

# Mustard (& other) Market Outlook

**Presented by:**

**Chuck Penner**

**@leftfieldcr**



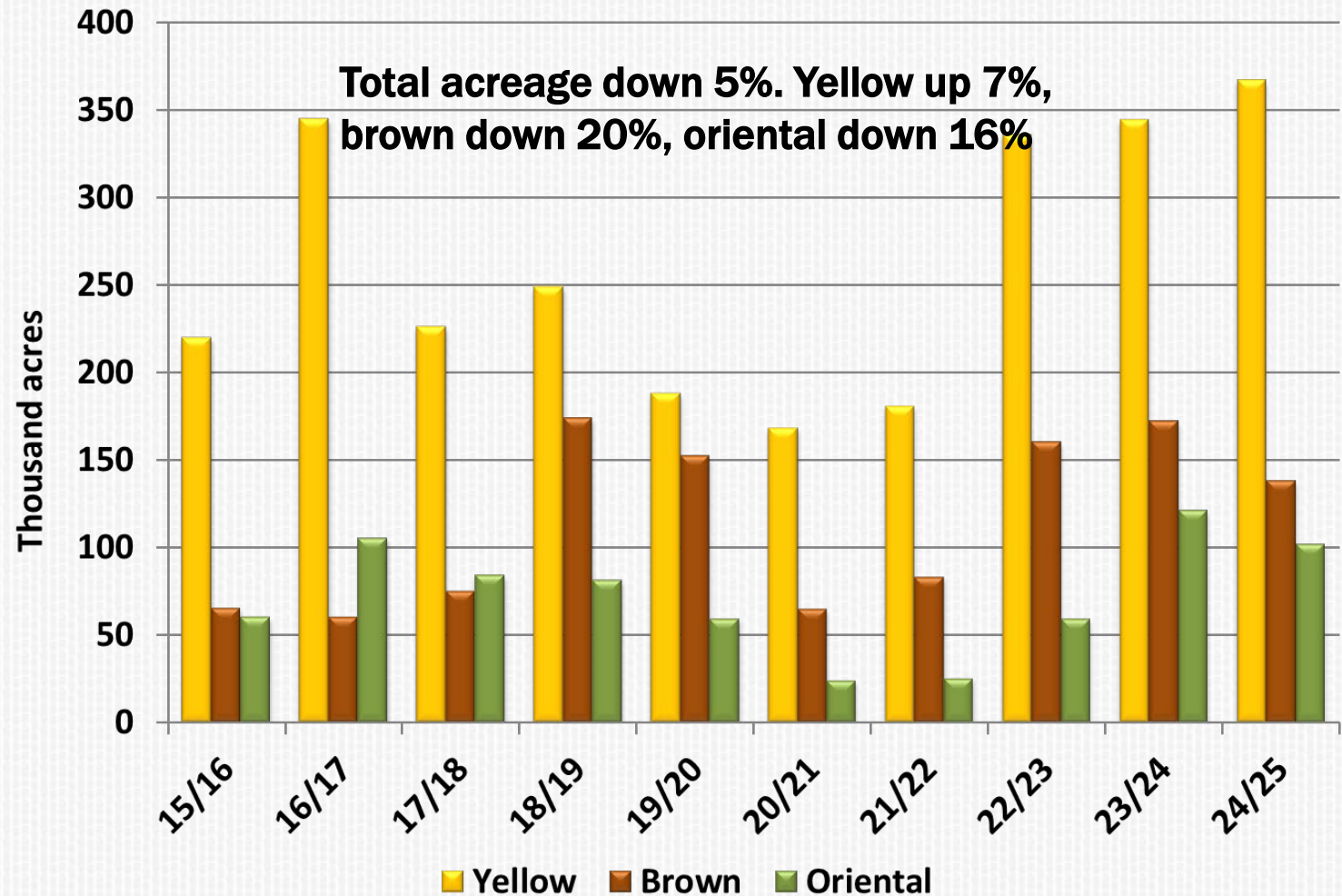
**January 2025**

# PRESENTATION OUTLINE

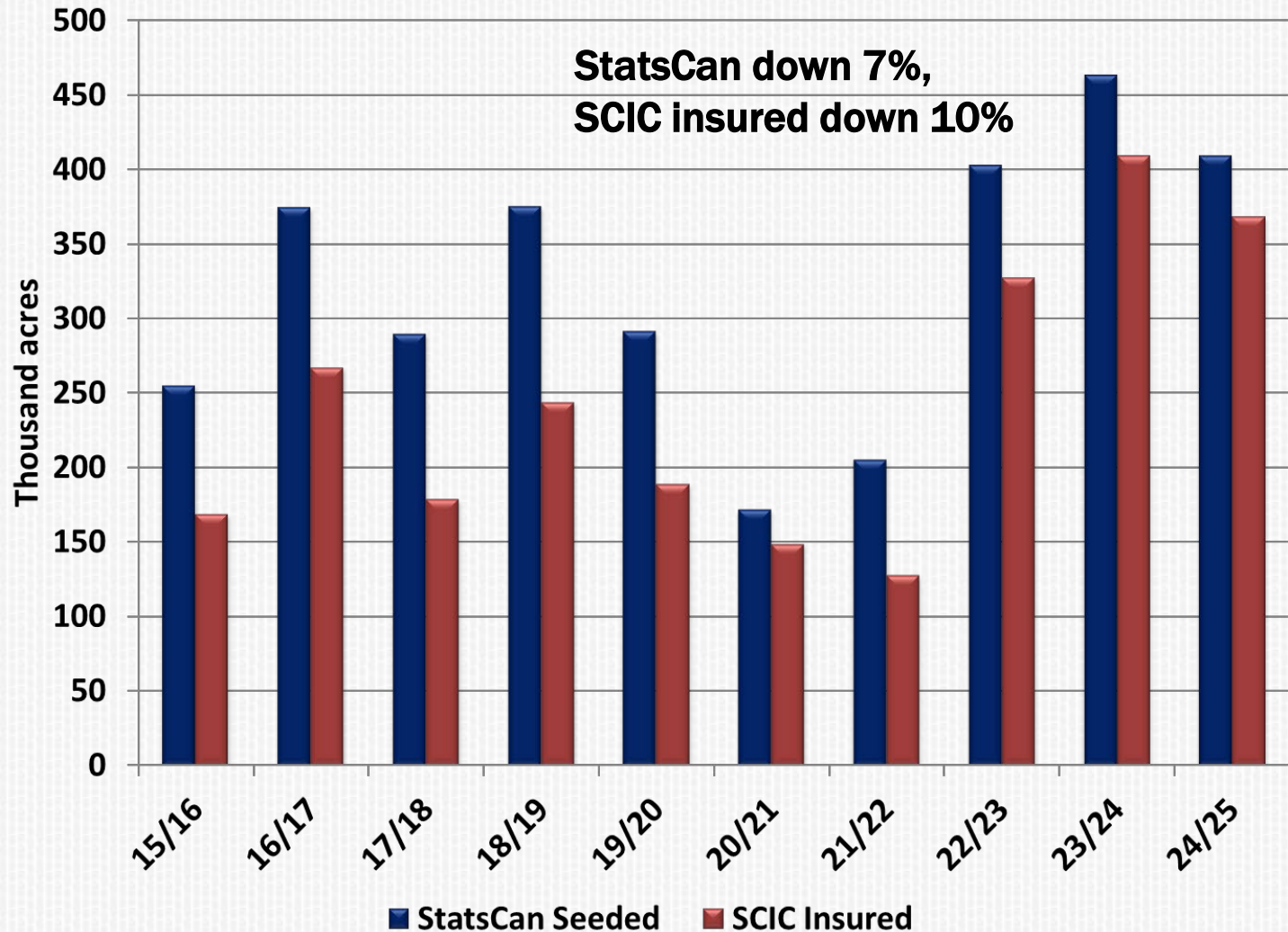
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- × Mustard outlook
  - + Current environment
  - + Outlook for 25/26
- × Canola & wheat roundup

# CANADIAN MUSTARD ACREAGE



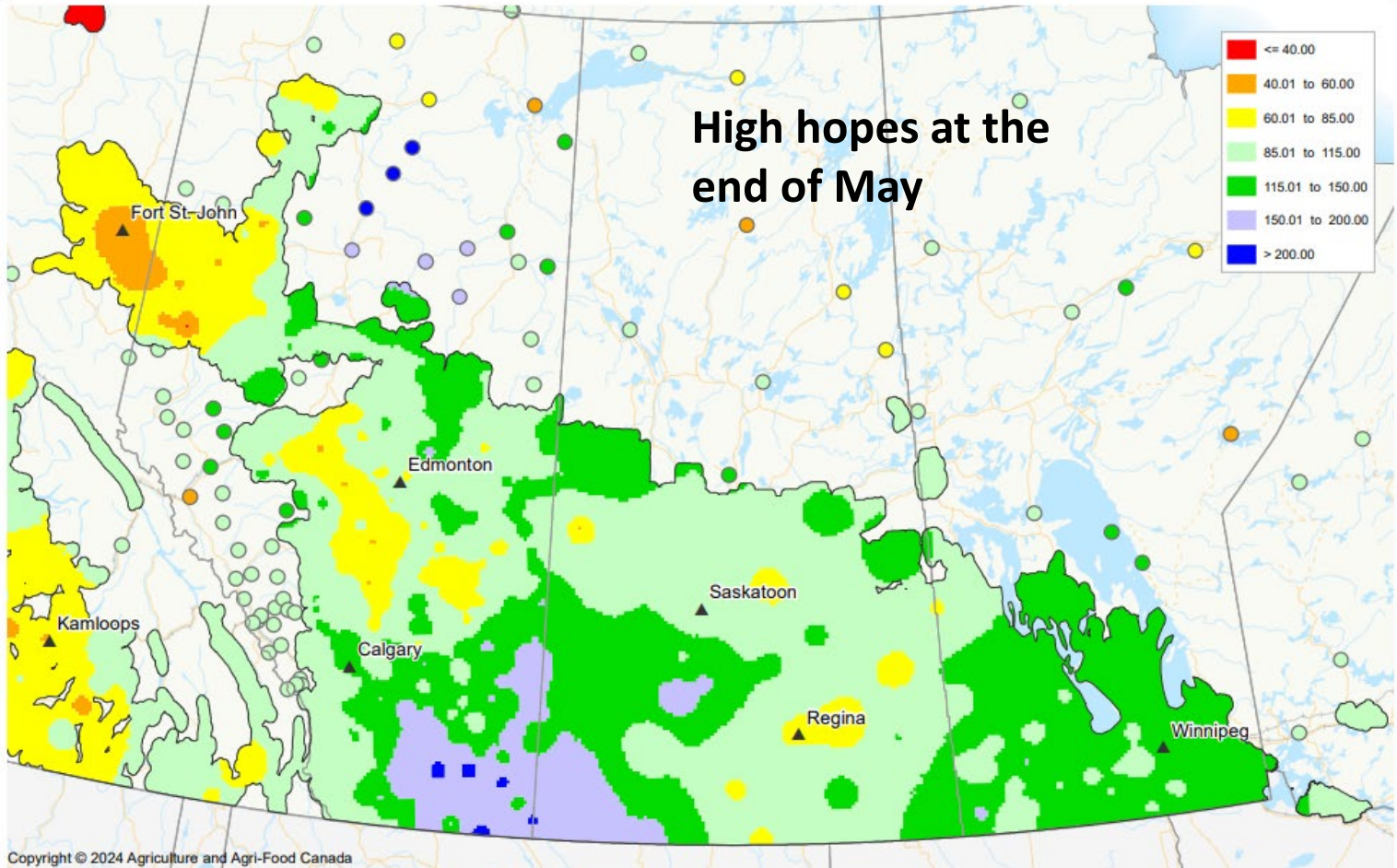
# SASK MUSTARD ACREAGE COMPARISON



# SOIL MOISTURE – MAY 31

## Percent of Normal Soil Moisture (Drought Model)

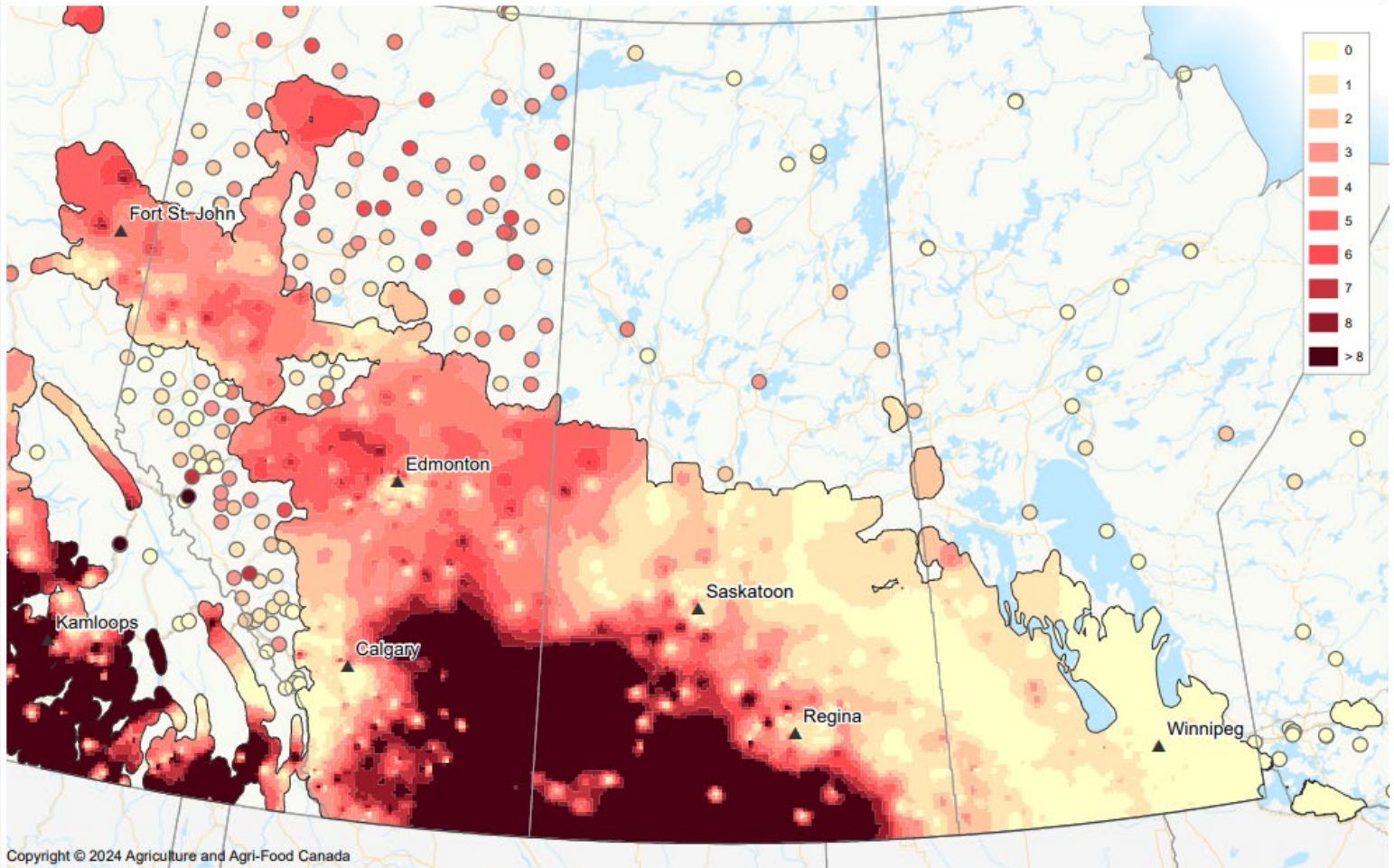
as of May 31, 2024



# THEN IT GOT HOT AND DRY

Number of Days with Temperature above 32°C

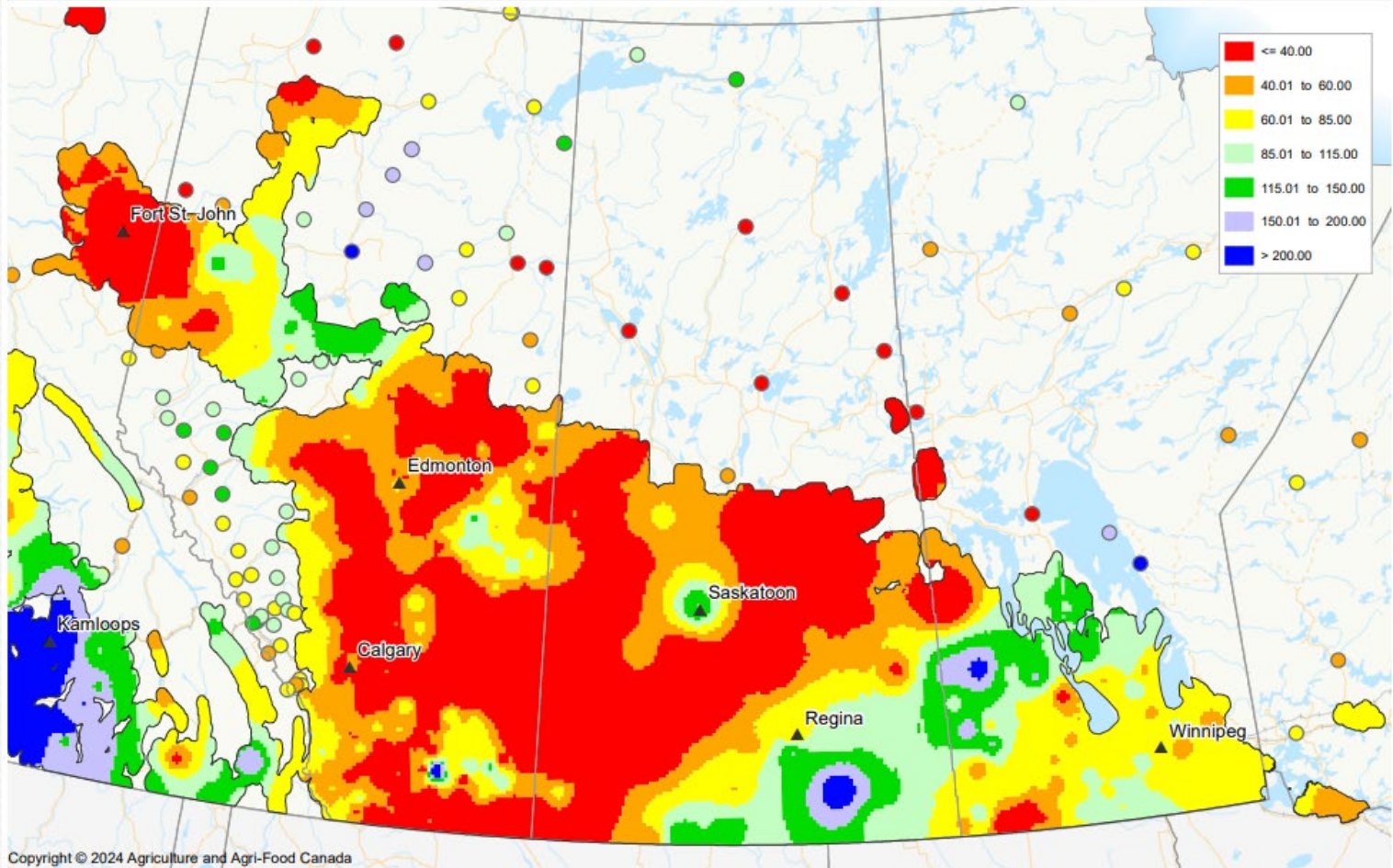
April 1, 2024 to August 22, 2024



# SOIL MOISTURE – LATE AUGUST

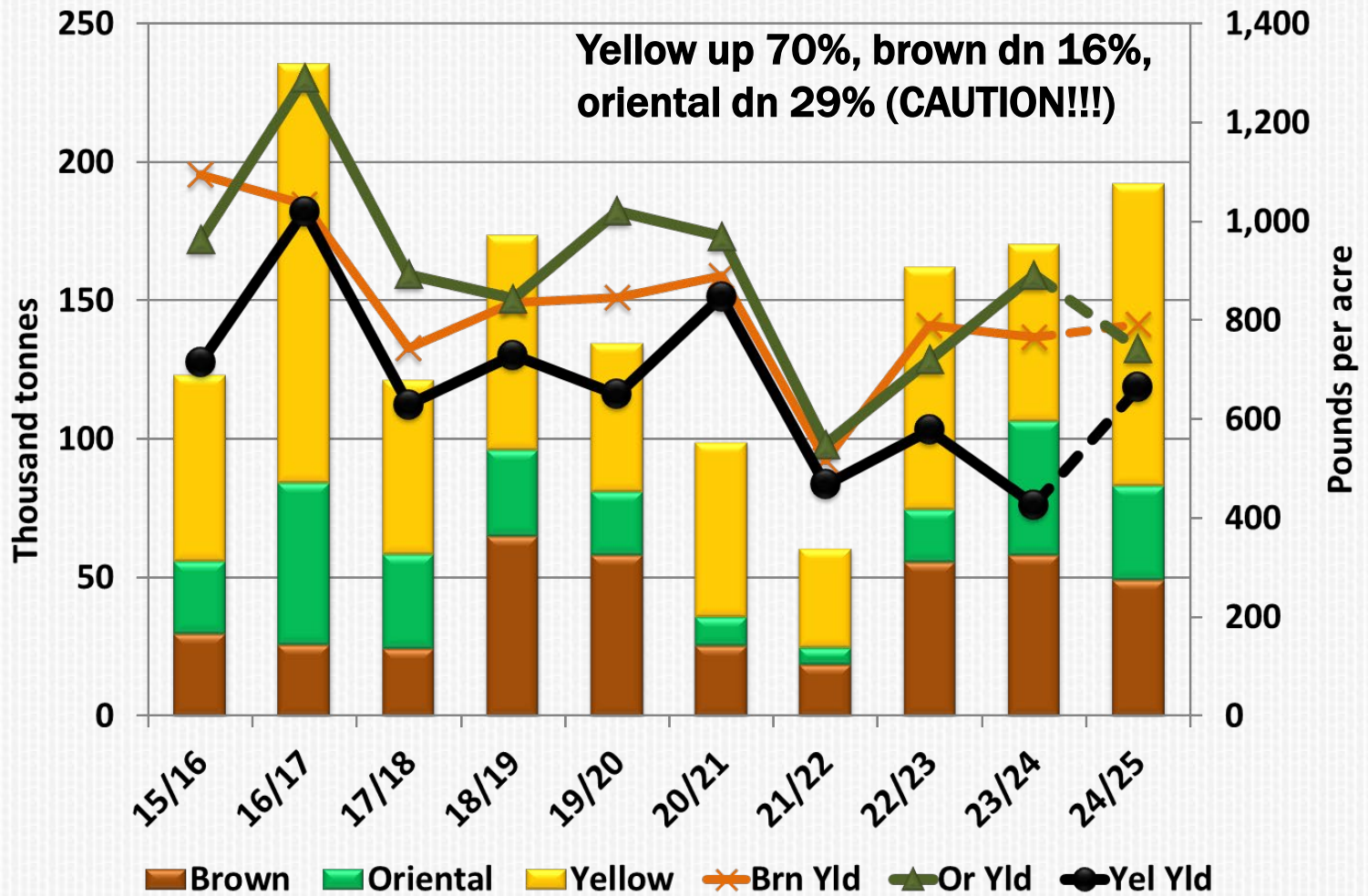
Percent of Normal Soil Moisture (Drought Model)

as of August 26, 2024



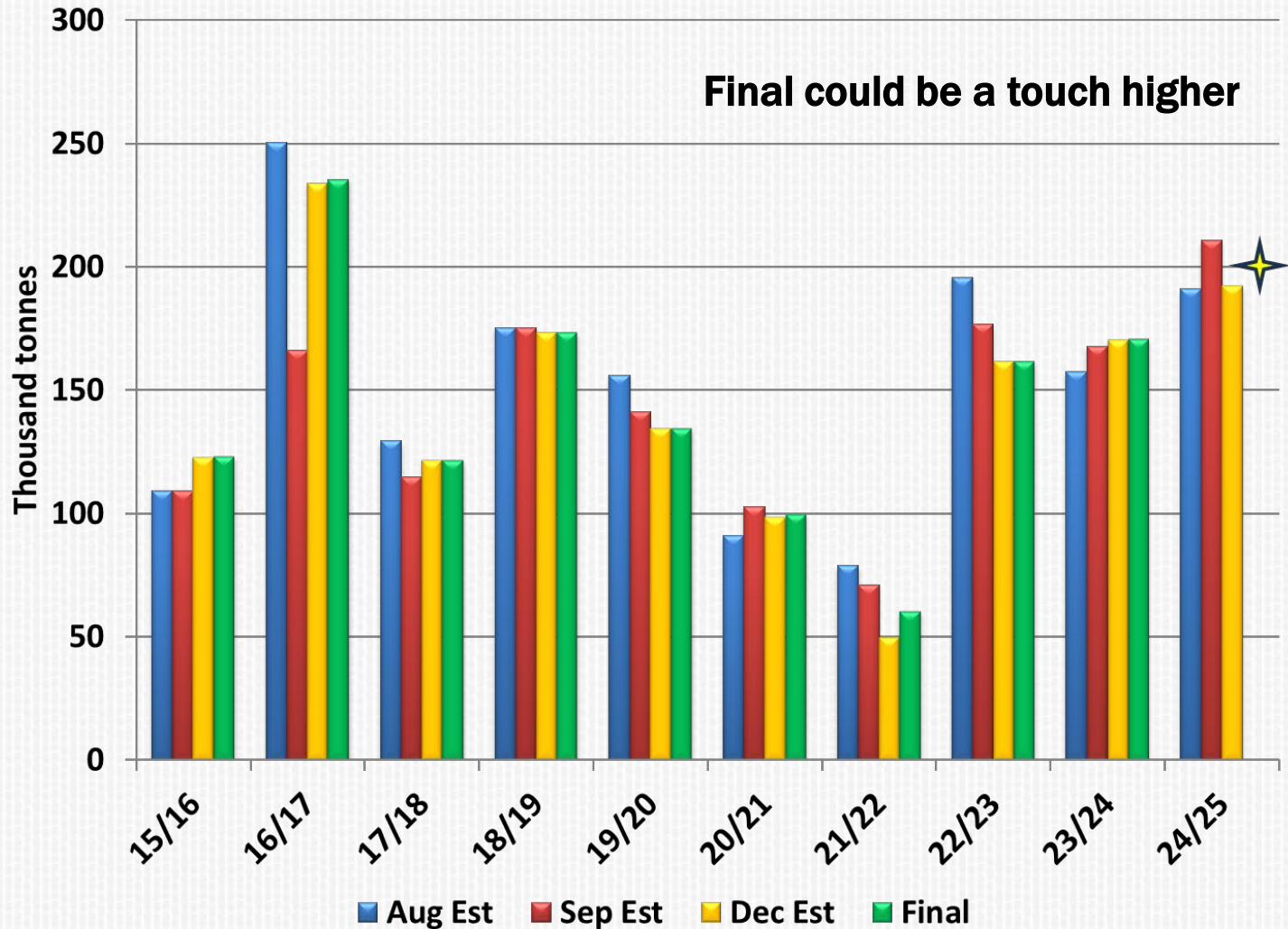
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# CANADIAN MUSTARD PRODUCTION

