

Oat Outlook



NAMA April 20, 2021



Oatinformation



Oatinformation

ON THE AGENDA

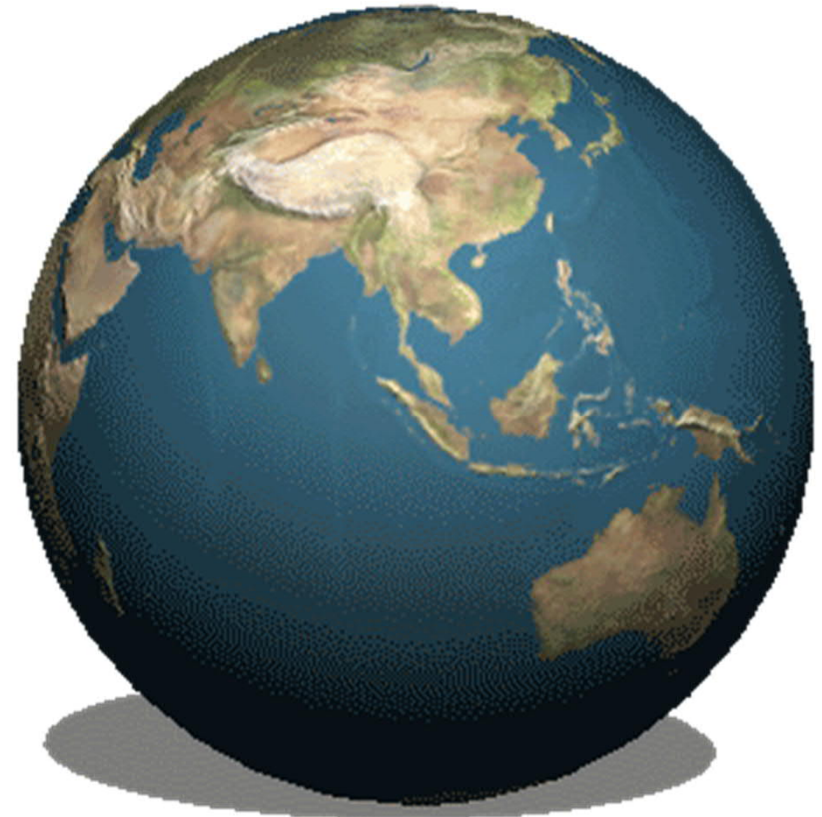
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- Quick global oat overview
 - North American, EU/UK & Australia oat markets
 - Wild cards!
 - Outlook for oat markets

What's Driving the Oat Market....

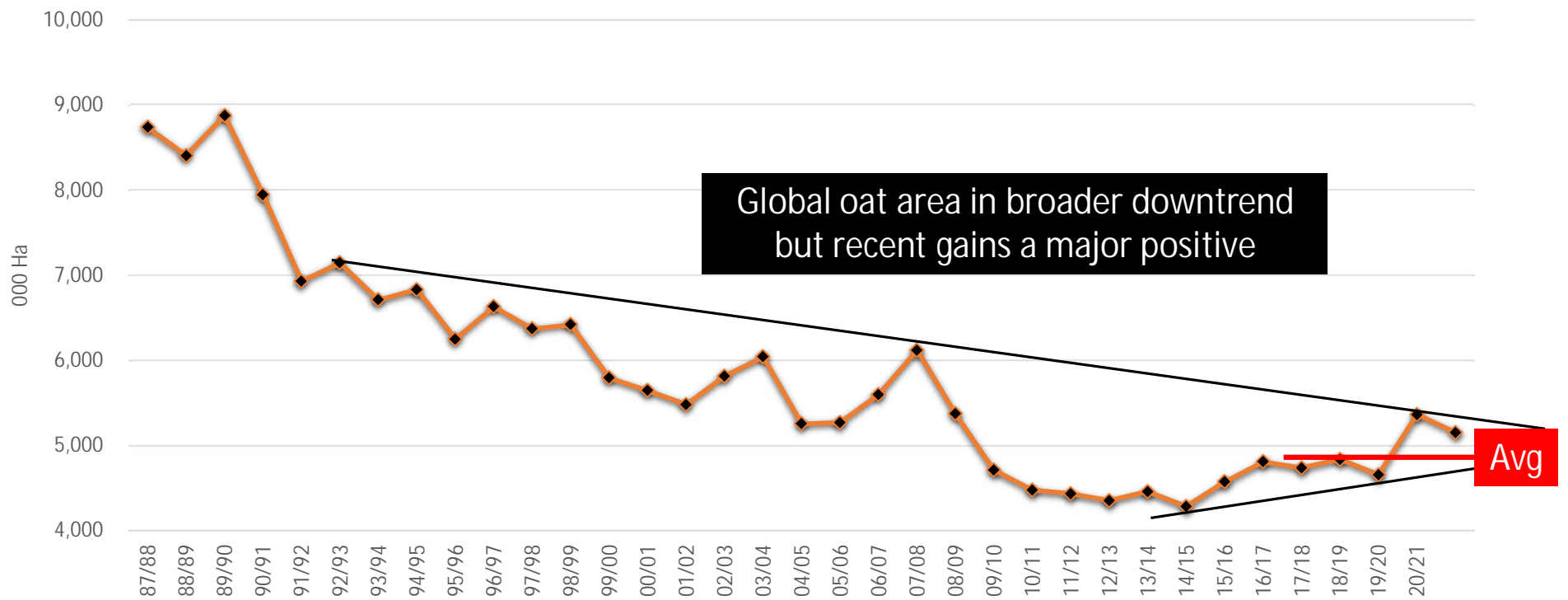
- Very strong demand for oat foods driving large YOY commercial oat use increases
- COVID a major factor in YOY increases but so is oat milk.
- Some COVID increases will remain.
- Unprecedented Chile oat imports.
- Expectations of lower 2021 oat plantings in major global oat producers.
- Canadian oat balance sheets expected to be near record lows, old and new crop.
- Rising global demand for commodities, pent up buying!



