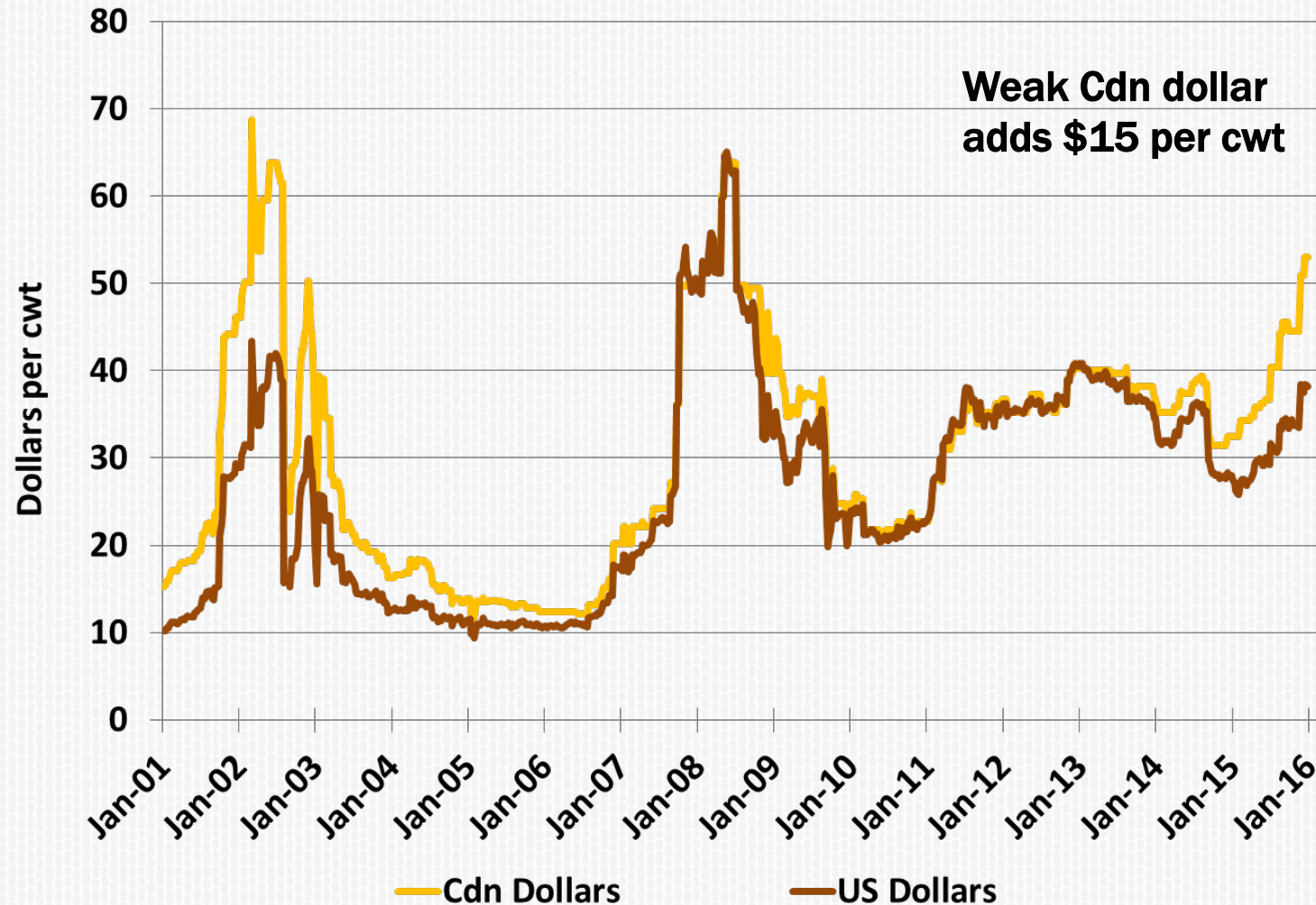
CDN MUSTARD BIDS & SUPPLIES



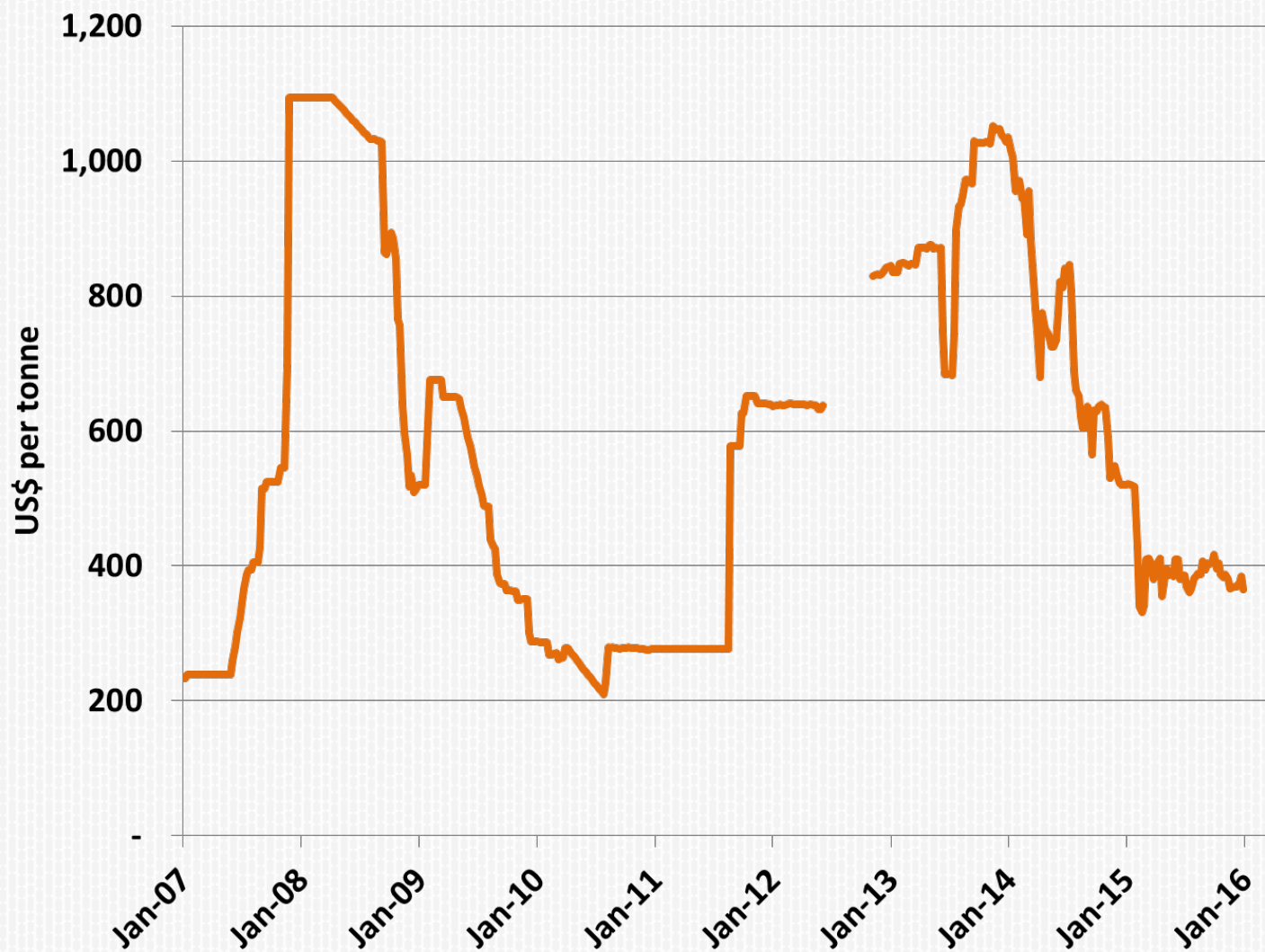
CDN & BLACK SEA MUSTARD CROPS



YELLOW MUSTARD BIDS & CURRENCY



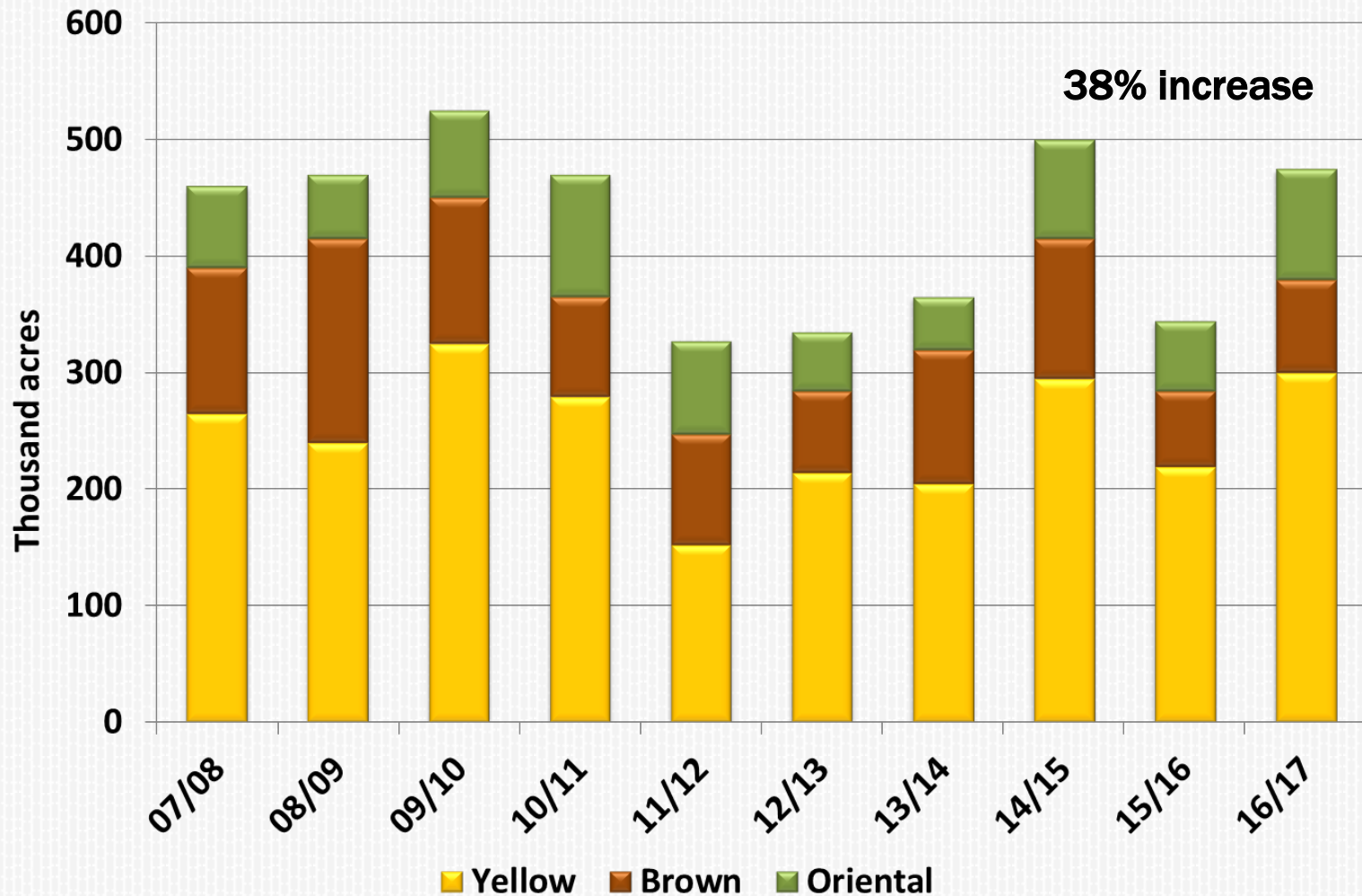
UKRAINIAN MUSTARD PRICE



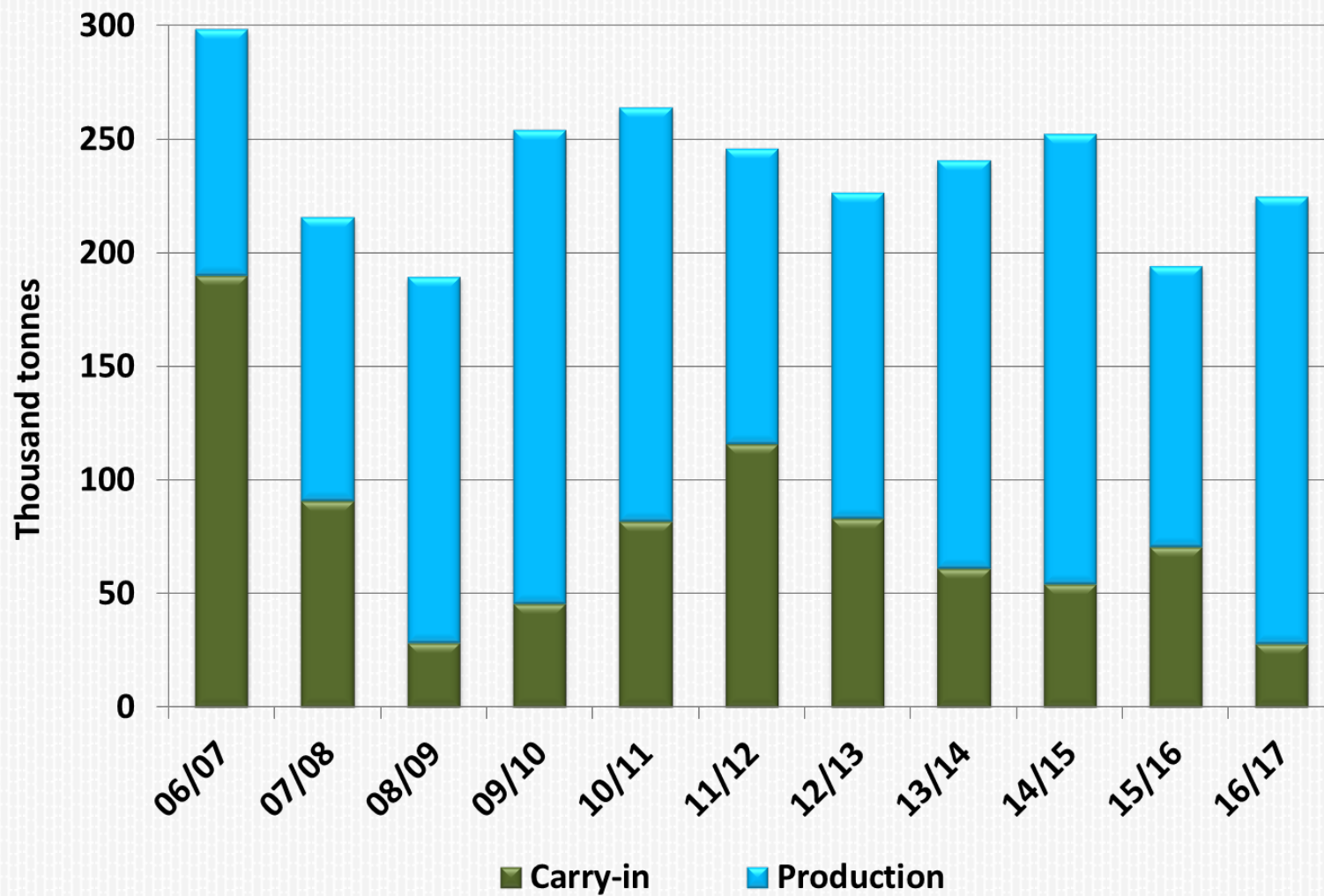
KEY MARKET FACTORS – 2015/16

- ✖ Fewer acres and mediocre yields
- ✖ Smallest supplies since 2008
- ✖ Bigger Black Sea crop
- ✖ Small US crop
- ✖ Weak Canadian dollar
- ✖ Outlook
 - + Limited additional upside but no downside risk
 - + Shift to new-crop pricing in late spring, early summer