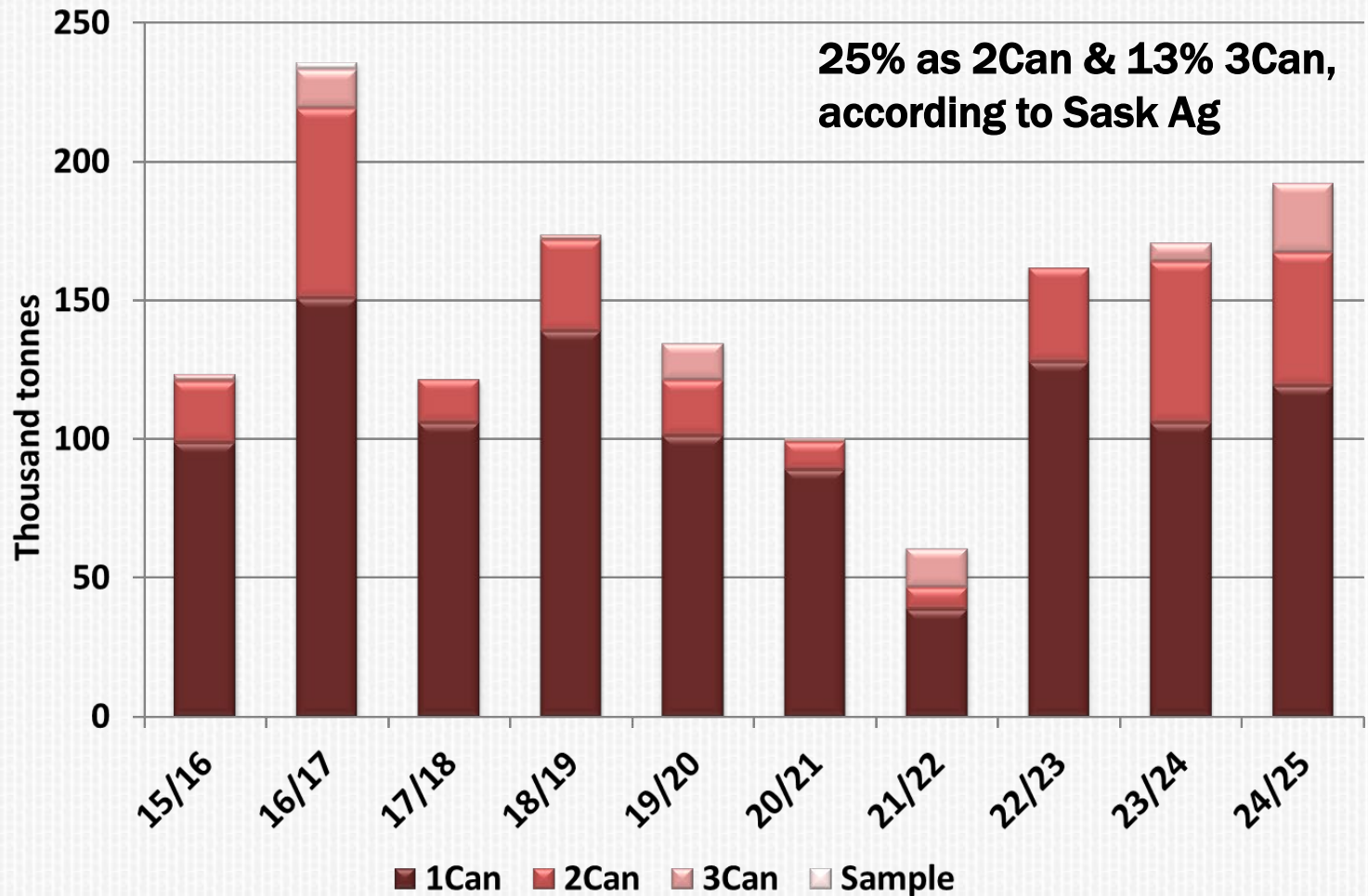




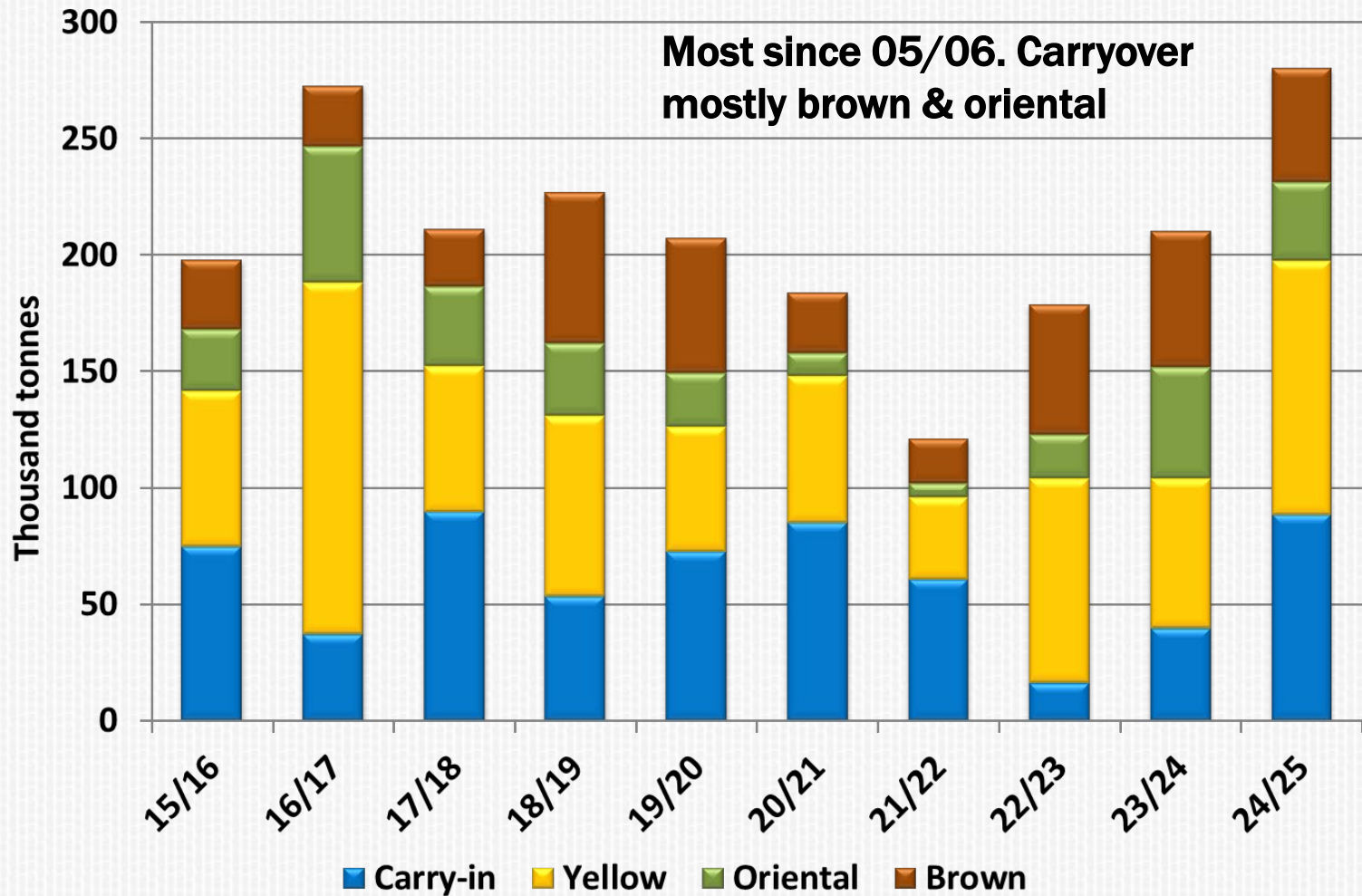
# STATSCAN MUSTARD TRACK RECORD



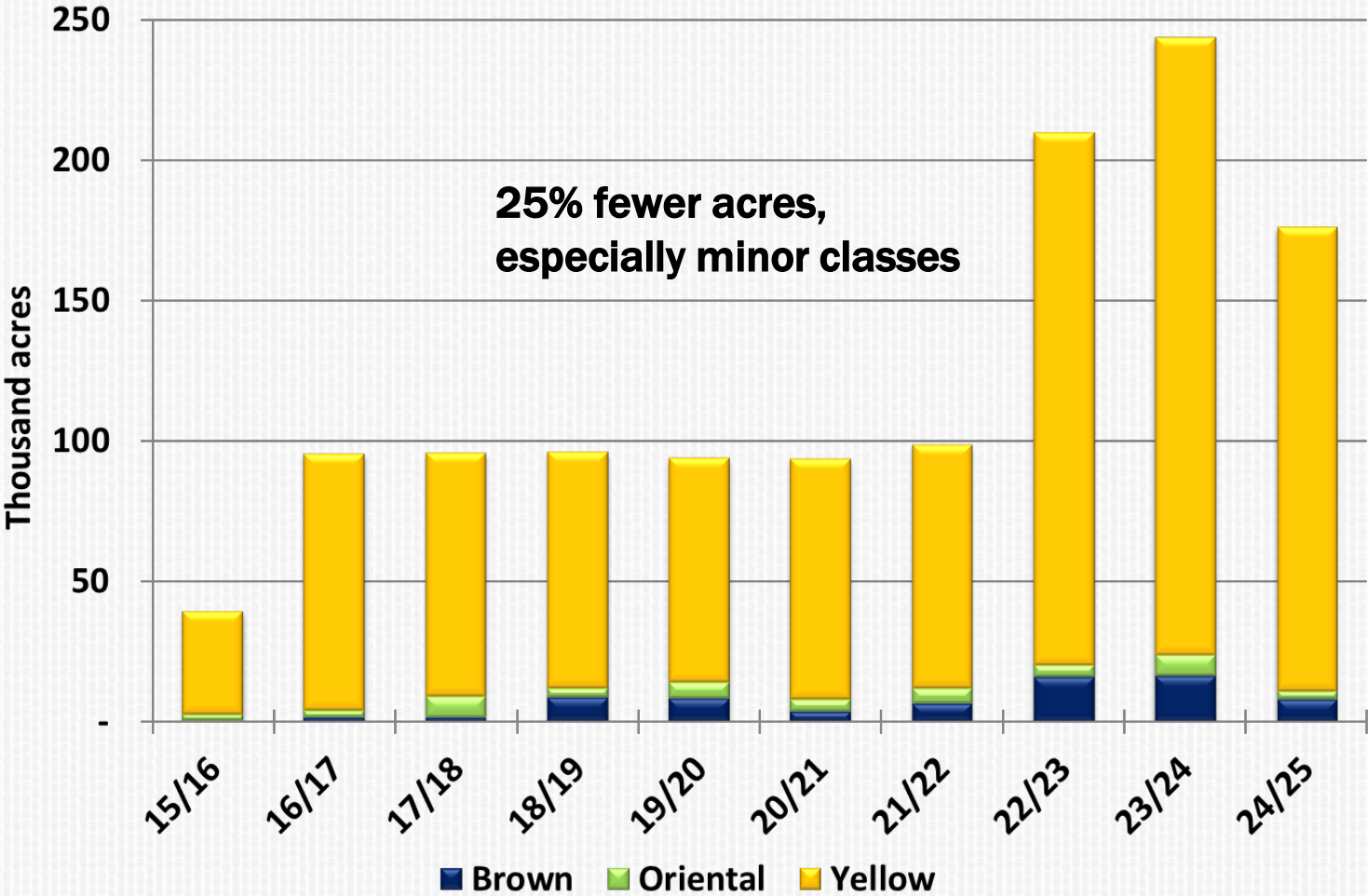
# MUSTARD PRODUCTION BY GRADE



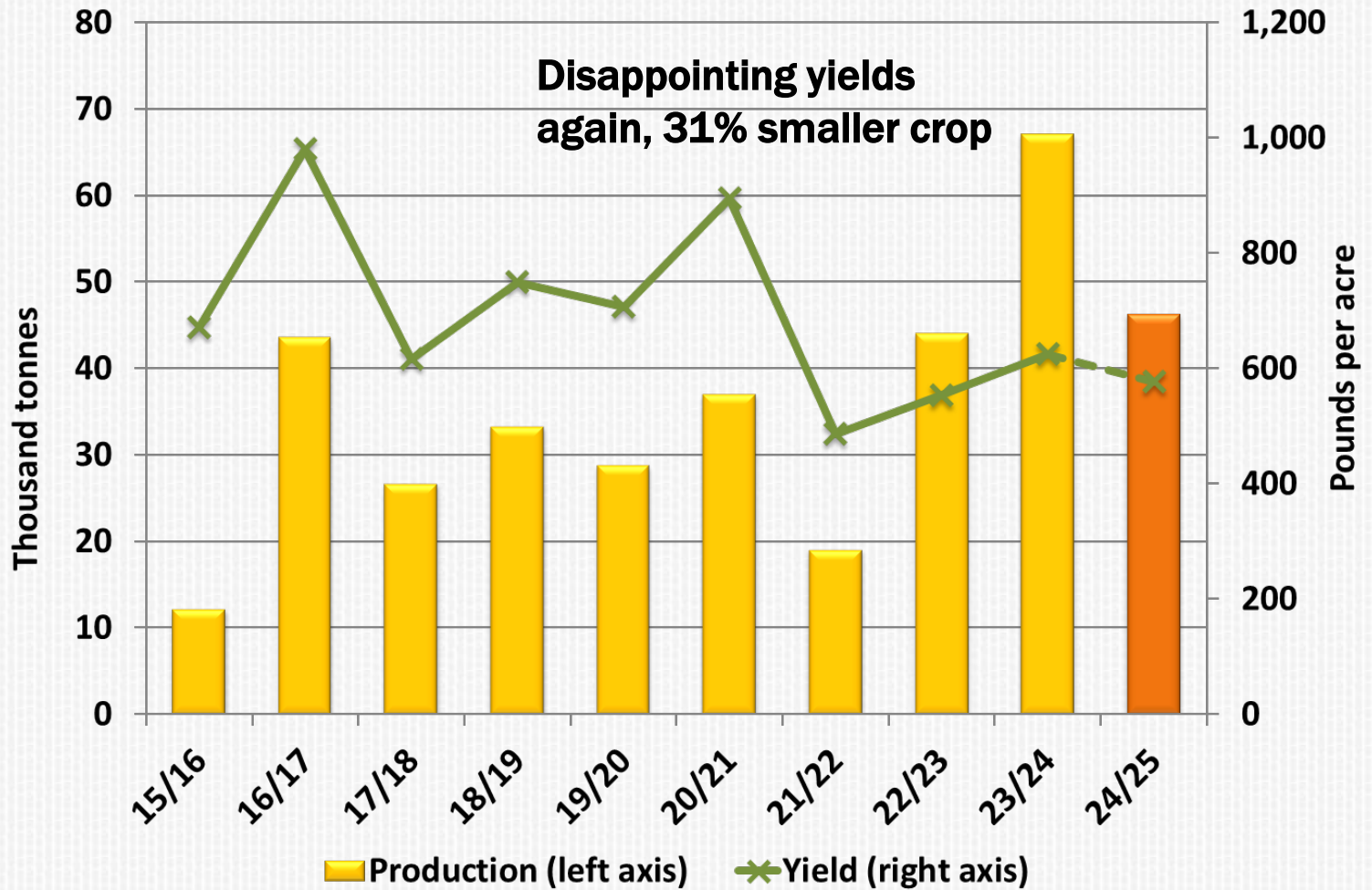
# CDN MUSTARD PROD'N & CARRYOVER



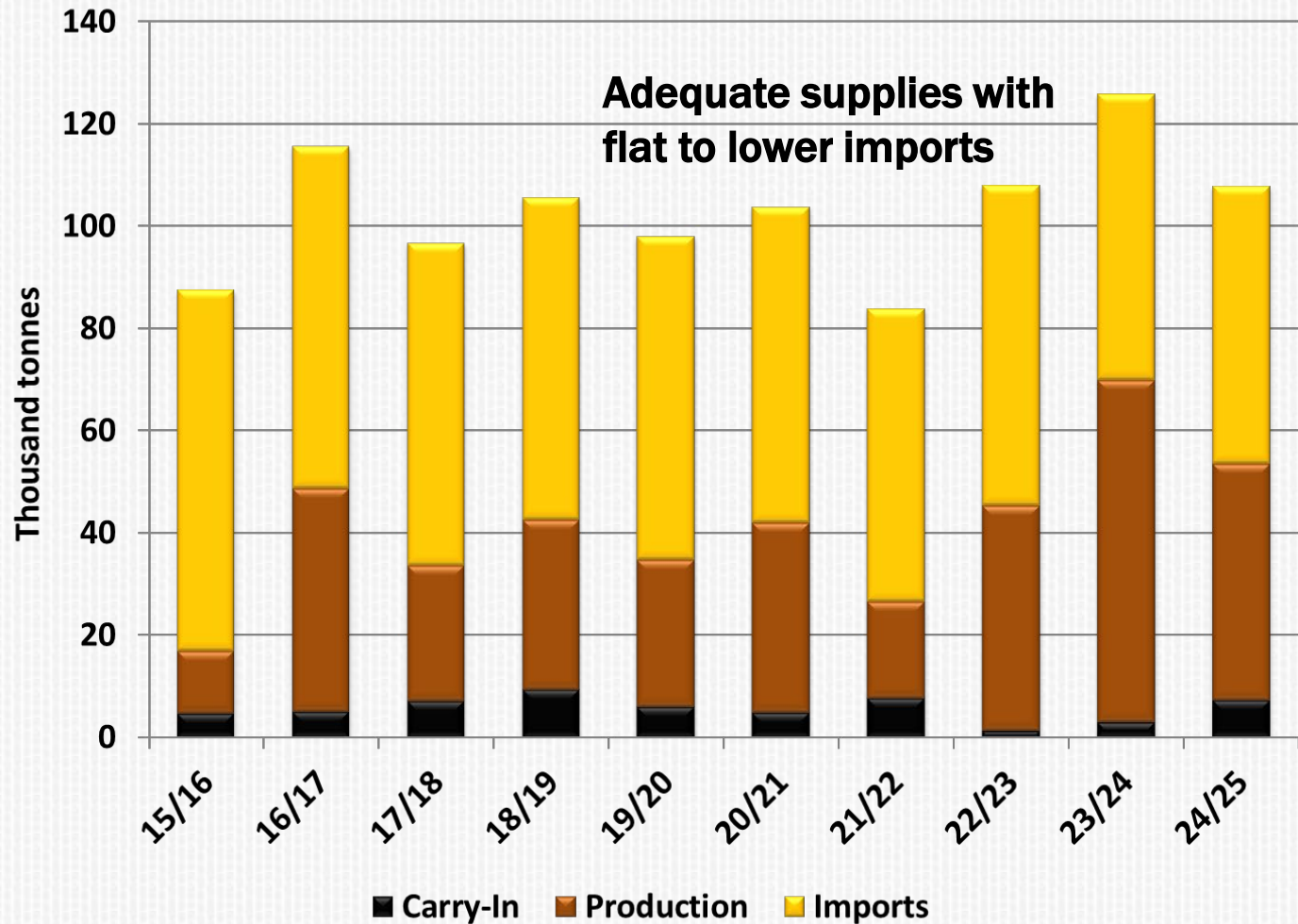
# US MUSTARD SEEDED AREA



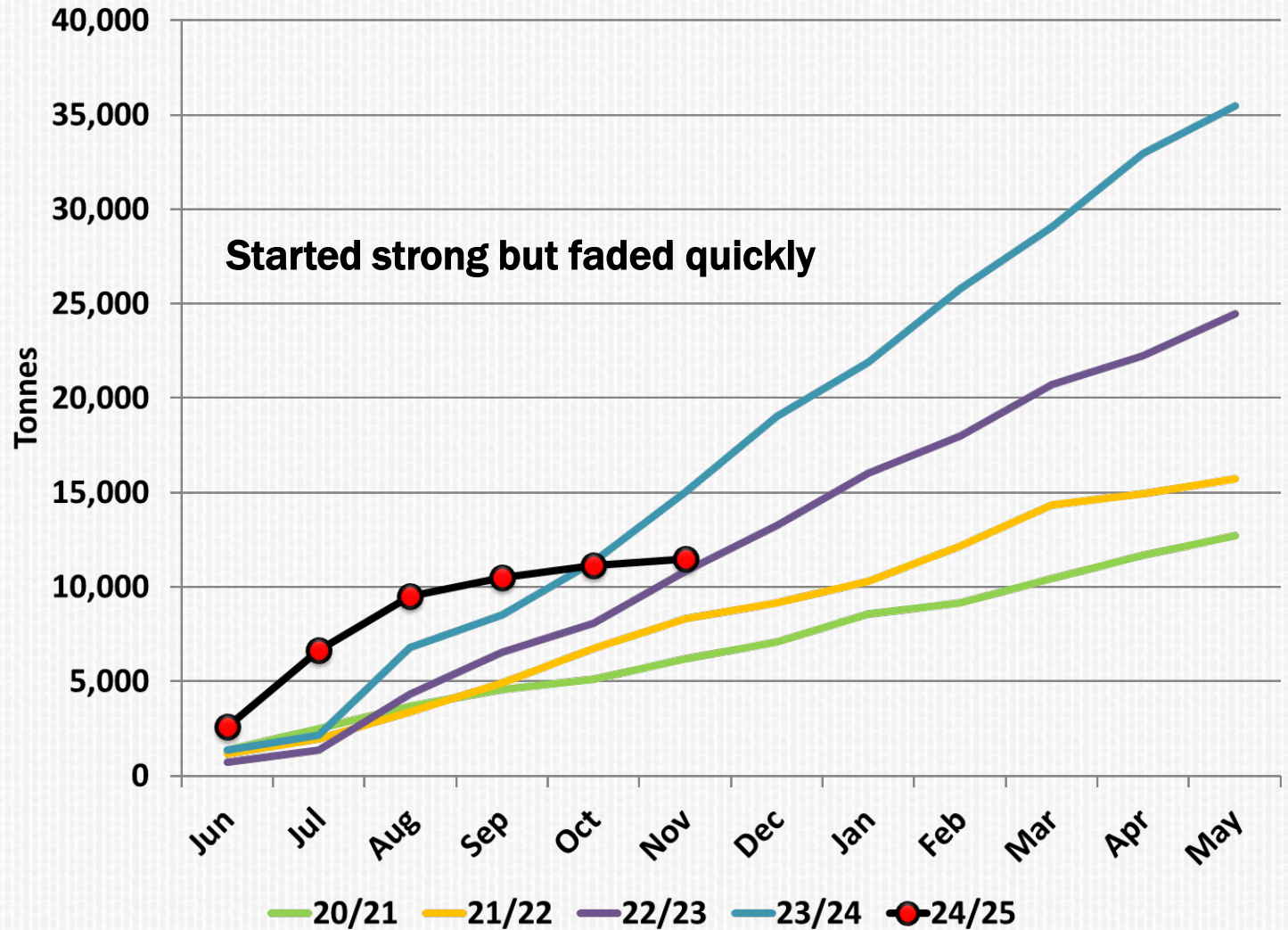
# US MUSTARD PRODUCTION & YIELD



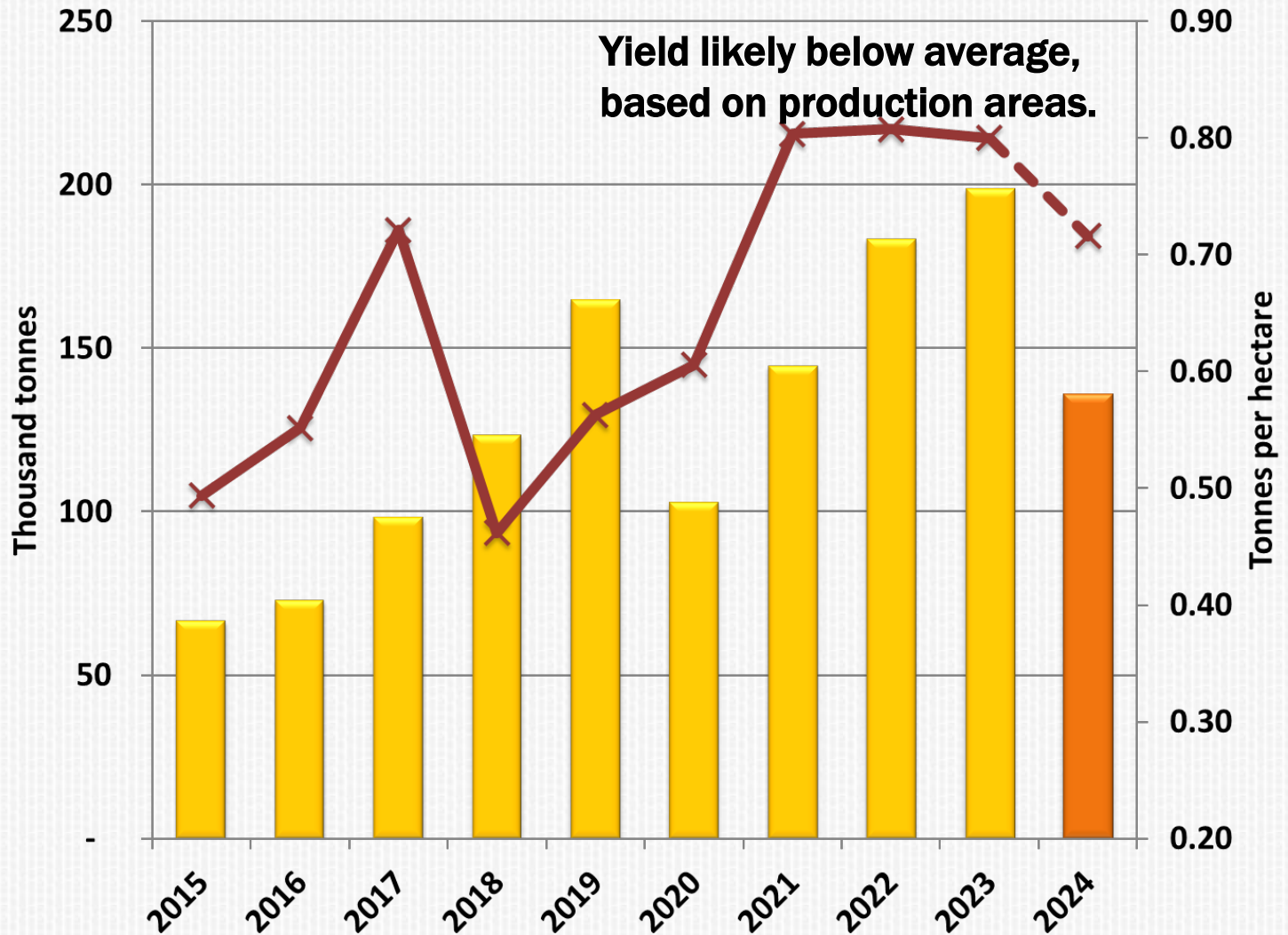
# US MUSTARD SUPPLIES



# US MUSTARD EXPORTS

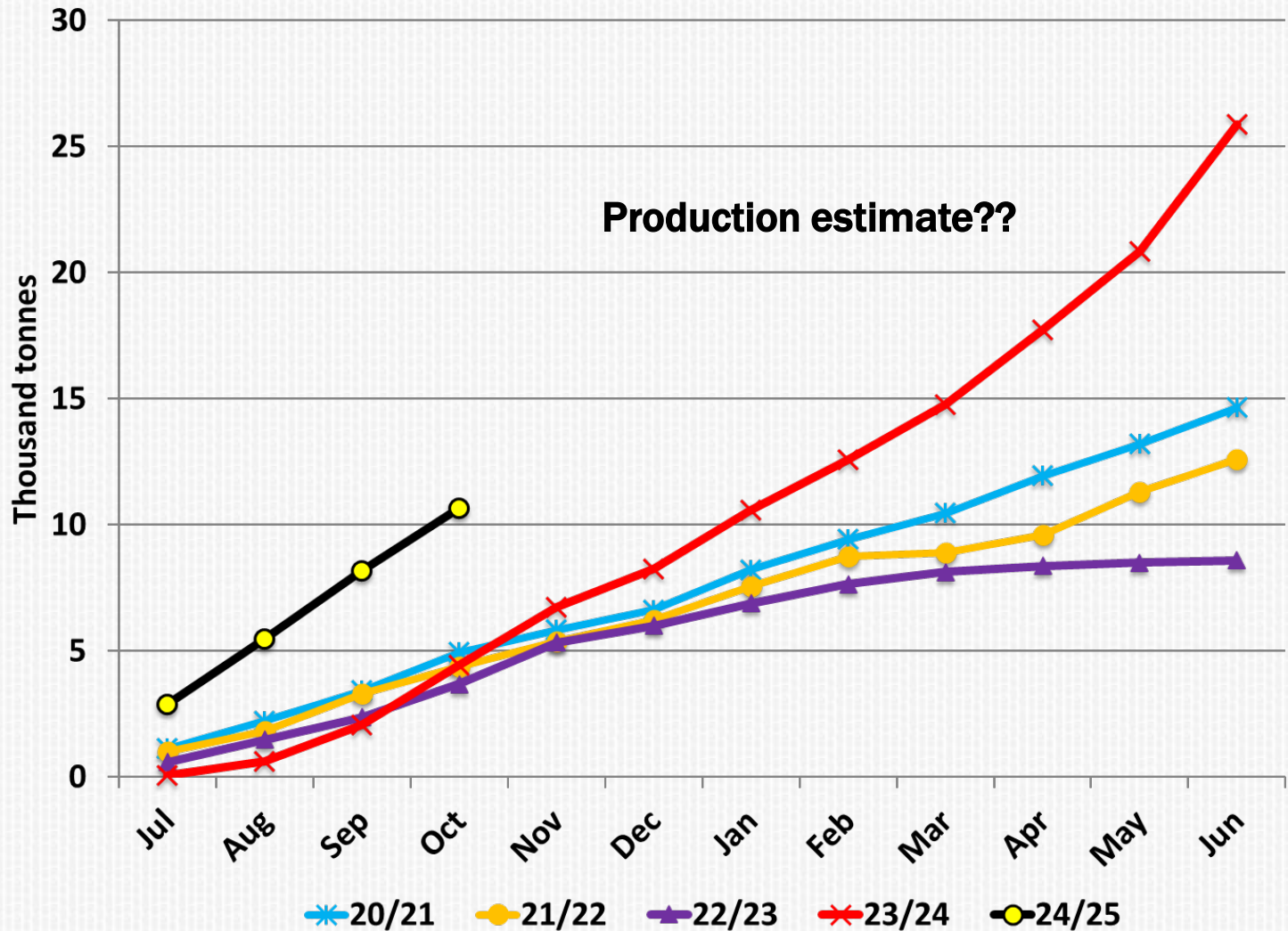


# RUSSIA MUSTARD PRODUCTION

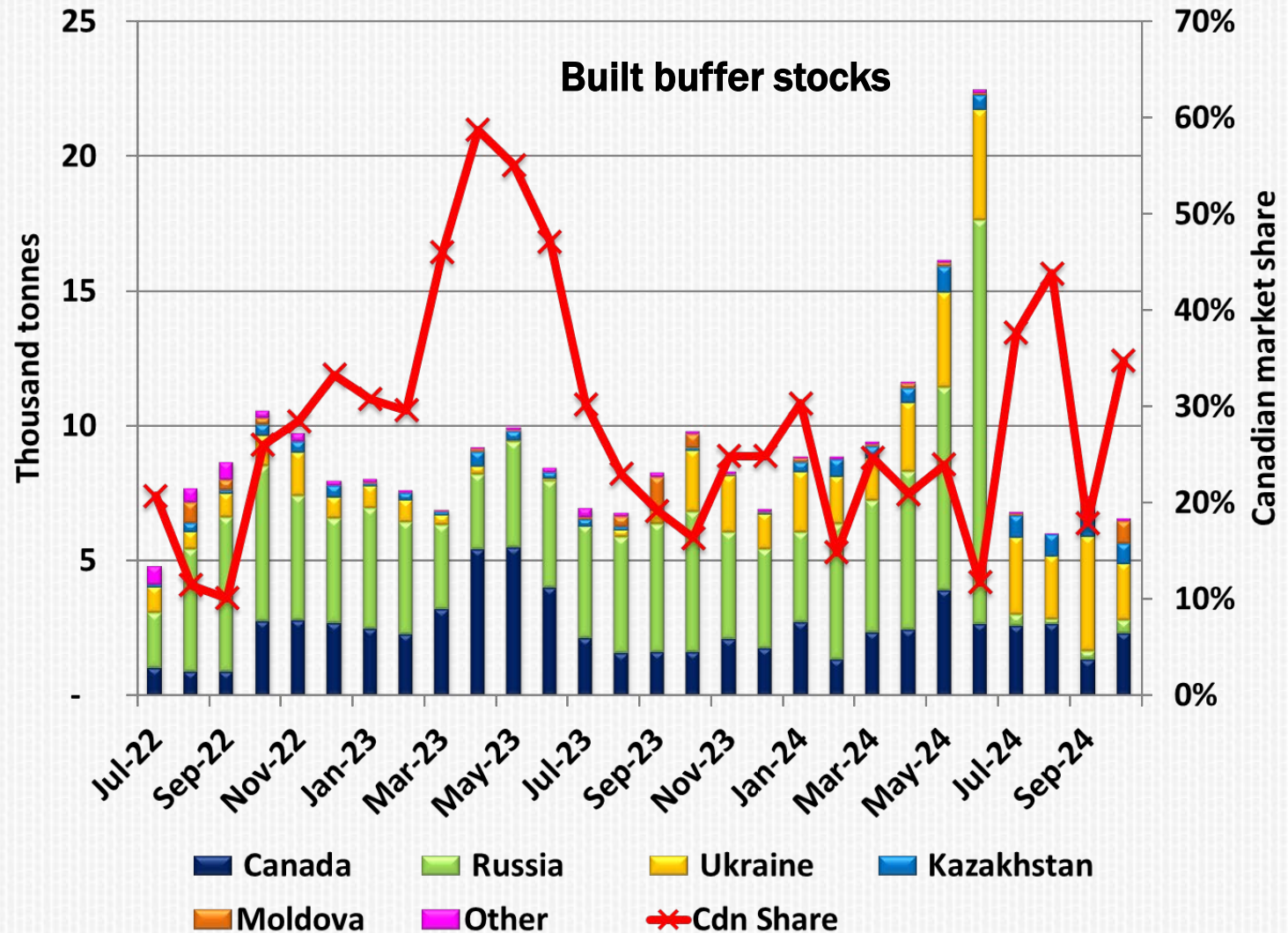




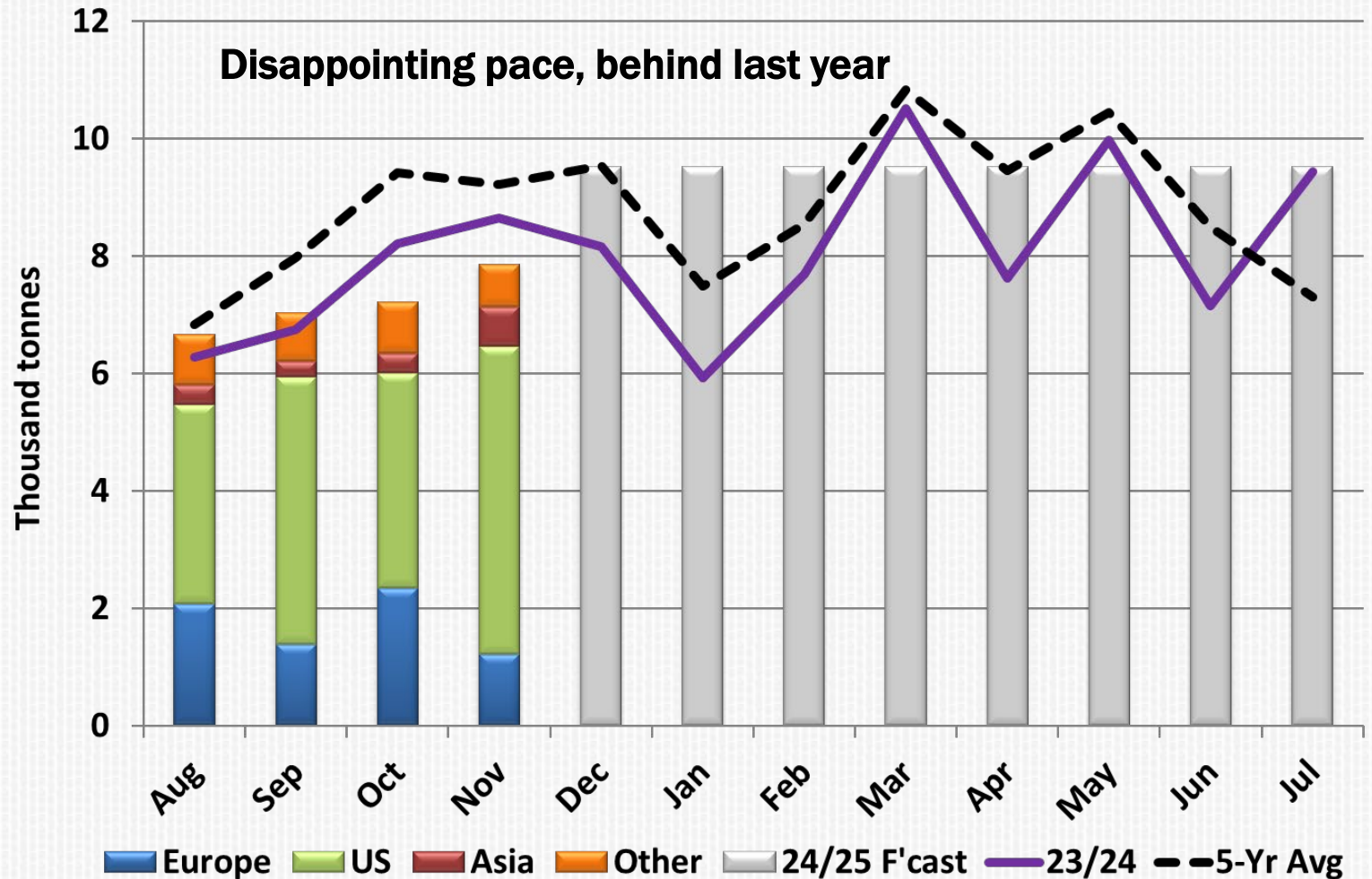
# UKRAINIAN MUSTARD EXPORTS



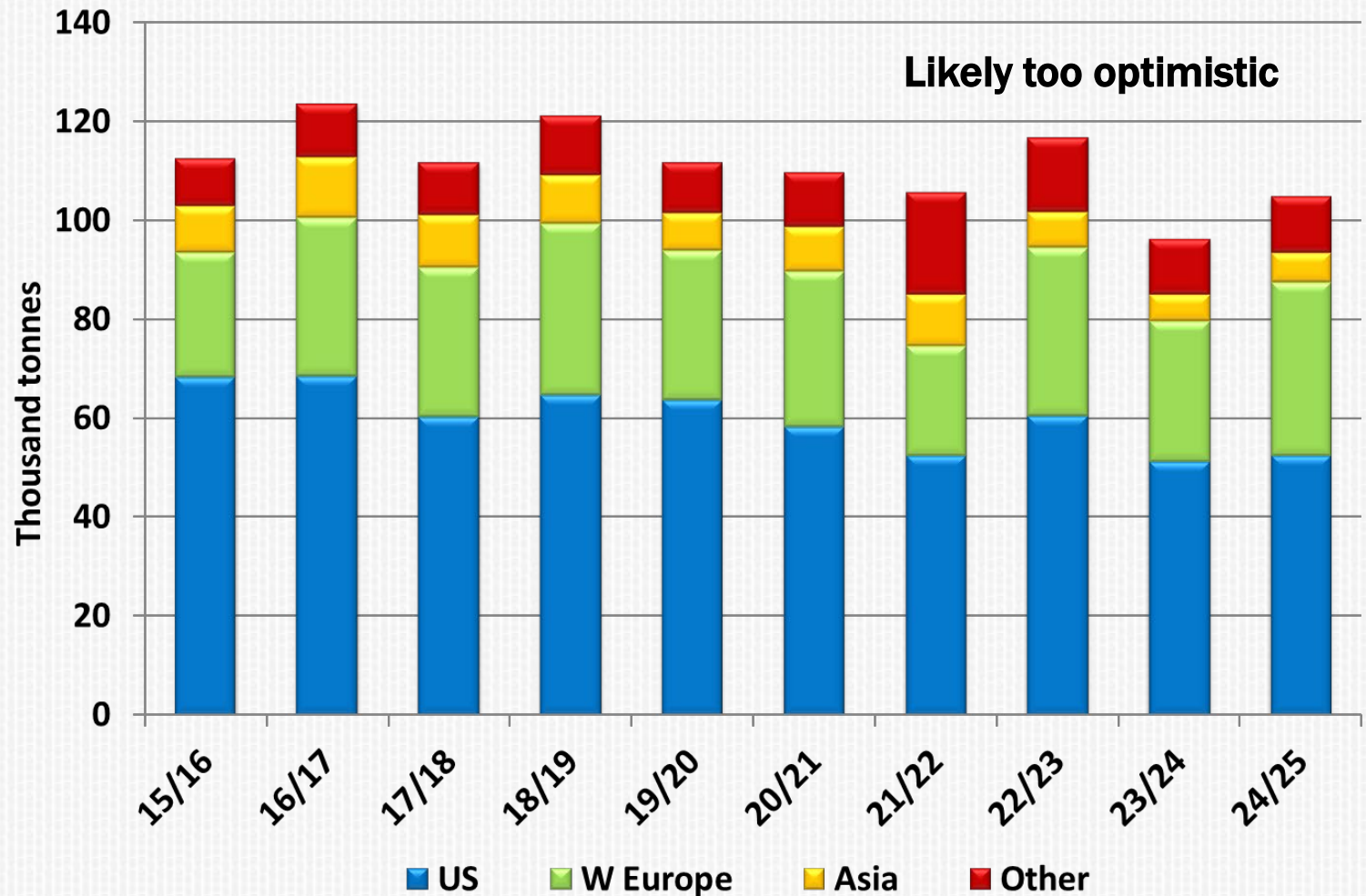
# EU MUSTARD IMPORTS



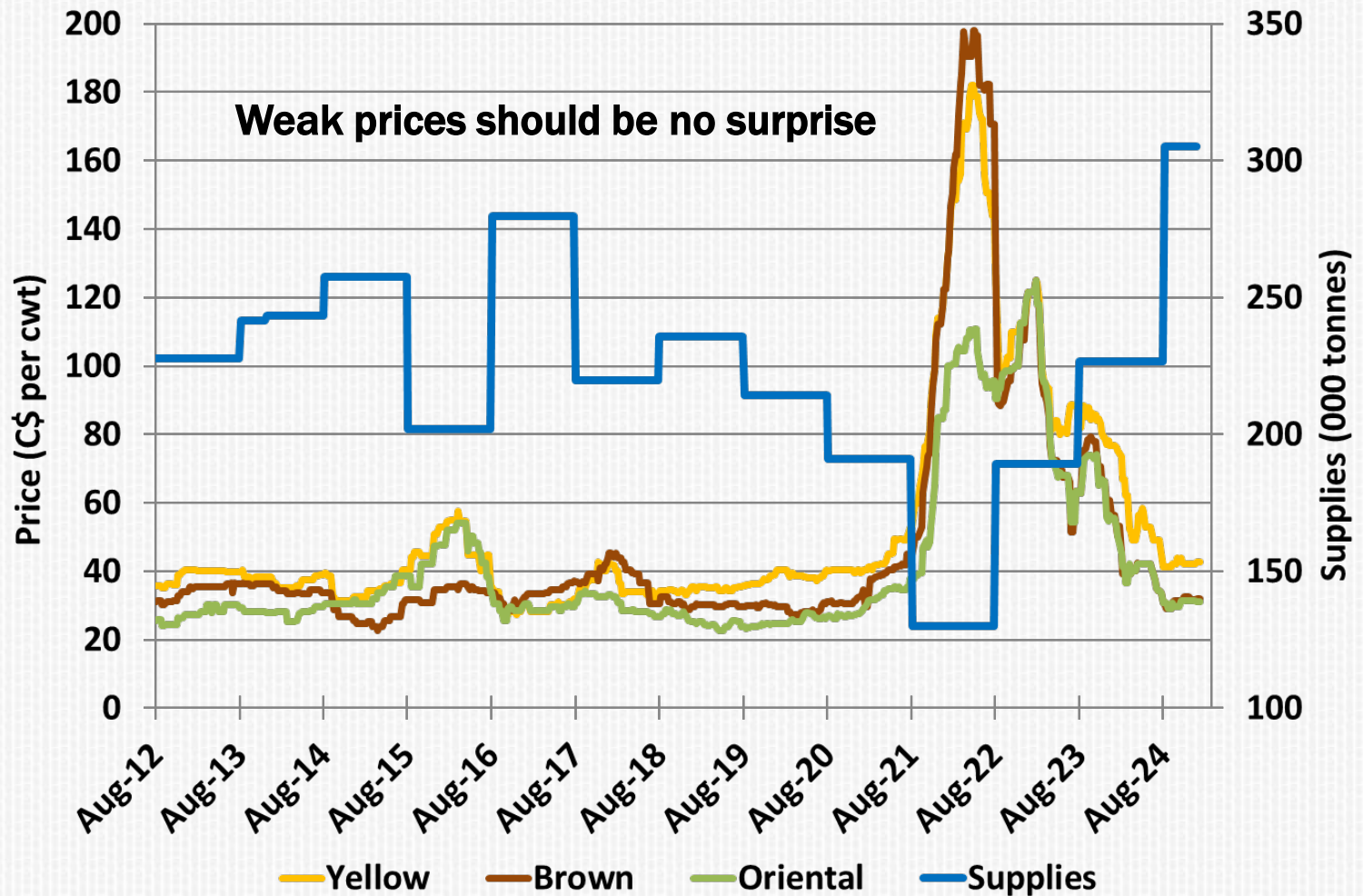
# CDN MUSTARD EXPORTS – 2024/25



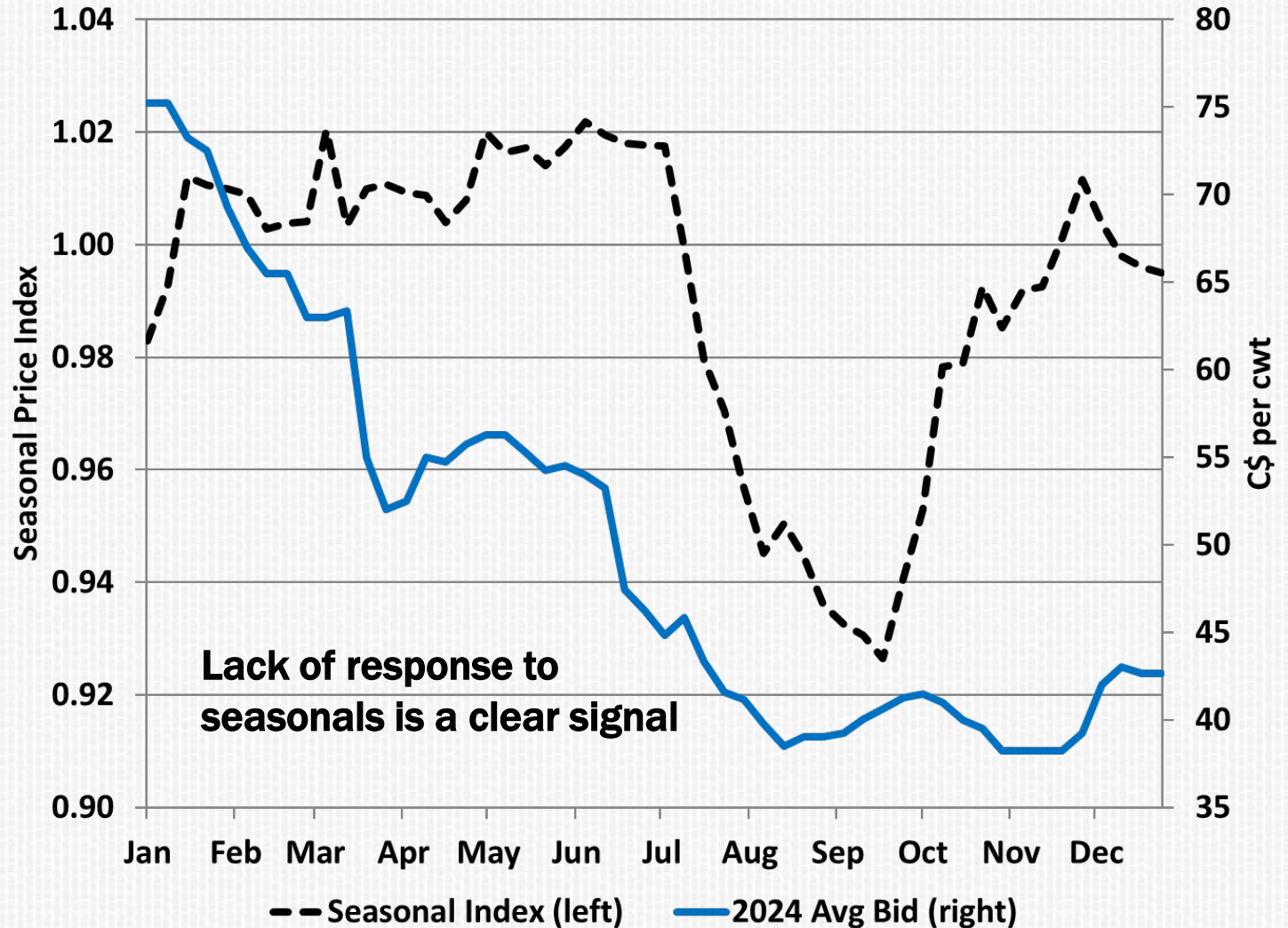
