



Oat Outlook

January 22, 2021

ON THE AGENDA

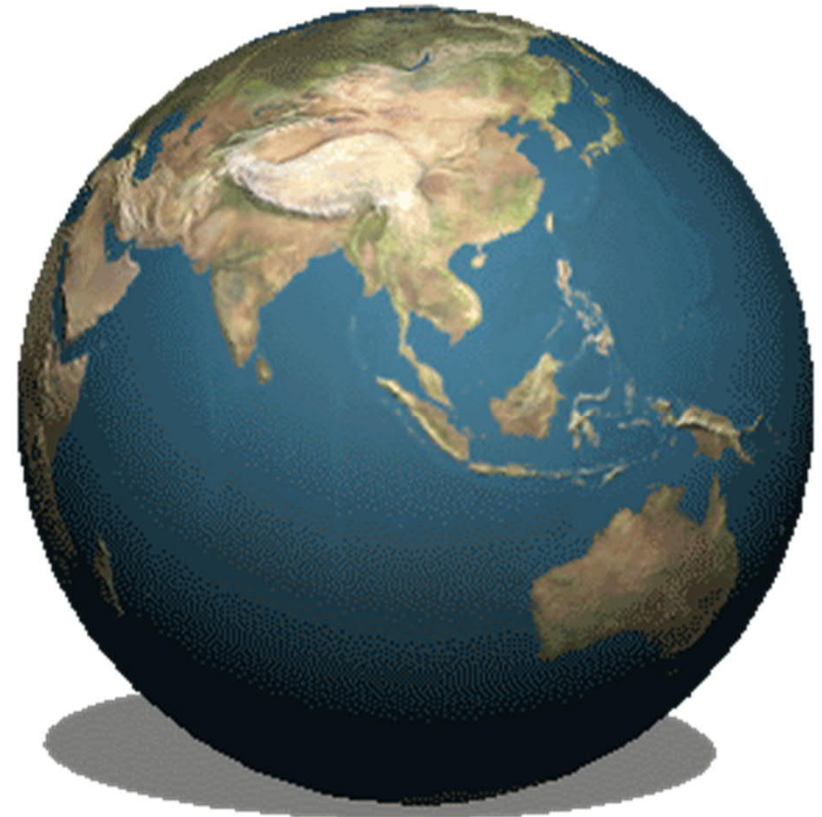
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- Quick global oat overview
 - North American oat markets
 - Wild cards!
 - Outlook for oat markets

What's Driving the Oat Market

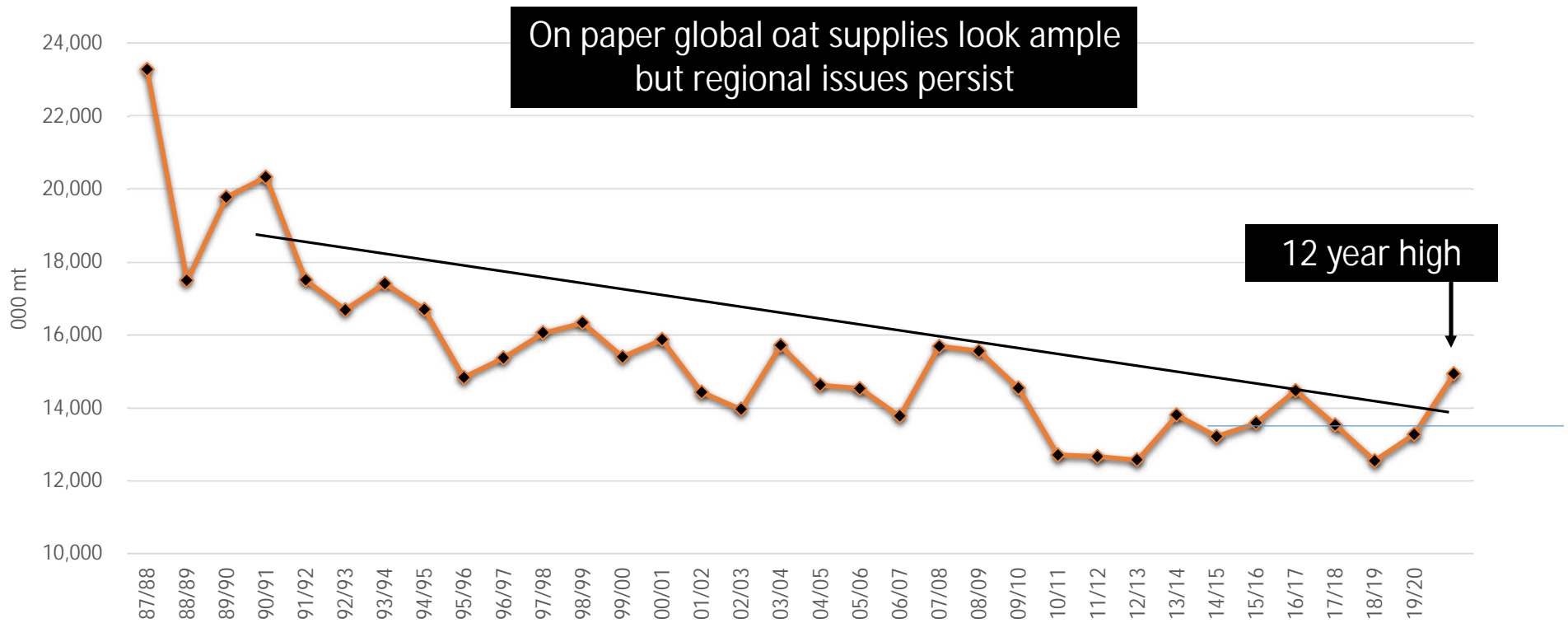
- Continue strong demand for oat food products.
- COVID drives oat demand sharply higher YOY.
- Unprecedented Chile oat imports.
- Tightening global grains supplies providing bottom to oat prices.
- Regional supply/balance issues.