NEW CROP ACREAGE FORECAST



CANADIAN MUSTARD SUPPLIES



MUSTARD SUPPLY & DISPOSITION

	<u>11/12</u>	<u>12/13</u>	<u>13/14</u>	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>
Seeded Acres, 000's	328	335	365	500	345	475
Harvested Acres, 000'	318	333	360	483	328	463
Yield (lbs/acre)	901	951	1,099	904	830	937
Supply ('000 tonnes)						
Carry-In	116	83	61	54	70	28
Production	130	144	180	198	123	197
Imports	1	1	1	1	1	1
Total Supply	246	228	241	253	195	226
Disposition ('000 tonnes)						
Seed	2	2	2	2	2	2
Other Domestic	47	46	50	55	50	50
Exports	115	120	135	126	115	130
Total Disposition	163	167	187	183	167	182
Ending Stocks	83	61	54	70	28	44
Stocks/Use	51%	36%	29%	38%	17%	24%

Source: Statistics Canada with LeftField projections in bold

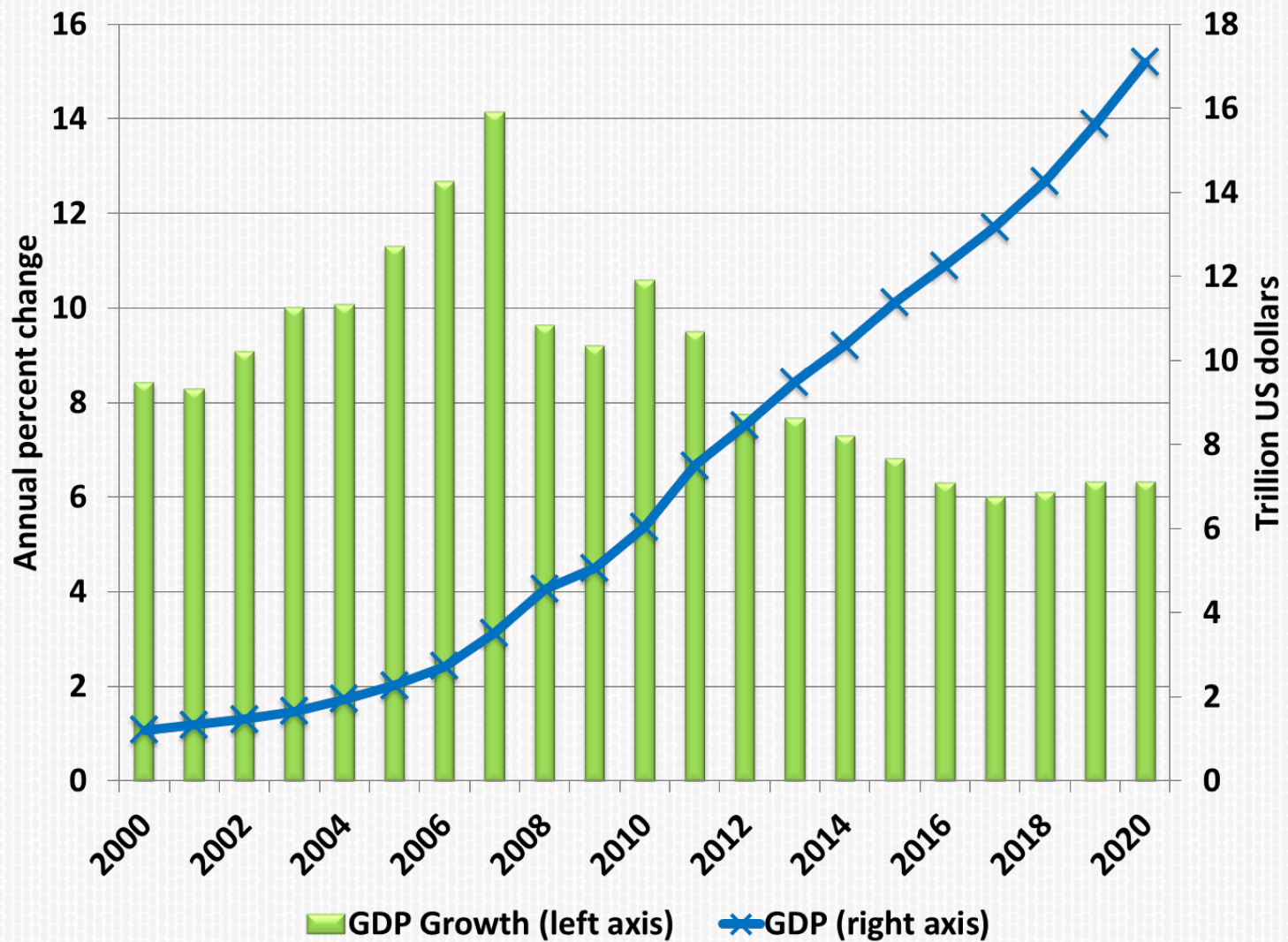
MARKET OUTLOOK – 2016/17

- ✖ Small carry-in from 15/16
- ✖ More Canadian acreage
 - + Bigger gains for yellow and oriental
- ✖ Net effect, supplies larger but not big
- ✖ Large crops again in Black Sea
- ✖ Outlook
 - + Little price downside from current new-crop bids
 - + No cushion for crop problems = upside
 - + Main risk from stronger loonie