# CANADIAN MUSTARD EXPORTS



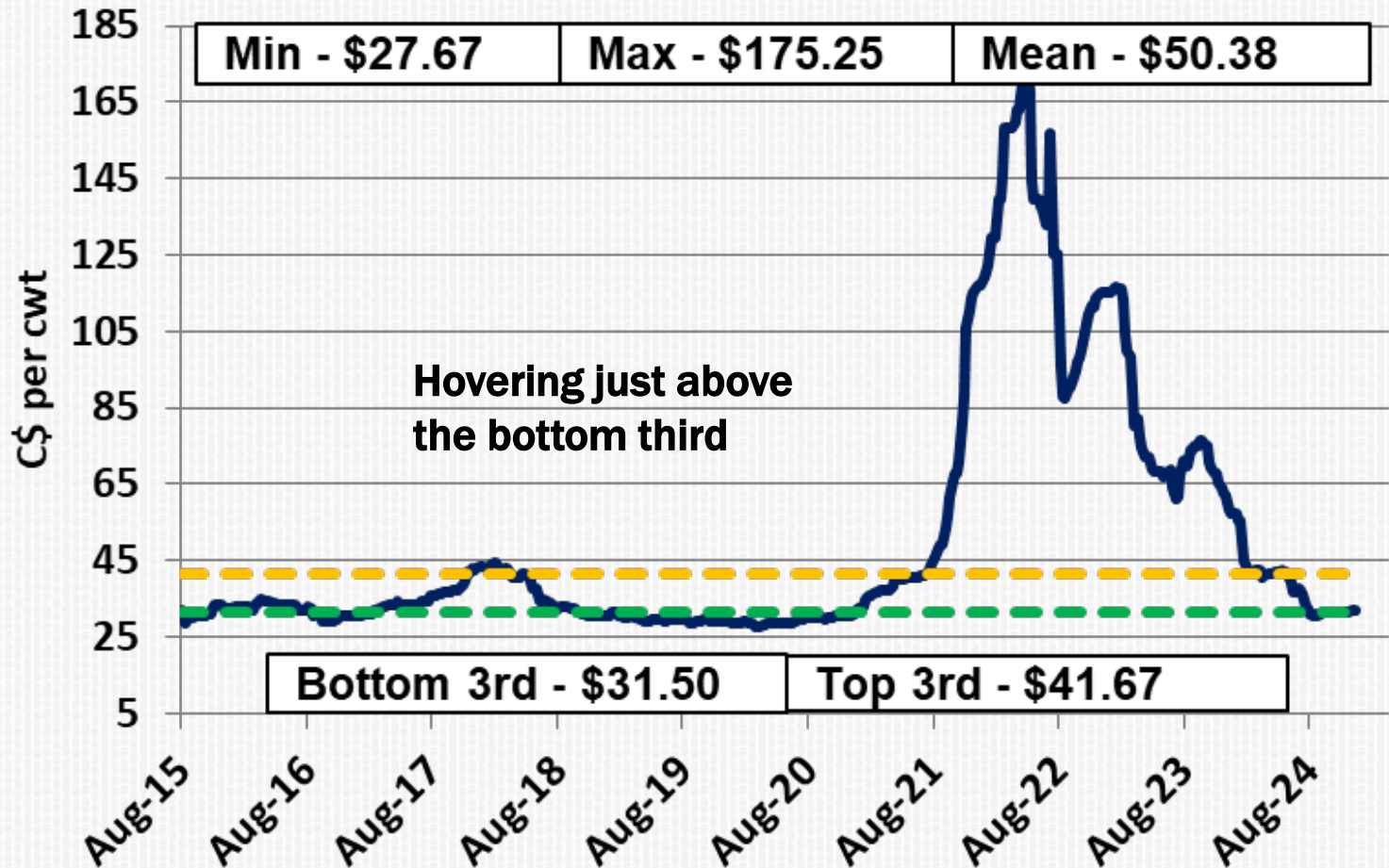
# CDN MUSTARD BIDS & SUPPLIES



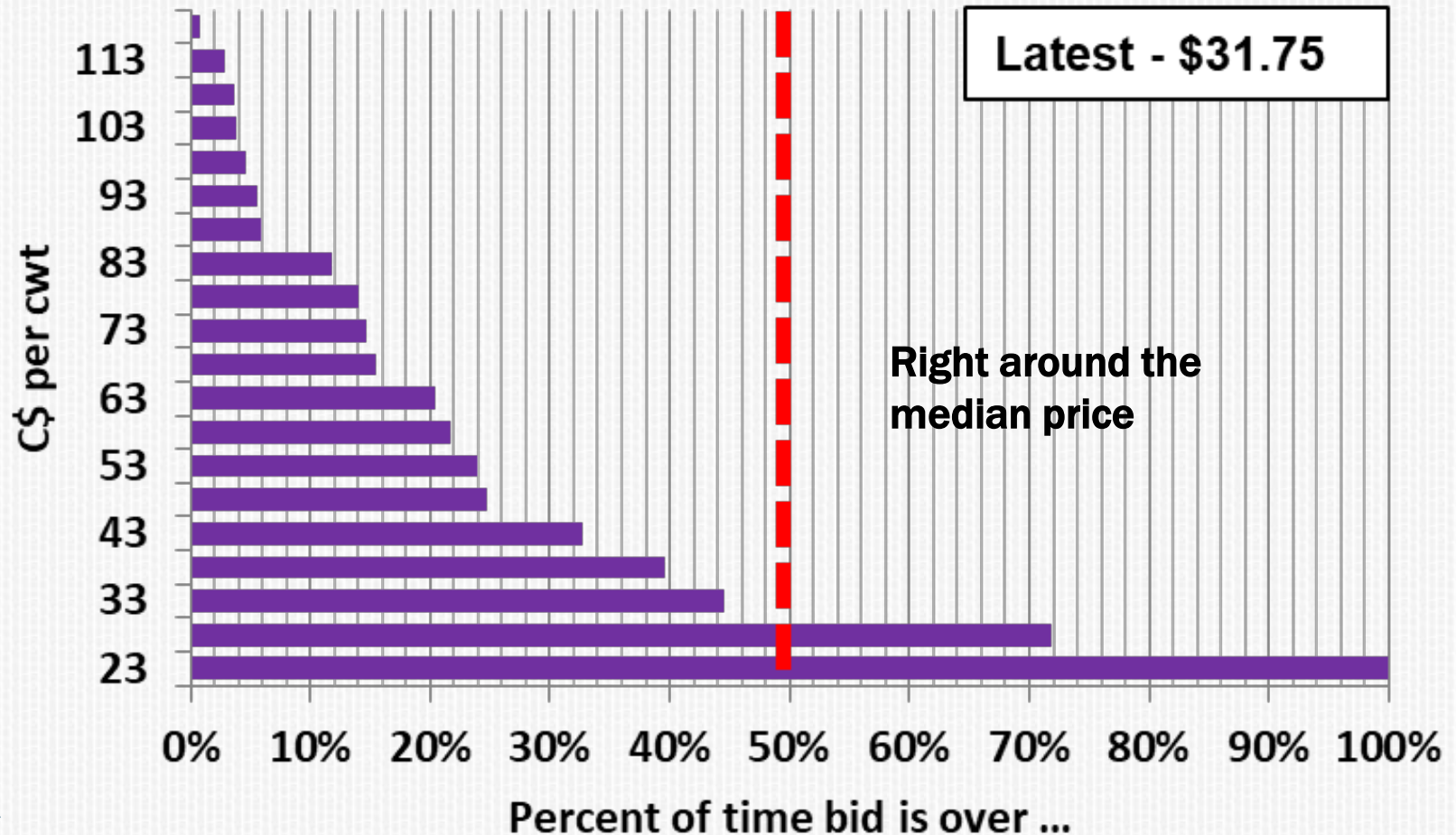
# YELLOW MUSTARD SEASONALITY



# LONG-TERM BIDS – BROWN MUSTARD

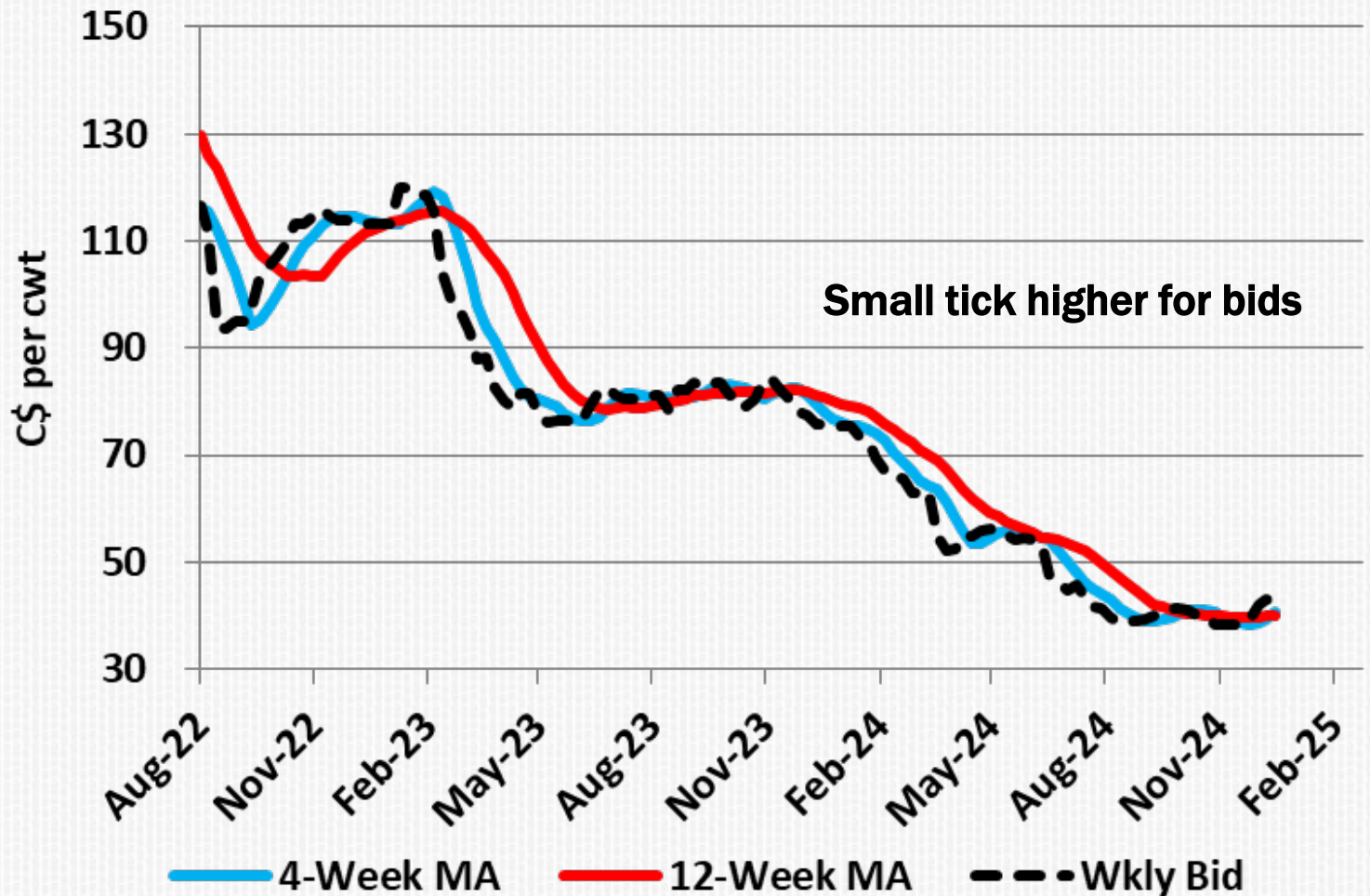


# PRICE PERCENTILES – ORIENTAL MUSTARD

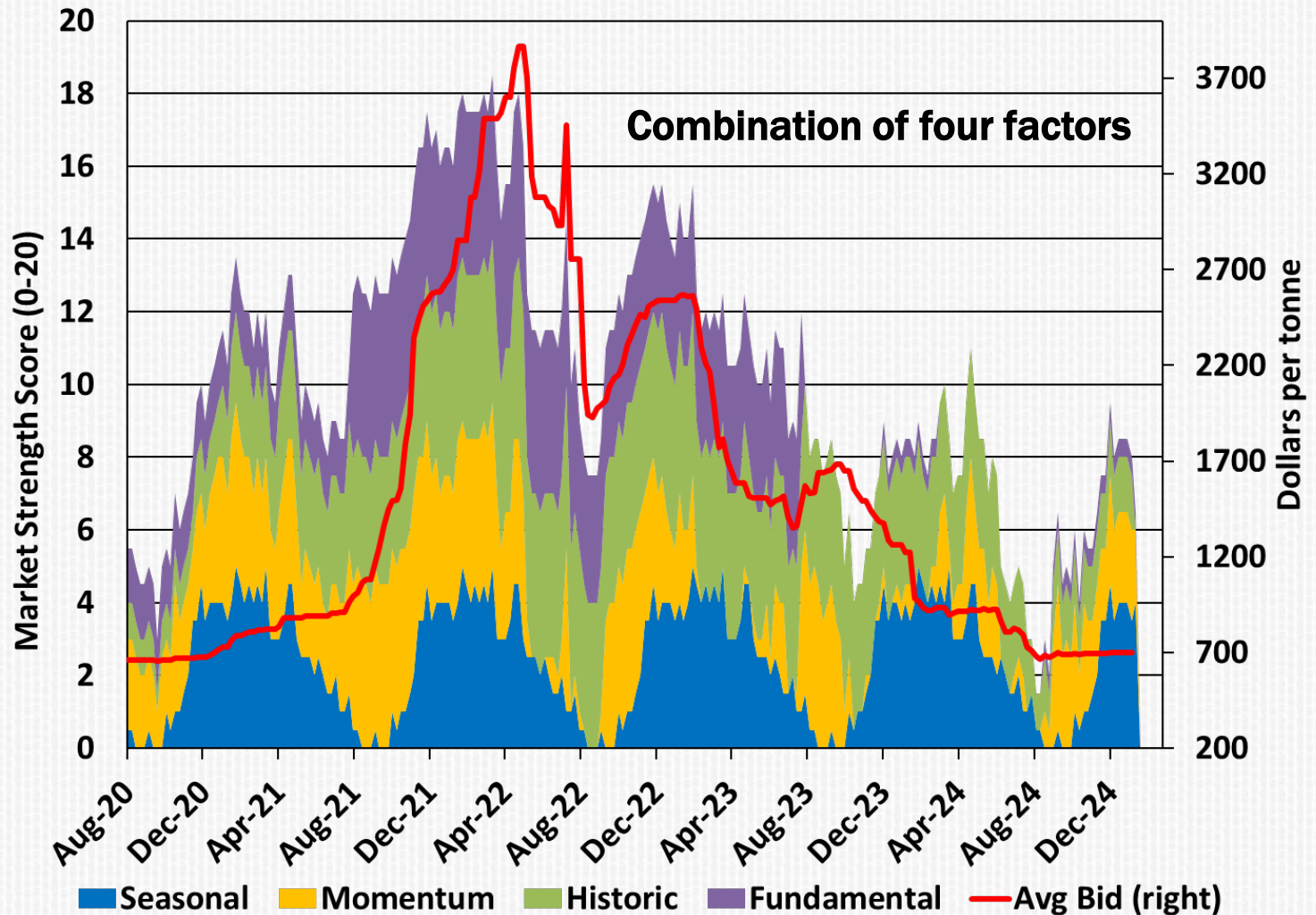




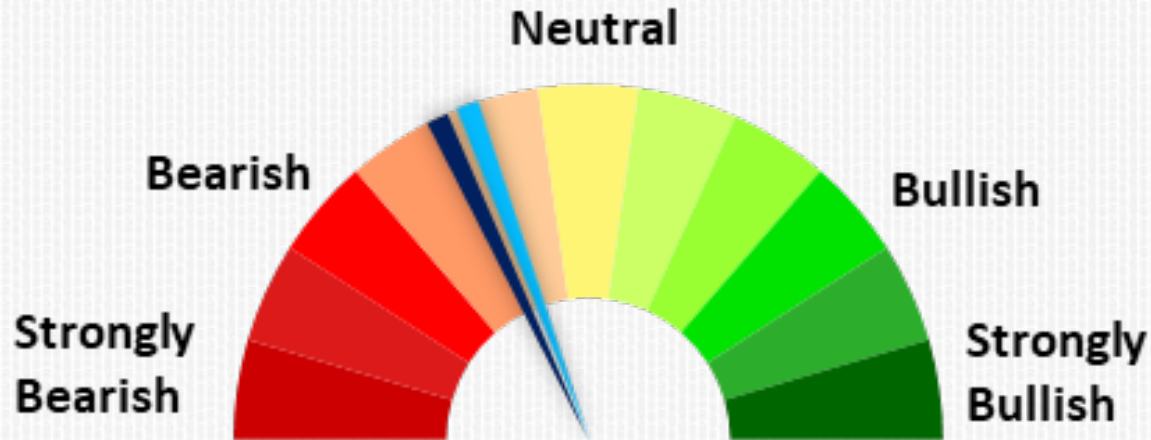
# MOVING AVERAGES – YELLOW MUSTARD



# MARKET STRENGTH – BROWN MUSTARD



# MARKET METER – MUSTARD

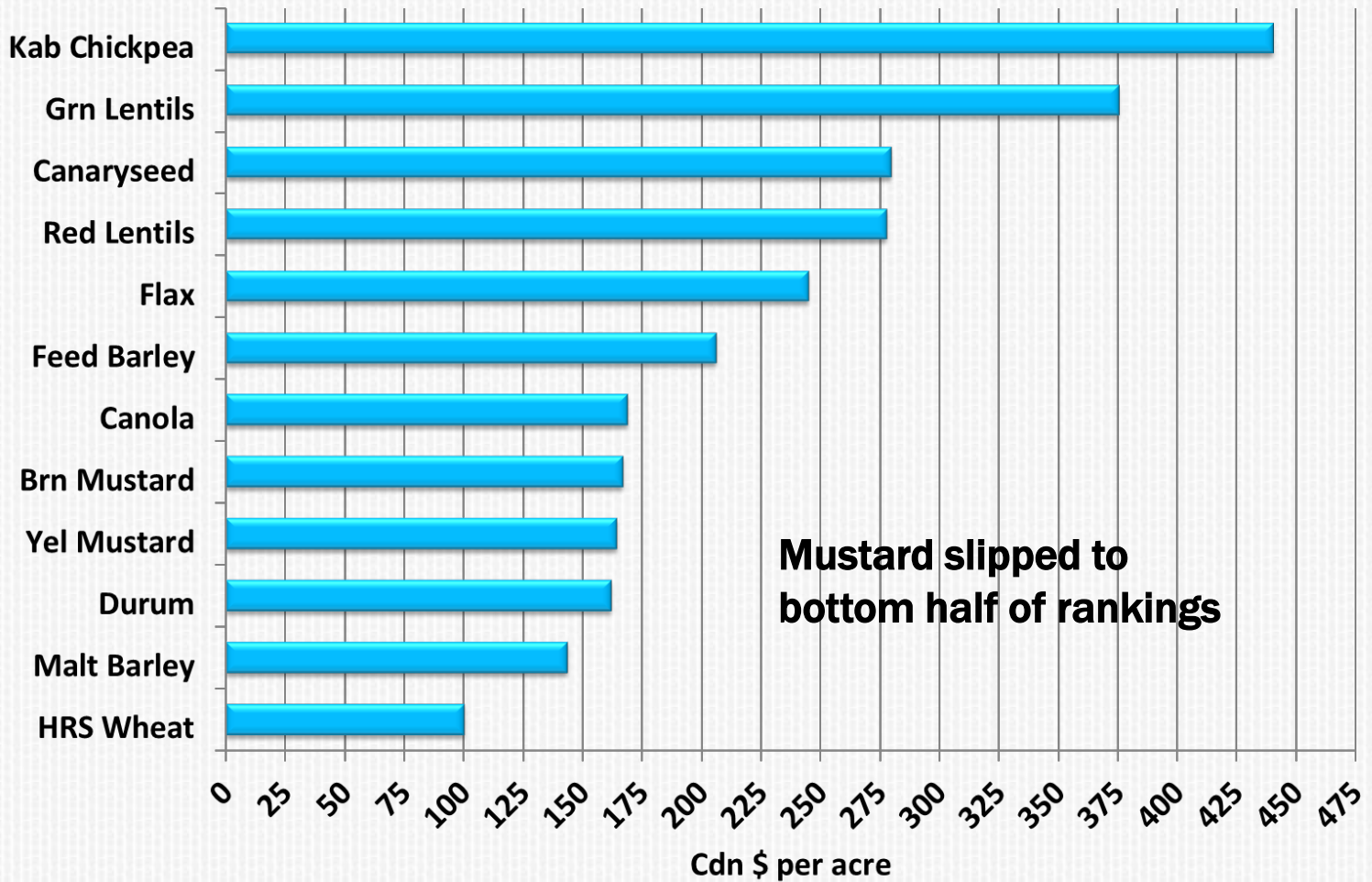


## LeftField Market Stance - Mustard

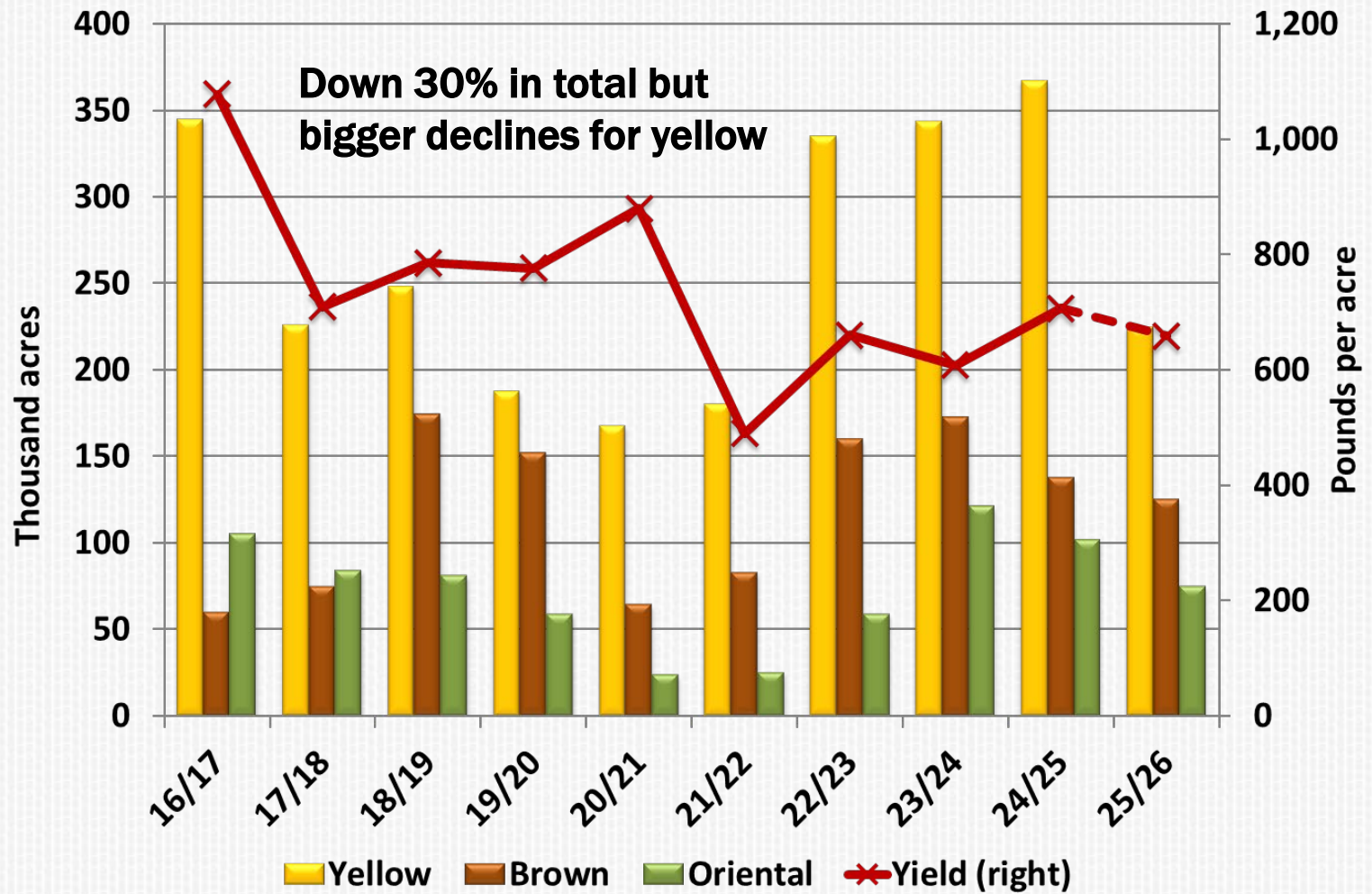
Short-term Long-term

Some gut instinct needed too

# 2025 GROSS MARGIN COMPARISON



# NEW CROP ACREAGE FORECAST



# SOIL MOISTURE – CDN PRAIRIES



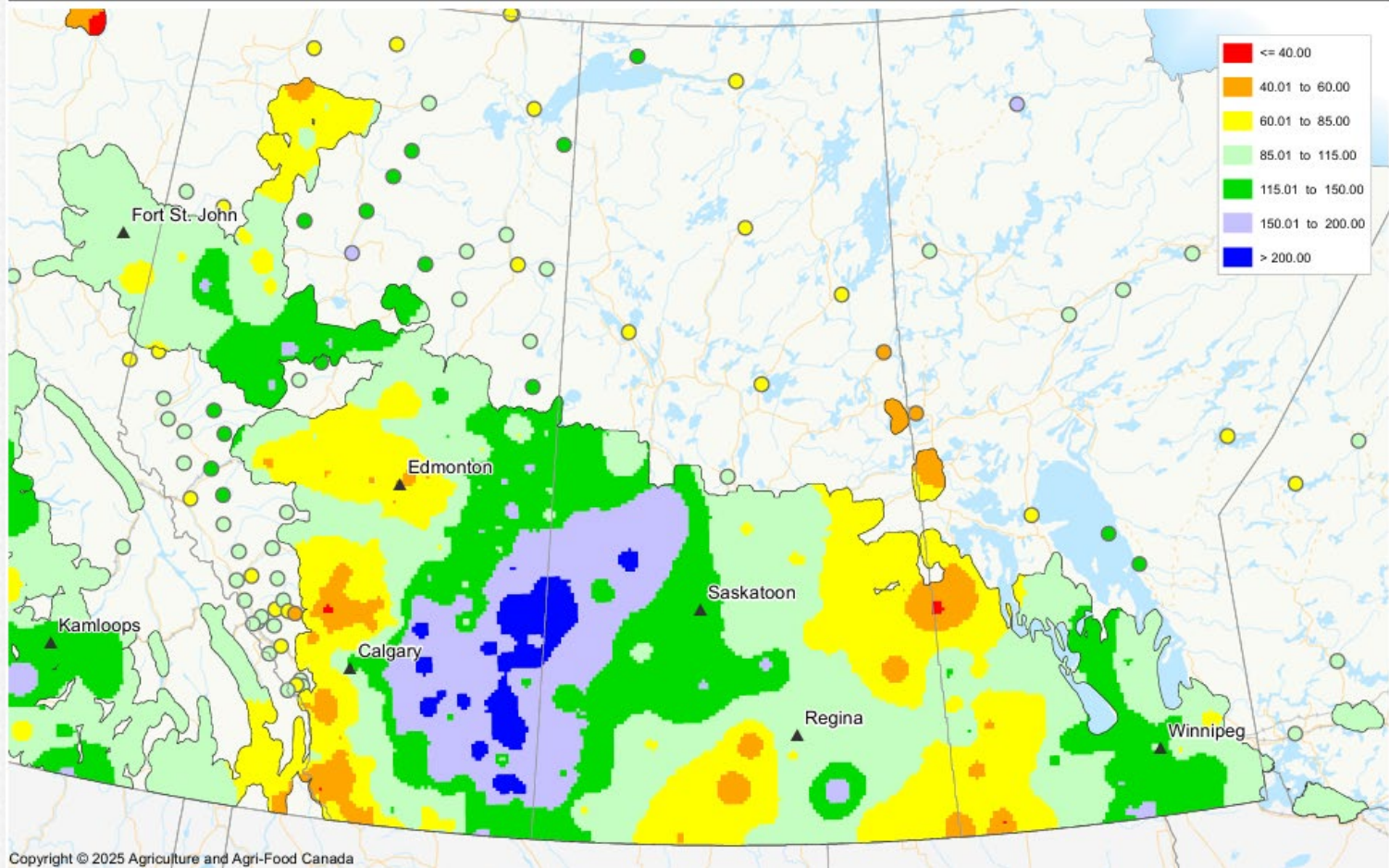
Agriculture and  
Agri-Food Canada

Agriculture et  