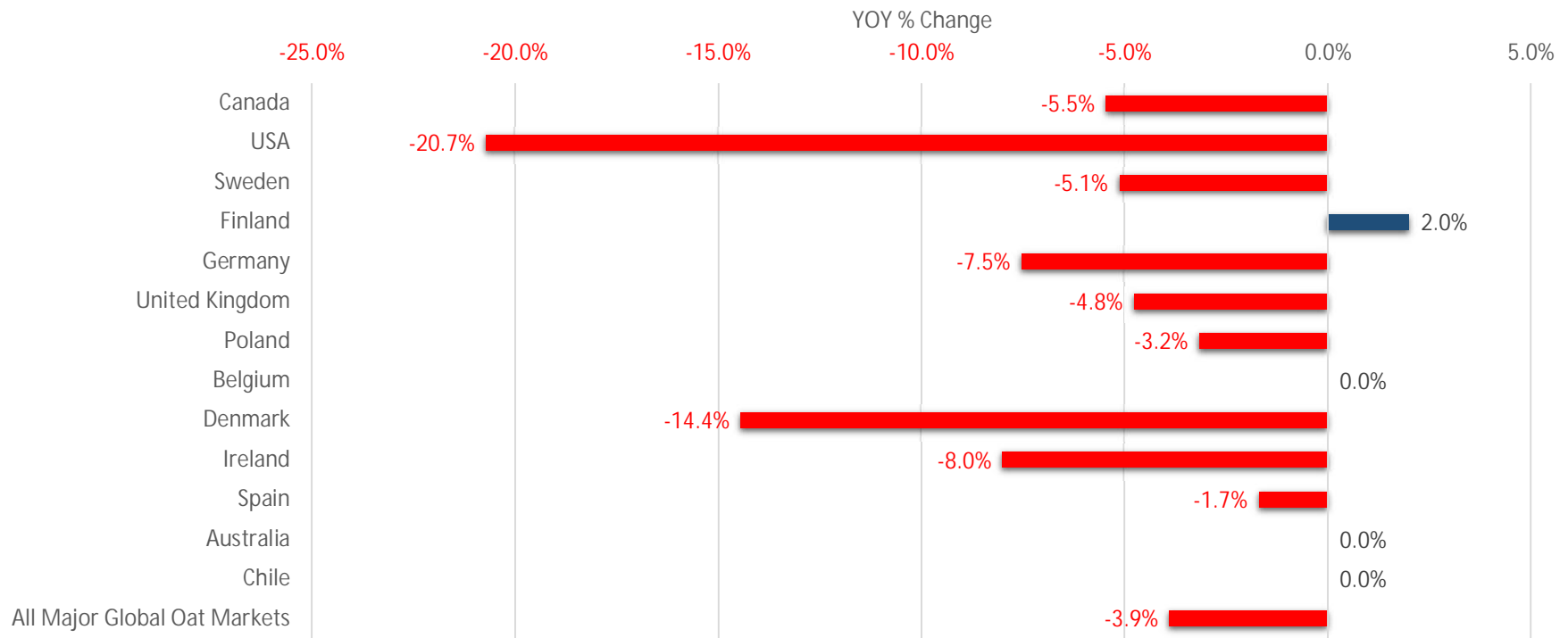
Global Oat Outlook



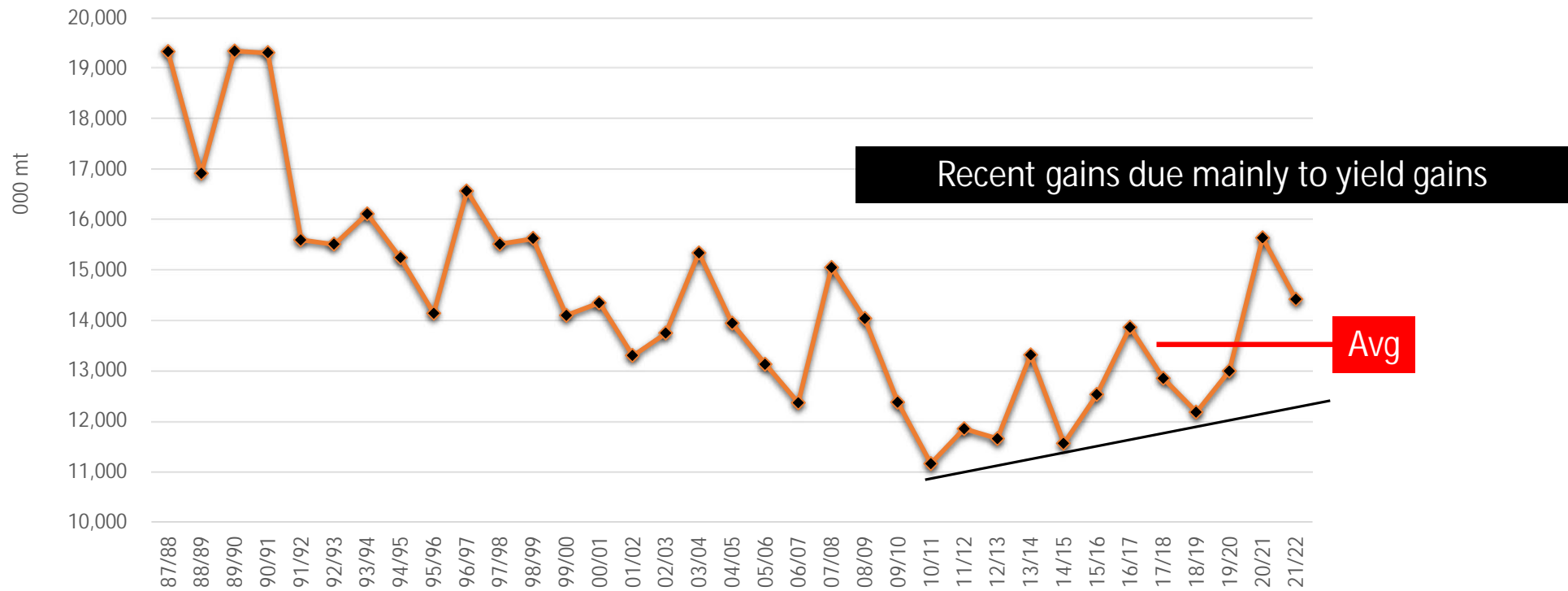
Global Oat Area – Major Markets



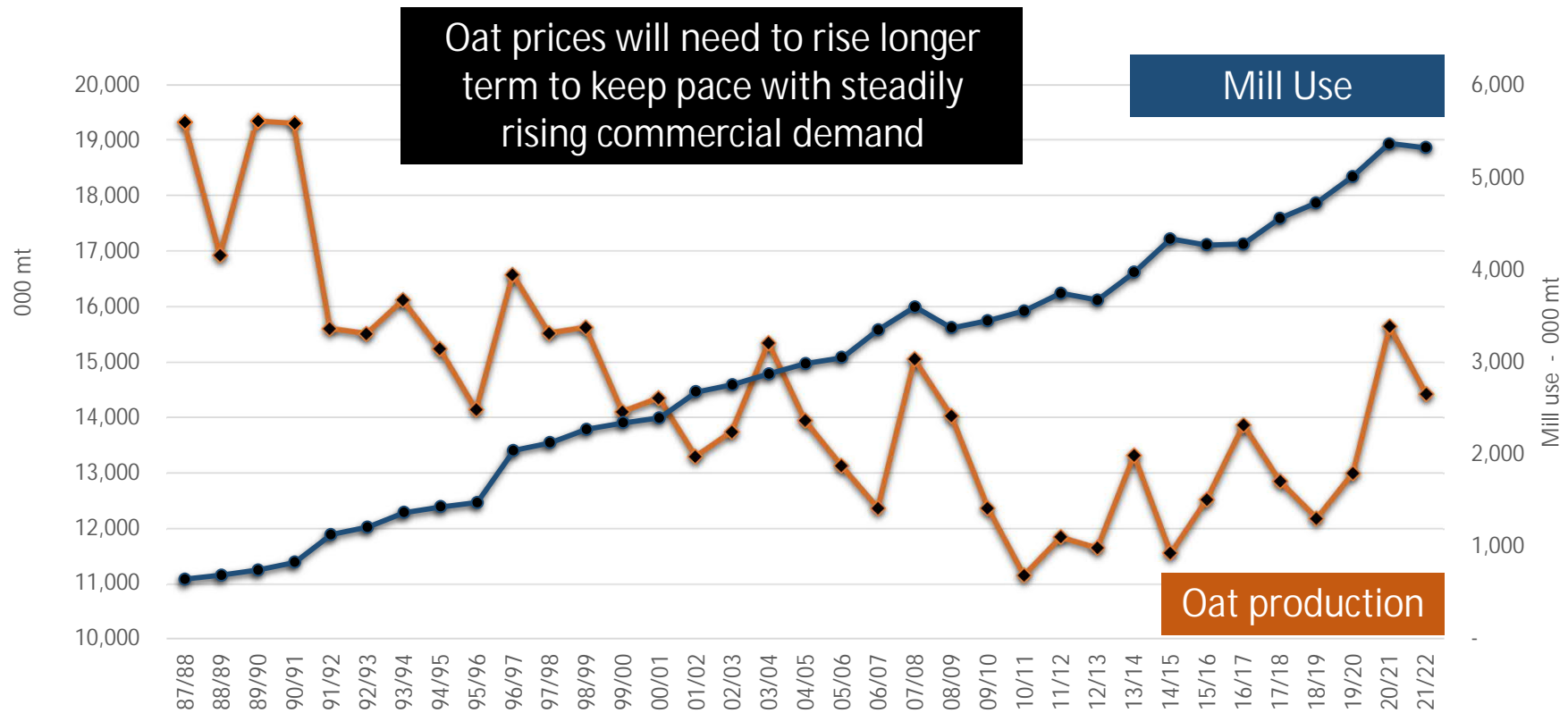
Global Oat Harvested Area YOY Changes – Major Markets



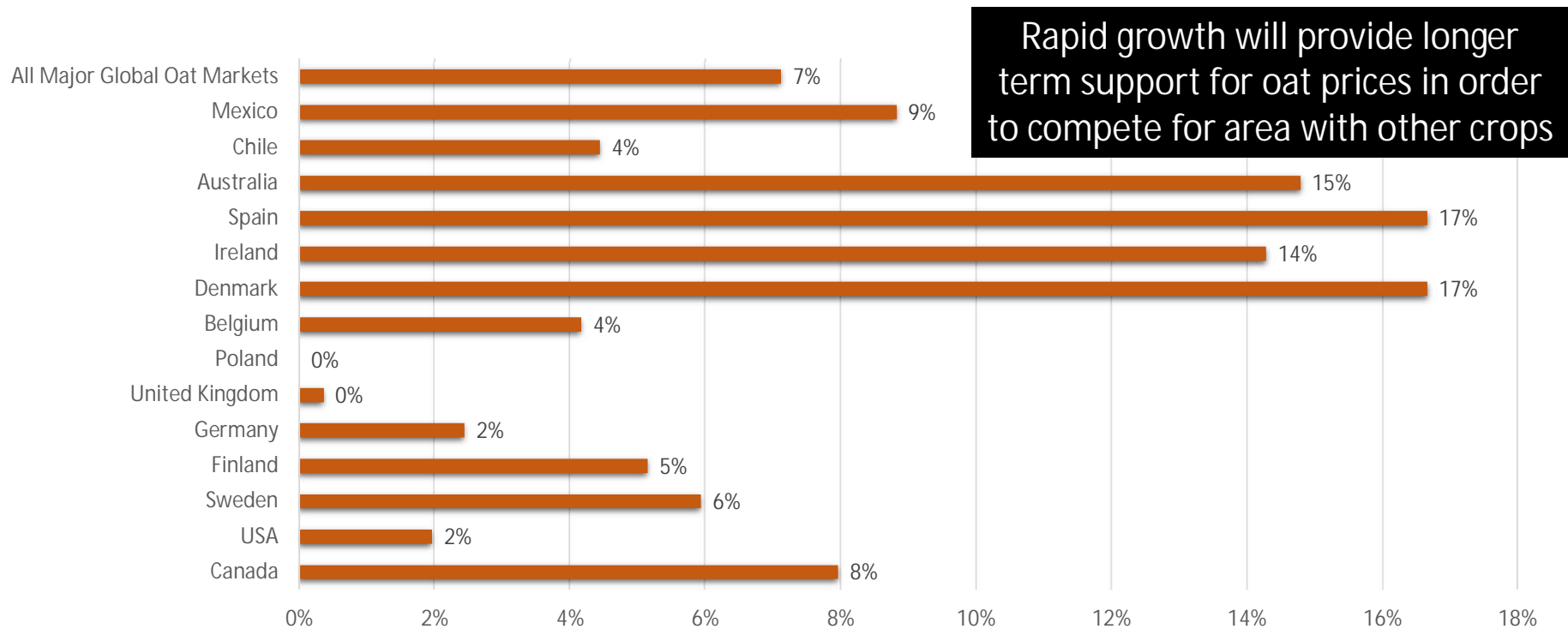
Global Oat Production – Major Markets



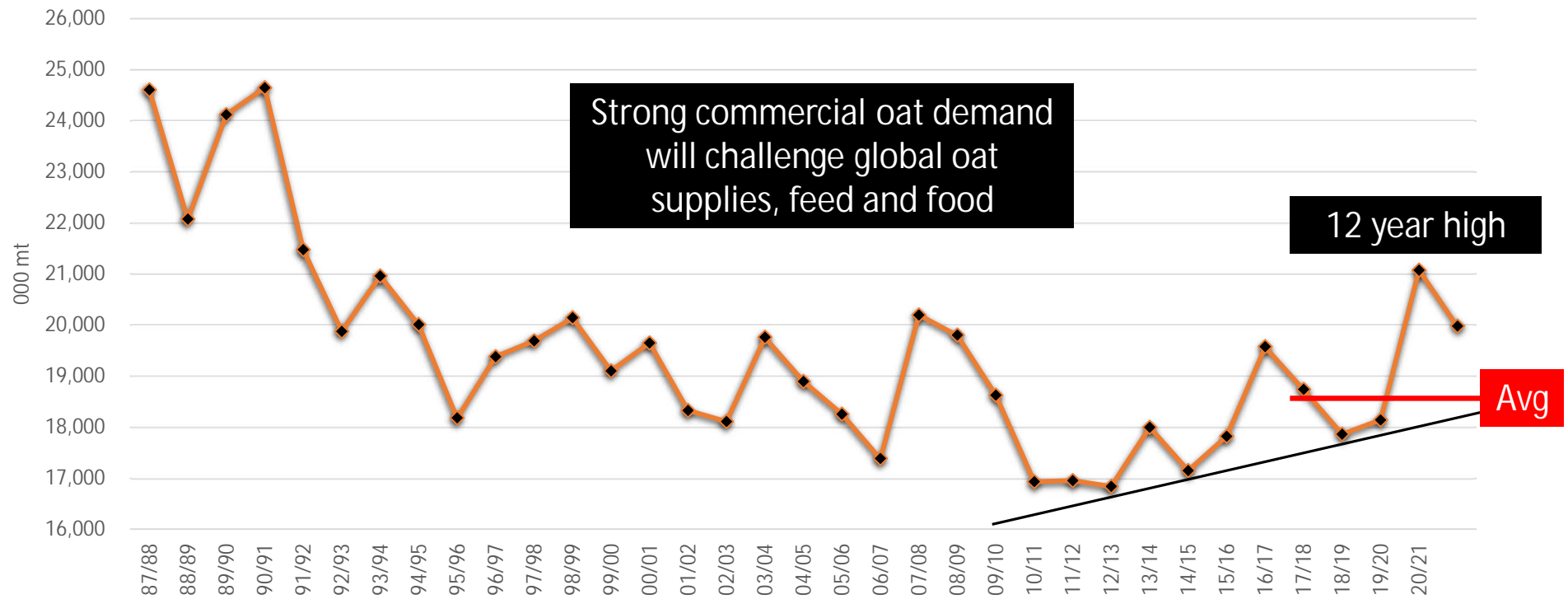
Global Oat Production & Mill Use – Major Markets



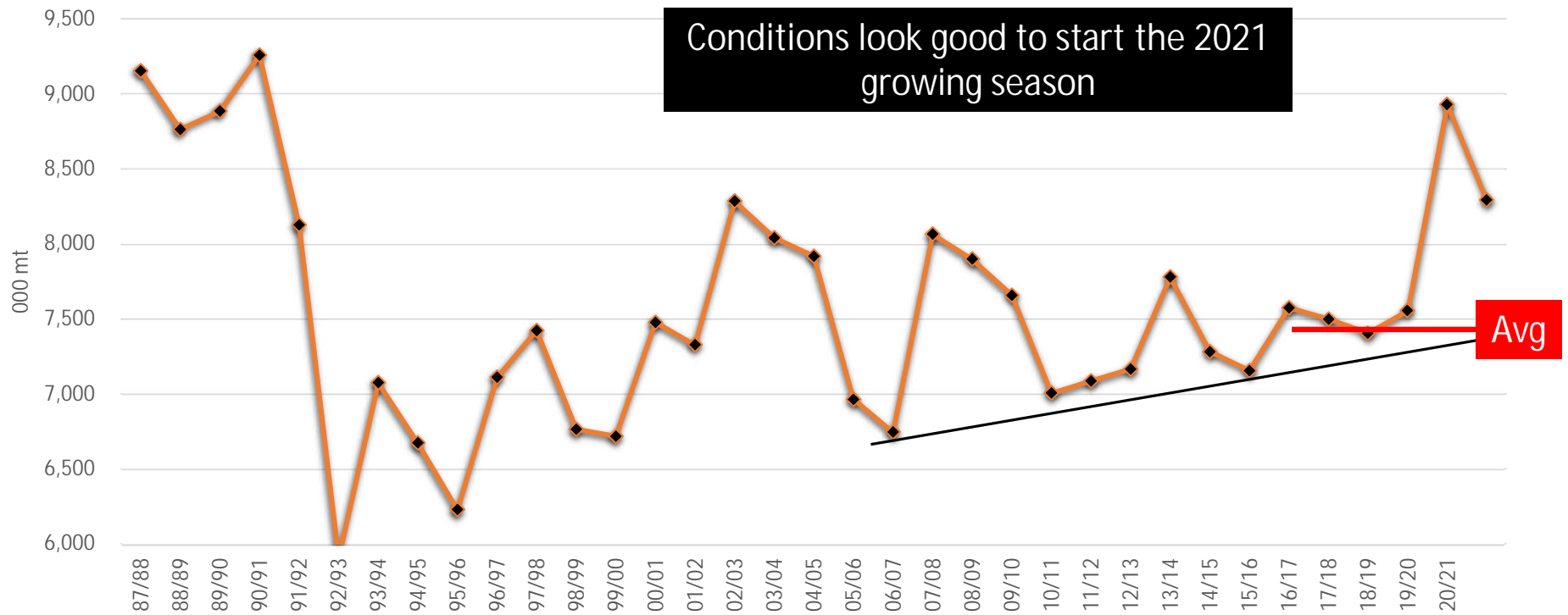
Global Oat Mill Use YOY Change – Major Markets



