

Mustard (& other) Market Outlook

Presented by:

Chuck Penner

@leftfieldcr

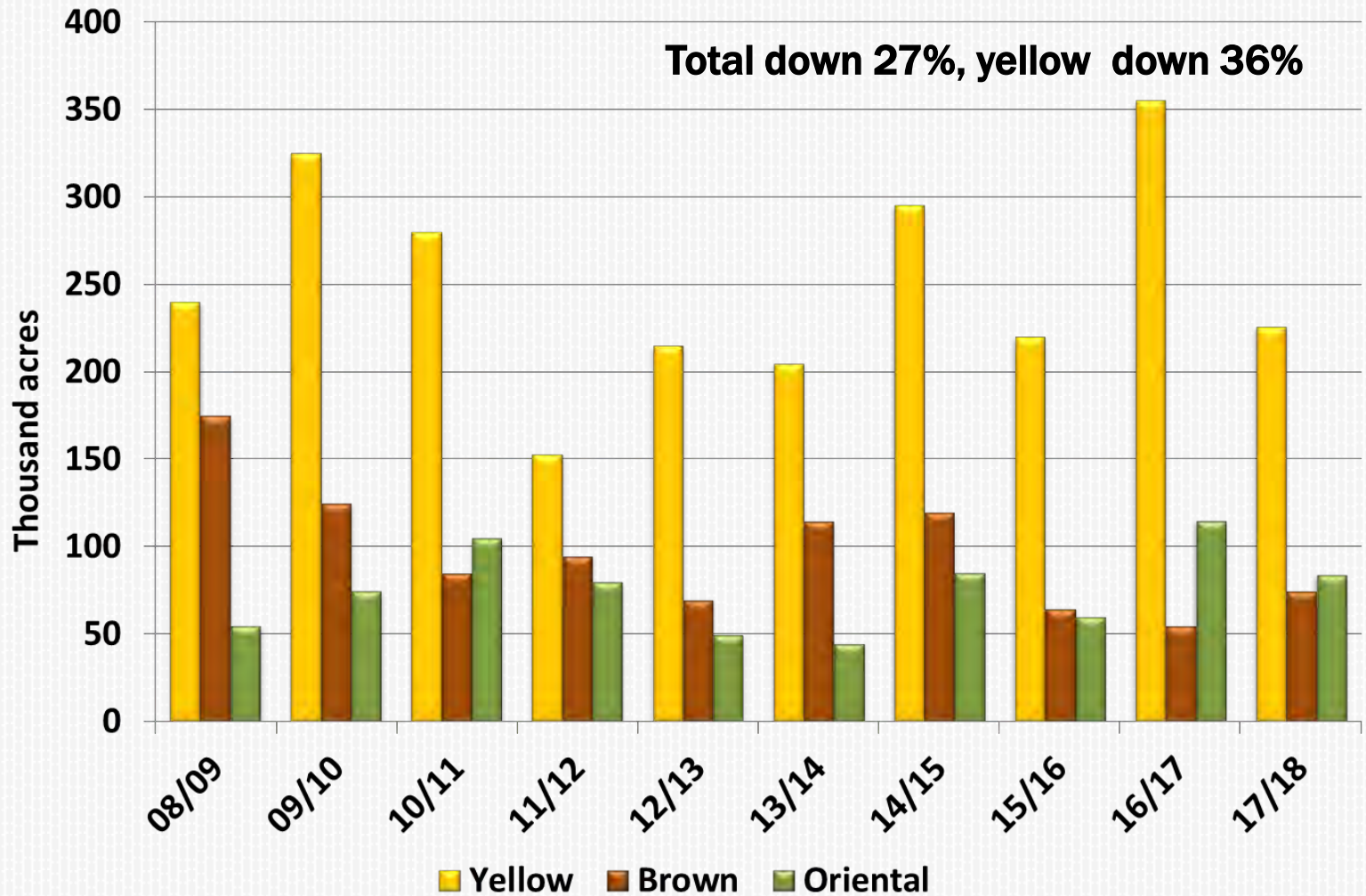


January 2018

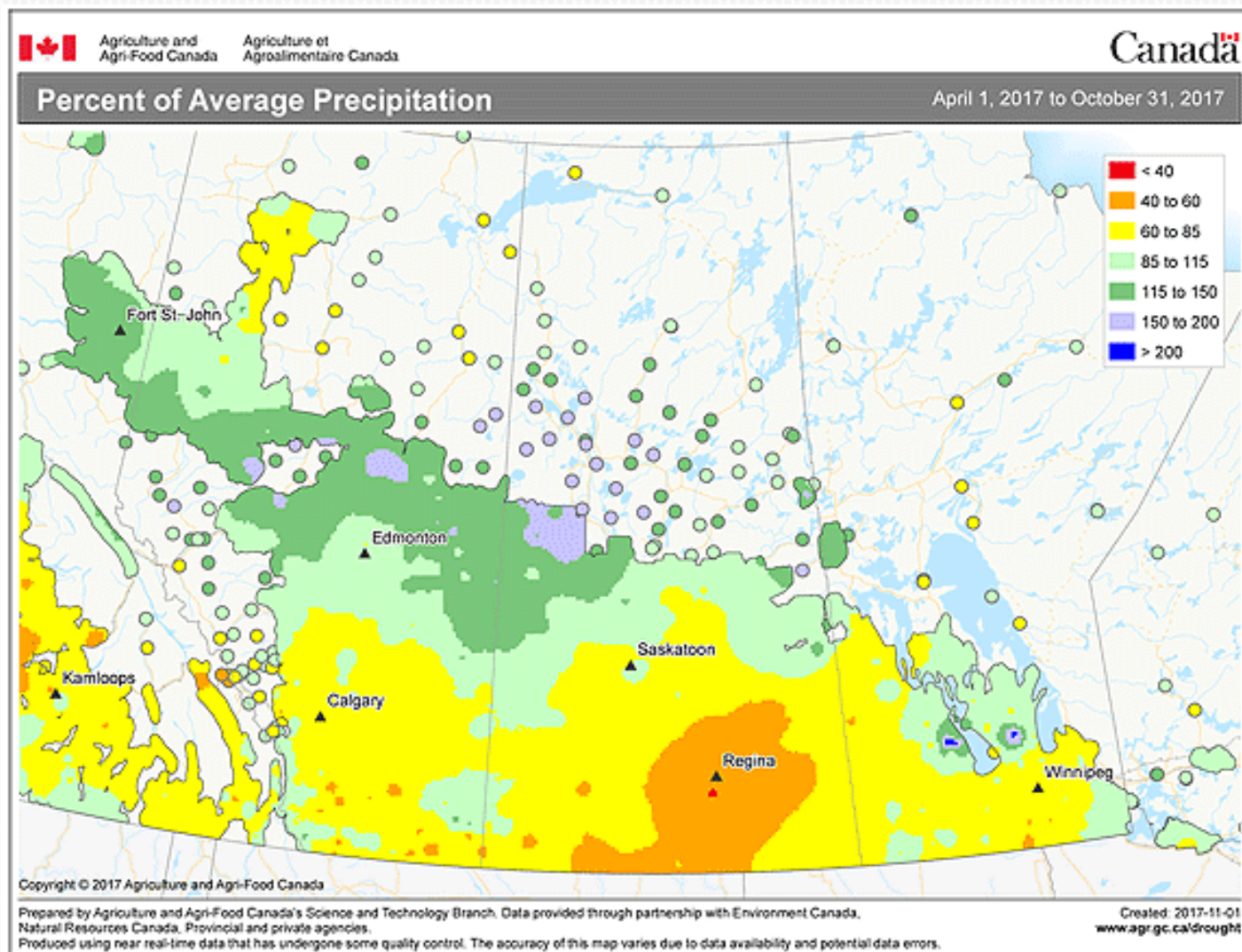
PRESENTATION OUTLINE

- × Mustard outlook
 - + Current environment
 - + Outlook
- × Oilseed markets
- × Wheat & durum markets
- × Pulse markets