Agroalimentaire Canada

Canada

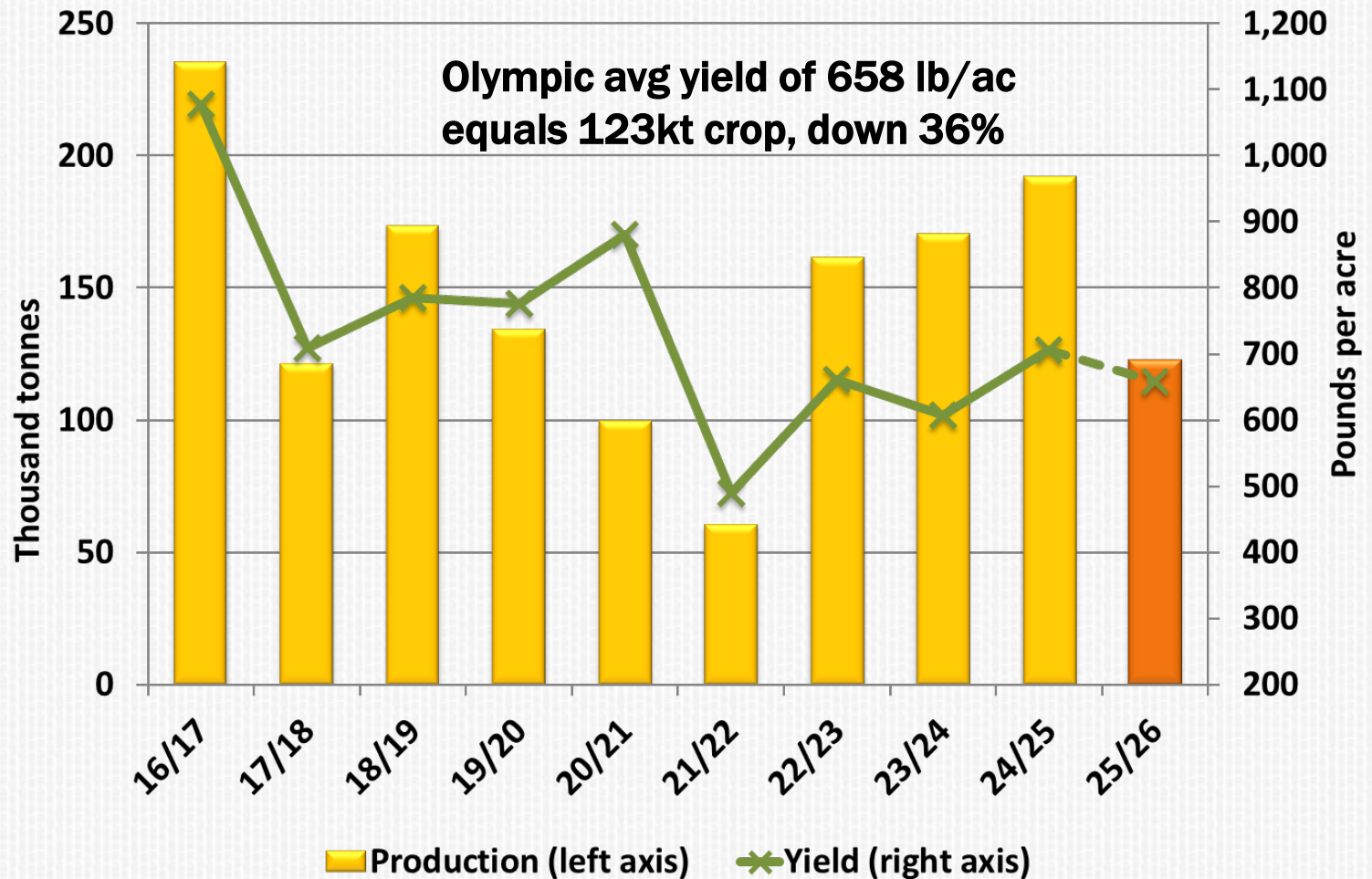
Percent of Normal Soil Moisture (Drought Model)

as of January 6, 2025

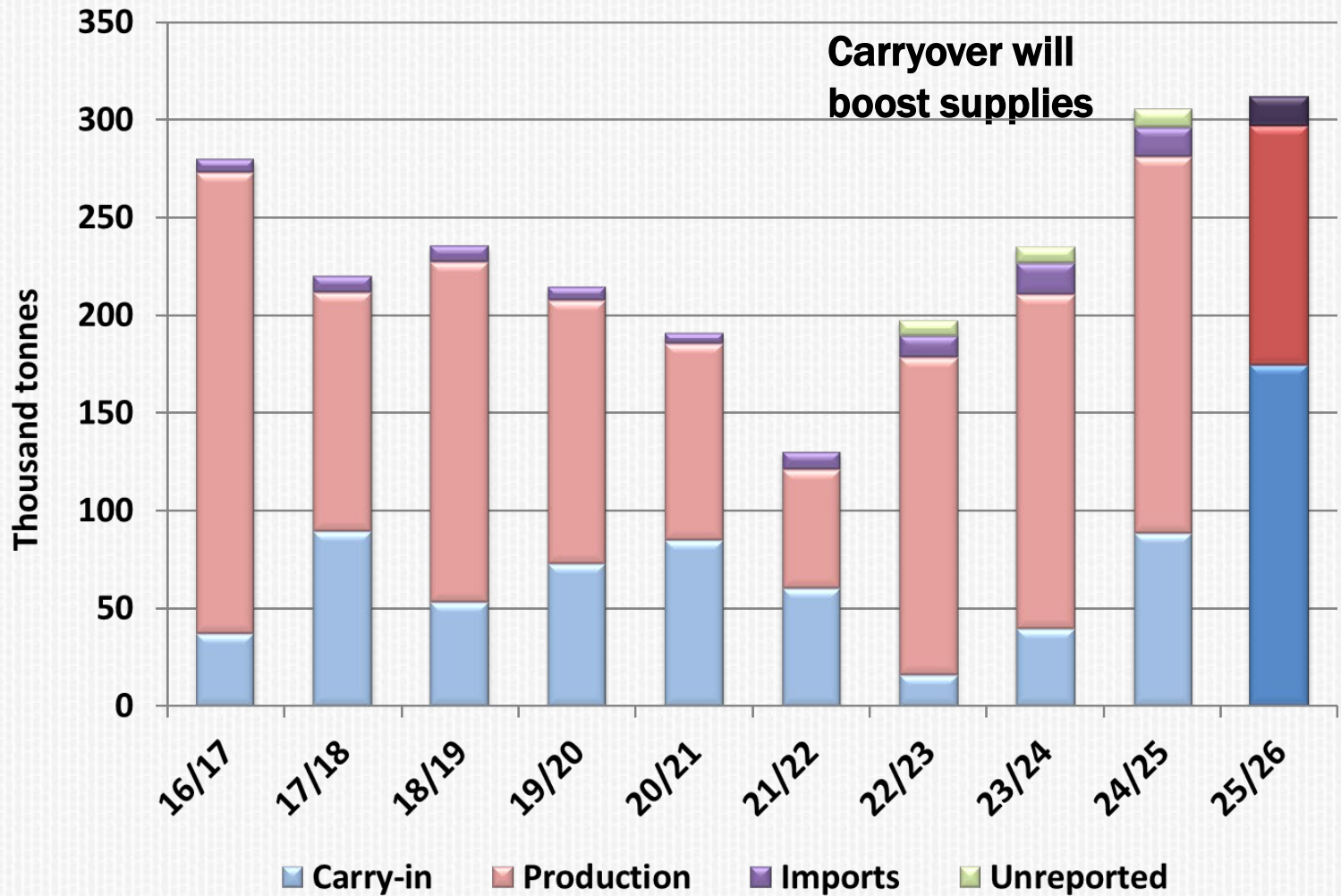


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# CANADIAN MUSTARD PRODUCTION



# CANADIAN MUSTARD SUPPLIES





# CANADIAN MUSTARD S&D

	<u>21/22</u>	<u>22/23</u>	<u>23/24</u>	<u>24/25</u>	<u>25/26</u>
Seeded Acres, 000's	290	555	637	606	<b>425</b>
Harvested Acres, 000'	272	540	619	600	<b>411</b>
Yield (lbs/acre)	490	661	608	706	<b>658</b>
<b>Supply ('000 tonnes)</b>					
Carry-In	60	16	40	<del>88</del>	<del>174</del>
Production	61	162	171	192	<b>123</b>
Imports	9	11	16	<del>15</del>	<del>15</del>
<b>Total Supply</b>	130	189	227	<b>305</b>	<b>312</b>
<b>Disposition ('000 tonnes)</b>					
Seed	3	3	3	2	2
Other Domestic	22	37	39	24	25
Exports	90	110	96	105	115