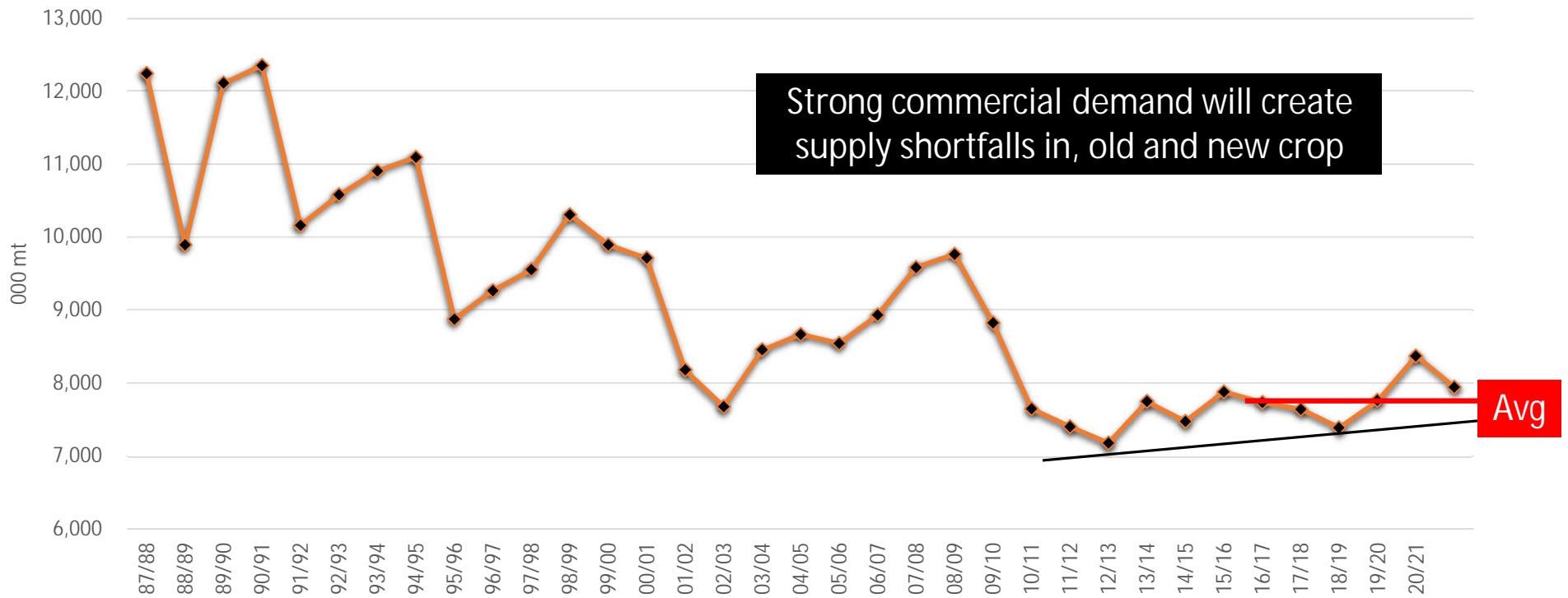
Global Oat Supplies – Major Markets



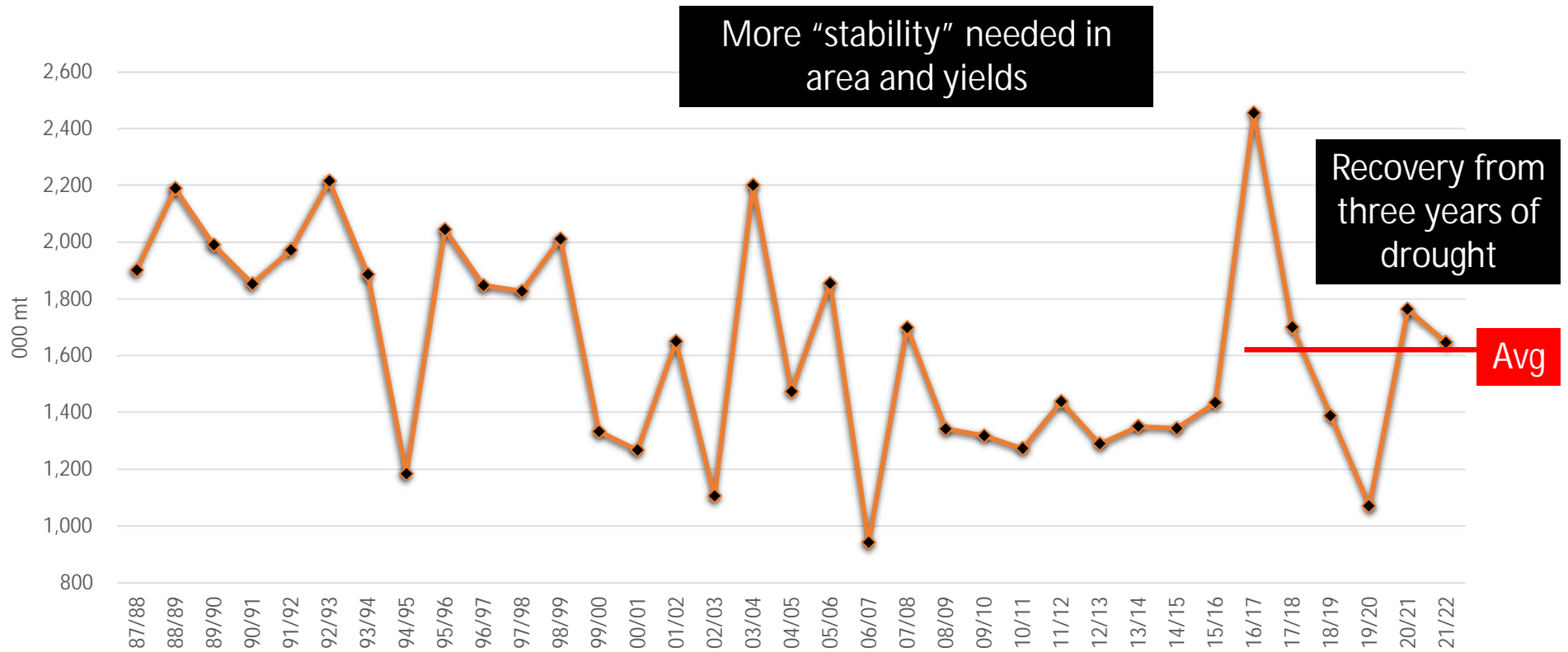
EU/UK Oat Supplies – Major Markets



North American Oat Supplies – Major Markets



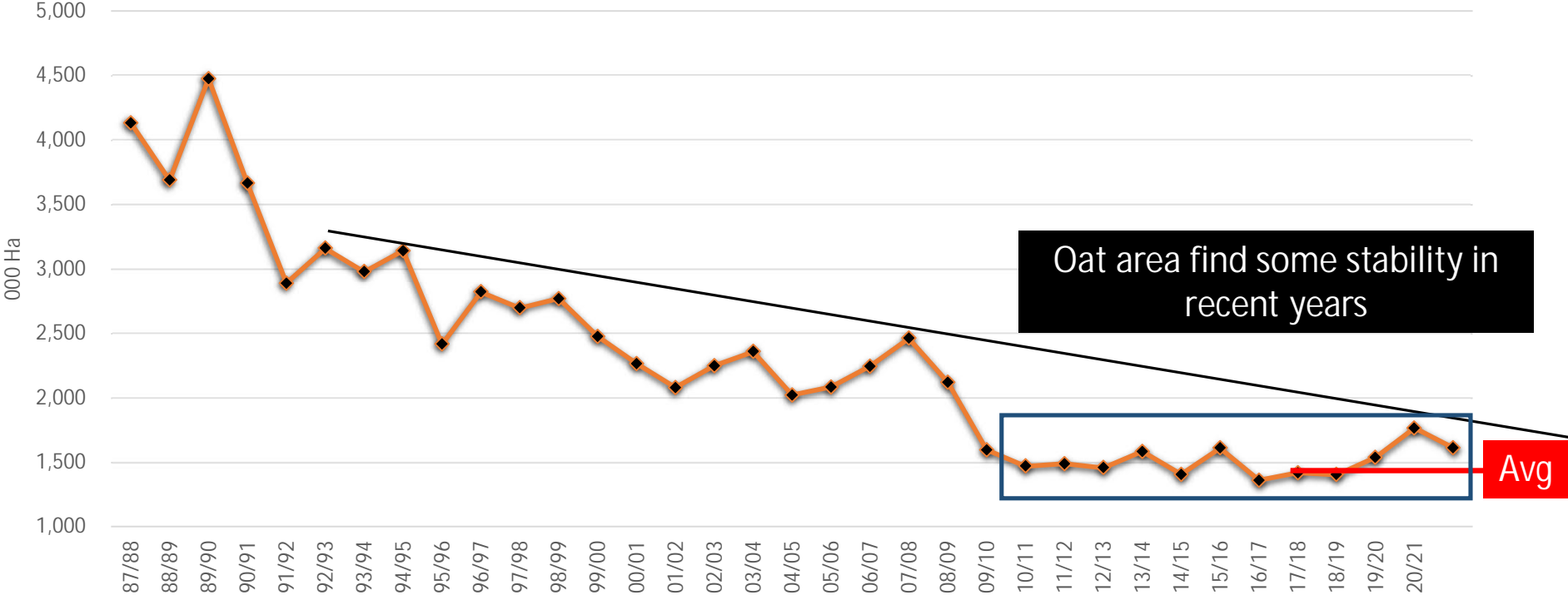
Australia Oat Supplies



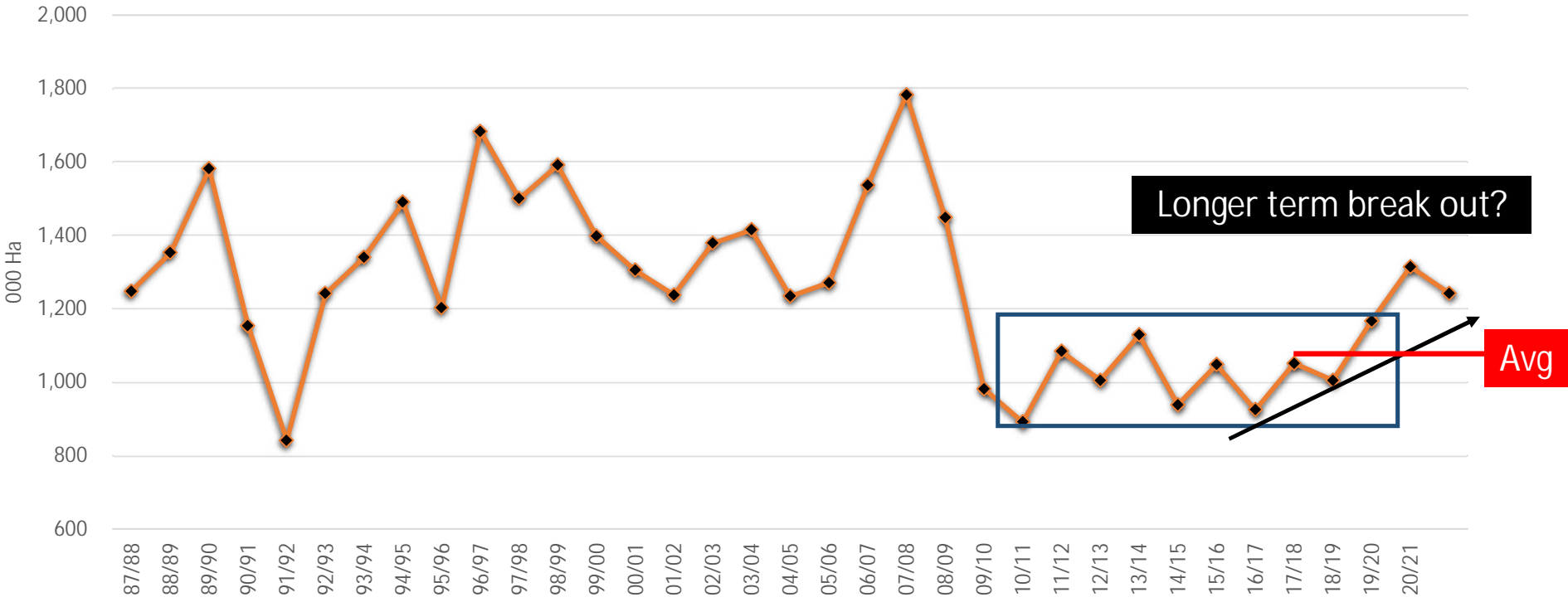


North American Oat Outlook