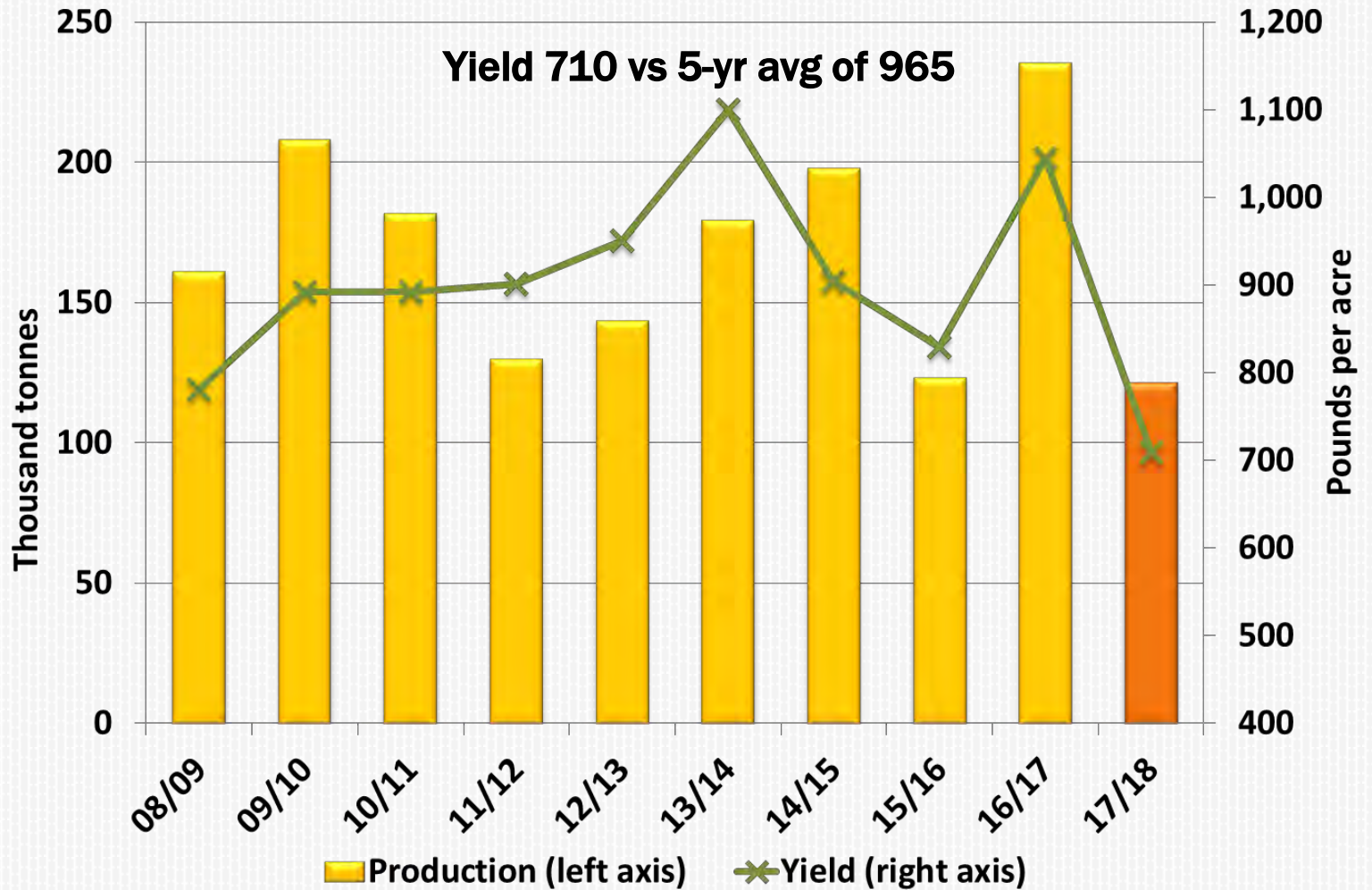
CANADIAN MUSTARD ACREAGE



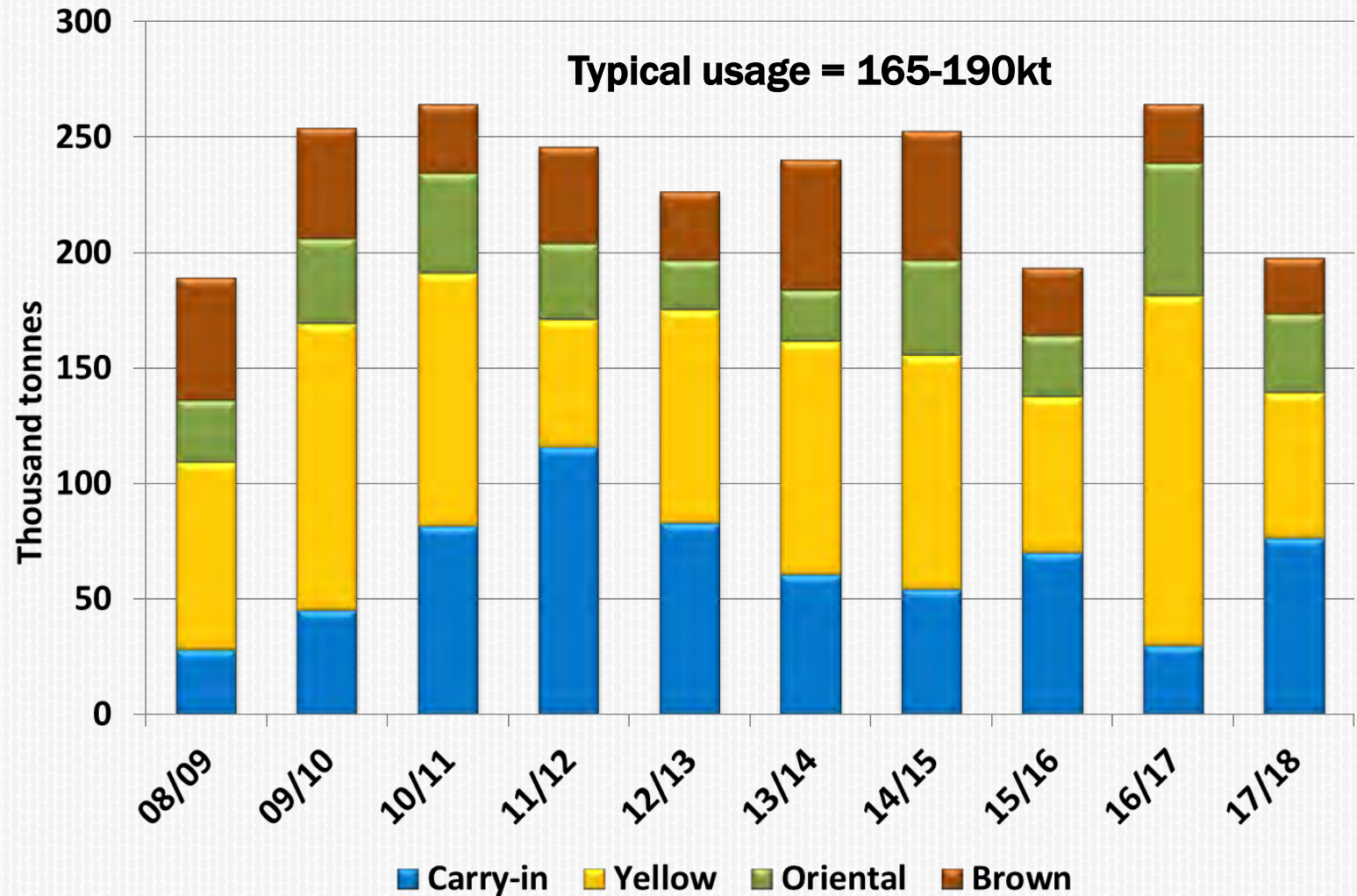
PRECIPITATION – SUMMER 2017



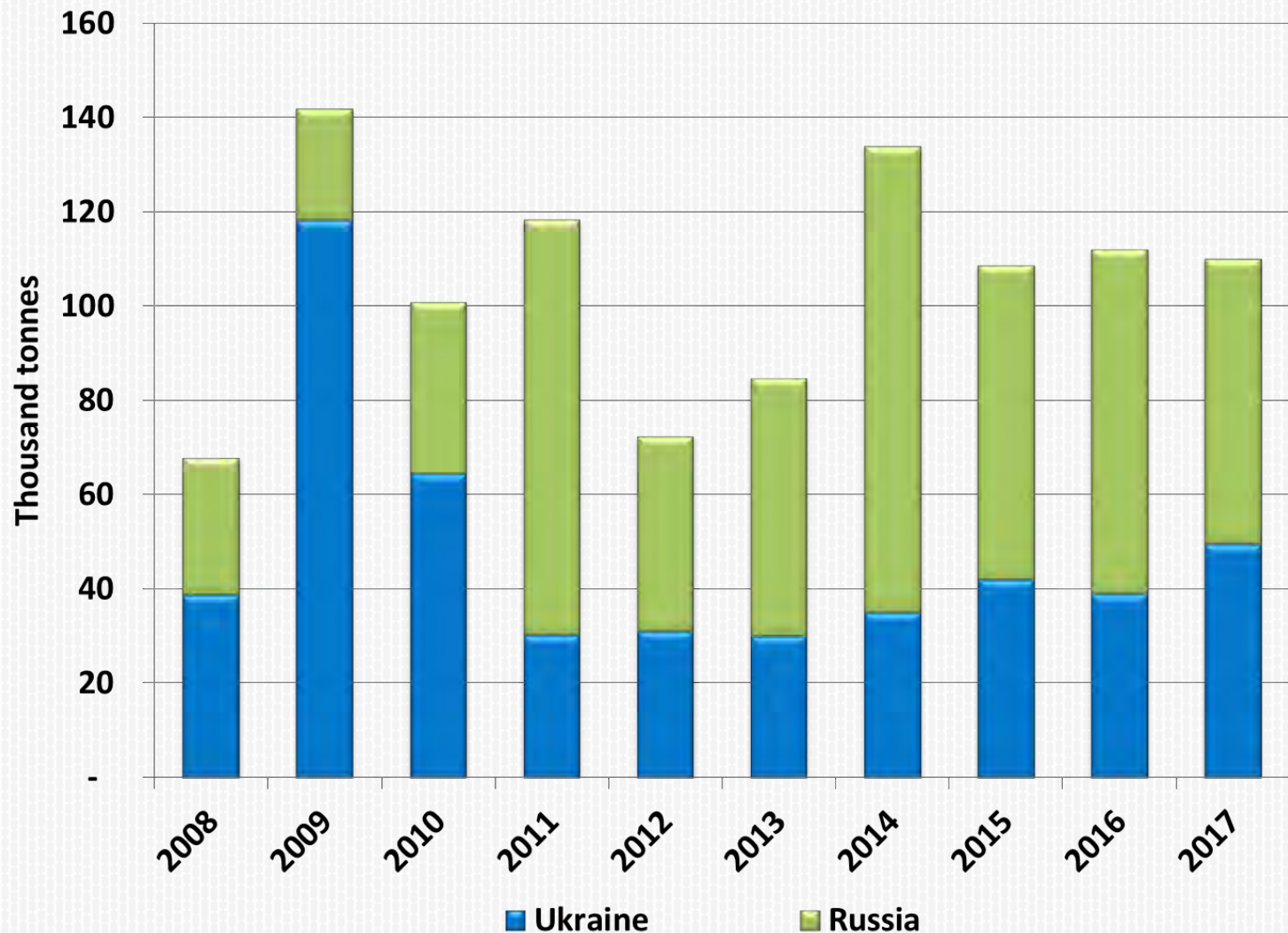
CANADIAN MUSTARD PRODUCTION



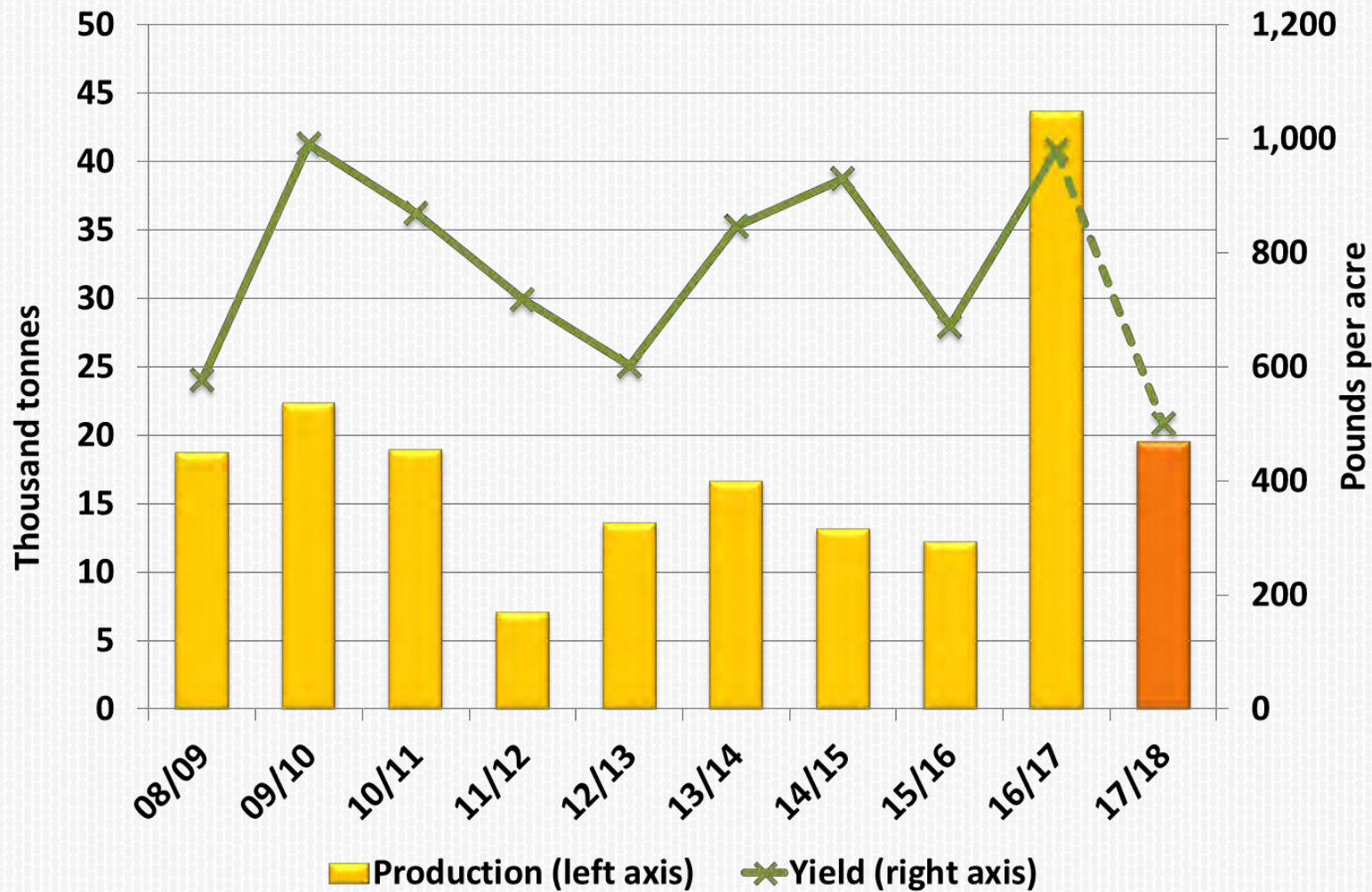
CANADIAN MUSTARD SUPPLIES



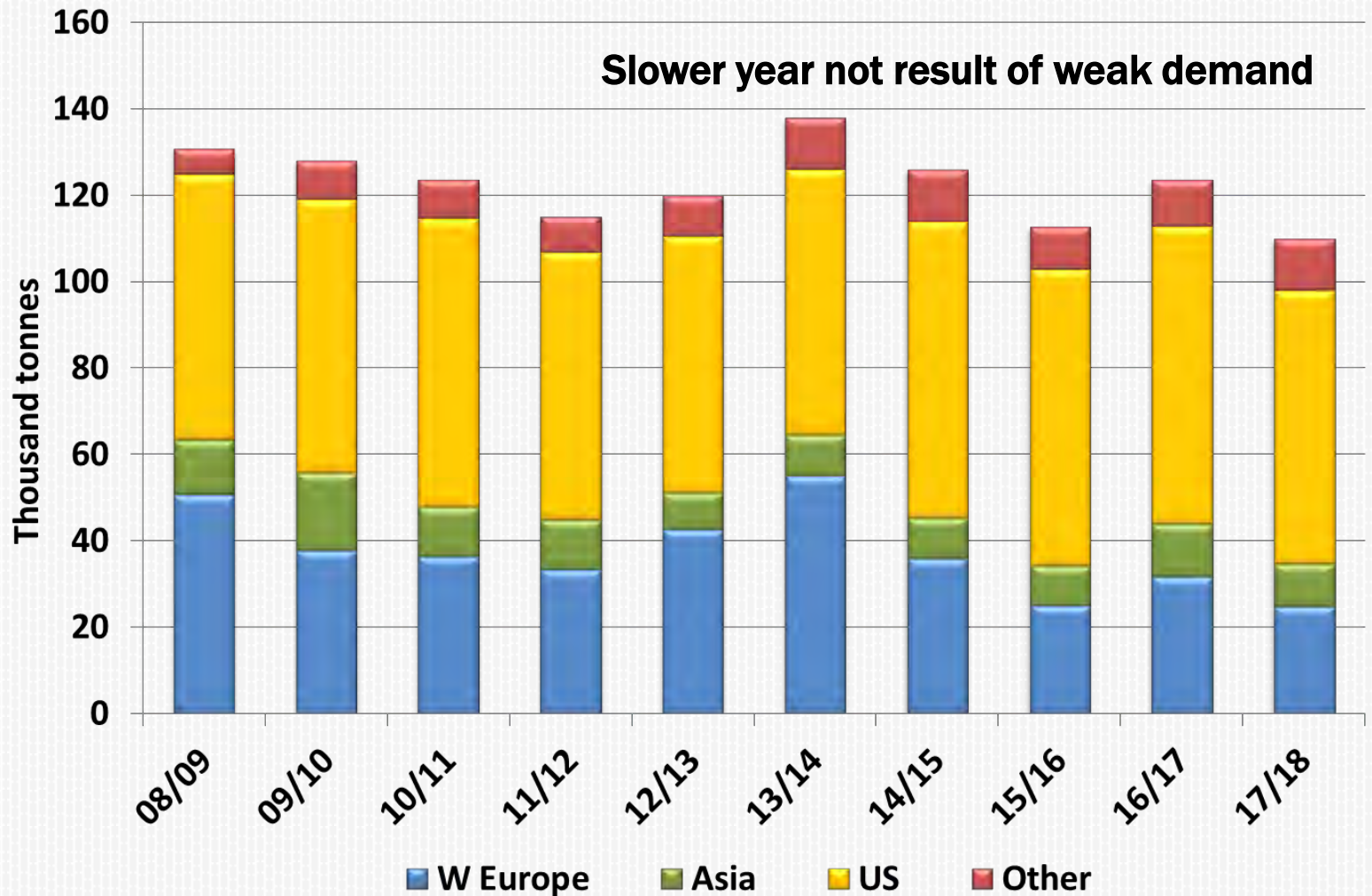
BLACK SEA MUSTARD PRODUCTION



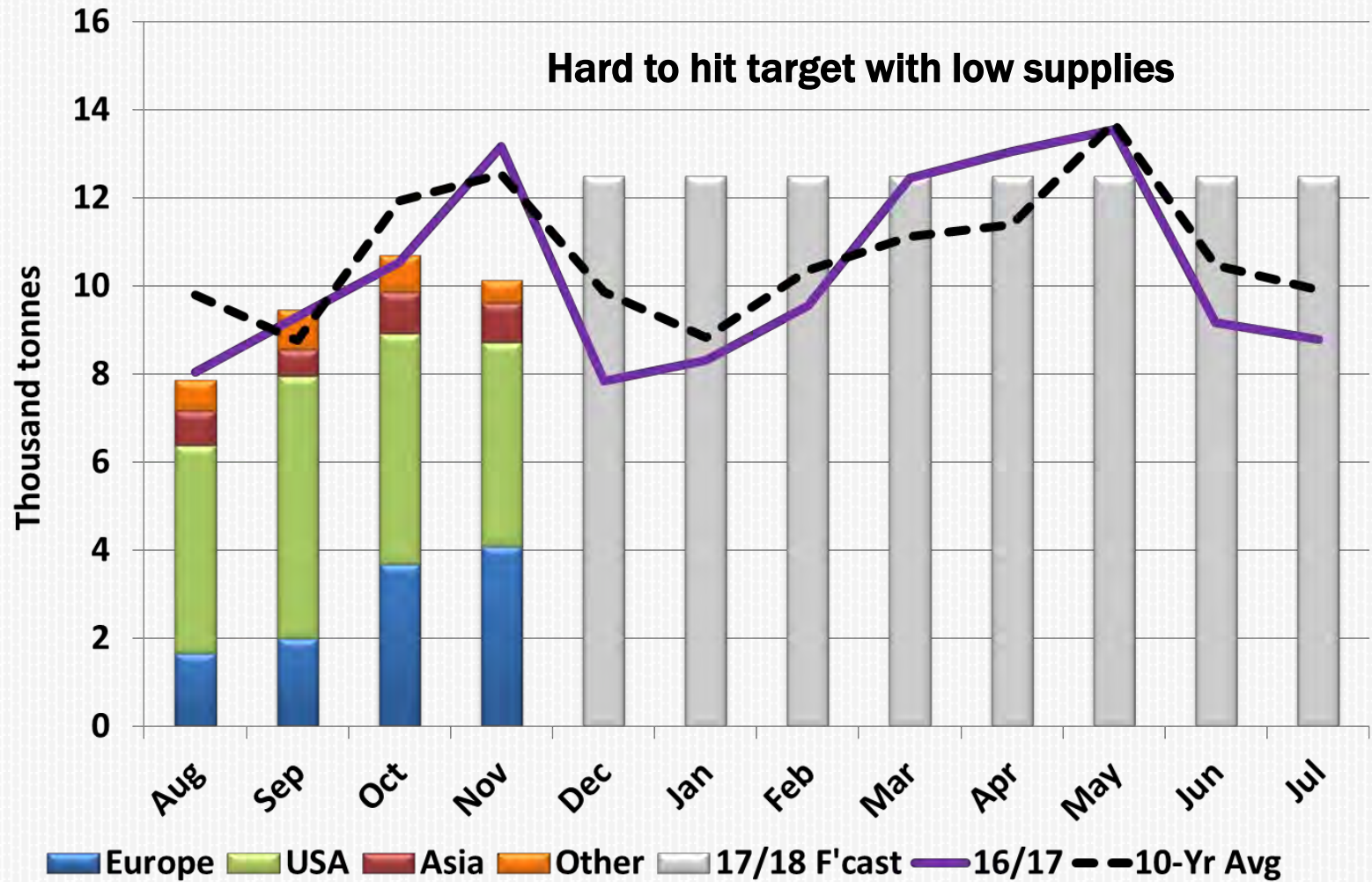
US MUSTARD PRODUCTION



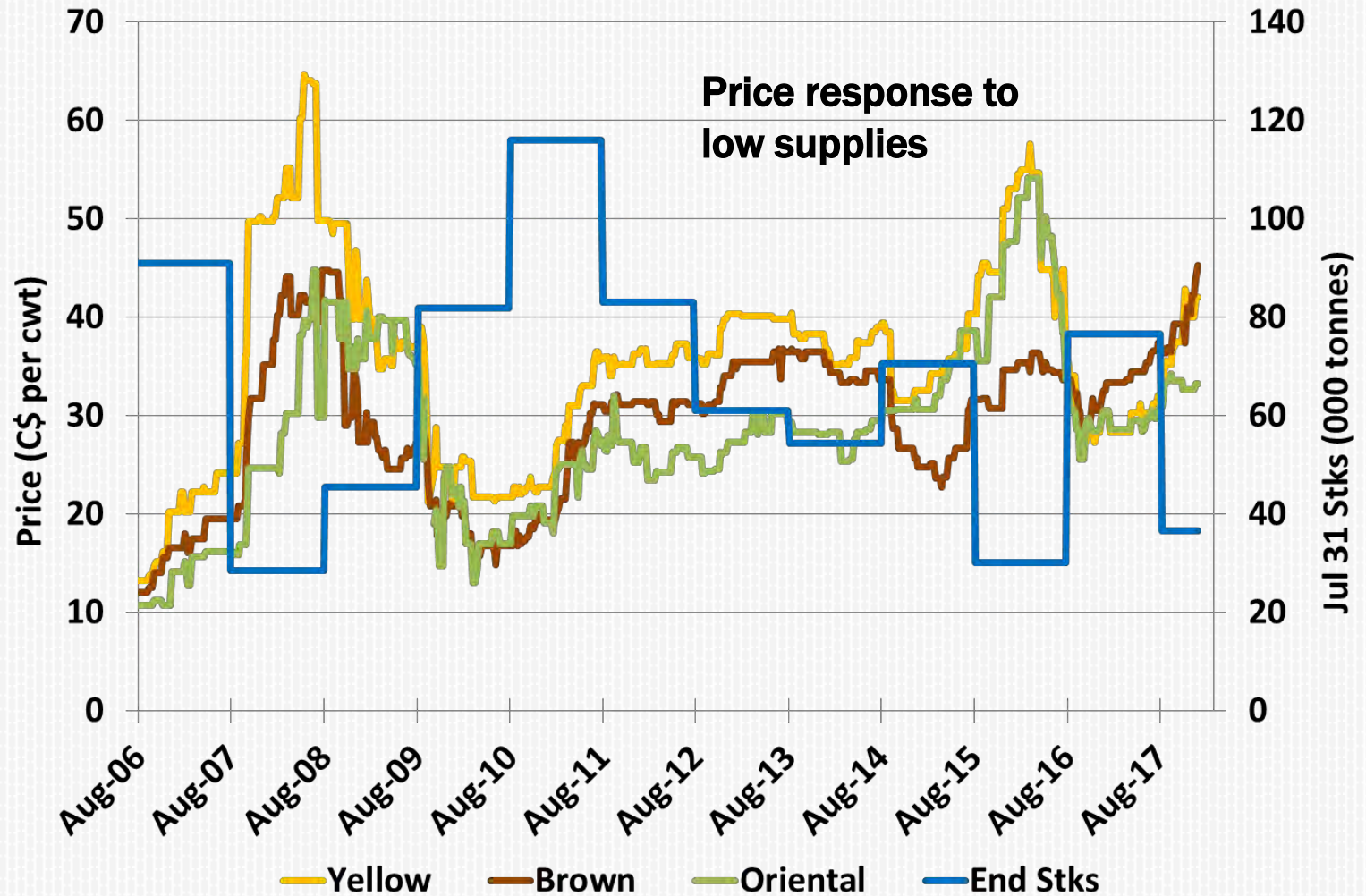
CANADIAN MUSTARD EXPORTS



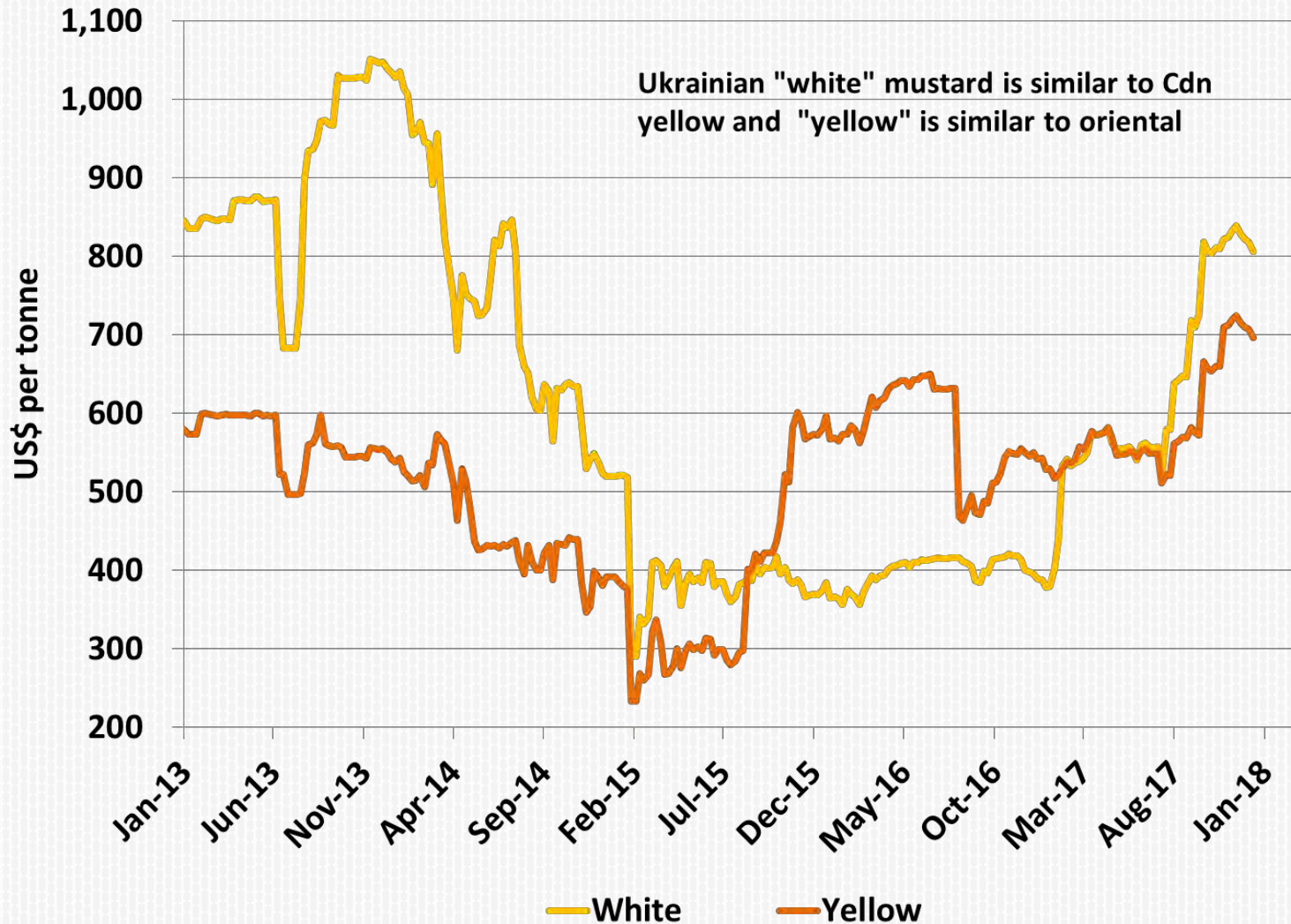
CANADIAN 17/18 MUSTARD EXPORTS



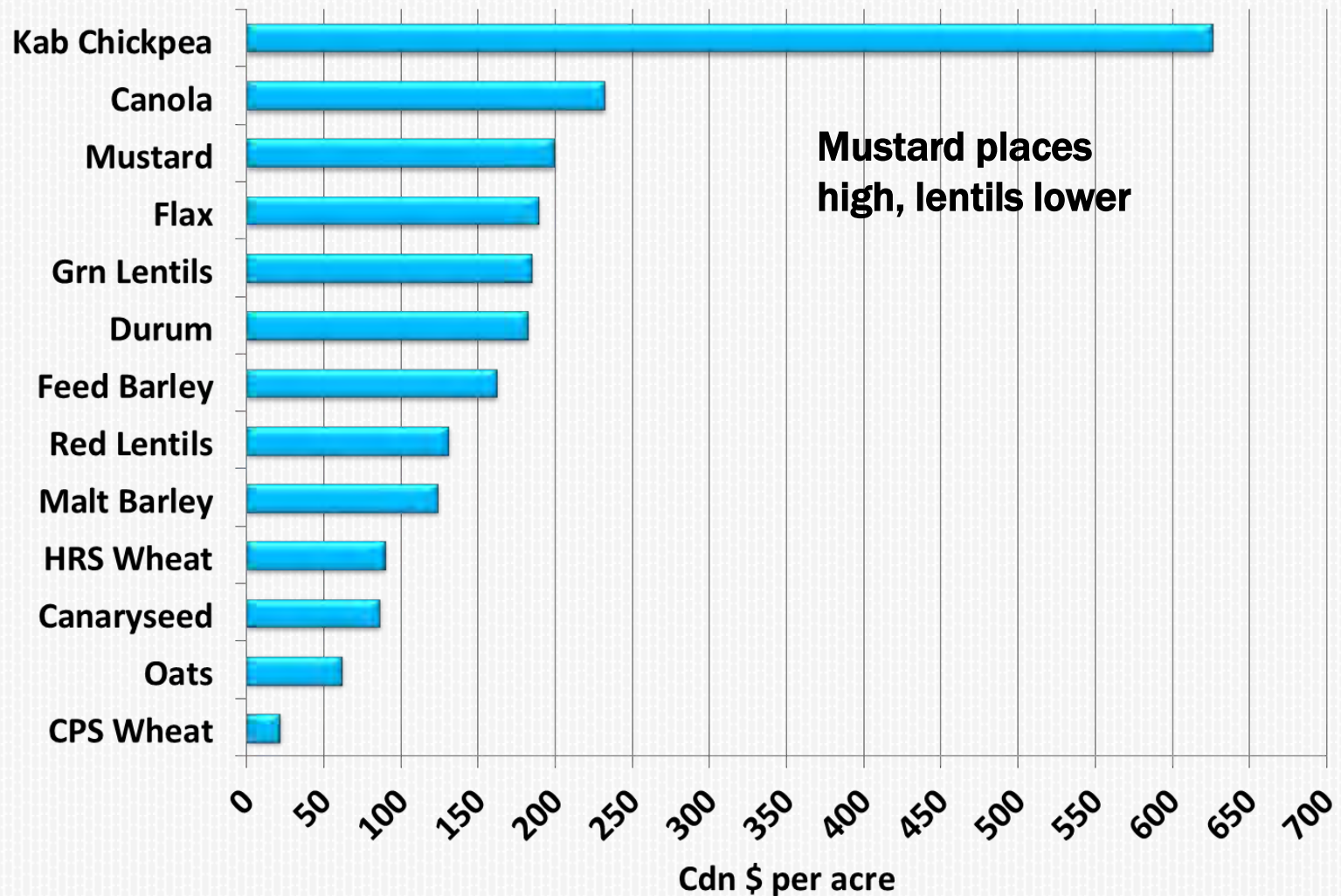
CDN MUSTARD BIDS & SUPPLIES



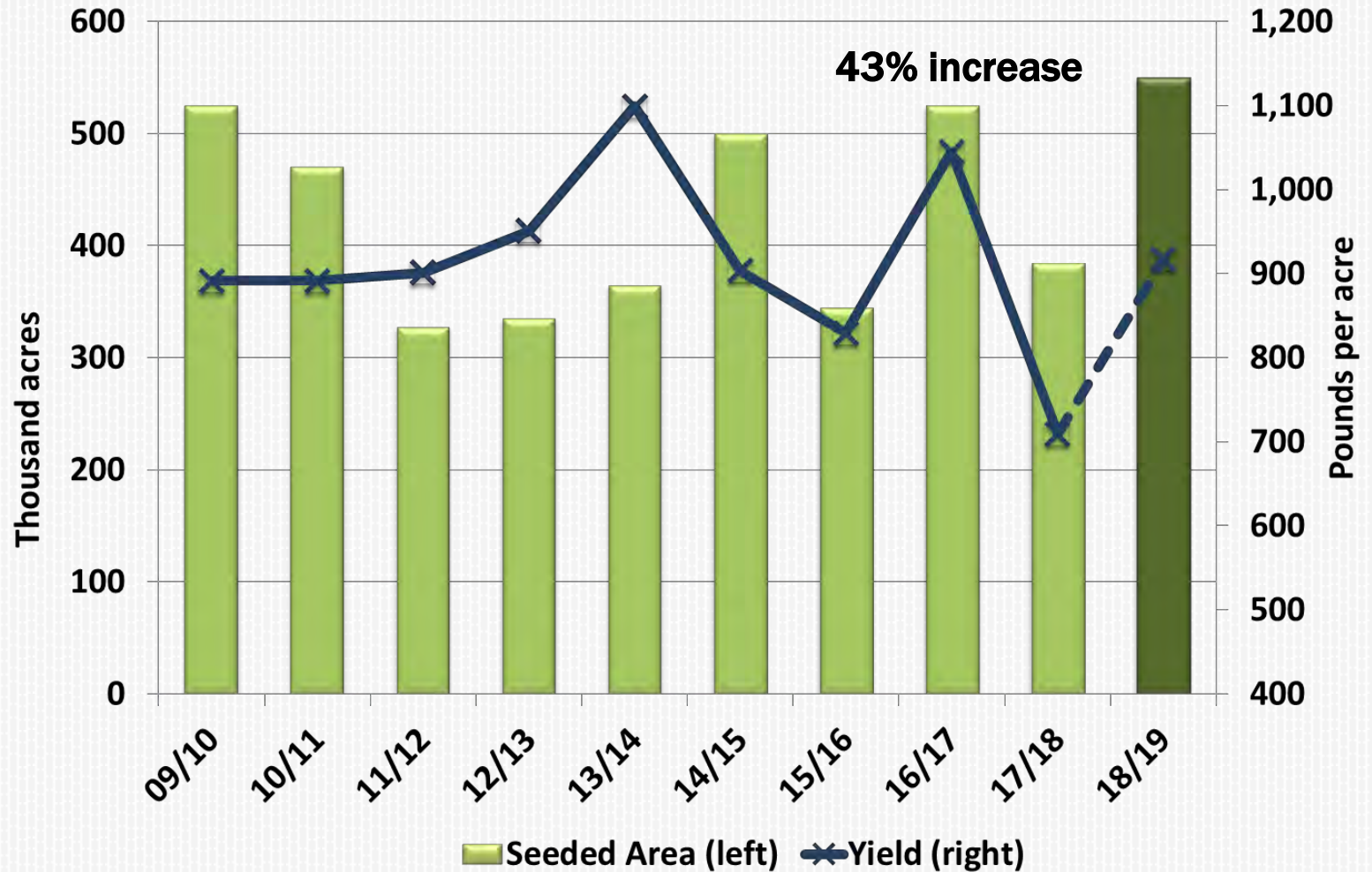
UKRAINIAN MUSTARD PRICE



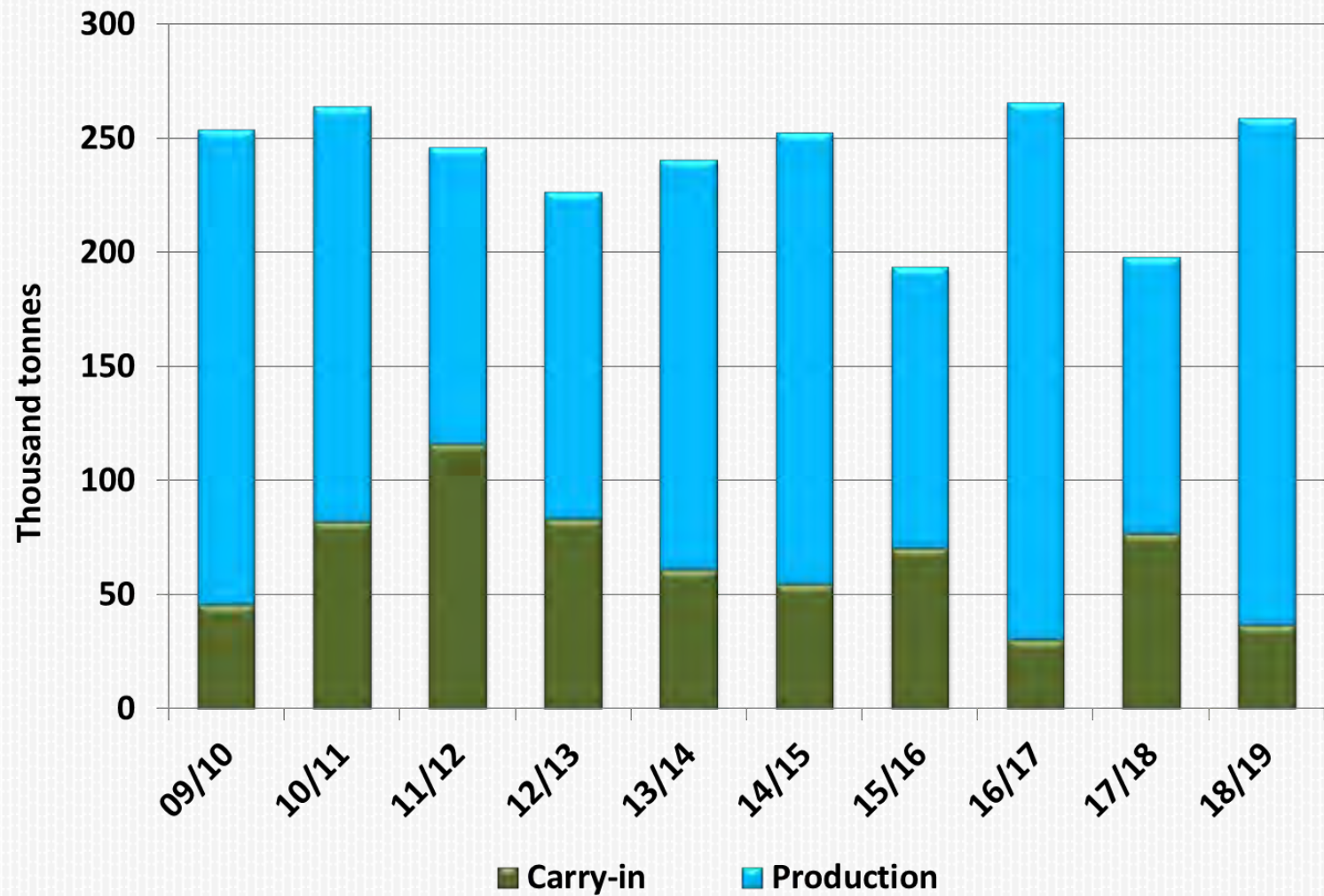
2018 GROSS MARGIN PROJECTIONS



NEW CROP ACREAGE FORECAST



CANADIAN MUSTARD SUPPLIES



MUSTARD SUPPLY & DISPOSITION

	<u>13/14</u>	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>	<u>17/18</u>	<u>18/19</u>
Seeded Acres, 000's	365	500	345	525	385	550
Harvested Acres, 000'	360	483	328	497	378	534
Yield (lbs/acre)	1,099	904	829	1,045	709	917
Supply ('000 tonnes)						
Carry-In	61	54	70	30	77	37
Production	180	198	123	236	122	222
Imports	1	1	1	1	1	1
Total Supply	241	253	195	267	199	260
Disposition ('000 tonnes)						
Seed	2	2	2	2	3	2
Other Domestic	50	55	50	65	50	60
Exports	135	126	113	124	110	130
Total Disposition	187	183	165	190	163	192
Ending Stocks	54	70	30	77	37	68
Stocks/Use	29%	38%	18%	40%	23%	35%

