

Canola (& Pulse) Market Outlook

Presented by:
Chuck Penner
@leftfieldcr



Jan 2024

PRESENTATION OUTLINE

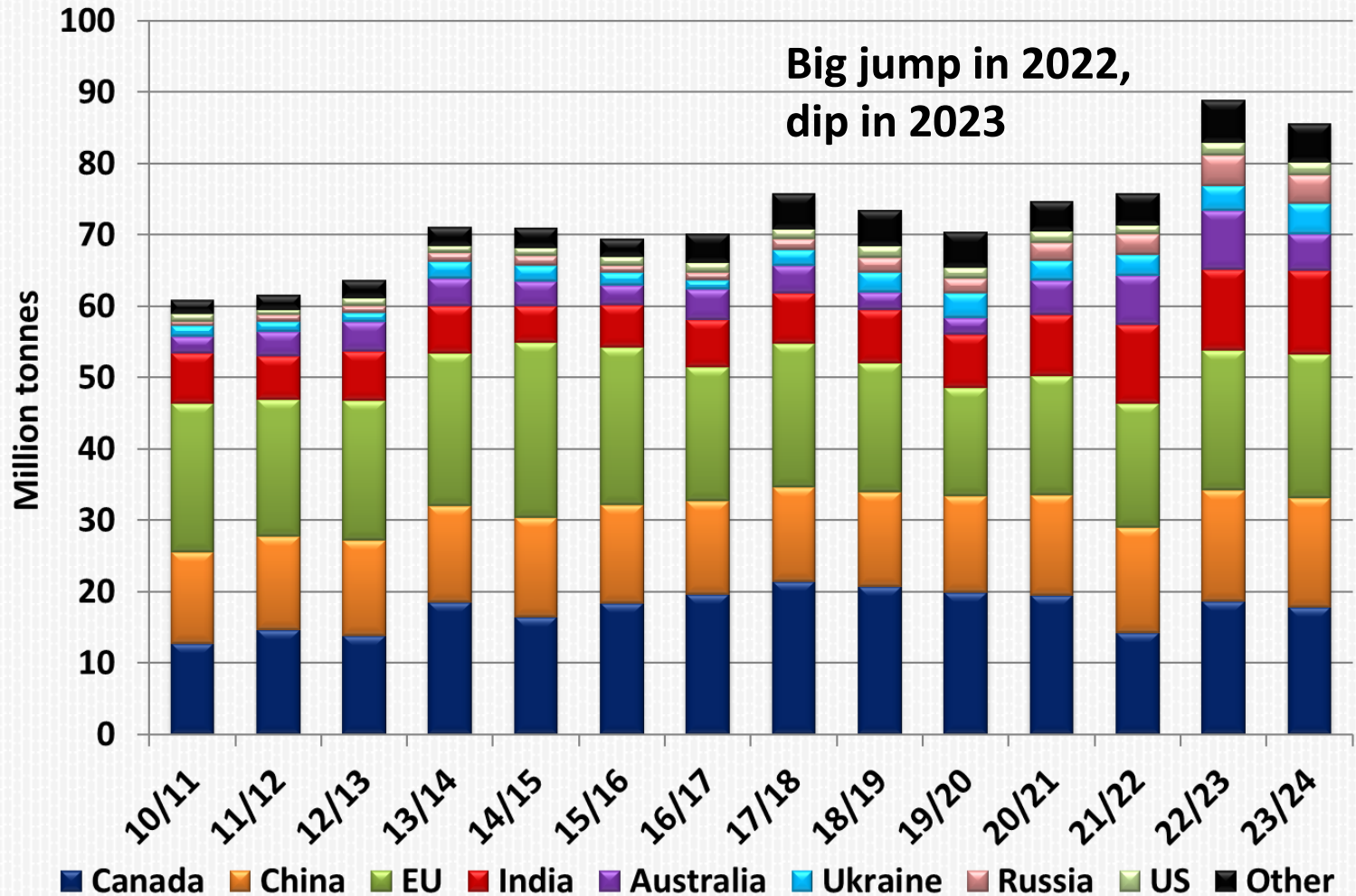
✖ Canola

- + Global situation
- + US & Canada
