

Canada Oat Outlook Cropsphere 2020

Oatinformation.com



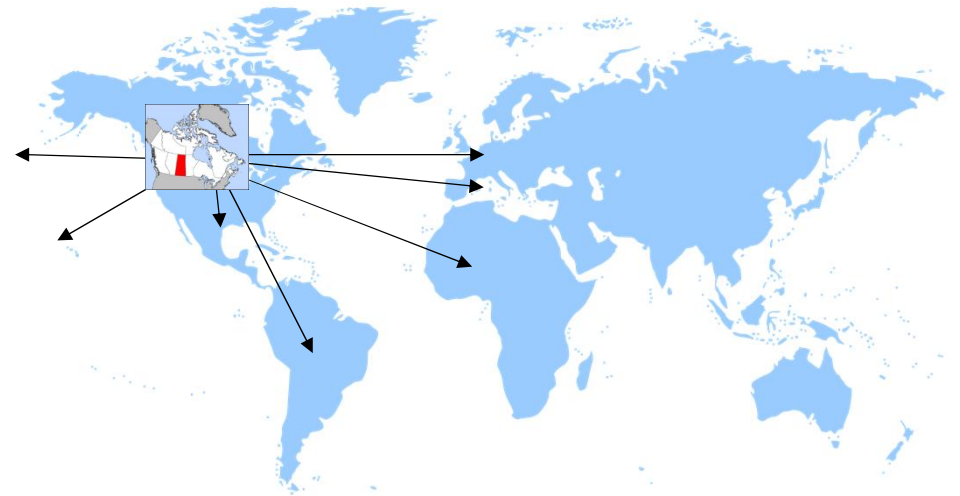
What's on Tap Today

- The oat outlook in four slides
- Key oat metrics
- What's driving oat prices
- Looking forward



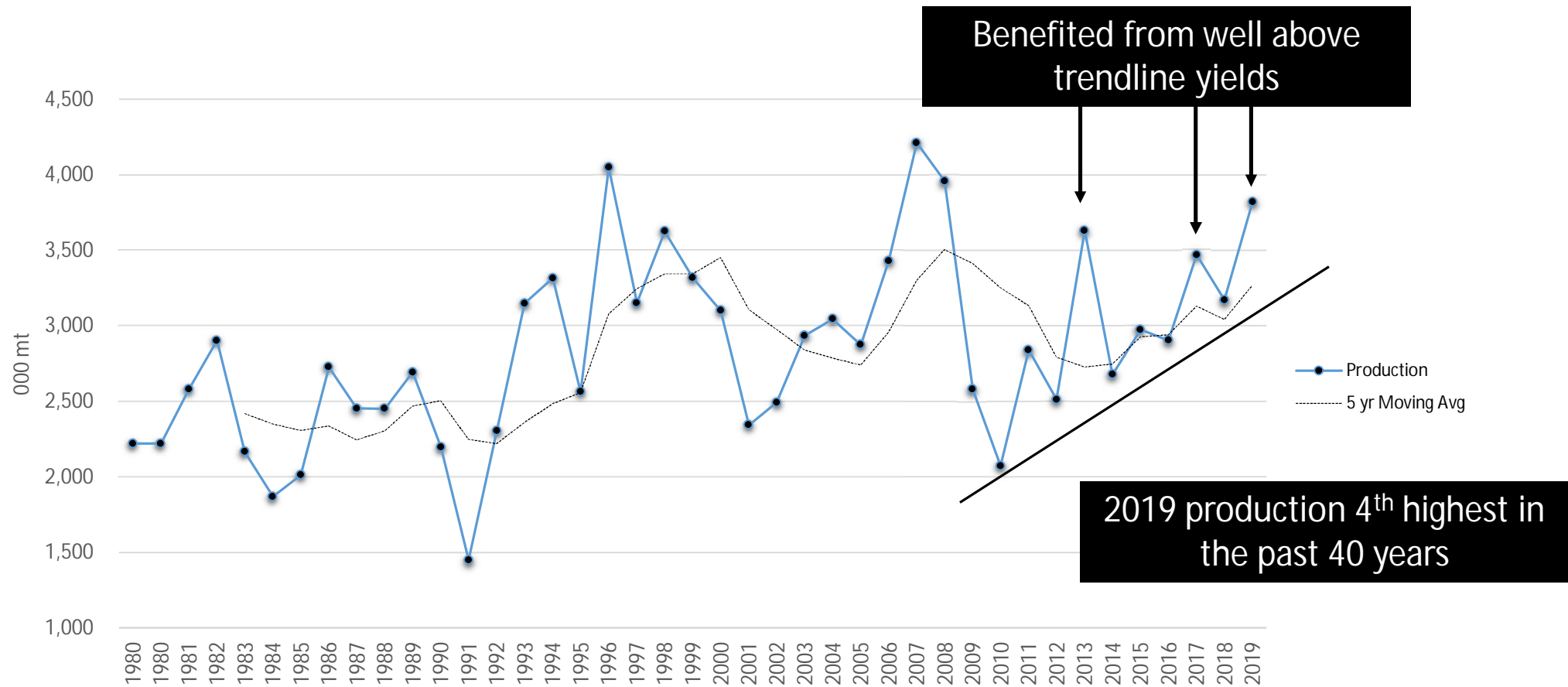
Saskatchewan is the Center of the Oat World

- Largest oat producing province in Canada at a 54% share, Western Canada 61%.
- Single largest global oat production region. Only the entire country of Russia is a larger producer.
- Saskatchewan accounts for;
 - 60% of Canada's raw oat exports.
 - Exports 3 times more oats than the 2nd largest global exporter Finland.
 - 50% of oat product exports.
- The major global price discovery point.
- Drives the bulk of CBOT oat hedging.

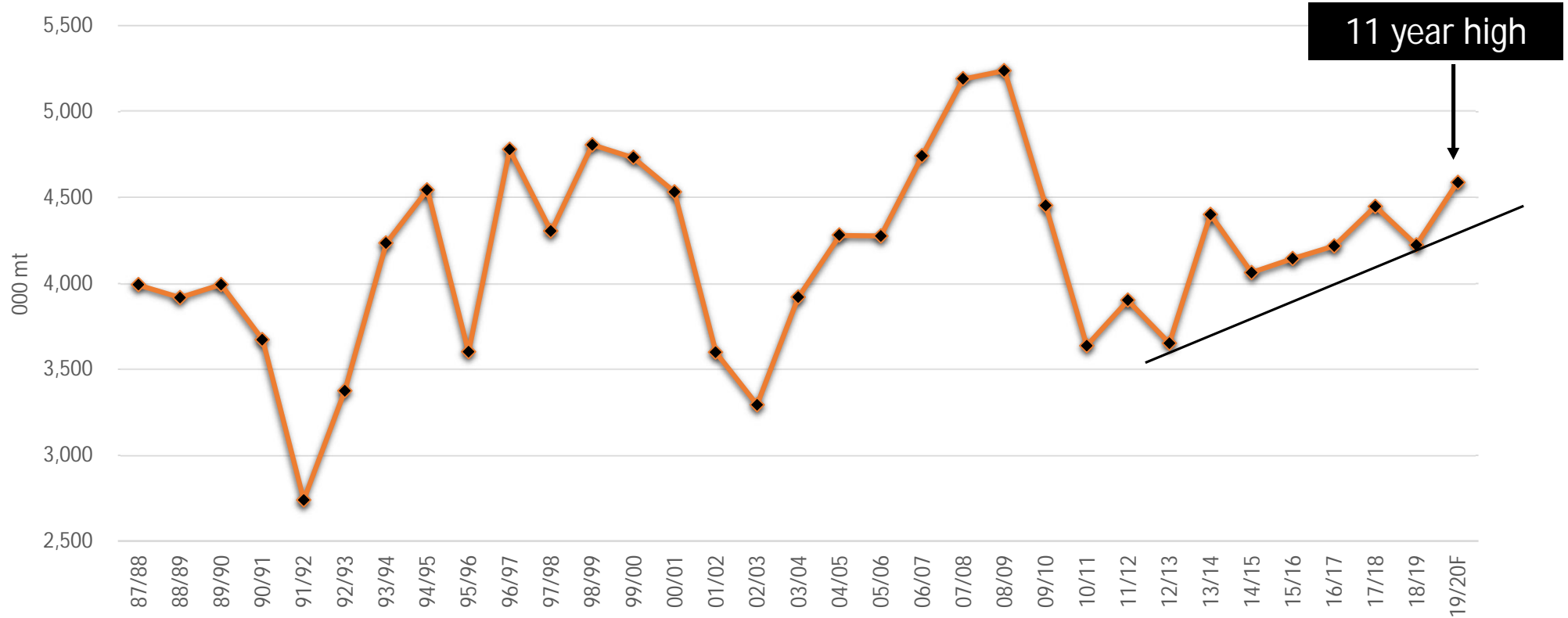


Four Slides Sums It All Up!