Source: Statistics Canada with LeftField projections in bold

MUSTARD MARKET OUTLOOK

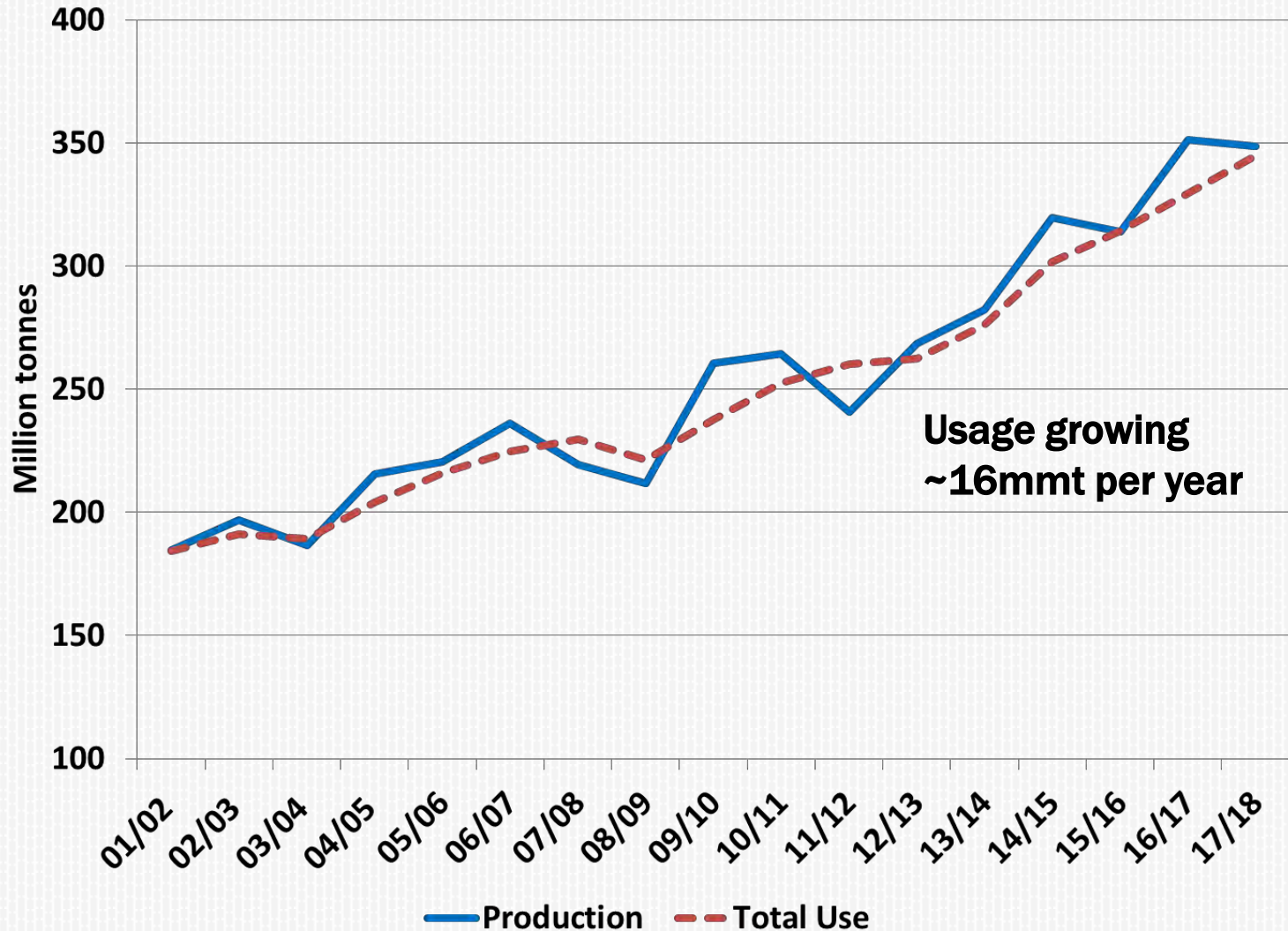
× Rest of 2017/18

- + Low supplies of brown and yellow, oriental comfortable
- + Improved demand from Europe and US, supplies will be constraint
- + Firmer bids, little downside

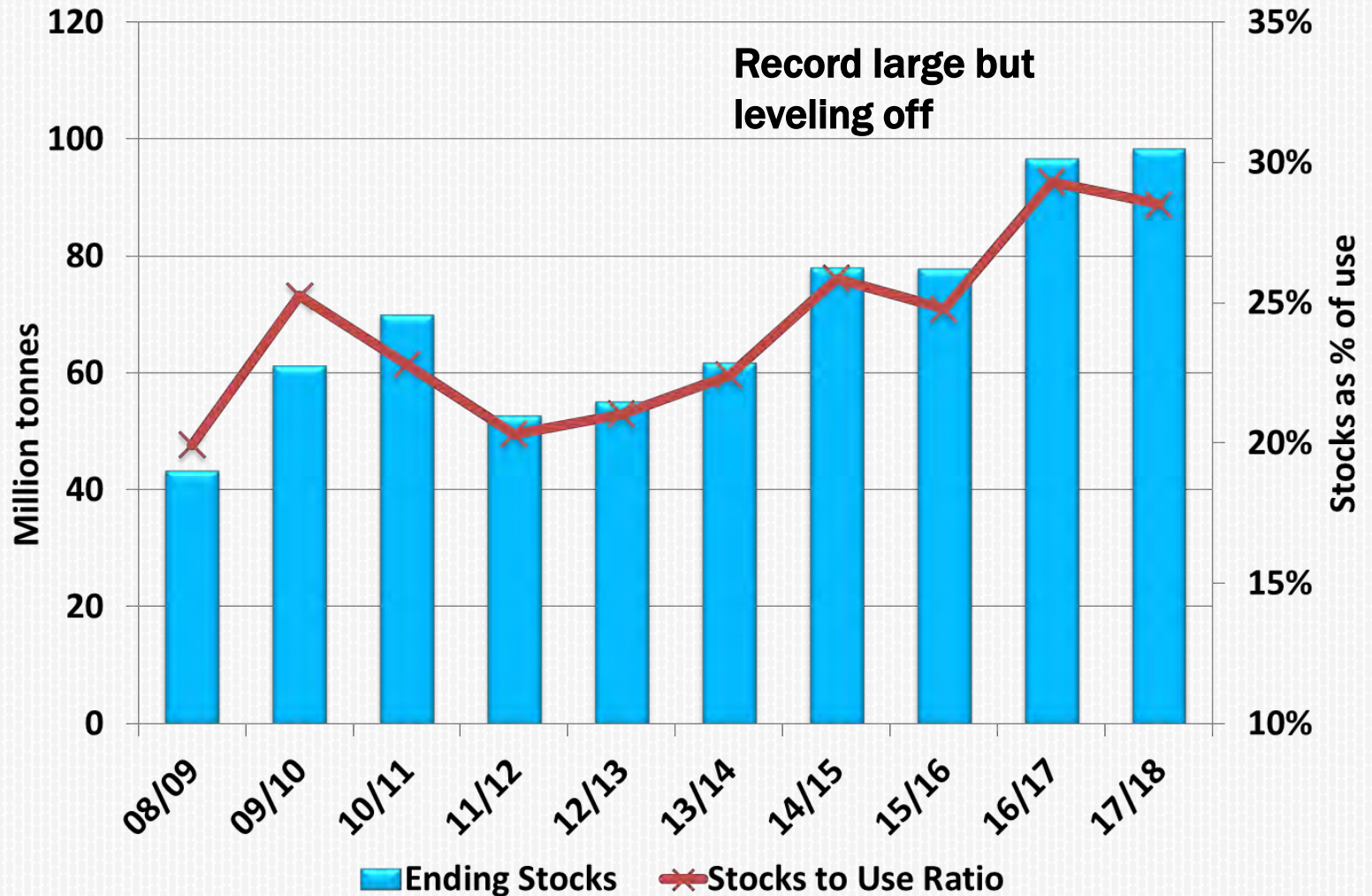
× In 2018/19

- + Rebound in acreage; Canada and elsewhere
- + Dry to start out
- + Steady demand
- + Prices will come off the highs, still solid