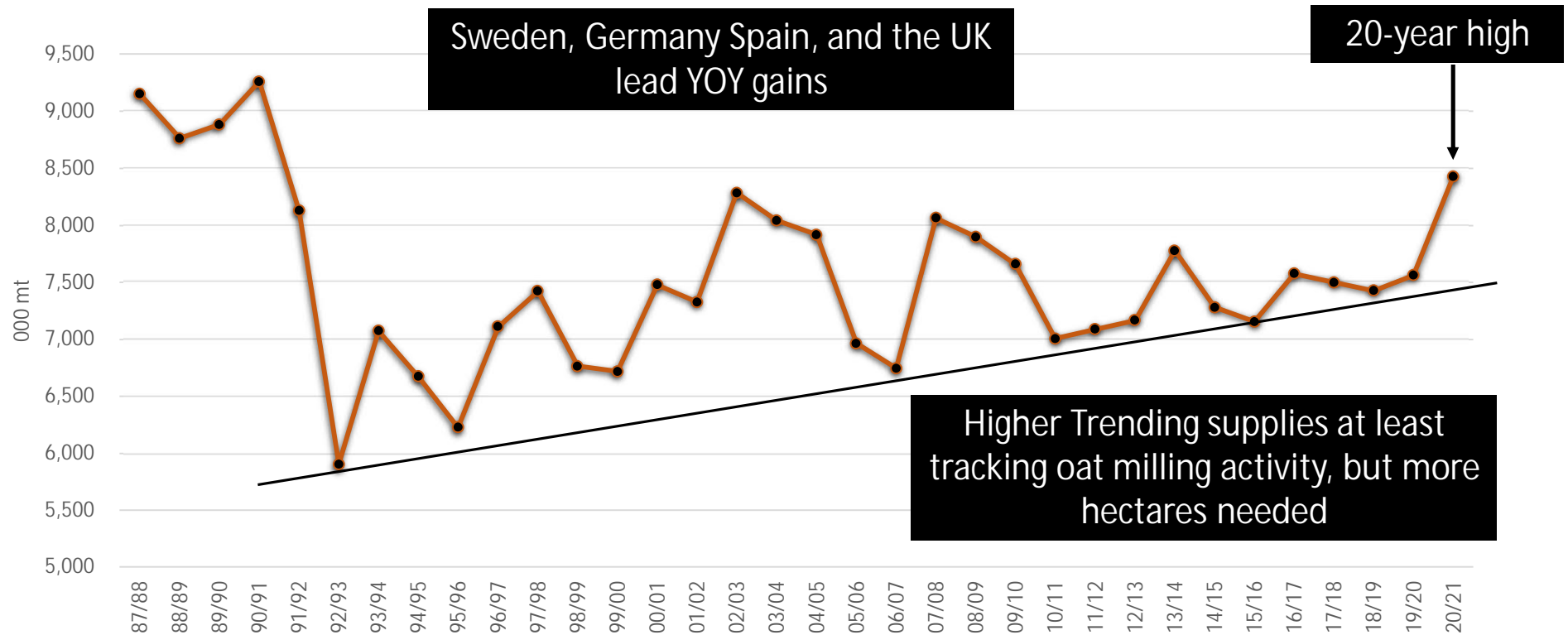
Global Oat Outlook



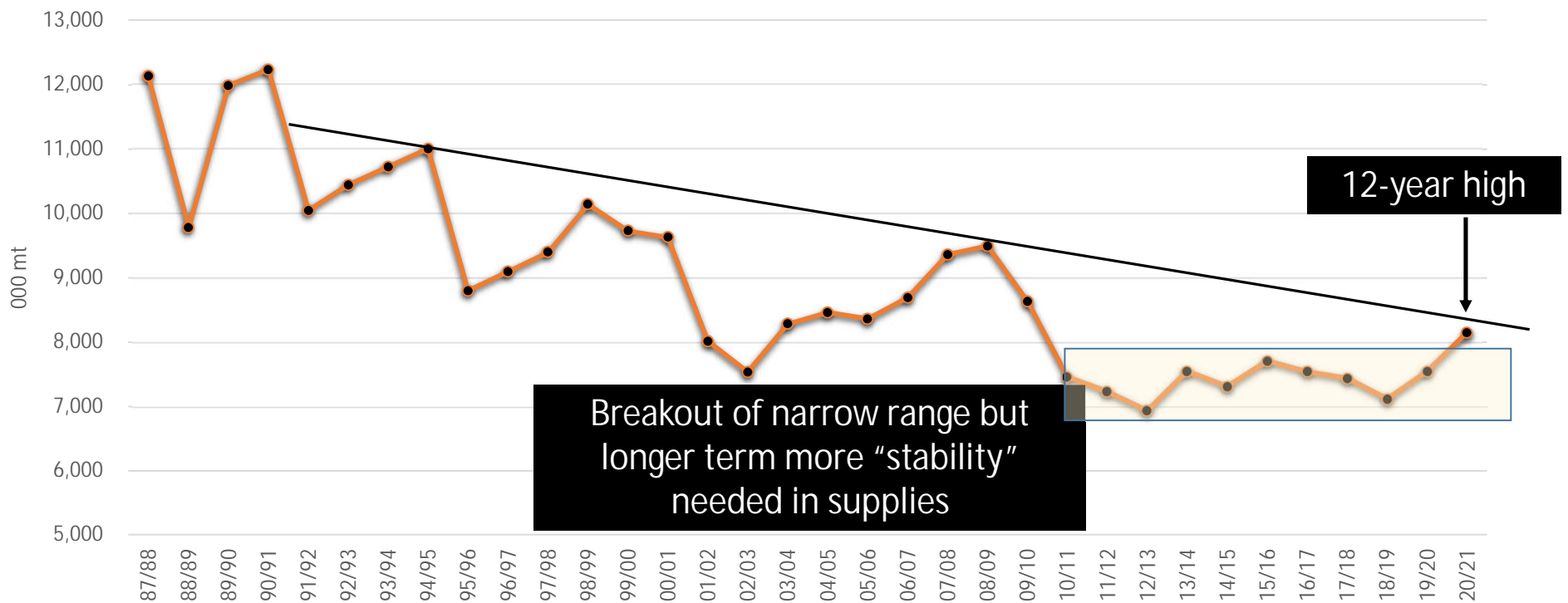
Global Oat Supplies – Major Markets



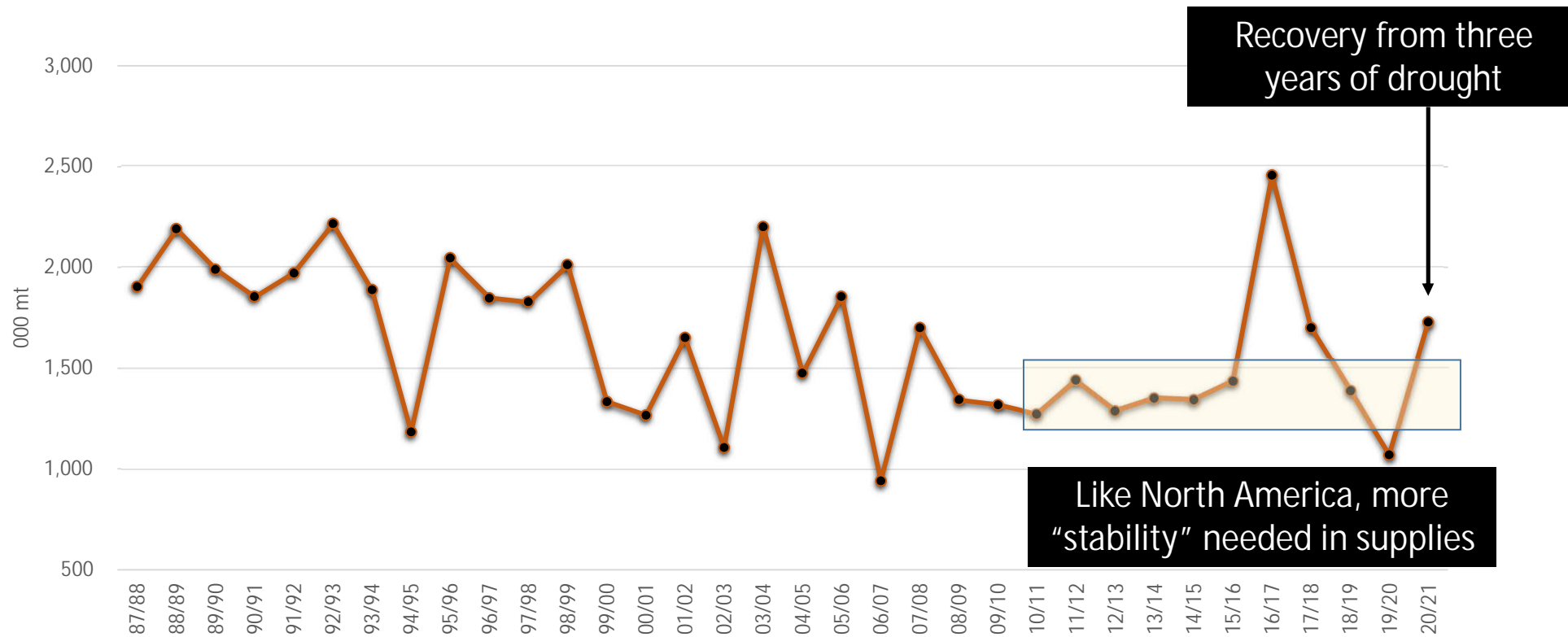
EU/UK Oat Supplies – Major Countries



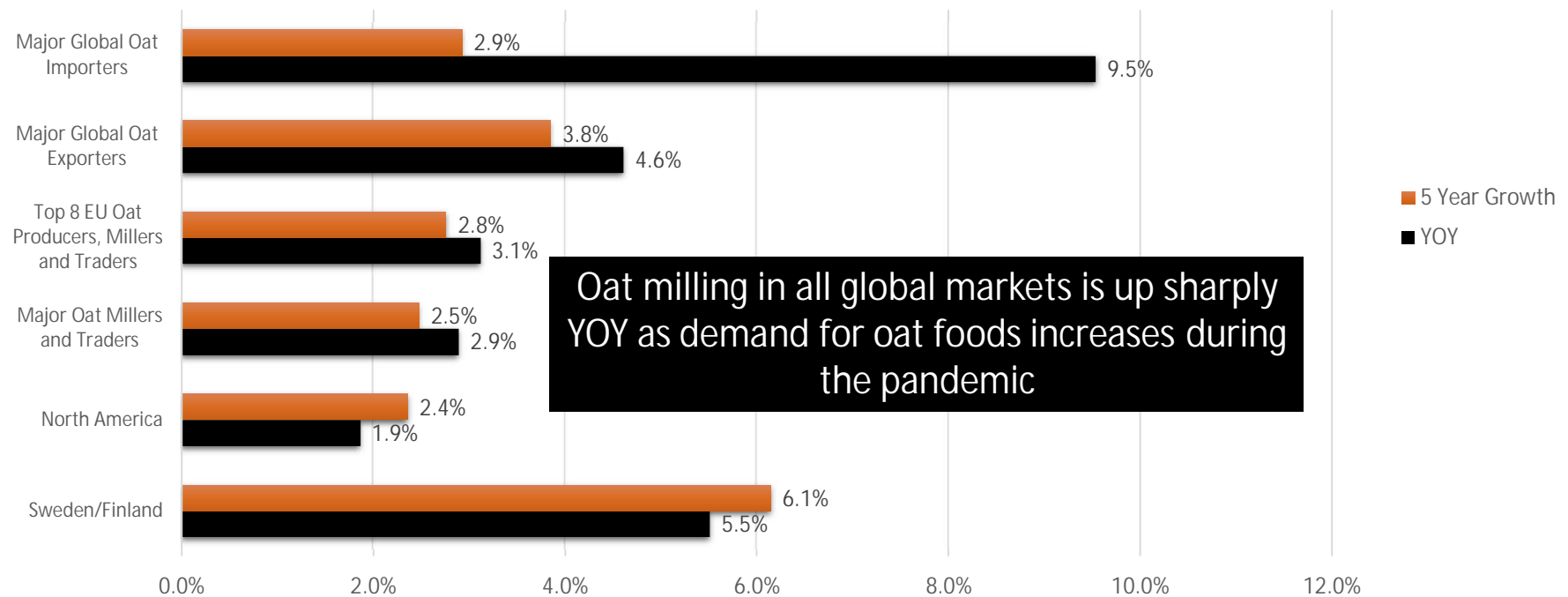
North American Oat Supplies



Australia Oat Supplies



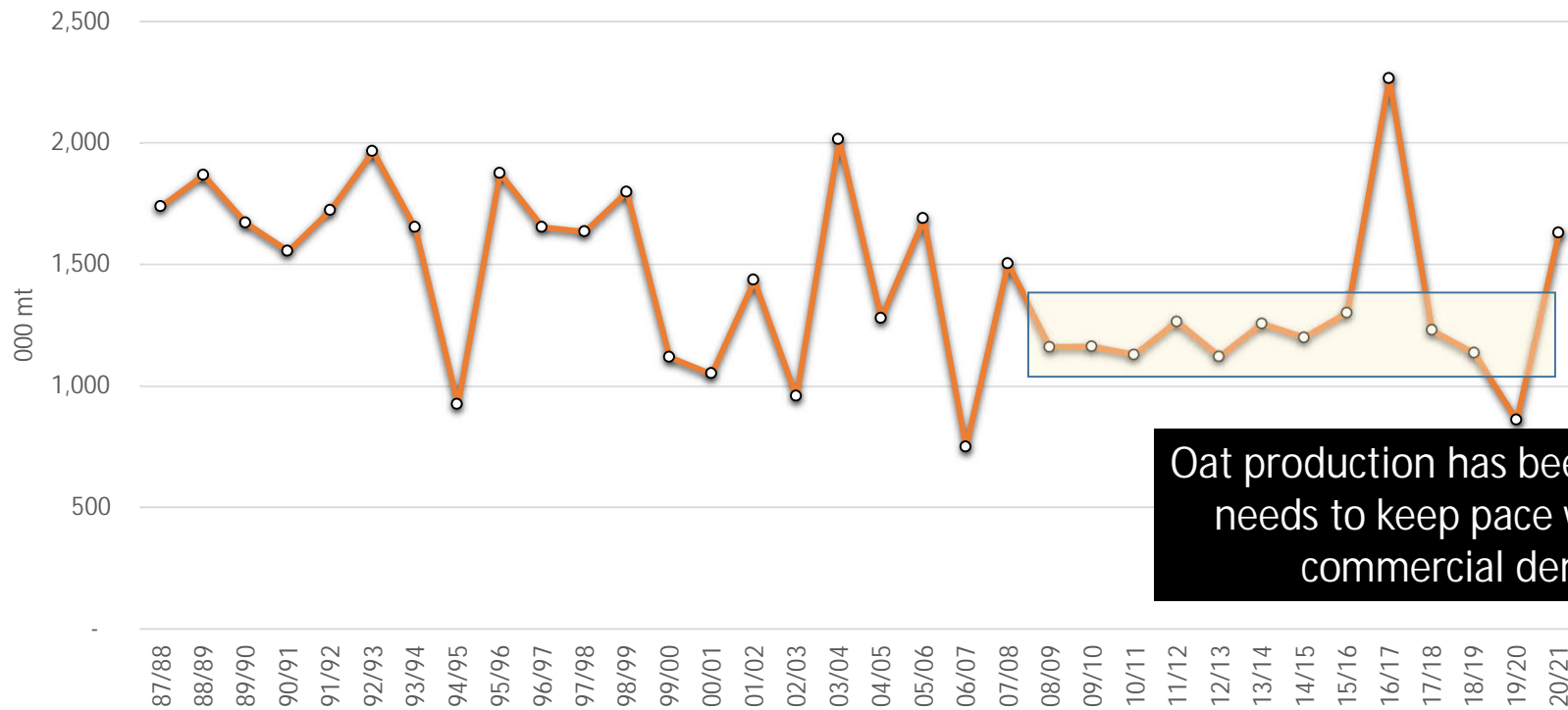
Oat Milling - Major Global Oat Markets - YOY and 5 Year Growth