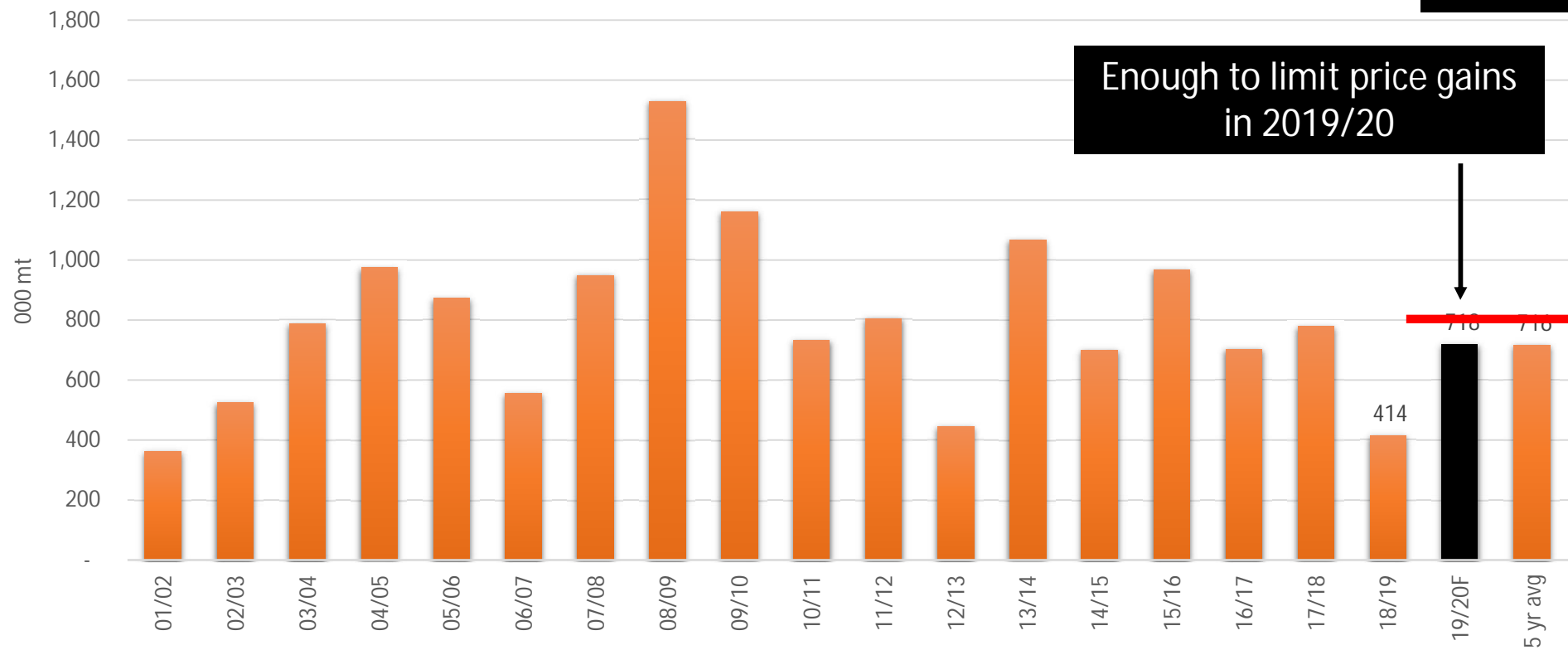
Western Canada Oat Production



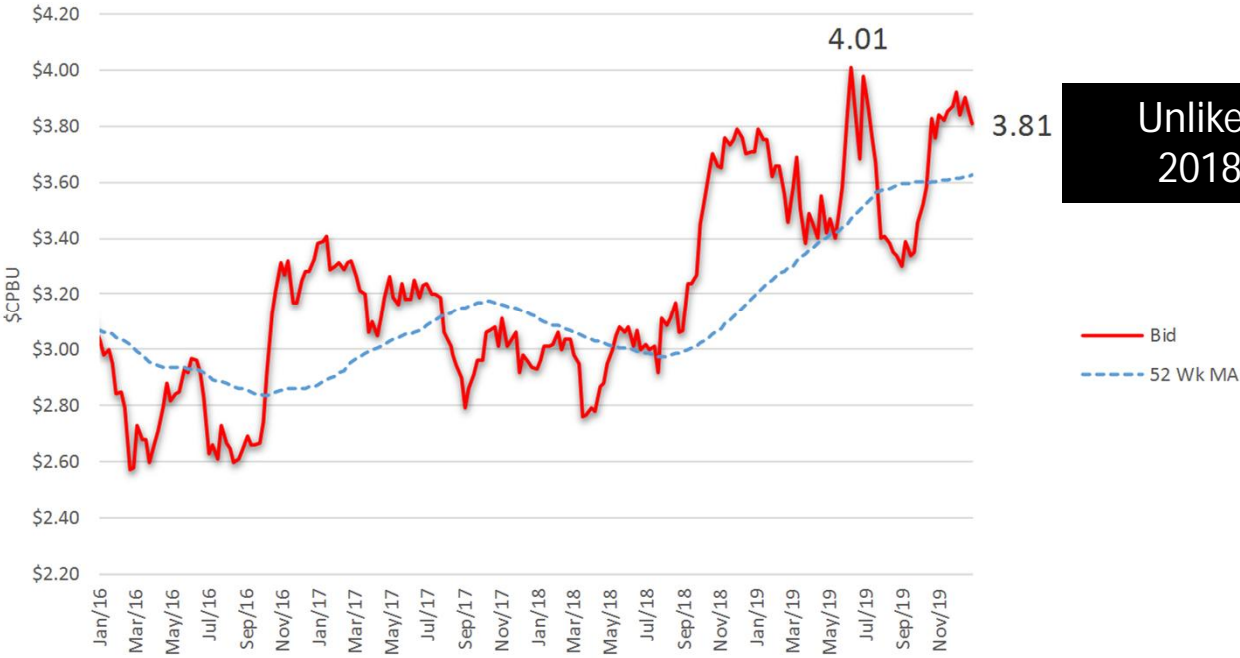
Total Canada Oat Supplies



Canada Oat End Stocks



Manitoba Grower Oat Prices



Saskatchewan spreads at \$.50 less

Unlikely to reach 2018/19 highs

OK, Now I'll Bore You with the Facts

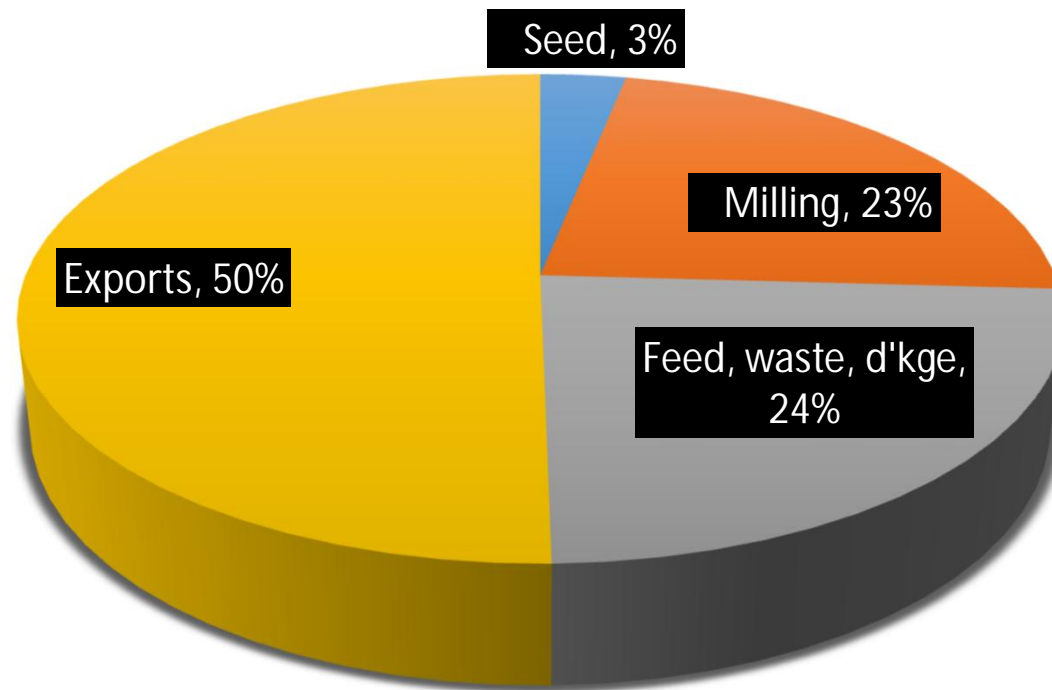


Key Oat Metrics



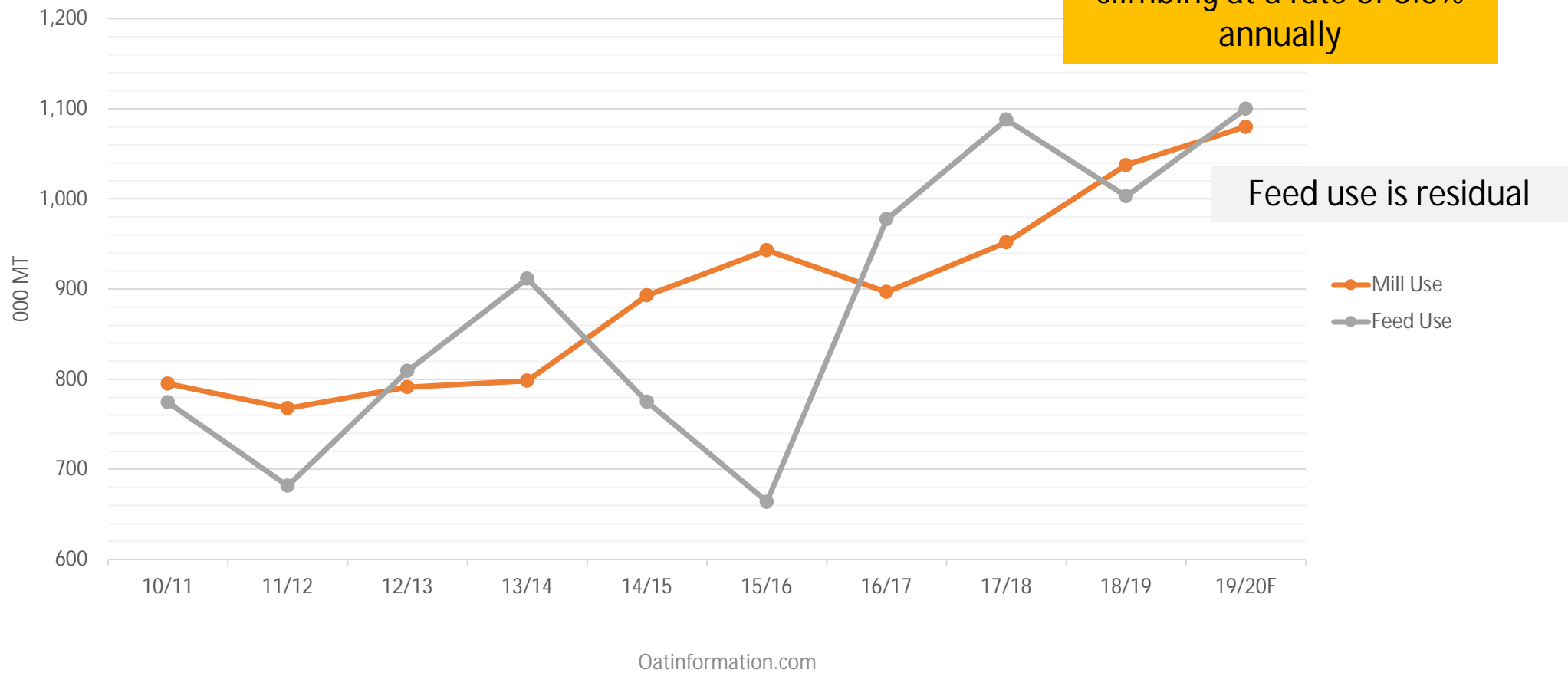
- Oat Use
- Outside markets
- Oat foods driving oat markets