<b>Total Disposition</b>	114	150	138	<b>131</b>	<b>142</b>
<b>Ending Stocks</b>	16	40	88	<del>174</del>	<del>170</del>
<b>Stocks/Use</b>	14%	26%	64%	<del>133%</del>	<del>120%</del>

Source: Statistics Canada with LeftField projections in bold

# MUSTARD MARKET OUTLOOK

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## × Rest of 2024/25

- + Trade situation is concerning

  - × Especially US

  - × Some possibility for EU later

- + Heavy supplies for all three classes

## × In 2025/26

- + Acreage reduction needed

- + Still concerns about dryness

- + Prices remain under pressure

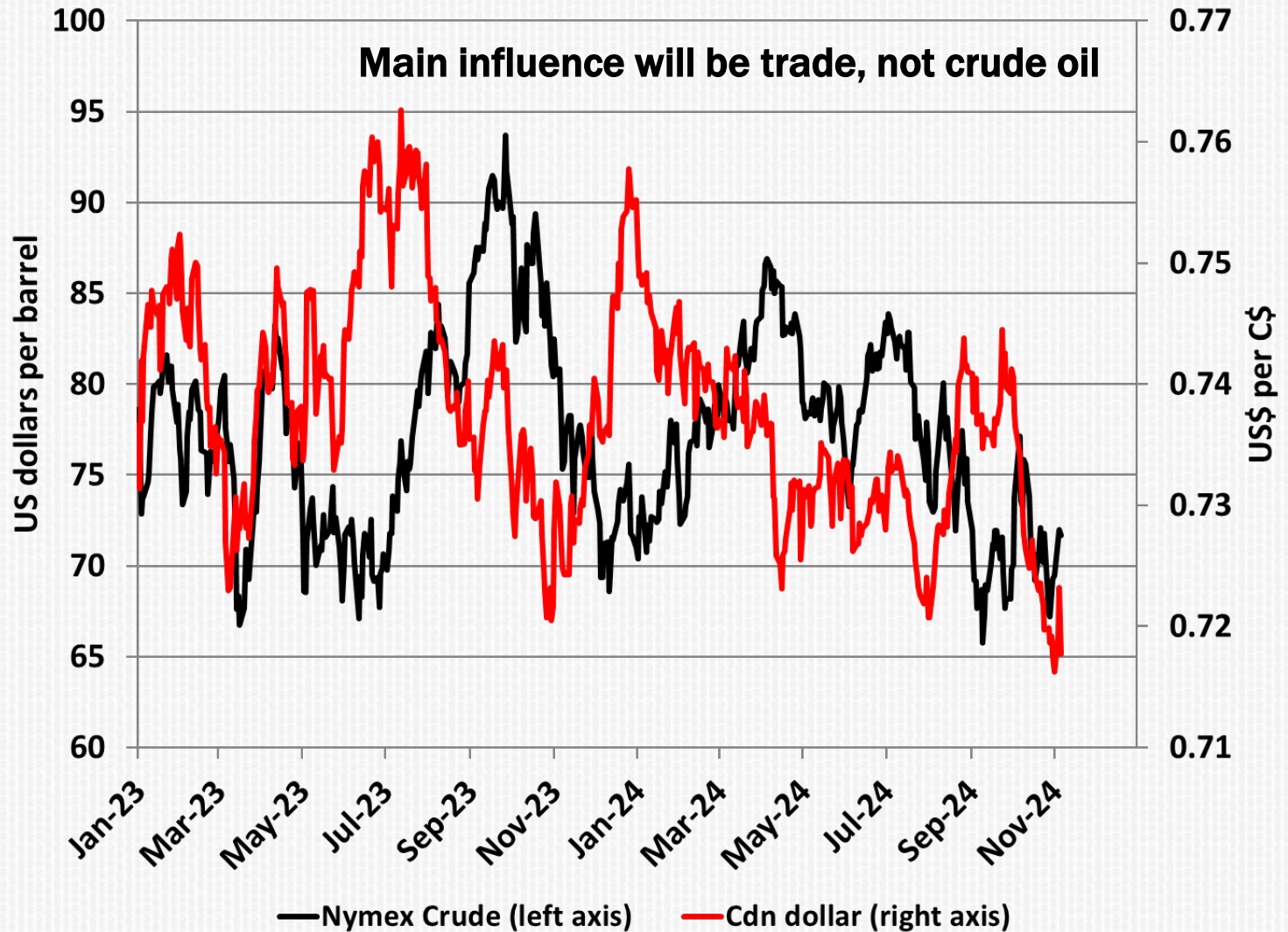
# TRADE ISSUES ABOUNDING

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Still not certain, but...

- ✘ China and canola
- ✘ India and yellow peas
- ✘ US and everything
  
- ✘ What does risk management look like?

