

EU oat product exports to 3rd countries growing at an annual rate of 3.3%, some major markets up 20%, Middle East showing the strongest growth

Market summary

Chicago oat futures finished down for the week on increased volume trade but declining open interest, which fell to another record low. Prices saw a wide range this week, indicative of the current price volatility in outside markets.

July Technicals took a negative hit early in the week but recovered some into the close Friday. The short-term trend remains up, but a close above \$2.50 will be needed to confirm the uptrend remains intact.

North American cash oat trade remains dismal as growers continue to advance seeding. Midwestern US cash basis levels and flat price bid/offers remain mostly unchanged.

Western Canada grower oat bids are edging back up to levels that could attract new grower selling. Millers are well covered and can see the more than adequate Canadian balance sheets for 2017/18 & 2018/19, which means they will be patient buyers. Moisture deficits in Man/Sask remain but recent rains have eased some the concerns.

Managed Money (MM) decreased further their net short by 19% this

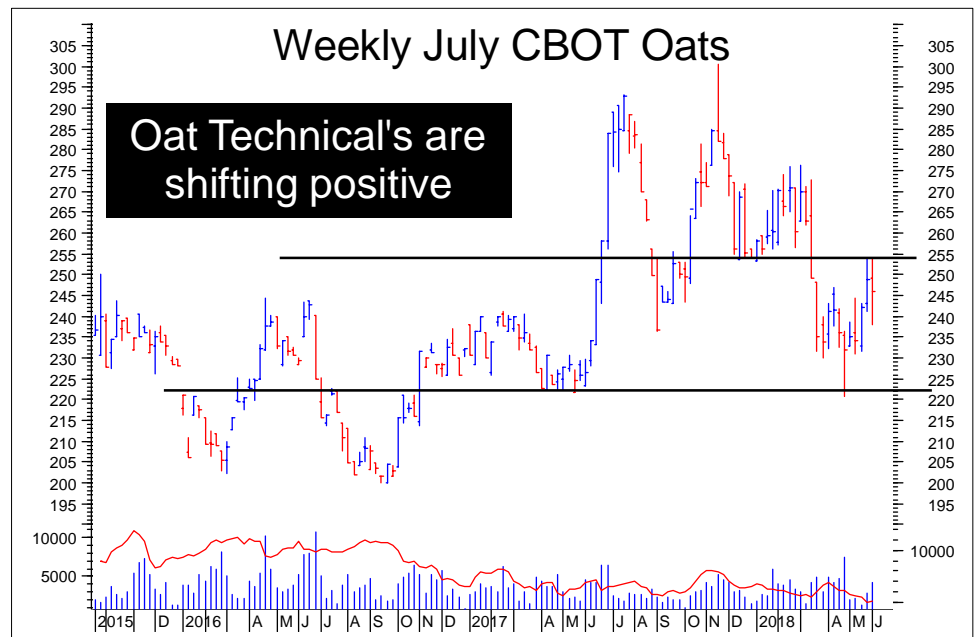
week are still holding a sizeable long, which could provide further upside price momentum.

Other Reporting Traders decreased their net long by a 13% this week while Non-Reporting Traders (NRT) were large net buyers, increasing their long by 38% on the week. NRT continue to hold a relatively large long, which has been supporting the spring oat rally.

Oat commercials were net sellers, up the short by 39% this week. The combined fund/spec net CBOT oat long increased by a whopping 60% this week.

MM trade in other Ag products this week was mainly buying of wheat, corn, and soybeans.

In Europe/UK, physical oat prices closed steady to slightly higher. UK grower oat prices were unquoted for nearby but slightly higher in forward delivery. Grower sales volumes fell sharply in the latest reporting period. Millers are taking a wait and see



(Continued on page 2)

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attitude as crop conditions remain mostly good.

Finland commercial feed use oat prices were mostly steady on the week. Excessive moisture in western regions remains a major concern for germinating oat crops. We could see some area losses, or potentially yield declines. We are expecting Finnish growers will limit sales until the crop conditions become much clearer.

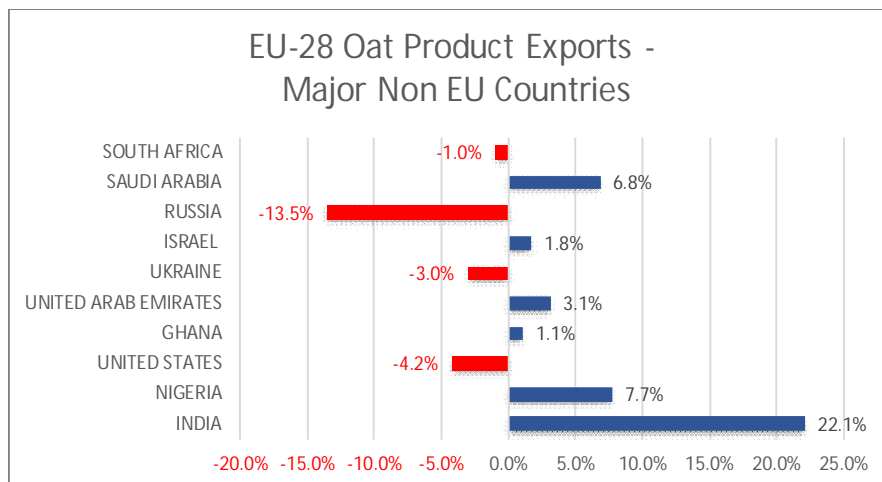
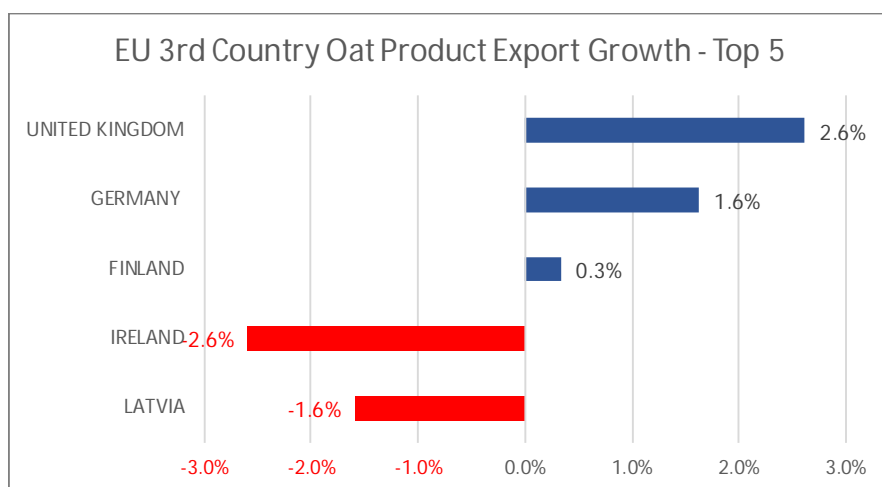
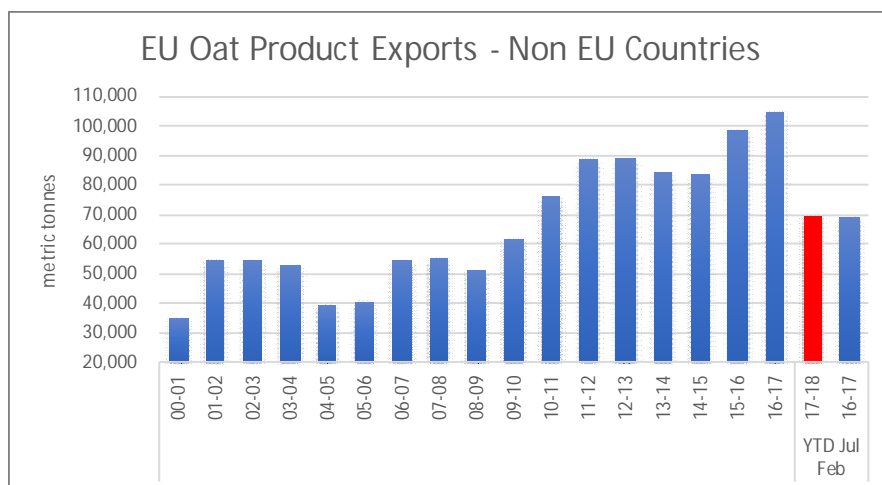
German oat prices were slightly higher on the week. Some dryness is developing in oat regions.

Western Australia grower oat prices were lower again on the week, for both 2017/18 and 2018/19 crop years. Western Australia regions received some moisture last week but eastern oat regions, particularly in SA, NSW and QL remain too dry to seed oats. Without adequate moisture, germination is a major concern for the winter seeded oats.

Middle East fastest growing market for EU oat products

The latest data from EuroStat indicates EU-28 oat product exports to Non-EU countries, mainly flakes and worked oats, are growing at an annual rate of 3.3%. The growth continues in the current crop year as exports are on pace in 2017/18 to set another record high (see chart above right).

The UK and Germany, the EU's top oat product producers and exporters, account for nearly 71% of total trade, are showing growth of 2.6% and 1.6% over the past



five years.

Finland, where domestic oat processing has been rapidly expanding, is growing at a rate of 0.3% annually. We expect the

Finnish growth to continue, along with oat product exports, with the country having the advantage local oat production. This compares to Germany, who are

(Continued on page 3)

importing the bulk of their mill grind.

In terms of EU oat product destinations, South Africa remains the largest volume 3rd country volume destination at a 10% share, followed by Saudi Arabia 8.4% and Russia at 2.5%.

The largest growth market however over the past five years for EU oat products has been India, where the CAGR between 2012 and 2017 has been a very large 22.1% (see chart pg. 2) with future growth remain strong.

The Indian market is going to see significant competition between the EU, UAE and Australia exporters as oat related food consumption is forecast at a 15-16% annually for breakfast cereals and snack bars 9-10%.

EU oat product exports to Saudi Arabia are showing a recent CARG of 6.8% with Russia reporting negative growth of -13.5%. The UAE is growing at a rate of 3.1%.

Forecasted growth for total EU-28 countries into 2021 is 18%.

Non-EU markets remain a growing sector for EU oat millers and their product exports. This sector accounts for about a third of total EU oat product exports.

Commitment of Traders

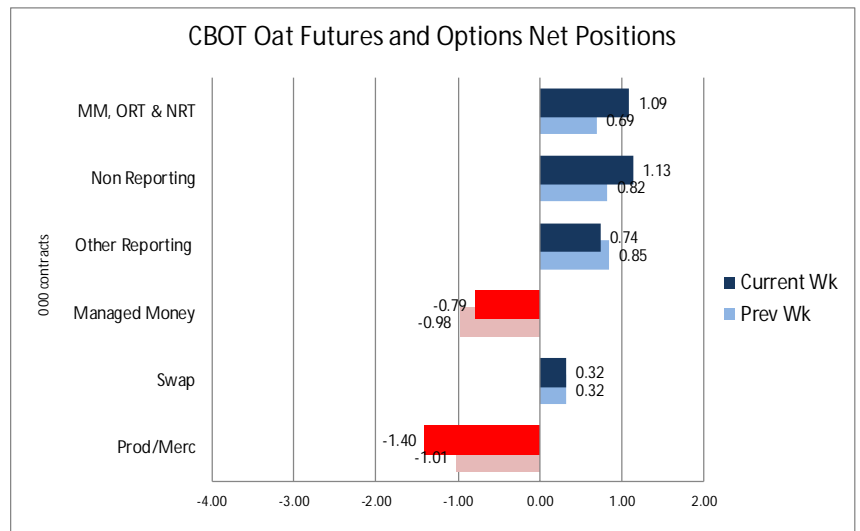
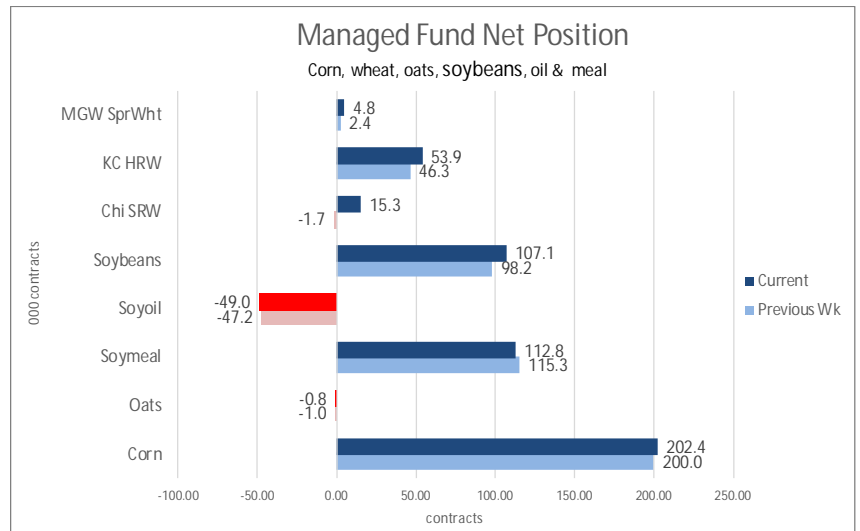
CBOT Commitment of Traders Report