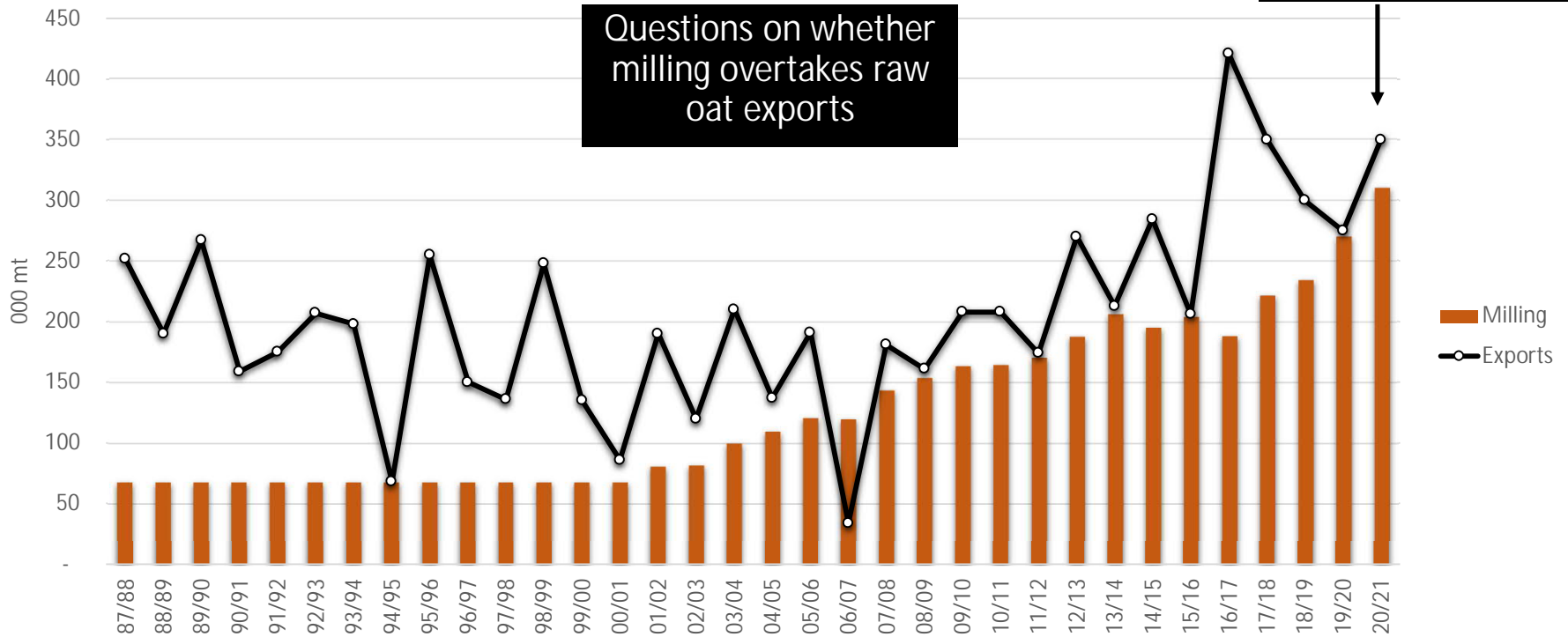
Australia Oat Outlook

Australia Oat Production



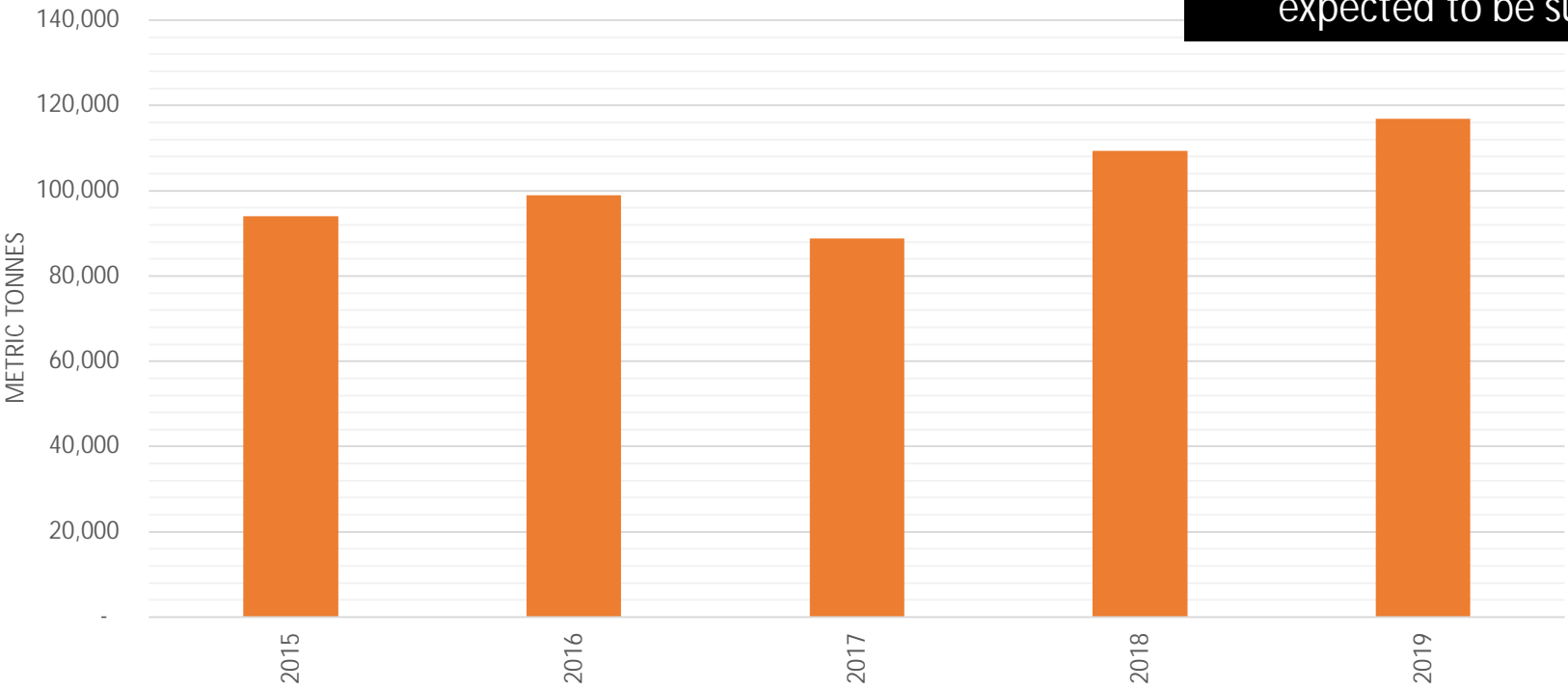
Australia Raw Oat Exports & Milling

2020 oat crop recovery should see higher raw oat exports – milling use will continue to make record highs