- + Industry developments

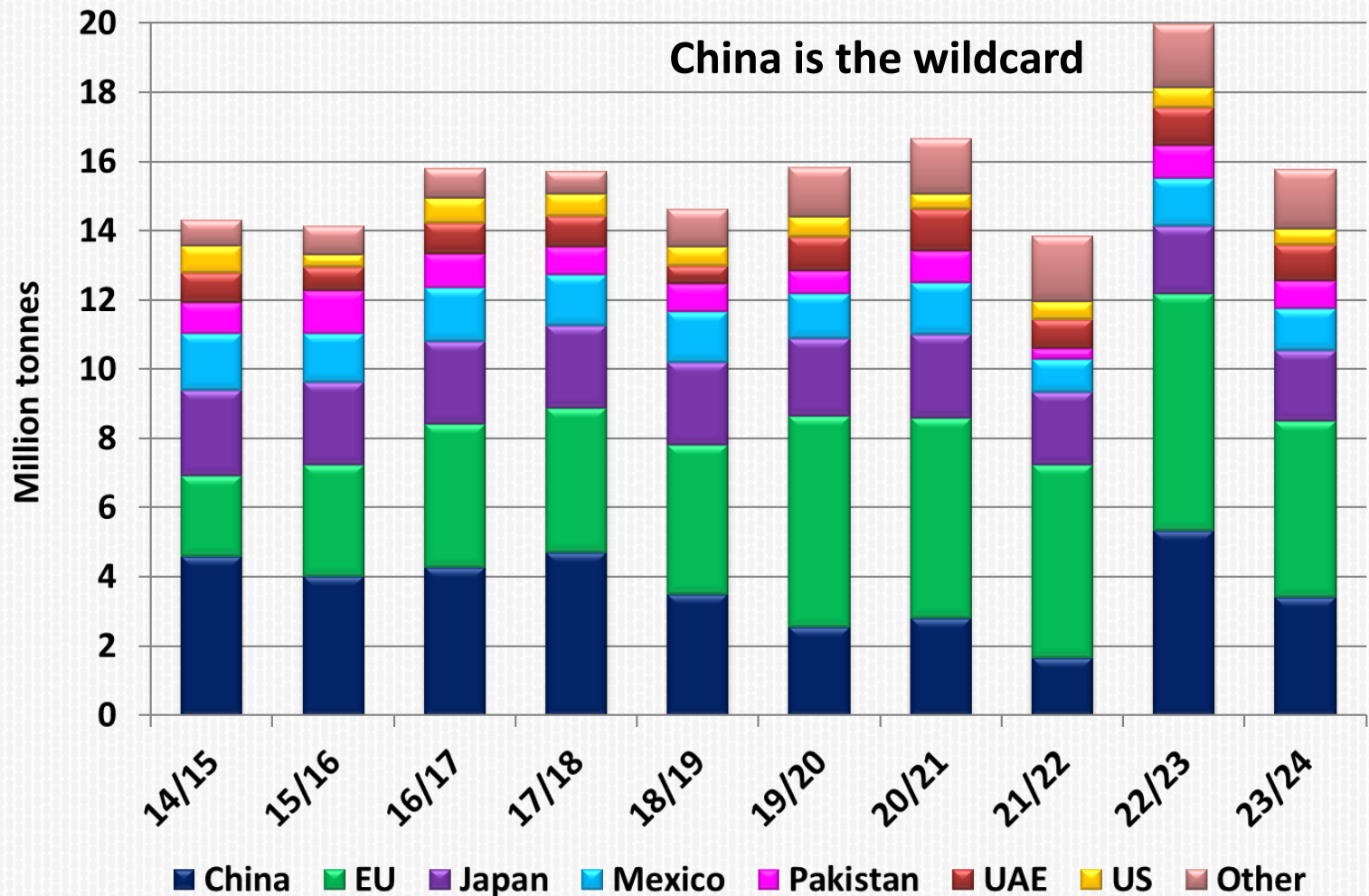
✖ Pulses

- + US & Canada
- + Global effects