# CDN DOLLAR AND CRUDE OIL

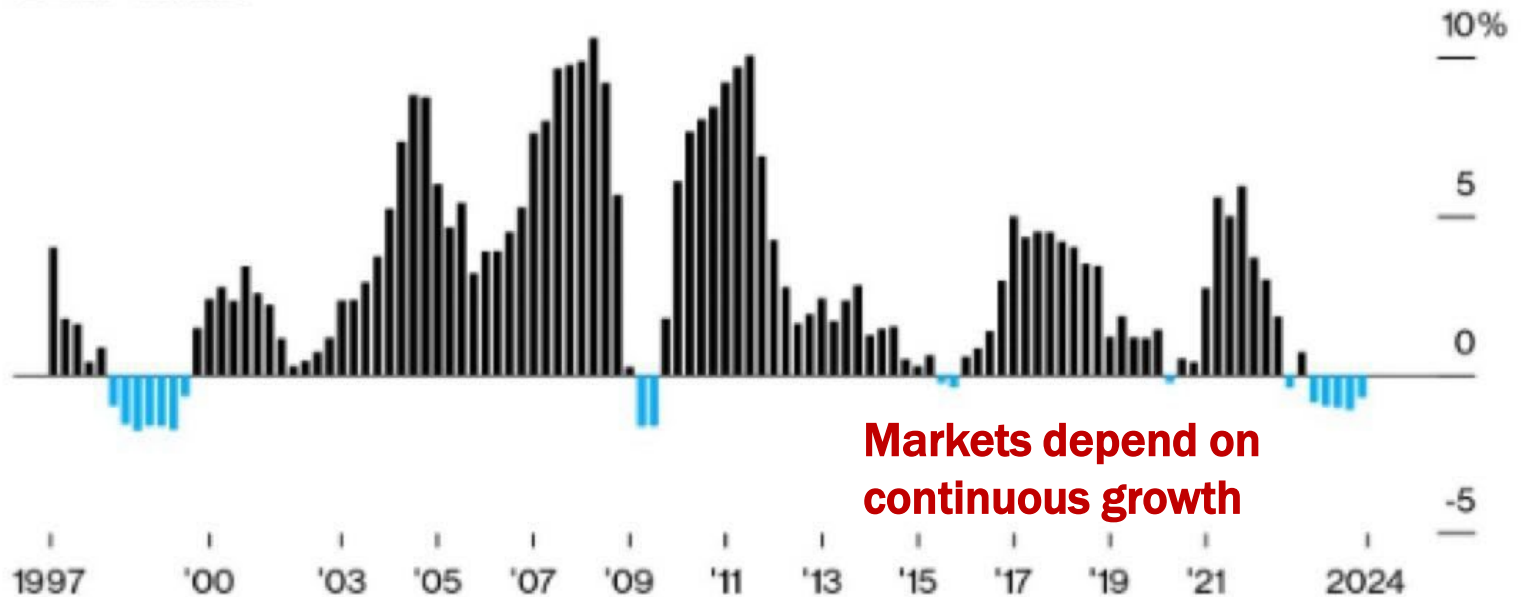


# CHINESE ECONOMY SLOWING

## China's Economy-Wide Prices in Longest Decline Since 1999

Broad measure of prices contracts for fifth straight quarter in 2Q 2024

■ GDP deflator



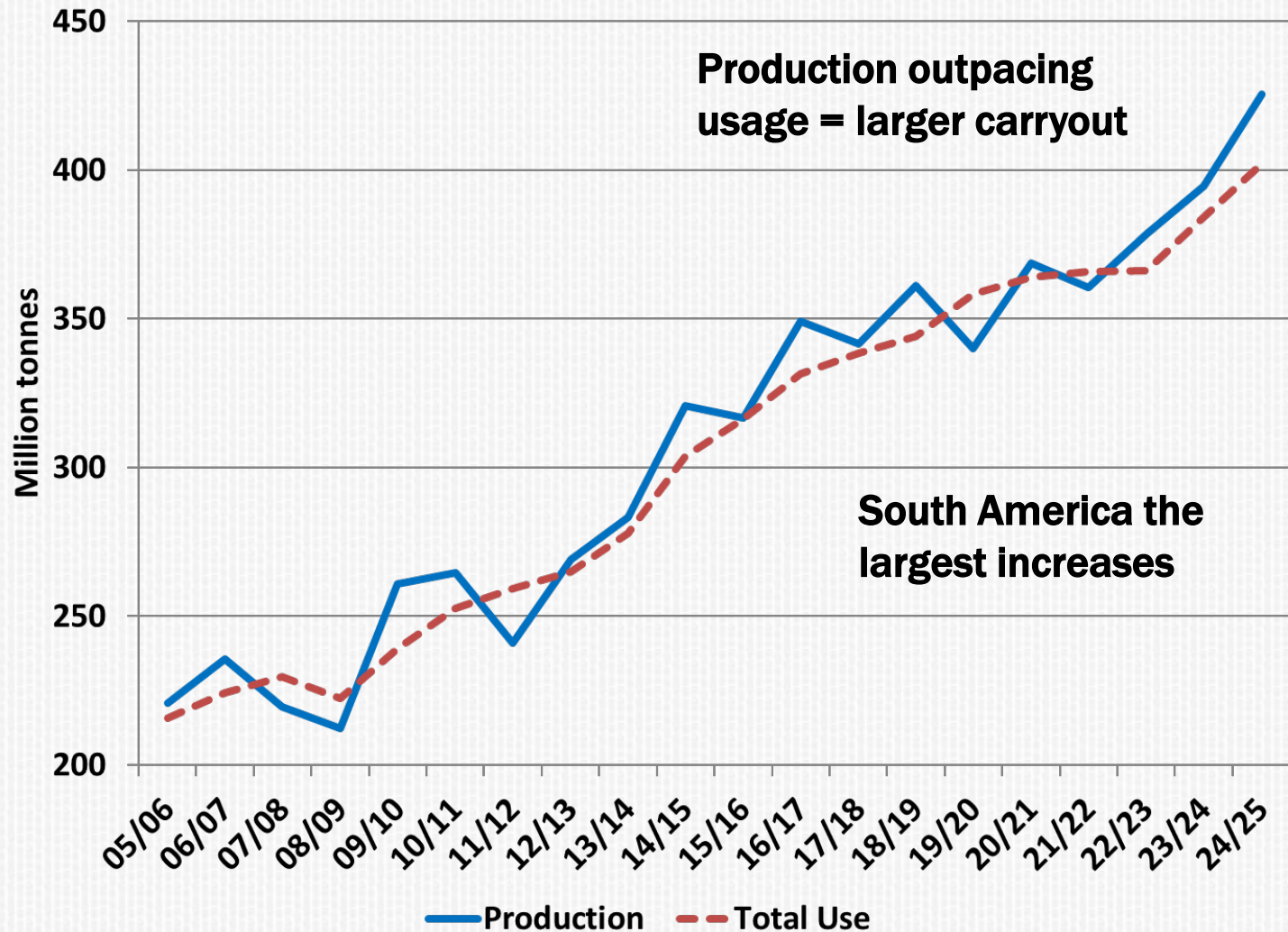
**Markets depend on continuous growth**

Source: National Bureau of Statistics, Bloomberg

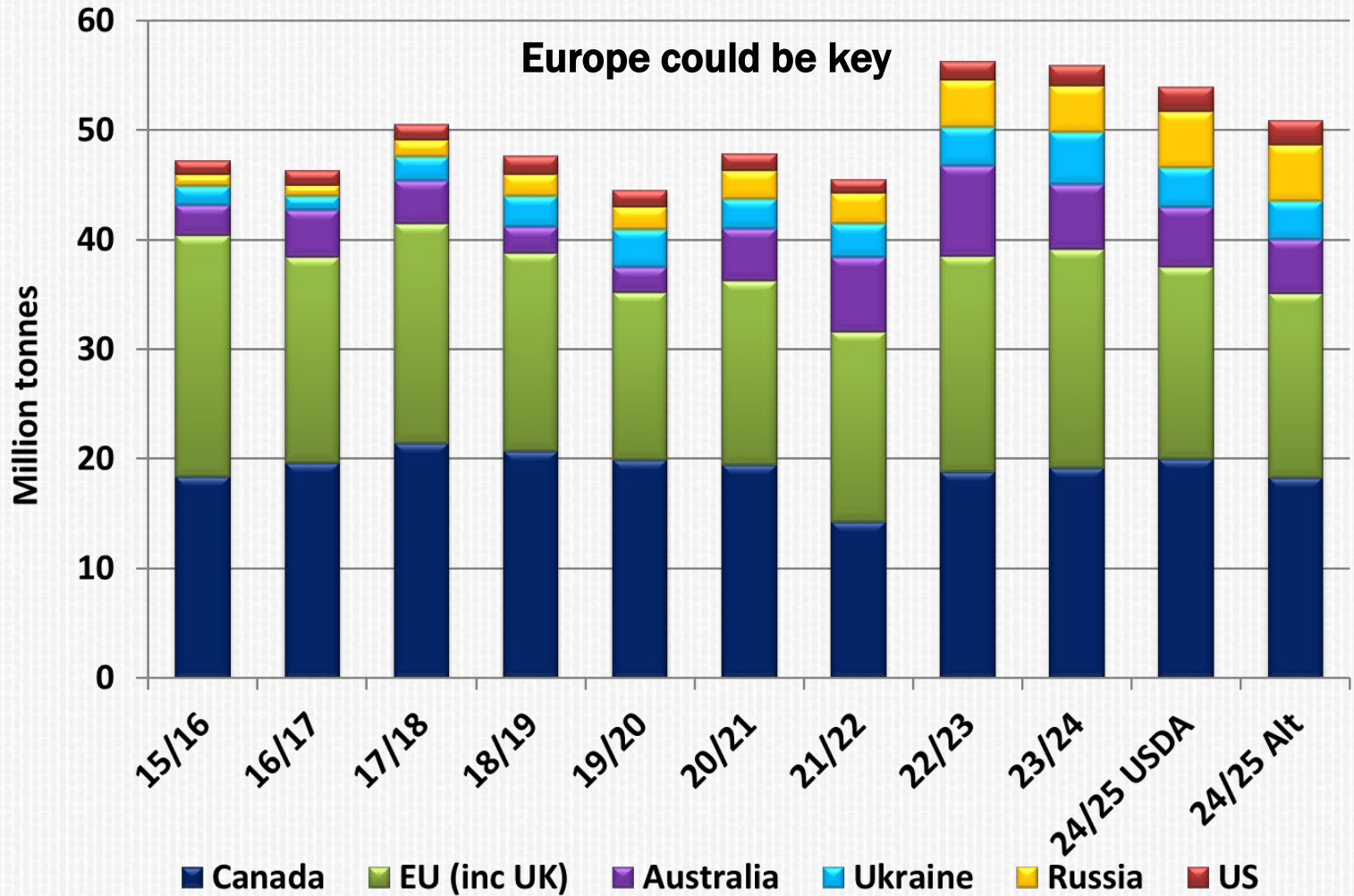
Note: The GDP deflator is calculated by subtracting real GDP growth from nominal GDP growth.