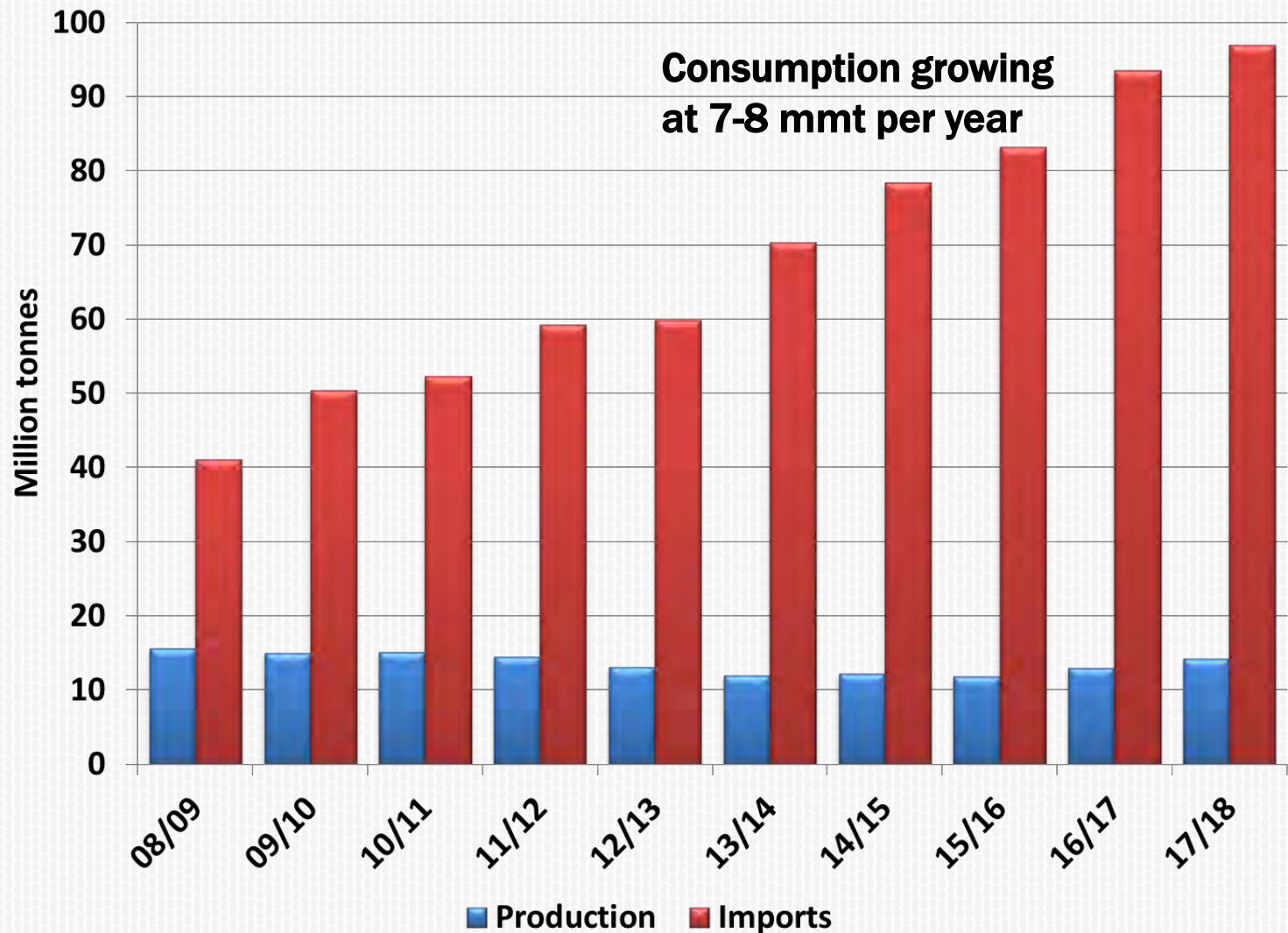
GLOBAL SOYBEAN PRODUCTION & USE



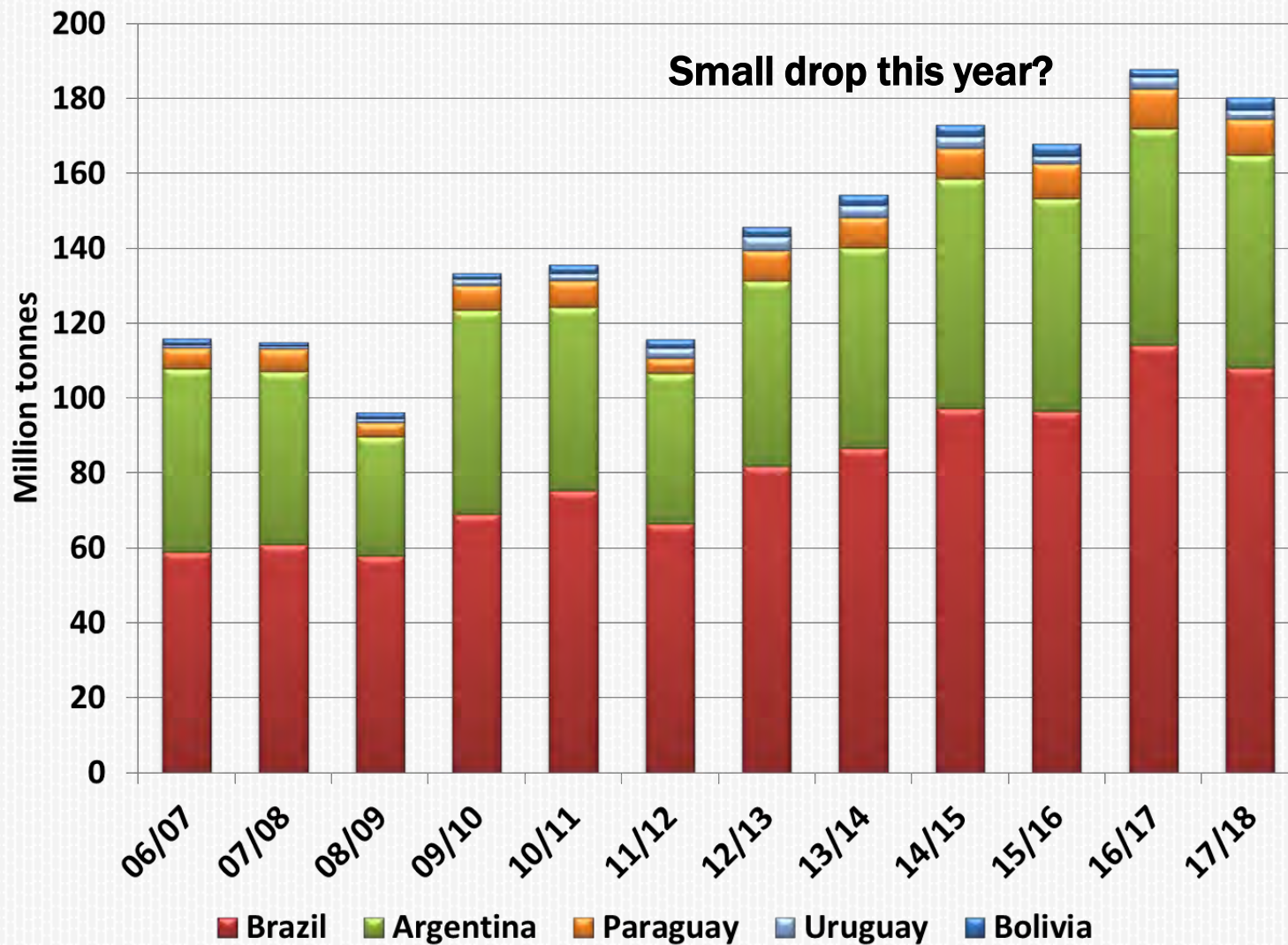
GLOBAL SOYBEAN ENDING STOCKS



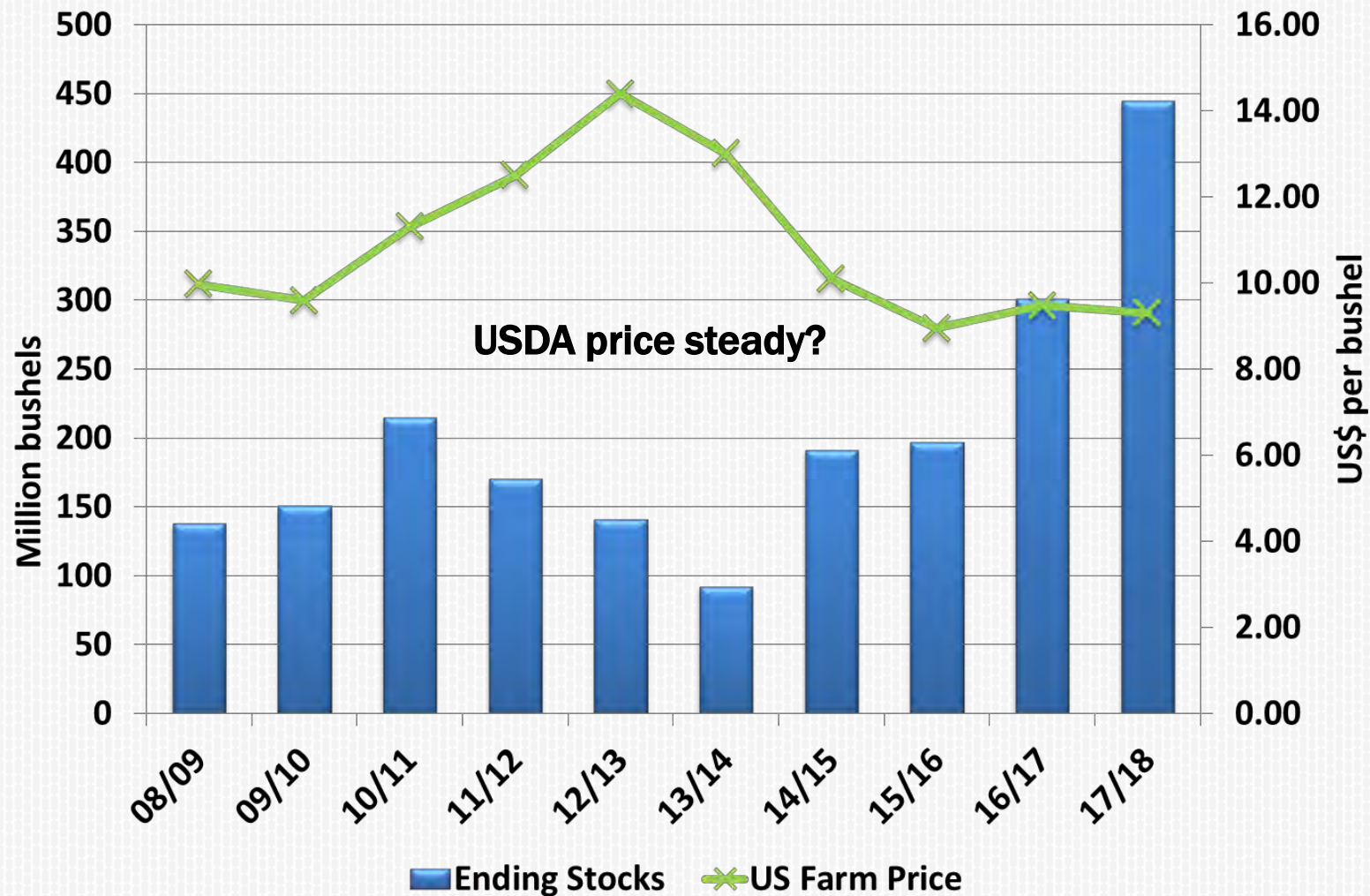
CHINA SOYBEAN PROD'N & IMPORTS



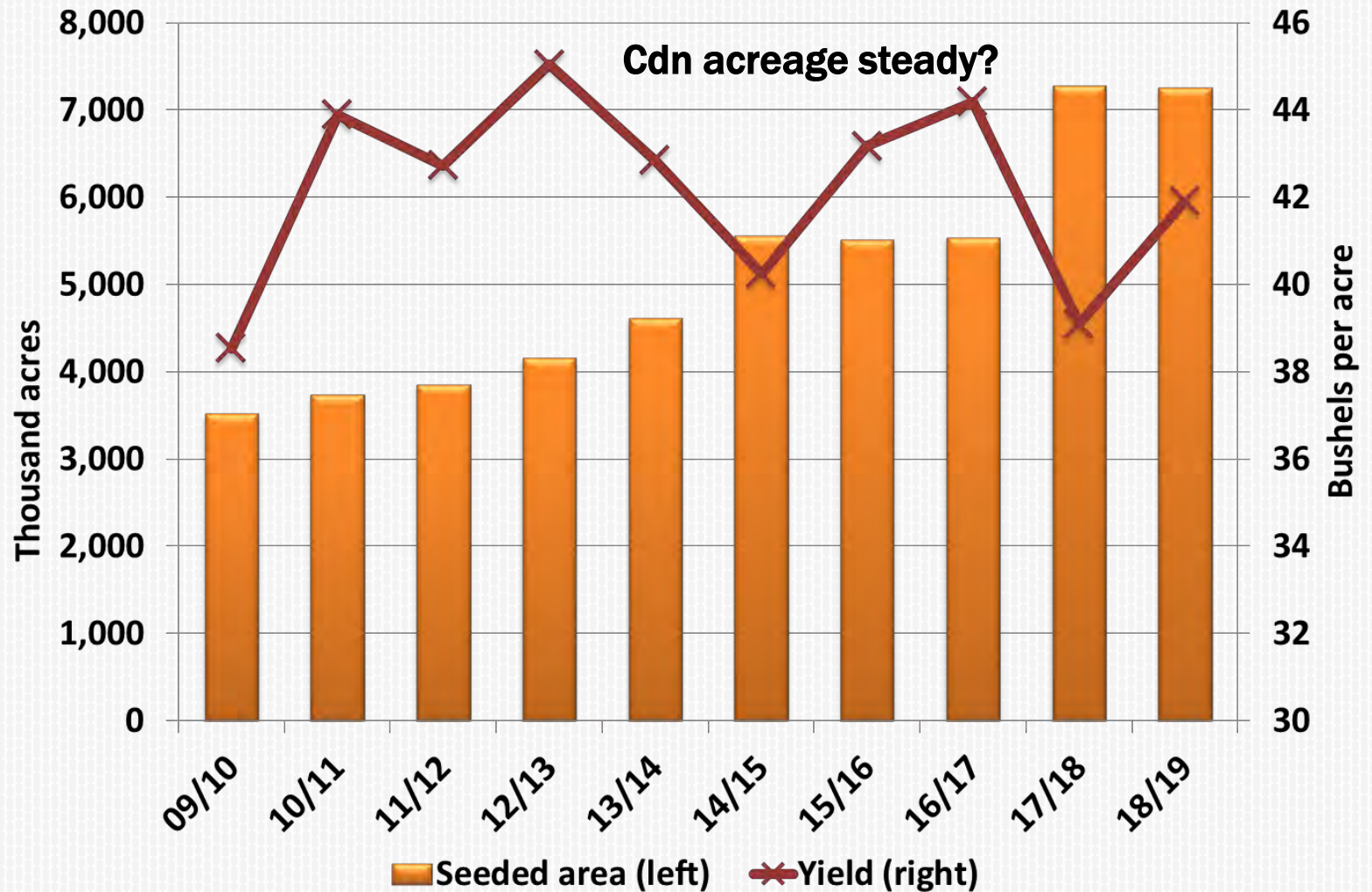
SOUTH AMERICAN SOYBEAN PROD'N



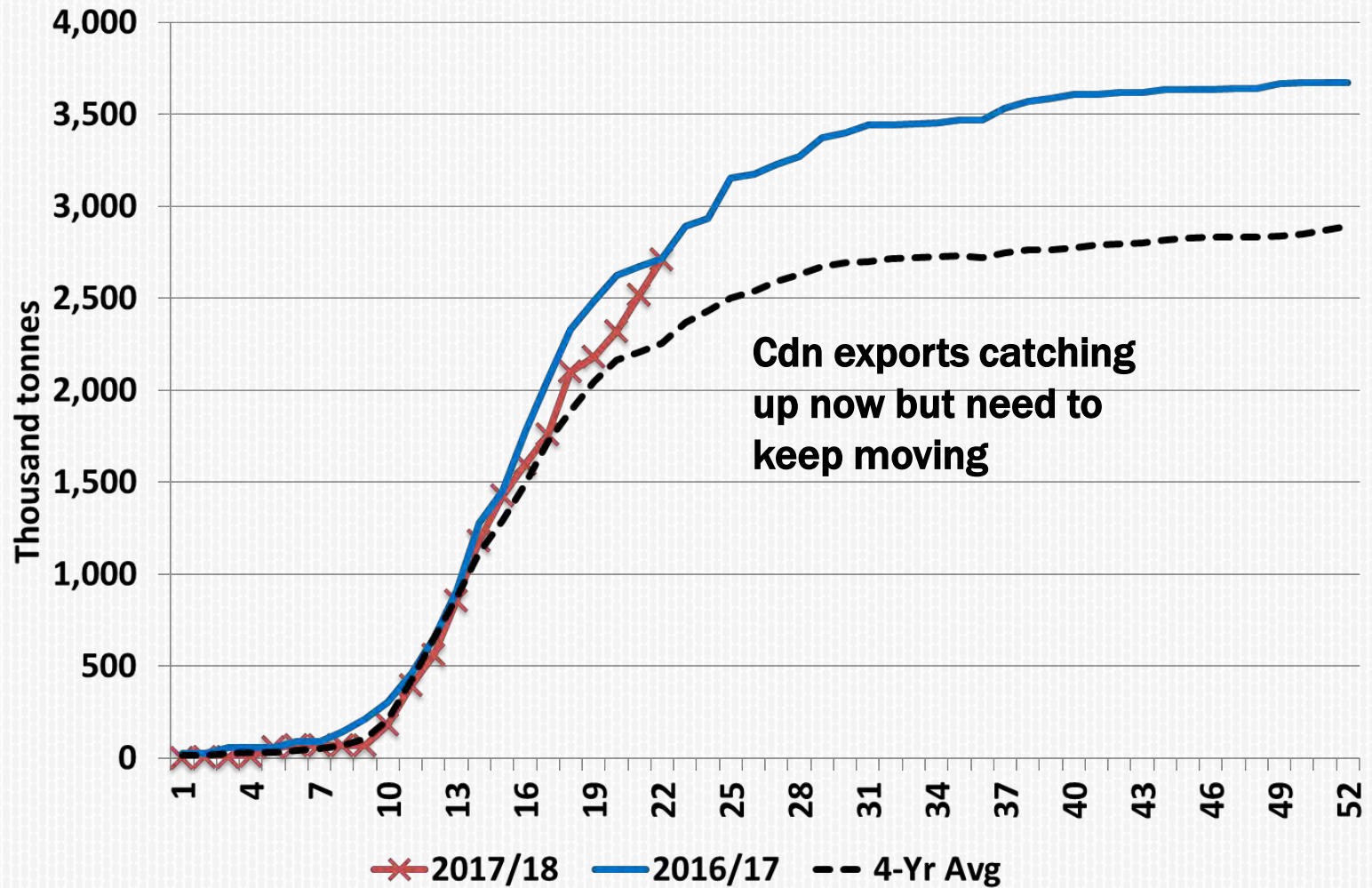
US ENDING STKS & FARM PRICE



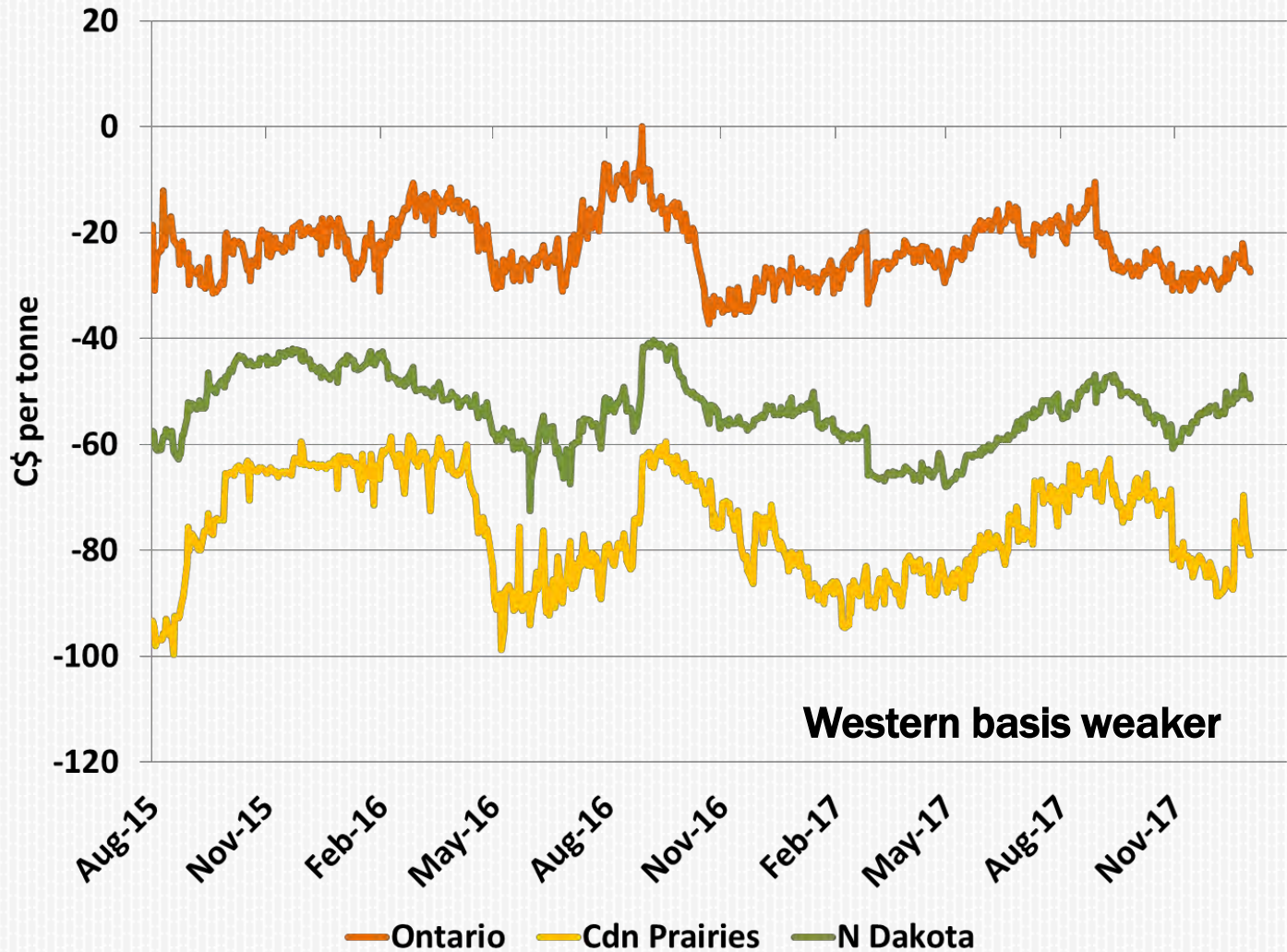
CANADIAN SOYBEAN ACREAGE



CANADIAN SOYBEAN EXPORTS



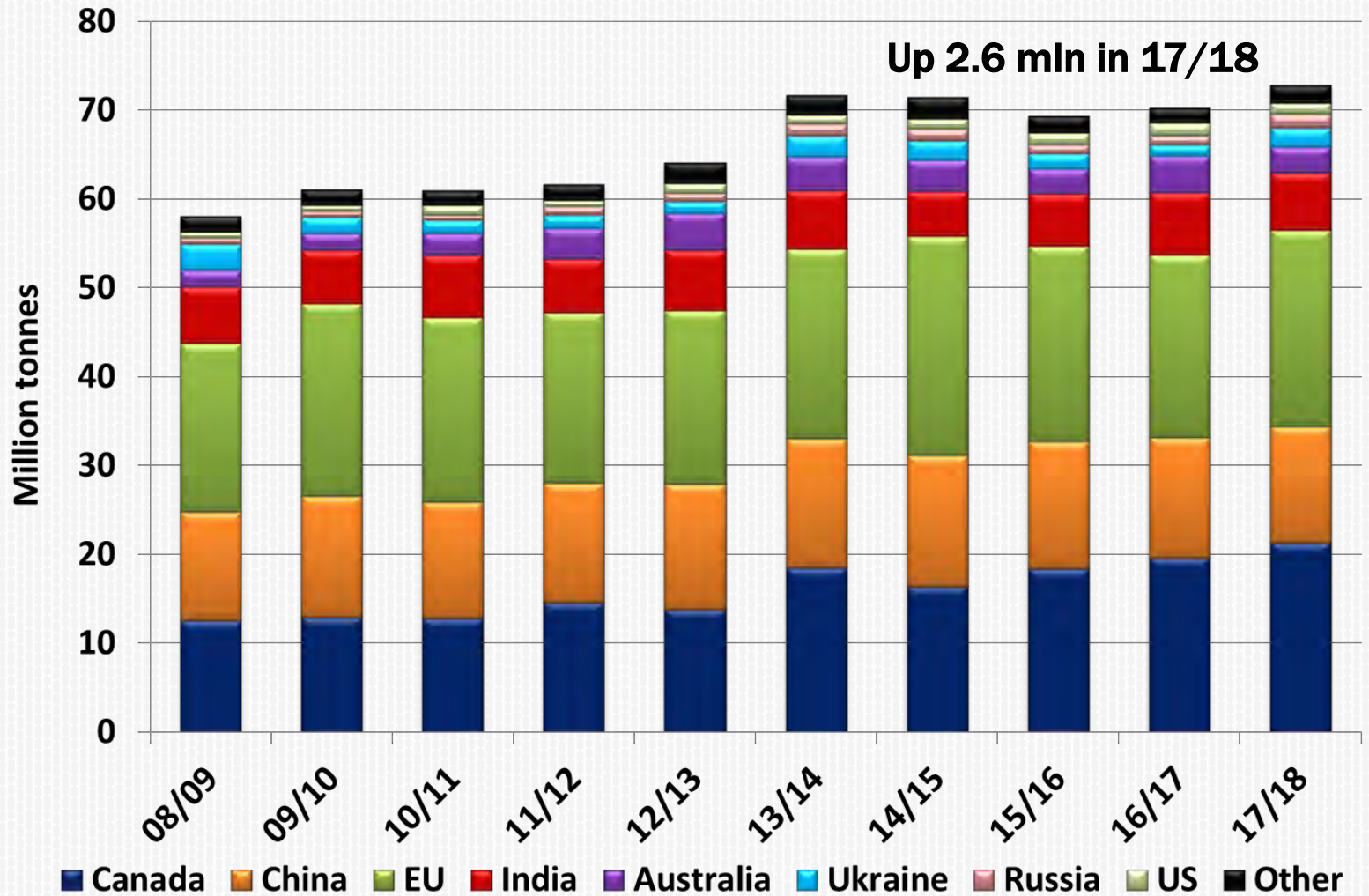
SOYBEAN BASIS



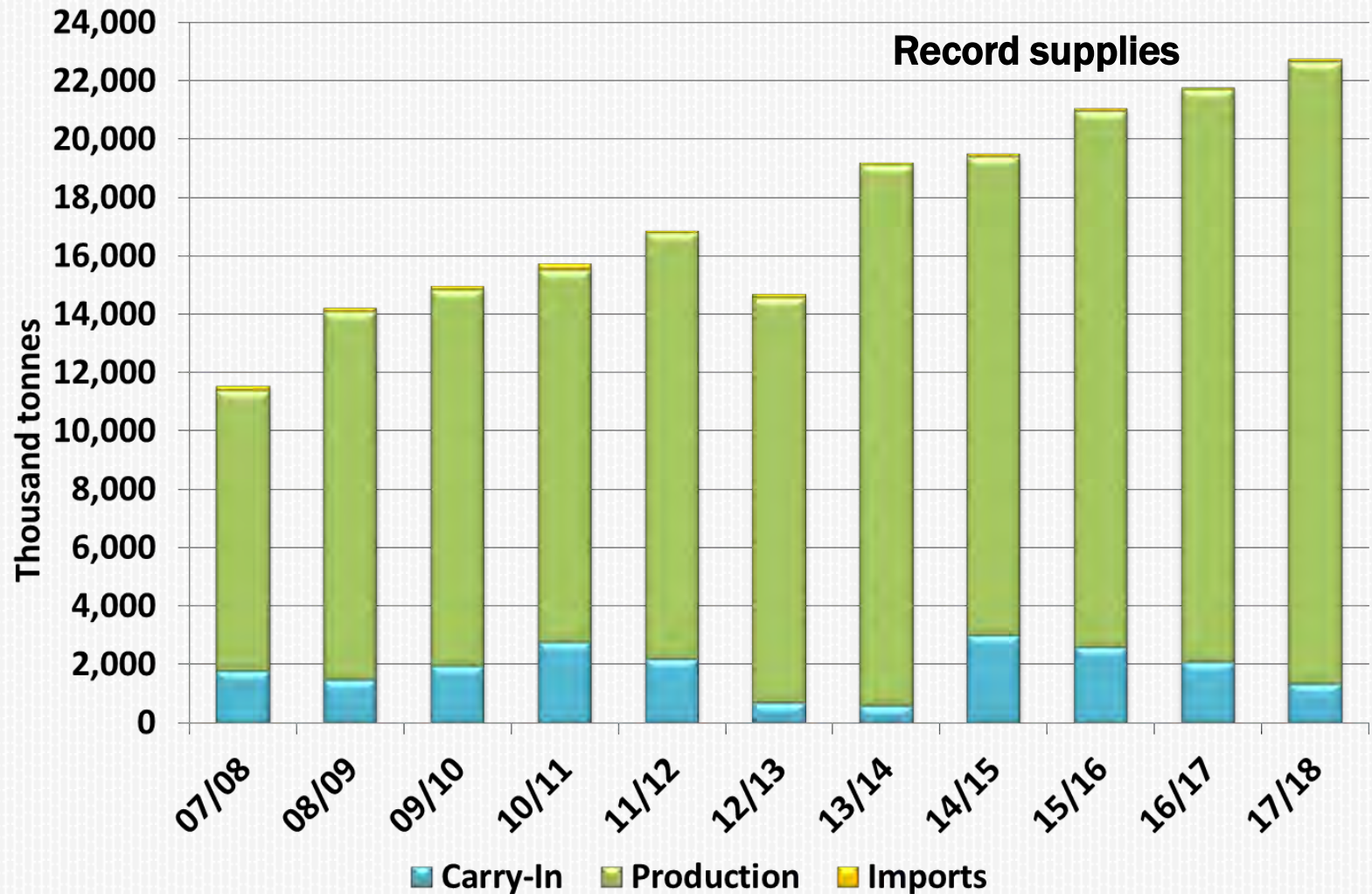
Western basis weaker

— Ontario — Cdn Prairies — N Dakota

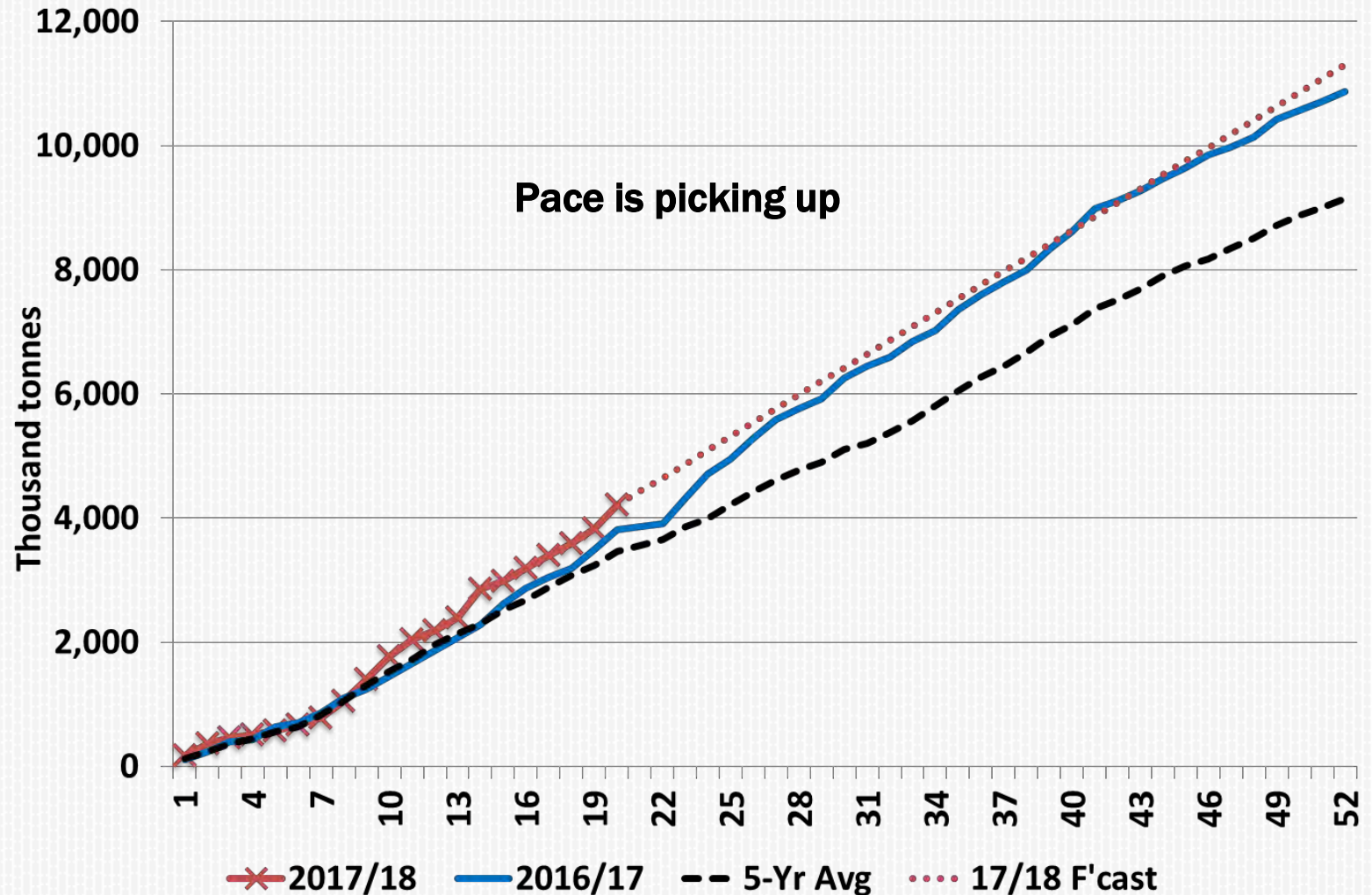
CANOLA/RAPSEED PRODUCTION



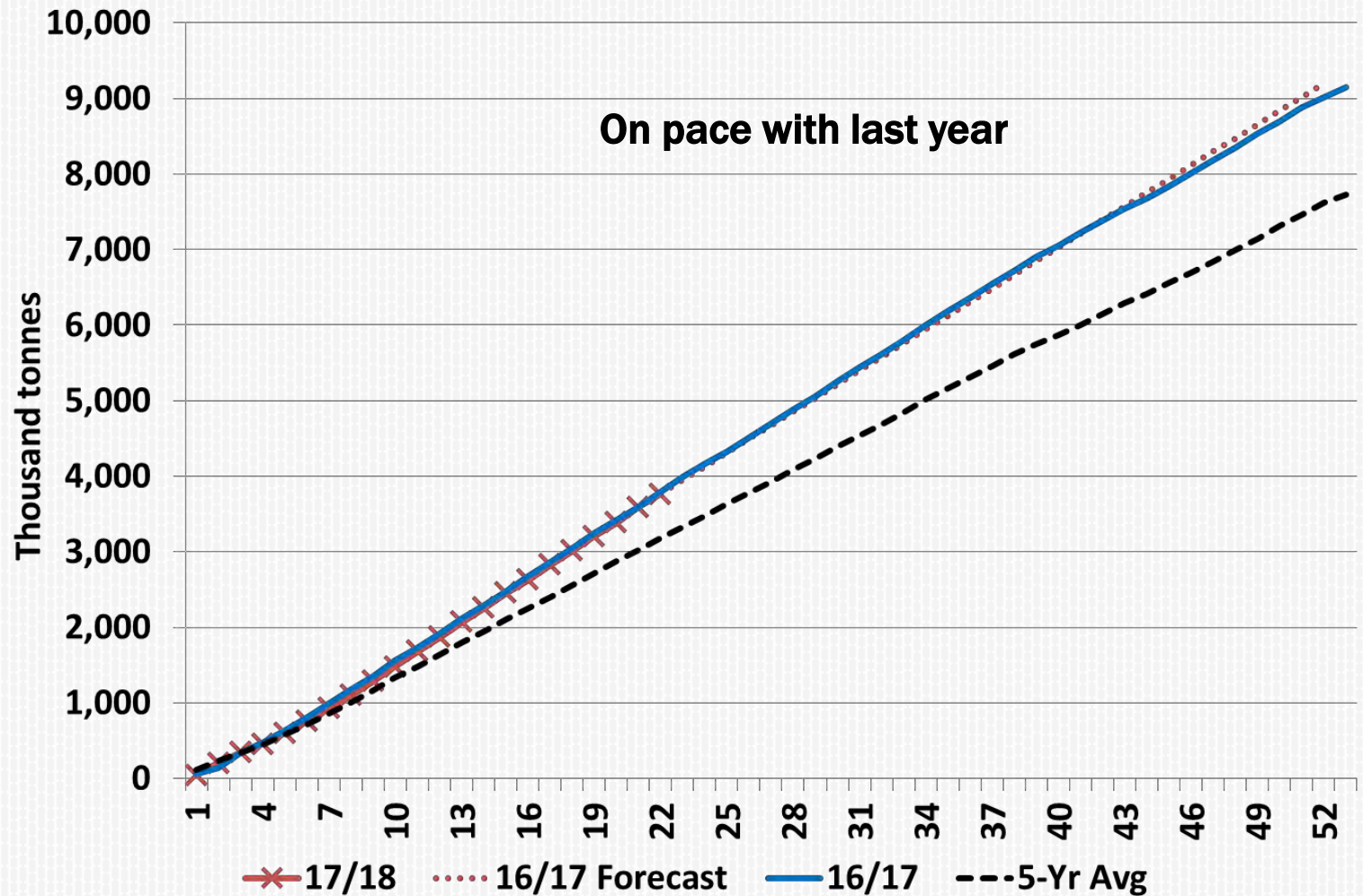
CANADIAN CANOLA SUPPLIES