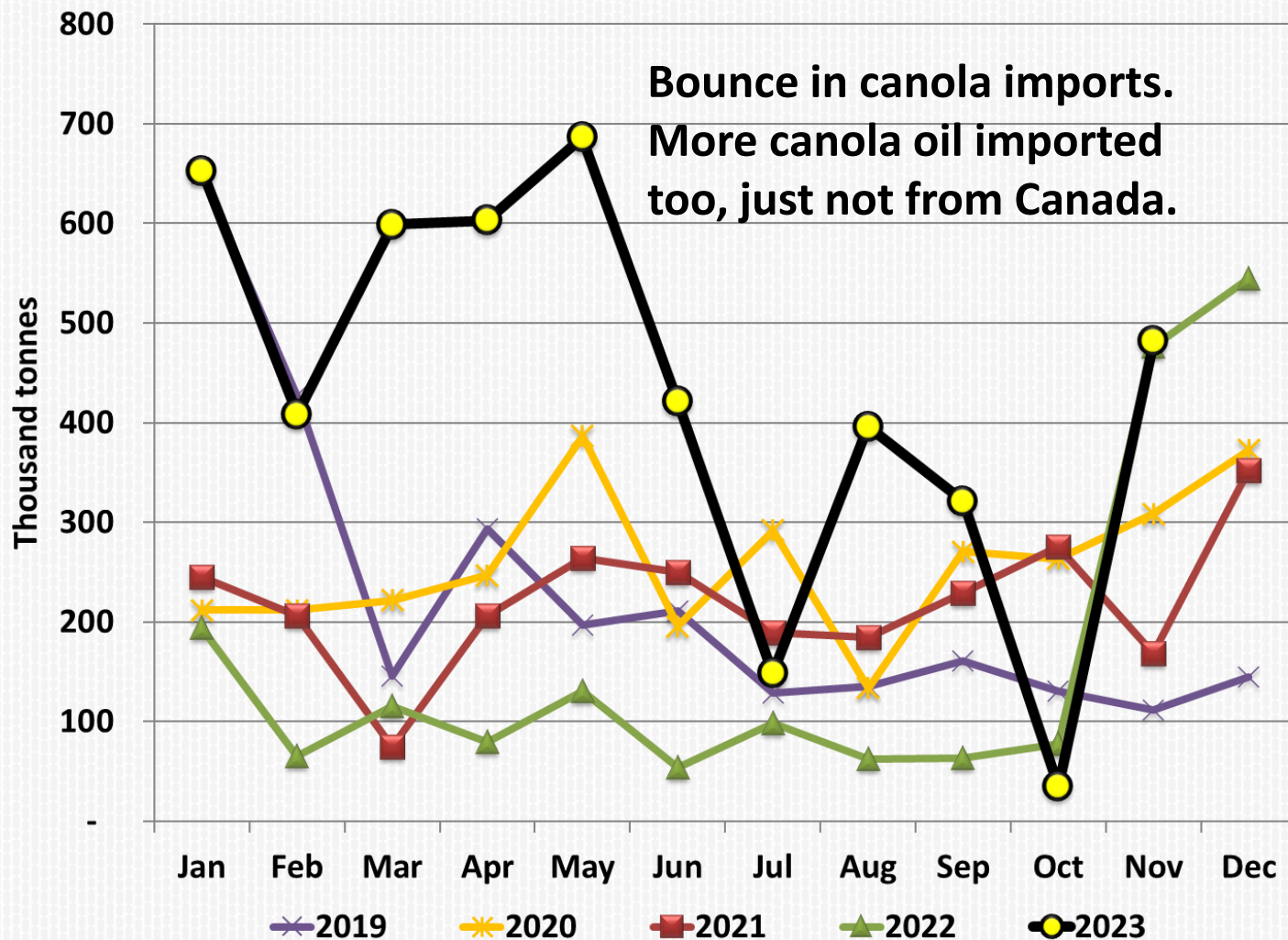
GLOBAL CANOLA/RAPSEED PRODUCTION