Canadian Oat Use – 5 yr Average

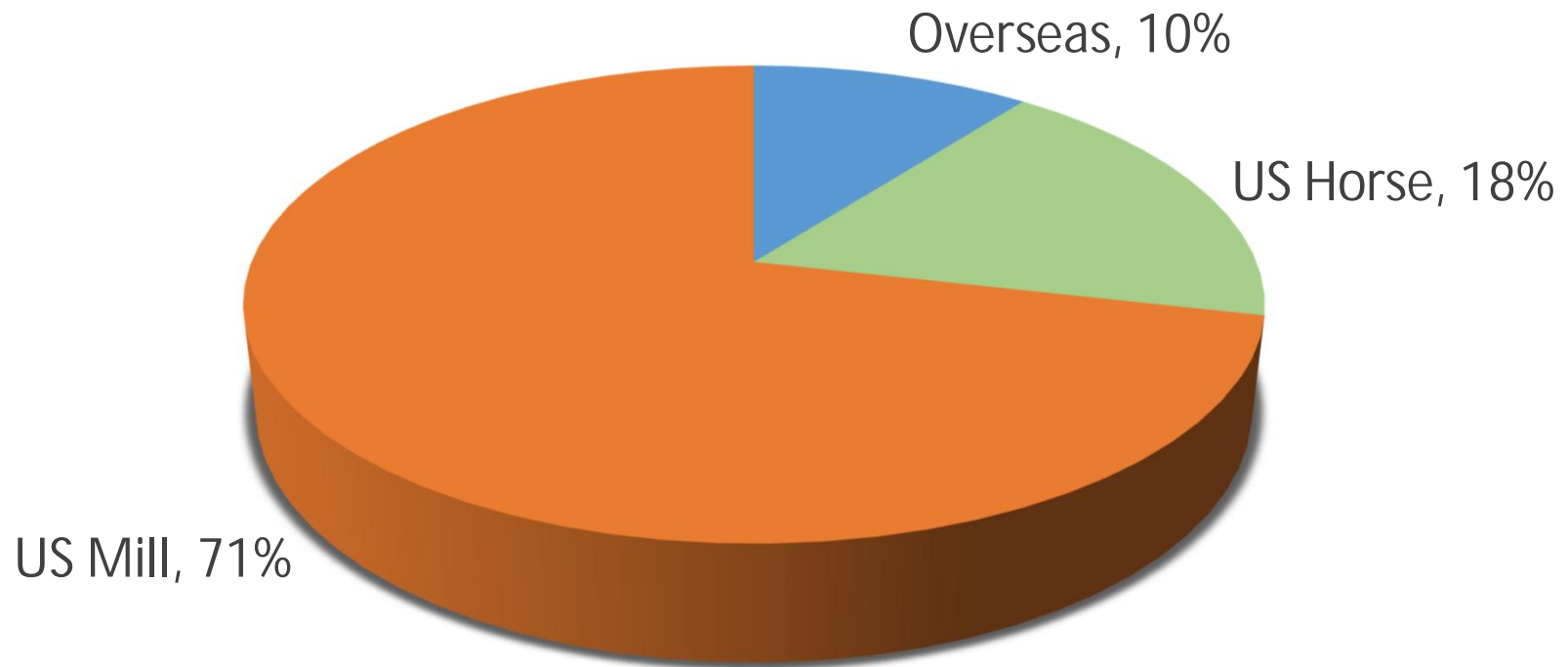


Canada Oat Milling & Feed Use

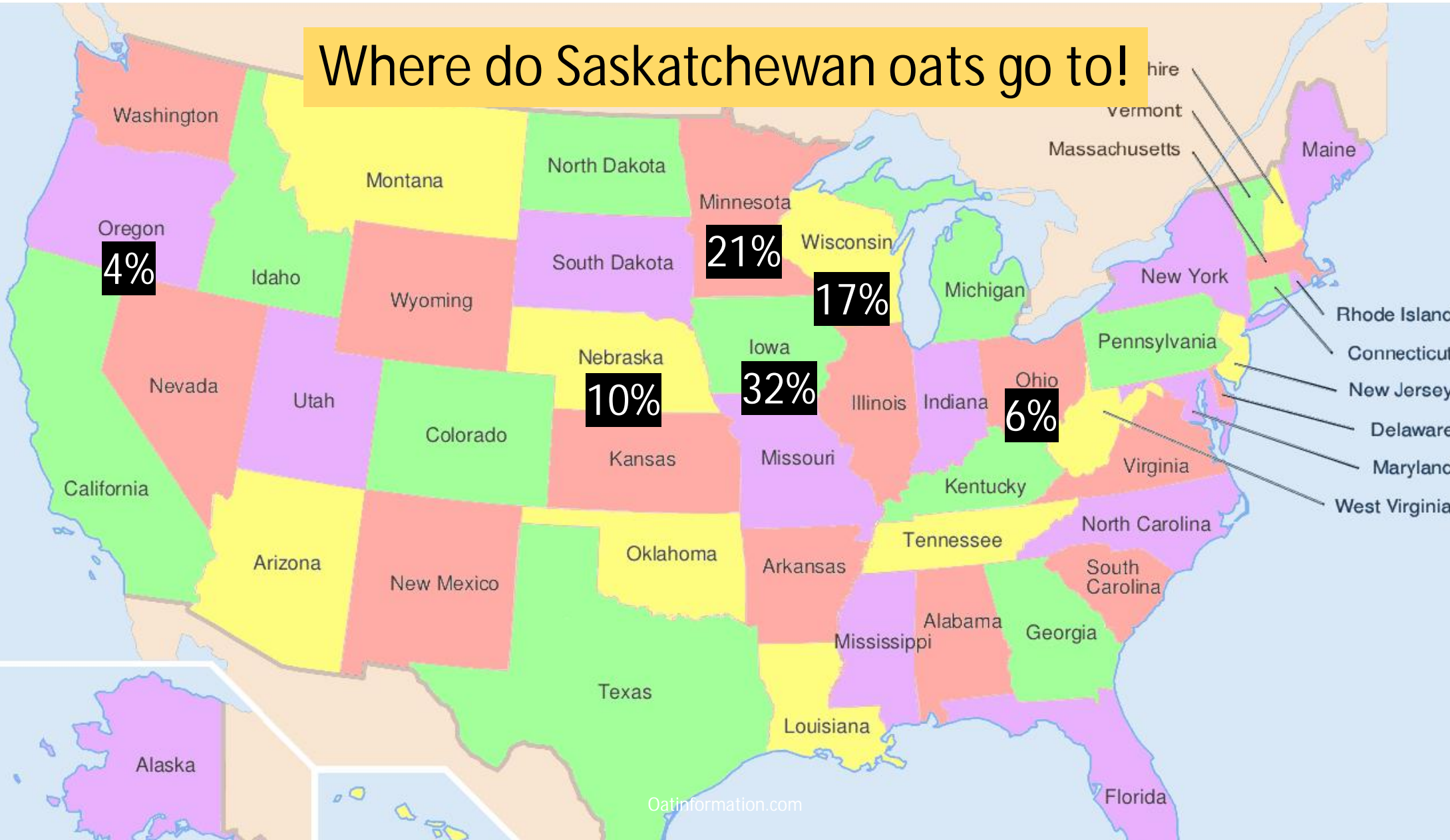
Mill use is the primary driver of oat prices, climbing at a rate of 3.3% annually



Canadian Oat Exports – 5 yr Average



Where do Saskatchewan oats go to!

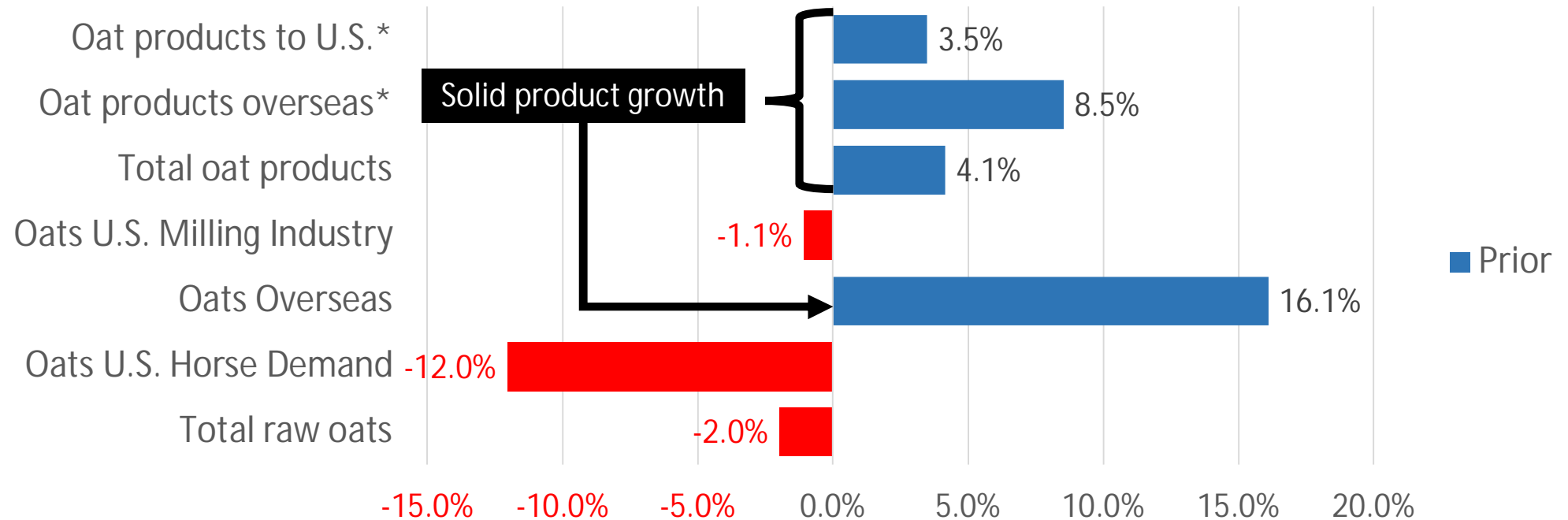


Where do Saskatchewan oats go to overseas!



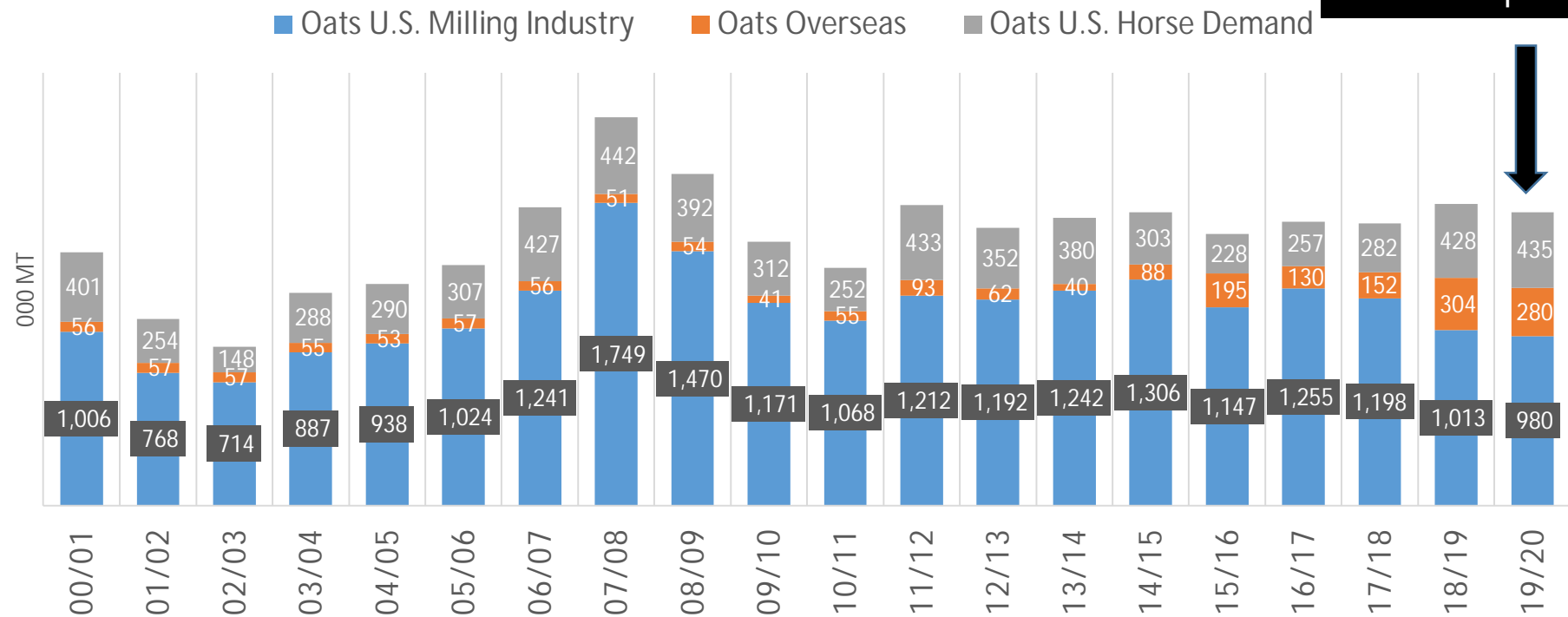
Growth Canada Oat and Oat Products Exports