Bloomberg

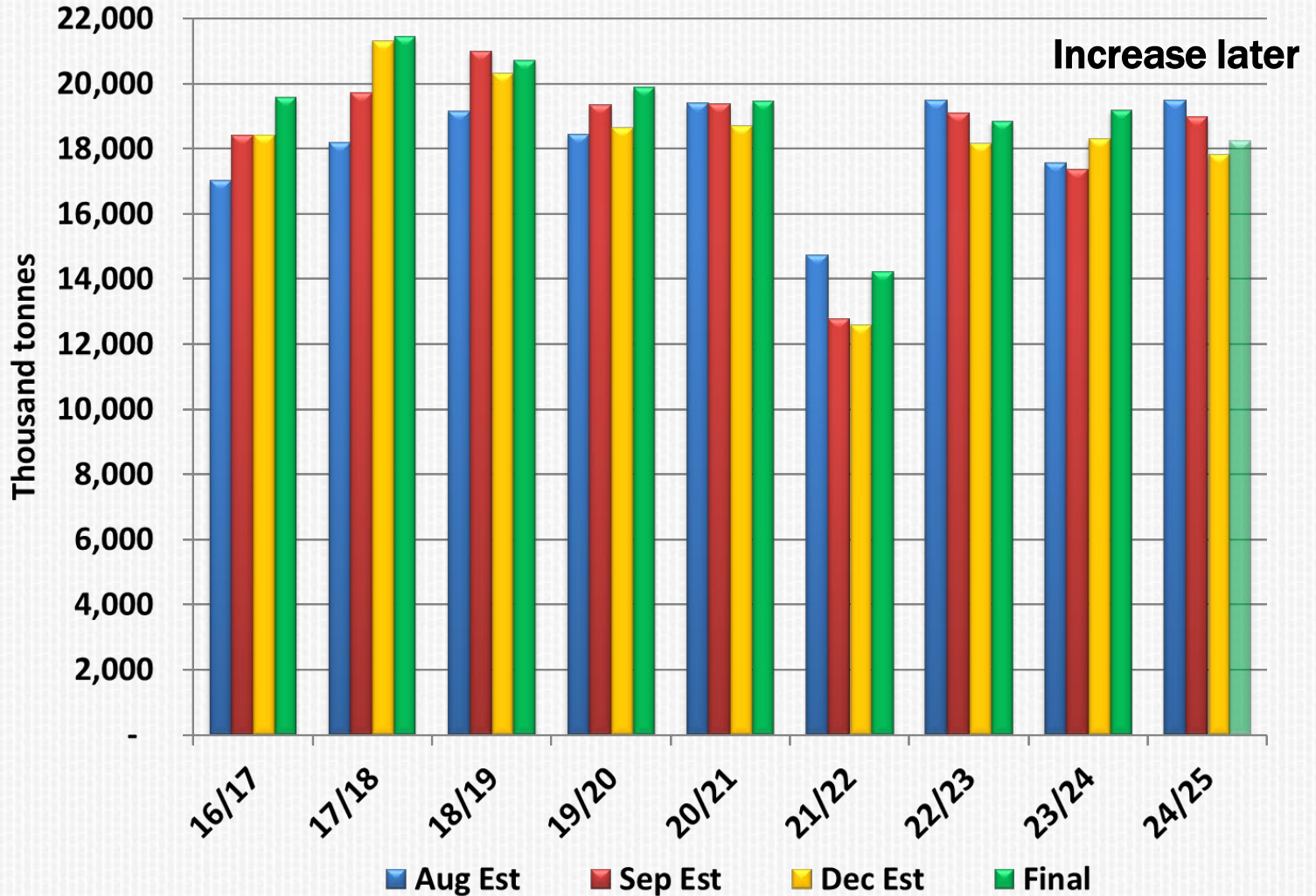
# GLOBAL SOYBEAN PRODUCTION & USE



# CANOLA PRODUCTION – MAJORS

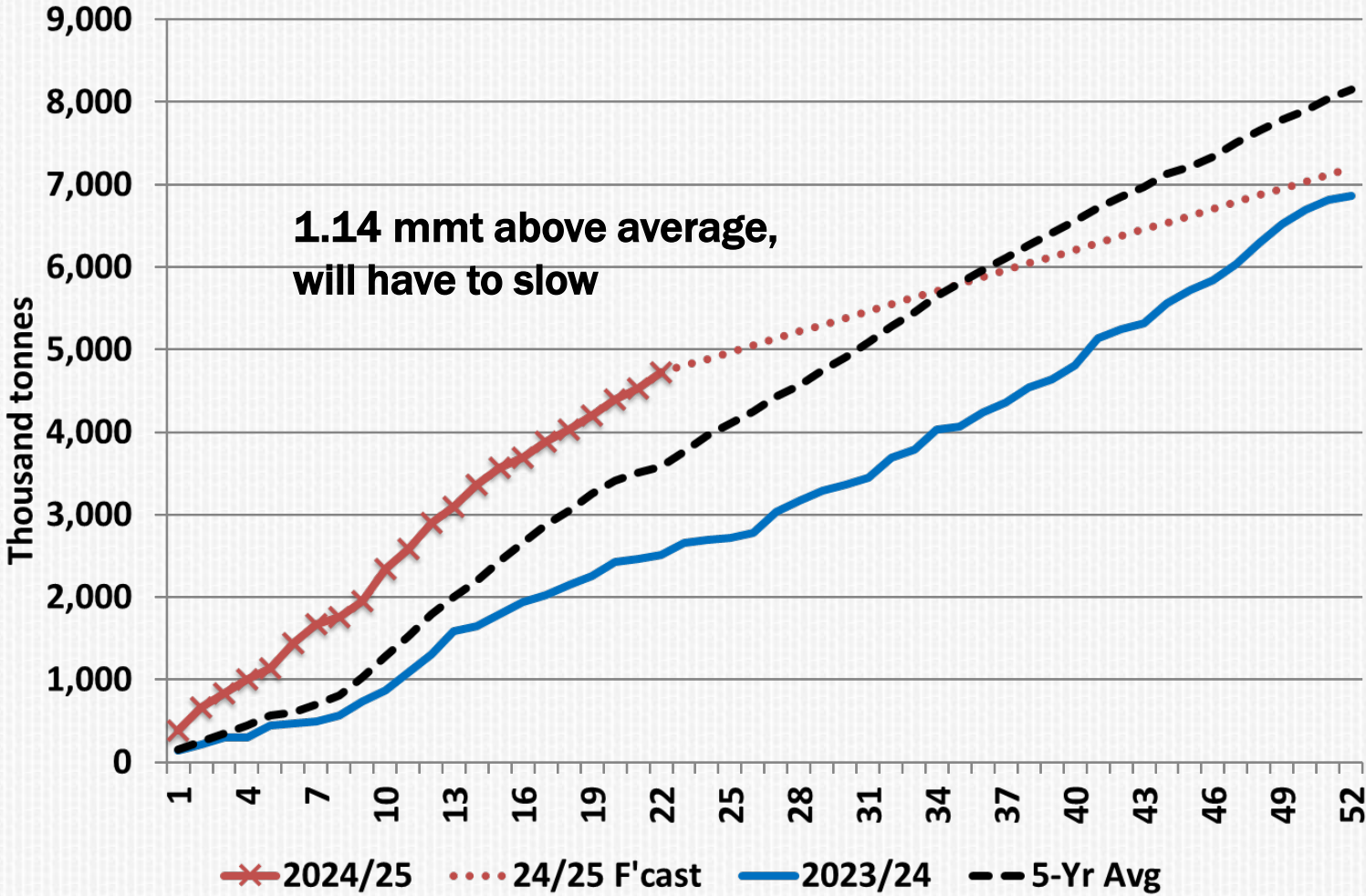


# STATSCAN ESTIMATE TRACK RECORD

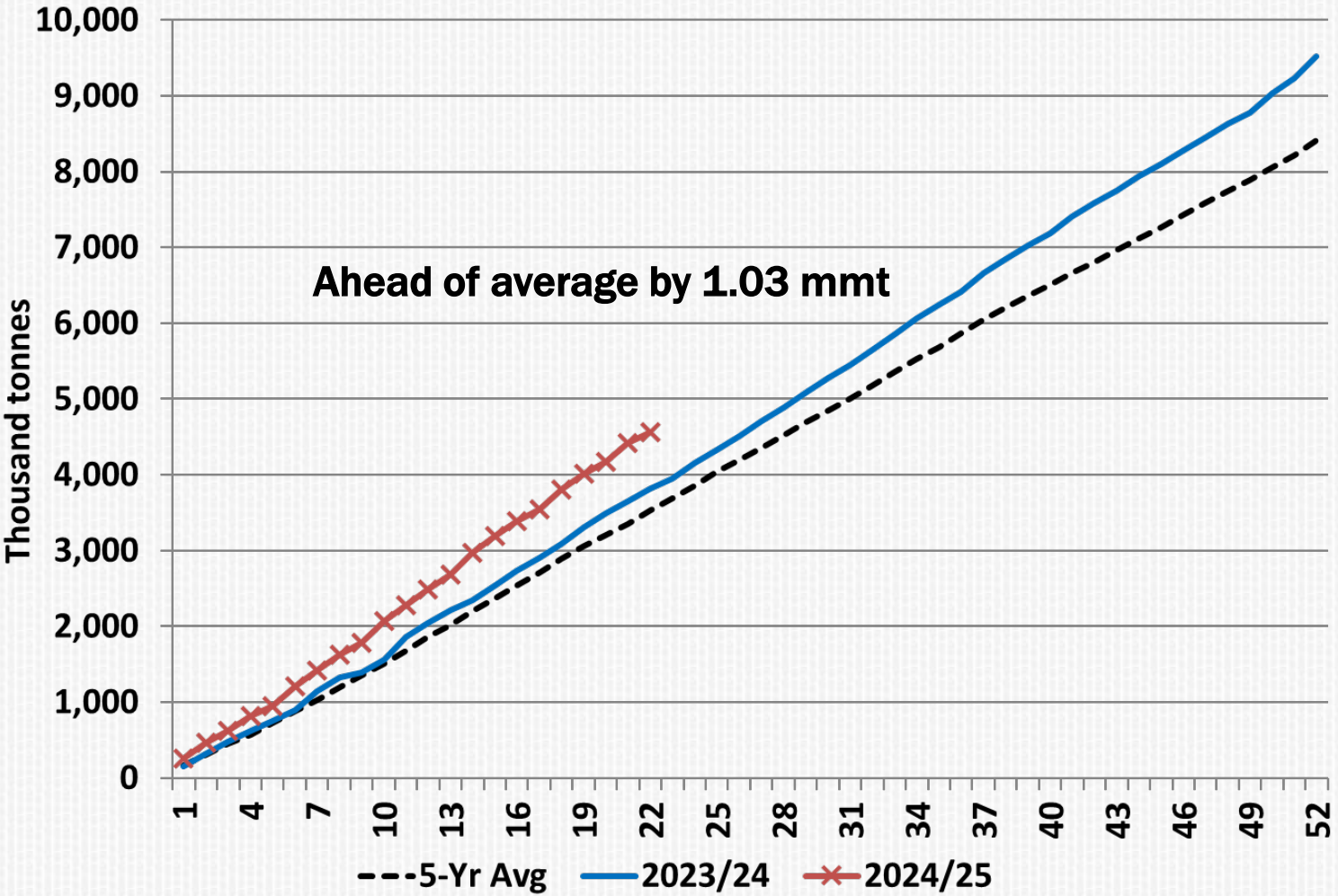




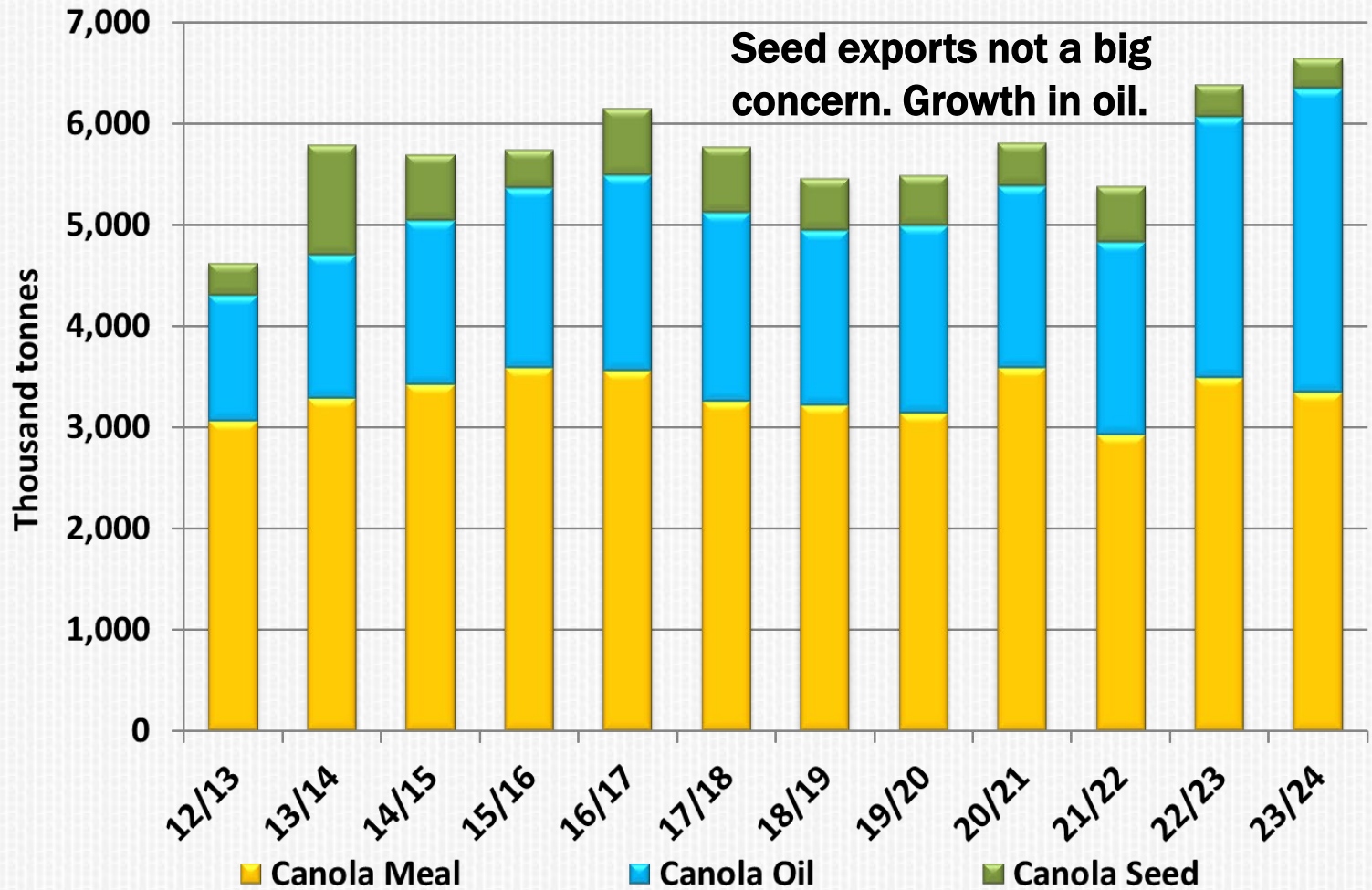
# CANADIAN CANOLA EXPORTS



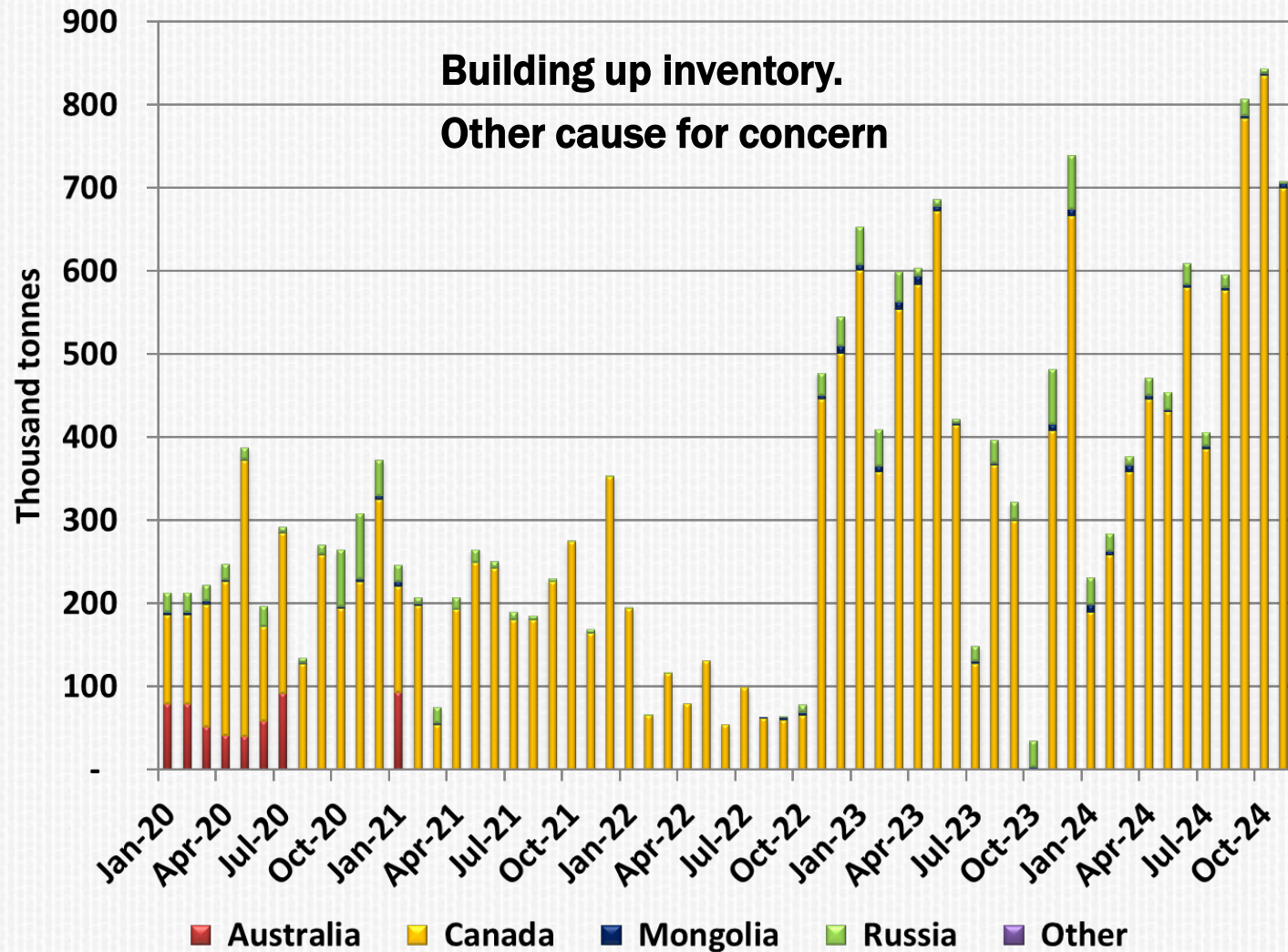
# CANADIAN CANOLA CRUSH



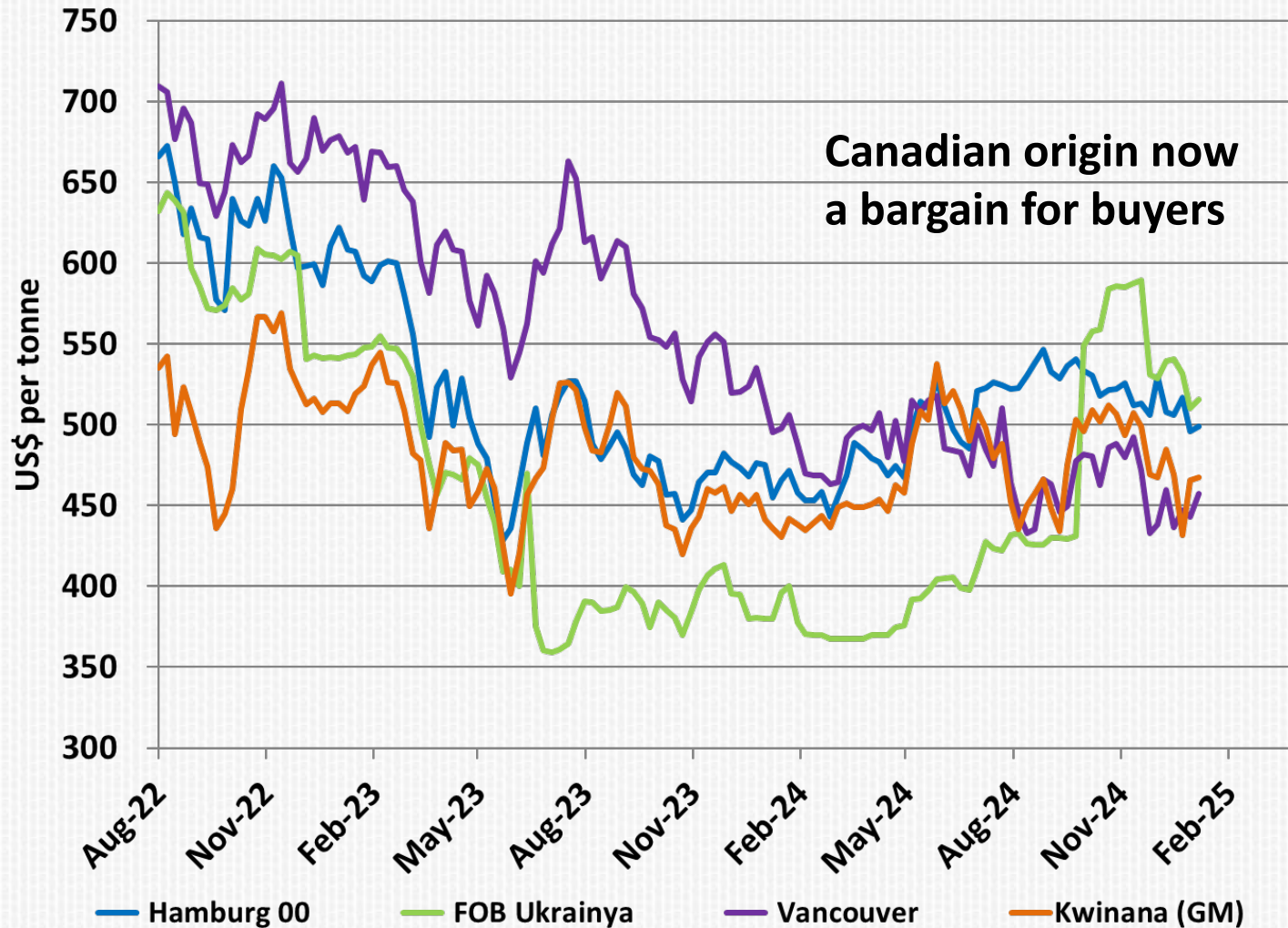
# CANADIAN EXPORTS TO US



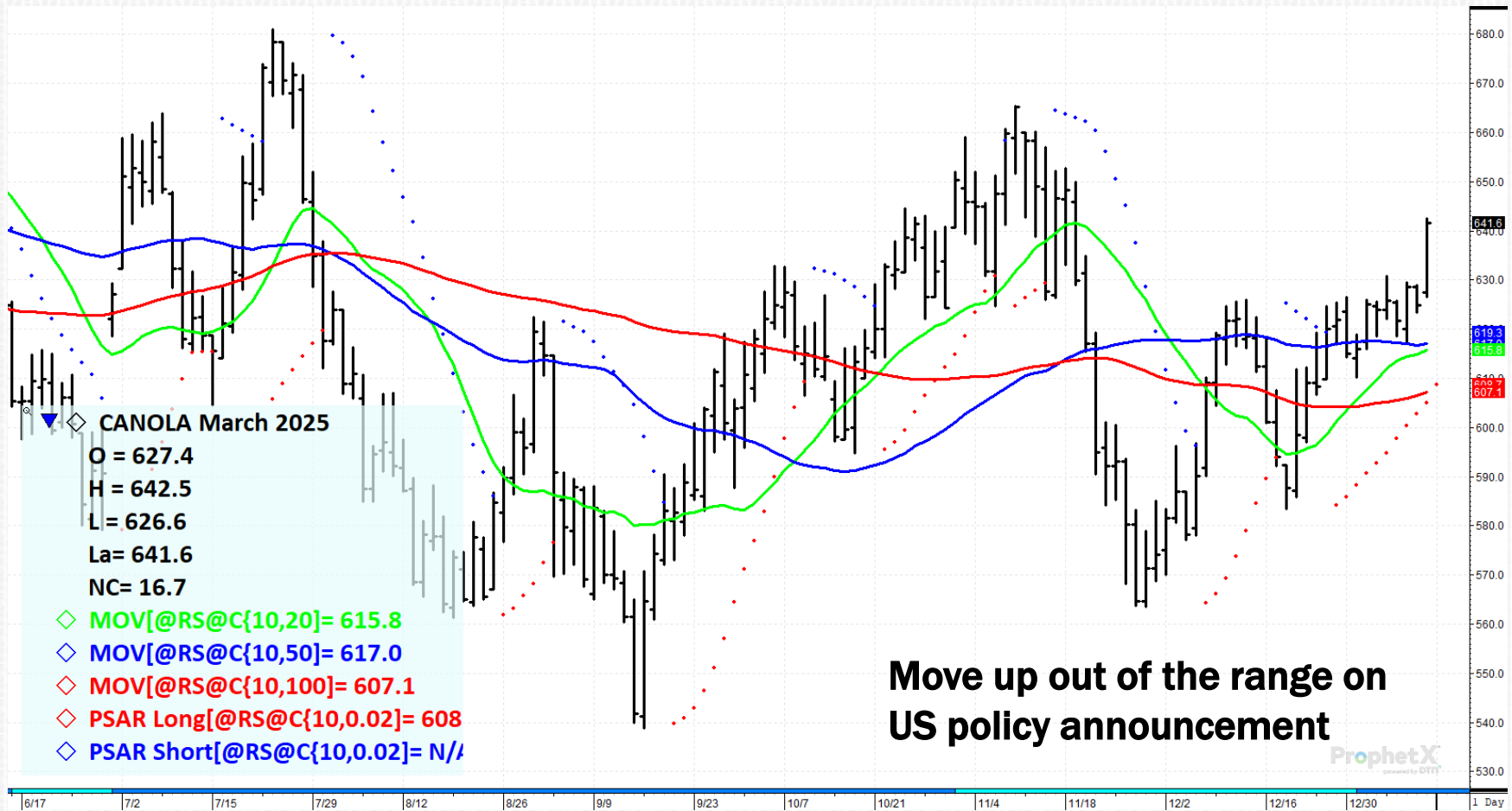
# MONTHLY CANOLA IMPORTS – CHINA



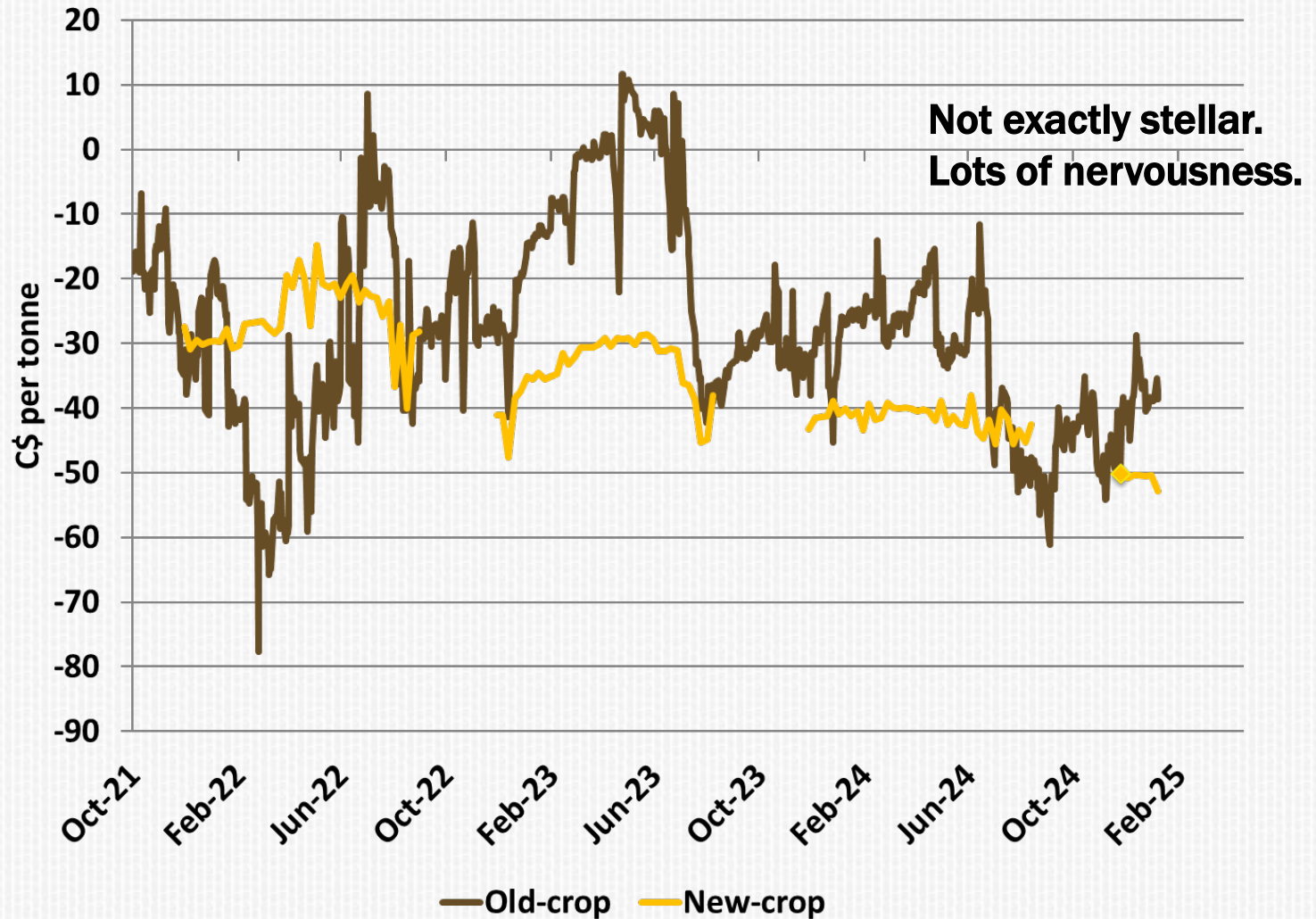
# SELECTED CANOLA/RAPESEED PRICES



# NEARBY CANOLA FUTURES



# ELEVATOR BASIS – CANOLA



# CDN CANOLA SUPPLY & DISPOSITION

	<u>21/22</u>	<u>22/23</u>	<u>23/24</u>	<u>24/25</u>	<u>25/26</u>
Seeded Acres, 000's	22,270	21,396	22,087	22,011	<b>20,800</b>
Harvested Acres, 000's	22,106	21,242	21,885	<b>21,859</b>	<b>20,634</b>
Yield (bu/acre)	28.4	39.1	38.7	36.8	38.2
<b>Supply ('000 tonnes)</b>					
Carry-In	1,776	1,484	<b>2,158</b>	<b>3,448</b>	<b>2,217</b>
Production	14,248	18,850	19,192	<b>18,245</b>	<b>17,876</b>
Imports	105	151	276	125	200
<b>Total Supply</b>	<b>16,129</b>	<b>20,485</b>	<b>21,625</b>	<b>21,817</b>	<b>20,294</b>
<b>Disposition ('000 tonnes)</b>					
Crush	8,555	9,961	11,033	<b>11,800</b>	<b>12,500</b>
Feed, Seed & Waste	845	<b>416</b>	<b>462</b>	<b>600</b>	<b>400</b>
Exports	5,245	7,950	6,683	<b>7,200</b>	<b>5,100</b>
<b>Total Disposition</b>	<b>14,645</b>	<b>18,328</b>	<b>18,178</b>	<b>19,600</b>	<b>18,000</b>
<b>Ending Stocks (Jul 31)</b>	<b>1,484</b>	<b>2,158</b>	<b>3,448</b>	<b>2,217</b>	<b>2,294</b>
<b>Stocks/Use</b>	<b>10%</b>	<b>12%</b>	<b>19%</b>	<b>11%</b>	<b>15%</b>

Lots of  
"what ifs"

Source: Statistics Canada with LeftField projections in bold

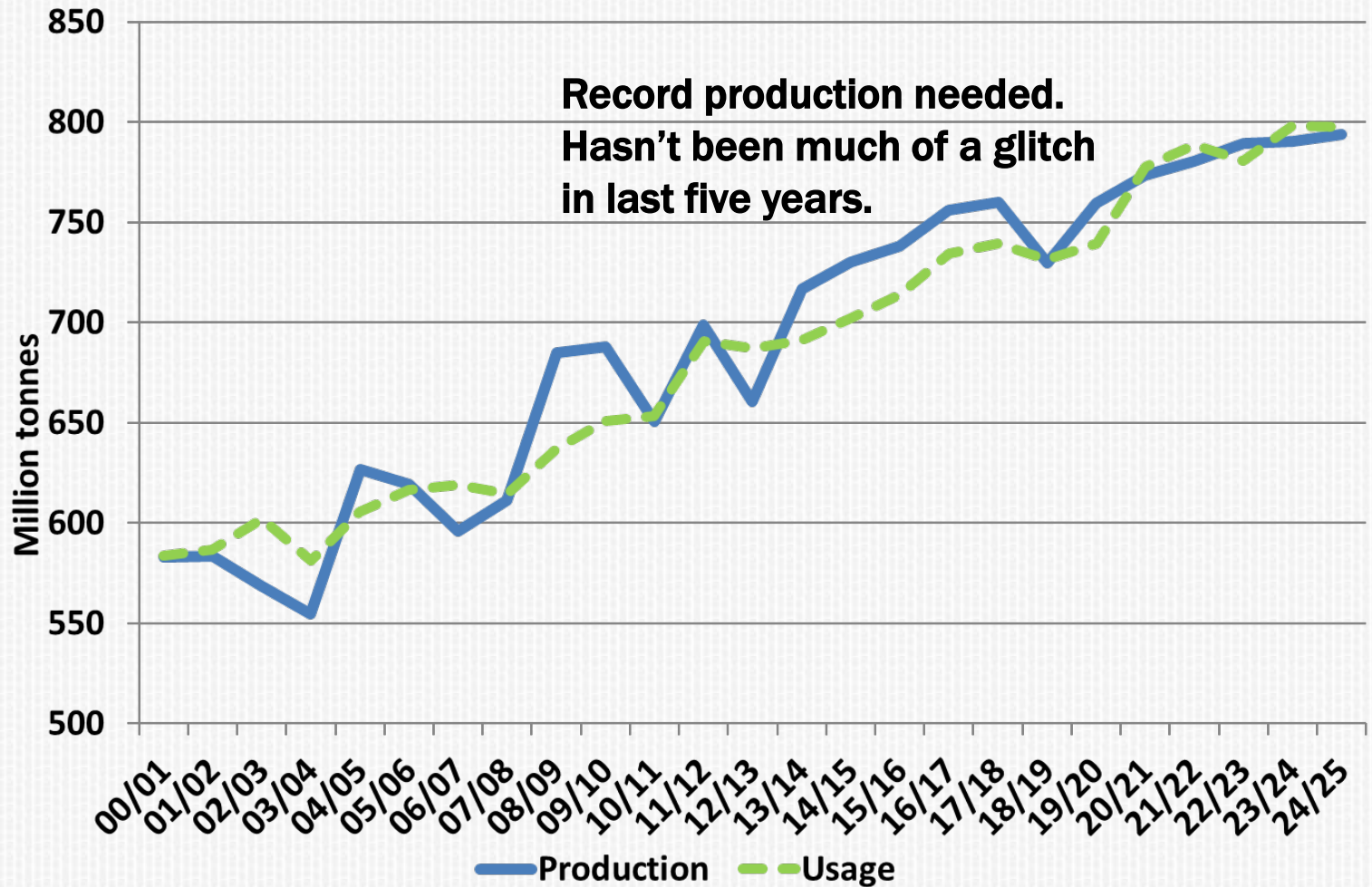


# FACTORS TO WATCH – CANOLA

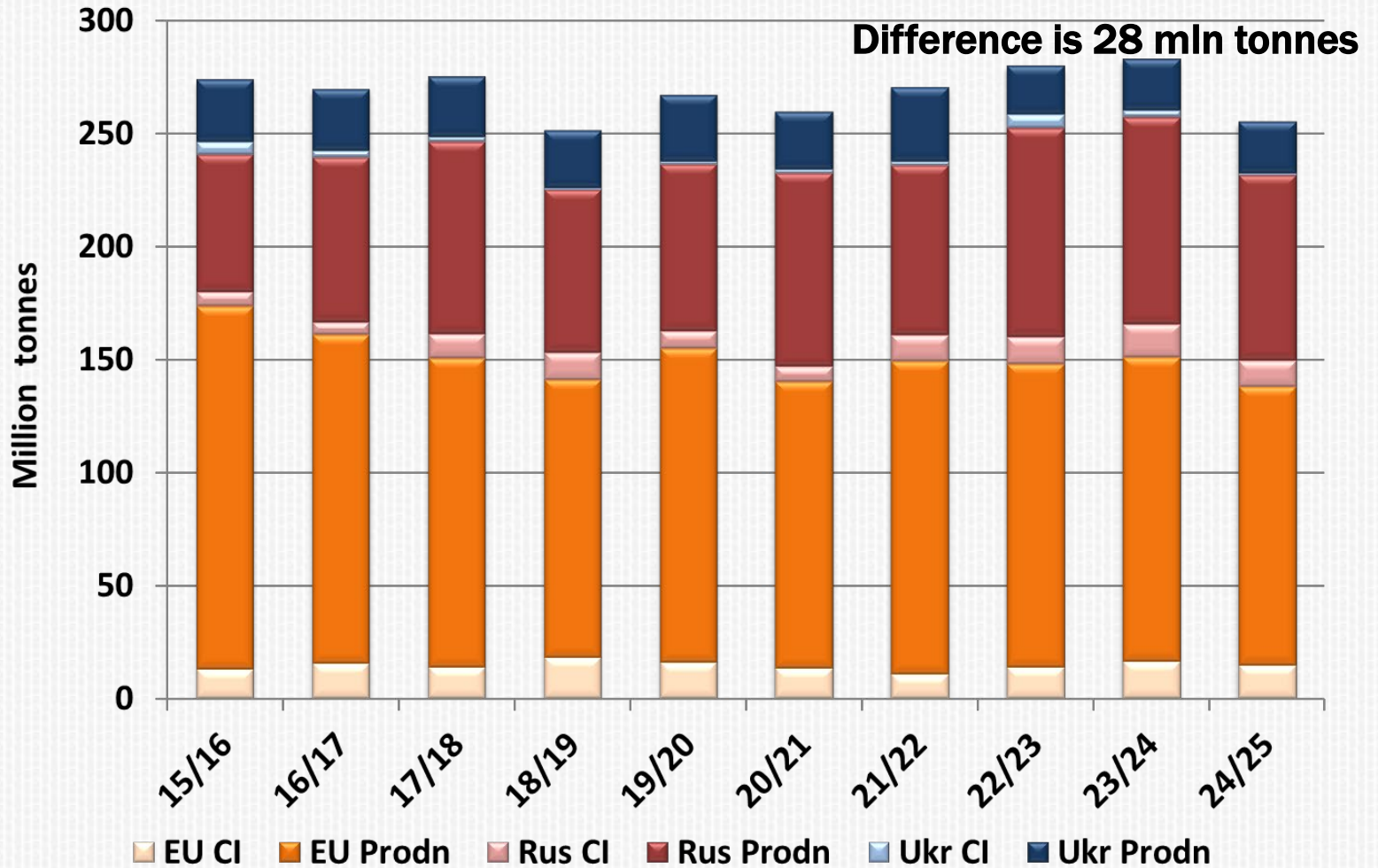
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- ✘ Strong export pull but basis not responding yet
  - + China now, Europe (and others) later
  - + Low ending stocks
- ✘ Potential impact of China and US trade issues
  - + Will other destinations offset loss of China?
  - + Bigger impact beyond 2024/25
- ✘ More crush capacity coming on-stream in 2025
  - + Impact of possible US tariffs on oil & meal demand