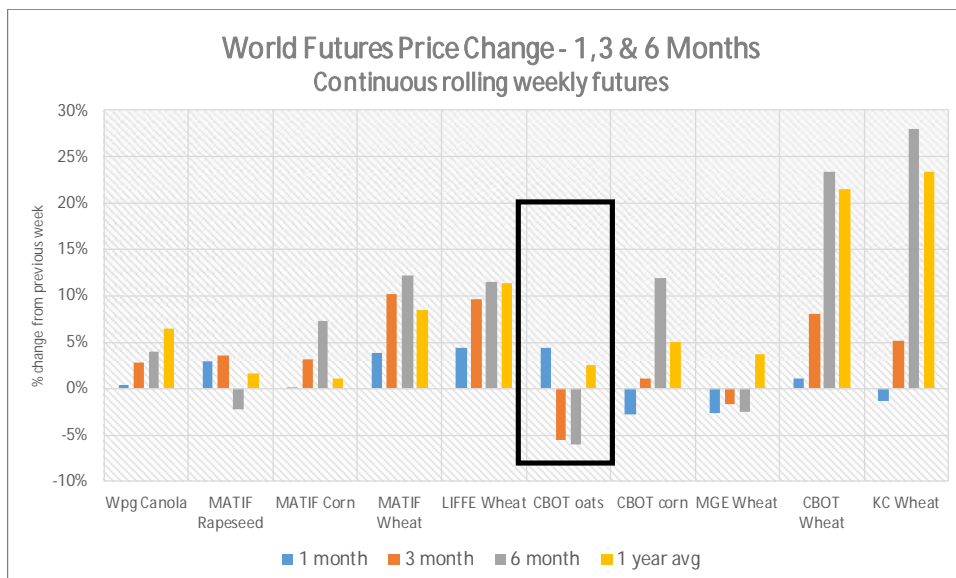
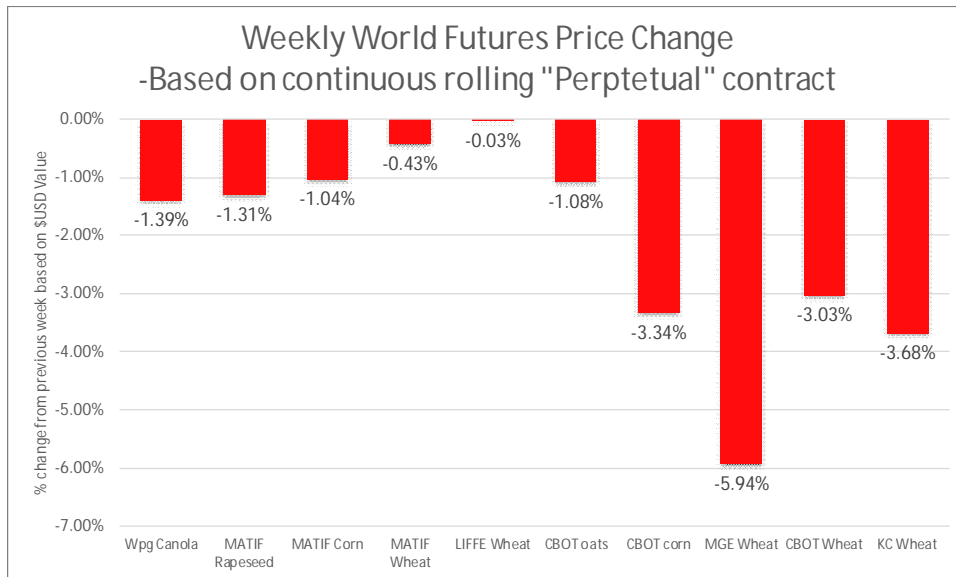
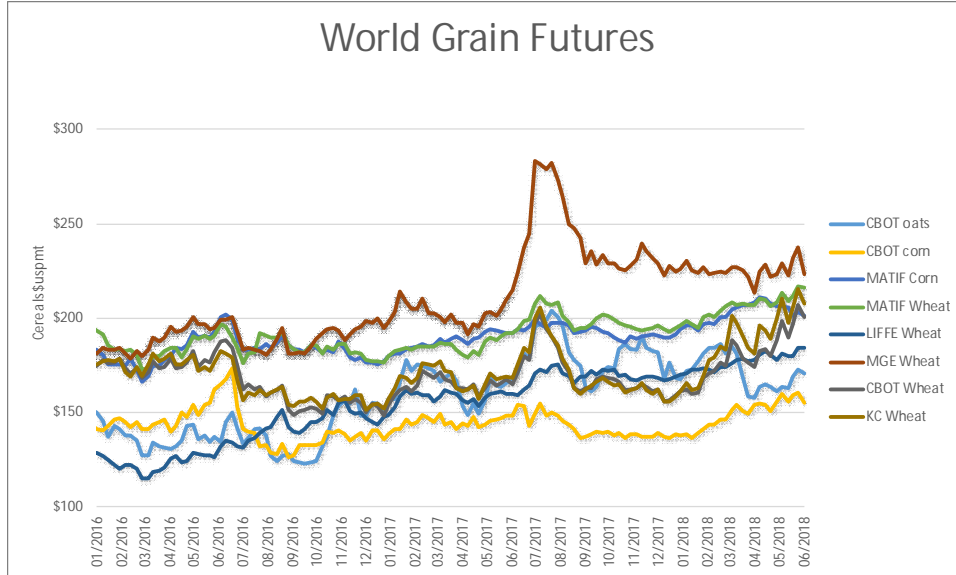
Disaggregated Futures and Options

000 contracts	Managed Money			Processor/Merc			Swaps			Other Reporting			Non Reporting		
	Net	Wkly Chg	Wkly Chg %	Net	Wkly Chg	Wkly Chg %	Net	Wkly Chg	Wkly Chg %	Net	Wkly Chg	Wkly Chg %	Net	Wkly Chg	Wkly Chg %
Com	202.43	2.46	1%	-499.41	35.30	-7%	254.72	-12.30	-5%	114.55	-19.64	-15%	-72.279	-5.821	9%
Oats	-0.788	0.19	-19%	-1.404	-0.39	39%	0.319	0.00	0%	0.739	-0.11	-13%	1.134	0.314	38%
Soymeal	112.79	-2.51	-2%	-240.79	-2.26	1%	76.72	0.59	1%	30.96	3.37	12%	20.320	0.804	4%
Soyoil	-48.98	-1.73	4%	-94.19	0.63	-1%	88.53	1.16	1%	45.65	1.31	3%	8.984	-1.375	-13%
Soybeans	107.10	8.87	9%	-228.76	2.55	-1%	202.43	-3.09	-2%	24.64	-4.96	-17%	-60.702	-3.372	6%
Wheat - Mpls	4.83	2.45	103%	-9.73	-2.19	29%	4.43	0.27	7%	2.74	-0.21	-7%	-2.271	-0.314	16%
Wheat - HRW	53.86	7.54	16%	-98.56	-7.25	8%	35.89	0.48	1%	12.78	0.55	4%	-3.974	-1.317	50%
Wheat - SRW	15.32	17.00	-1009%	-122.02	-1.28	1%	109.36	-4.84	-4%	11.95	-7.73	-39%	-14.603	-3.151	28%
Total	447	34	8%	-1295	25	-2%	728	-18	-2%	244	-27	-10%	-123	-14	13%

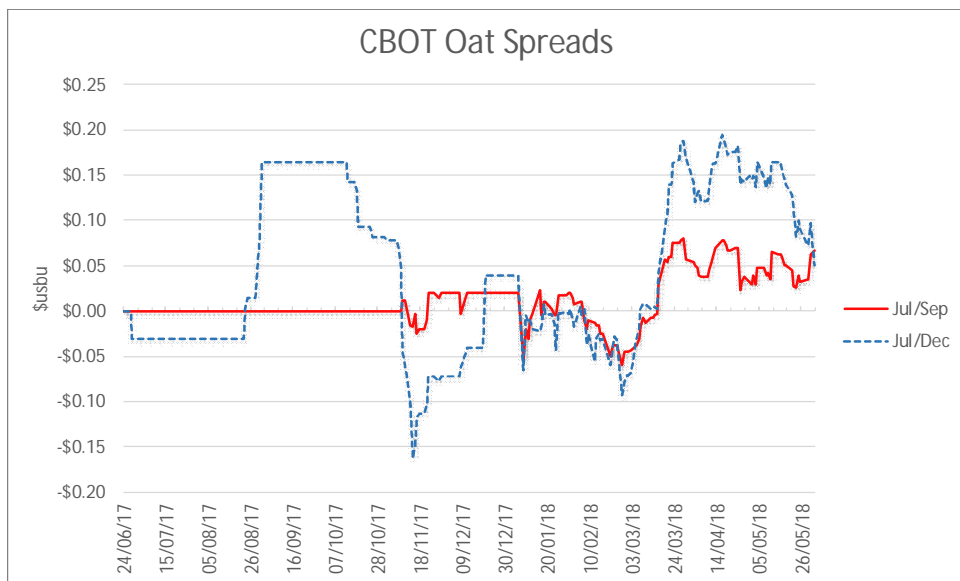
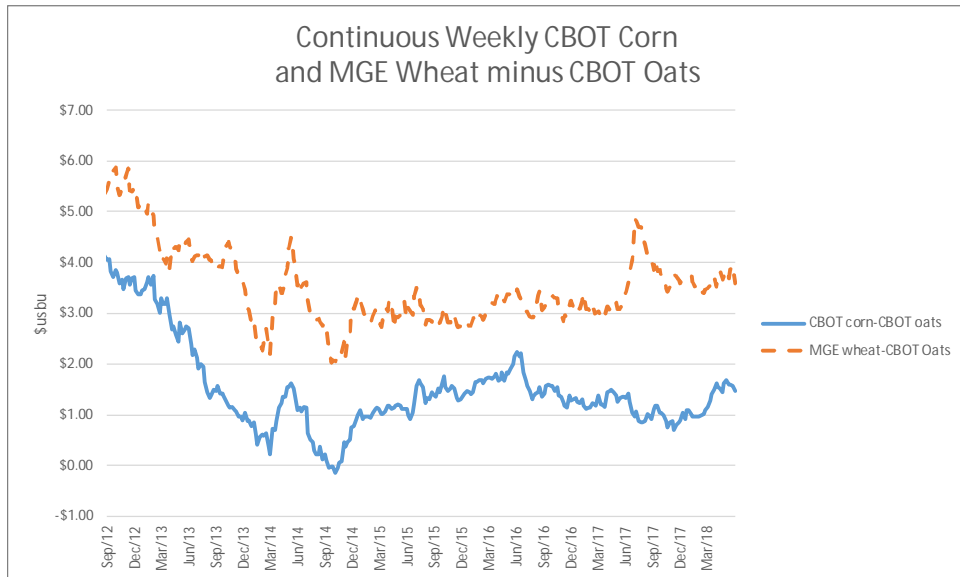
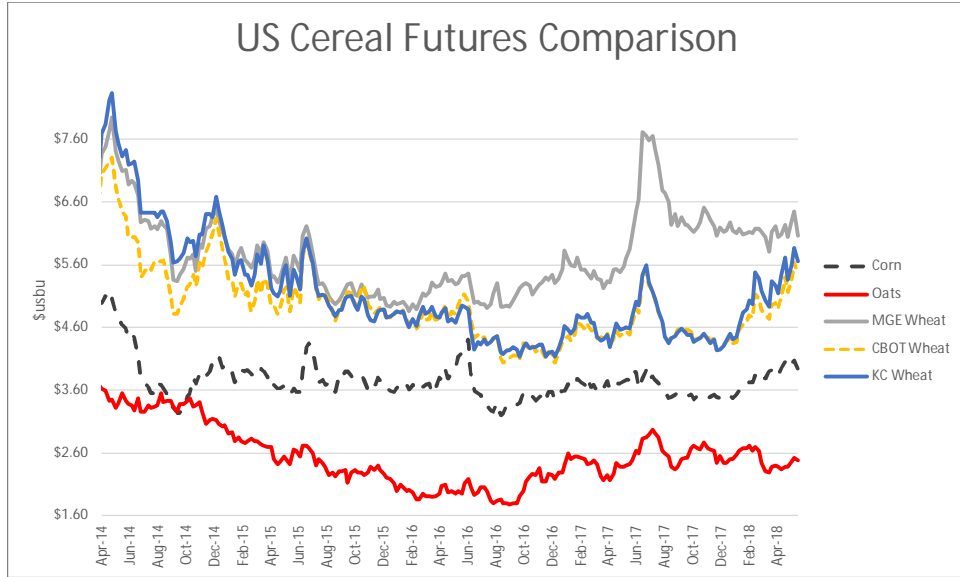
As of May 29, 2018