5 Year CAGR

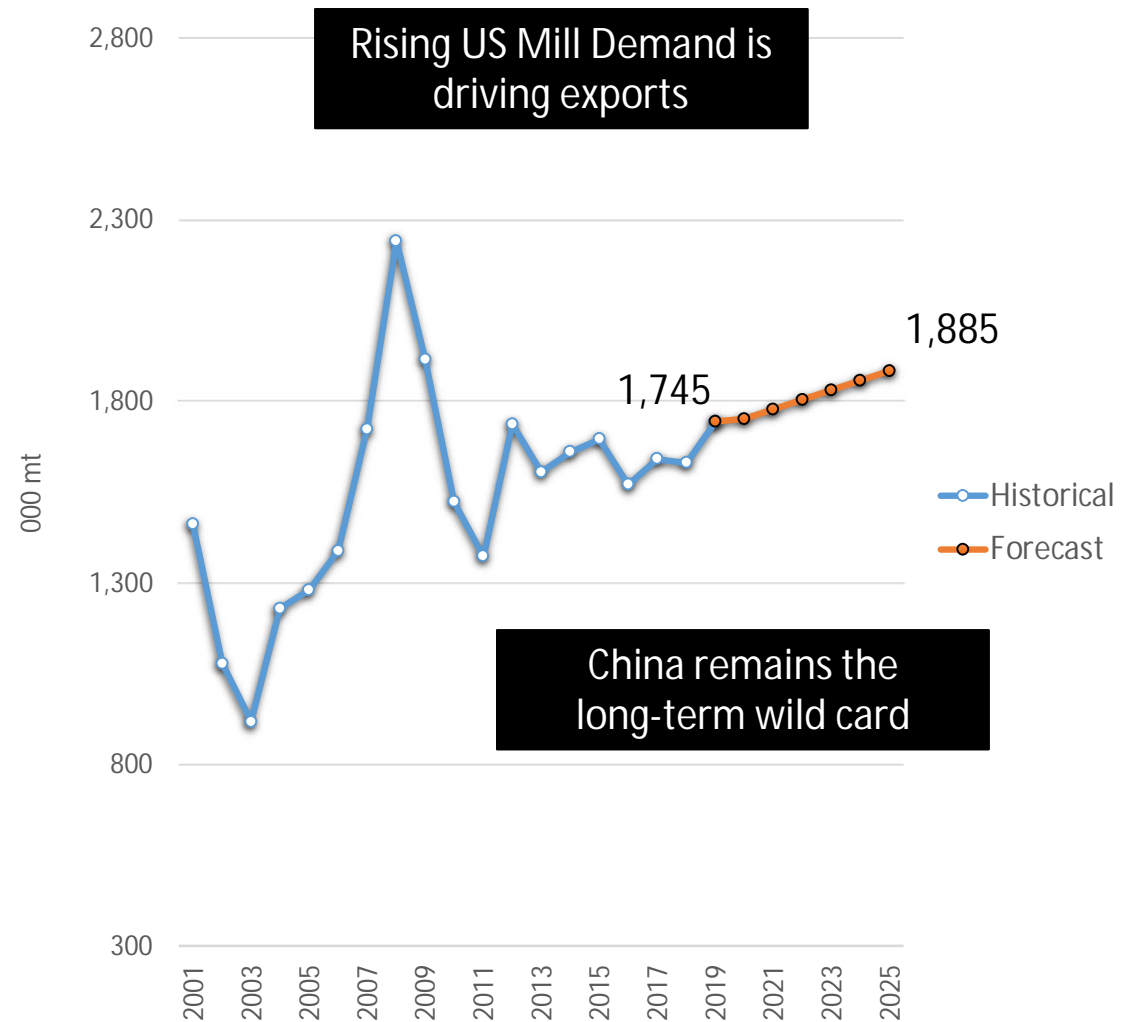


Canada Oat Exports

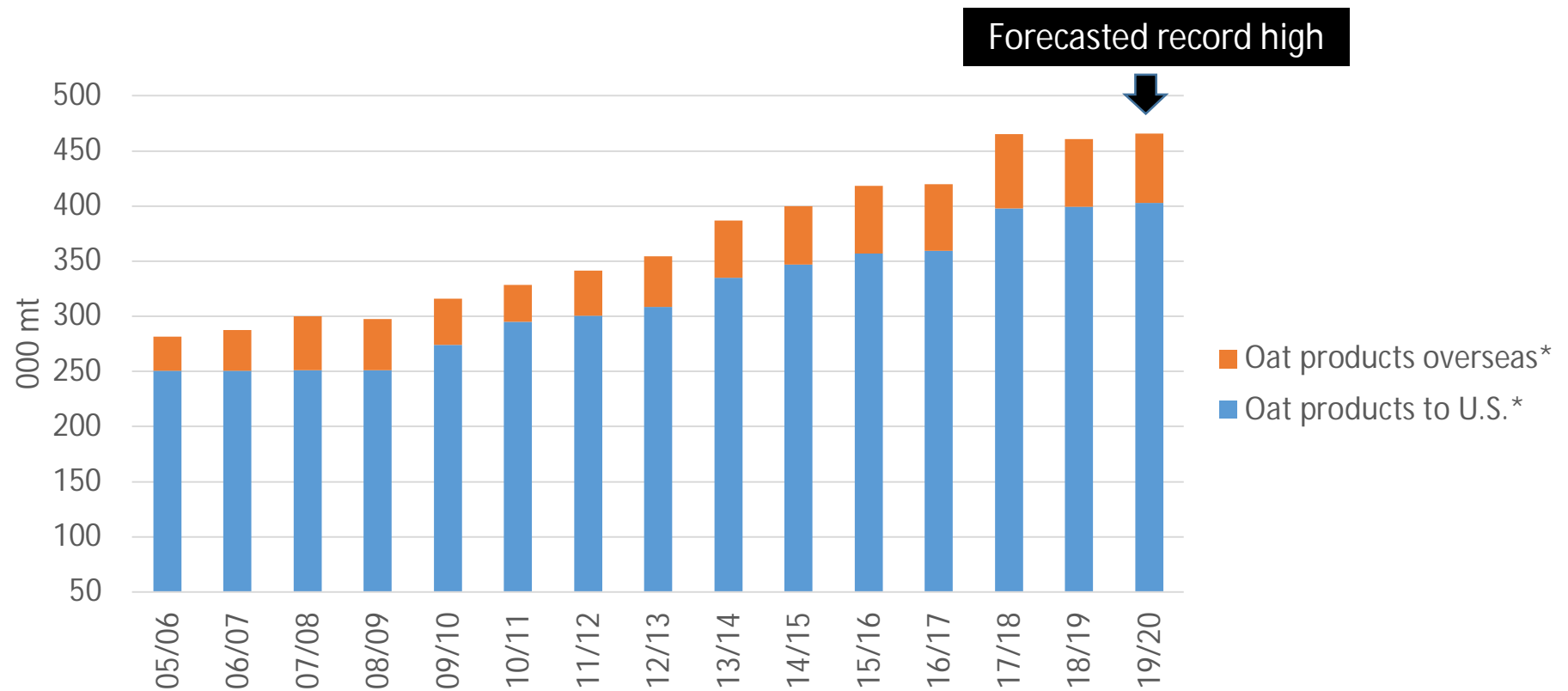
Current pace YTD suggest lower 2019/20 CY exports