North America Oat Area

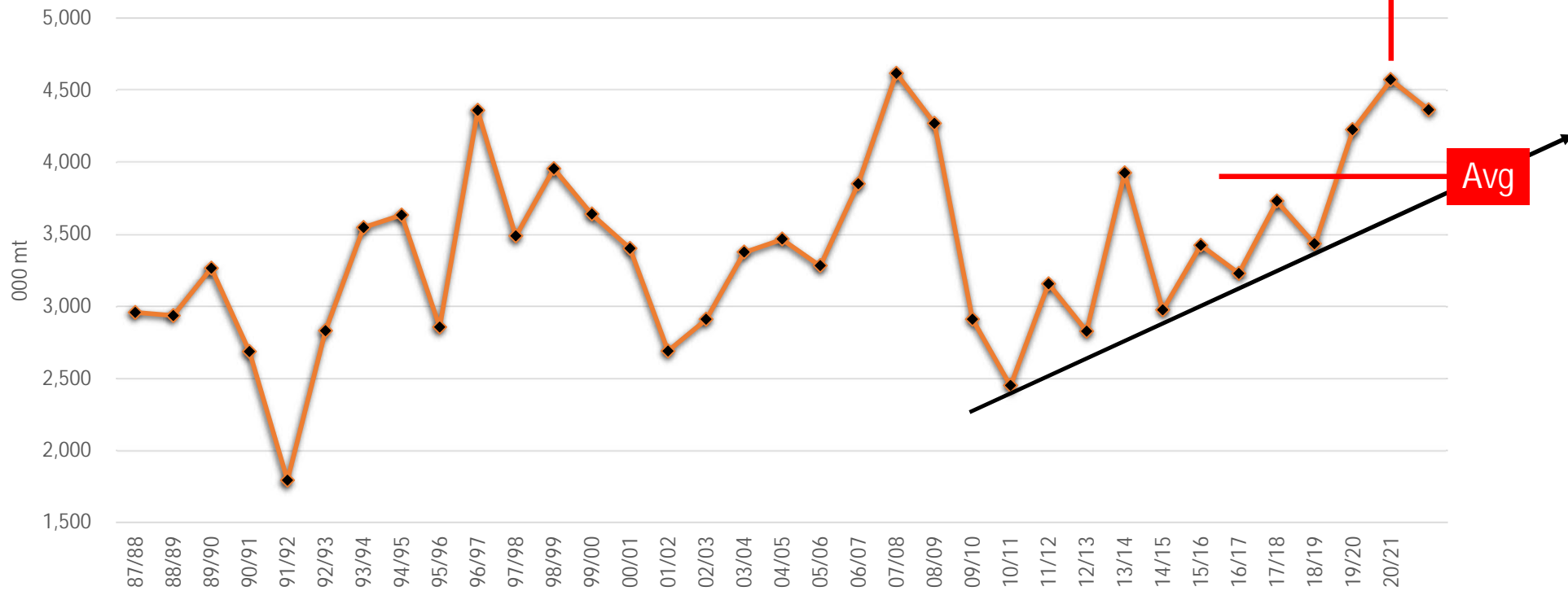


Canada Harvested Oat Area

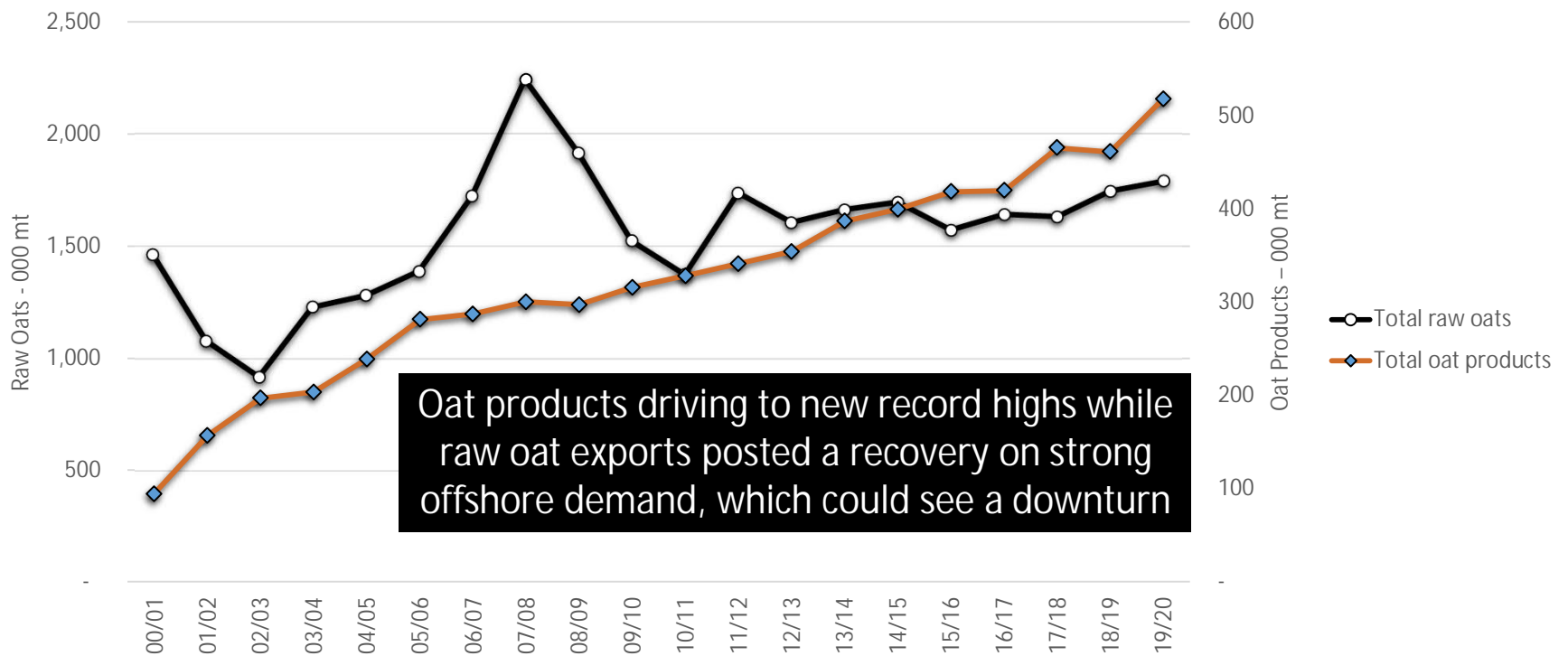


Canada Oat Production

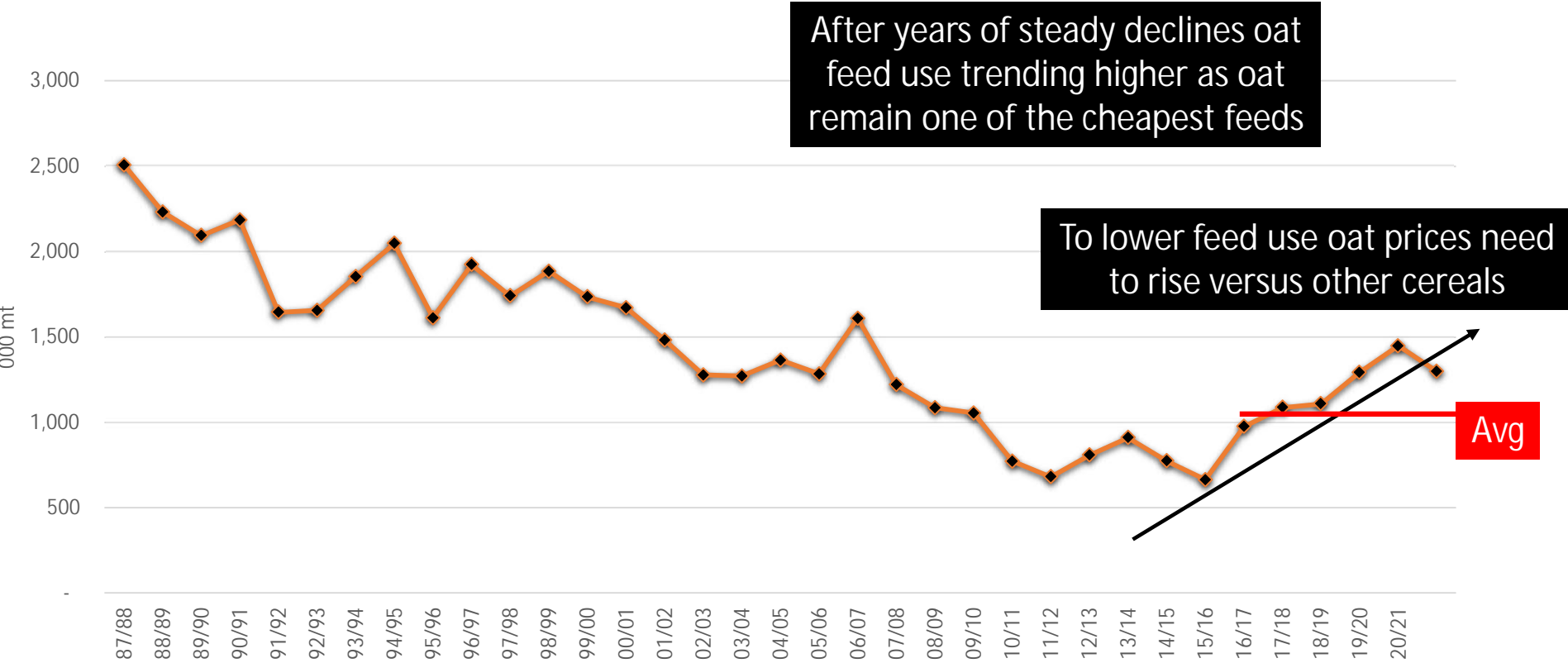
2020 production reaches to near 40-year high but not enough to lower oat prices due to strong commercial demand, 2021 not looking better.