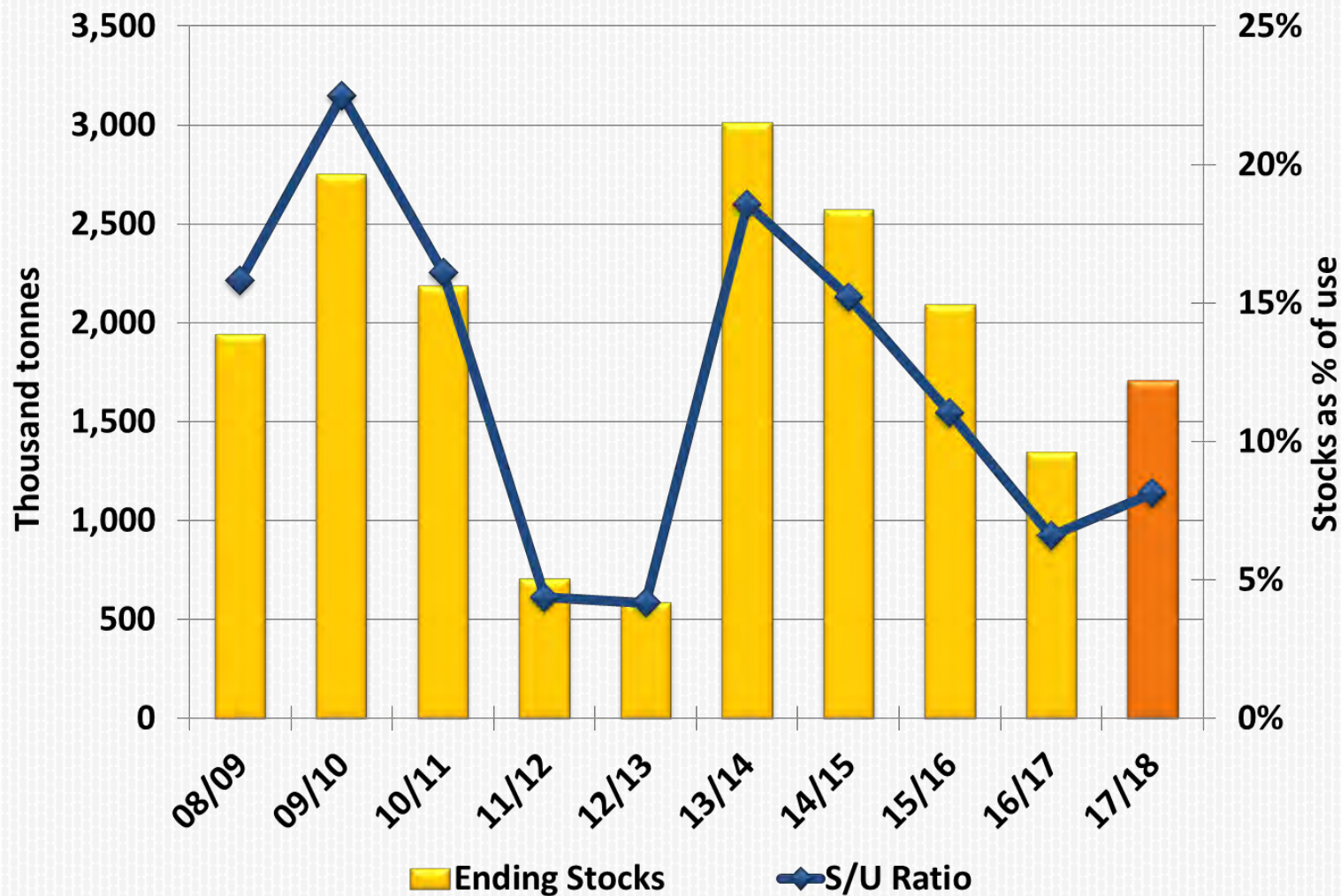
WEEKLY CANOLA EXPORTS



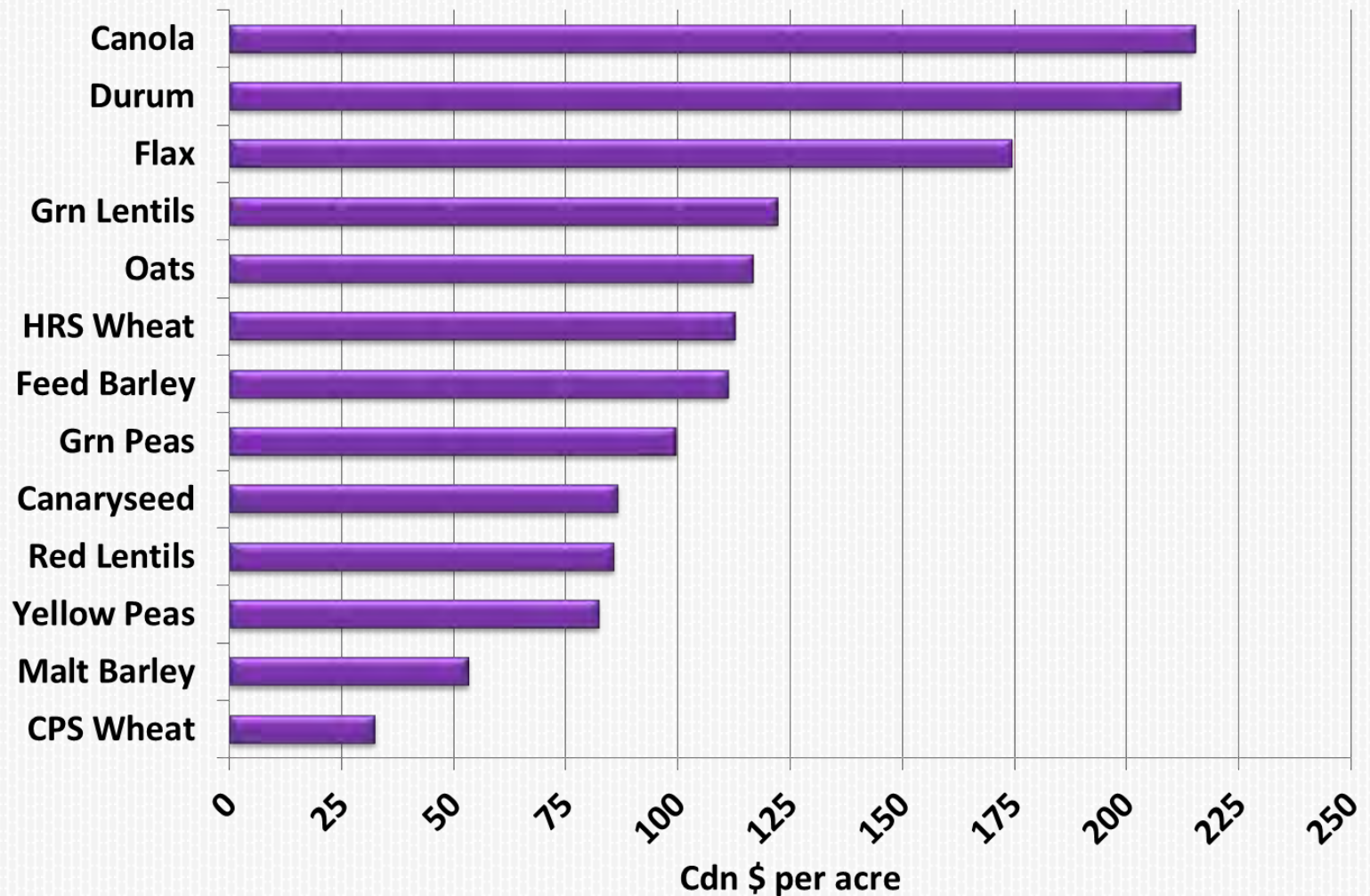
WEEKLY CANOLA CRUSH



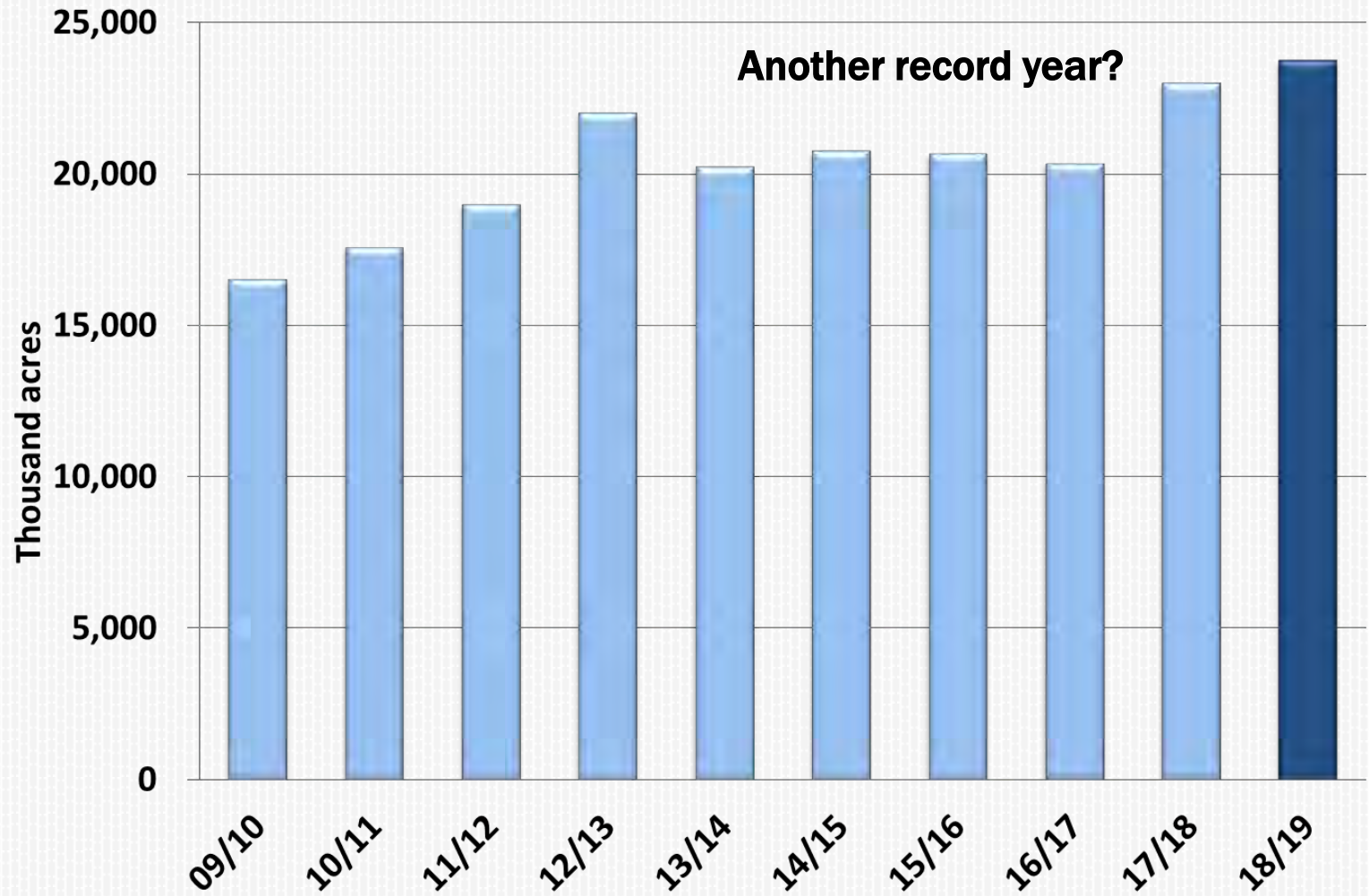
CANOLA ENDING STOCKS



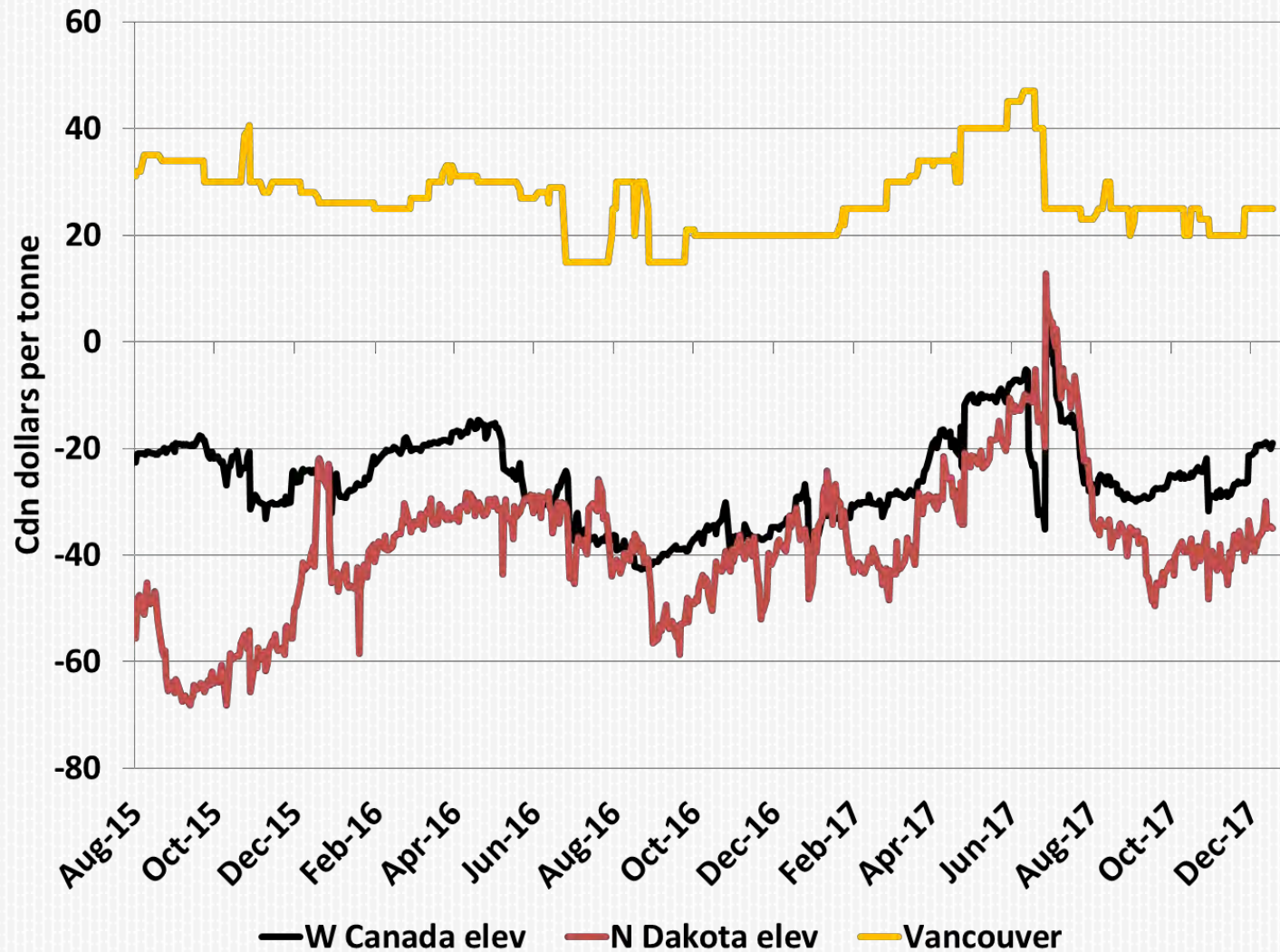
GROSS MARGIN COMPARISON – 2018



CANADIAN CANOLA ACRES



NORTH AMERICAN CANOLA BASIS



CANOLA MARKET – KEY FACTORS

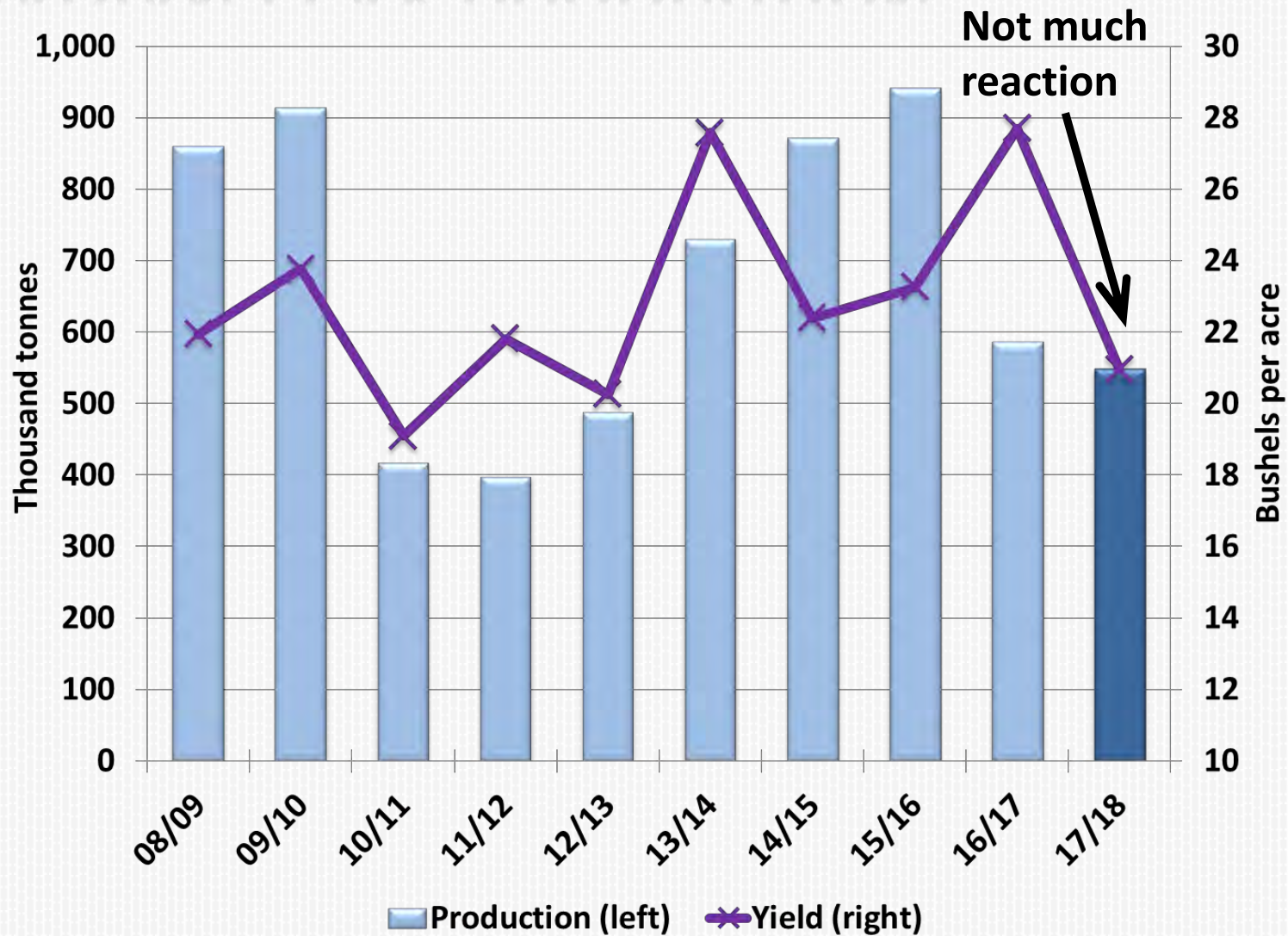
✖ Rest of 2017/18

- + Canola supplies not quite as tight as last year
- + Export demand from several sources strong
- + Crush steady
- + Firmer futures & narrower basis

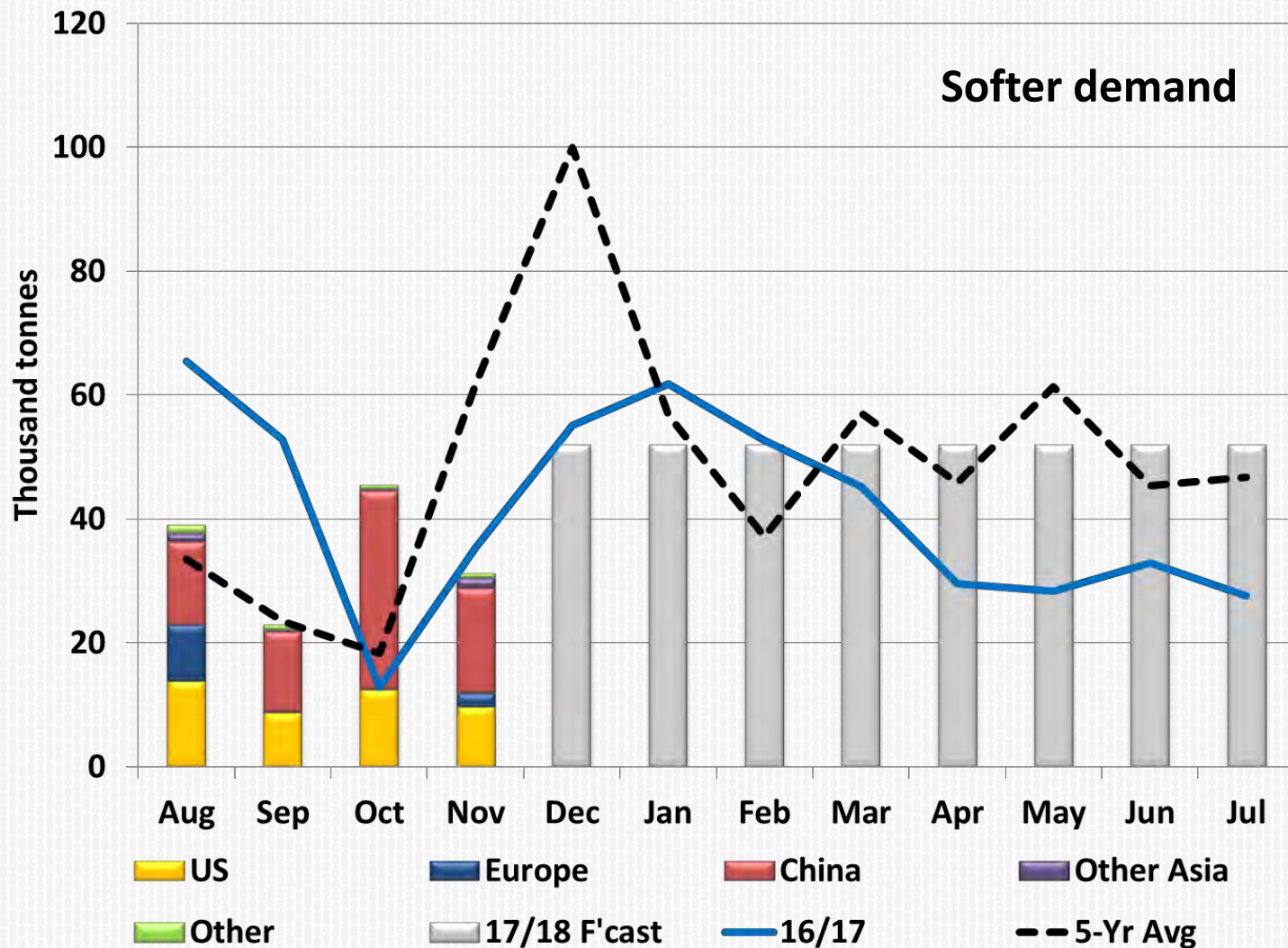
✖ In 2018/19

- + More acres in Canada, Ukraine, EU?
- + More soybean acres in US and S. America
- + Could see pressure on futures