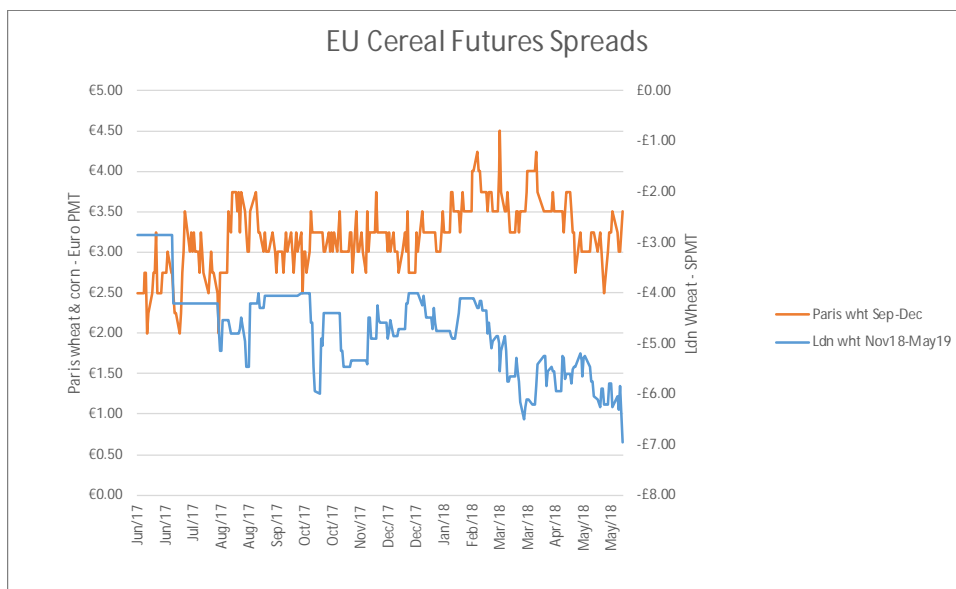
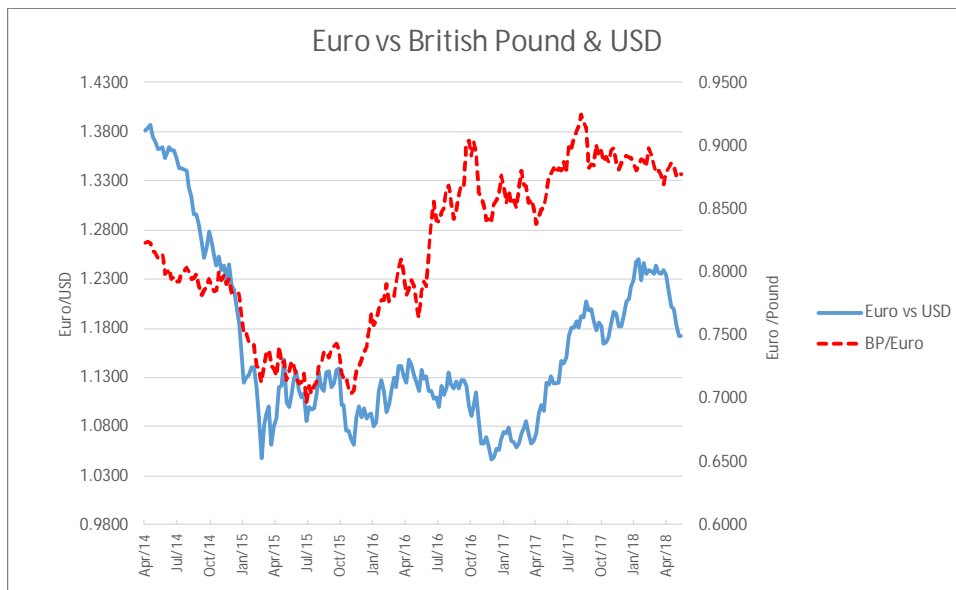
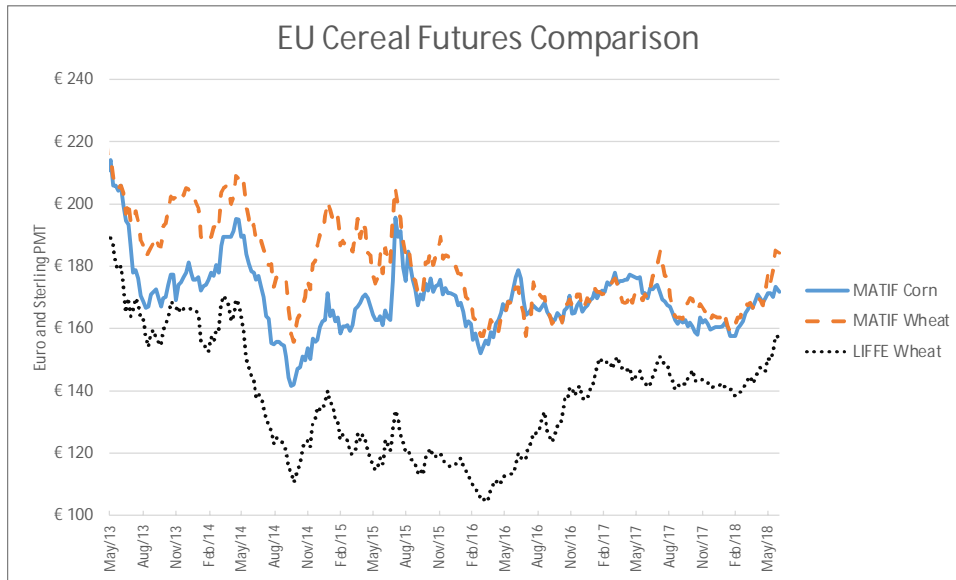
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- Oat commercials were net sellers, up the short by 39% this week.
- The combined fund/spec net CBOT oat long increased by a whopping 60% this week.
- Total oat futures open interest fell to a new record low again this week.
- MM trade in other Ag products this week was mainly buying of wheat and corn, and soybeans.



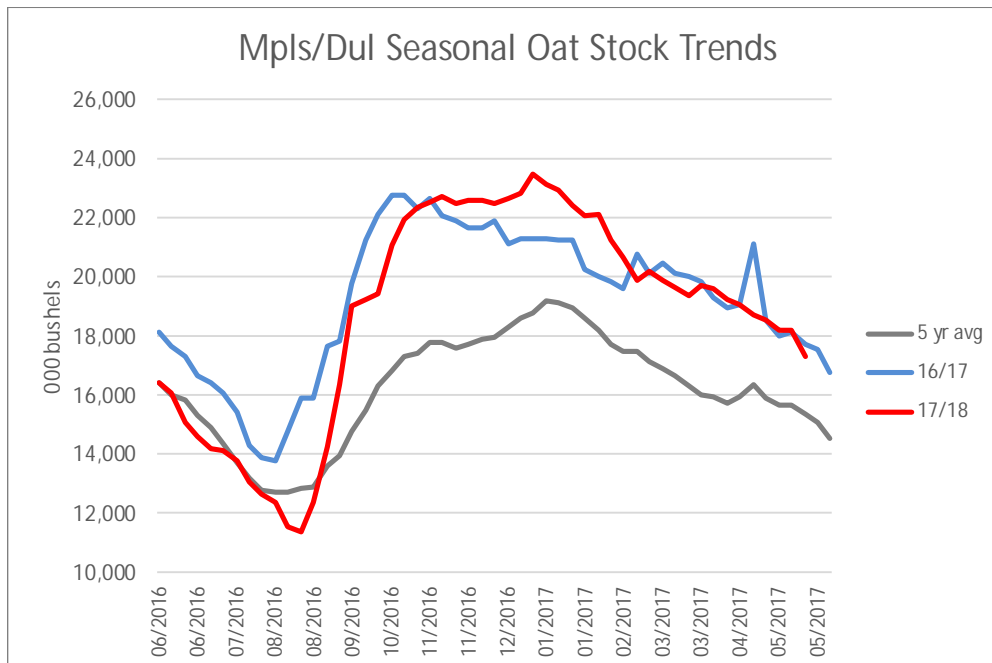
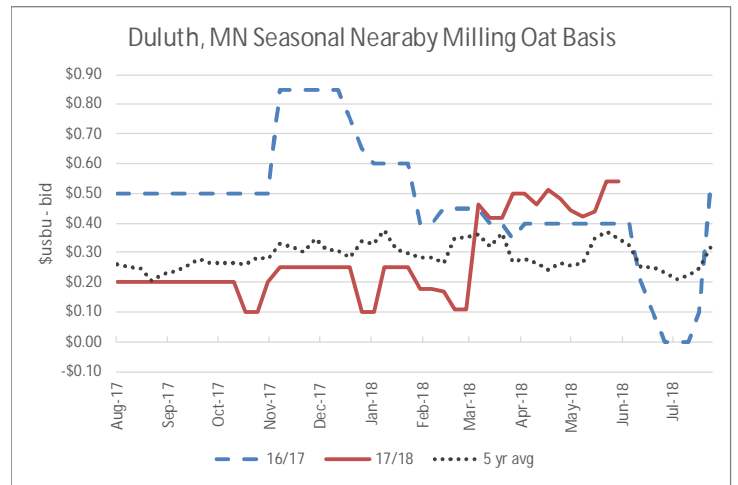
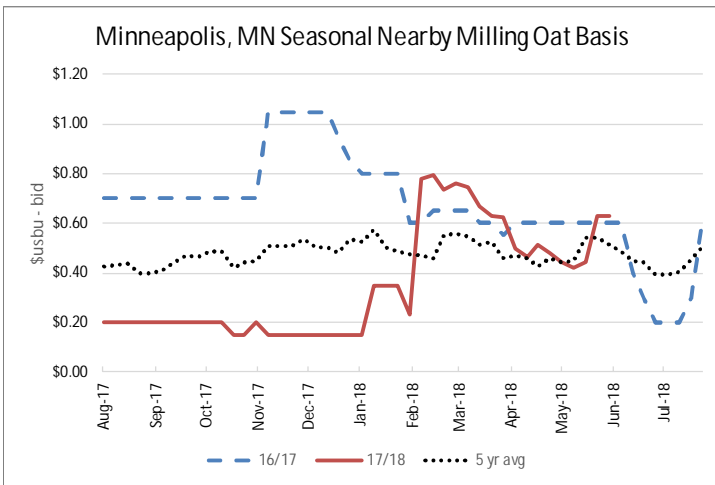
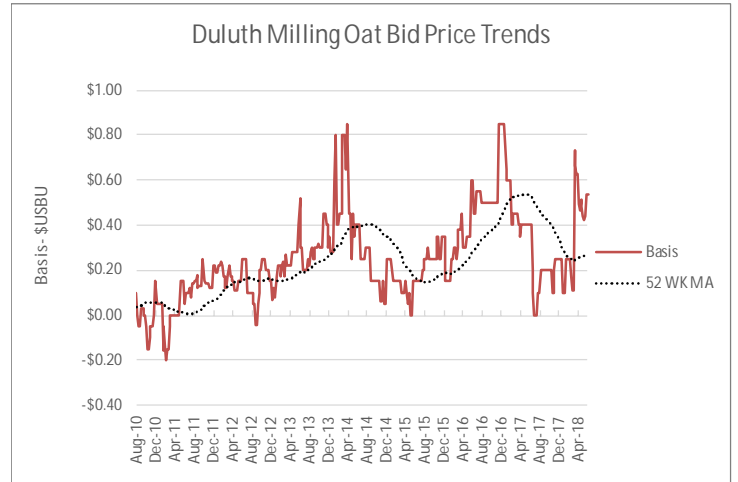
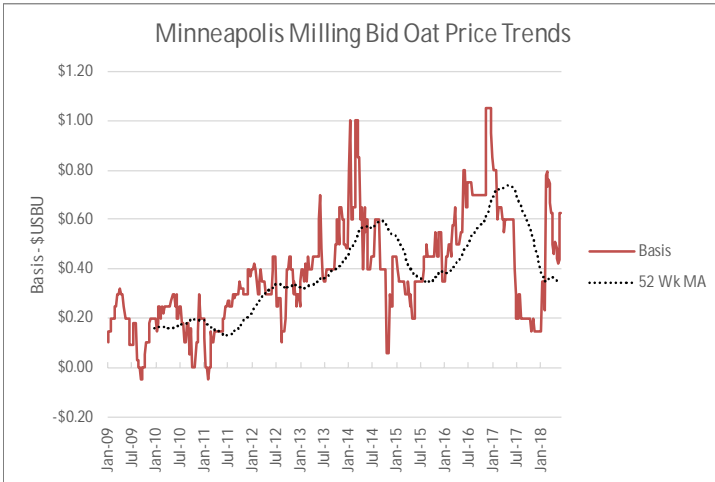