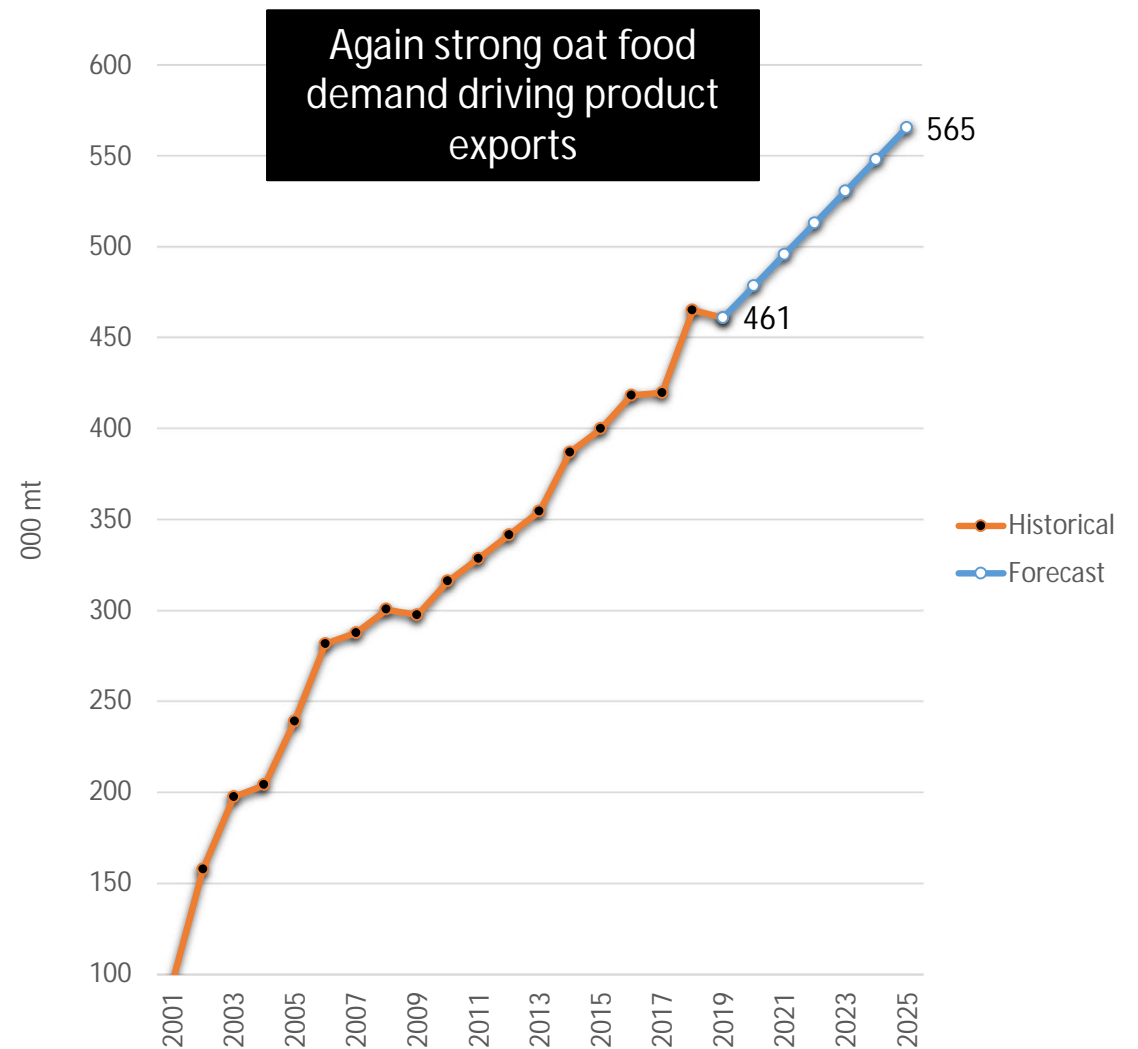
Canadian Raw Oat Export Forecast



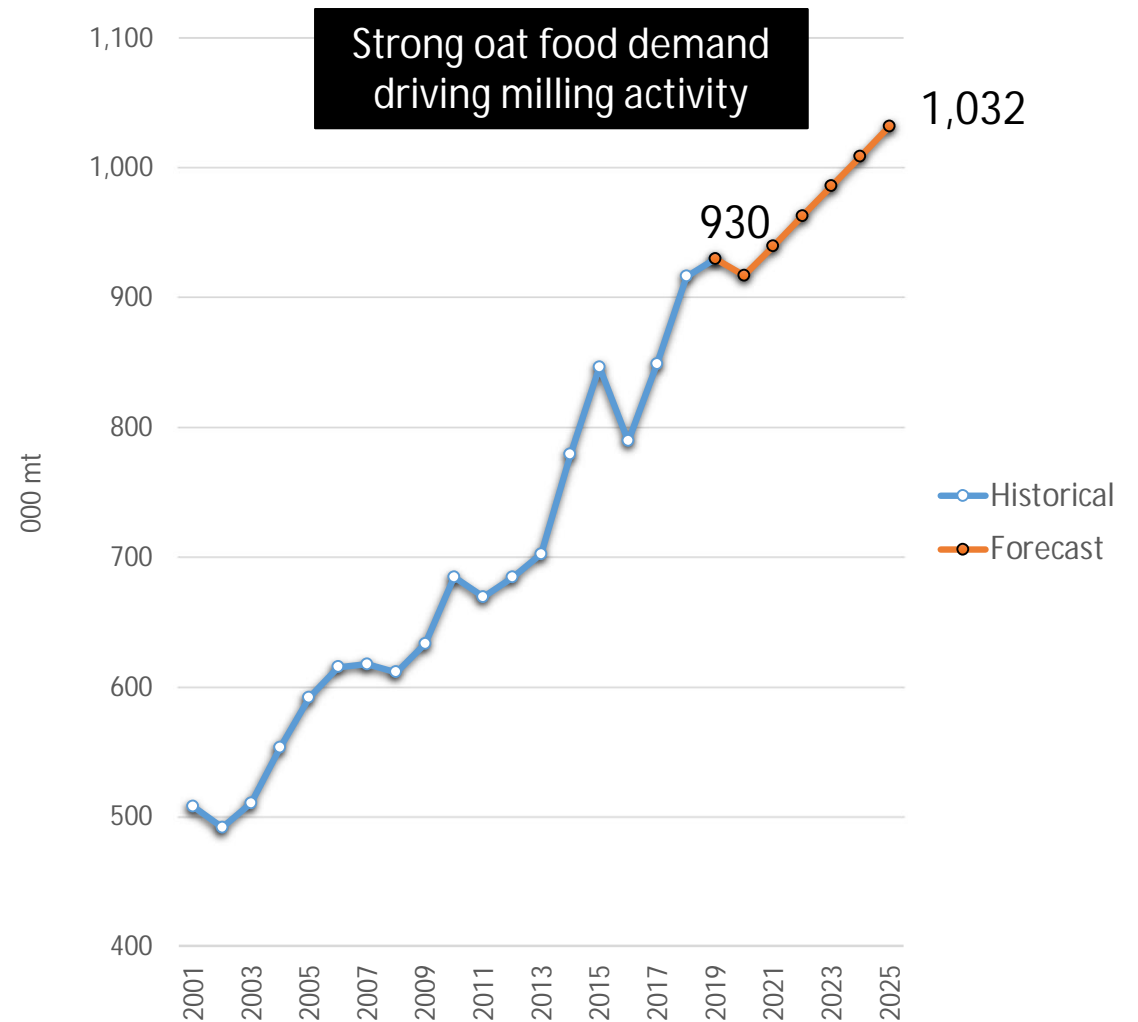
Canada Oat Product Exports



Canadian Oat Product Export Forecast



Canadian Oat Milling



Canada Oat Supply & Use

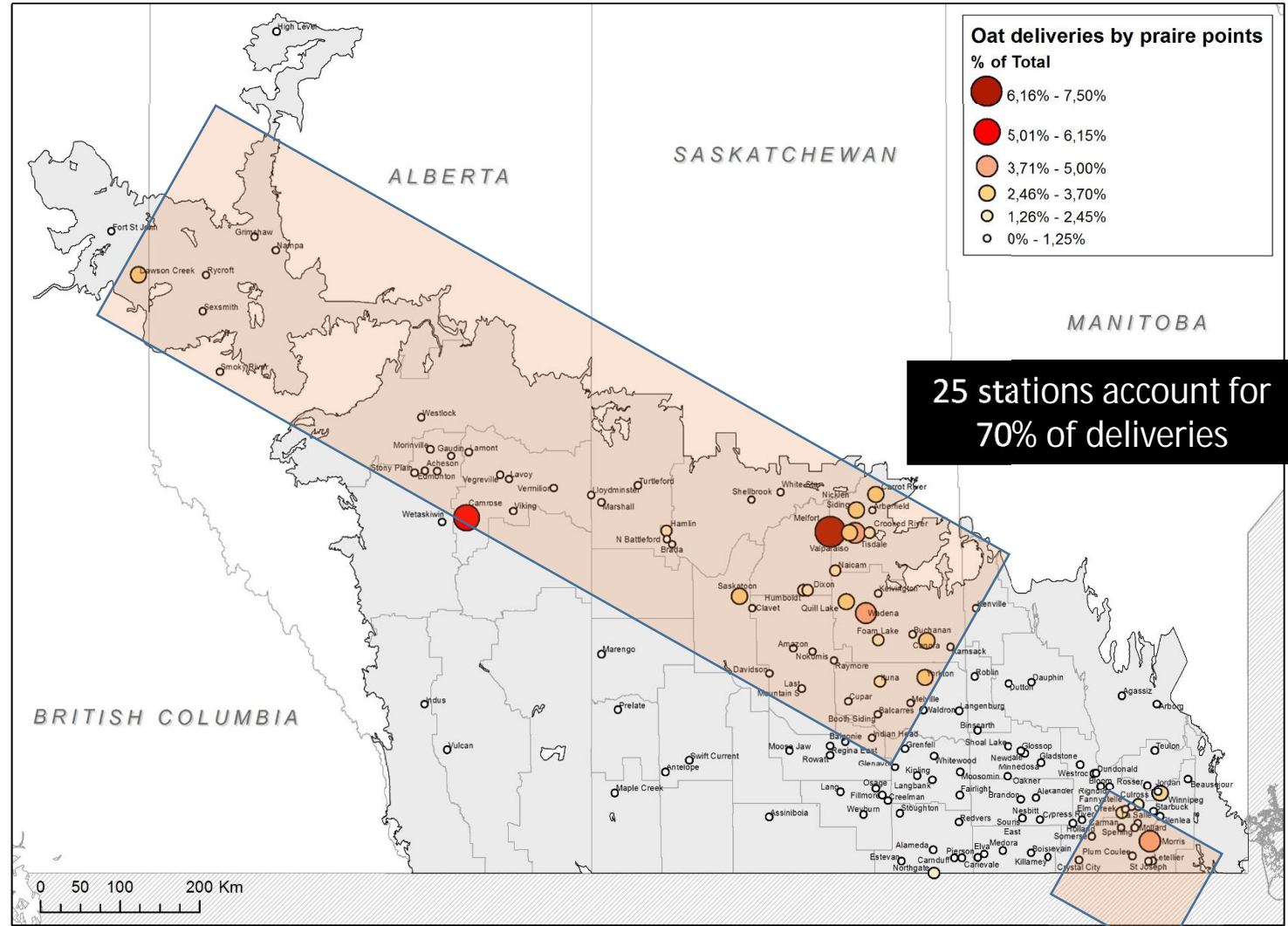
(000 mt)	15/16	16/17	17/18	18/19	19/20F		20/21	19/20 vs	20/21 vs	5 yr avg	2019/20 chge	
					18/19	19/20		from avg	5 yr CAGR			
					Dec	Jan	Jan					
Harvested ha. (000)	1,048	925	1,052	1,005	1,158	1,160	1,214	15.4%	4.7%	1,038	11.7%	1.4%
ac. (000)	2,590	2,285	2,599	2,483	2,862	2,866	3,000	15.4%	4.7%	2,565	11.7%	1.4%
Yield mt/ha	3.27	3.49	3.55	3.42	3.41	3.59	3.38	4.9%	-5.7%	3.46	3.5%	1.5%
bu/ac	85.8	91.7	93.1	89.7	89.6	94.1	88.7	4.9%	-5.7%	90.9	3.5%	1.5%
Opening Stocks	699	966	703	778	414	414	718	-46.7%	73.3%	712	-41.8%	-6.1%
Production	3,427	3,231	3,732	3,435	3,954	4,159	4,104	21.1%	-1.3%	3,597	15.6%	2.9%
Imports	19	21	14	10	15	15	15	47.1%	0.0%	16	-5.2%	-12.0%
Total Supply	4,145	4,218	4,448	4,223	4,383	4,588	4,837	8.6%	5.4%	4,324	6.1%	0.8%
Food, Seed, Enrg/Other	943	897	952	1,038	1,100	1,070	1,140	3.1%	6.5%	980	9.2%	3.0%
Seed	97	108	103	121	140	140	140	15.6%	0.0%	114	23.2%	1.3%
Milling	847	790	849	917	960	930	1,000	1.5%	7.5%	866	7.4%	3.3%
Energy/Others	-	-	-	-	-	-	-	0.0%	0.0%	-	0.0%	
Feed, waste, d'kge	664	978	1,088	1,003	1,000	1,100	1,200	9.7%	9.1%	966	13.8%	5.3%
Exports	1,571	1,641	1,631	1,768	1,700	1,700	1,700	-3.8%	0.0%	1,662	2.3%	0.8%
Total Usage	3,179	3,516	3,671	3,809	3,800	3,870	4,040	1.6%	4.4%	3,609	7.2%	2.5%
Ending Stocks	966	703	778	414	583	718	797	73.3%	11.0%	716	0.3%	-9.9%
Stocks to Usage %	30%	20%	21%	11%	15%	19%	20%	70.5%	6.3%	20%	-8.2%	-12.1%