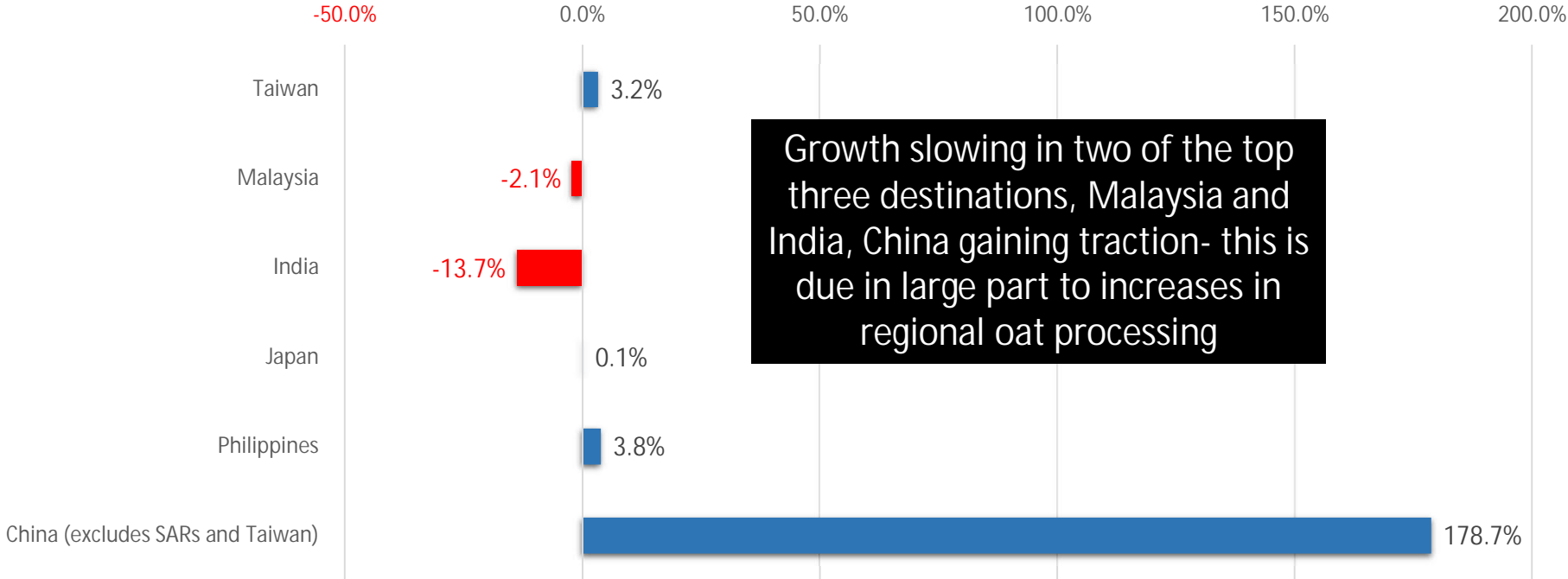


Australia Oat Product Exports

Record highs, longer growth expected to be substantial



Australia Oat Product Export Growth – 5 Year CAGR

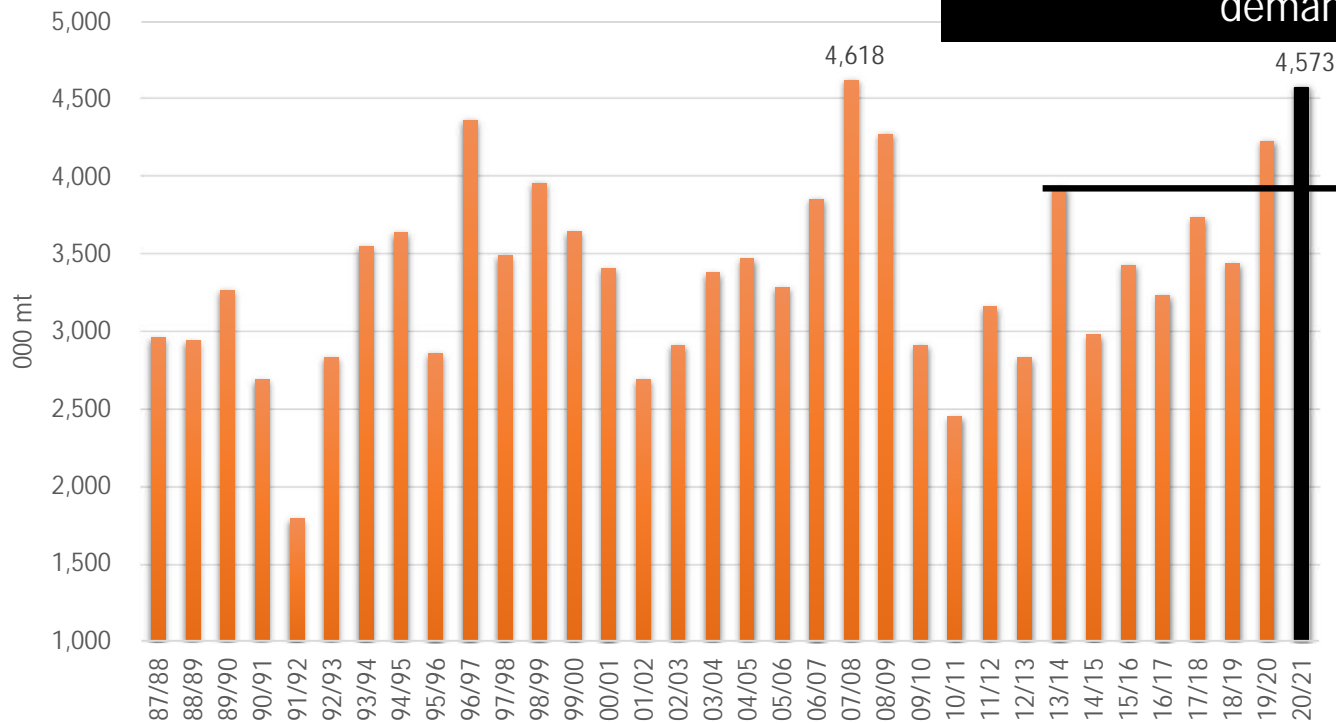




North American Oat Outlook

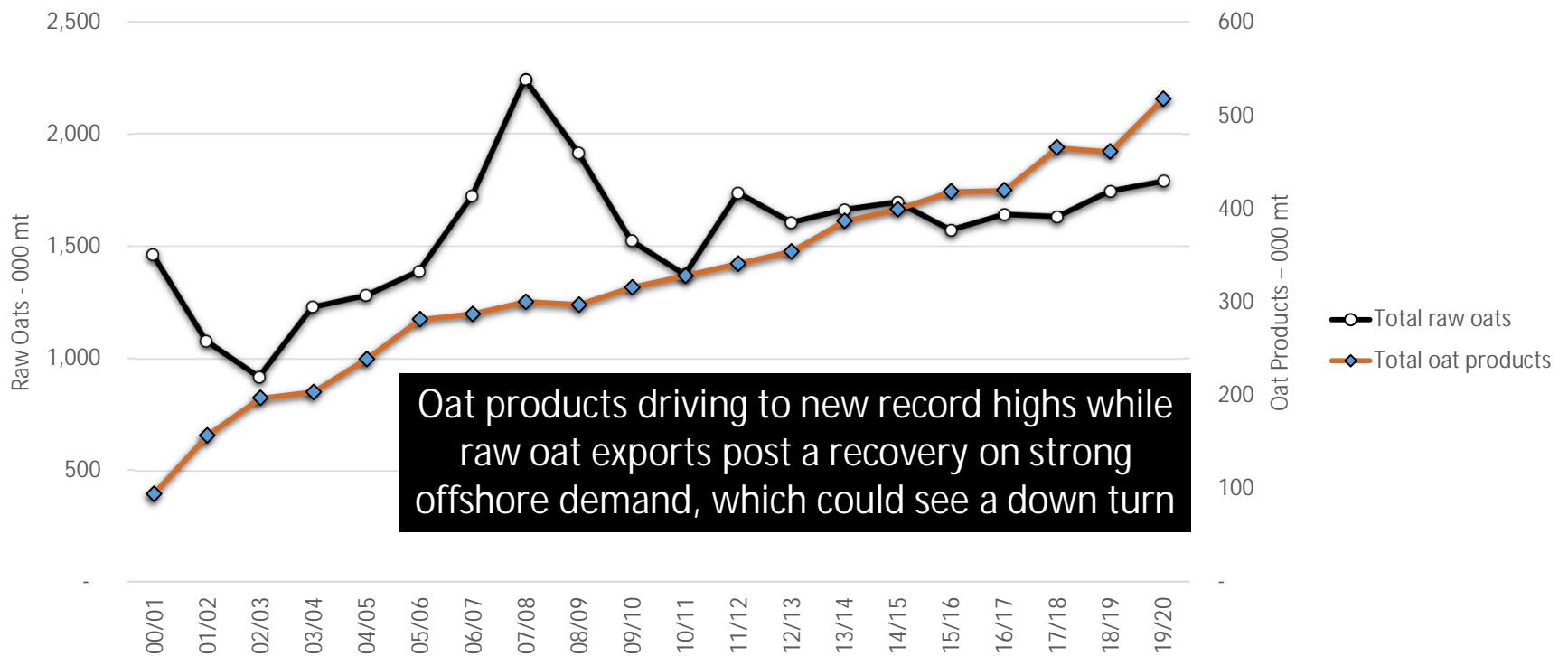
Canada Oat Production

2020 production reaches to near 40-year high but not enough to lower oat prices due to strong commercial demand