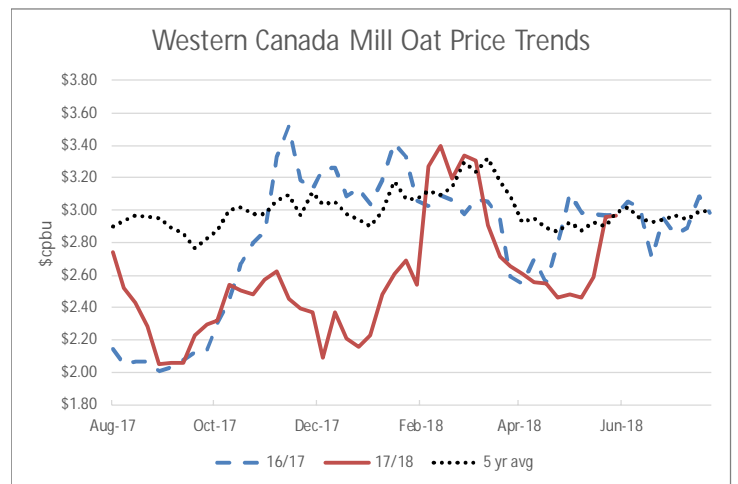
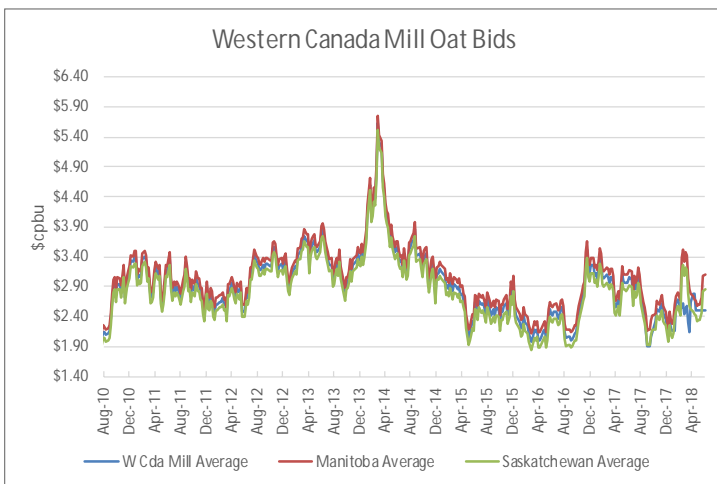
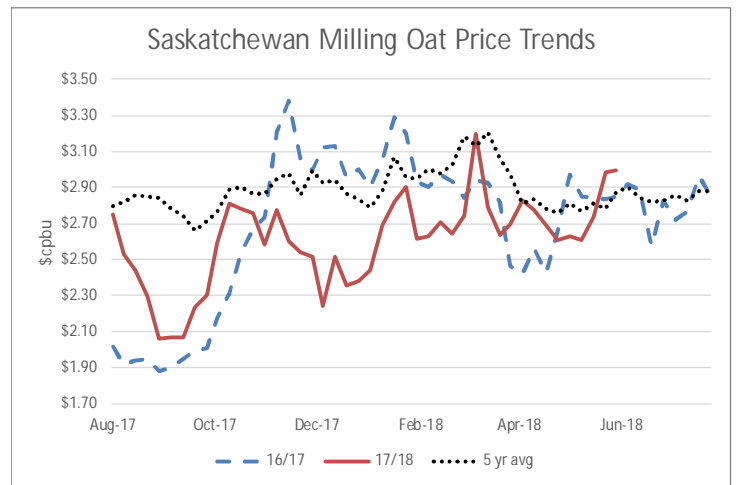
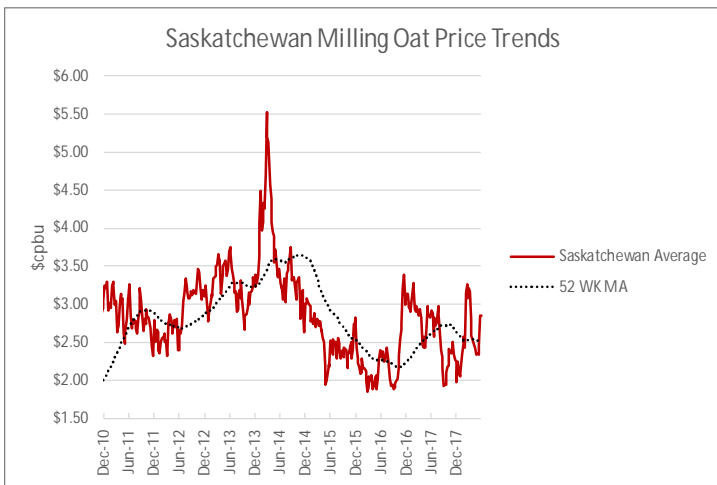
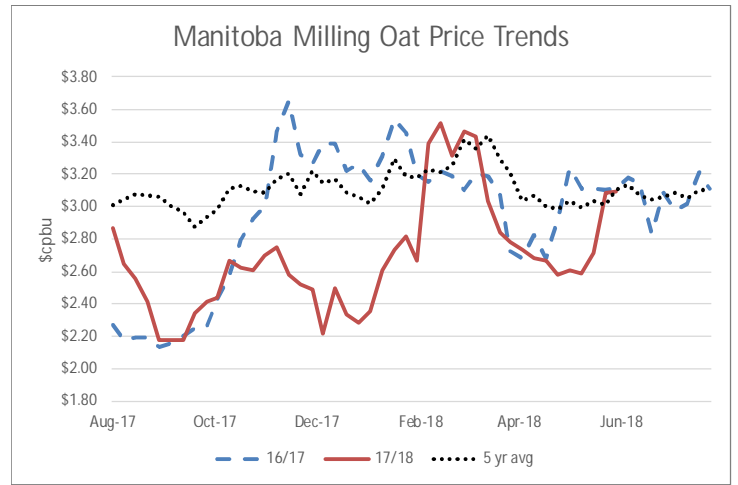
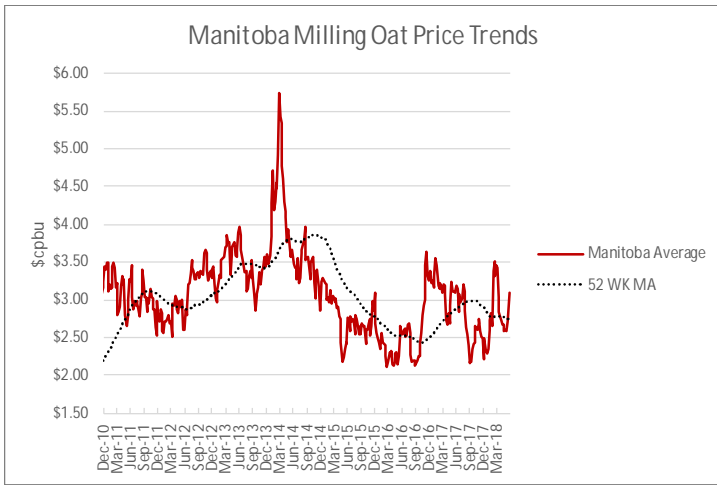
North American Futures Trends