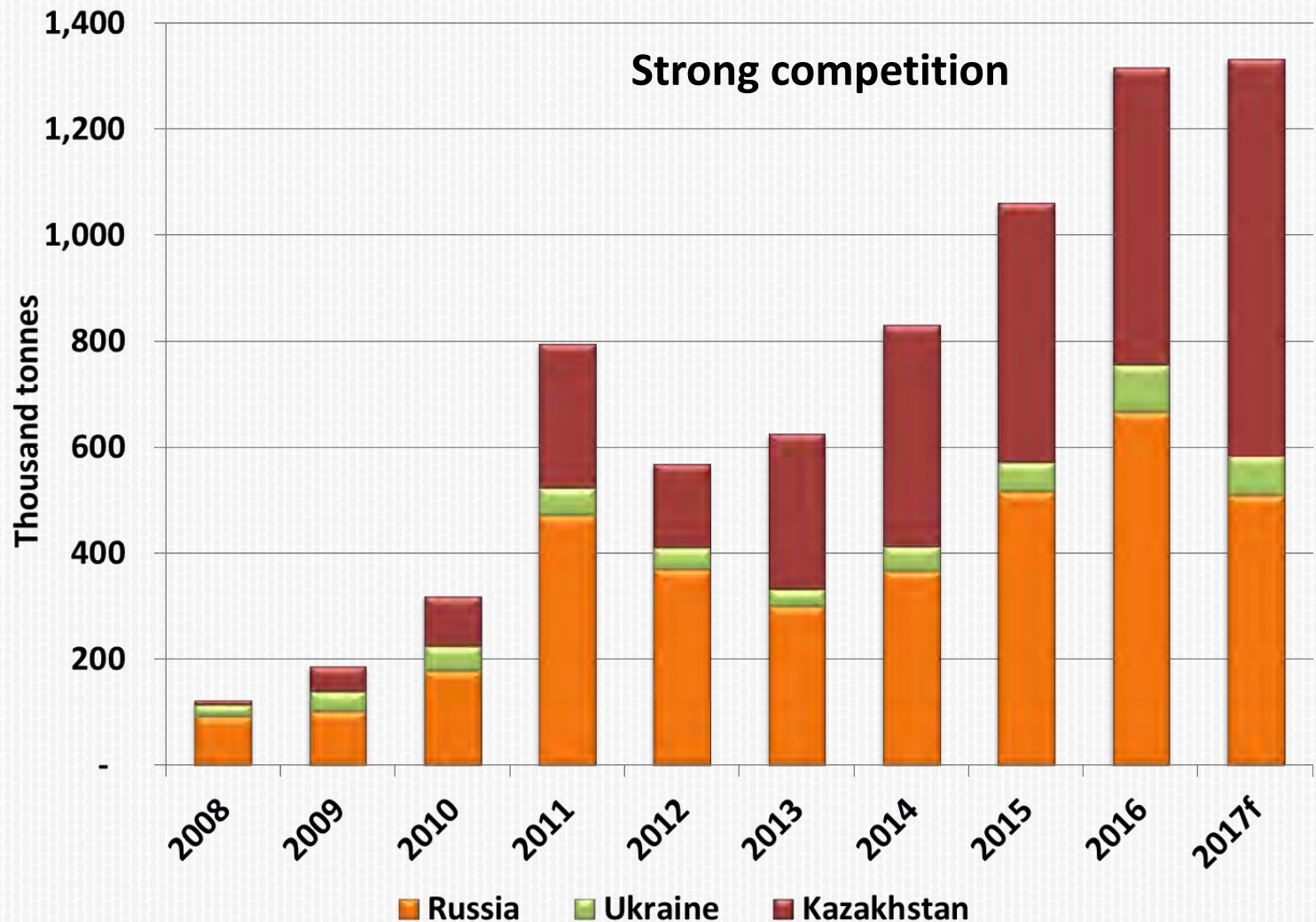
CANADIAN FLAX PRODUCTION



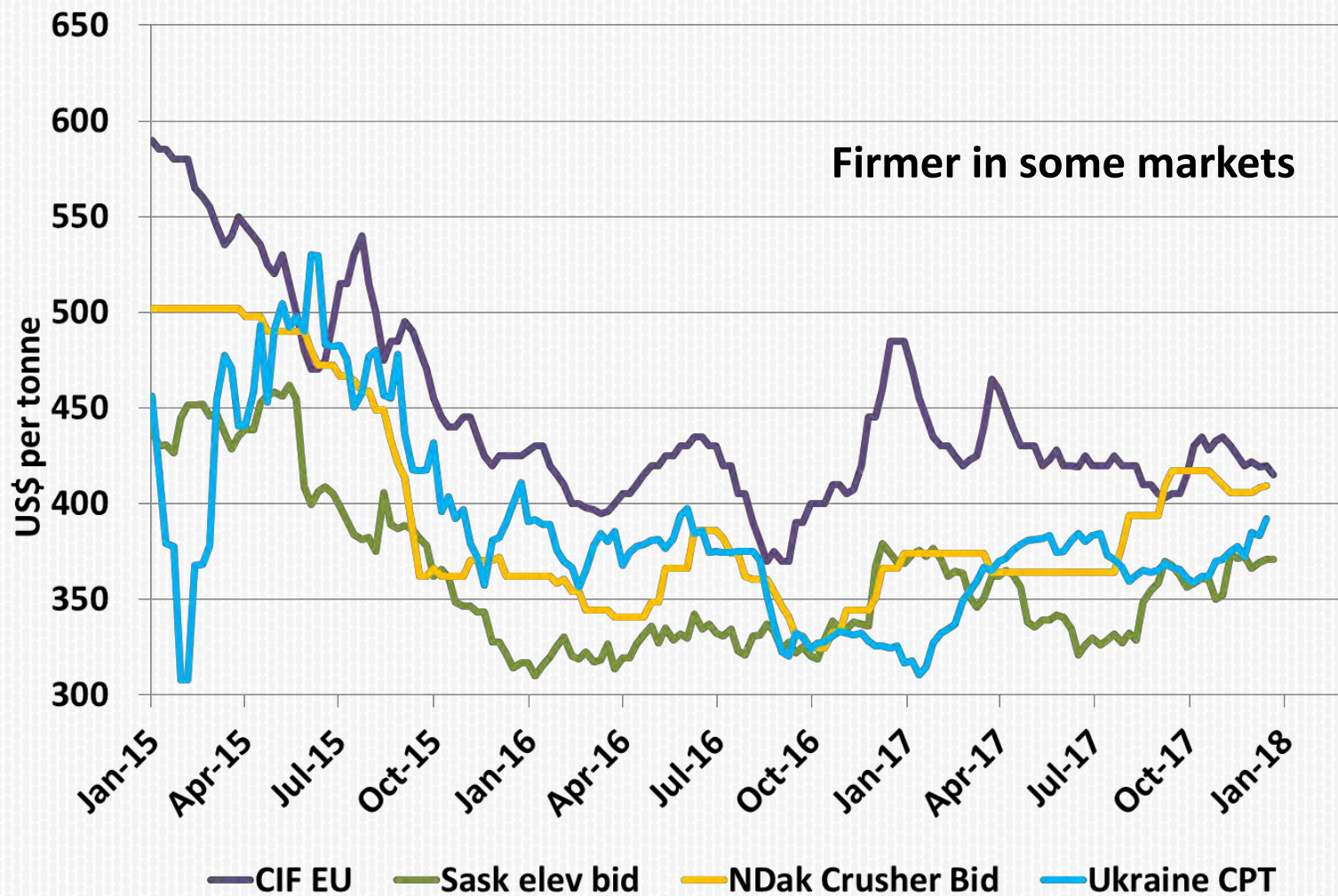
FLAX EXPORTS - 2017/18



BLACK SEA LINSEED PRODUCTION



GLOBAL FLAX PRICES



FLAX MARKET – KEY FACTORS

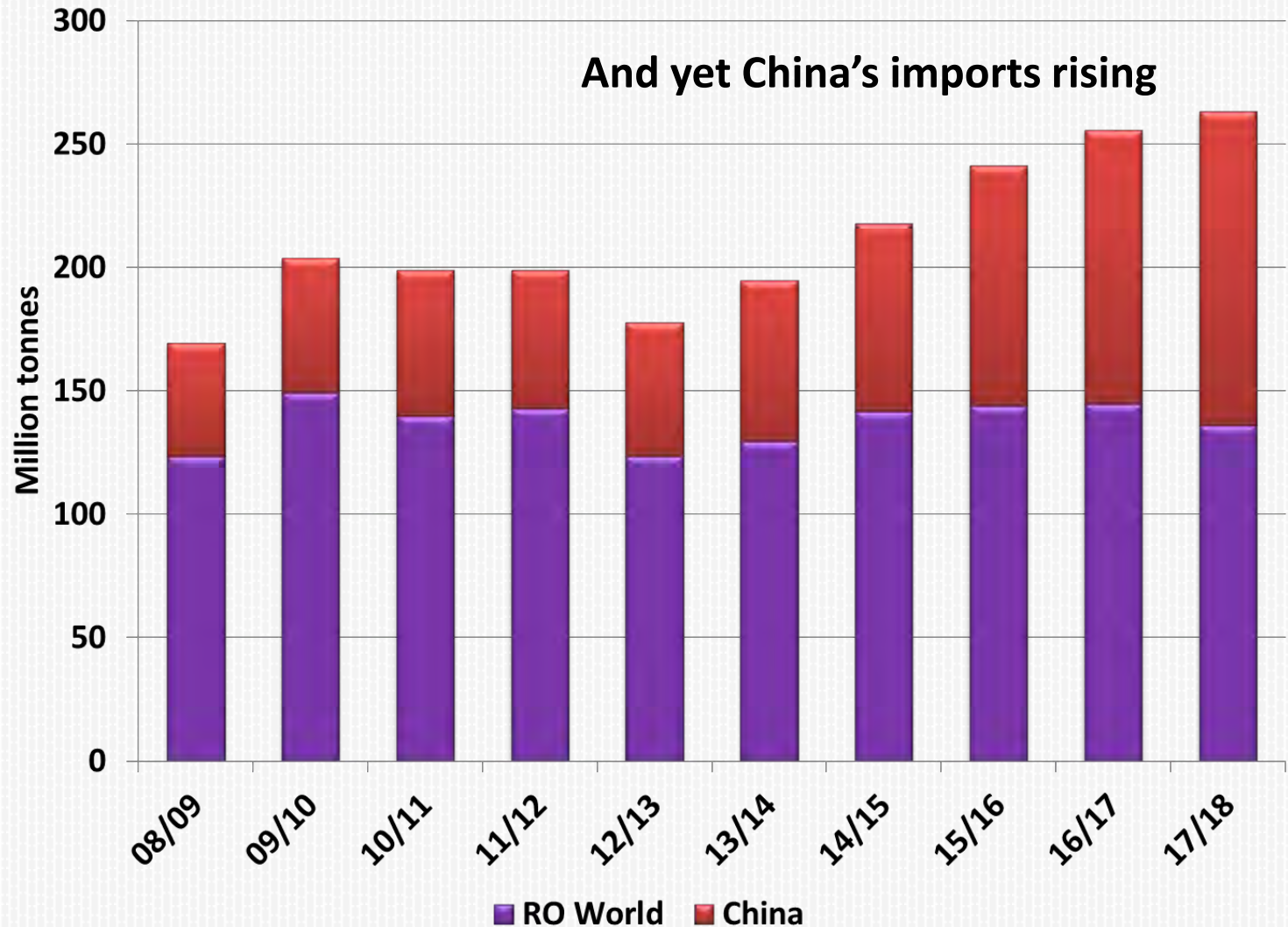
× Rest of 2017/18

- + Chinese demand picking up
- + US demand improved over last two years
- + EU still mediocre
- + Limited downside risk, more strength likely

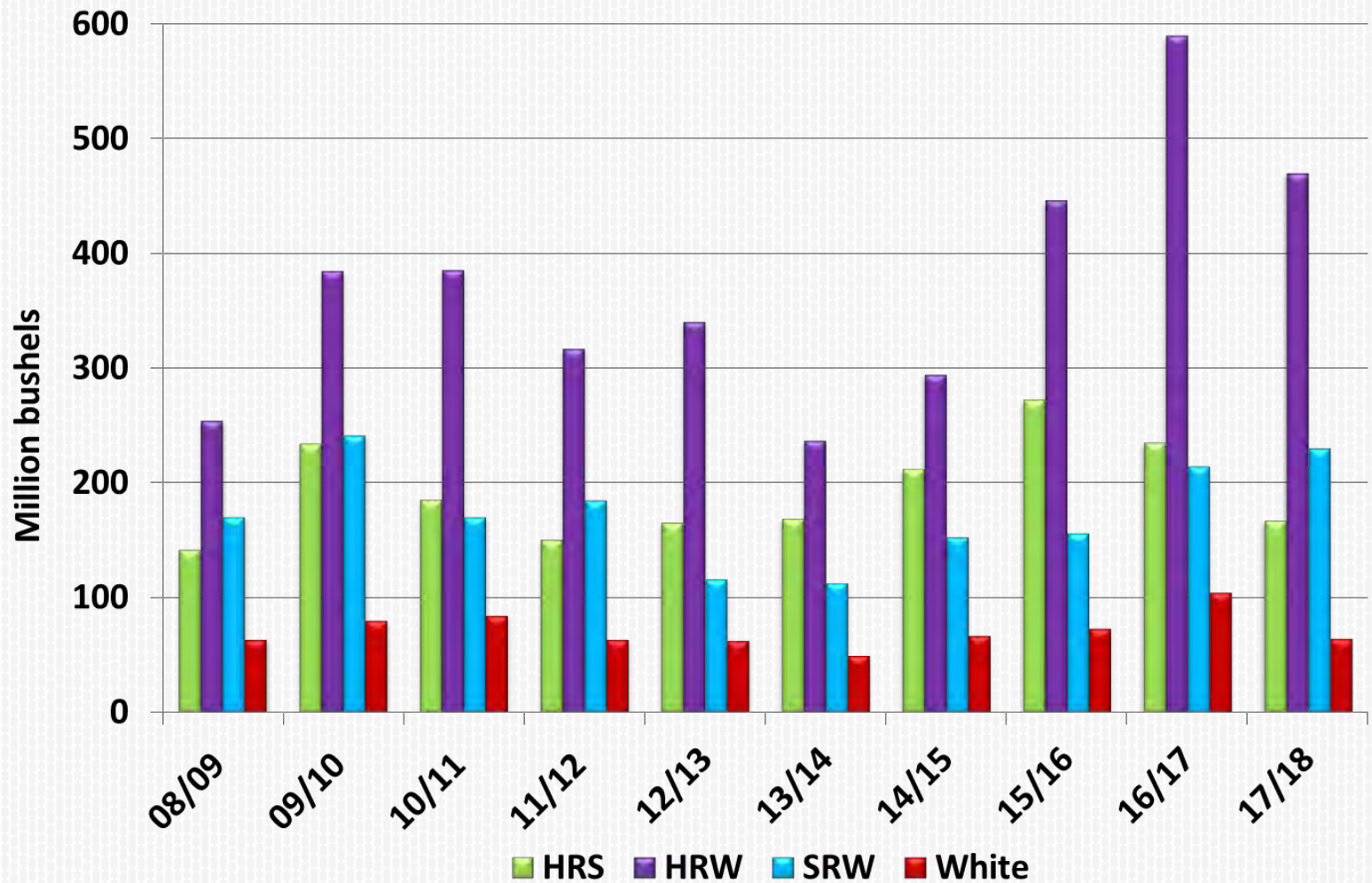
× In 2018/19

- + Acreage should rise on fewer pulses
- + Supplies will rebound
- + Some weakness possible