Five-year average
3,610 ThMt

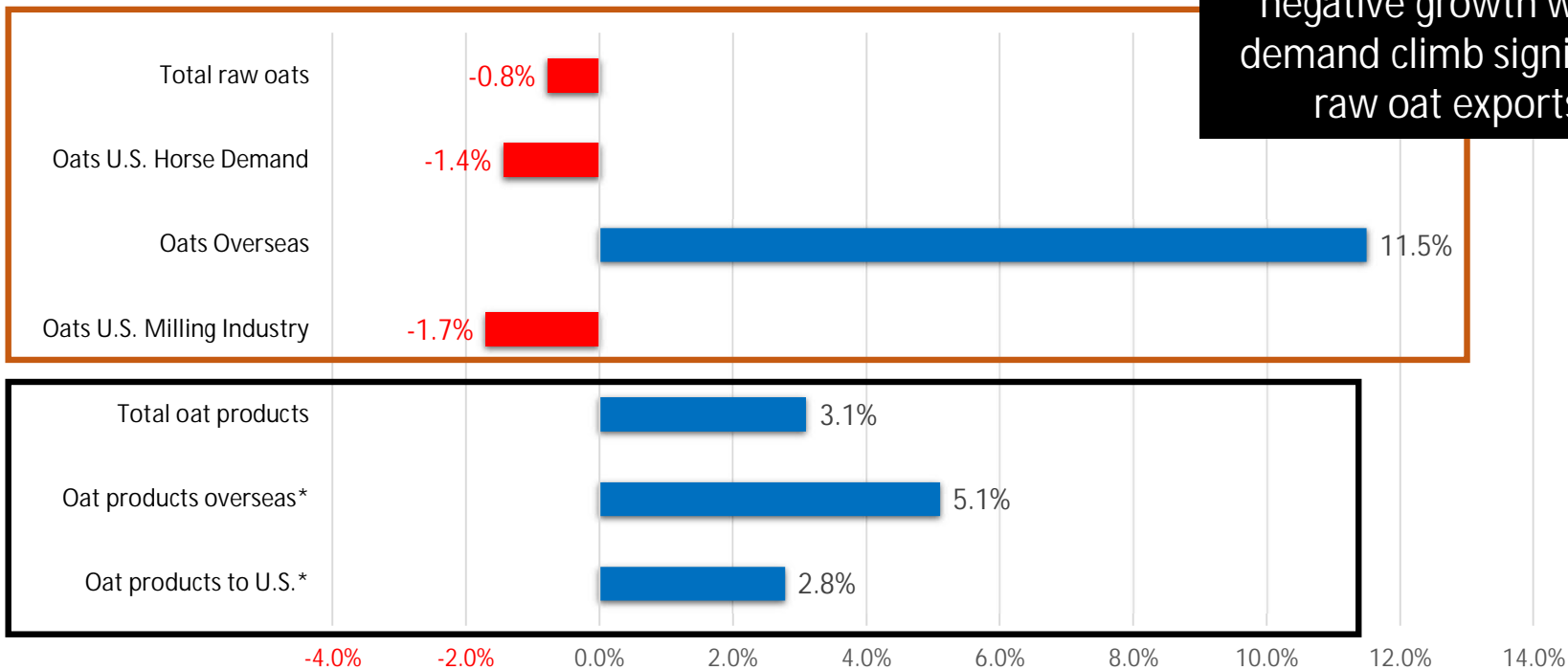
Canada Raw Oat and Oat Product Trade



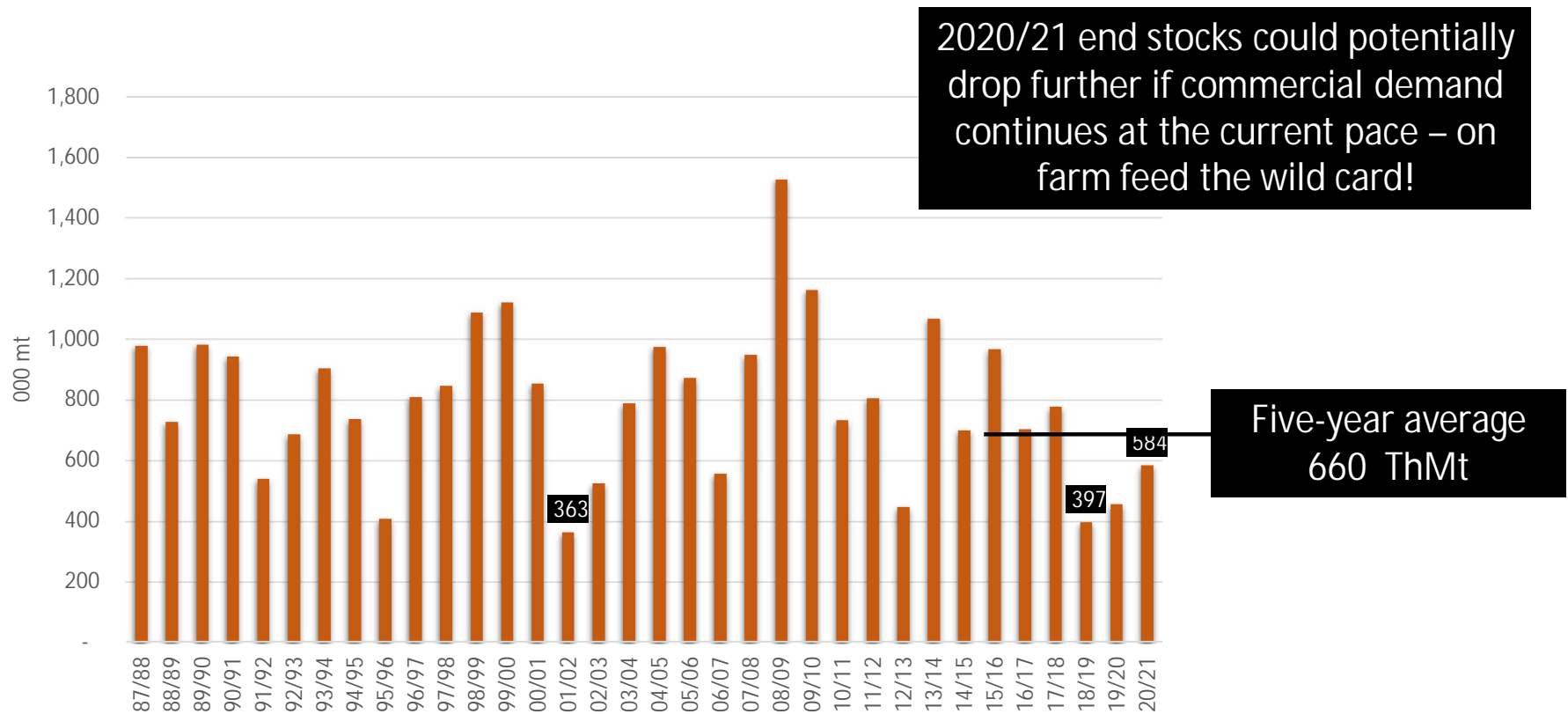
Canada Raw Oat and Oat Product Growth

5-year CAGR

Raw oat exports posting longer term negative growth while oat products demand climb significantly – Offshore raw oat exports a “wild card”



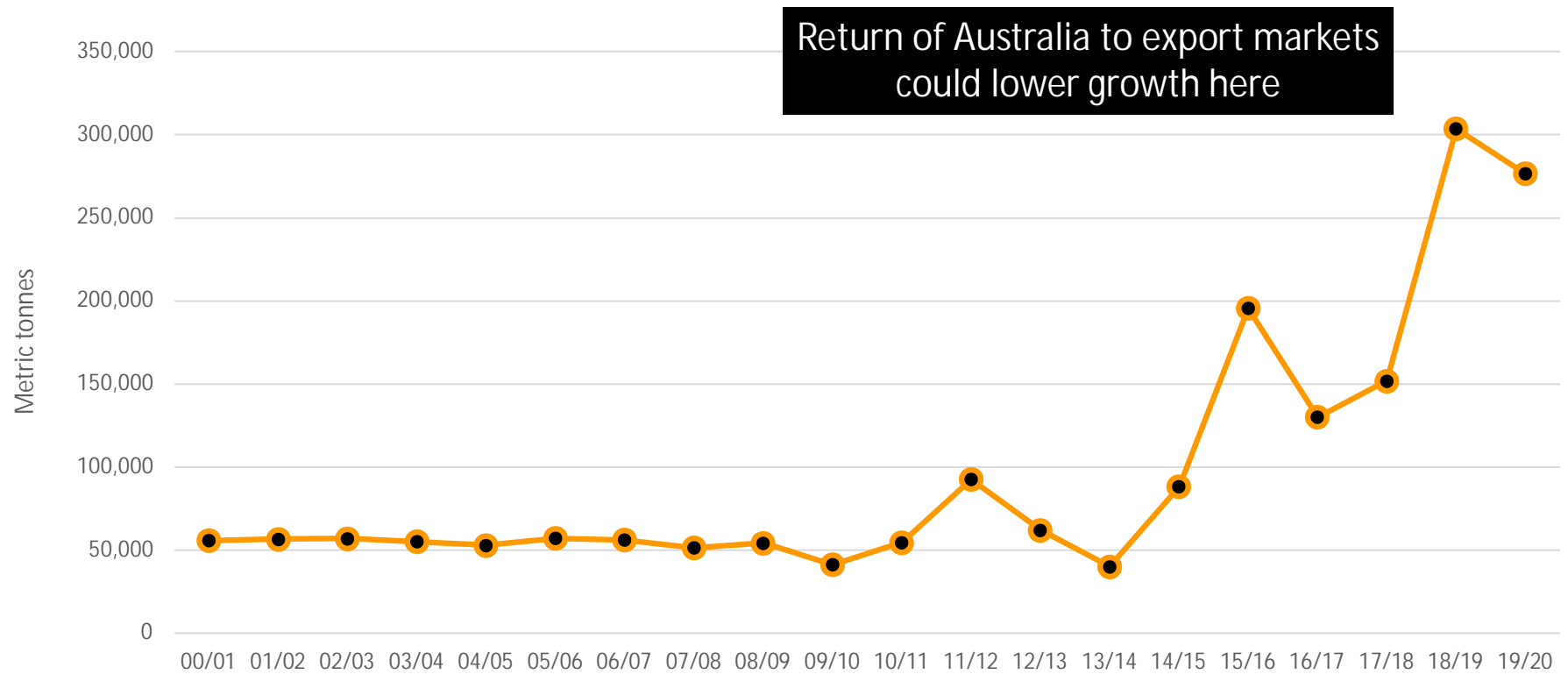
Canada Oat End Stocks



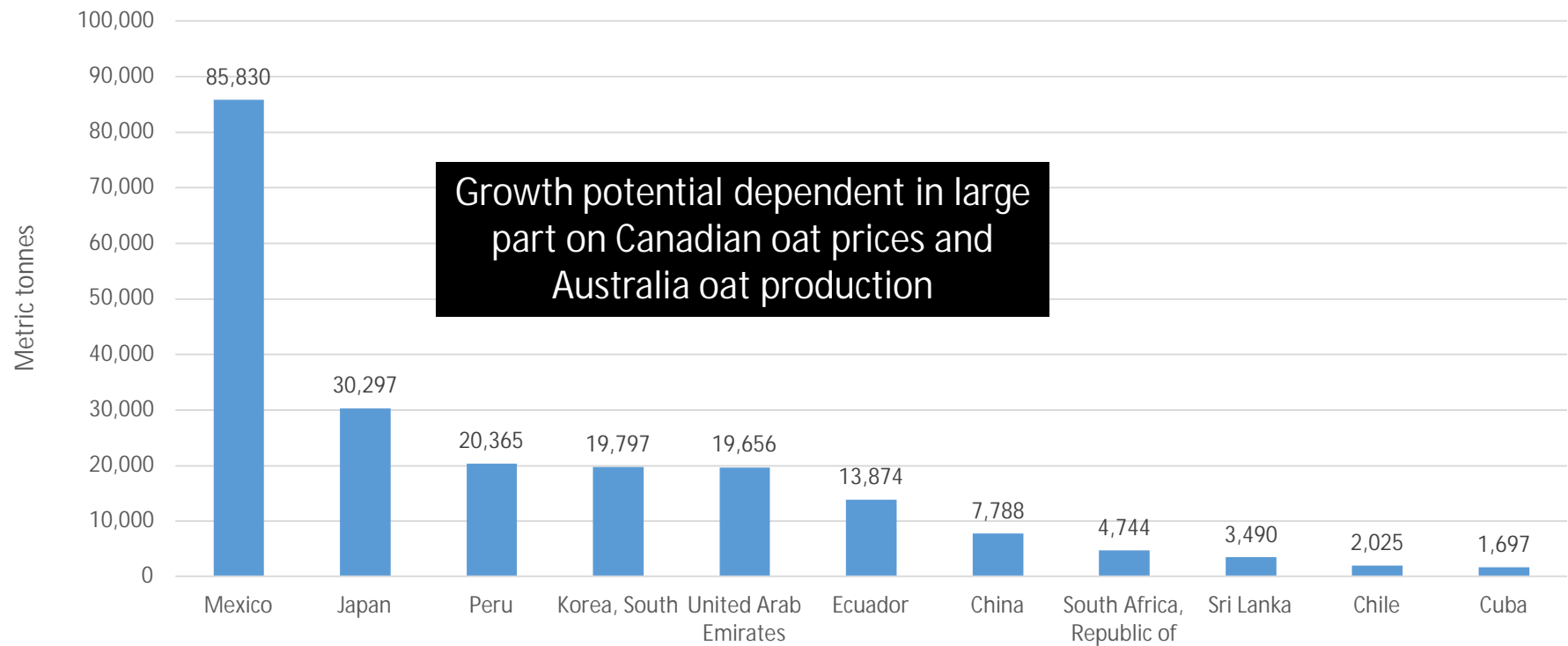
Offshore Raw Canadian Oats Exports

- This category has been driving recent total Canadian oat export gains.
- Mexico the leading importer followed by Japan.
- Three years of Aussie drought has helped Canadian exports – 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.
- Chile likely not a long term buyer of Canadian oats.