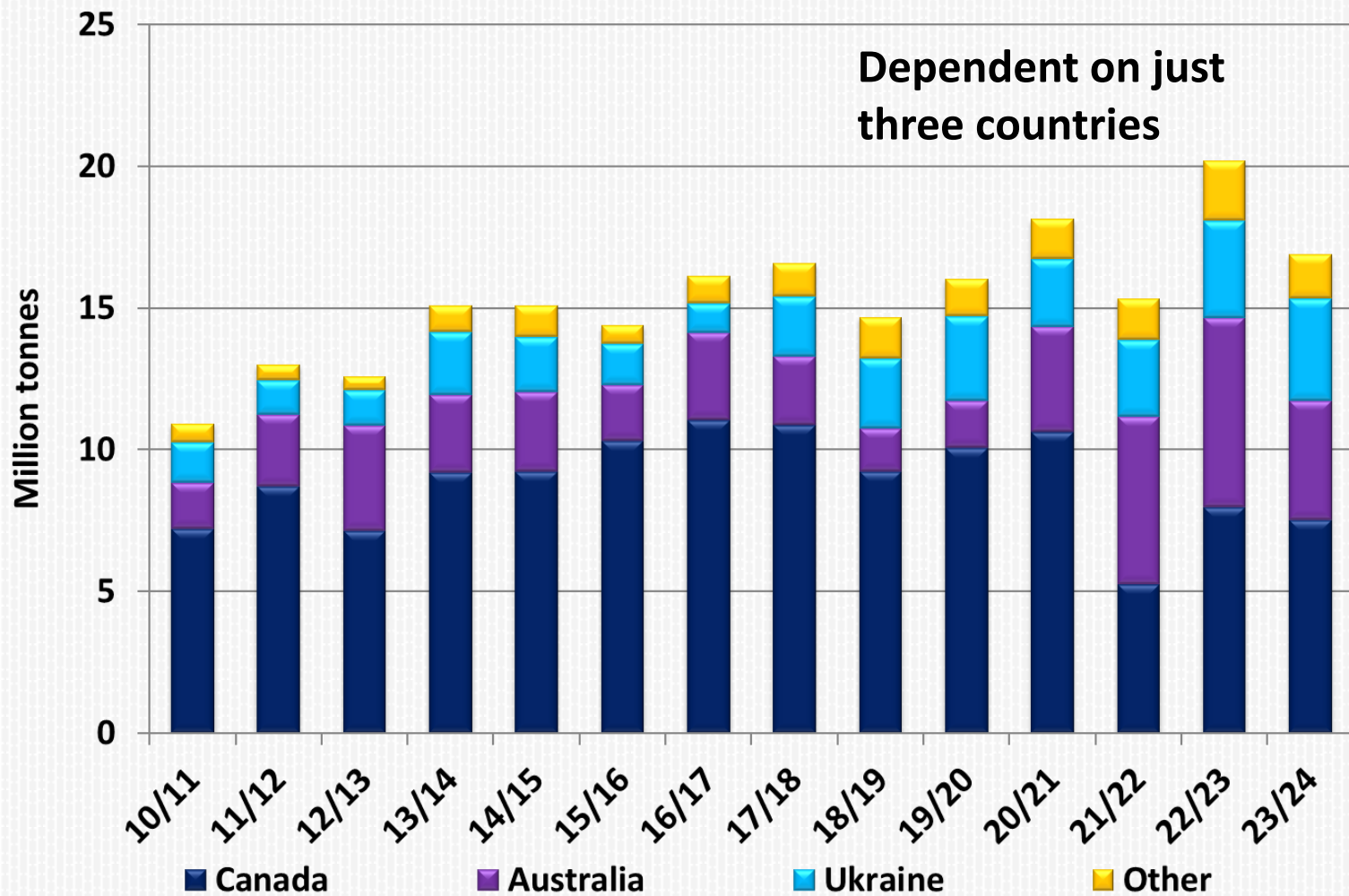
CANOLA/RAPSEED IMPORTS



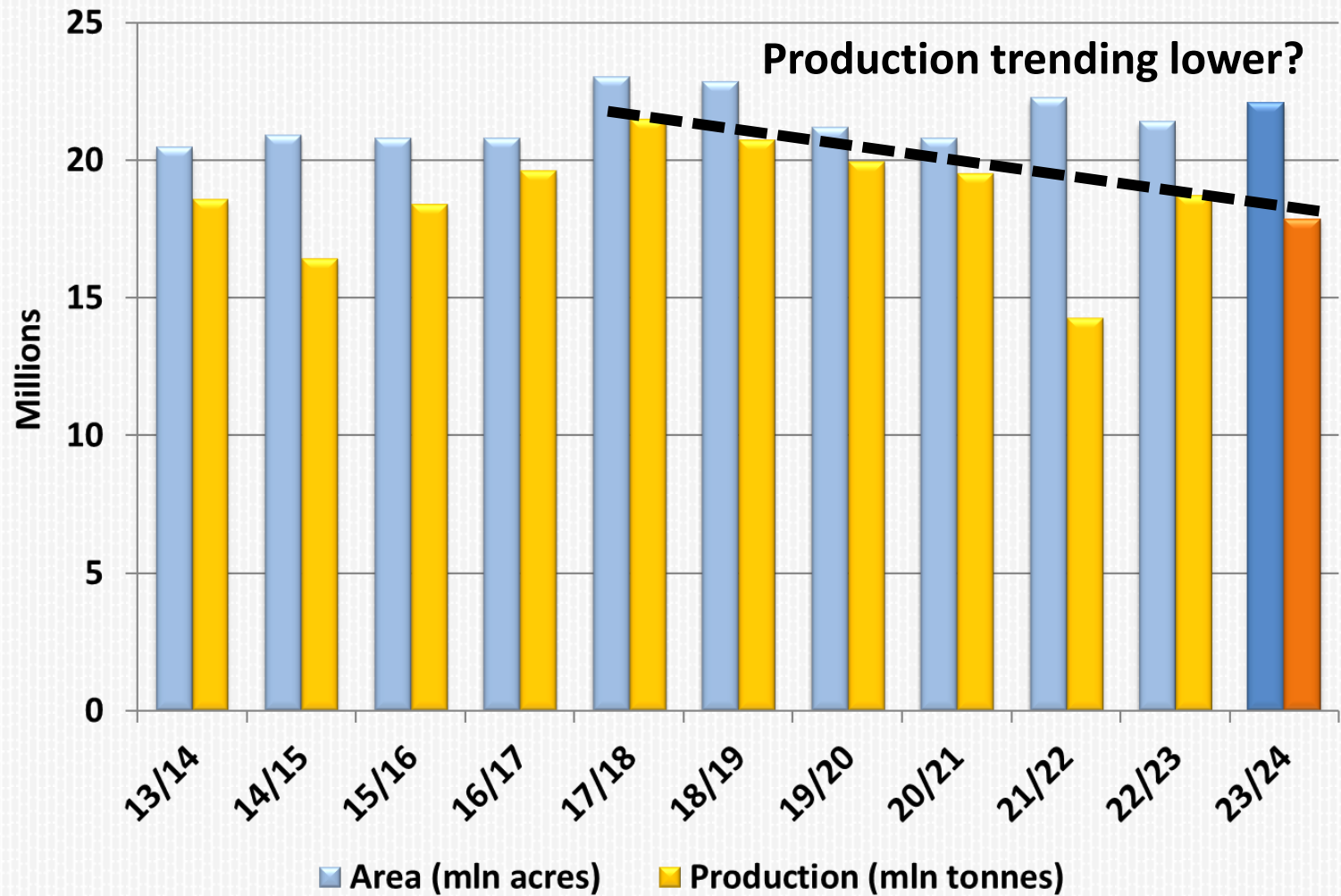