Oat & Grain Prices



Western Canadian Oat Deliveries

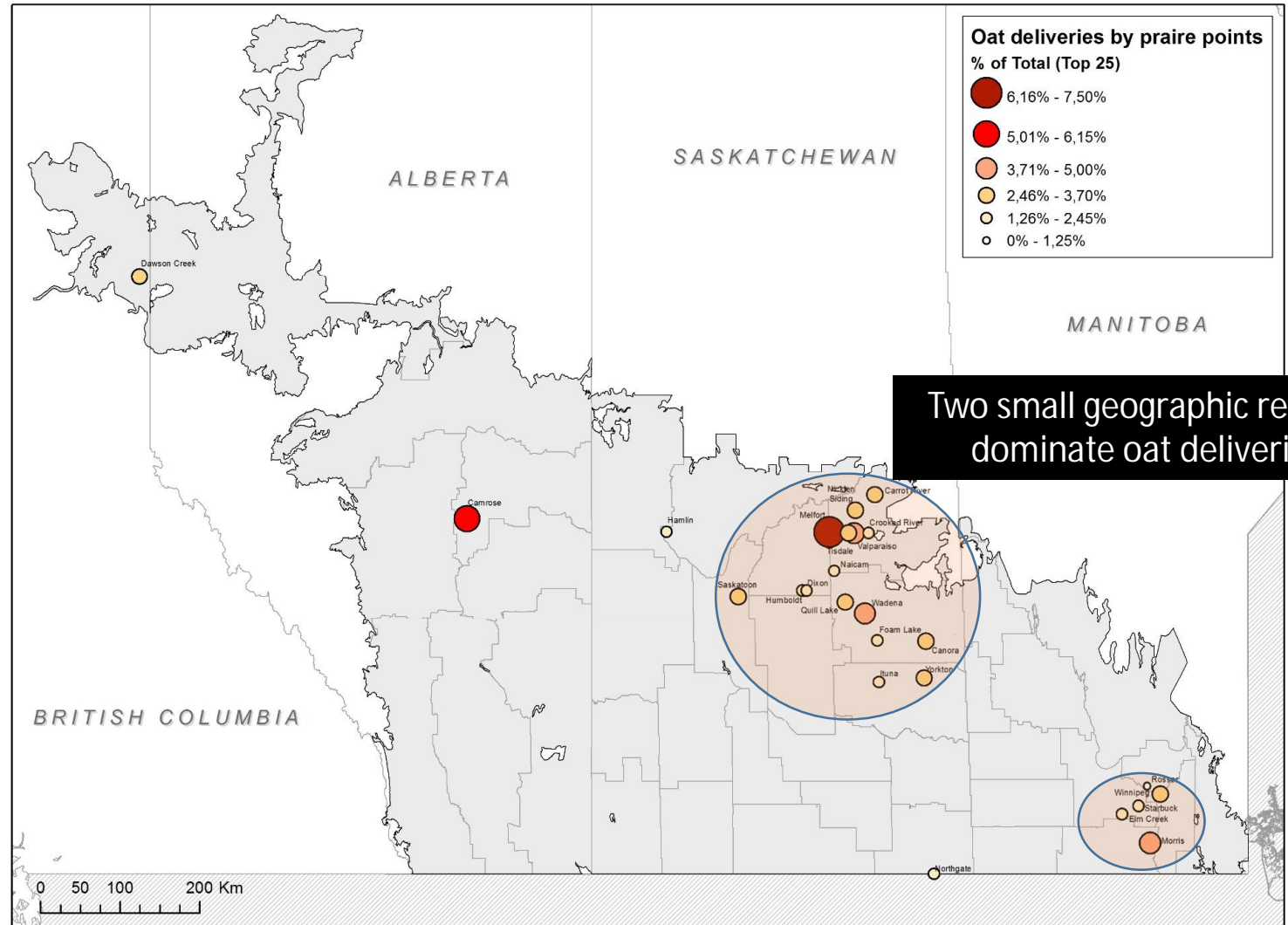
Oat Price Discovery



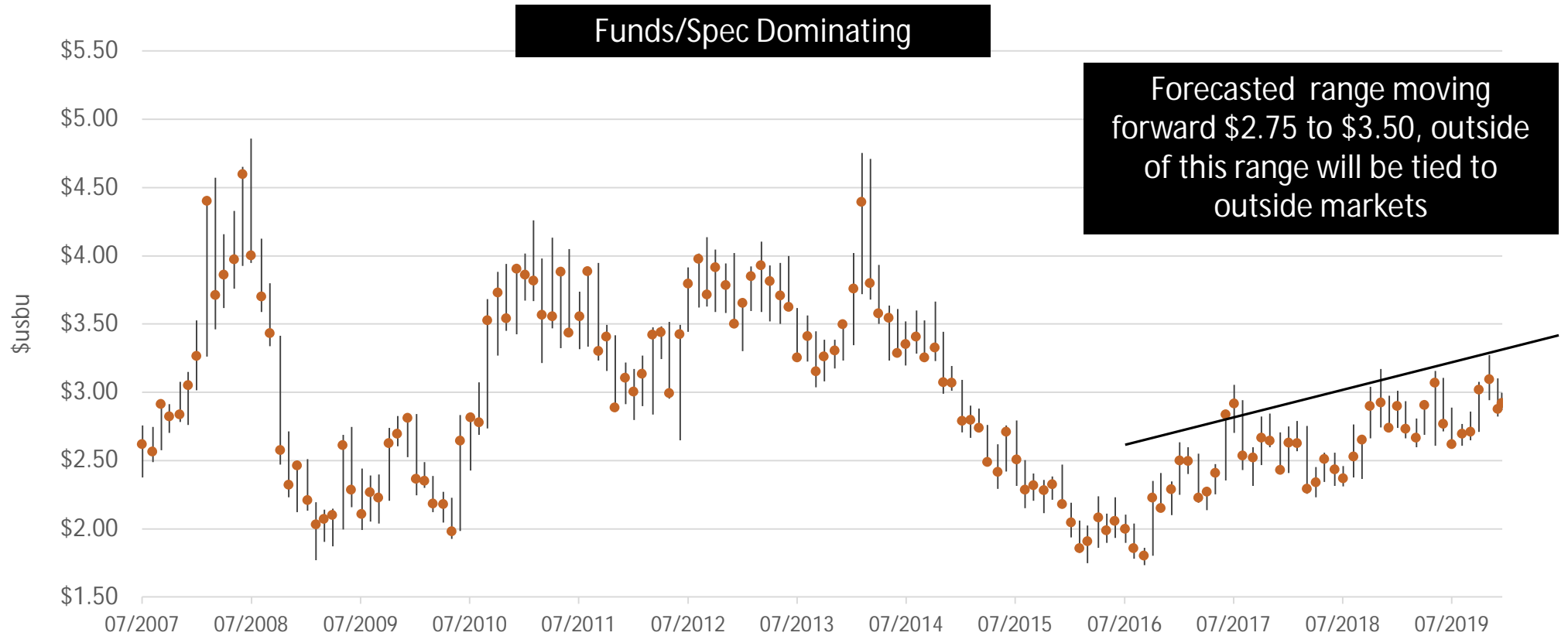
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Western Canada Oat Deliveries – Top 25 Stations