Canadian Offshore Raw Oat Export Trends



Canadian Offshore Raw Oat Exports – 5-year Average



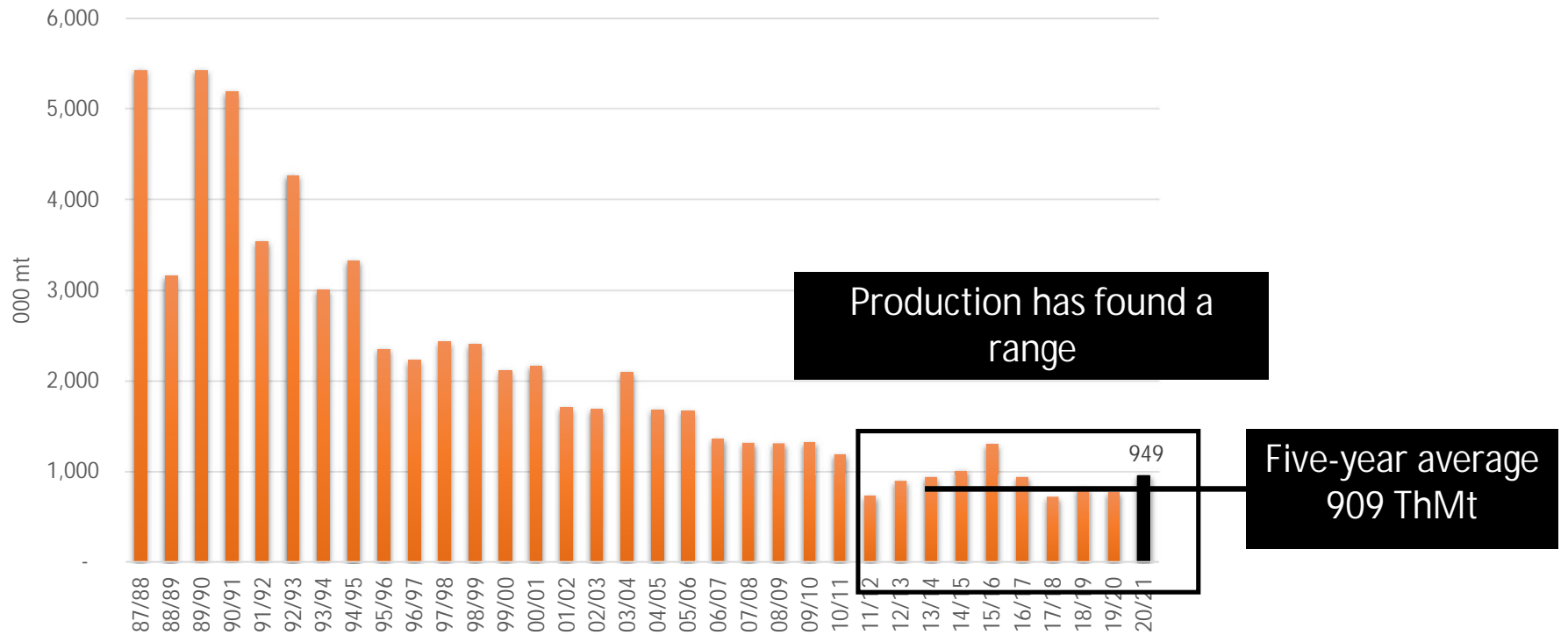
Canada Oat and Oat Product Exports

000 mt	Crop Year (Aug-Jul)							Year to-date (Aug-Nov)			
	15/16	16/17	17/18	18/19	19/20	5 yr avg	CAGR 5 yr	20/21	19/20	Chge	MT Chge
Oat products to U.S.*	357	360	398	399	444	392	2.8%	159	133	19.1%	25.4
Oat products overseas*	62	60	68	62	74	65	5.1%	34	24	42.0%	10.0
Total oat products	418	420	466	461	518	457	3.1%	193	157	22.6%	35.5
Oats U.S. Milling Industry	1,147	1,255	1,198	1,013	1,028	1,128	-1.7%	473	459	3.0%	13.7
Oats Overseas	195	130	152	304	277	211	11.5%	284	93	206.6%	191.3
Oats U.S. Horse Demand	228	257	282	428	486	336	-1.4%	178	148	20.4%	30.2
Total raw oats	1,571	1,642	1,631	1,745	1,791	1,676	-0.8%	935	699	33.6%	235.2
Grand Total	1,990	2,062	2,097	2,206	2,309	2,133	0.0%	1,127	856	31.6%	270.7

*Flake, flour and groats

A good portion of the large YOY gains tied to COVID

US Oats Production



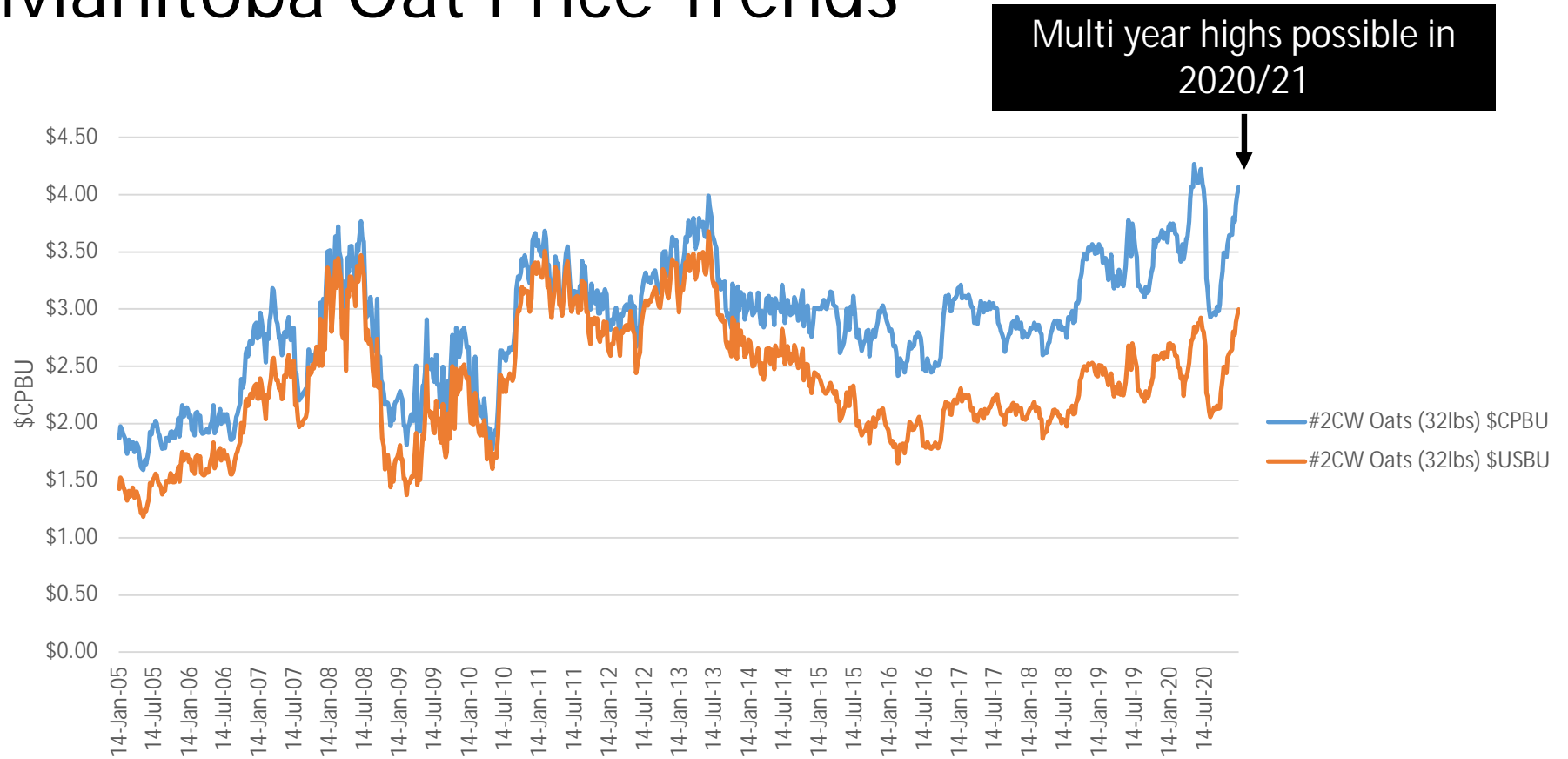
Mexico Oat Imports

Canada's second largest import market

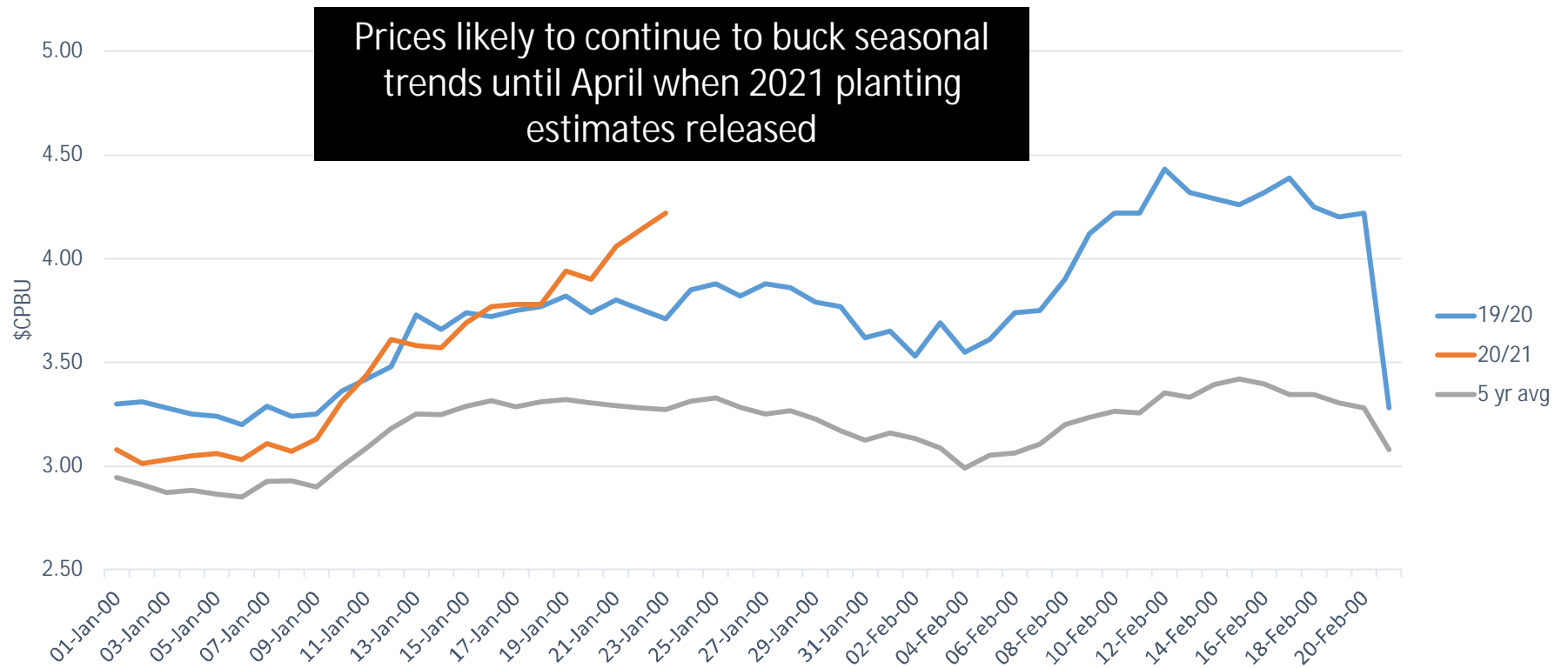
MT	Jan-Dec						YTD Jan-Nov				
	2015	2016	2017	2018	2019	5 yr avg	5 yr CAGR	% of total	2020	2019	YOY Chg
Canada	37,869	103,454	2,747	148,443	143,503	87,203	30.5%	65.9%	170,281	150,603	13%
Australia	30,334	0	112,388	106	-	28,565	-100.0%	21.6%	-	-	0%
US	2,241	20,199	16,964	12,074	8,116	11,919	29.3%	9.0%	6,210	7,288	-15%
Chile	22,224	-	-	1,250	-	4,695	-100.0%	3.5%	-	-	0%
Finland	-	-	-	-	-	-	-	0.0%	148	-	0%
Total	92,668	123,652	132,099	161,872	151,619	132,382	10.3%	100.0%	176,492	157,891	12%