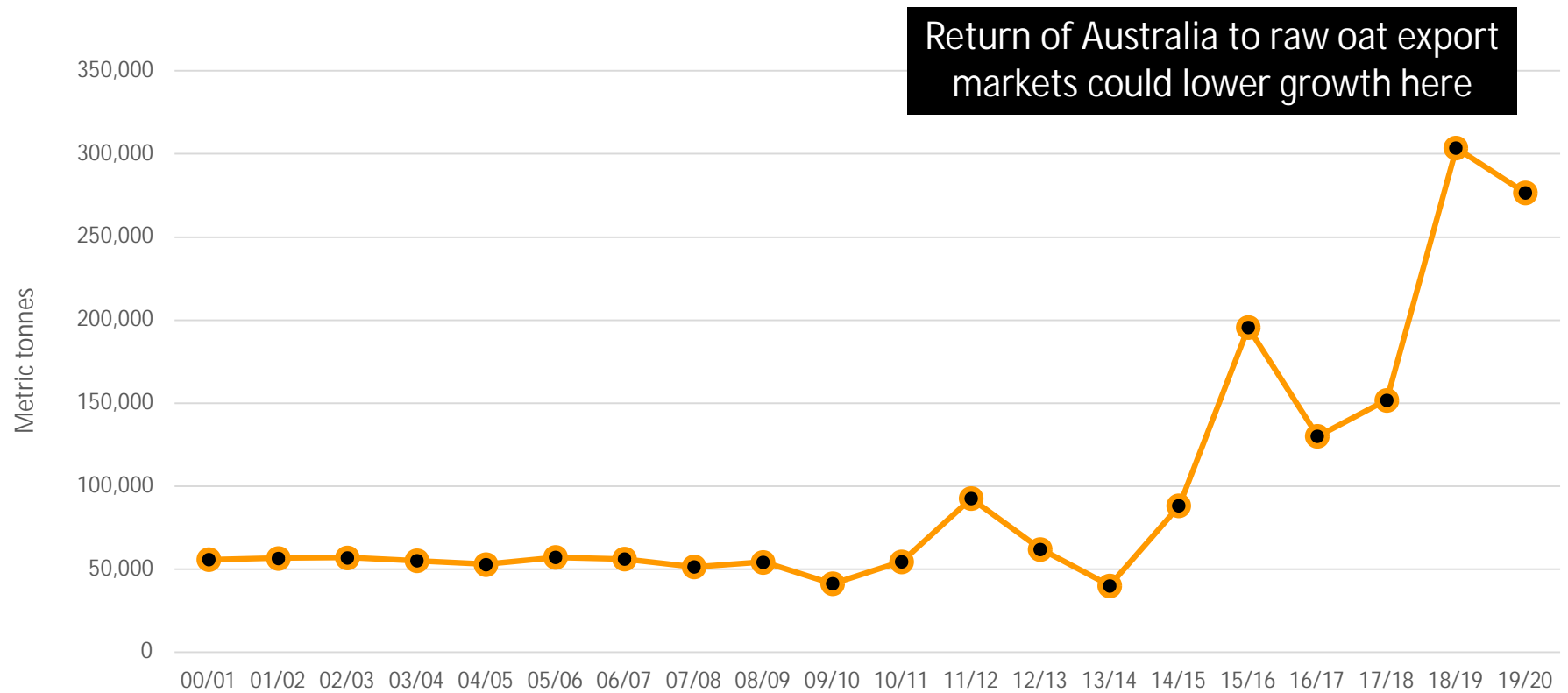
Canada Raw Oat and Oat Product Trade



Canada Oat Feed Use



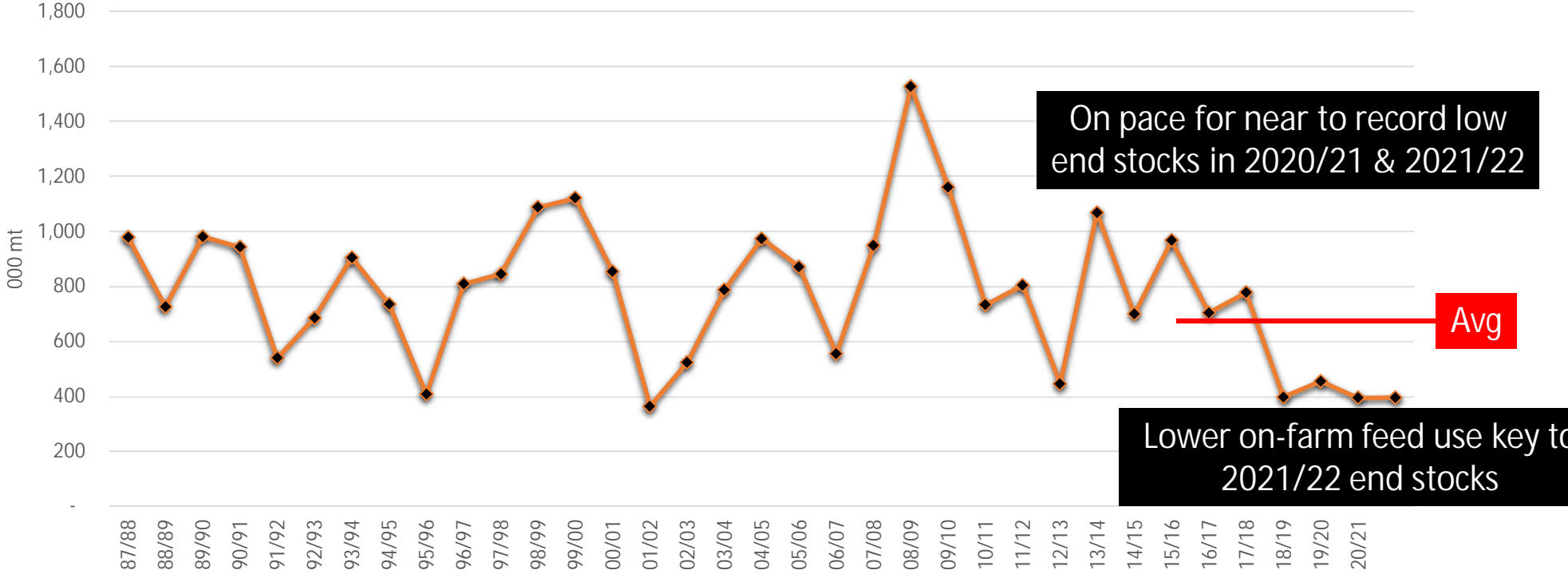
Canadian Offshore Raw Oat Export Trends



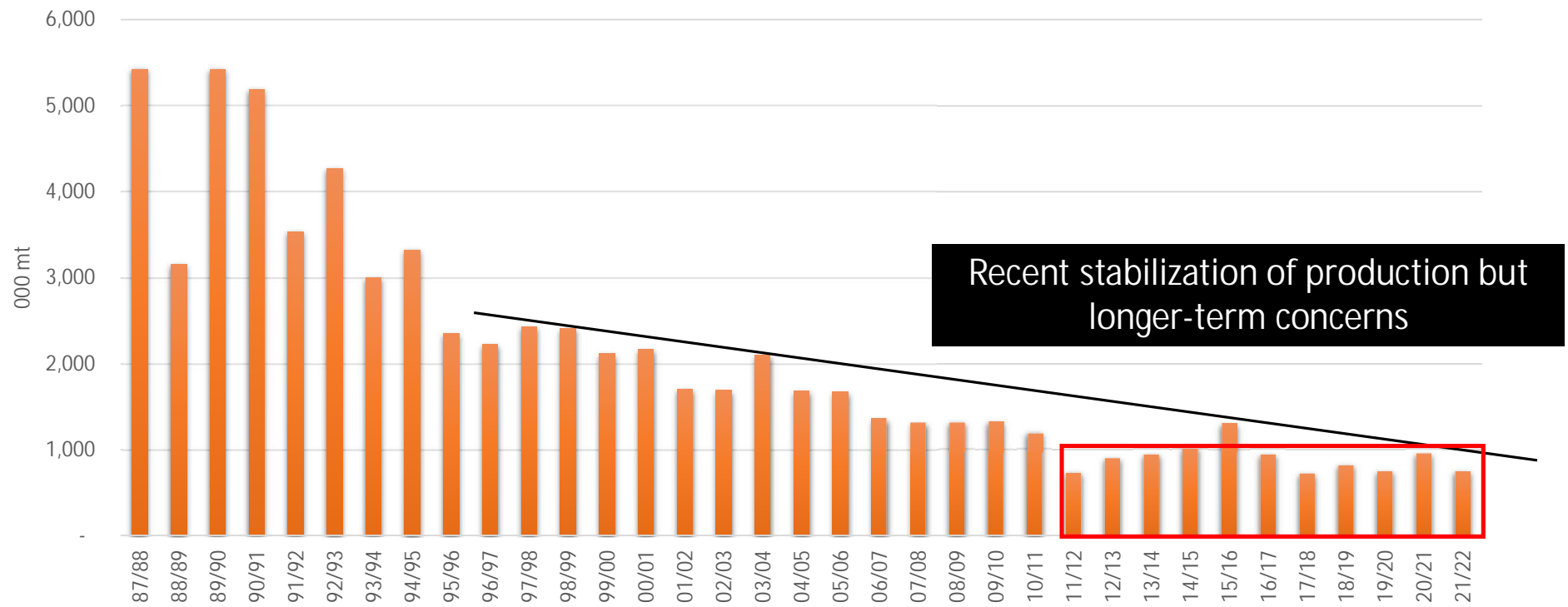
Offshore Raw Canadian Oats Exports

- This category has been driving recent total Canadian oat export gains.
- Mexico the leading importer followed by Japan.
- Chile imports very large but likely not a long term buyer of Canadian oats.
- Three years of Aussie drought has helped Canadian exports – Aussie production recovery this year could see Australia recapture some lost markets.
- Chinese oat import demand nowhere insight and unlikely to surface anytime soon for Canada.