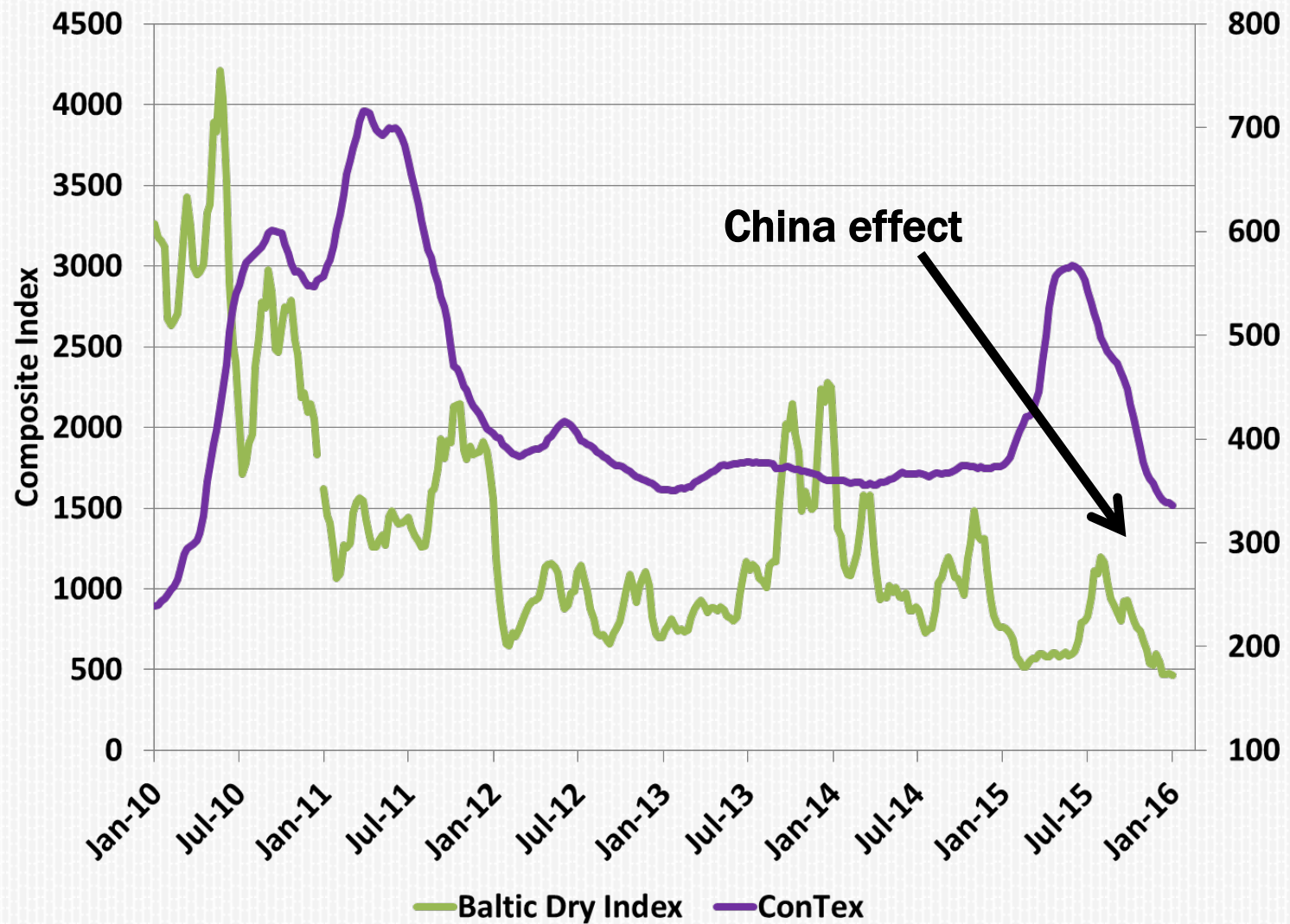
BRIEF MARKET SCAN

- ✖ Major over-riding factors
- ✖ Key commodity issues

CHINESE ECONOMY

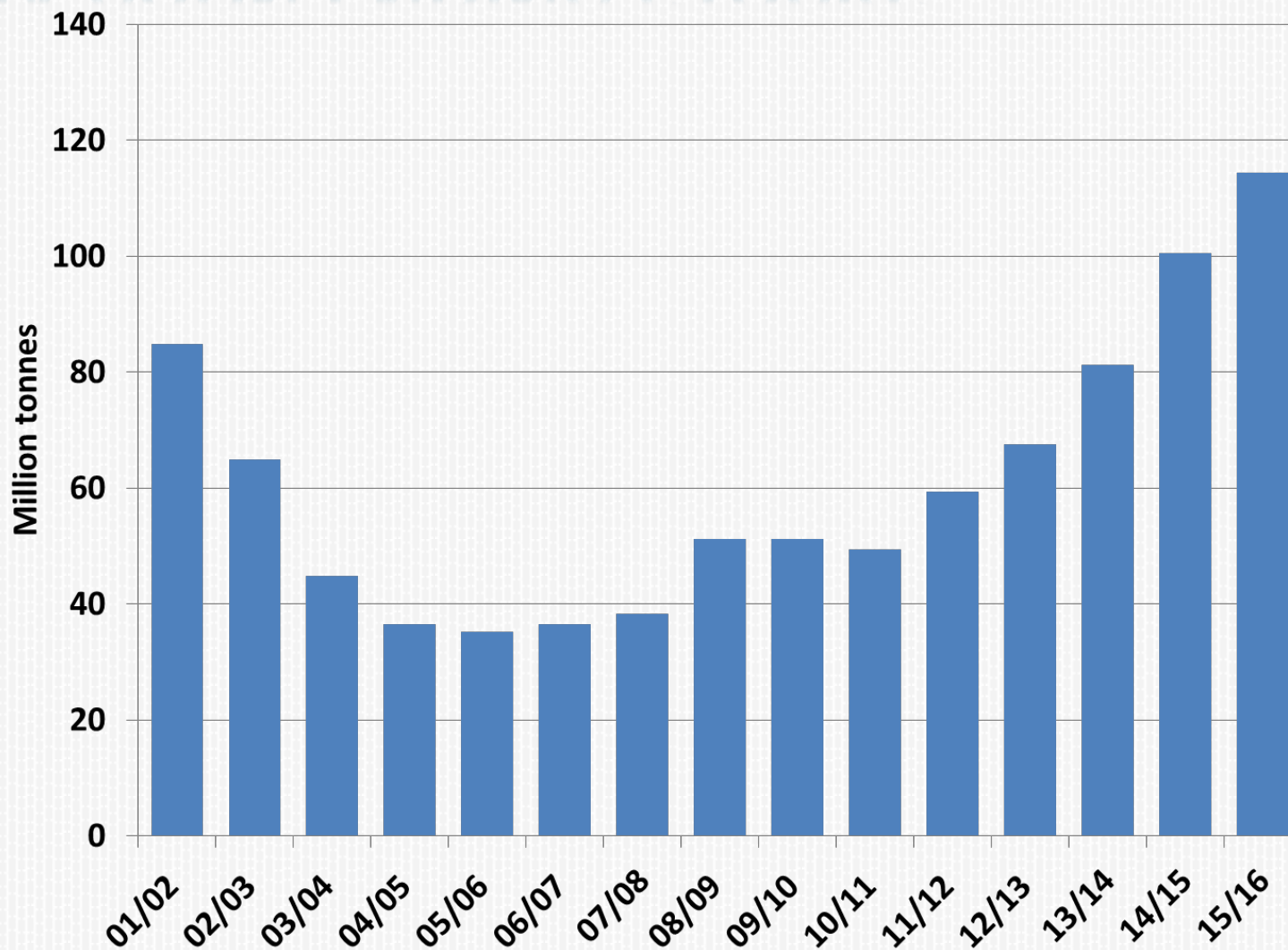


OCEAN FREIGHT INDICES

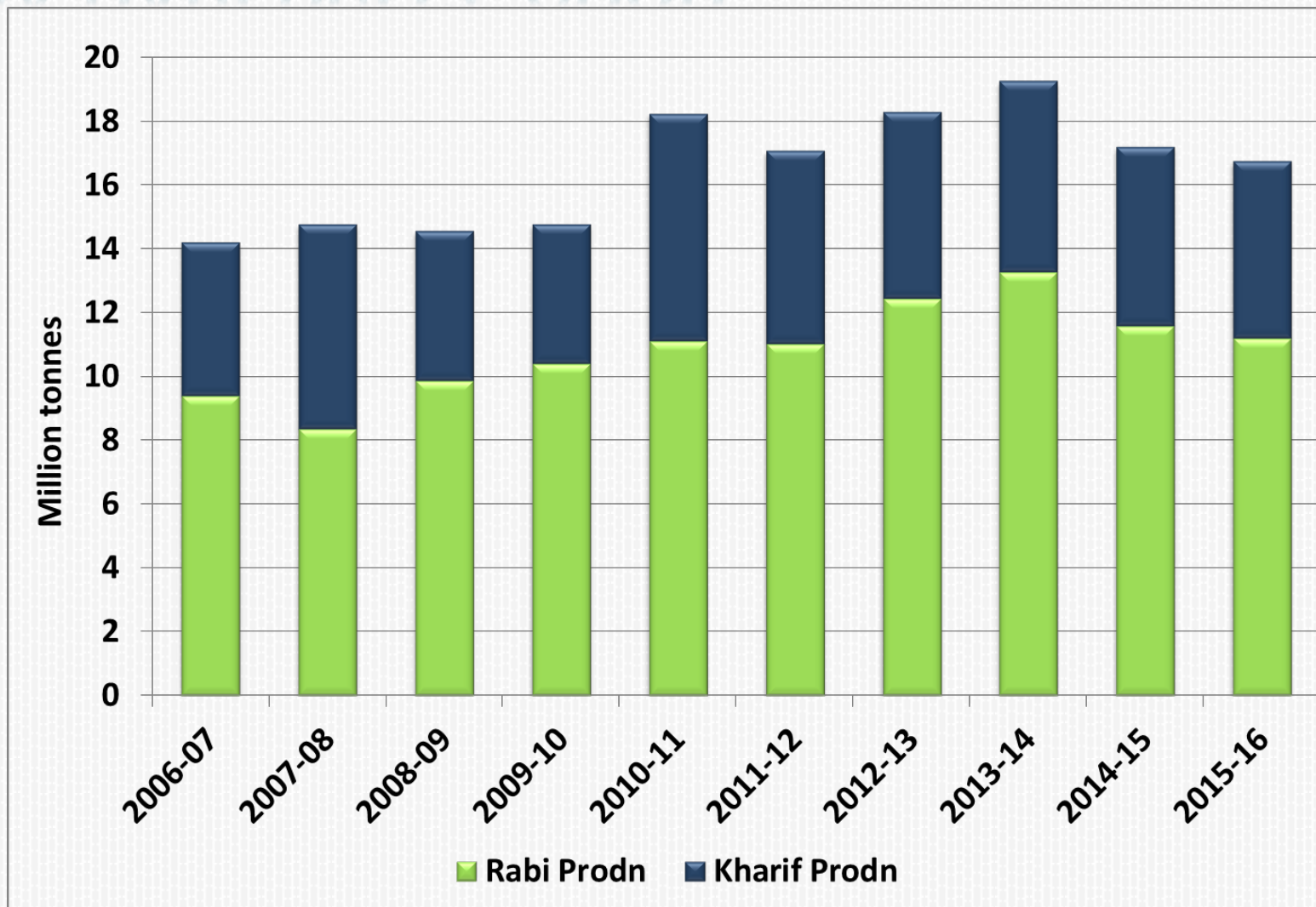


175?