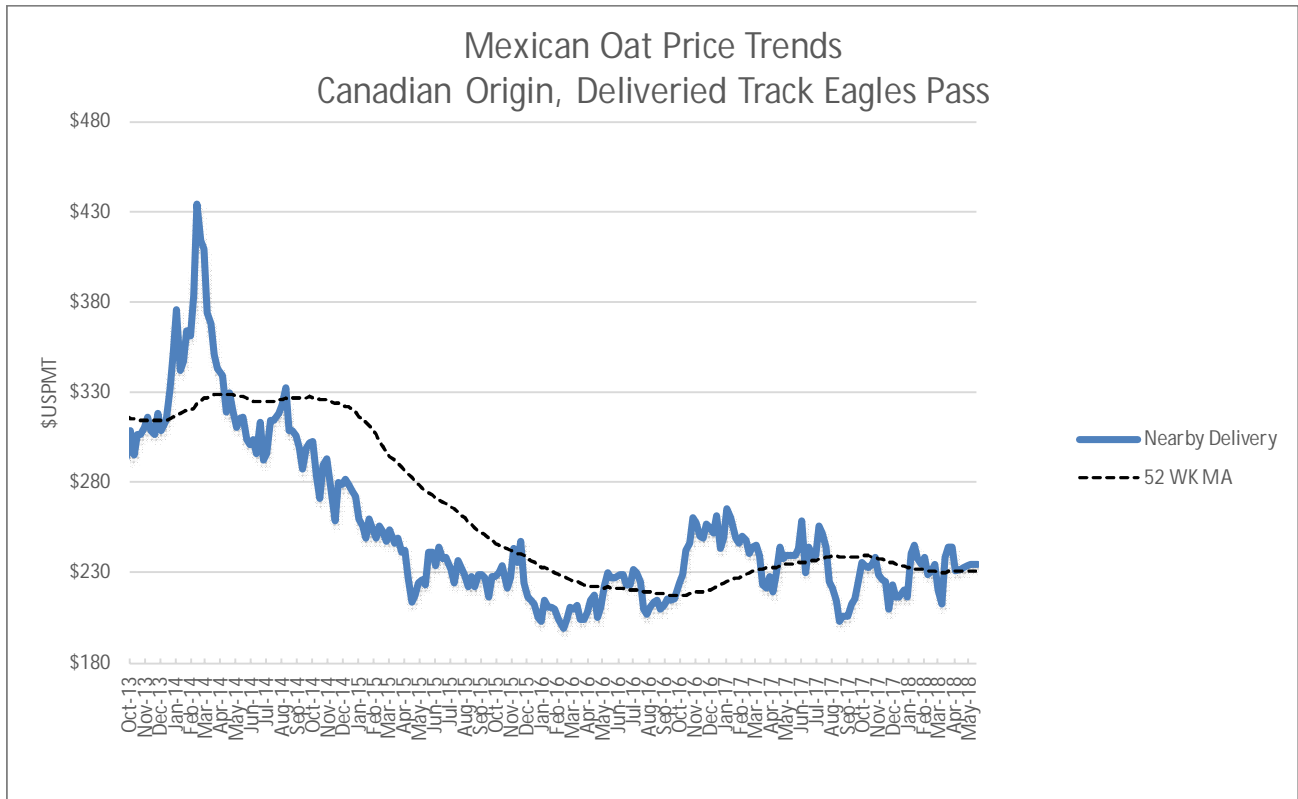


Prices reflect trends rather than absolute traded values

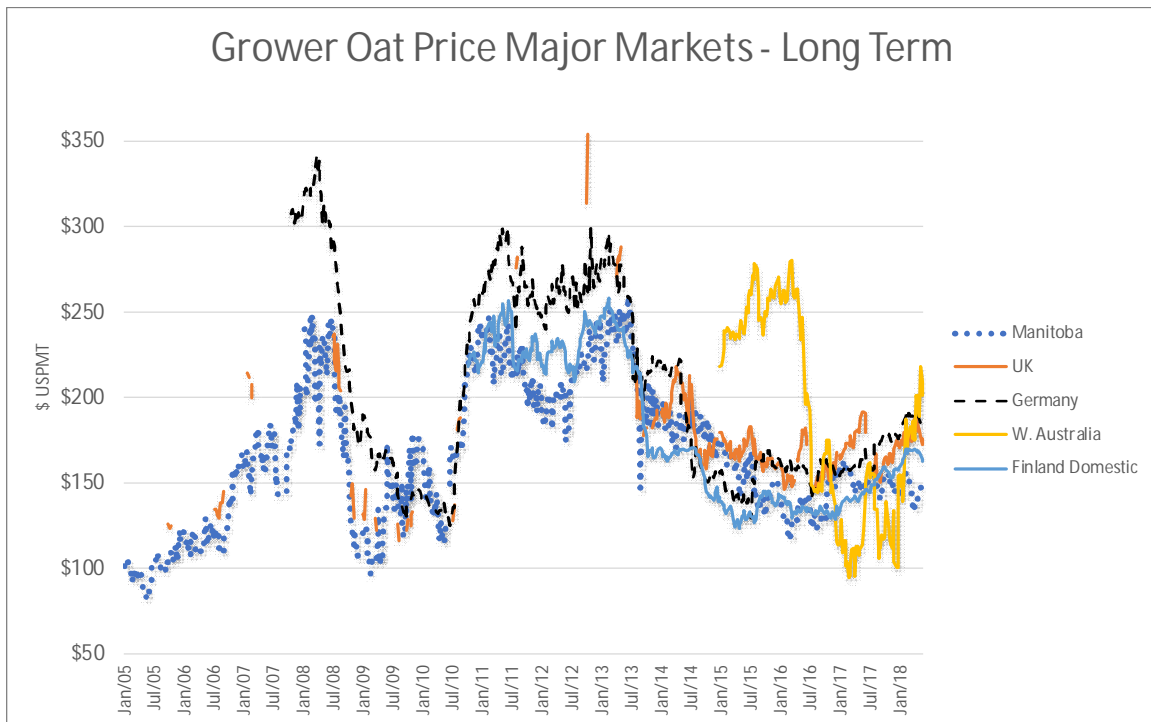
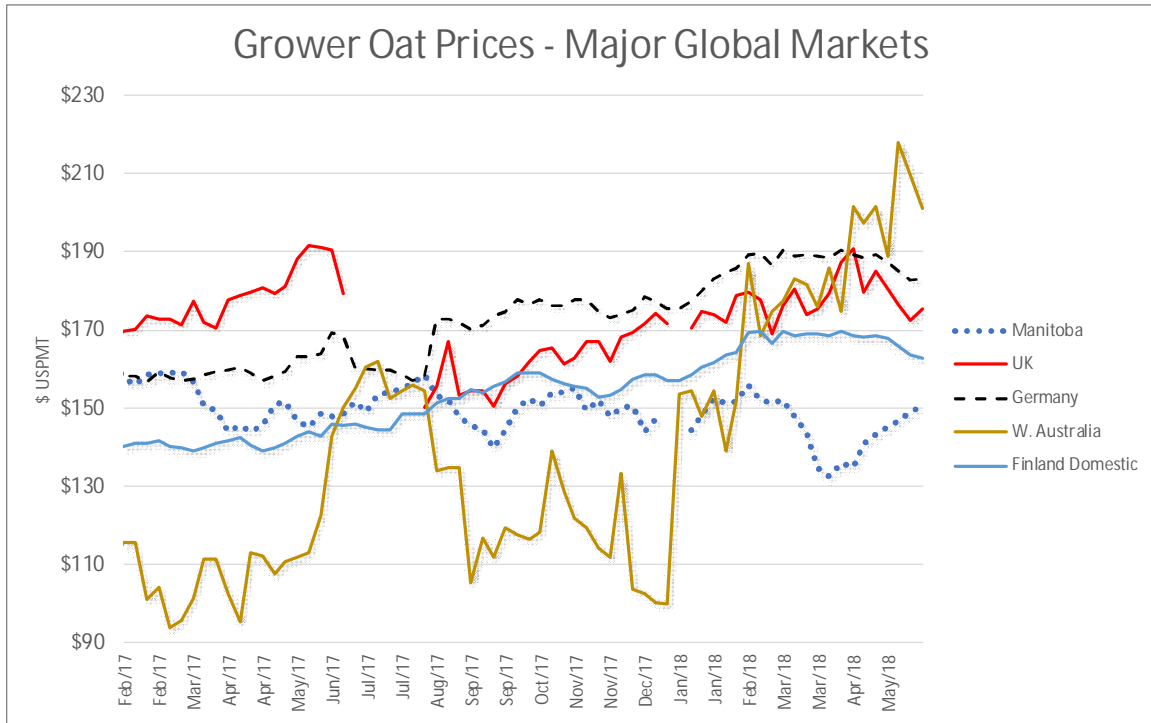




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Prices reflect trends rather than absolute traded values
Source: Government and Industry

Finland Oat Price Trends

Finnish Grain Prices

€PMT

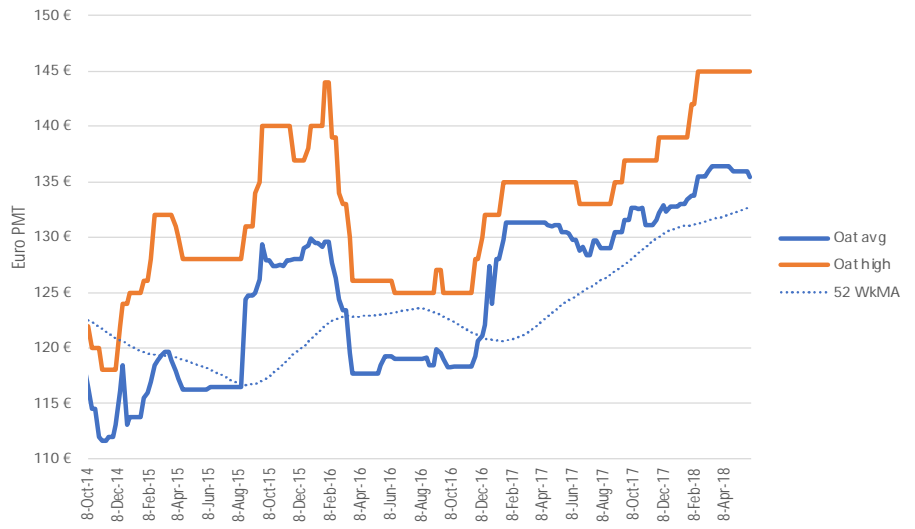
Grower bids

	Avg	High
Current Wk	135.4	145.0
Last Wk	136.0	145.0
Last year	130.3	135.0

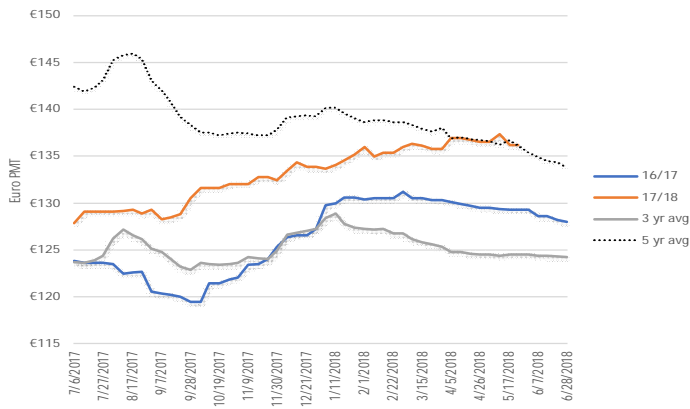
Commercial Oat Prices

	Factory	Export
Current Week	135.4	137.7
Last week	135.4	137.7
Last year	127.3	133.3

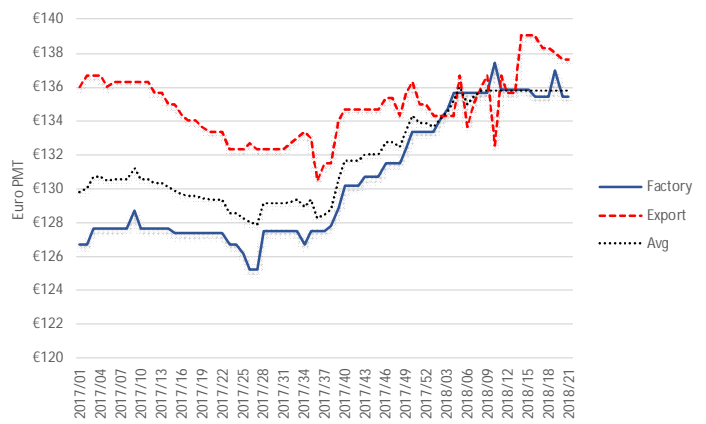
Finland Country Level Grower Bids



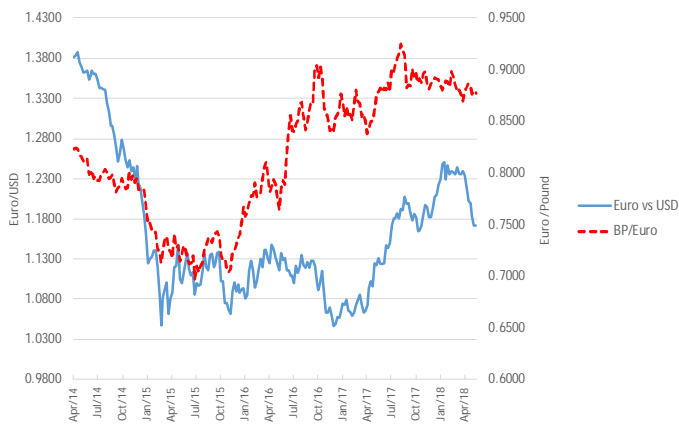
Finland Feed Oat Processor and Export Price Seasonal Trends