Canada Oat End Stocks



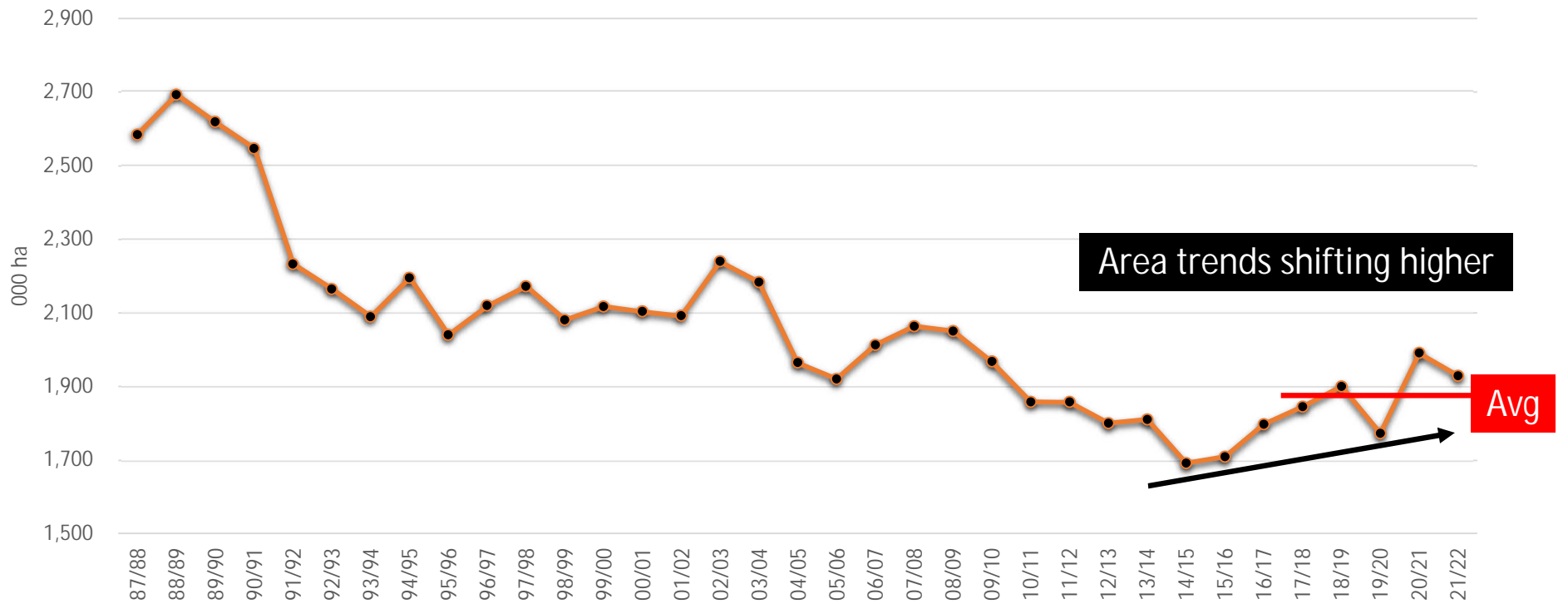
US Oat Production



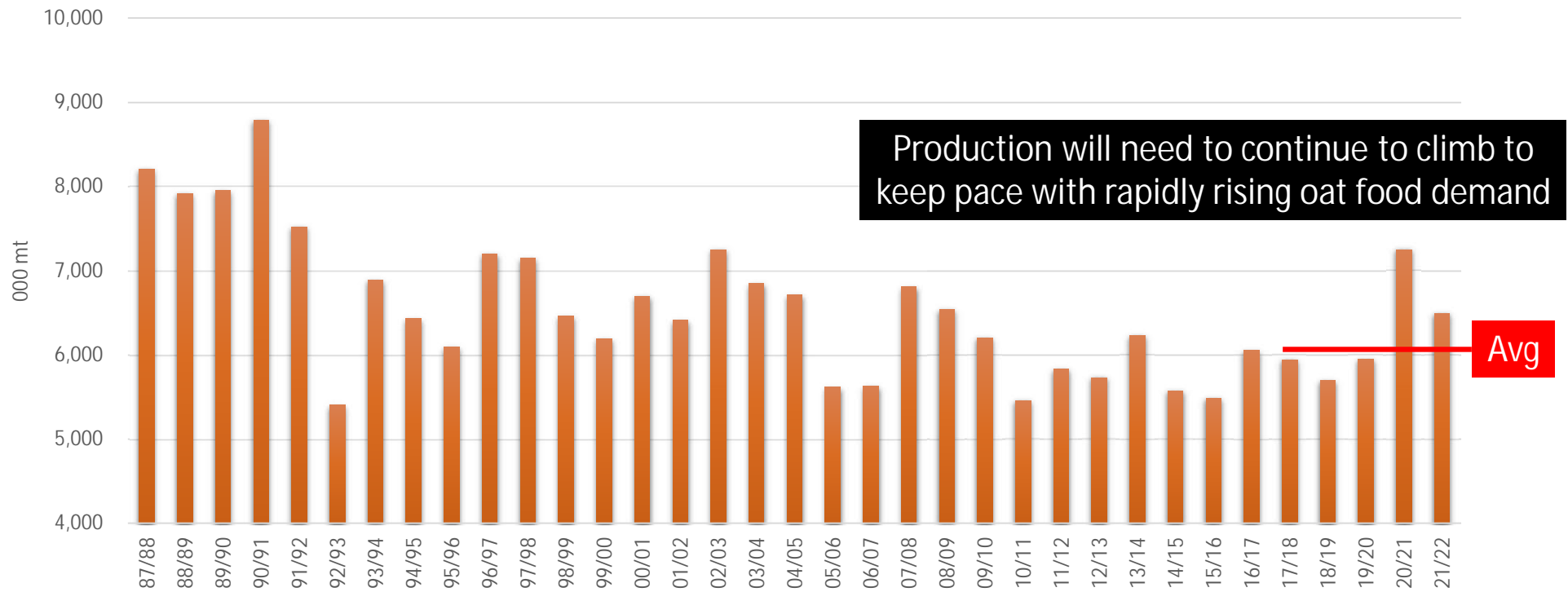


EU-27 & UK Oat Outlook

EU/UK Oat Area – Major Countries

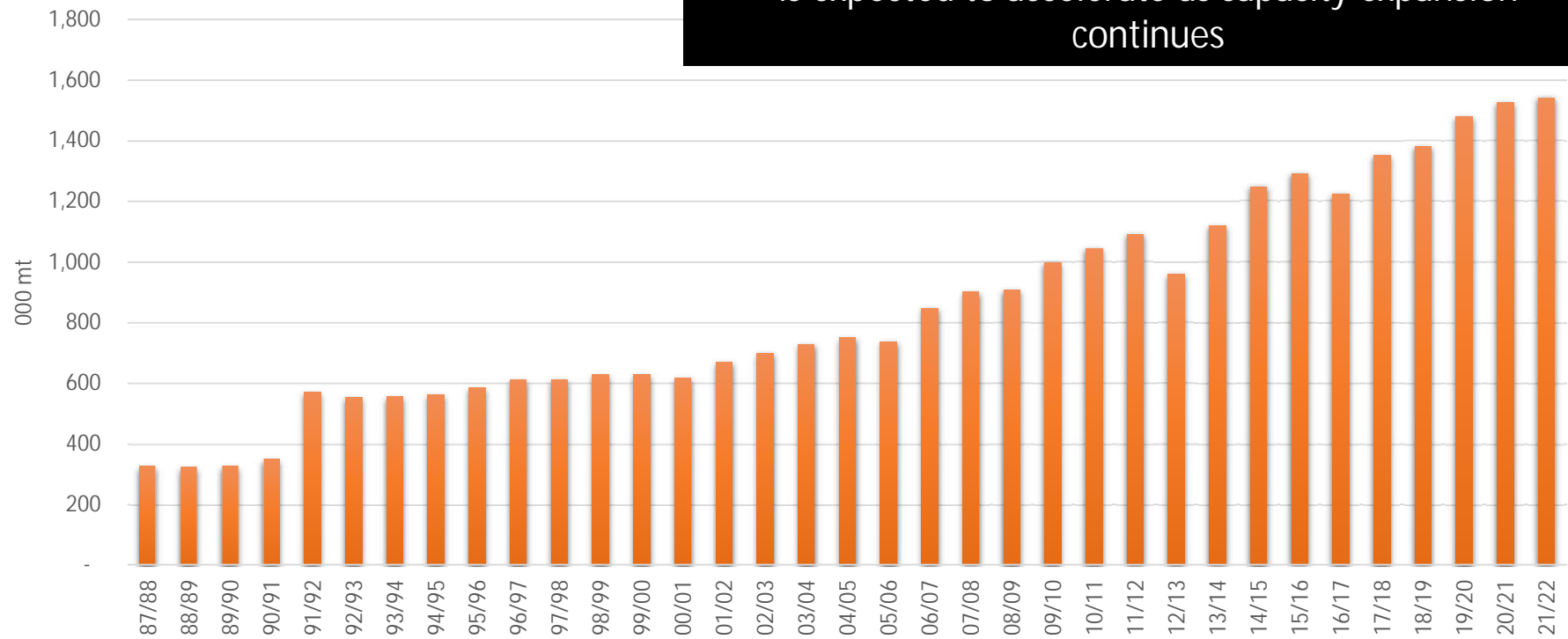


EU/UK Oat Production

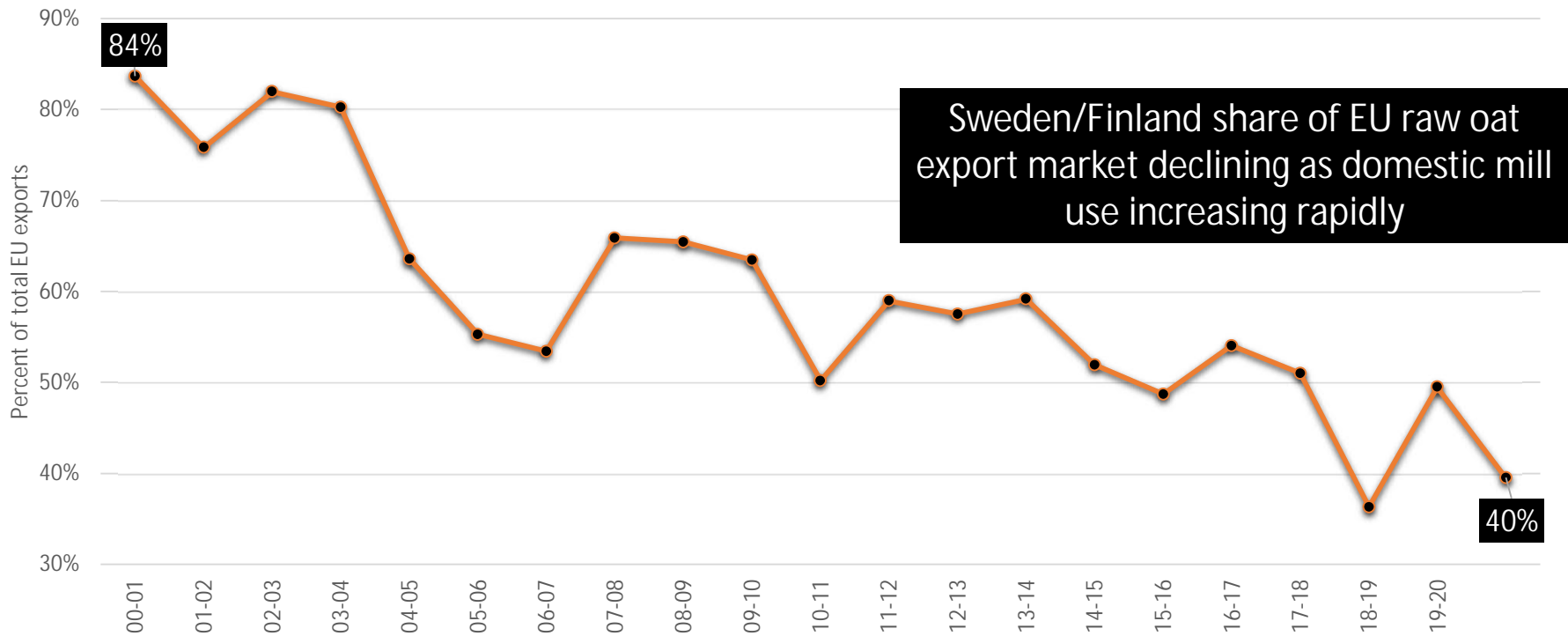


EU/UK Oat Milling

Mill use has been growing at an annual rate of 2.8%, this is expected to accelerate as capacity expansion continues