Record high

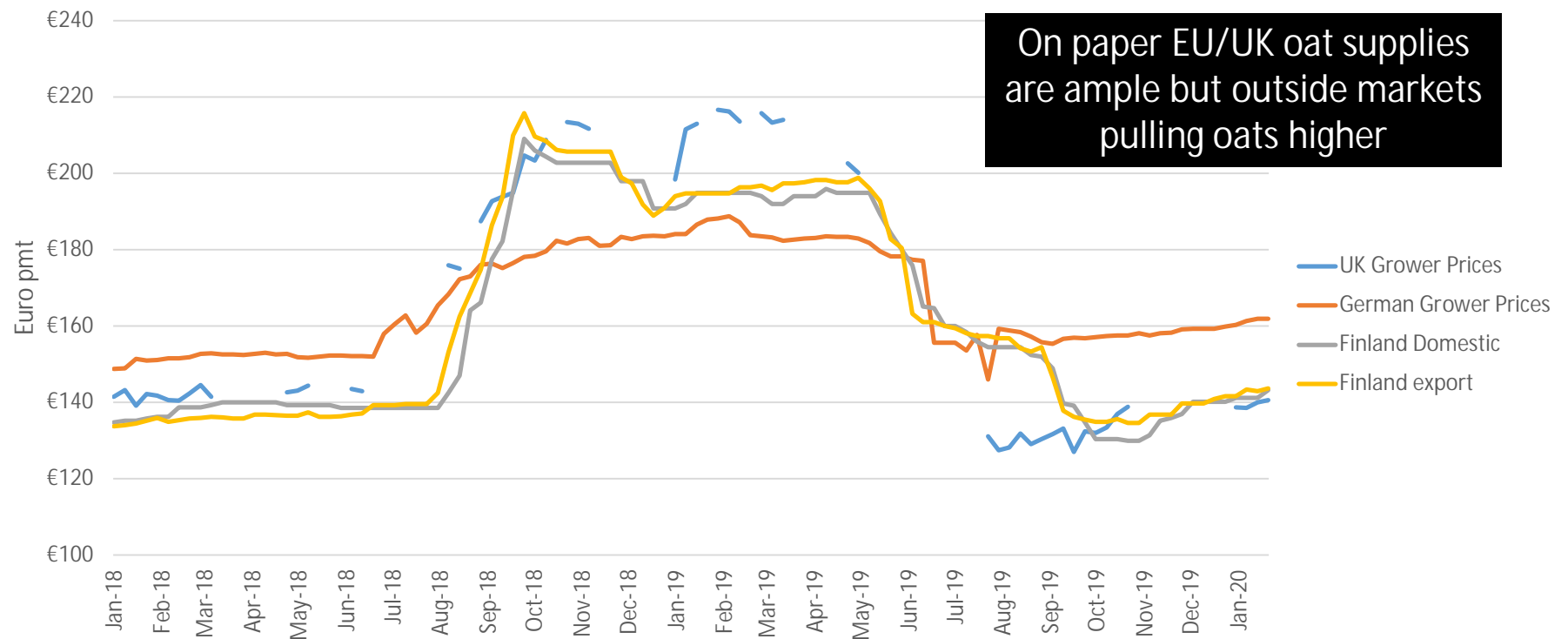
Manitoba Oat Price Trends



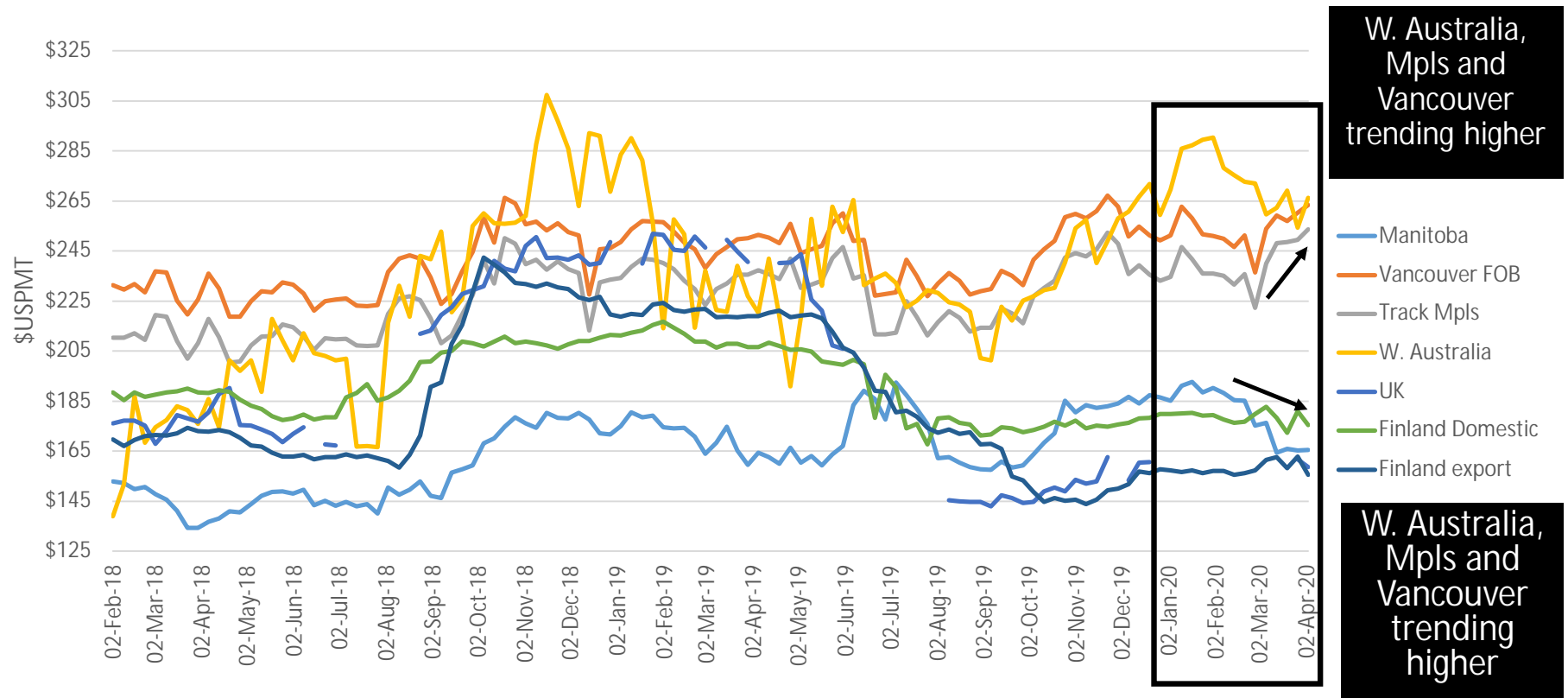
Manitoba Seasonal Oat Price Trends



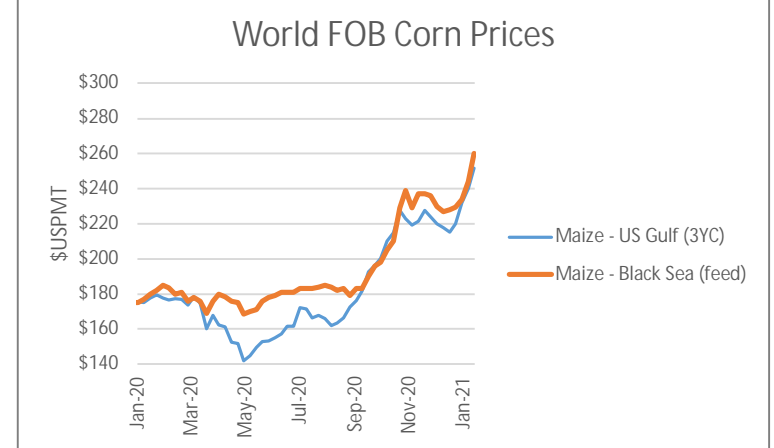
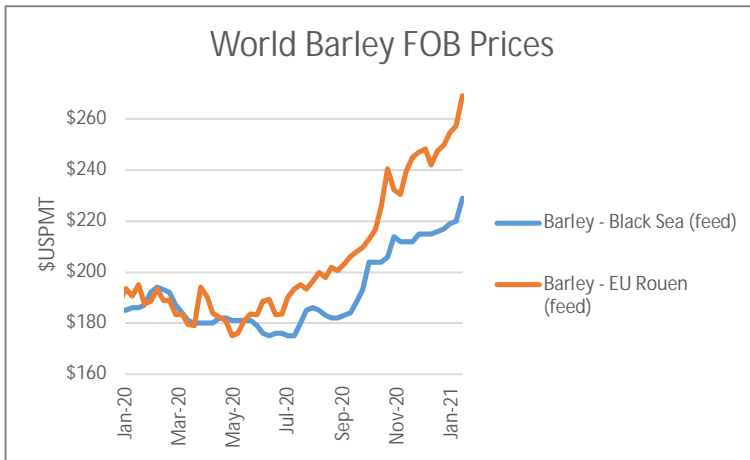
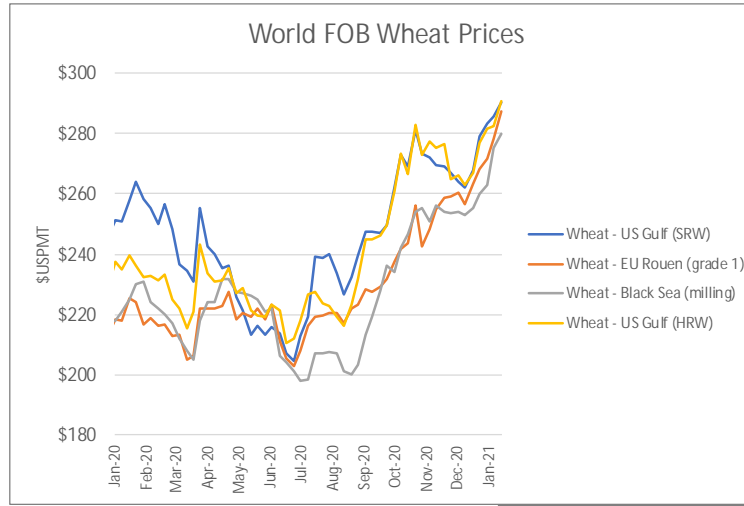
EU/UK Oat Price Trends