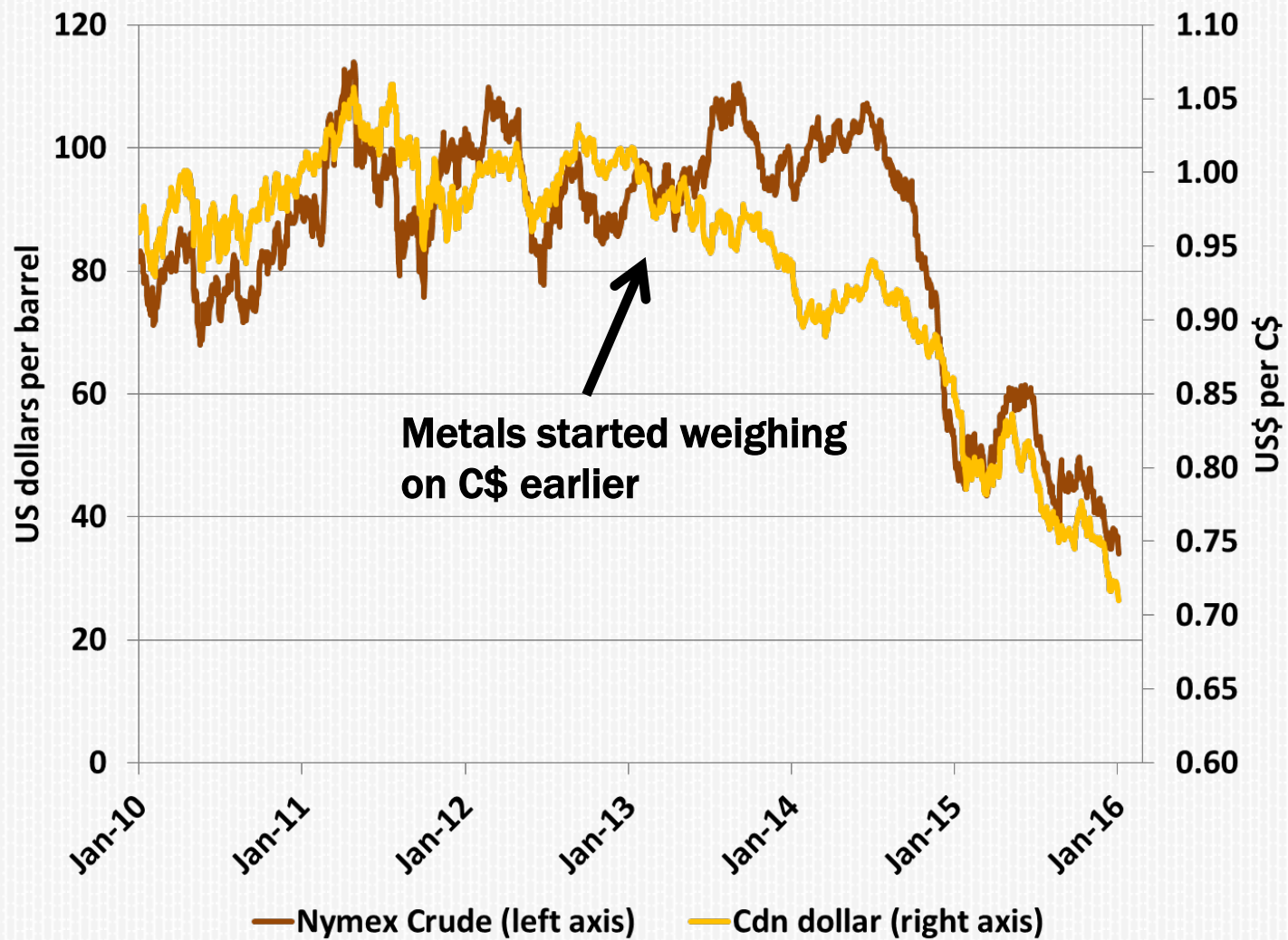
CHINA CORN ENDING STOCKS



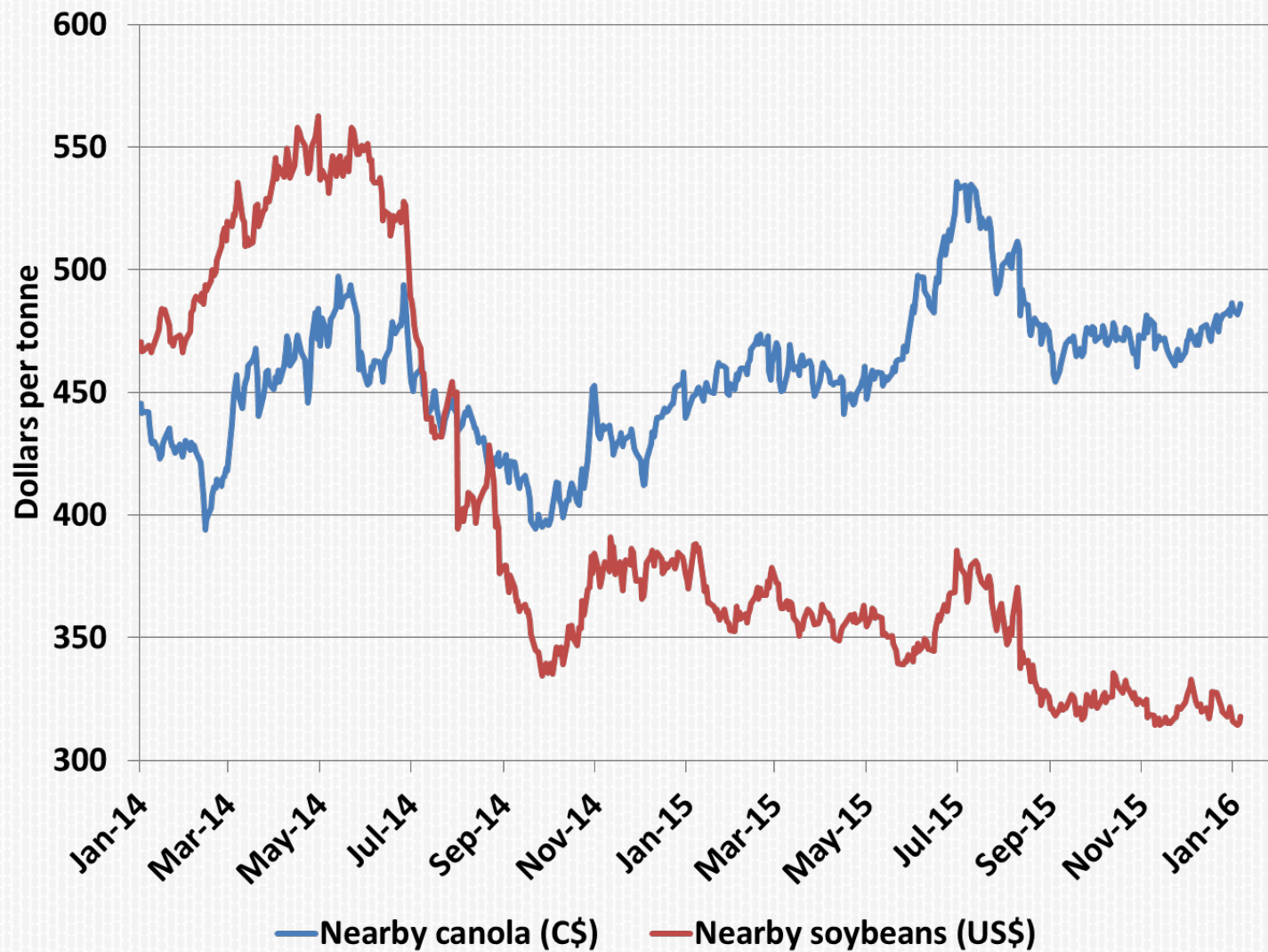
INDIA RABI PULSE CROP



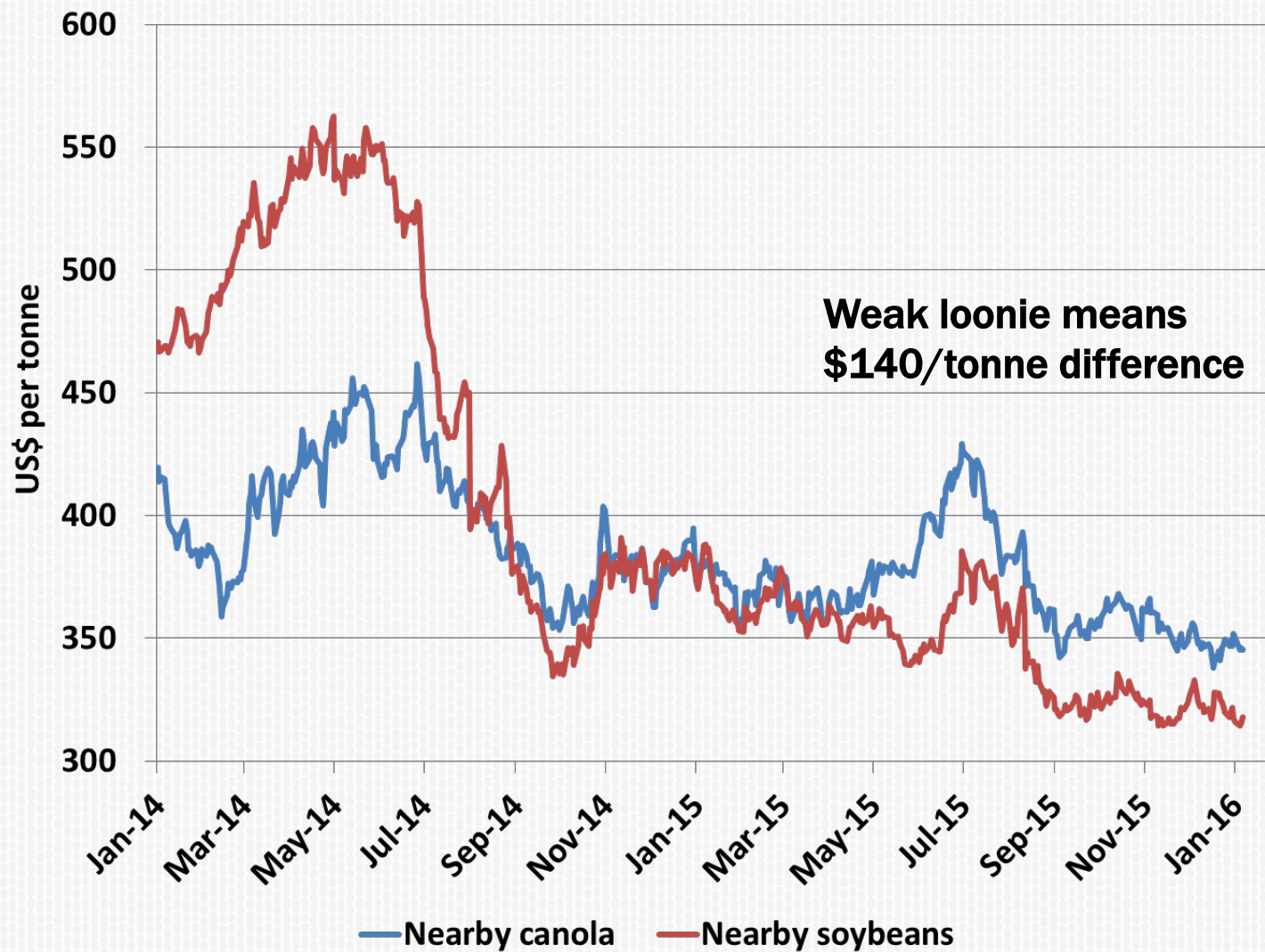
CANADIAN RESOURCE DOLLAR



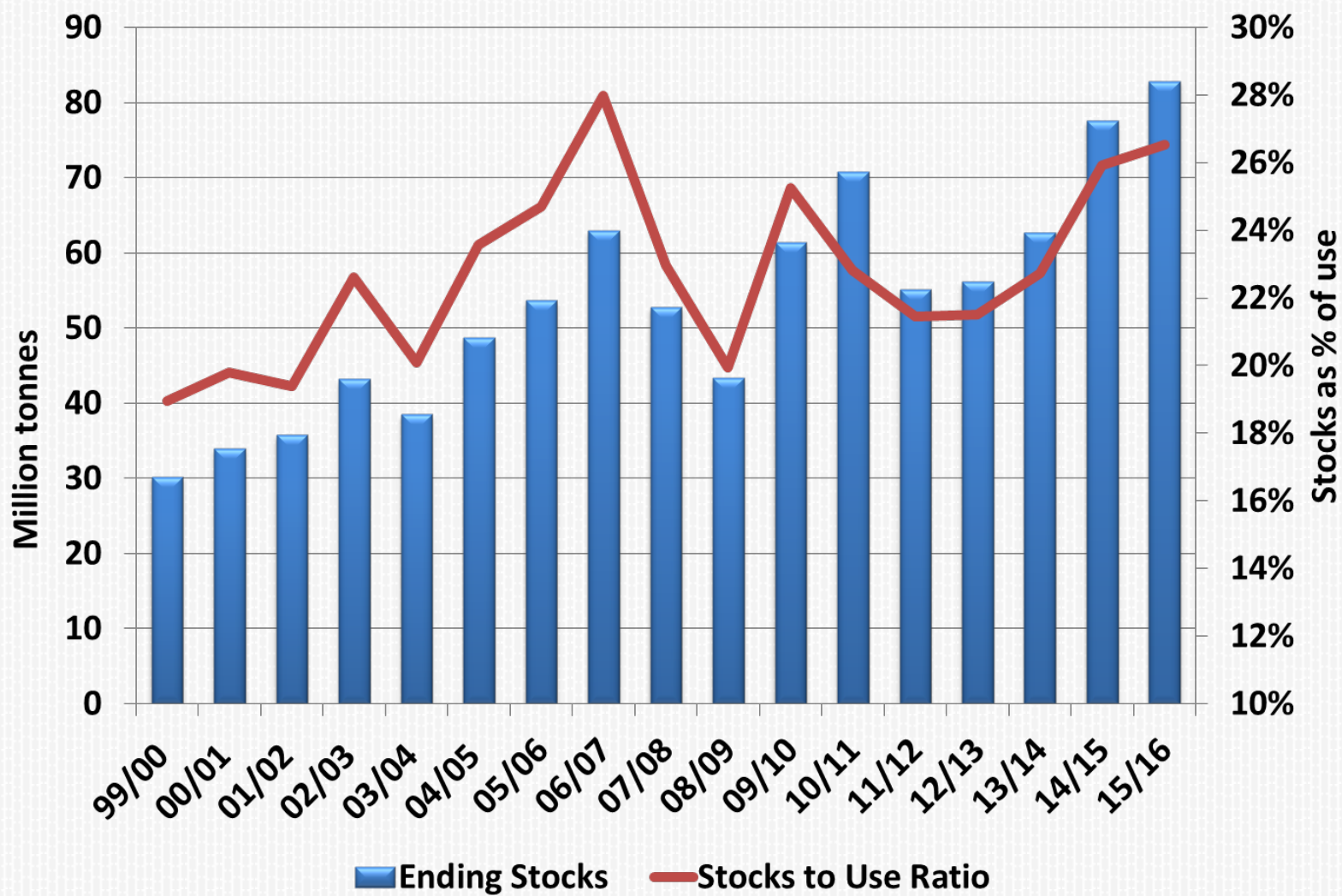
NEARBY OILSEED FUTURES



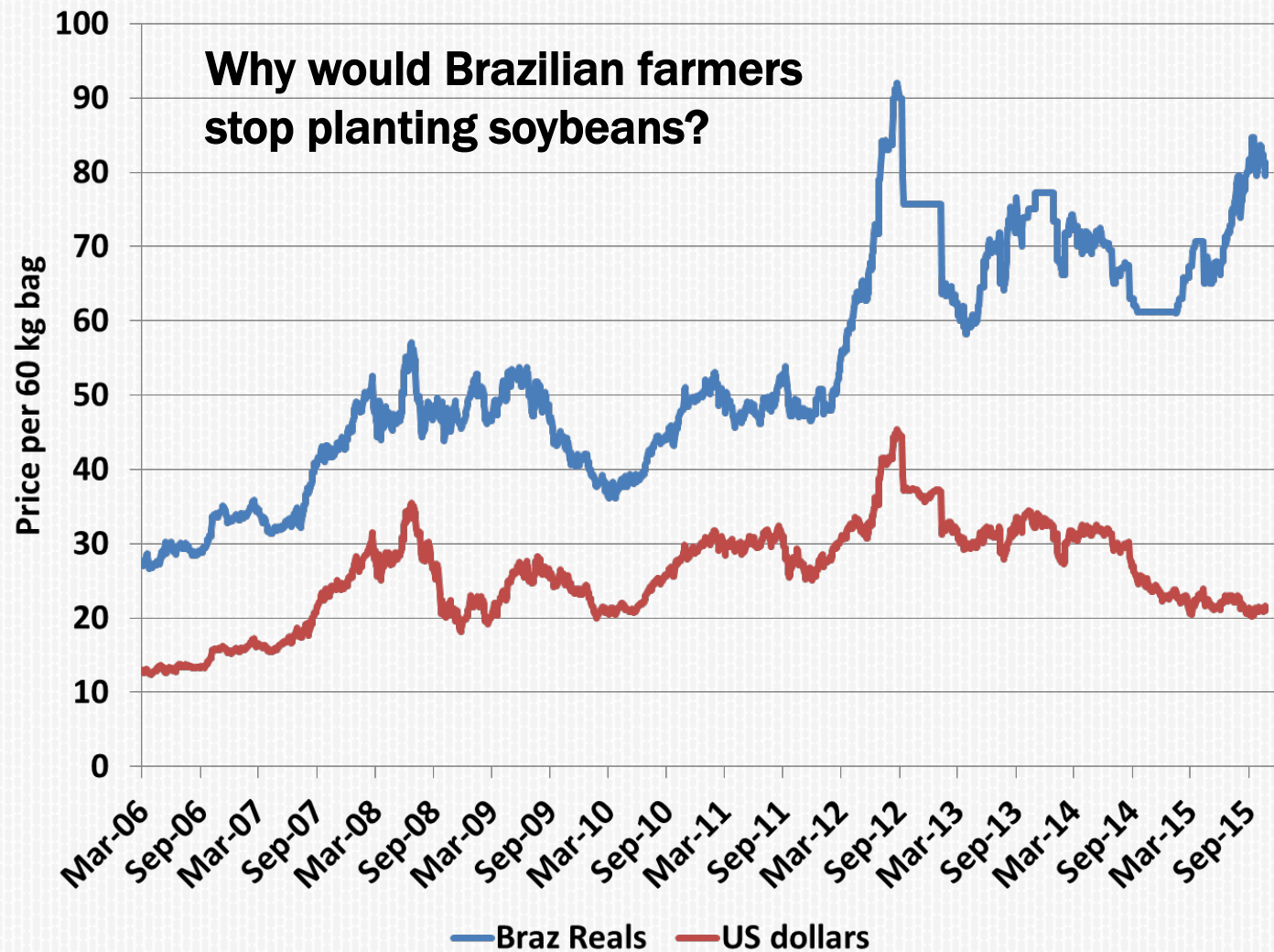
NEARBY OILSEED FUTURES



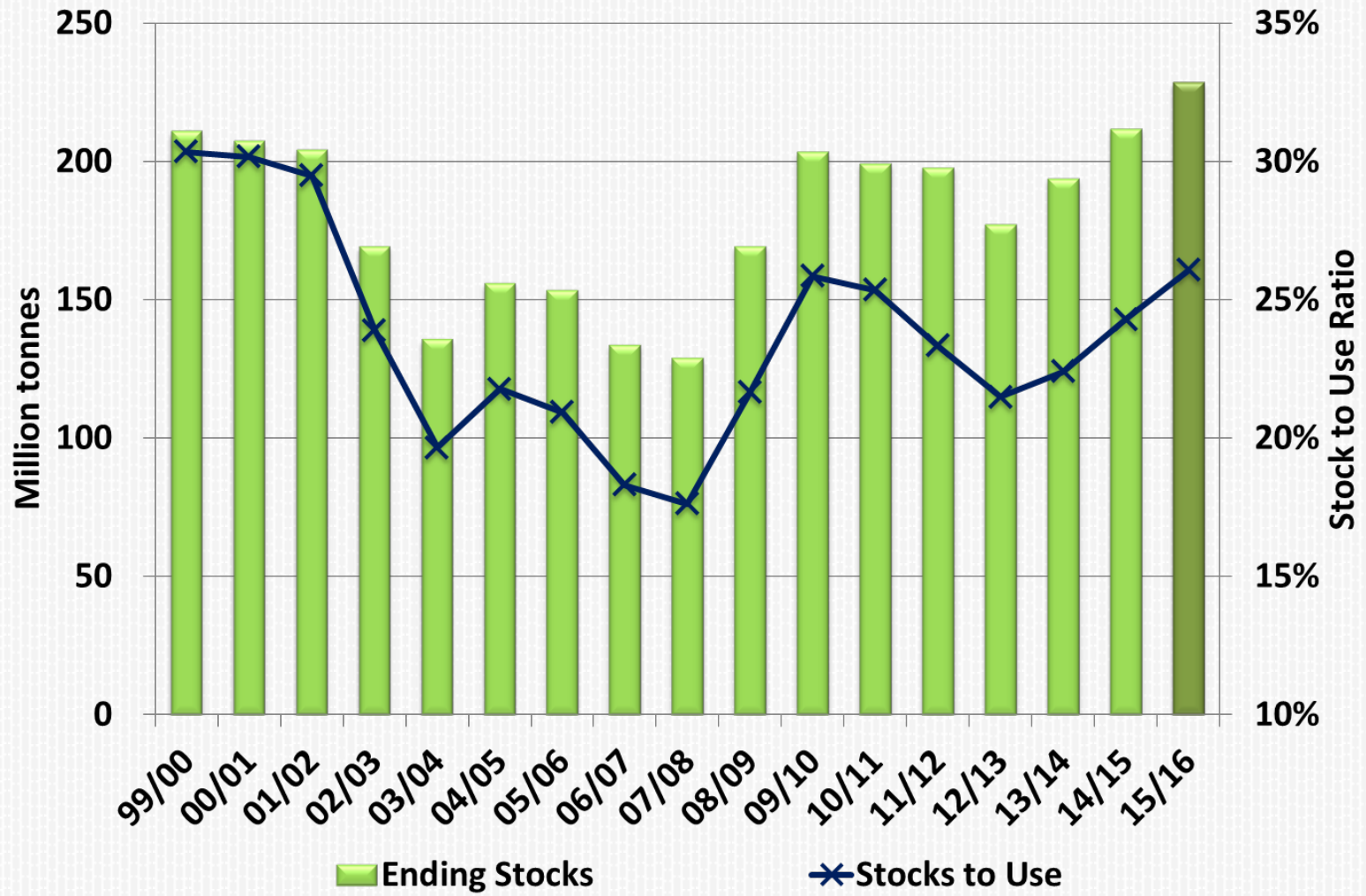
GLOBAL SOYBEAN ENDING STOCKS



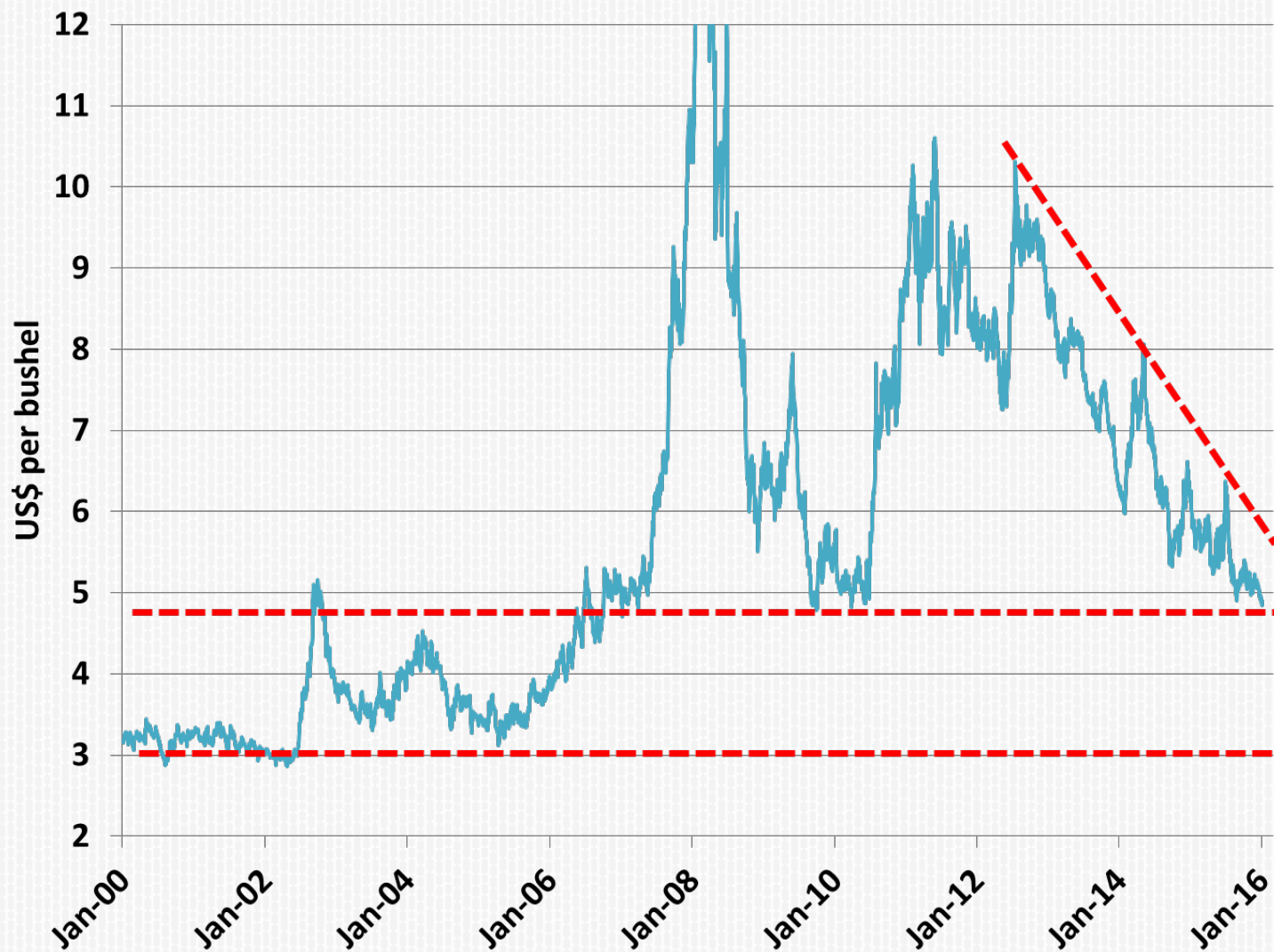
SOYBEAN PRICE – PARANAGUA



GLOBAL WHEAT STOCKS



LONG-TERM MGE WHEAT FUTURES



GENERAL MARKET COMMENTS

- ✘ Supplies are generally heavy
 - + Need time to chew through stocks