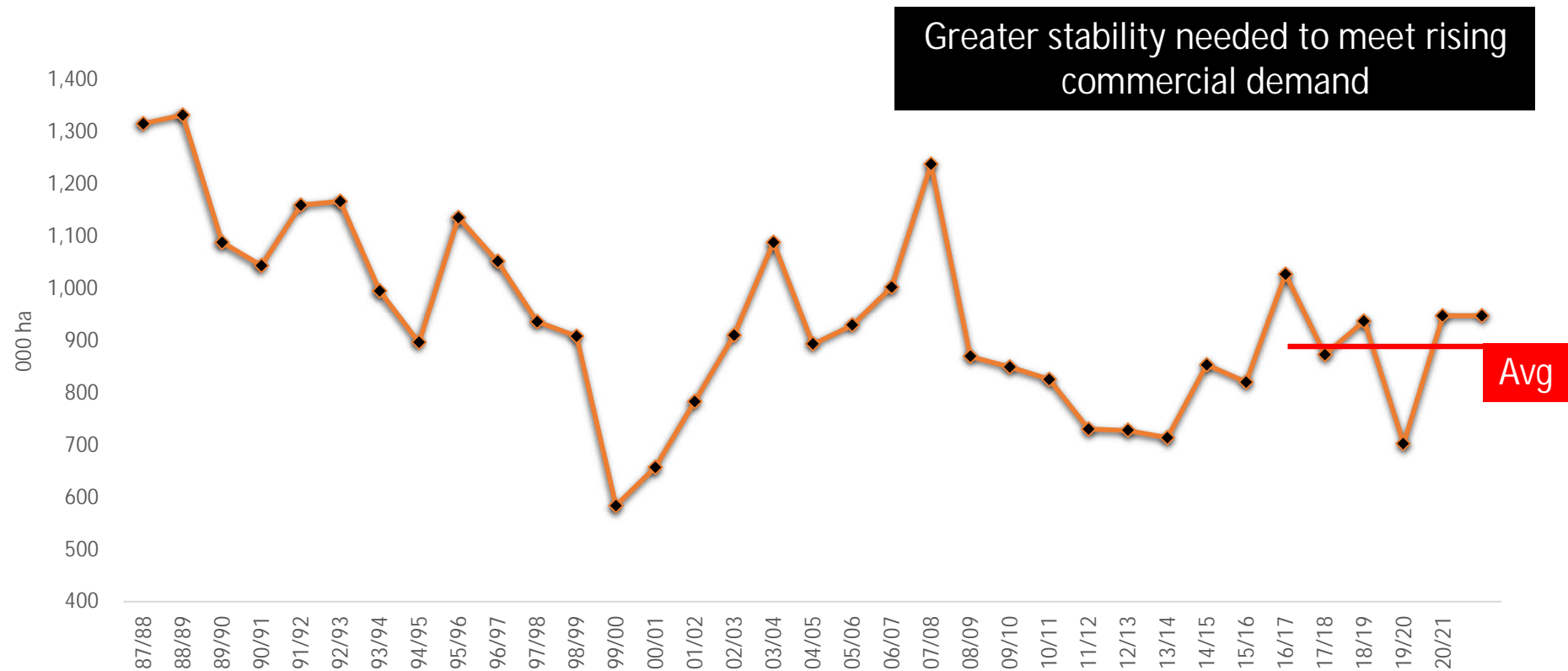
Sweden/Finland Dominance Fading





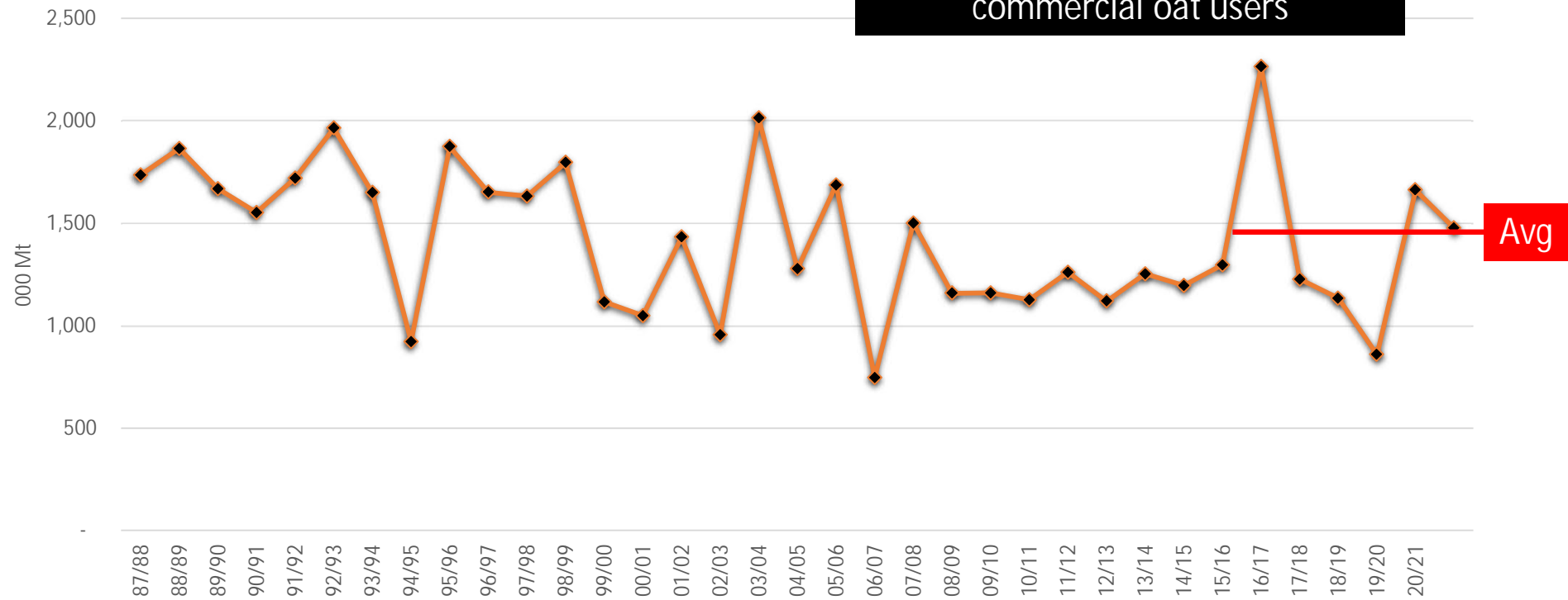
Australia Oat Outlook

Australia Oat Area

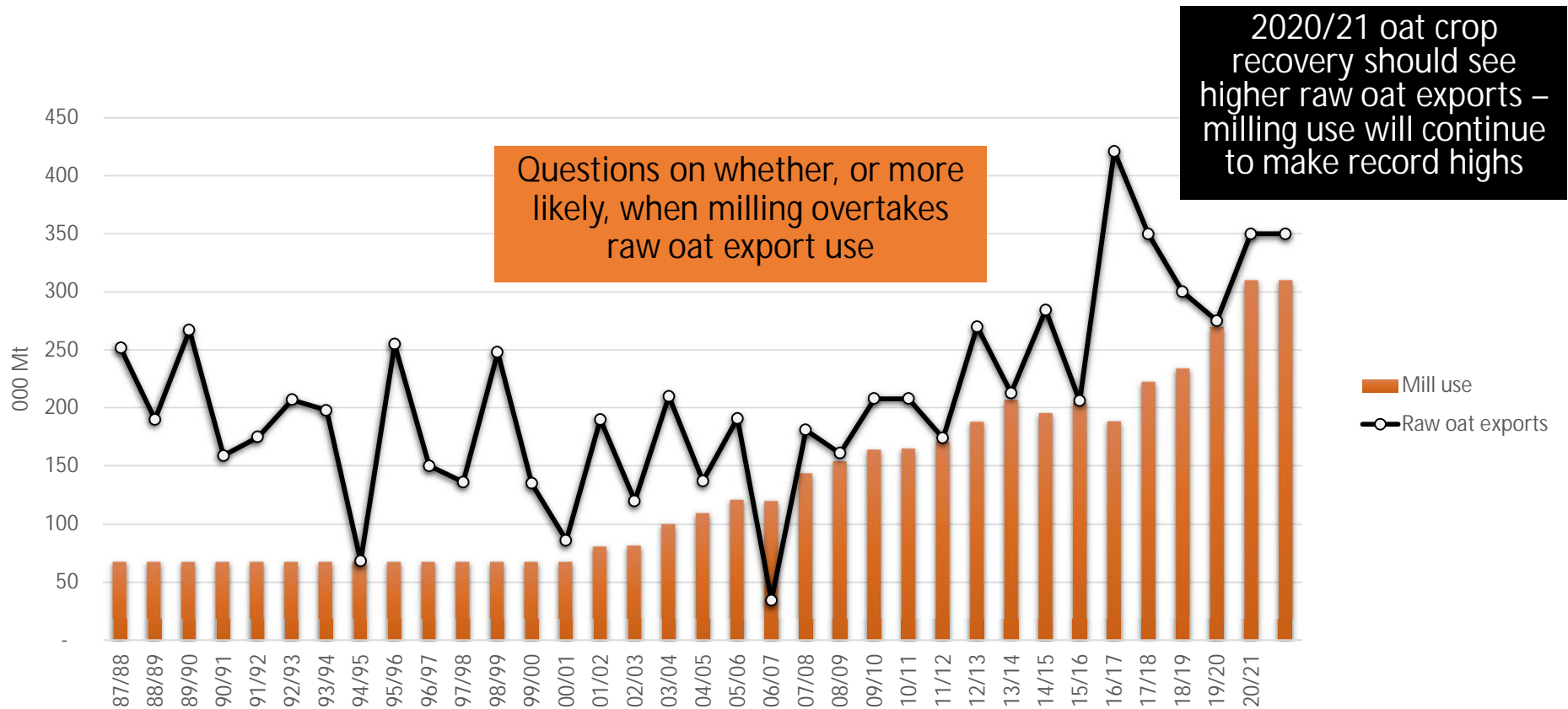


Australia Oat Production

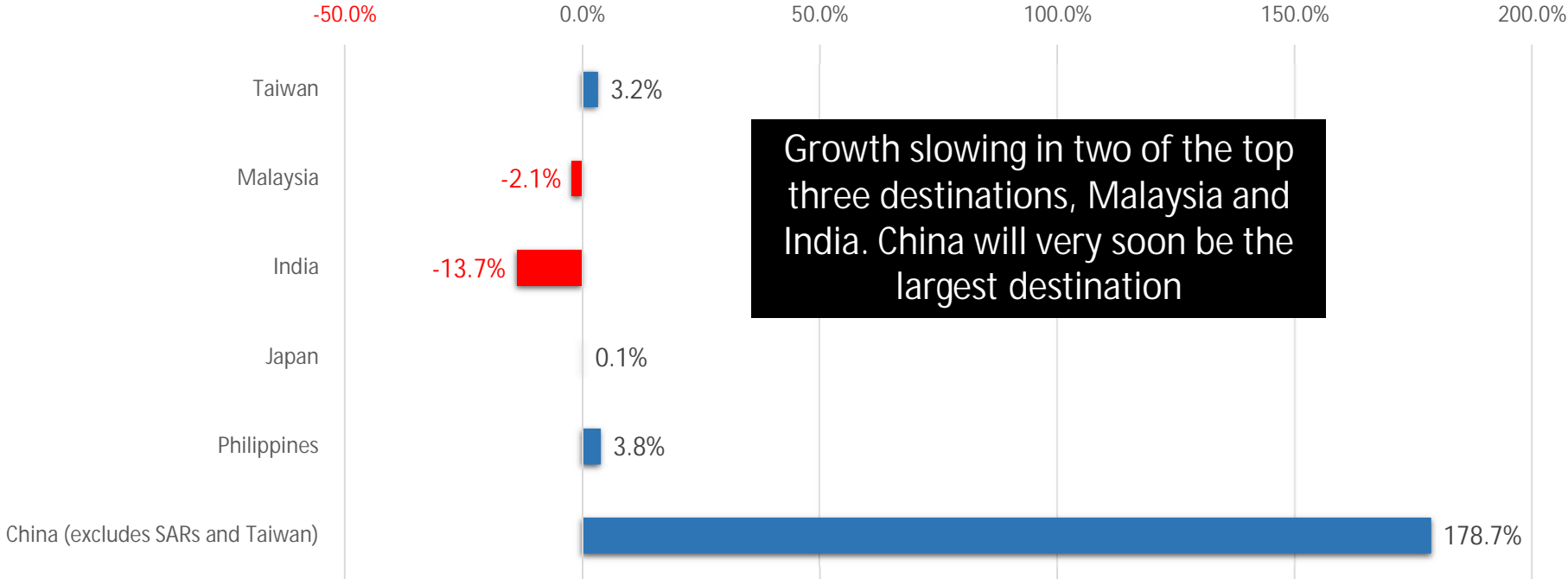
Again, too much unpredictability in oat production/supplies for commercial oat users



Australia Raw Oat Exports & Milling



Australia Oat Product Export Growth – 5 Year CAGR





Oat Market Wild Cards



Oat Milk!



Oat Milk

- Demand is skyrocketing as consumers turning towards plant-based foods.
 - Global oat milk demand is forecast to rise at an annual rate of 15% from 2021 to 2027.
 - This will directly drive raw oat and oat product use rapidly higher.
- When compared other beverages , oats have an advantage
 - "Because oat crops have a smaller environmental impact than dairy, almond, and soy, oat milk is also a more sustainable option," registered dietitian Jess Cording, M.S., R.D., CDN, once told mbg."



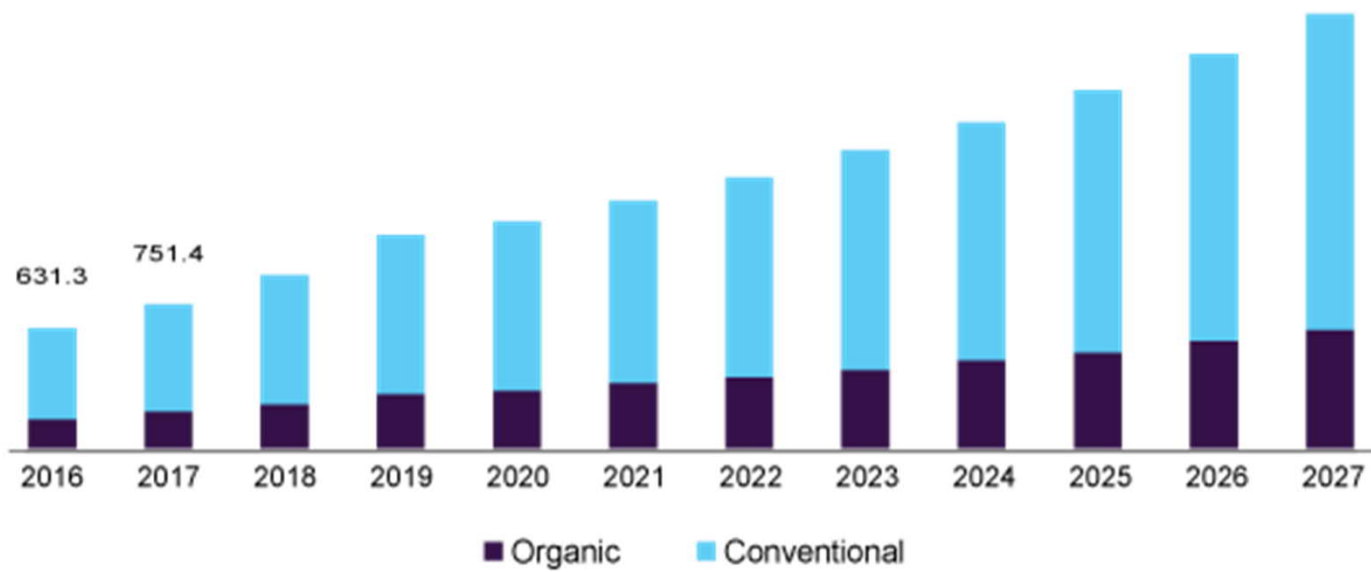
Oat Milk

A Game Changer for the Oat Market

- Plant-based food and drink companies are tapping into rising consumer demand for animal product alternatives, including milk.
- In fact, sales of plant-based milks grew **five percent** in 2019, making up **14 percent** of the entire milk category, according to the plant based foods association. further, the plant-based milk market is growing at a compound annual growth rate of 10 percent and is expected to reach \$21.52 billion in 2024, according to [research and markets](#).
- And while almond milk continues to dominate the plant-based milk segment with a 63 percent share, oat milk is gaining momentum, recently surpassing soy milk to reach the no. 2 spot ([food navigator, september 2020](#)). u.s. oat milk sales climbed more than 170% during the 52-week period ended feb. 13, according to nielsen data.
- Oat milk has hit the mainstream coffee-shop scene with starbucks now carrying oatly's oat milk nationwide and incorporating it into the coffee giant's spring menu through the new iced brown sugar oatmilk shaken espresso.
- Additionally, oat milk's texture is similar to cow's milk and its flavor is sweeter, giving it an advantage over other plant-based milks, particularly in coffee.