CHINA CANOLA/RAPSEED IMPORTS



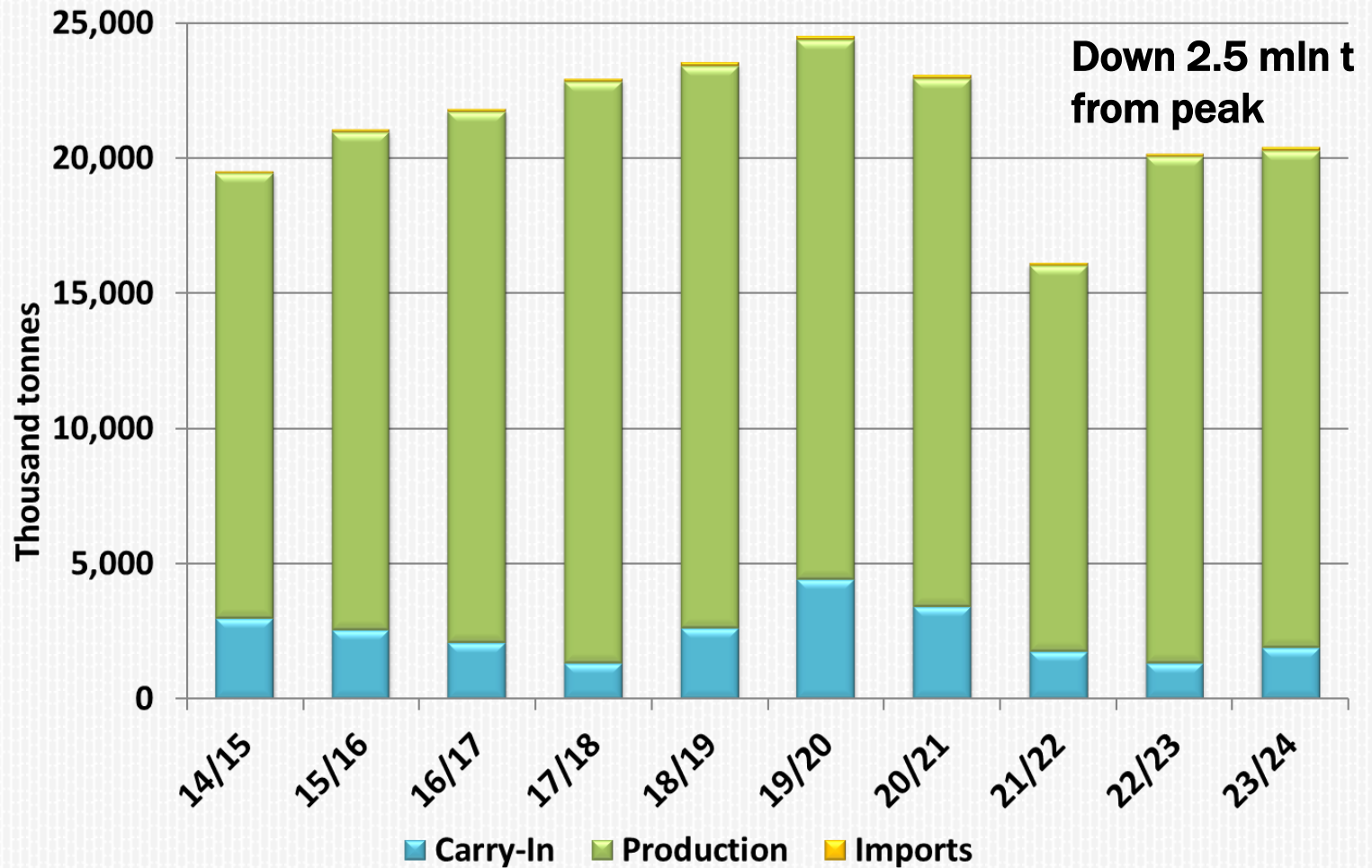
GLOBAL CANOLA/RAPSEED EXPORTS