 - + Exception is major crop problem(s)
- ✘ Farmers in non-US countries not getting the “stop growing” signal
- ✘ Weather remains a key factor – La Nina?
- ✘ Next events
 - + Indian rabi crops
 - + S American corn & soybean crops (ok so far)
 - + Winter wheat emergence from dormancy (no big issues)

MAKING PREDICTIONS

New study says high grain prices are likely here to stay

September 15, 2008

An ethanol-fueled spike in grain prices will likely hold, yielding the first sustained increase for corn, wheat and

es, according to new research by two University of Illinois farm

Have we just witnessed the end of the last great commodities boom in human history?



MATT SMITH, MOTLEY FOOL | November 12, 2015 1:22 PM ET
More from Motley Fool



The recent lows in commodities such as steel-making coal, copper, zinc, and crude could be the "new normal." Getty Images

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Could it be true that the commodities boom that arose because of China's massive economic growth and urbanization is the last ever in human history?

This extreme forecast is the view of some pundits, including prominent Australian economist Saul Eslake.

corn, an ethanol ingredient that has driven the recent price surge, could average \$4.60 a bushel in Illinois, nearly double the average \$2.42 a bushel from 1973 to 2006, said Darrel Good and Scott Irwin, professors of agriculture and consumer economics.

They say price swings stemming from weather or other market variables could send corn as high as \$6.70 a bushel or down to \$3, based on a review of market data dating back to the mid-1900s for a report titled "The New Era of Corn, Soybean and Wheat Prices."

"The extreme low prices in terms of the new era would have been considered awfully good prices in the old era," Good said.



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THANK YOU!