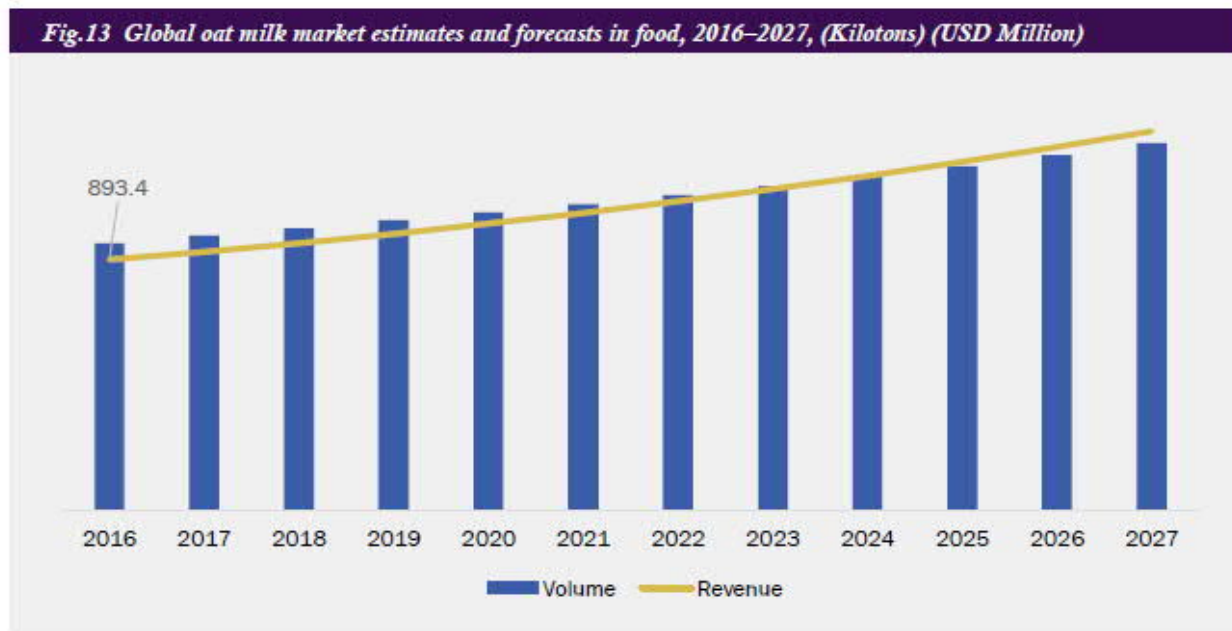
U.S. oat milk market size, by source, 2016 - 2027 (USD Million)



Source: www.grandviewresearch.com

**6.3.1 GLOBAL OAT MILK MARKET ESTIMATES AND FORECASTS IN FOOD, 2016–2027, (KILOTONS)
(USD MILLION)**

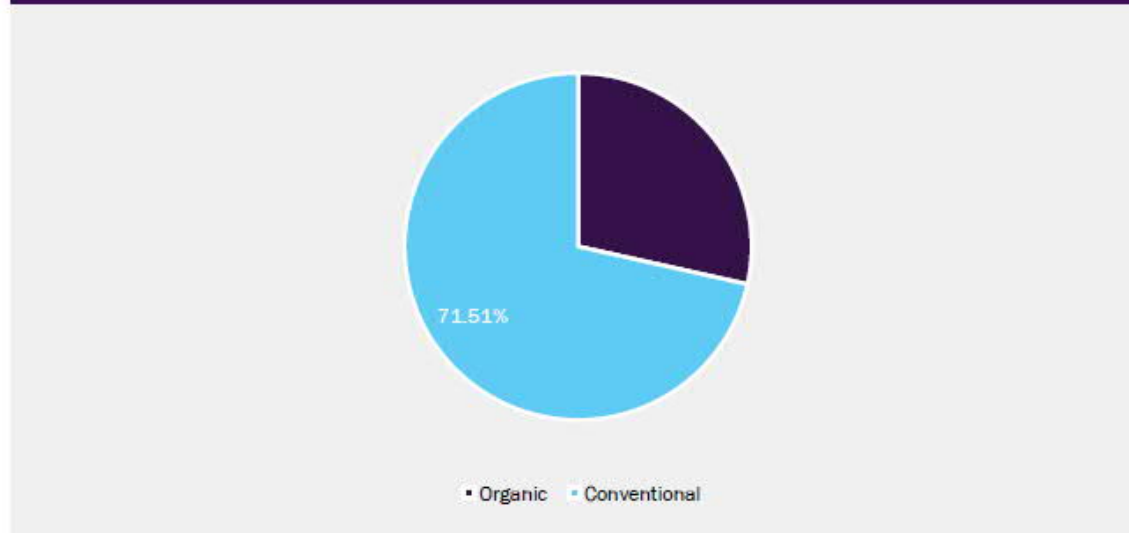
Fig.13 Global oat milk market estimates and forecasts in food, 2016–2027, (Kilotons) (USD Million)



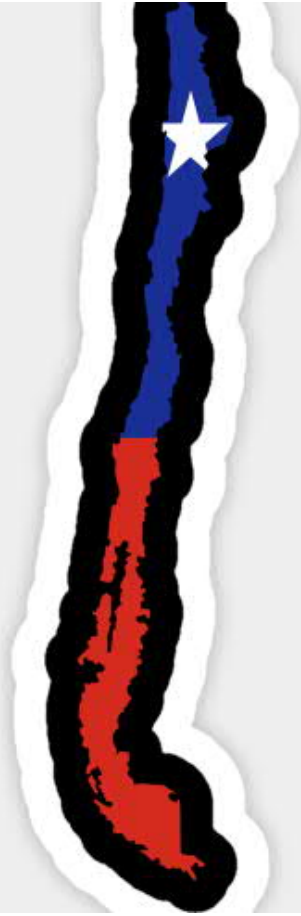
Source: ICIS, FDA, Nutraingredients, Nutraceuticals World, D&B Hoovers, Company Annual Reports, Primary Research, Grand View Research

**7.2.2 NORTH AMERICA OAT MILK MARKET ESTIMATES AND FORECASTS, BY SOURCE, 2016-2027,
(KILOTONS) (USD MILLION)**

Fig.16 North America oat milk market share, by source, 2019, (%)



Source: ICIS, FDA, Nutraingredients, Nutraceuticals World, D&B Hoovers, Company Annual Reports, Primary Research, Grand View Research

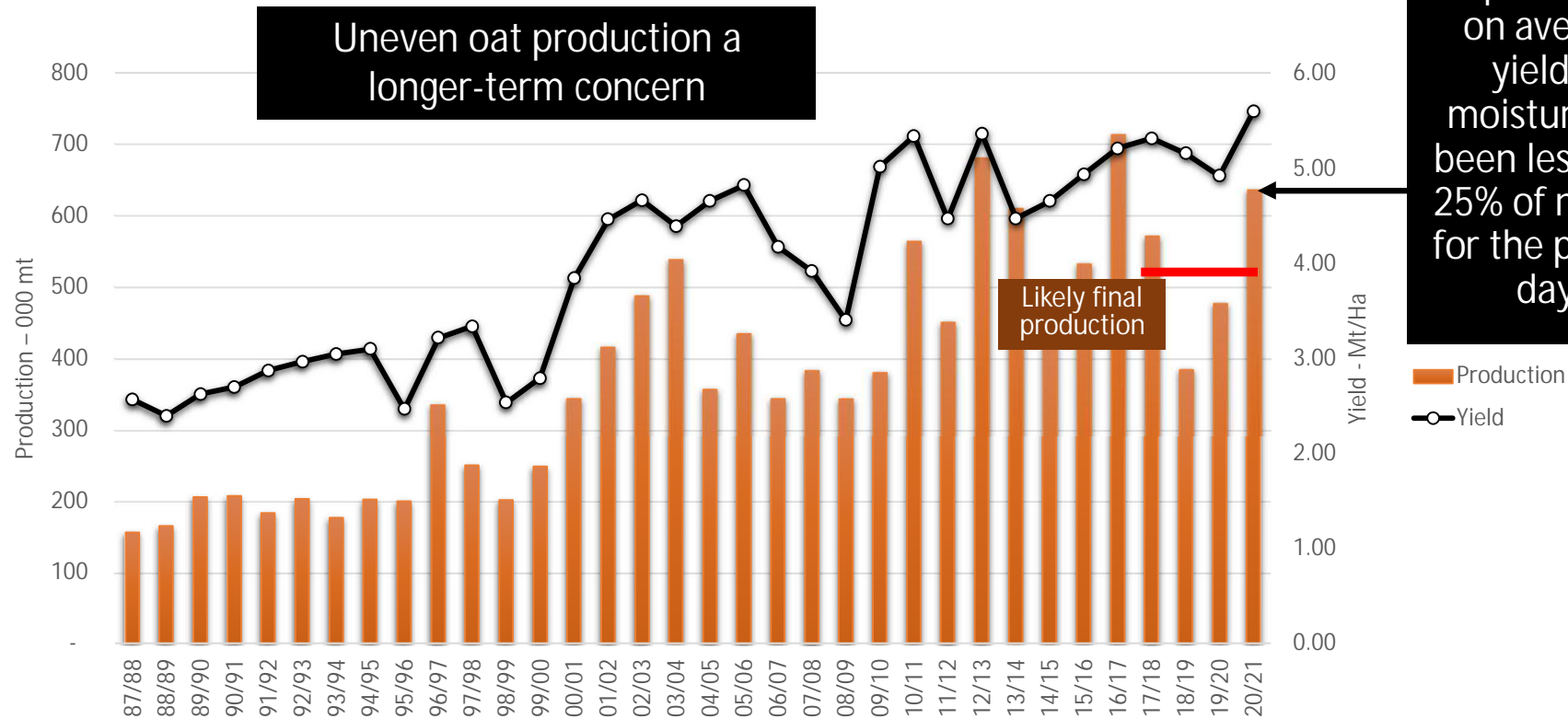


Chile Oat Market

Chile Oat Market

- Chile is the second largest exporter of oat products in the world behind Canada.
- Less than ideal 2020 oat crop production resulted in the large oat imports.
- Further issues with the 2021 crop a major concern.
- Oat imports have reached a record high of 150,000 YTD with more buying on the book, old and new crop.
- Demand for Canadian oats will potentially remain strong deep into 2022 if current oat crop smaller than expected. Australia and EU possible suppliers.
- Current oat milling economics likely unsustainable for Chile oat millers longer term

Chile Oat Production and Yield



Uneven oat production a longer-term concern

Likely final production

The current USDA forecast is predicated on average yields – moisture has been less than 25% of normal for the past 90 days



Oat Market Outlook

- COVID quarantine impacts on higher oat mill use will linger deep into 2021.
- Oat beverage use will continue to climb, expect further mill expansion.
- Demand globally/regionally for oat flakes, flour and groat will continue to make new highs as consumers look for more “healthy.”
- Global oat prices will track broadly other cereals
- Oat areas needs to keep pace with rising commercial oat use
 - This means “consistently” higher oat prices to compete with other crops.
 - Canadian growers have tough choices, oat prices will need keep pace
 - Wheat and barley will be major competitors.
- Alternate uses for oats continue to develop
 - Beverages
 - Fractionation
 - Beta Glucan
 - Oils
 - Bran
 - Starch
- **The outlook for oat markets is OUTSTANDING**



Get In Touch

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