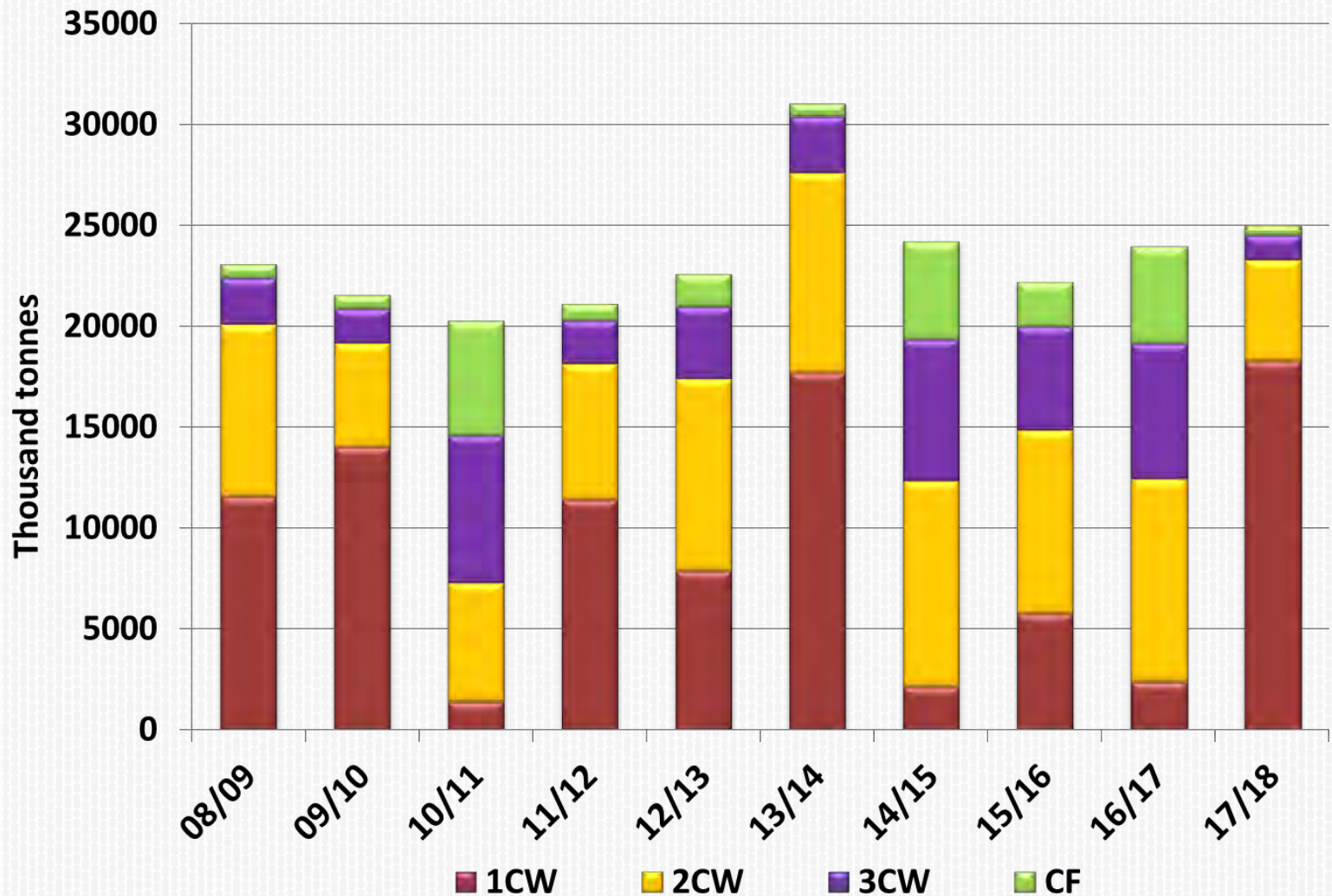
GLOBAL WHEAT ENDING STOCKS



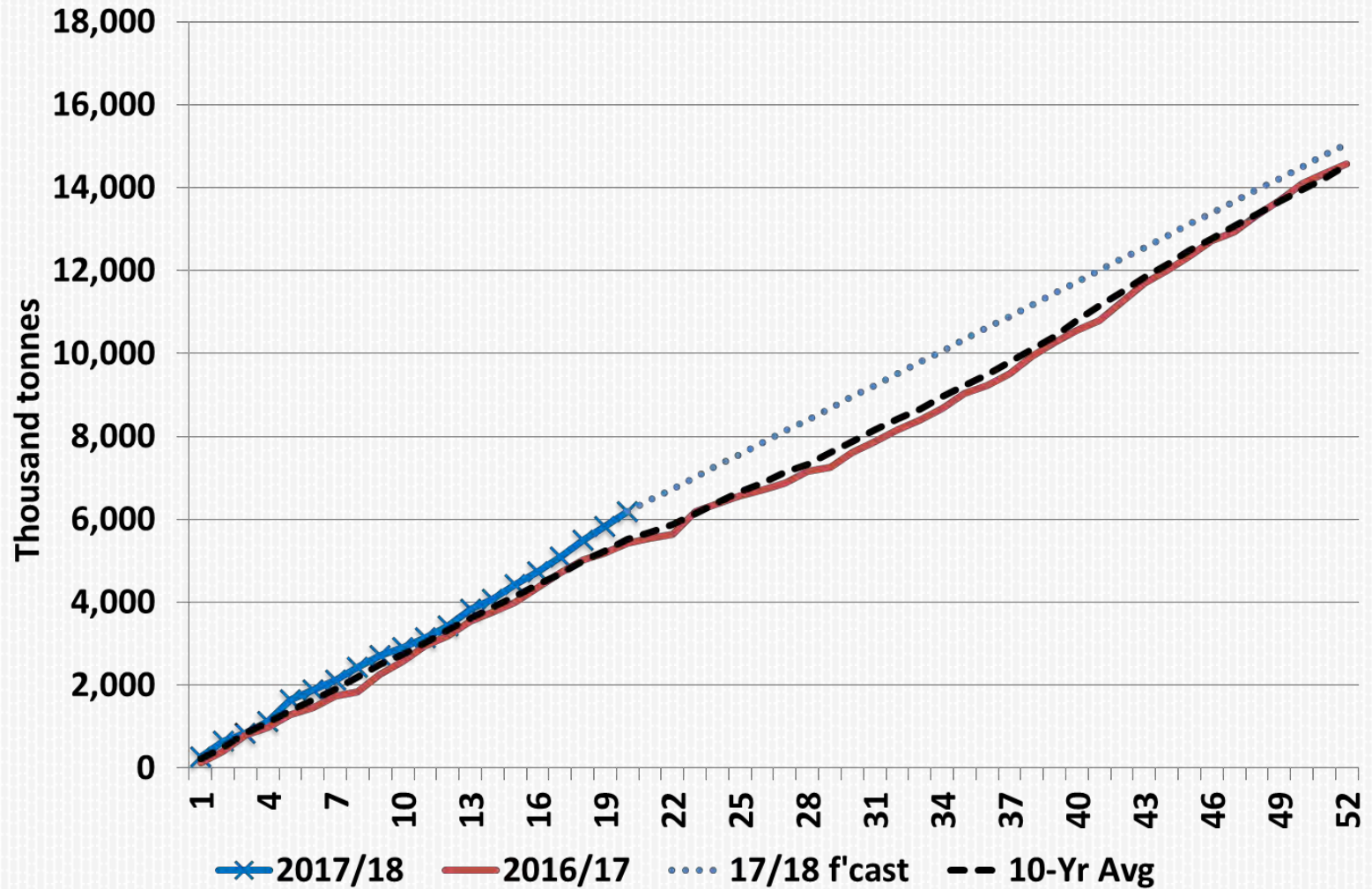
US WHEAT ENDING STOCKS



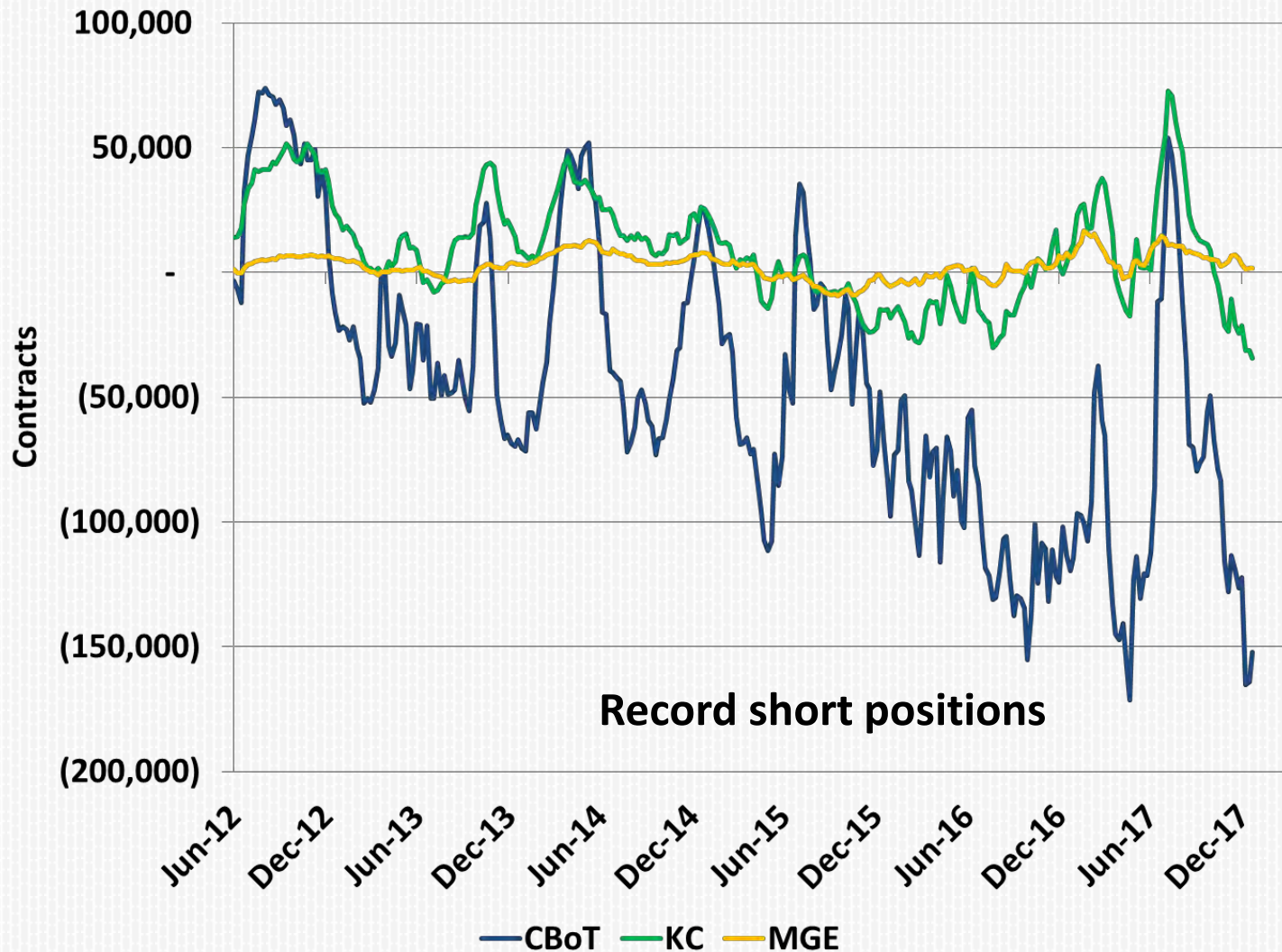
CDN NON-DURUM WHEAT PRODUCTION



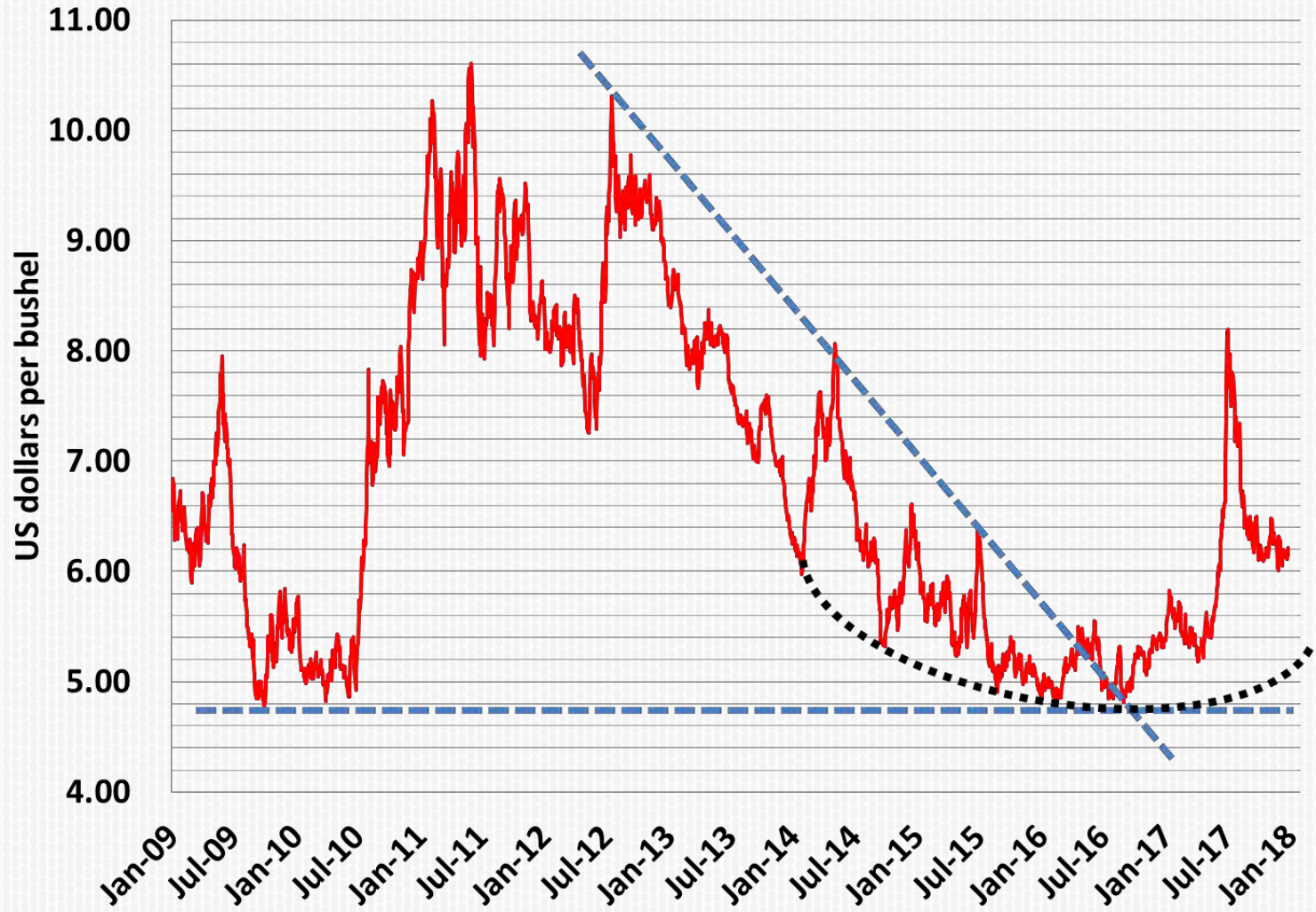
NON-DURUM WHEAT EXPORTS



NON-COMMERCIAL WHEAT NET POSITION



MGE WHEAT FUTURES



WHEAT FACTORS

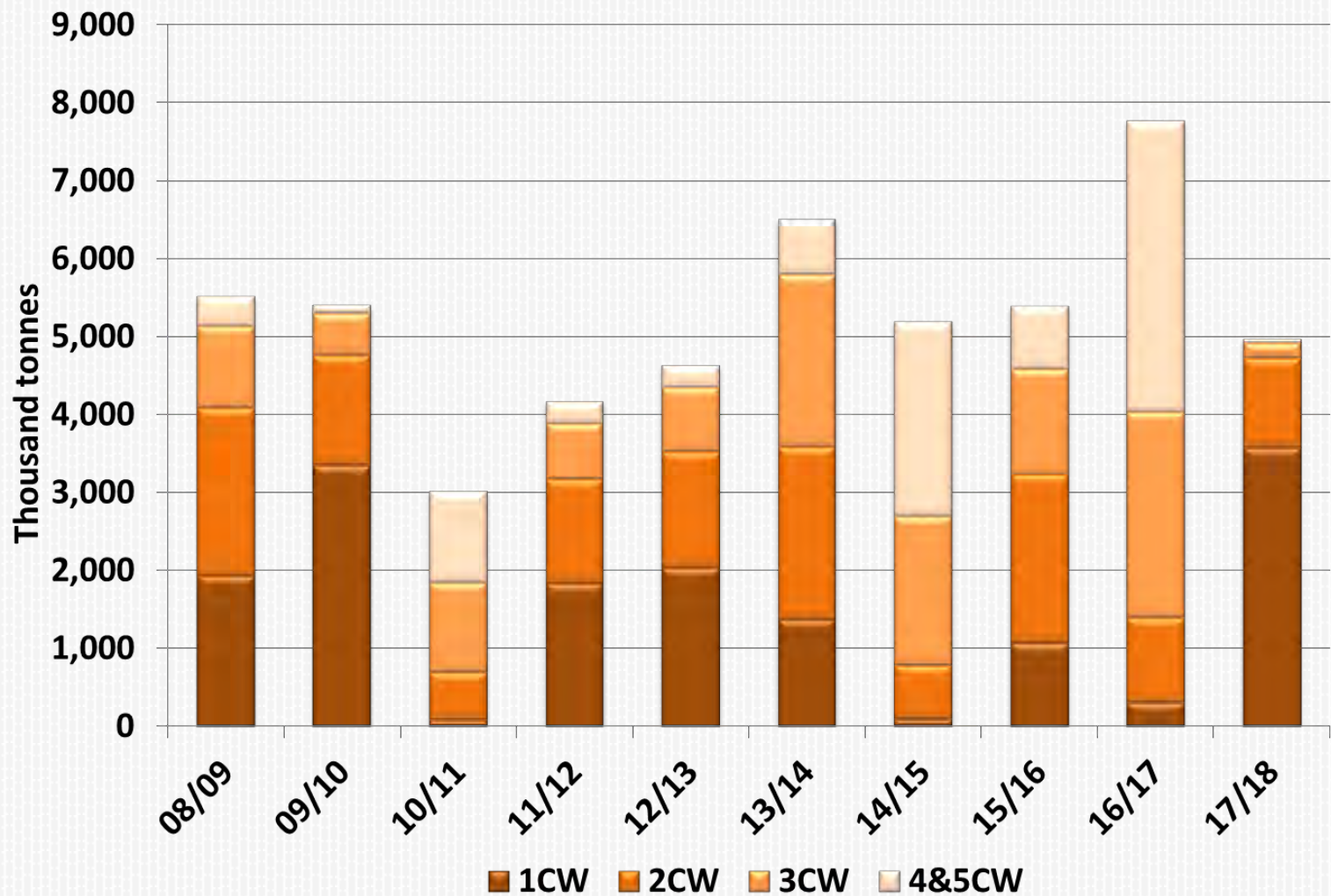
× Rest of 2017/18

- + Comfortable wheat supplies (mostly China)
- + Tight supplies of hard high protein wheat
- + Funds weighing on futures
- + Longer term move higher

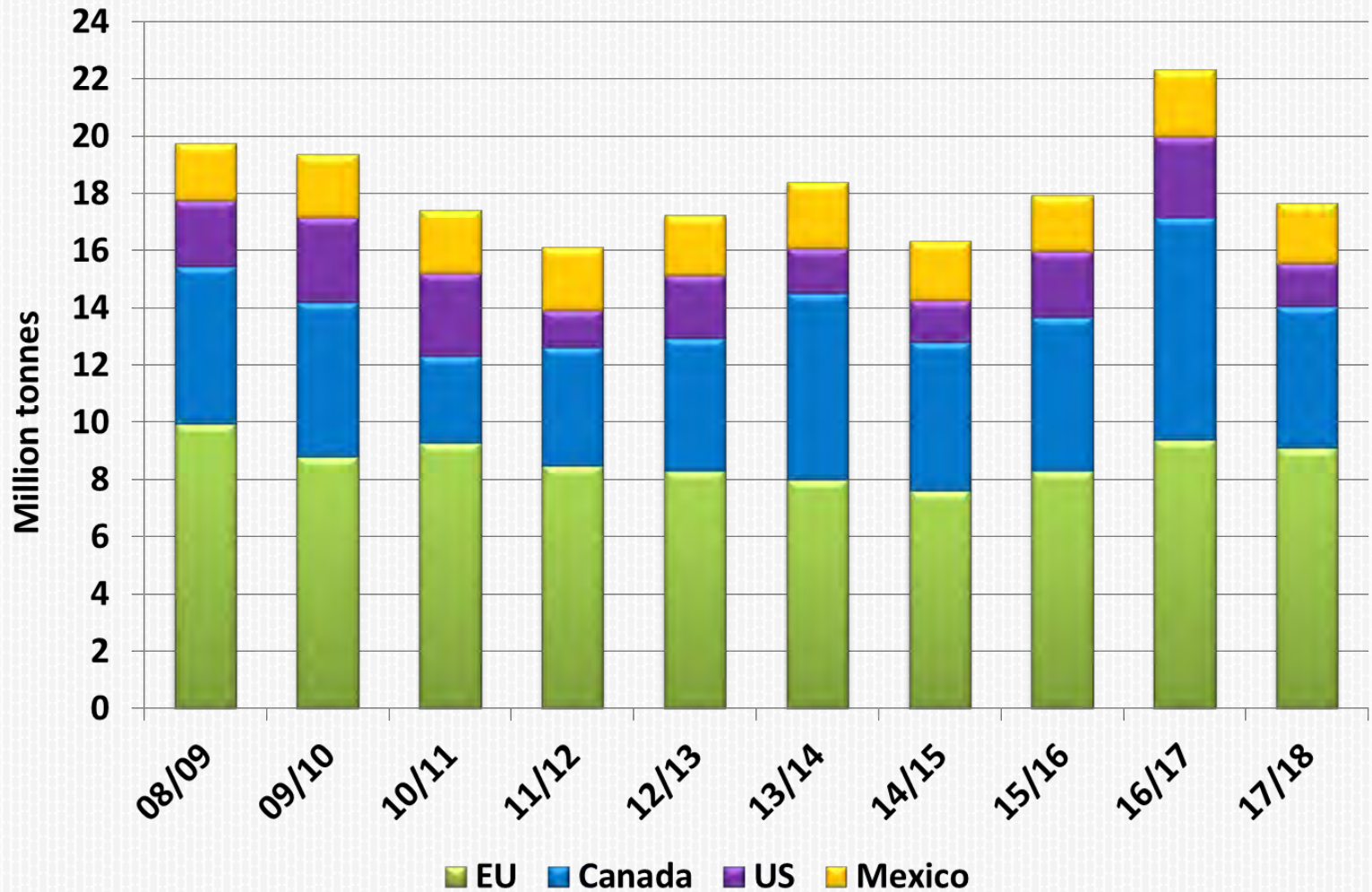
× In 2018/19

- + Global acreage largely unchanged
- + No real crop concerns yet but dry in parts of North America
- + Potential for further gains

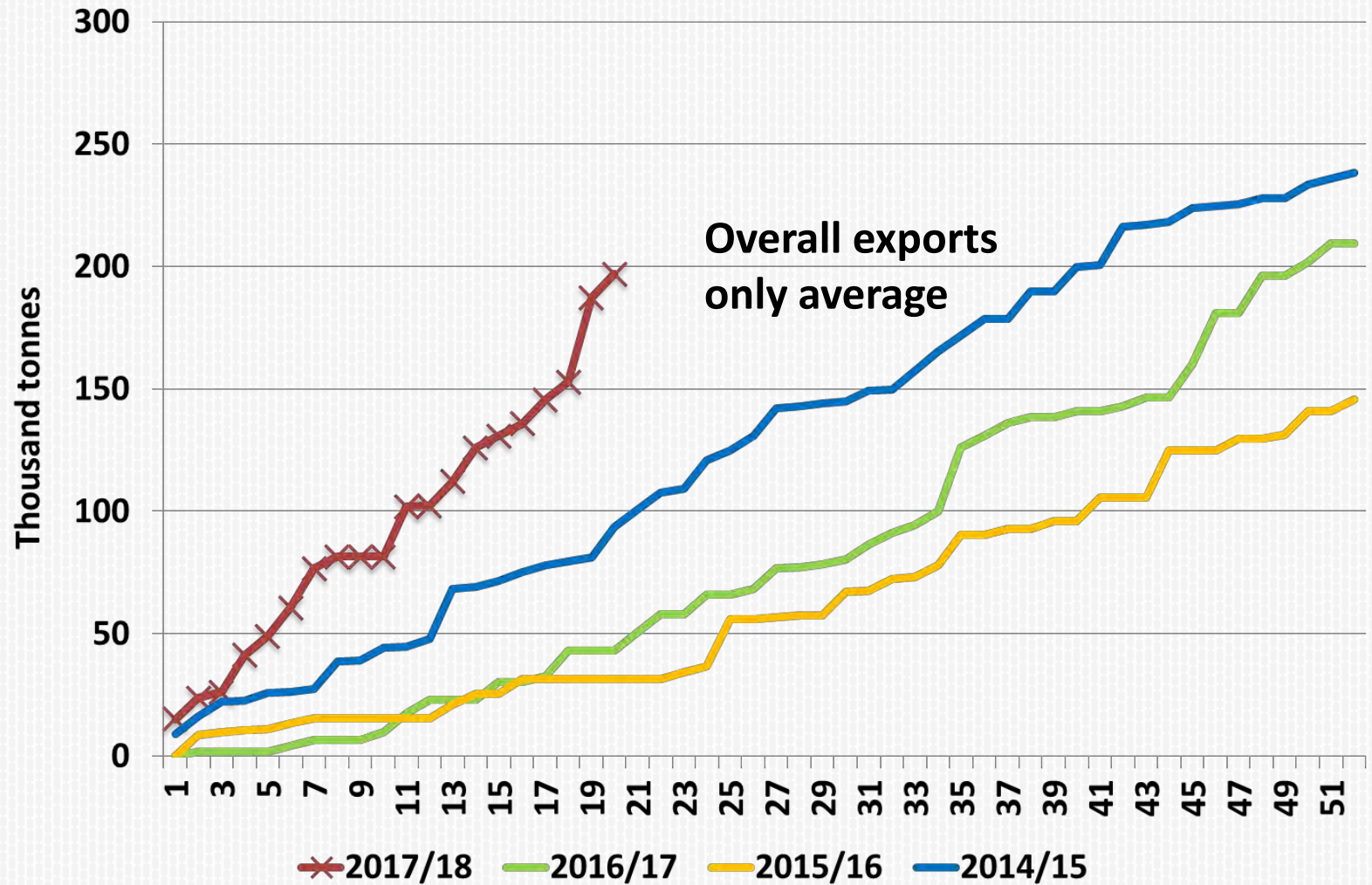
CDN DURUM PRODUCTION BY GRADE



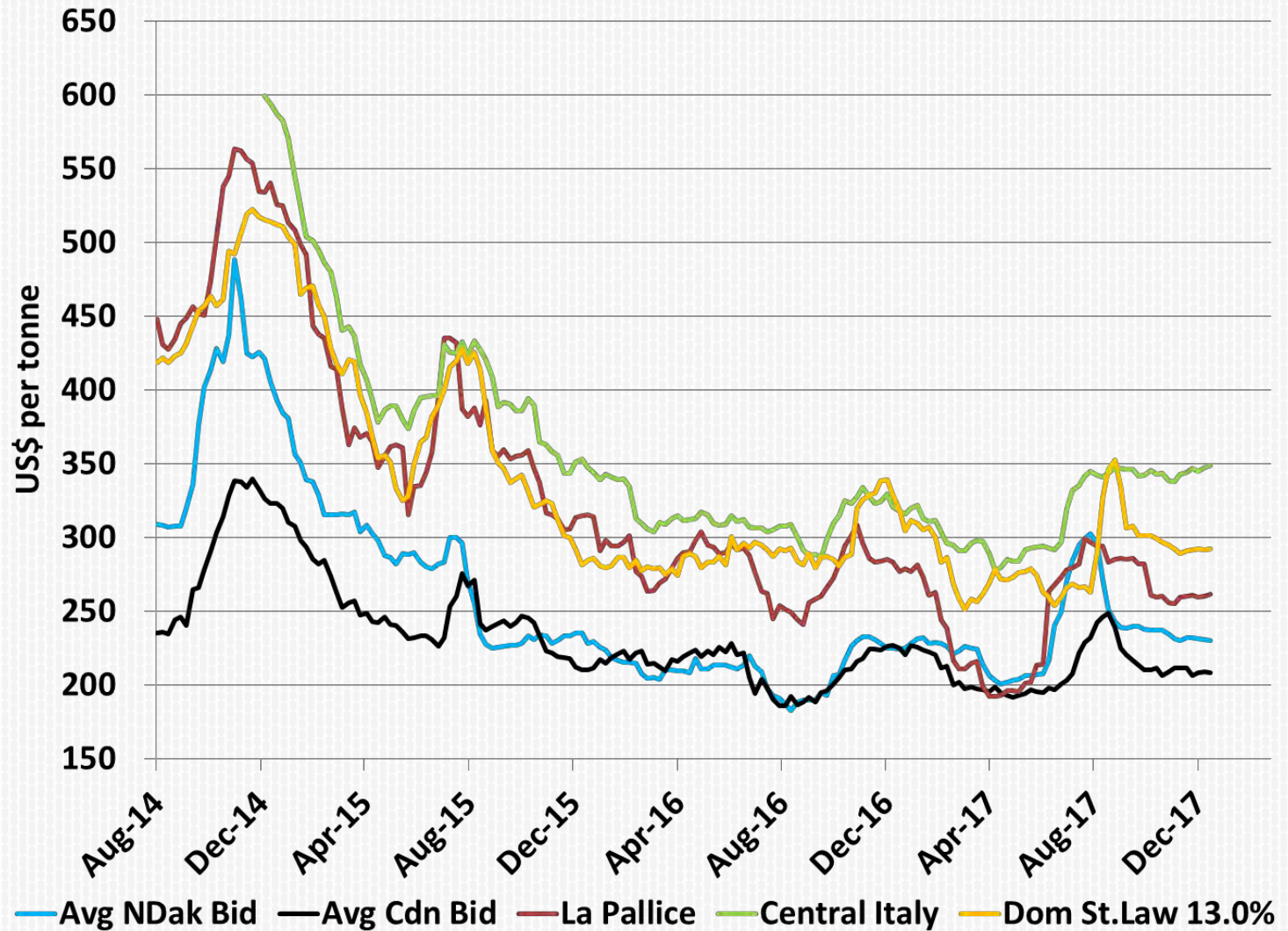
SELECTED DURUM PRODUCTION



CDN DURUM EXPORTS TO US



GLOBAL DURUM PRICES



DURUM FACTORS

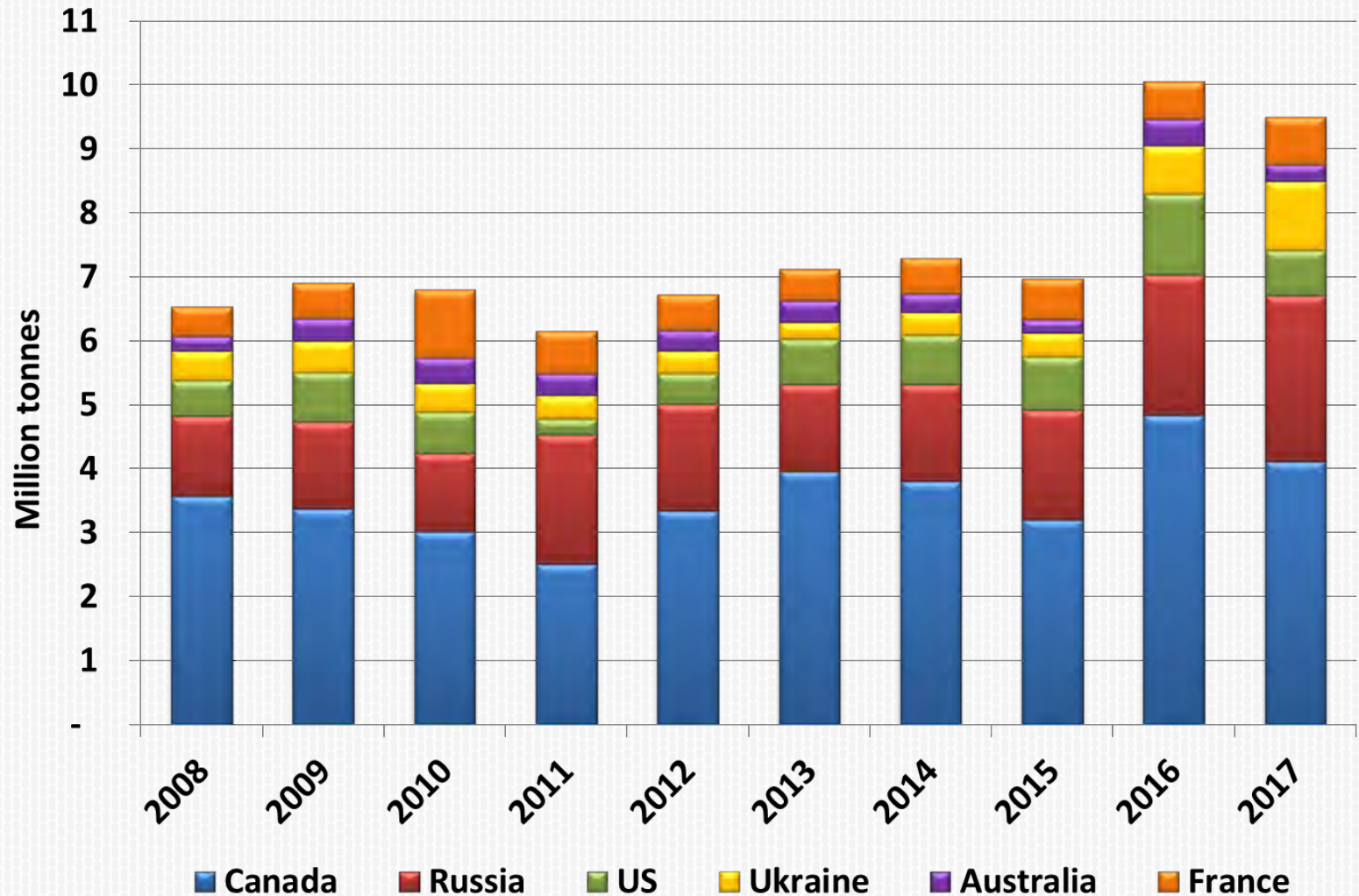
× Rest of 2017/18

- + Smaller crop but better quality
- + Total export demand mediocre
- + North Africa still uncertain
- + Prices flat