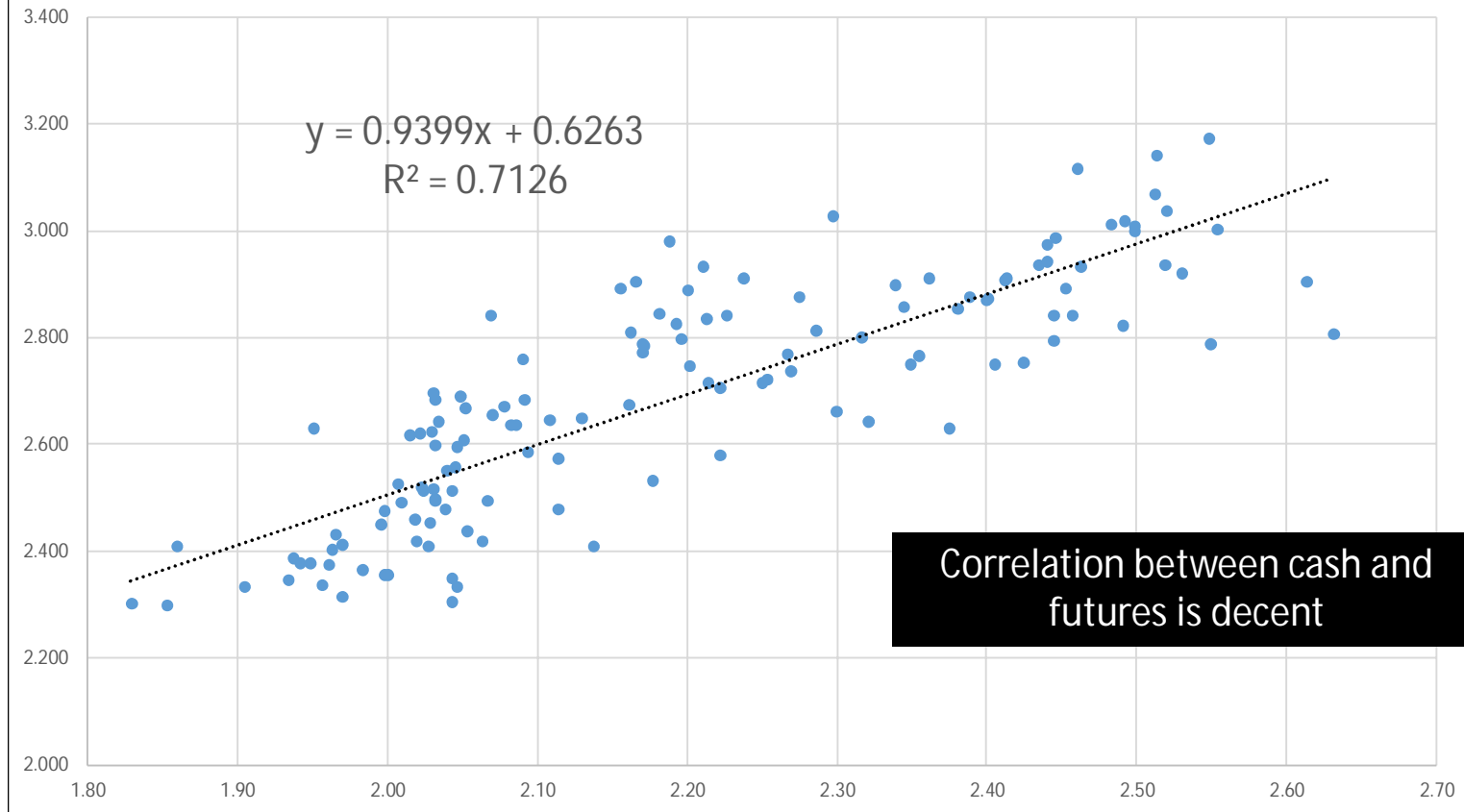
Two Primary Regions



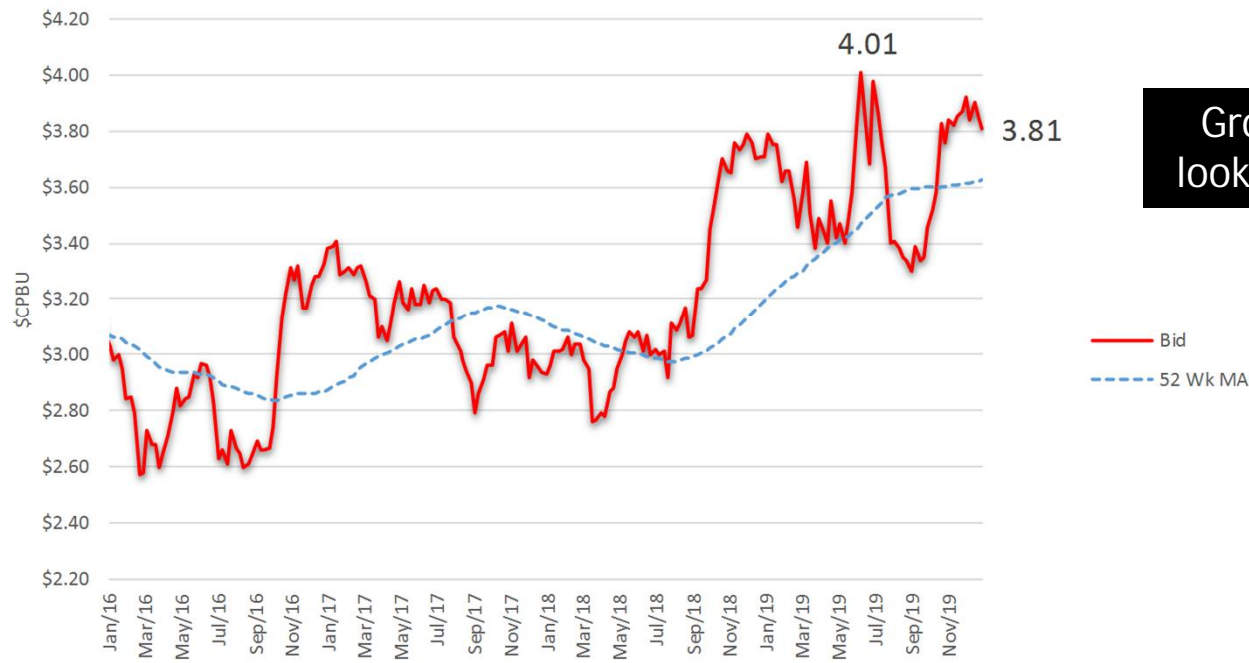
Monthly CBOT Oats



2 Year Coorelation Cash Oat Prices & CBOT Oat Futures



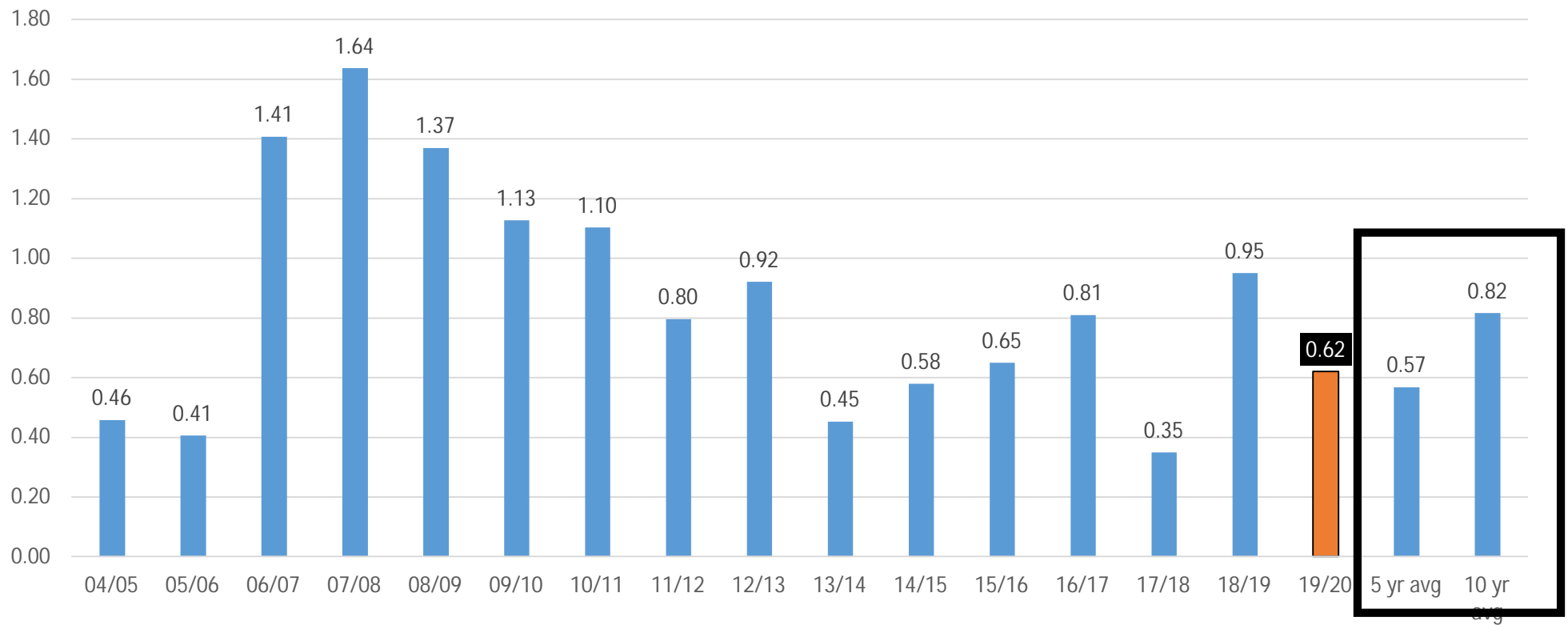
Manitoba Grower Oat Prices



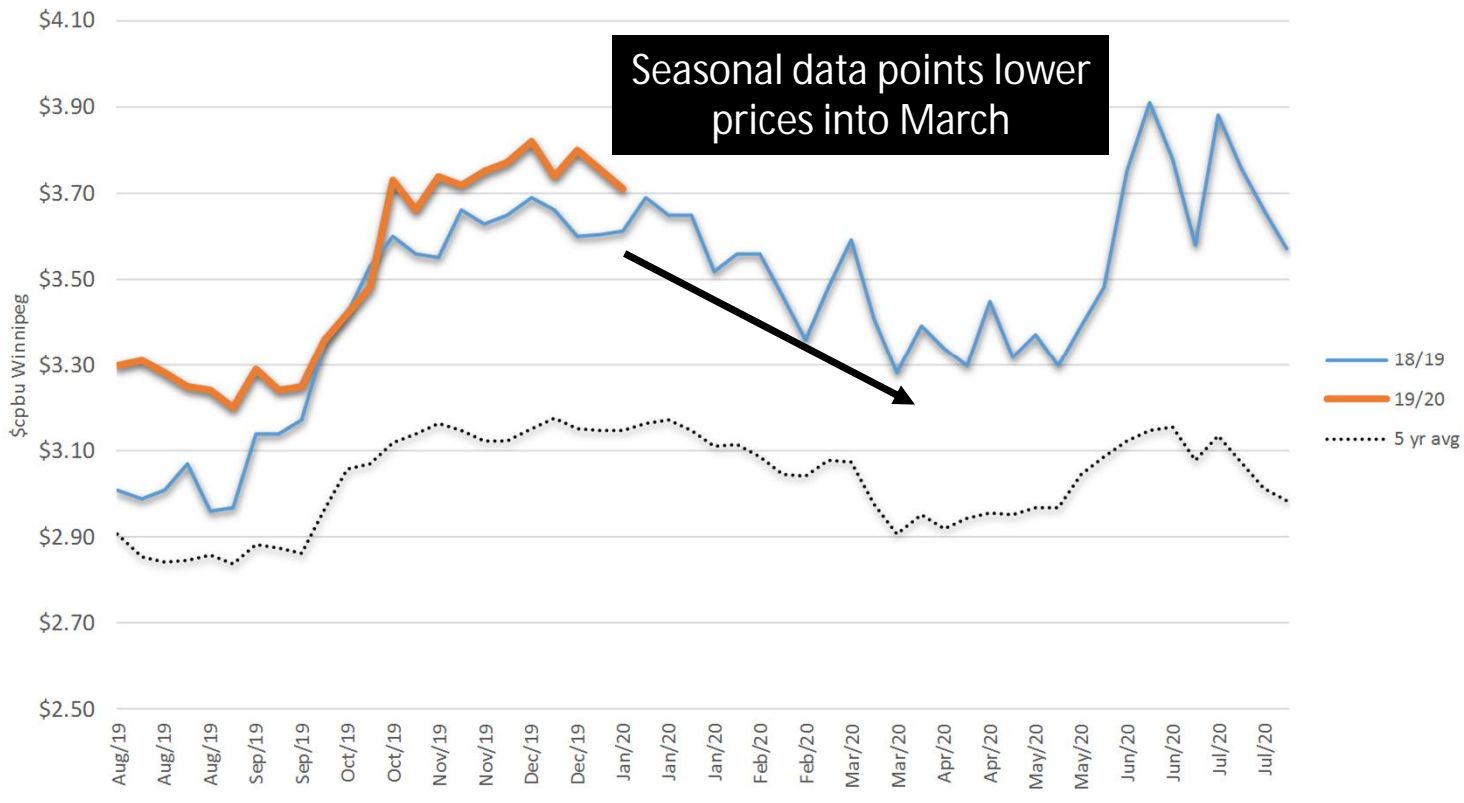
Saskatchewan/Alberta spread at \$.50 less