Oat Price Trends Major Global Oat Markets



Strong corn, wheat and barley prices provides underlying support to oat prices globally





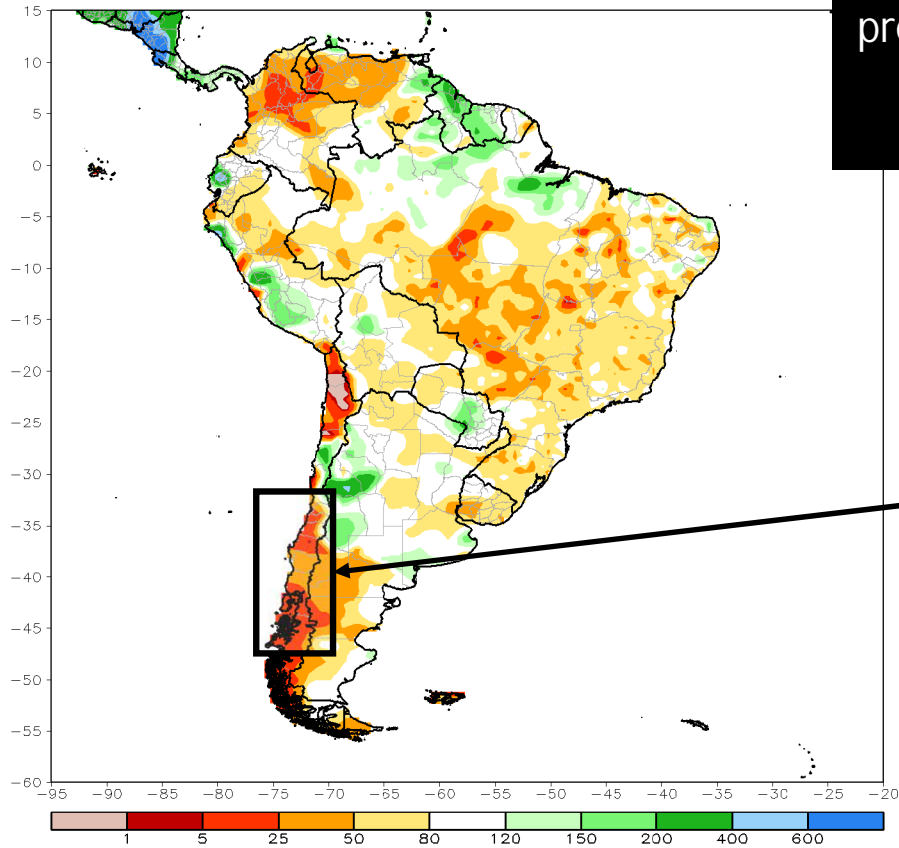
Oat Market Wild Cards



Chile

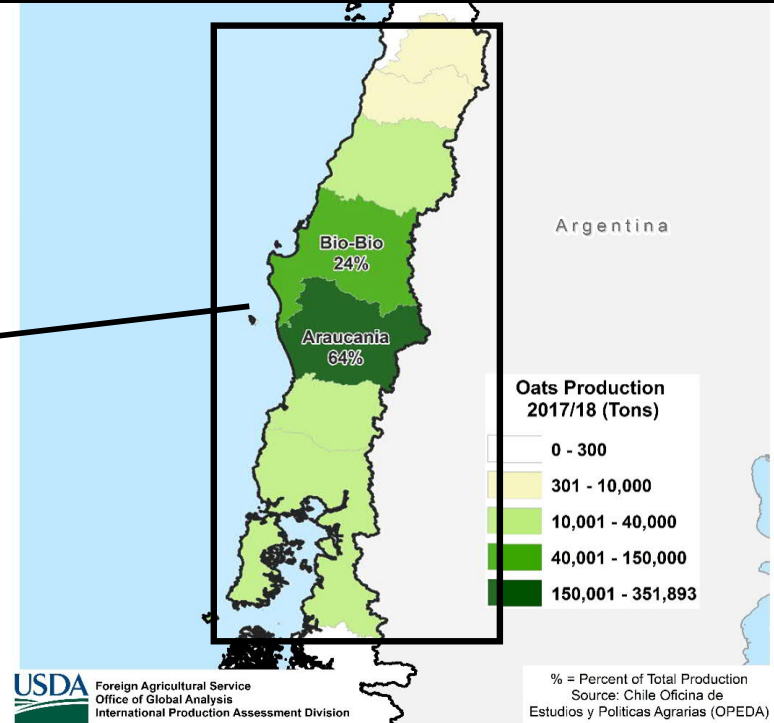
- Chile is the second largest exporter of oat products in the world behind Canada.
- Less than ideal 2020 oat crop production resulted in the large oat imports.
- Further issues with the 2021 crop a major concern, harvest approaching.
- Oat imports have reached a record high of 150,000 YTD with more buying expected.
- 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

CPC Unified Gauge 90-Day Percent of Normal Rainfall (%)
 Period: 21Oct2020 - 18Jan2021

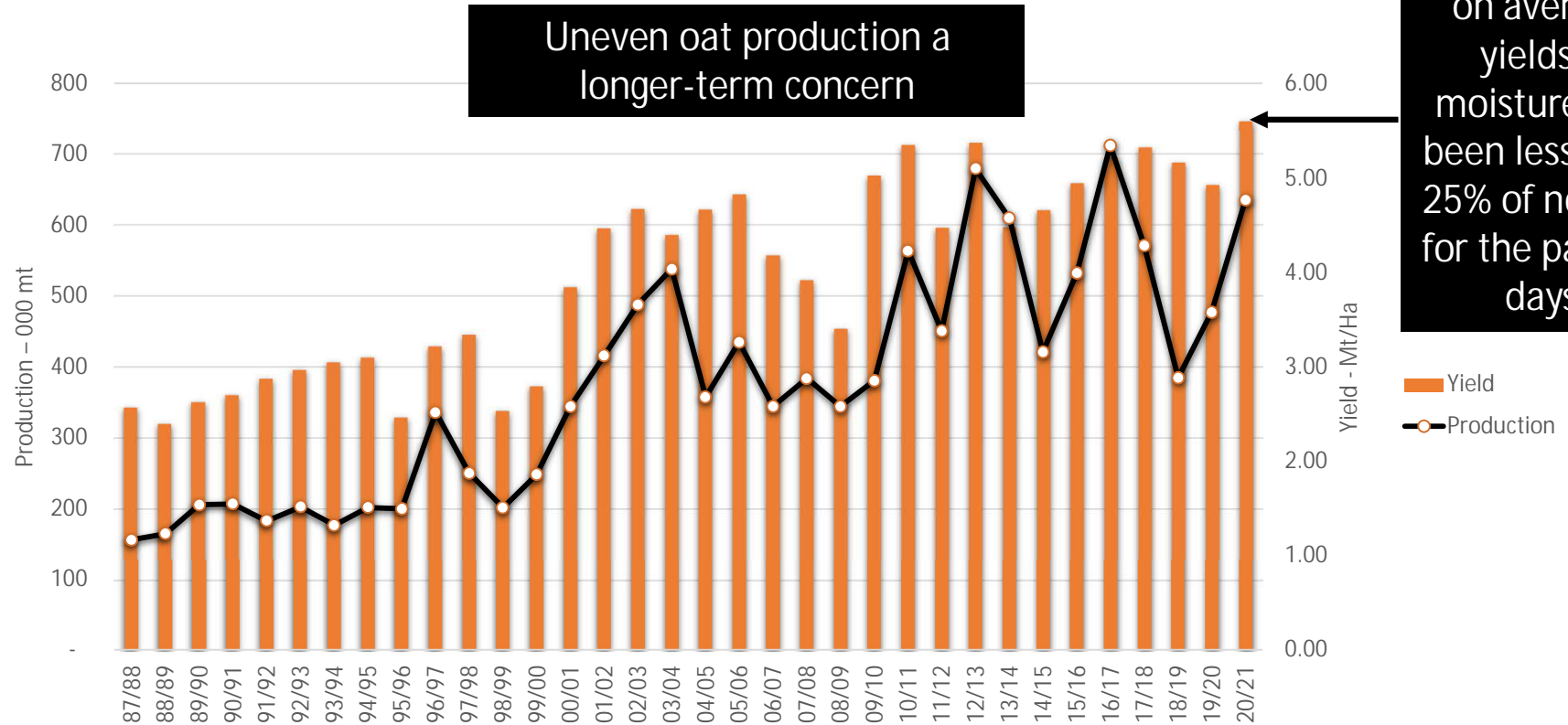


Chile: Oats Production

The current (USDA) oat production forecast is predicated on average yields – moisture has been less than 25% of normal for the past 90 days, bringing the forecast into question



Chile Oat Production and Yield



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 13.4% from 2021 to 2027.
 - This will directly drive raw oat and oat product use steadily 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 Market Outlook

- Global oat prices will trade steady to higher until 2021 oat plantings revealed
- 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.
- Global oat food demand forecast to climb in all global regions as consumers look for more “healthy”
- Alternate uses for oats continue to develop
 - Beverages
 - Fractionation
 - Beta Glucan
 - Oils
 - Bran
 - Starch



Get In Touch

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