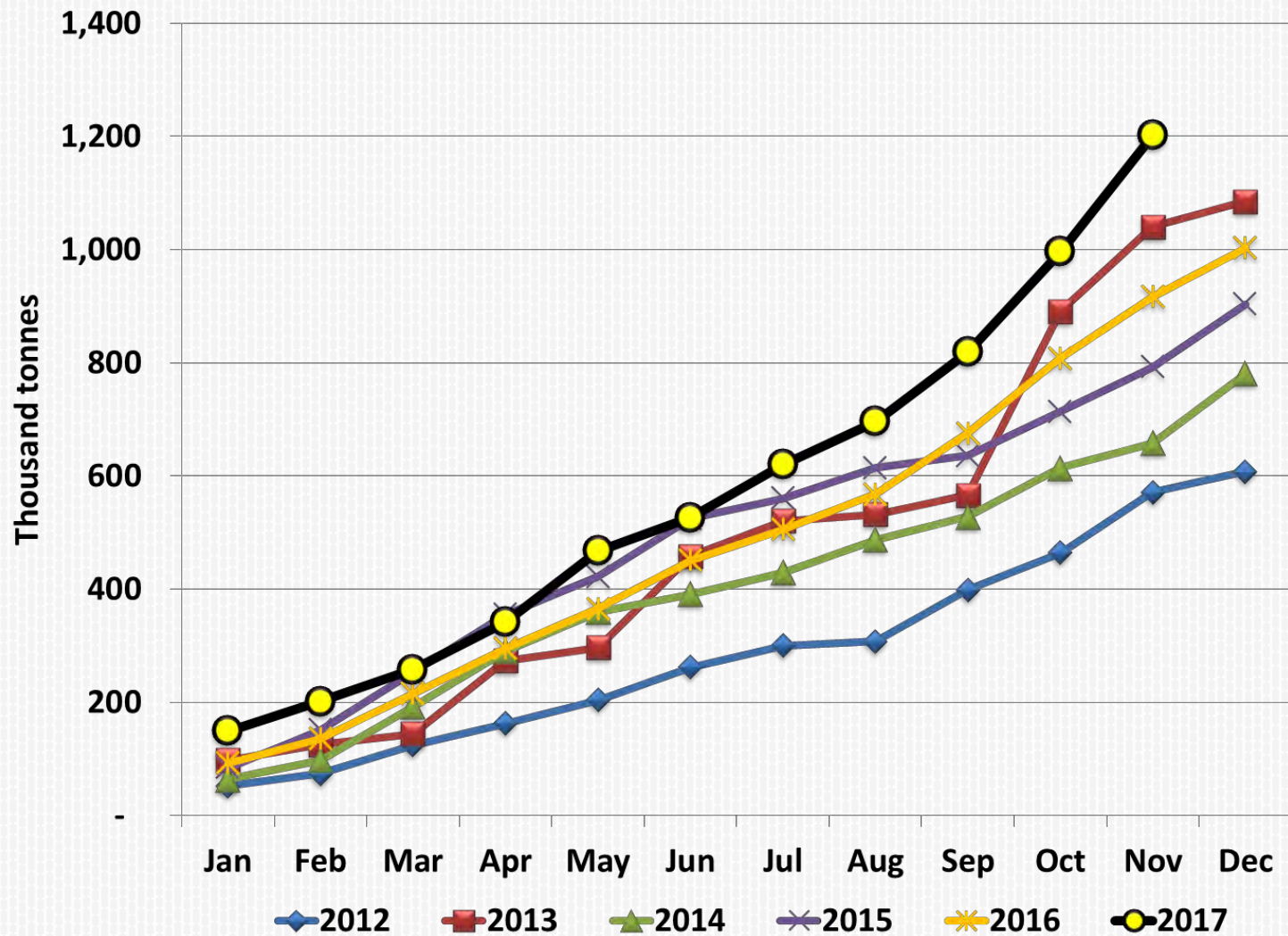
× In 2018/19

- + Acreage likely higher again
- + Steady price outlook

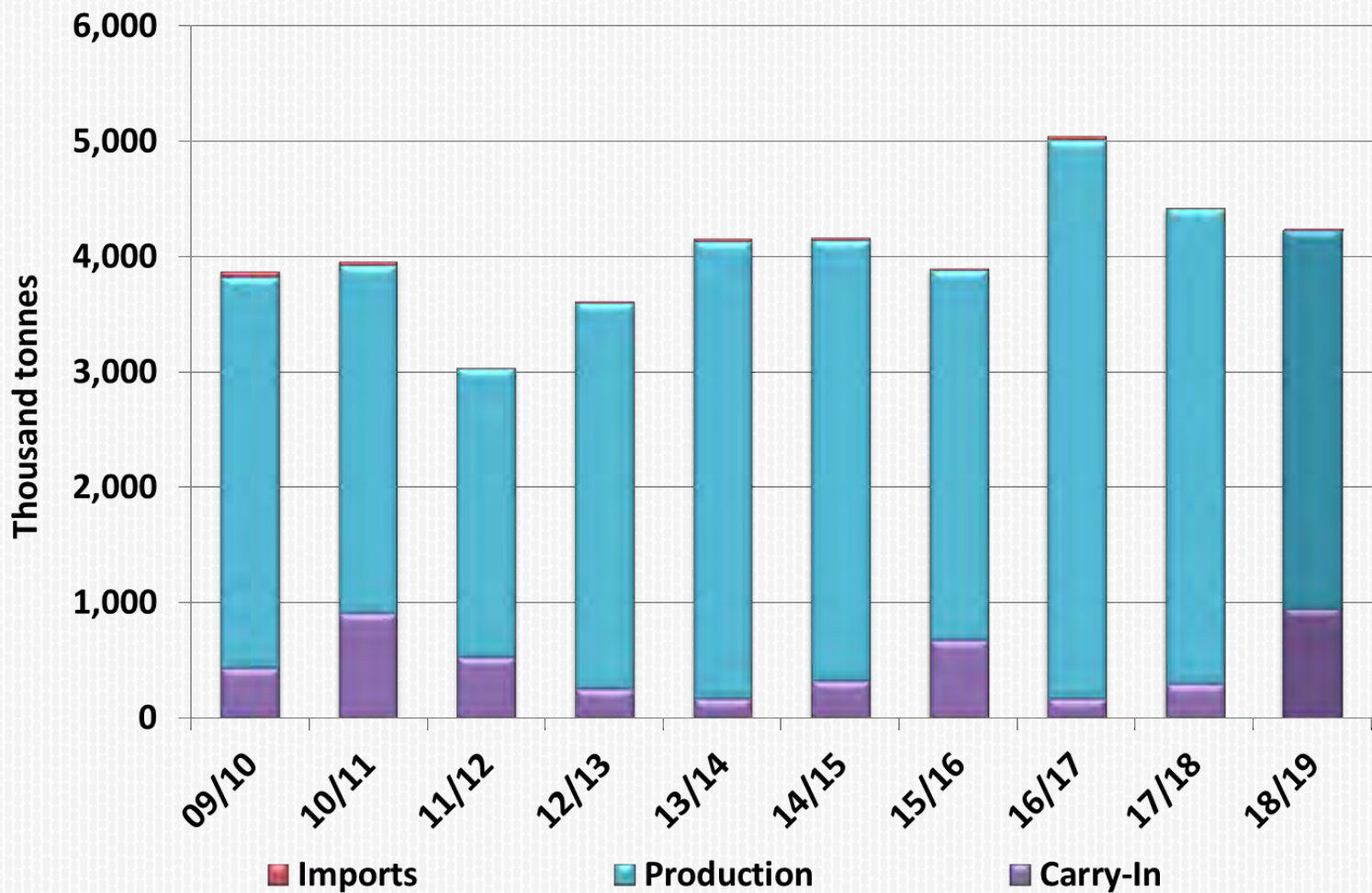
PEA PRODUCTION BY MAJOR EXPORTERS



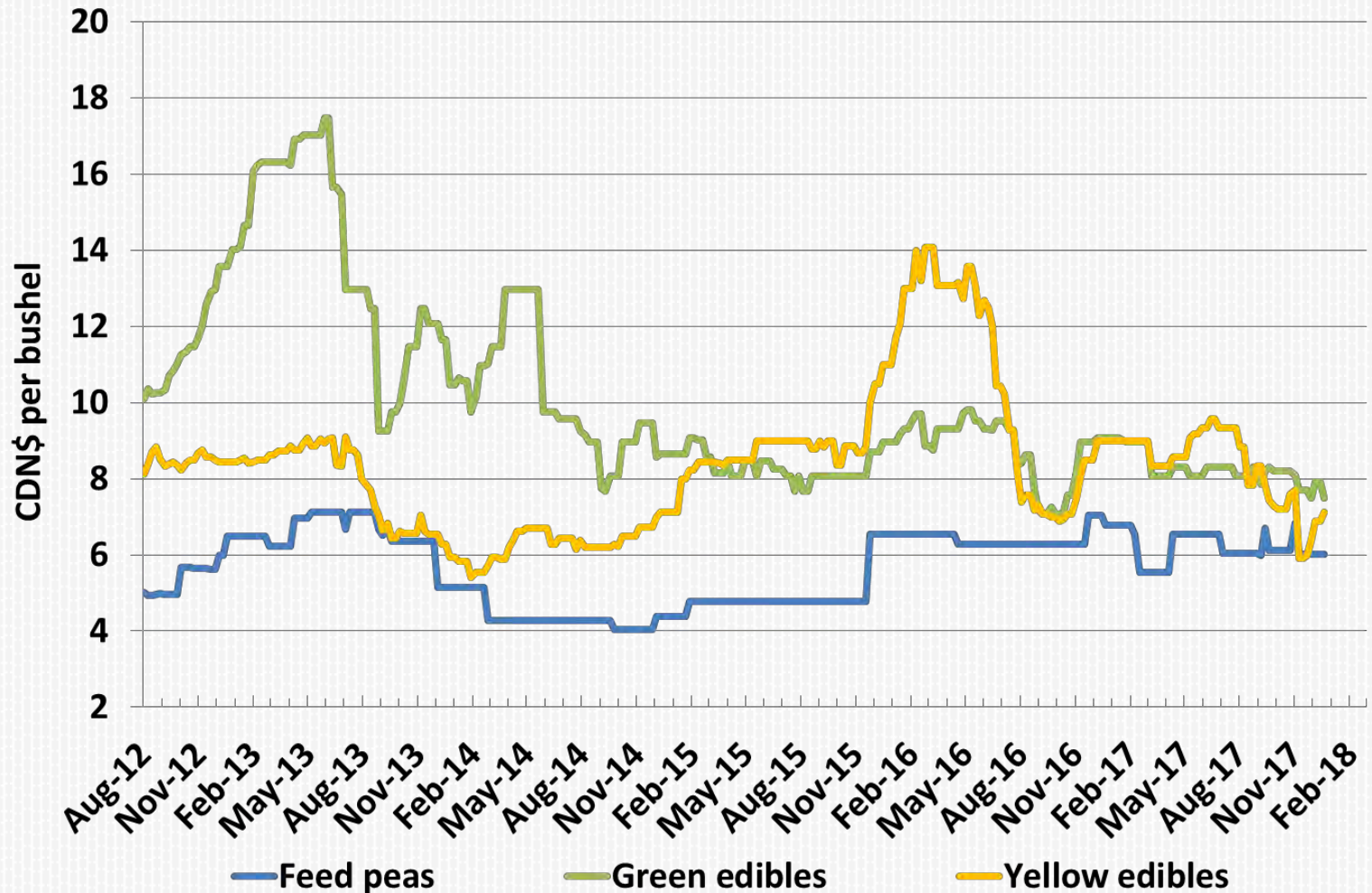
CHINA PEA IMPORTS



CANADIAN PEA SUPPLIES



SASKATCHEWAN PEA BIDS



PEA FACTORS

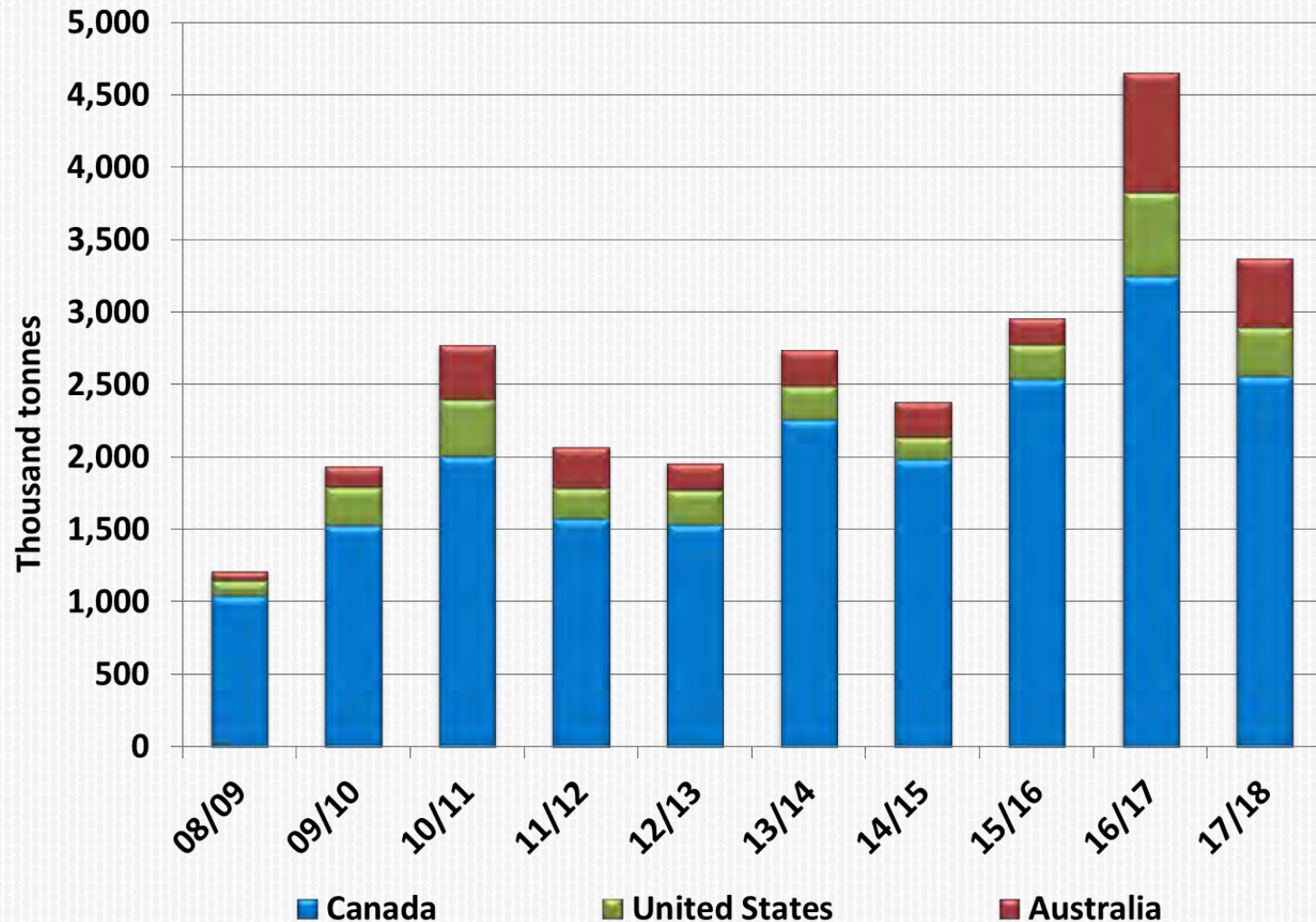
× Rest of 2017/18

- + Heavy supplies trying to find a home
- + China is main source of demand
- + Second half still a question
 - × Indian rabi pea and chickpea crops

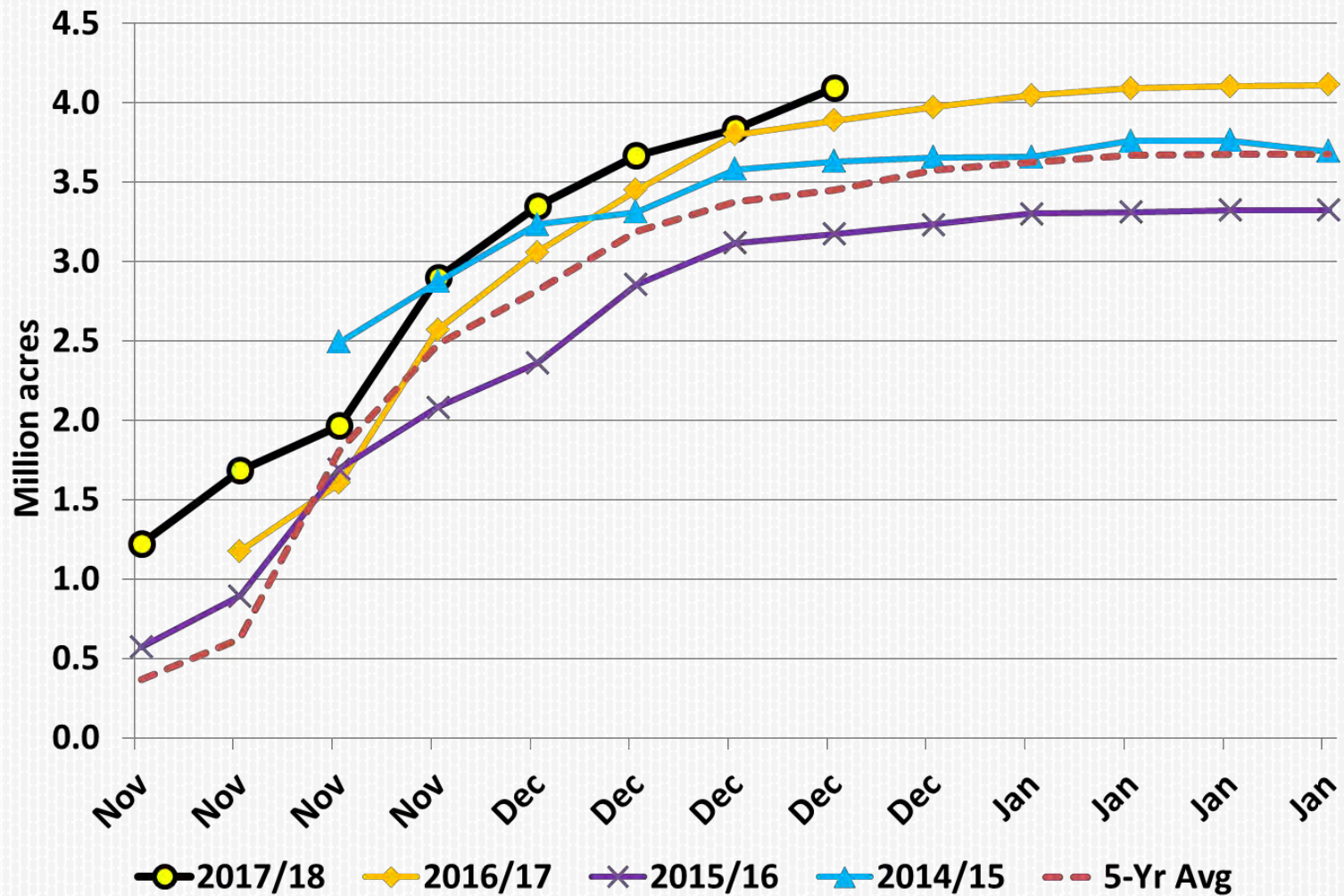
× In 2018/19

- + Drop in acreage (~20%)
- + Prices flat
- + Wildcard is India

SELECTED LENTIL PRODUCTION

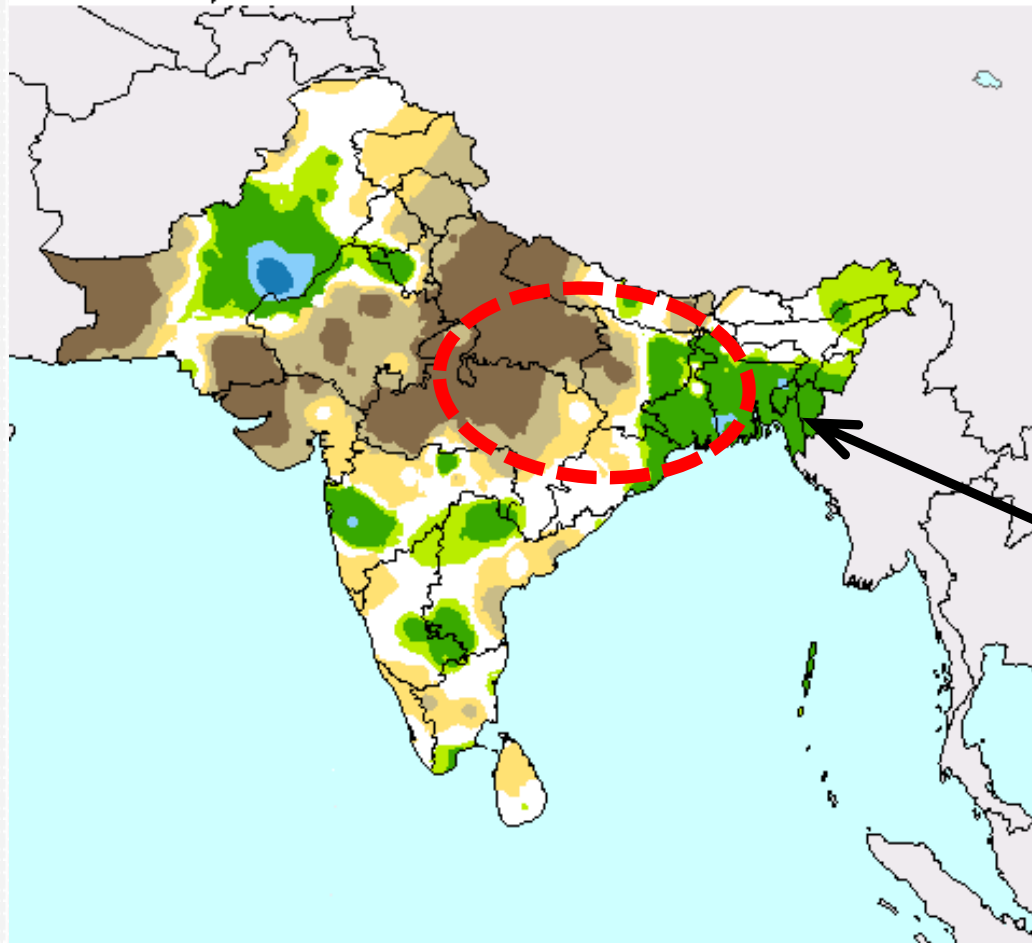


INDIAN LENTIL PLANTING PROGRESS



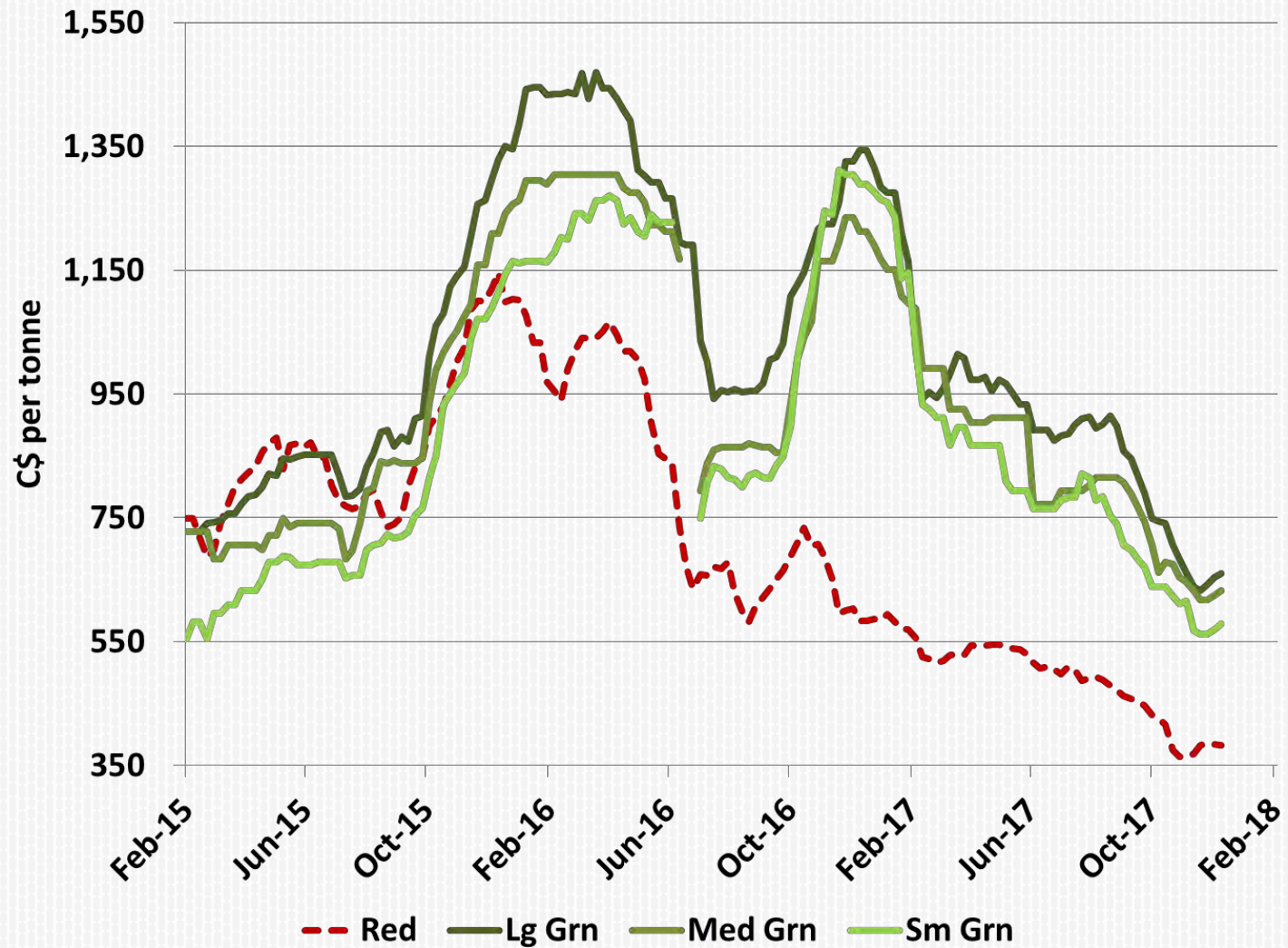
RABI SEASON RAINFALL (OCT-DEC)

Seasonal Percent of Normal Precipitation (WMO)
Oct. 1 - Dec. 20, 2017



Main lentil
and pea area

CANADIAN LENTIL BIDS



LENTIL FACTORS

× Rest of 2017/18

- + Smaller crops in key exporters (after record 2016)
- + Quiet demand from India
 - × Large domestic crops
- + Second half (for reds) depends on India's crop

× In 2018/19

- + Acres down another 20-25%
- + Unspectacular export demand
- + Green outlook could get heavier

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 soybeans, according to new research by two University of Illinois farm economists.

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



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

Like Share 41 Twitter Google+ LinkedIn Email Typo? More

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!