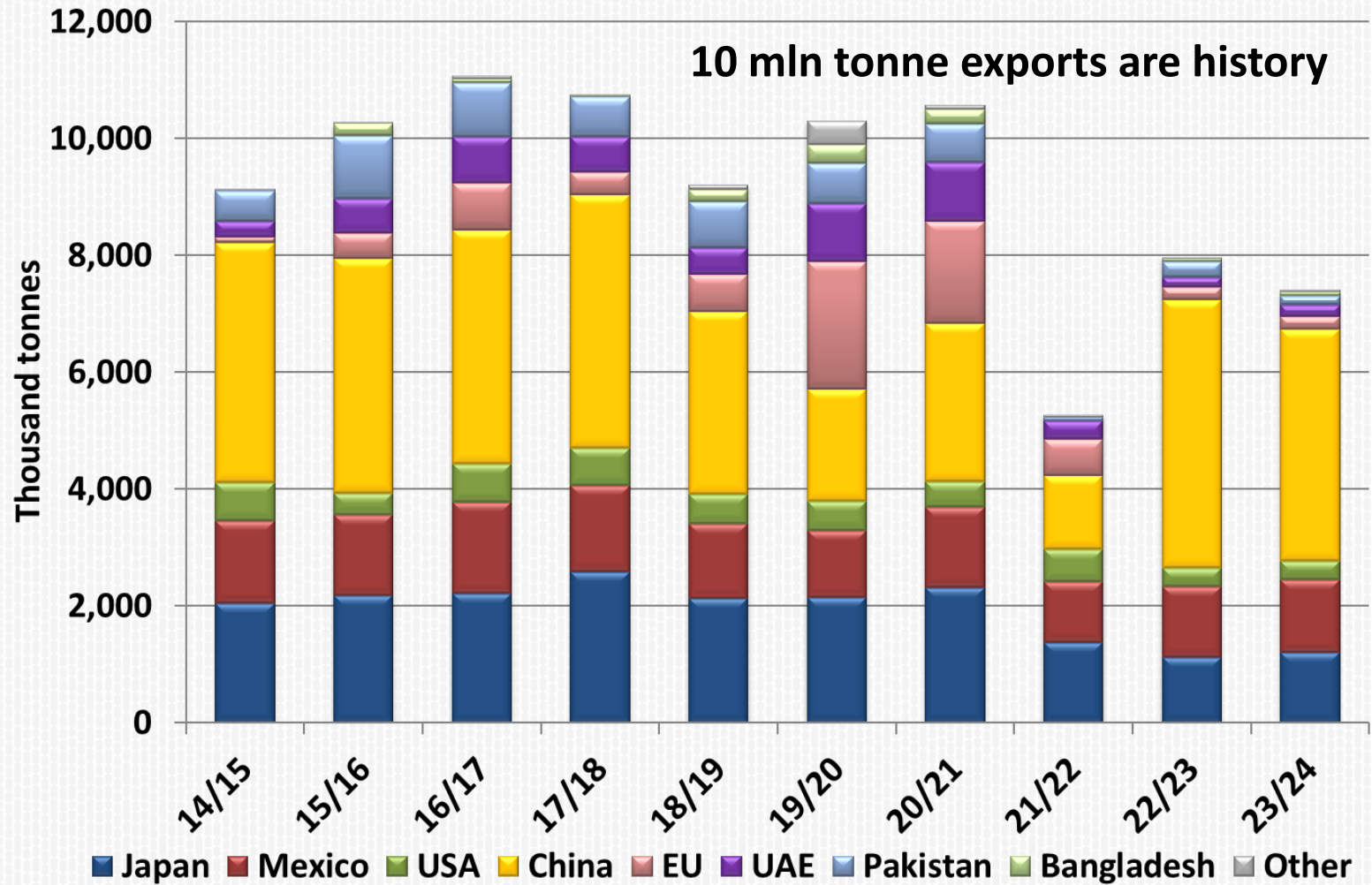
CANADIAN CANOLA PRODUCTION



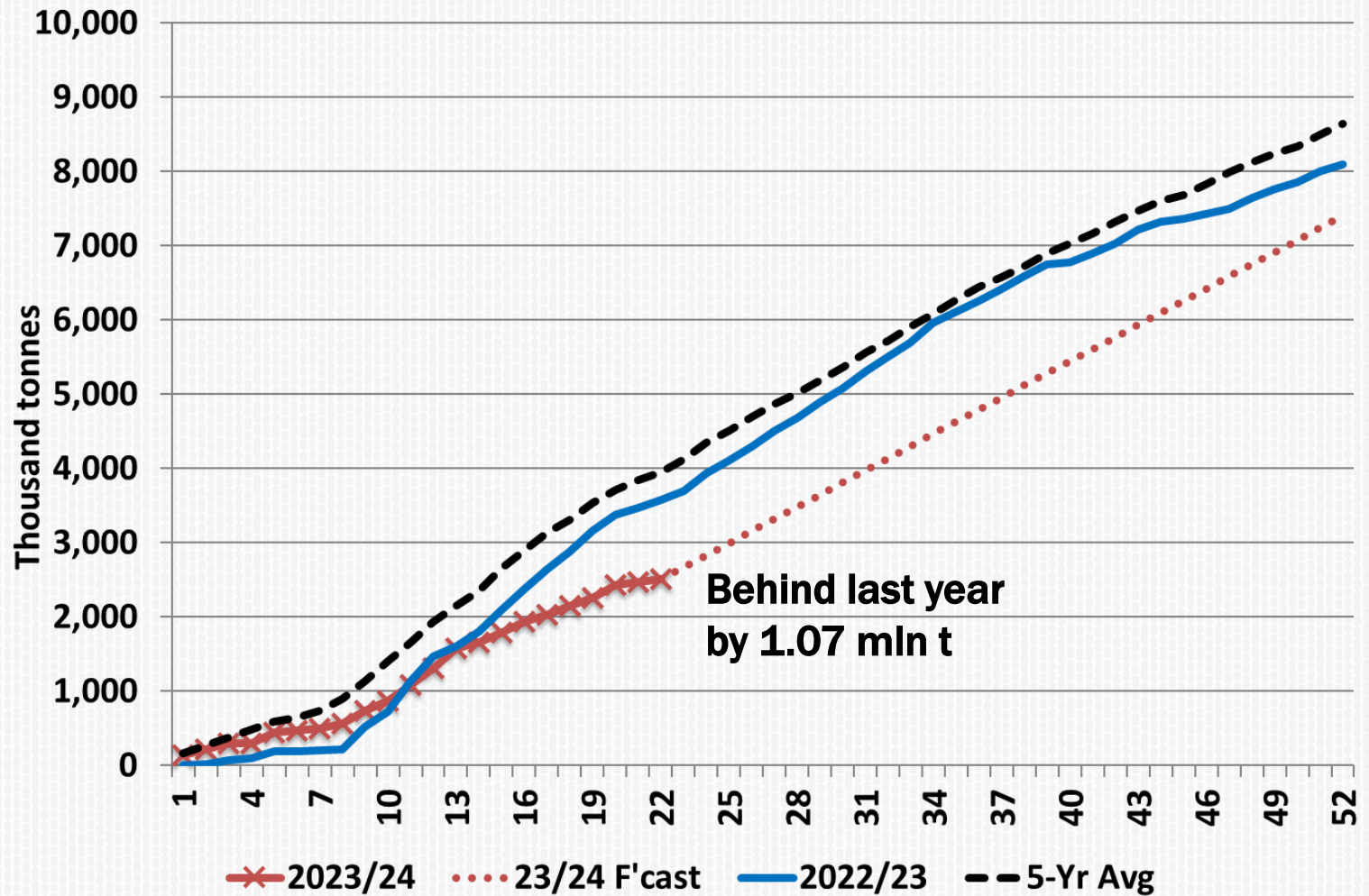