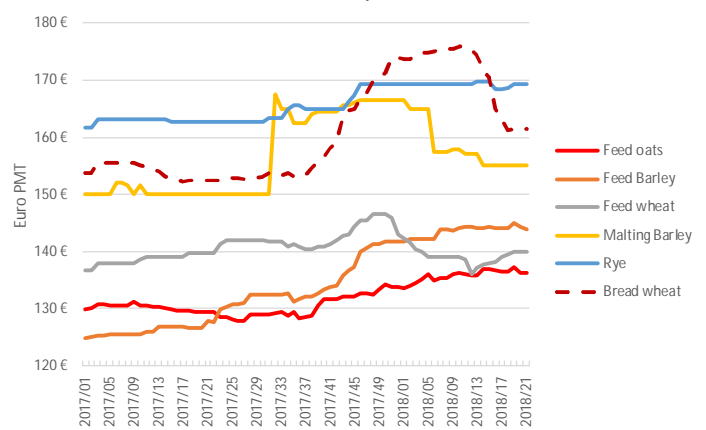
Finland Feed Oat Processor and Export Prices



Euro vs British Pound & USD



Finland Processor and Export Prices for Cereals



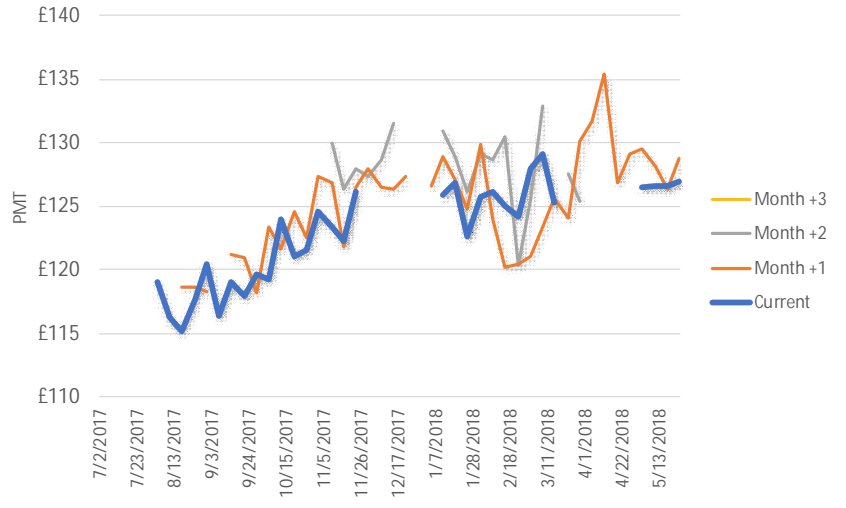
Prices reflect trends rather than absolute traded values
 Source: Fin Grain, Ministry of Agriculture

UK Oat Price Trends

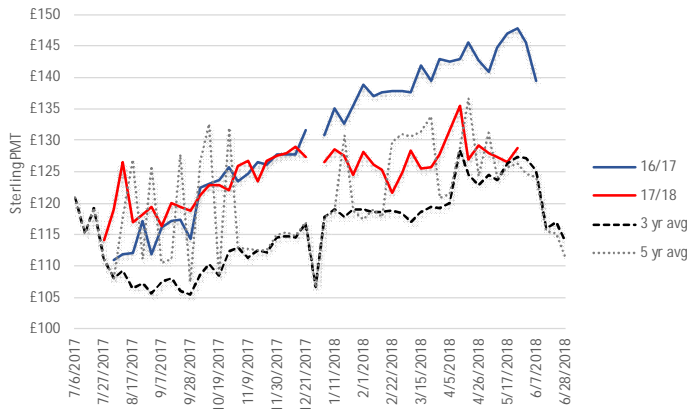
UK Grower Oat Prices

£PMT	Current	Month +1	Month +2
Current Week	127.0	128.7	-
Last week	126.6	126.3	-
Last year	147.1	-	-

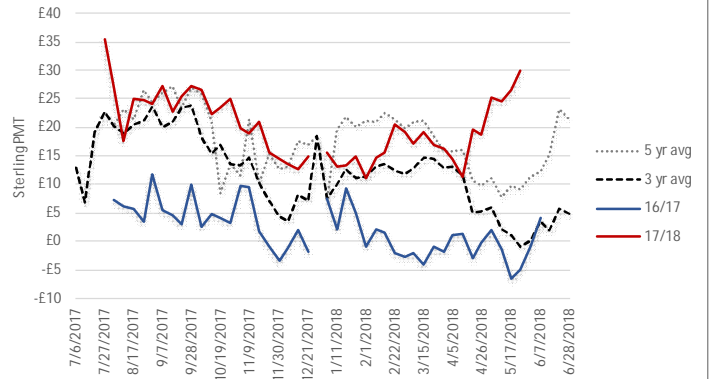
Continuous Weekly UK Grower Oat Price



Weekly UK Grower Seasonal Oat Trends



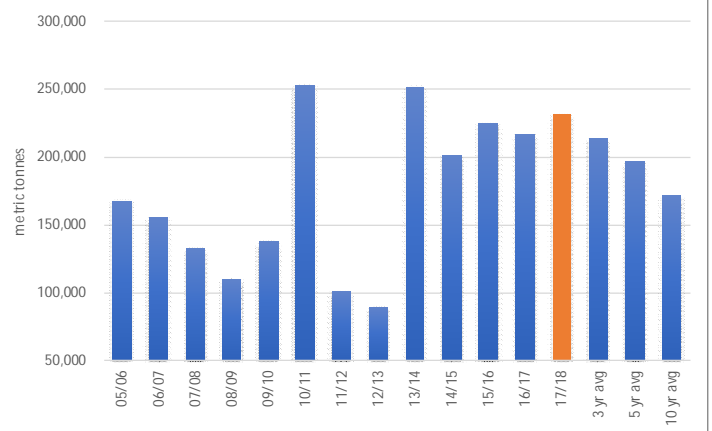
Weekly UK Grower Seasonal Oat Basis to London Wheat



Euro vs British Pound & USD



UK Grower Oat Sales Volume YTD



Prices reflect trends rather than absolute traded values

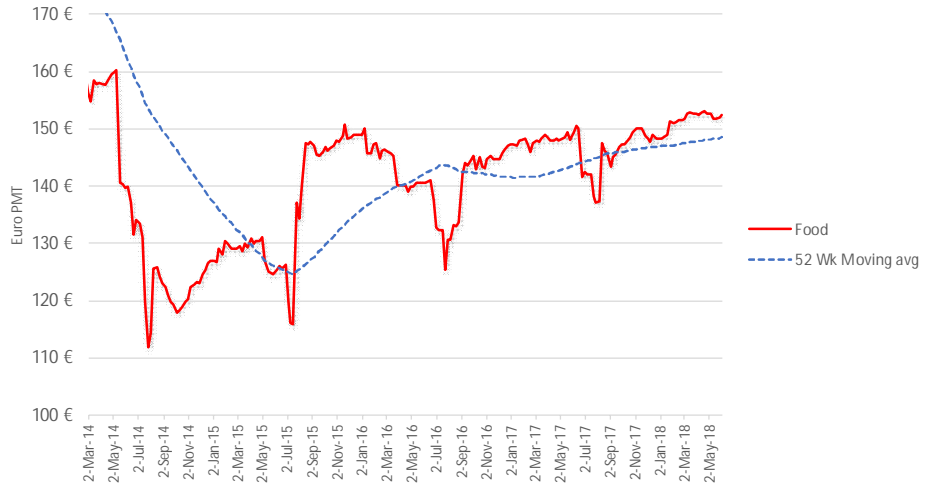
Source: AHDB/HCGA

German Oat Price Trends

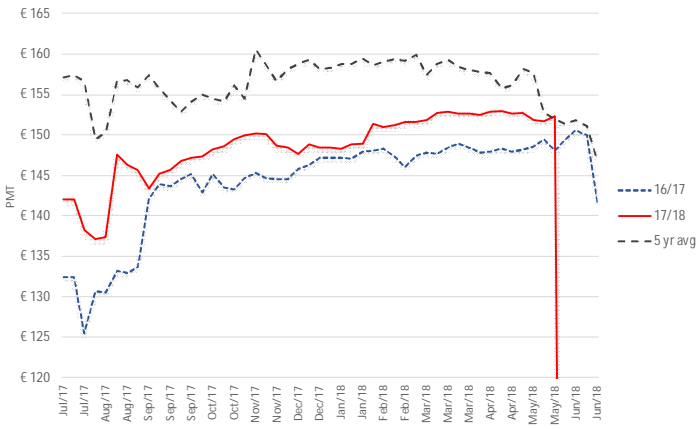
German Grower Oat Prices

£PMT	Food	Feed
Current Week	152.4	147.7
Last week	152.0	147.6
Last year	149.4	147.9

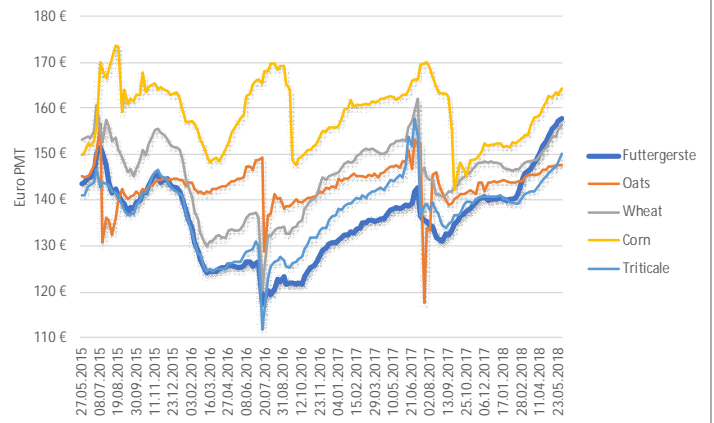
German Producer Oat Price Country Average