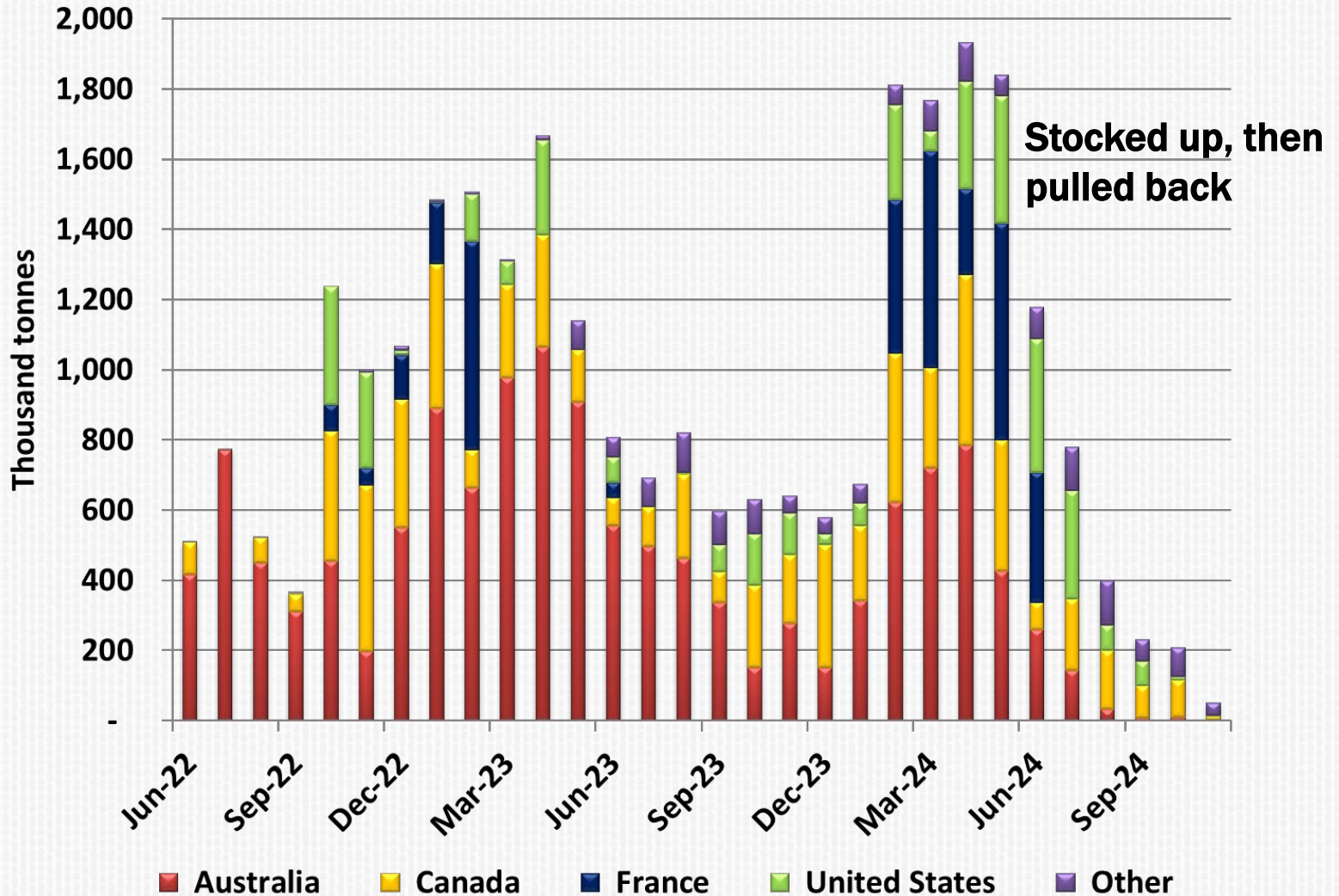
# WORLD WHEAT PRODUCTION & USE



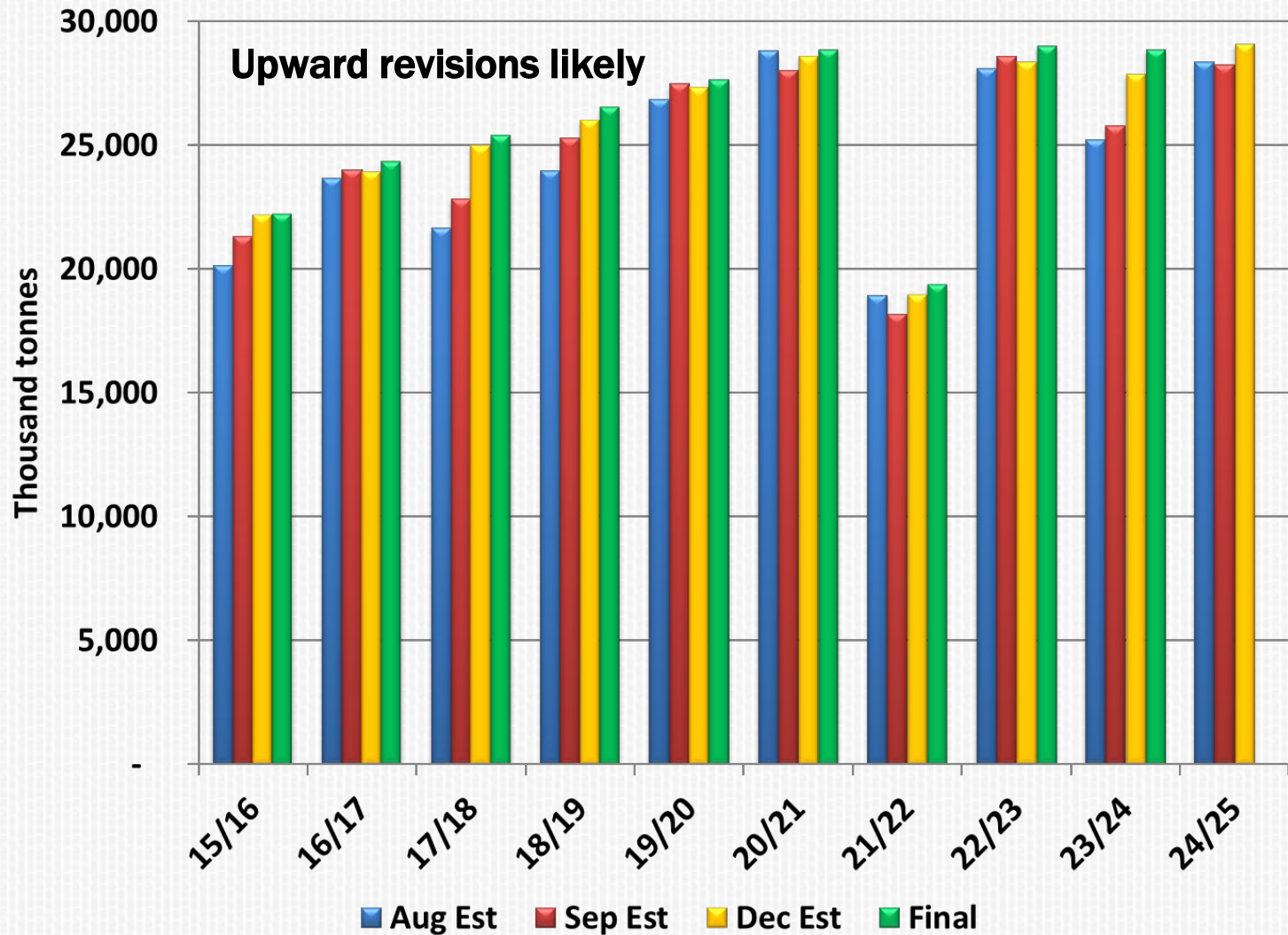
# WHEAT SUPPLIES – EU, RUSSIA, UKRAINE



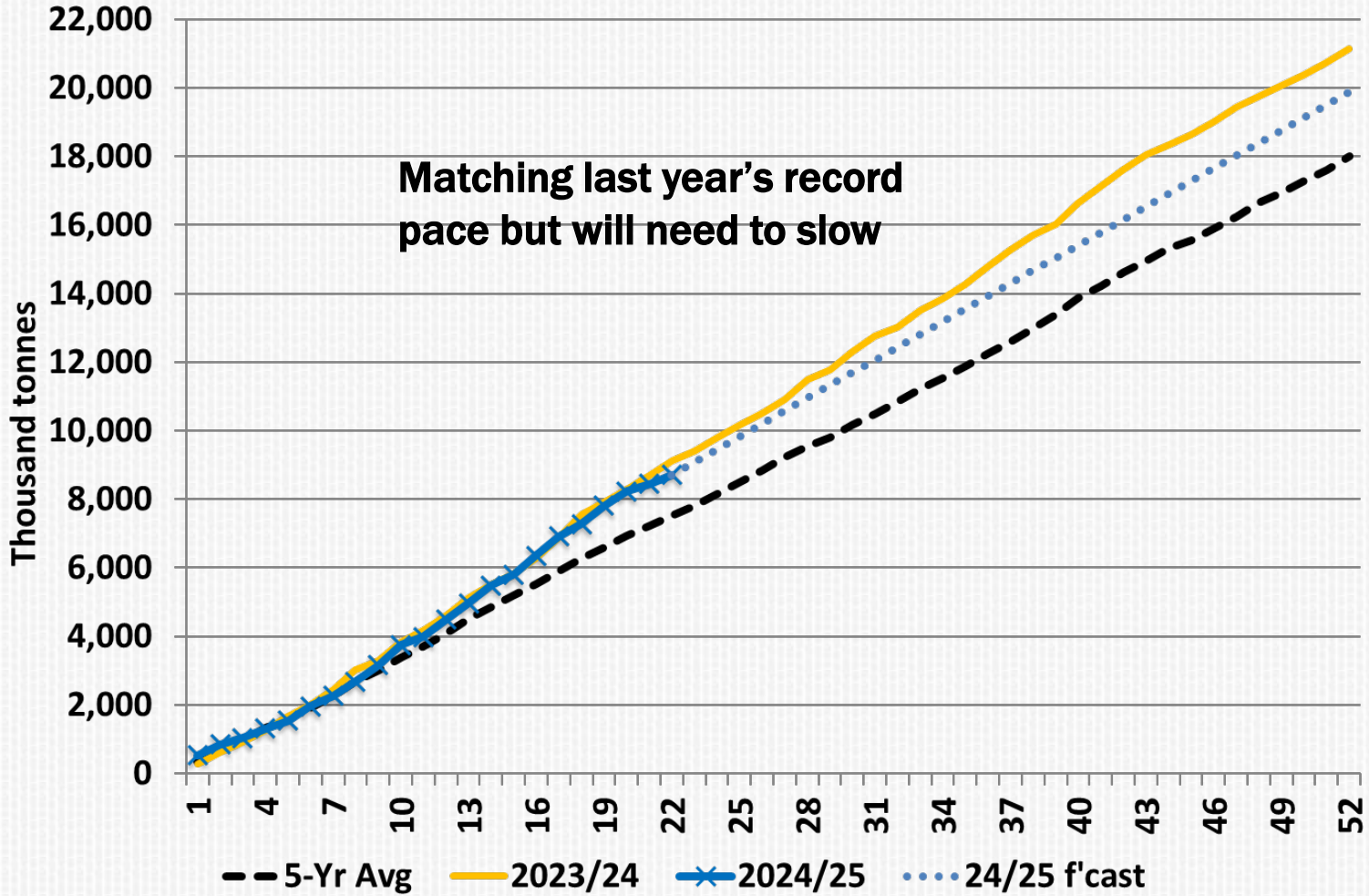
# WHEAT IMPORTS – CHINA



# STATSCAN WHEAT ESTIMATE RECORD



# CDN NON-DURUM WHEAT EXPORTS

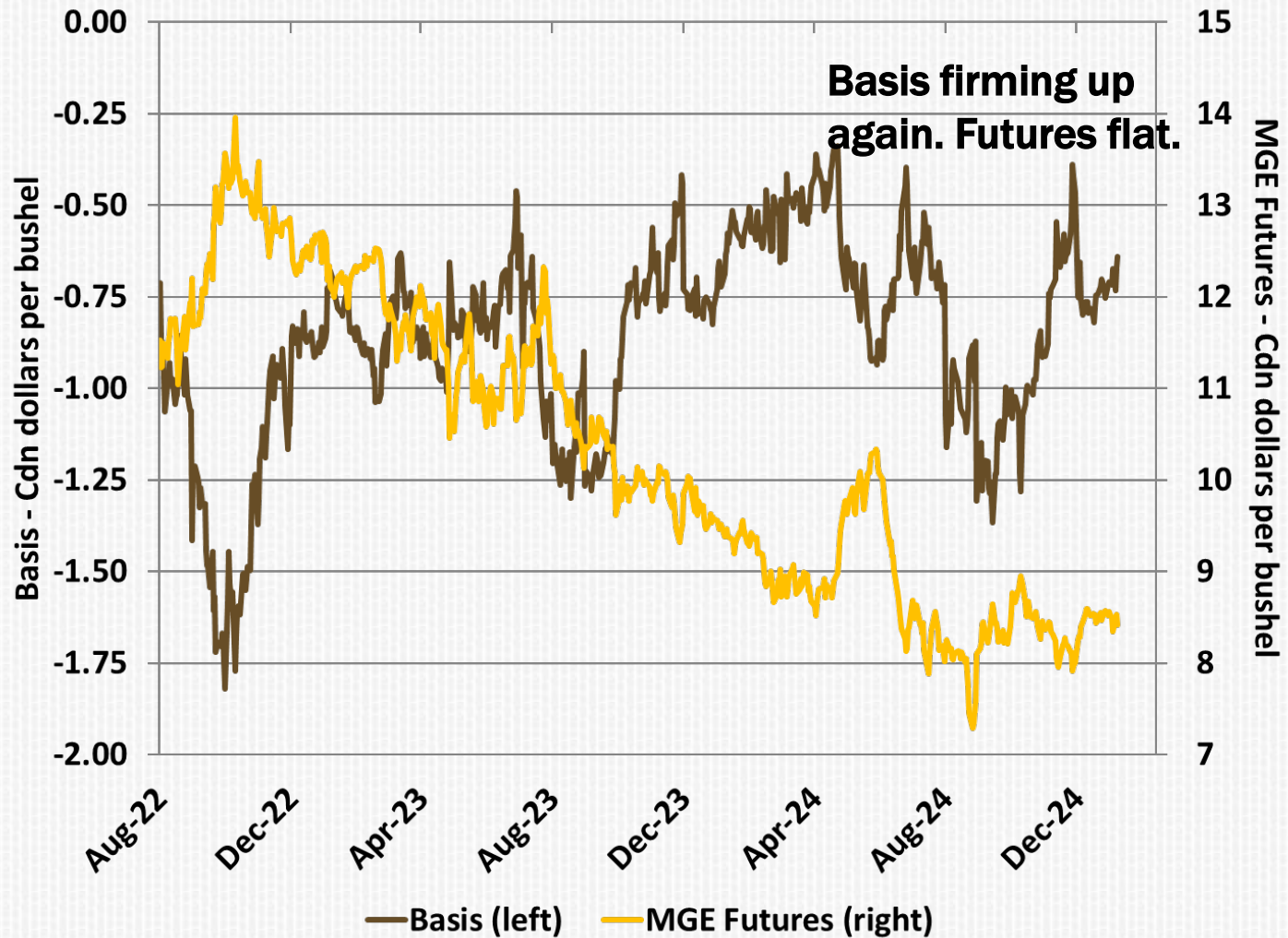


# CDN NON-DURUM WHEAT S&D

	<u>21/22</u>	<u>22/23</u>	<u>23/24</u>	<u>24/25</u>	<u>25/26</u>
Seeded Acres, 000's	17,718	19,382	21,017	20,409	<b>21,487</b>
Harvested Acres, 000's	17,218	19,018	20,570	19,974	<b>21,015</b>
Yield (bu/acre)	41.4	56.1	51.6	53.5	<b>53.5</b>
<b>Supply ('000 tonnes)</b>					
Carry-In	5,140	3,582	5,051	<b>4,208</b>	<b>4,299</b>
Production	19,390	29,016	28,859	29,088	<b>30,598</b>
Imports	153	64	88	<b>100</b>	<b>80</b>
<b>Total Supply</b>	<b>24,683</b>	<b>32,663</b>	<b>33,997</b>	<b>33,396</b>	<b>34,977</b>
<b>Disposition</b>					
Food	2,871	2,869	2,893	<b>2,870</b>	<b>2,880</b>
Seed, Industrial	1,157	1,235	1,175	<b>1,200</b>	<b>1,300</b>
Feed, Waste, Dockage	4,720	3,032	3,946	<b>4,327</b>	<b>4,827</b>
Exports	12,352	20,476	21,776	<b>20,700</b>	<b>21,000</b>
<b>Total Disposition</b>	<b>21,101</b>	<b>27,612</b>	<b>29,789</b>	<b>29,097</b>	<b>30,007</b>
<b>Ending Stocks (Jul 31)</b>	<b>3,582</b>	<b>5,051</b>	<b>4,208</b>	<b>4,299</b>	<b>4,970</b>
<b>Stocks/Use</b>	<b>17%</b>	<b>18%</b>	<b>14%</b>	<b>15%</b>	<b>17%</b>

Source: Statistics Canada with LeftField projections in bold

# CWRS WHEAT BASIS & MGE FUTURES





# FACTORS TO WATCH – WHEAT

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- ✘ Declines in global wheat stocks
  - + Smaller cushion but still not compelling
  - + Is demand growth easing?
- ✘ Winter wheat conditions
  - + Improving in the US, dry in Black Sea, iffy in Europe
- ✘ Tightening Cdn supplies will support basis
- ✘ Russian export movement to slow down?
- ✘ Need a bigger global crop in '25



## Small Grains Letter

September 15, 2022 Volume 11, Issue 19

LeftField Commodity Research, 52 Swiss Bay, Winnipeg, MB R2P 2P5  
www.leftfieldcr.com info@leftfieldcr.com ph: 204 949-1724

### Highlights & Lowlights

#### Spring Wheat

- StatCan increased their estimate for non-durum wheat production to 28.59 million tonnes.
- World ending stocks on China will be the highest since 12/13, while global import needs are rising.
- US wheat reports were strong in the weeks during the reporting disruption, although US values are high.
- The Prairie CWRS premium over CFS bids is now its longest term low, although its trend should reverse.

#### Durum

- StatCan lowered its durum crop estimate to 4.12 million tonnes on a yield of 38.4 bu./acre, likely still too high.
- Durum movement has been quite slow to start 2022/23, a possible warning of quiet demand.
- The Saskatchewan crop report indicated a high quality 2022 durum crop with 50% estimated as ECV durum.
- Durum bids in Canada and the US seem to be leveling off and could be close to finding seasonal lows.

#### Barley

- The barley crop estimate from StatCan was raised slightly to 9.43 million tonnes on a yield of 68.4 bu./acre.
- The Ukrainian barley crop is down sharply from last year, with estimates showing low export availability.
- Prices for feed and malt barley in Western Australia have come under pressure from another large crop.
- Feed barley prices in southern Alberta are starting to show a bit of strength, in line with seasonal.

#### Corn

- USDA reduced the US corn crop by 41.5 million bushels which will force demand returning this season.
- StatCan increased their estimate for the Canadian crop to a record 14.861 million tonnes.
- Brazilian prices are more competitive than the US, which could impact export business.

#### Oilseeds

- StatCan increased the size of the Canadian oat crop to 4.65 million tonnes, adding to the supply heartbreakers.
- USDA nudged their estimate for oat imports lower, although that may be a bit pessimistic.

#### Rice

- StatCan increased their estimate for the rice crop to 470,000 tonnes.

#### Spring Wheat

- Minneapolis closed \$0.30/100 on the week, although the December contract remains in the 50-60 range that has held more recently. Kansas City was a smaller improvement on the week, while Chicago was up \$0.16.

Today's trade saw MGE slip \$0.05, while KC was off \$0.20, which resulted in a meaningful swing in relative prices, and allowed MGE to show a modest premium of a couple of pennies. While we are reluctant to make too much of a single day's trade, the spread showed an upside reversal, and could be hinting at MGE finally starting to



## Special Crops Letter

September 13, 2022 Volume 13, Issue 19

LeftField Commodity Research, 52 Swiss Bay, Winnipeg, MB R2P 2P5  
www.leftfieldcr.com info@leftfieldcr.com ph: 204 949-1724

### Highlights & Lowlights

#### Leghais

- The Saskatchewan yield estimate was sharply lower than StatCan's initial release, with the next one likely lower.
- StatCan estimated 2021/22 lentil ending stocks at 234,000 tonnes, low but larger than earlier ideas.
- The USDA's crop estimate for lentils (mainly green) 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 this marketing year.

#### Fax

- Estimates of Canadian flax yields will likely be trimmed in the upcoming StatCan estimates.
- StatCan showed surprisingly large 2021/22 flax ending stocks at 85,000 tonnes, the most since 2017/18.
- Canadian flax reports were very quiet to end 2021/22 due to low supplies but also inconsistent 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 Saskatchewan yield estimate was 1,277 Bu./acre, 500 pounds less than StatCan's initial number.
- StatCan showed 2021/22 chickpeas ending stocks at 147,000 tonnes, but that number is questionable.
- Canadian reports 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

- StatCan 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.
- Former soy oil futures have been unable to provide support to oil and black bunker sunflower bids in the US.

#### Lentils

- Another piece of the 2022 lentil production puzzle was added last week, with a Saskatchewan yield estimate of 1,174 Bu./acre, far lower than StatCan's initial estimate of 1,564 Bu./acre. Based on the Saskatchewan yield, the 2022 crop would come in at 2.27 million tonnes versus 3.01 million from StatCan. The average trade guess is 2.7 million tonnes. That said, we expect StatCan will lower its

yield in Wednesday's release, which will have yields on satellite vegetation images from August rather than conditions in July. Our view is that the actual yield is closer to the Saskatchewan yield end of the range than the early StatCan yield. Our own determination is a yield of 1,250 Bu./acre which would produce a crop of 2.41 million tonnes. That's still 180,000 tonnes more than last year but lower than the pre-2021 average of 2.44 million tonnes. If so that would mean a real lentil crop of



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## Canola & Soy Letter

September 14, 2022 Volume 5, Issue 44

LeftField Commodity Research, 52 Swiss Bay, Winnipeg, MB R2P 2P5  
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### Highlights & Lowlights

#### Canola

- StatCan reduced their estimate for the Canadian crop to 15.01 million tonnes.
- World canola/rapeseed production will be up 9 million tonnes in 2022/23 to 83.1 million.
- Canada's premium over soybean futures is back into a more normal range, although there is upside going forward.

#### Soybeans

- USDA captured the market by dropping the US yield to 50.6 bu./acre, down 1.4 bu from the last estimate.
- StatCan bumped up the size of the Canadian crop to 6.11 million tonnes, the highest in four years.
- Argentina's FY program designed to encourage soybean deliveries has resulted in big Chinese purchases.

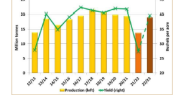
#### Canola

Canola gained \$11/tonne the past week, although the "bullish" doesn't necessarily feel that way. The increase was entirely due to a \$29 rally after Monday's bullish USDA report with prices lower in every other session. The May market fell at the 30-day moving average at \$817 on a Monday basis, and could trade a little above \$800. The next layer of resistance is the top of the trading range at \$865. Initial support is the recent low of \$765, after which prices would target \$750. The lack of any upside follow-through from Monday suggests prices will drift lower in the shorter term, likely testing key support levels. Our medium-term outlook is more constructive, but any recovery will start from lower levels.



This morning StatCan lowered their canola production estimate to 15.01 million tonnes, 1% less than the last report. This model based figure reflects data to the end of August. Given the hot and dry conditions across much of the Prairies, some reductions is not a surprise, even if the figure comes in on the lower end of trade estimates. Yields on the 25 and 48 acrements are still far below StatCan, and early harvest results could support an even lower number. However, some of the later harvested fields will likely have better yields. For now, we lowered our production figure to match the StatCan number.

#### Canadian Canola Production



The Saskatchewan report showed the province's canola crop at 22% harvested as of September 9, compared to a more normal 18% or more at this point in the season.



## Farm Market Letter

May 30, 2021 Volume 1, Issue 3

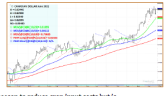
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### The Bigger Picture - Rising Canadian Dollar Impacts Markets

We've certainly not surveyed experts, but we would agree 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 energy, 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 high, the negative impact of a higher dollar may be less noticeable but it will very real.



#### Spring Wheat

##### Update

- 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.

##### Outlook

"The global crop is getting bigger in the market's eyes. This includes large crops in the EU, Ukraine and Russia."

##### Market of Focus

"Although not heavy, global wheat supplies are increasingly looking comfortable as we get further into the growing season with the problems in the key production regions. 'World demand will be strong even if we provide soybean 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 uncertainties to monitor, including mixed reports on Russian supplies for 2021/22. The Fed's dot plot which will remain relevant, right."

#### 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 drive higher in western Canada. While milling wheat bids are still at a premium overall, there are regions where the feed market is up or flat. While the break in corn futures is a headliner for Prairie feed grains as a whole, it still at least a couple of months until there is a real supply need, which will keep feed wheat prices elevated. This will help provide a floor for all wheat bids, even if milling values are further pressure.