Growers should be looking for \$3.25 plus

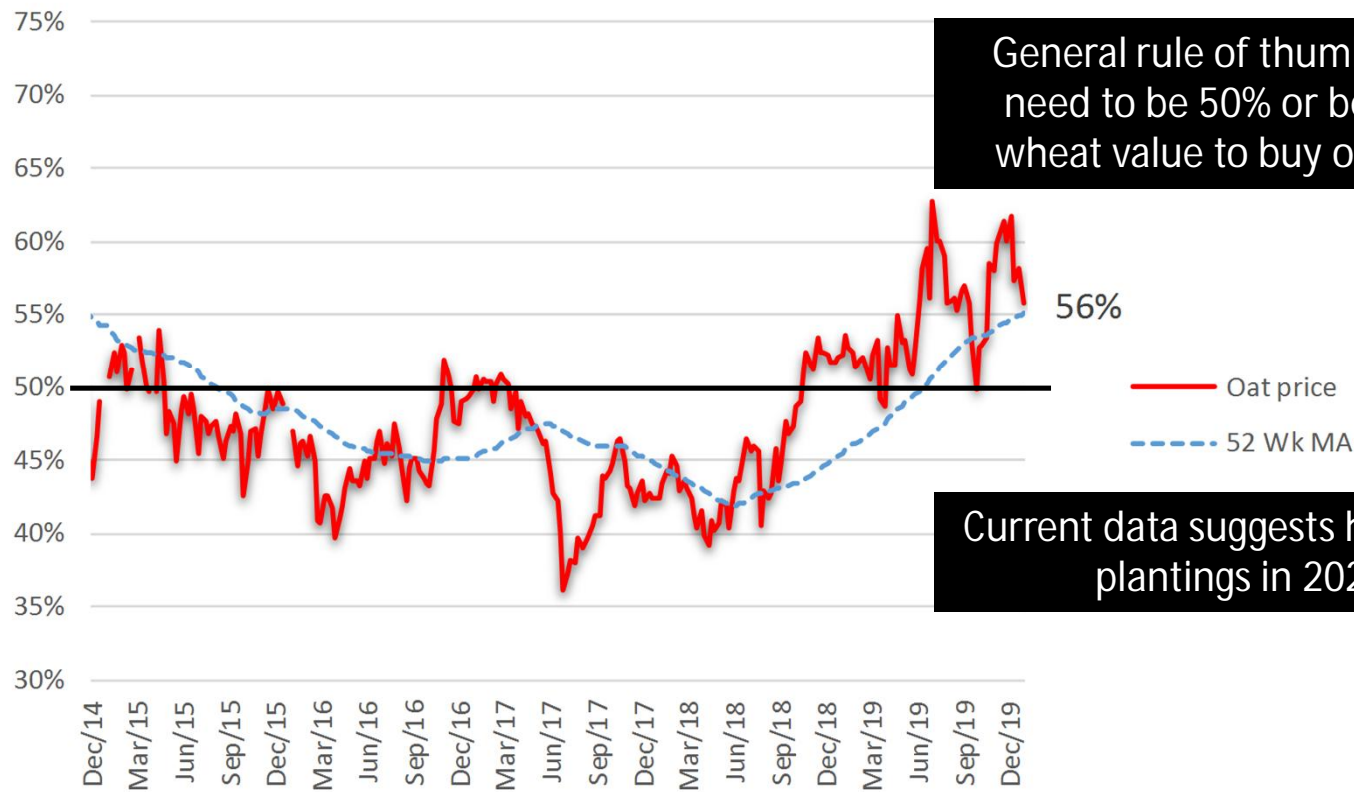
Manitoba Grower Oat Price Range



Manitoba Seasonal Oat Price Trends



Manitoba Oat Prices as a % of Spring Wheat



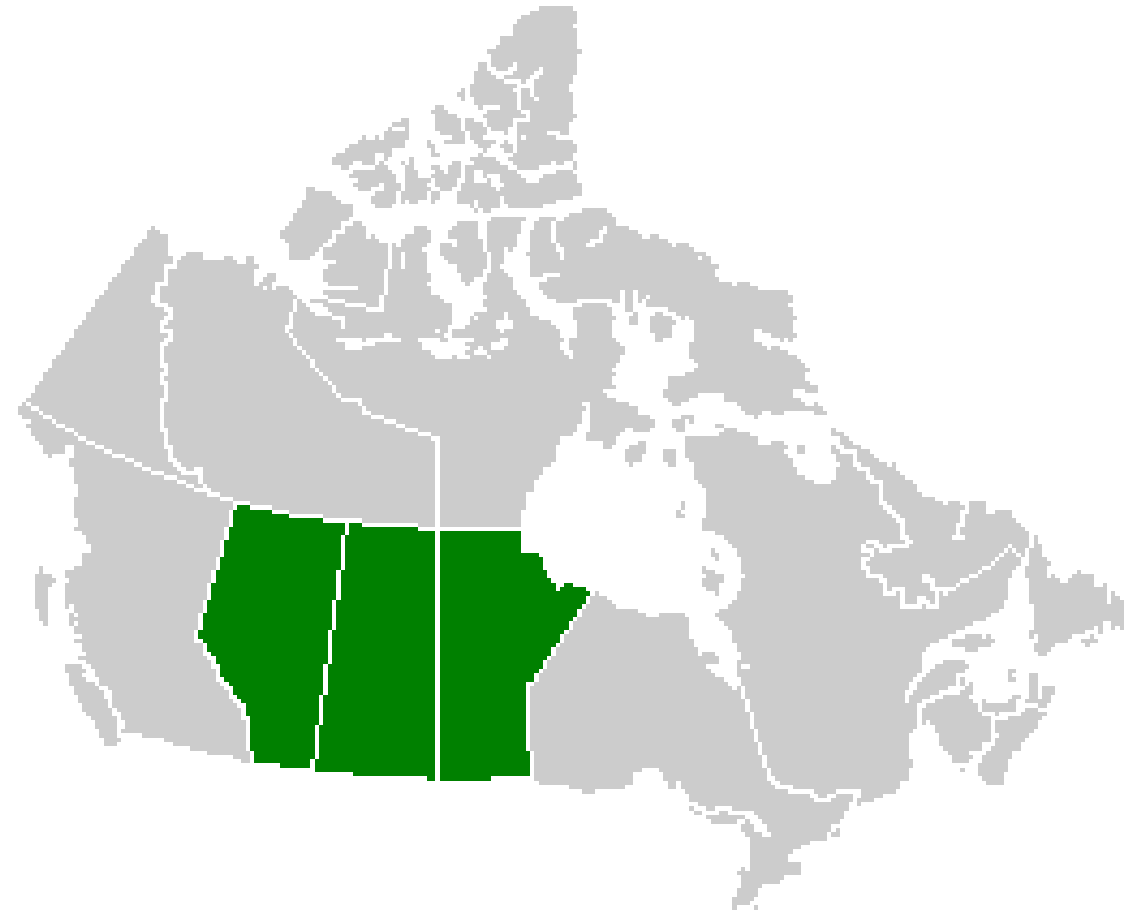
General rule of thumb is oats need to be 50% or better of wheat value to buy oat acres

Current data suggests higher oat plantings in 2020

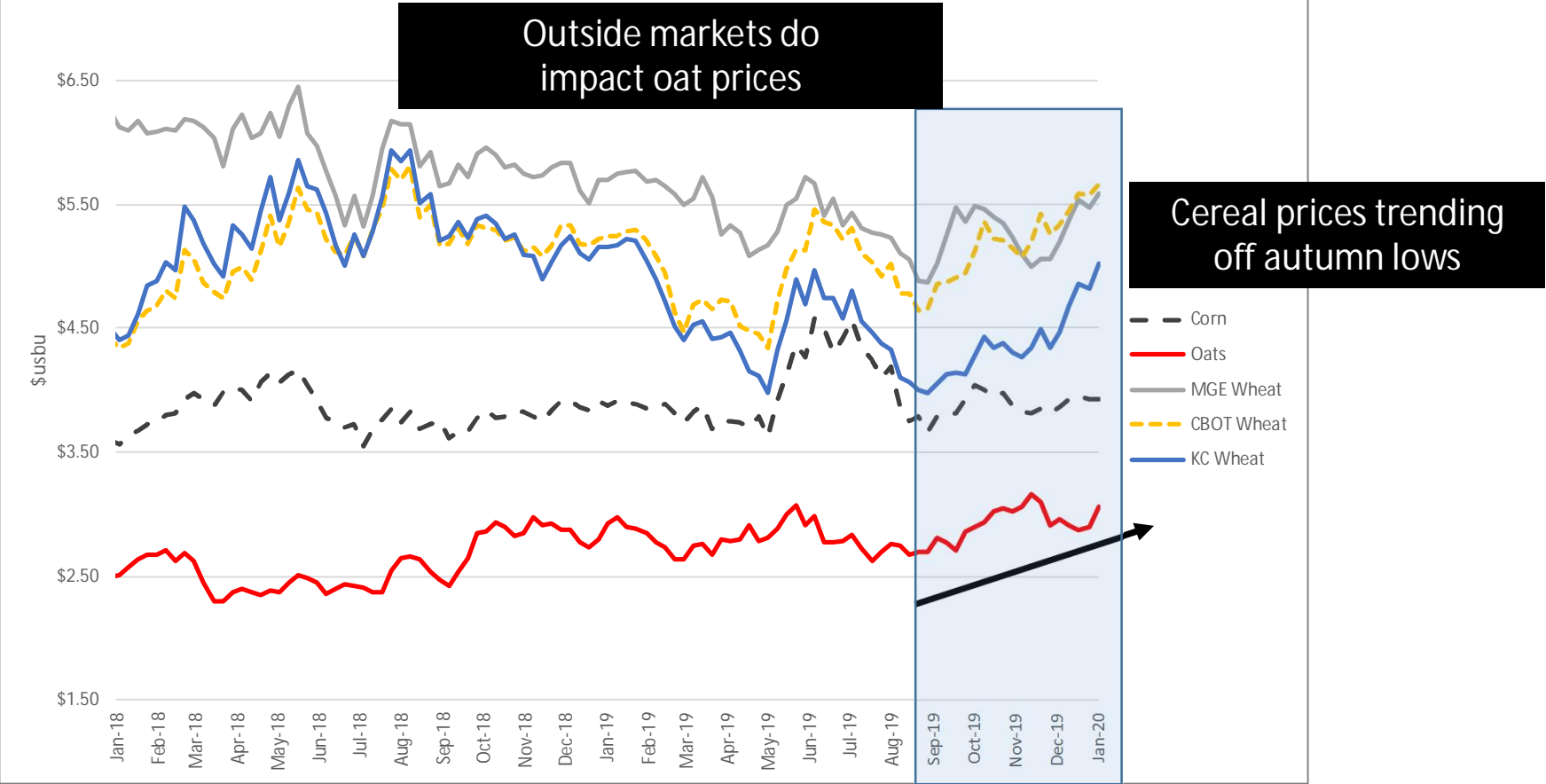
Canadian Grower Sell Recommendations - Oats

Trading ranges

- Old Crop Range:
 - Sask/Alberta \$3.00-3.75
 - Manitoba \$3.25-\$4.00
- New Crop:
 - Sask/Alberta \$2.75-3.25
 - Manitoba \$3.25-\$3.75



US Cereal Futures Comparison



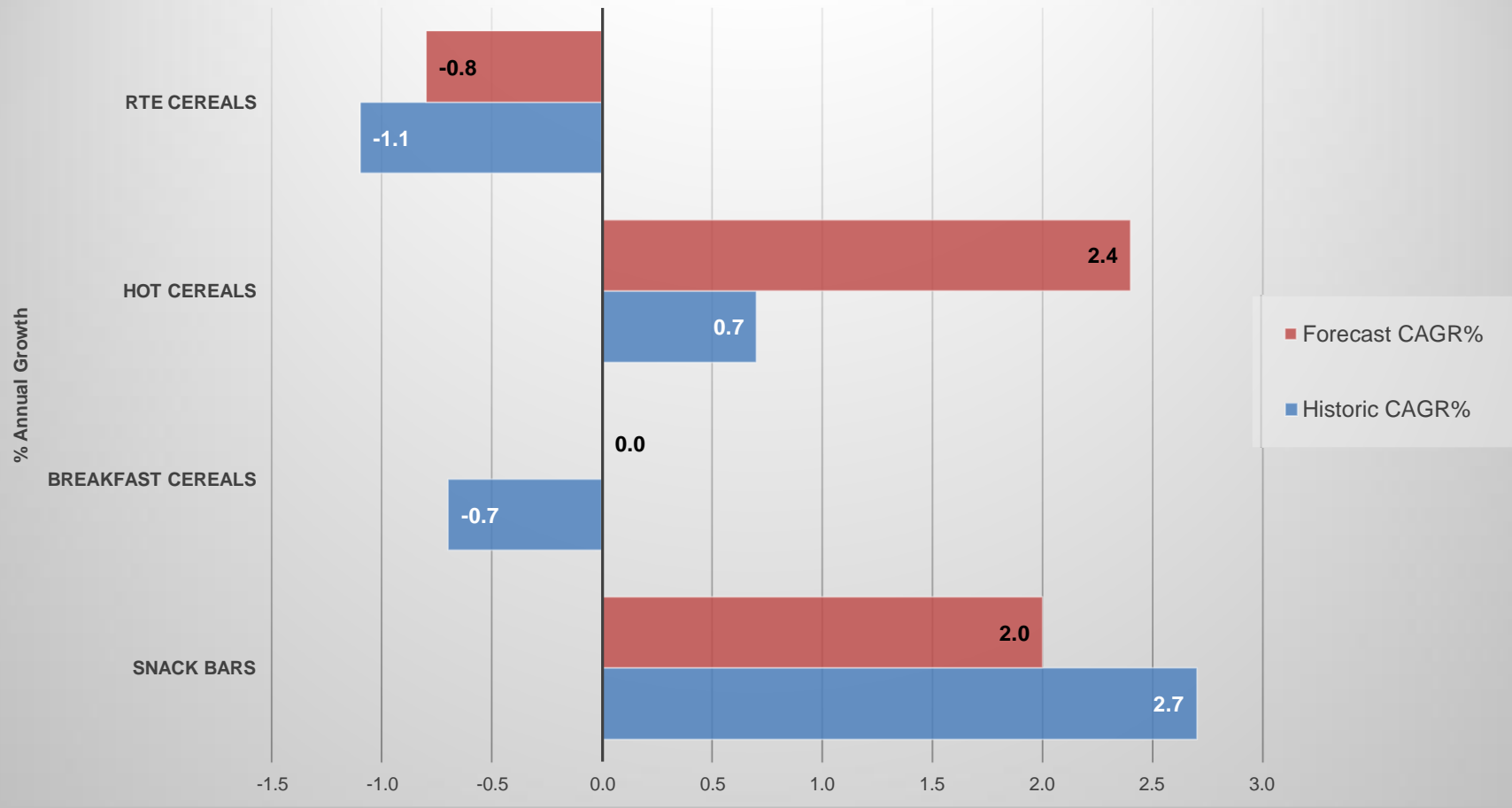
Pricing Dynamics

- Oat foods continue drive oat demand and production.
- Oat continue to move towards “special crop” status means increased contracting directly with growers
- CBOT oats still becoming irrelevant!

Dynamic Pricing (Multiple Price Points)



North America Growth - 5-yr CAGR Major Food Categories Containing Oats





In Summary

Bright future for oats!

Best Bets Moving Forward

- Higher 2020 oat plantings?
 - Good net returns for oats, particularly against wheat.
 - This will depress prices longer.
- Oat prices will not reach 2018/19 highs
 - Canadian oat supplies at 11-year high
 - Quality issues may be wild card



Best Bets Moving Forward

- China not in near term future for Canada, lack of protocol.
- Strong likelihood of new mill capacity- Paterson Global Foods.
- Domestic oat mill demand and product exports record high.
- Raw oat Exports down slightly
 - Horse demand strong but will slow
 - US mill demand steady



Changing Oat Market Dynamics

- Edging towards becoming a special crop.
 - Increased focus on Gluten-Free/Organic
- Increased flat price buying.
- Glyphosate use an issue.
- Sustainability, Accountability, Traceability & Regenerative!
- Consumers will dictate what farmers will grow



The Source for
Oat
Information

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Oat Report With a Focus for Canadian Growers

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