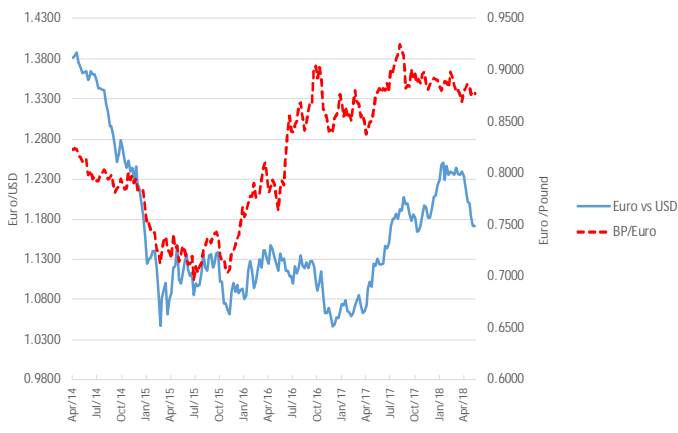
German Grower Seasonal Oat Price Trends



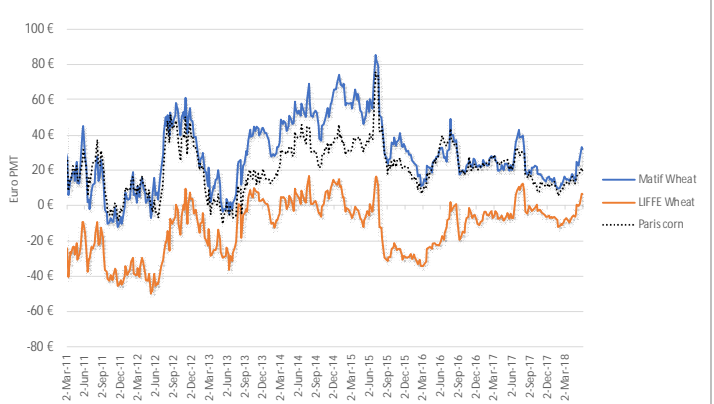
German Grower Feed Grain Prices



Euro vs British Pound & USD



German Producer Oat Prices Basis to EU/UK Wheat Futures Country Average



Prices reflect trends rather than absolute traded values

Source: AMI

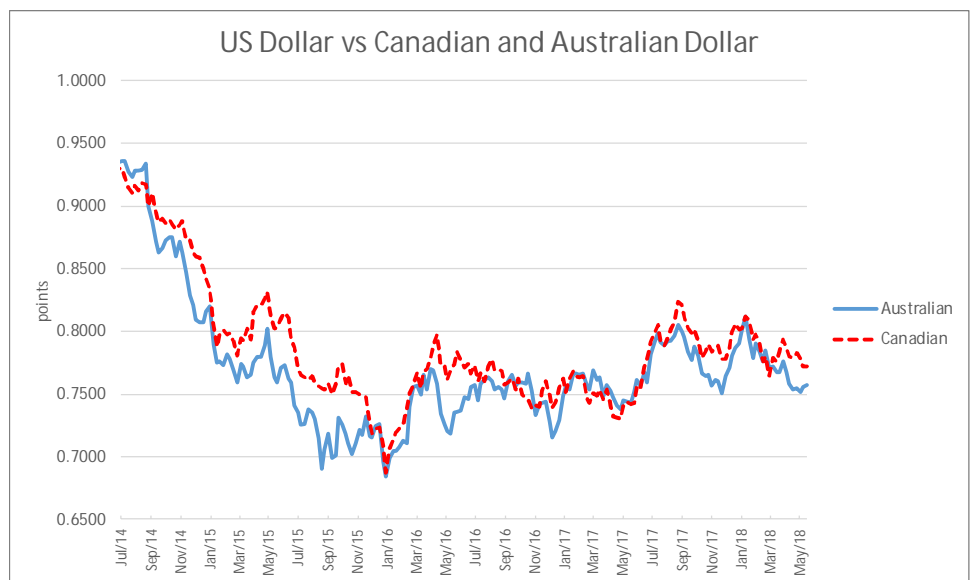
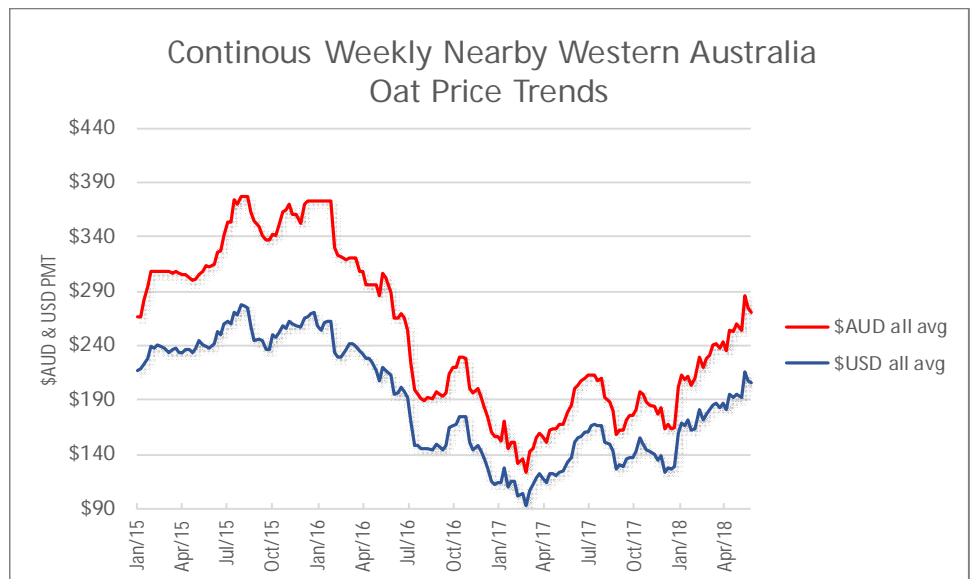
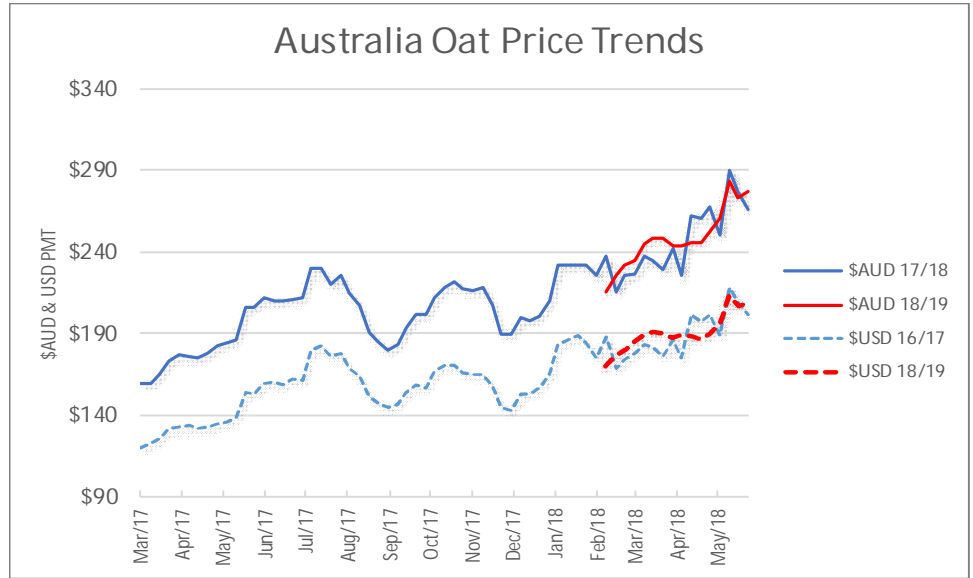
Australia Oat Price Trends

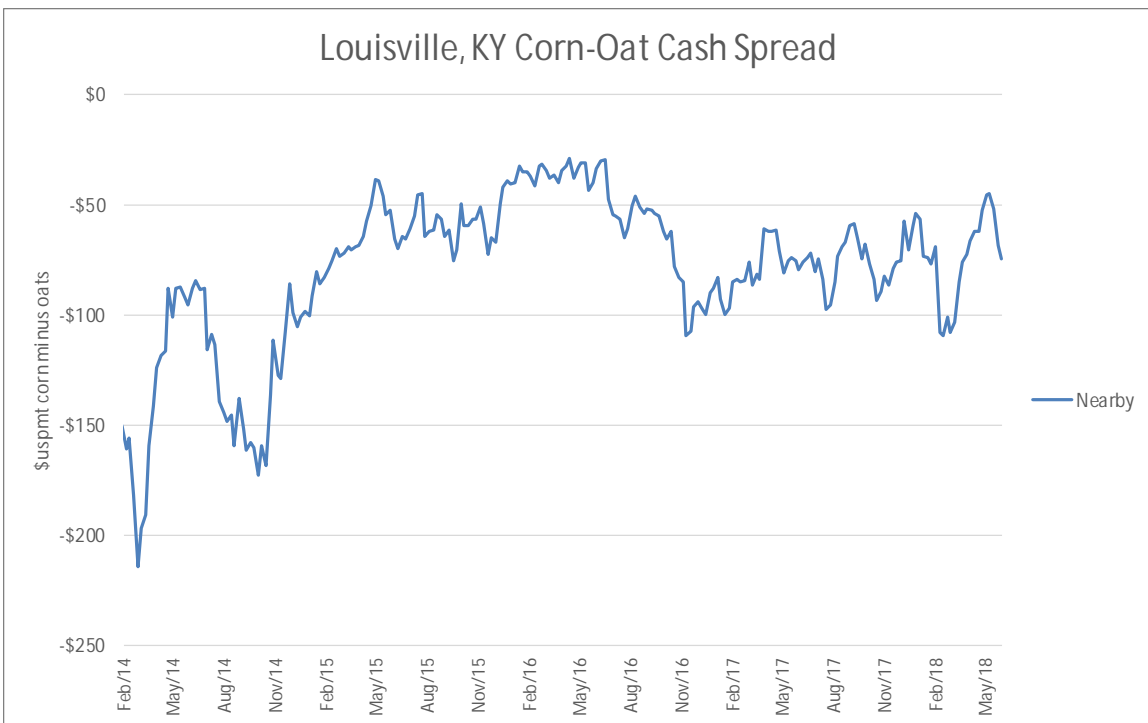
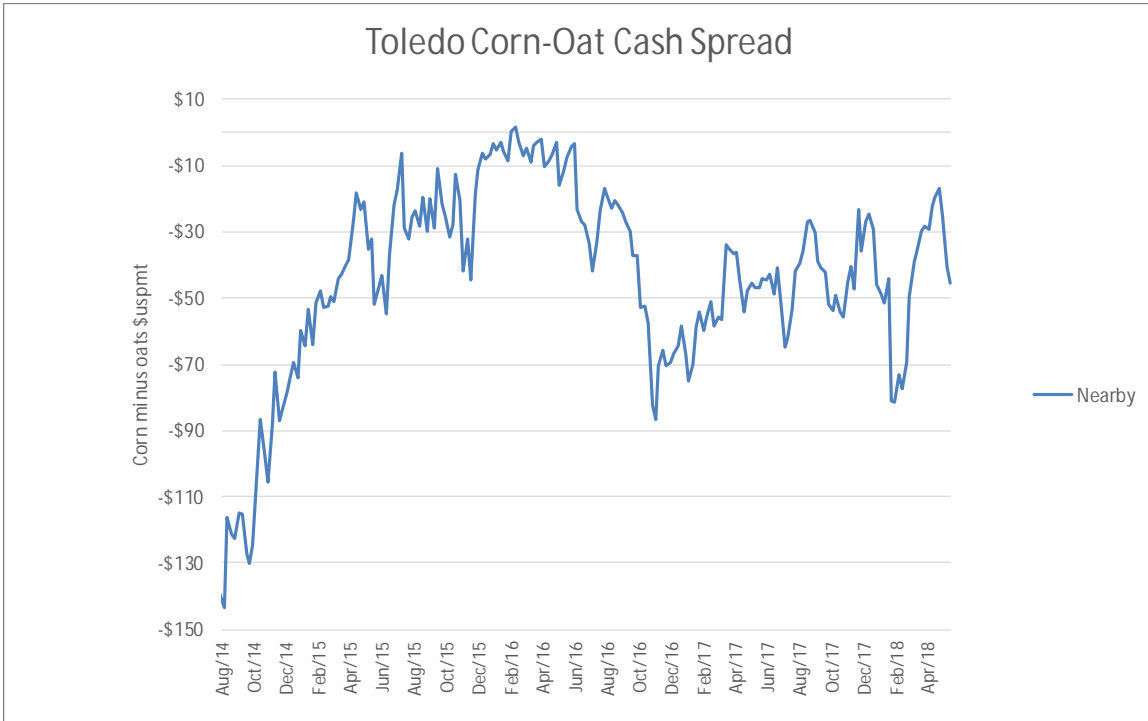
Australia Grower Bids

PMT	2017/18		2018/19	
	\$AUD	\$USD	\$AUD	\$USD
Current Week	266	201	277	201
Last week	277	209	273	209
Last year	207	154		

Prices reflect trends rather than absolute traded values

Source: Daily Grain Prices

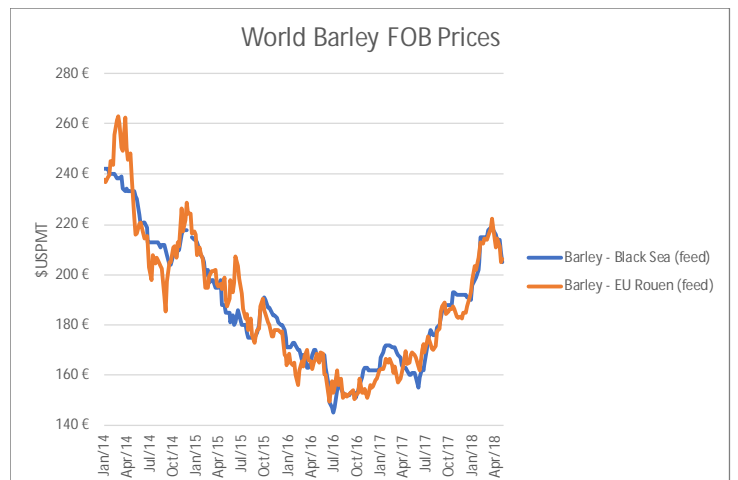
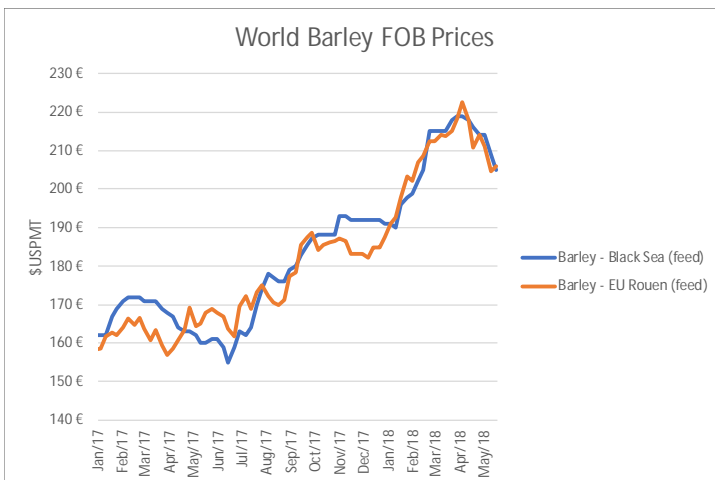
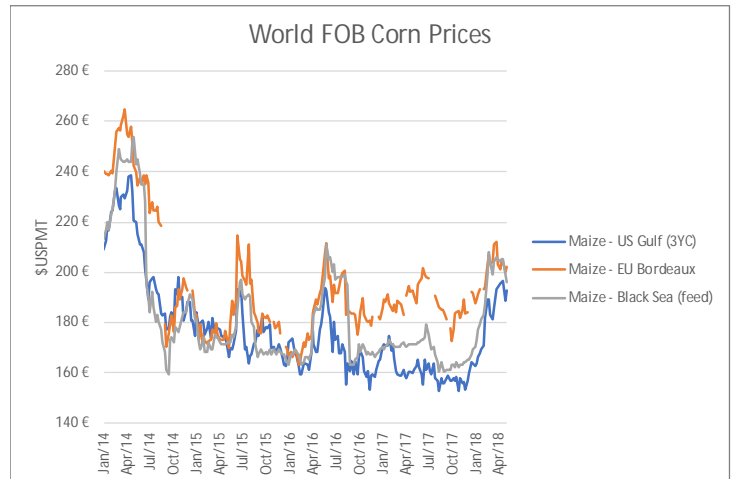
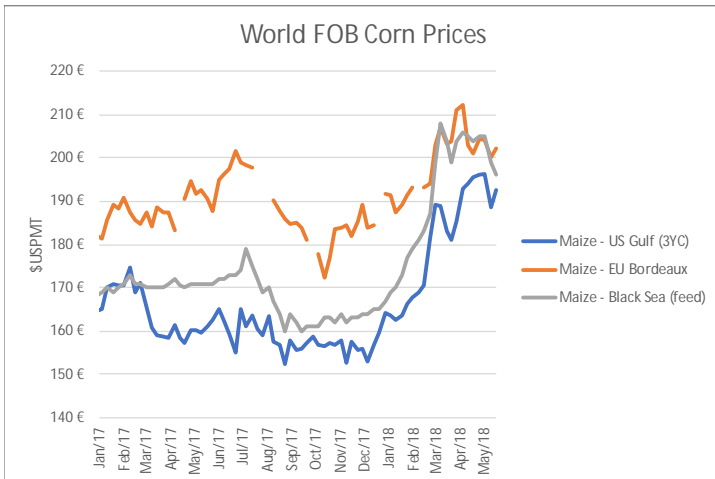
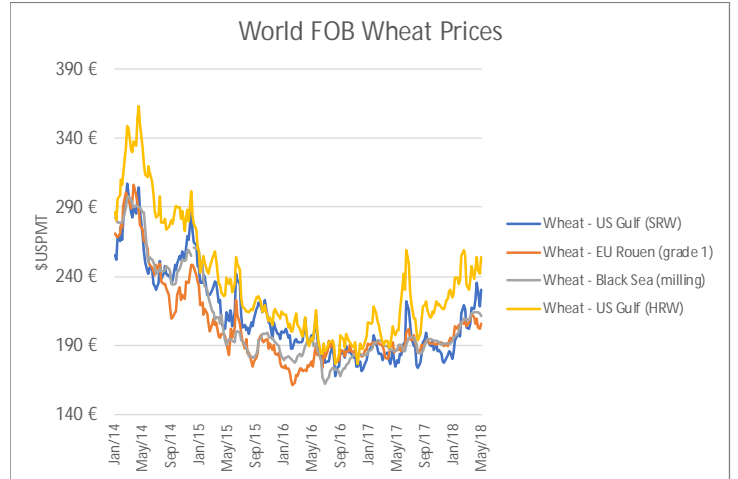
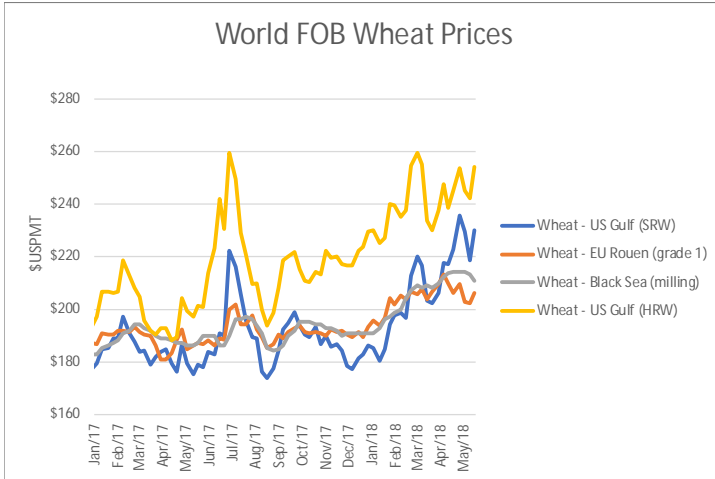




Prices reflect trends rather than absolute traded values

Short-term

Long-term



World Oat Prices

Delivery	Origin	Location	Grade	Delivery	Bid/ask	This week		Last week			
						Bid	Basis	Bid	Basis		
Canada											
Export	Thunder Bay in \$USBU per 34 lbs. bu.- Vancouver in \$USPMT						1-Jun-18		25-May-18		
FOB Vessel *	Sask/Alberta	Vancouver, B.C.*	96sd,40lb, 2dam	Forward	Bid	\$238		\$237			
FOB Vessel *	Sask/Alberta	Vancouver, B.C.*	96sd,40lb, 2dam	Forward	Ask	\$242		\$241			
FOB Vessel	Sask/Man	Thunder Bay, Ont.	96sd,40lb, 2dam	Nearby	Bid	\$2.90	0.54	\$2.90	0.54		
FOB Vessel *	Sask/Man	Thunder Bay, Ont.	96sd,40lb, 2dam	Nearby	Ask	\$2.95	0.59	\$2.95	0.59		
Canada Grower values - Based on Mpls Milling Track Bids and Offers						Bid	Ask	Bid	Ask		
Del'v'd truck	Provincial avg	Manitoba	96sd,40lb, 2dam	Nearby							
Del'v'd truck	Provincial avg	Manitoba	96sd,40lb, 2dam	Forward							
Del'v'd truck	Provincial avg	Manitoba	96sd,40lb, 2dam	Deferred							
Del'v'd truck	Provincial avg	Saskatchewan	96sd,40lb, 2dam	Nearby							
Del'v'd truck	Provincial avg	Saskatchewan	96sd,40lb, 2dam	Forward							
Del'v'd truck	Provincial avg	Saskatchewan	96sd,40lb, 2dam	Deferred							
Del'v'd truck	Provincial avg	Alberta	96sd,40lb, 2dam	Nearby							
Del'v'd truck	Provincial avg	Alberta	96sd,40lb, 2dam	Forward							
Del'v'd truck	Provincial avg	Alberta	96sd,40lb, 2dam	Deferred							
U.S.A.											
	prices in \$USD per 32 lbs. bu.					Flat price	Basis level	Flat price	Basis level		
Rail	Canadian	Minneapolis	96sd,40lb, 2dam	Nearby	Bid	\$3.00	0.63	\$3.00	0.63		
Rail	Canadian	Minneapolis	96sd,40lb, 2dam	Nearby	Ask	\$3.10	0.74	\$3.10	0.74		
Rail	Canadian	Minneapolis	96sd,40lb, 2dam	Forward	Bid	\$3.00	0.64	\$3.00	0.64		
Rail	Canadian	Minneapolis	96sd,40lb, 2dam	Forward	Ask	\$3.10	0.74	\$3.10	0.74		
Rail	Canadian	Minneapolis	96sd,40lb, 2dam	Deferred	Bid	\$3.00	0.47	\$3.00	0.47		
Rail	Canadian	Minneapolis	96sd,40lb, 2dam	Deferred	Ask	\$3.10	0.57	\$3.10	0.57		
Rail	Canadian	Superior, WI	96sd,40lb, 2dam	Nearby	Bid	\$2.90	0.54	\$2.90	0.54		
Rail	Canadian	Superior, WI	96sd,40lb, 2dam	Nearby	Ask	\$2.95	0.59	\$2.95	0.59		
Rail	Canadian	Superior, WI	96sd,40lb, 2dam	Deferred	Bid	\$2.90	0.47	\$2.90	0.47		
Rail	Canadian	Superior, WI	96sd,40lb, 2dam	Deferred	Ask	\$2.95	0.57	\$2.95	0.57		
Mexico											
	prices in \$USPMT										
Rail	Canadian	Eagles Pass, TX	96sd,40lb, 2dam	Nearby	Ask	\$235		\$235			
						Origin		Origin			
						Currency	\$USD	Currency	\$USD		
Australia											
	prices in \$AUD and \$USD per mt										
FIS	Australian	FIS Kiwana	#1 Oat	2017/18	Quote	\$266	\$201	\$277	\$209		
FIS	Australian	FIS Kiwana	#1 Oat	2018/19	Quote	\$277	\$201	\$273	\$209		
						Origin		Origin			
						Currency	\$USD	Currency	\$USD		
Europe											
	prices in origin currency, \$USD, £Pound and €Euro PMT										
Ex Farm	Germany ctry avg	Avg Producer Bid	Feed Quality	Nearby	Quote	\$146	\$173	£146	\$173		
Ex Farm	Germany ctry avg	Avg Producer Bid	Milling Quality	Nearby	Quote	\$153	\$179	£153	\$178		
FOB Vessel	Finland	Feed Factory	Feed Quality	Nearby	Traded	\$135	\$159	£135	\$159		
FOB Vessel	Finland	Export	Feed Quality	Nearby	Traded	\$138	\$161	£138	\$161		
Del'v'd truck	Finland	Producer Bid	Feed Quality	Nearby	Avg Bid	\$135	\$159	£136	\$159		
Del'v'd truck	Finland	Producer Bid	Feed Quality	Nearby	High Bid	\$145	\$170	£145	\$170		
FOB Vessel	Sweden	Exporters	Feed Quality		Ask						
FOB Vessel	Sweden	Exporters	Feed Quality		Ask						
Del'v'd Mill	Great Britain	Producer Bid	Milling Quality	Nearby	Traded	£127	\$171	\$145	£127	\$170	\$144
Del'v'd Mill	Great Britain	Producer Bid	Milling Quality	+1 Month	Traded	£129	\$173	\$147	£126	\$169	\$144
Australian prices courtesy of Daily Grain - German prices courtesy of AgraMarket Information's											
Finland domestic courtesy of FinGrain & Ministry of Agriculture											
Cdn prices are in \$Cdn per 34 lbs. bu - except FOB vessel Vancouver which is in \$uspmt, FOB Tbay in \$USBU (32/lbs.)											