CANADIAN CANOLA SUPPLIES



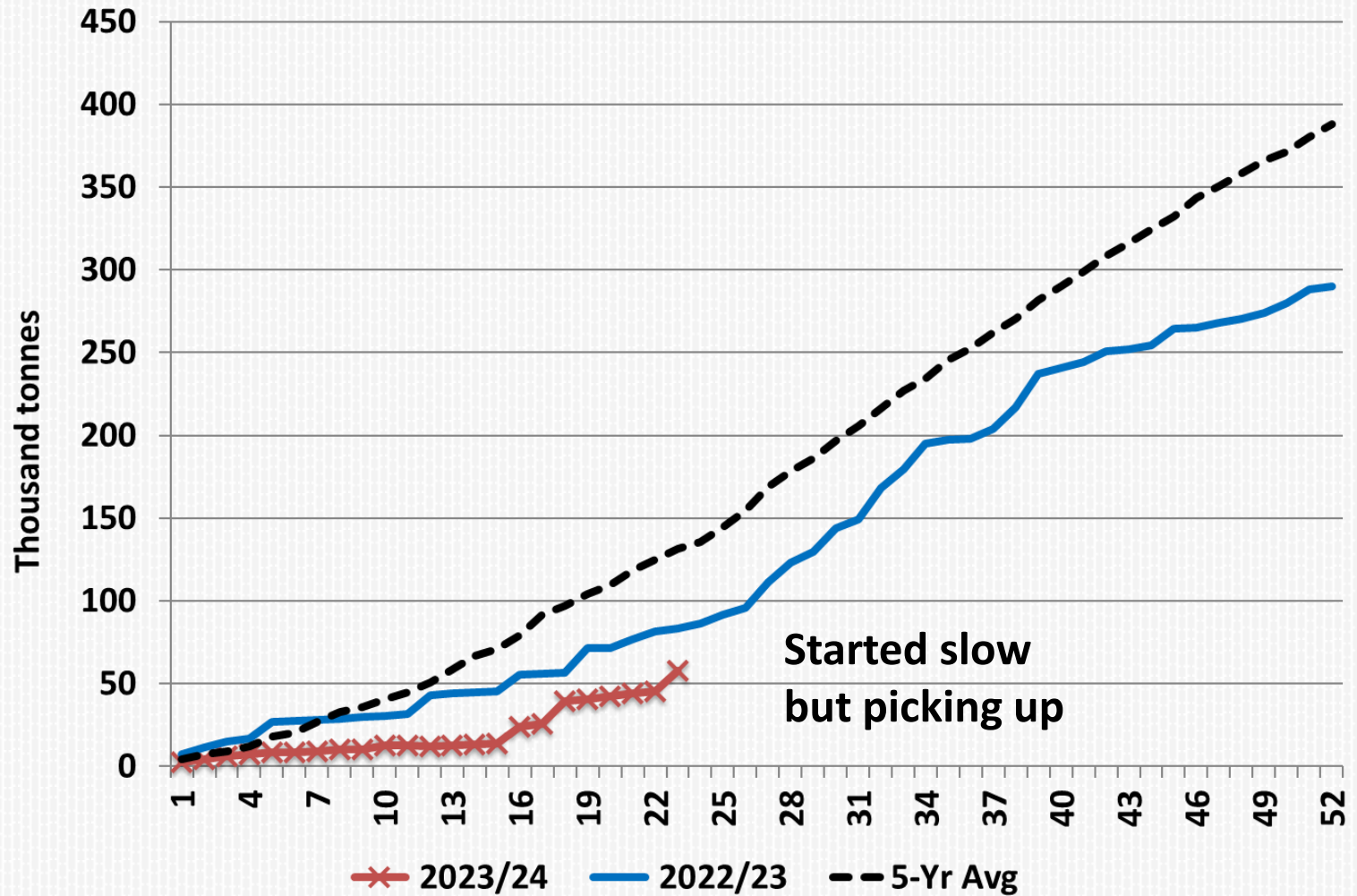
CANADIAN CANOLA EXPORTS



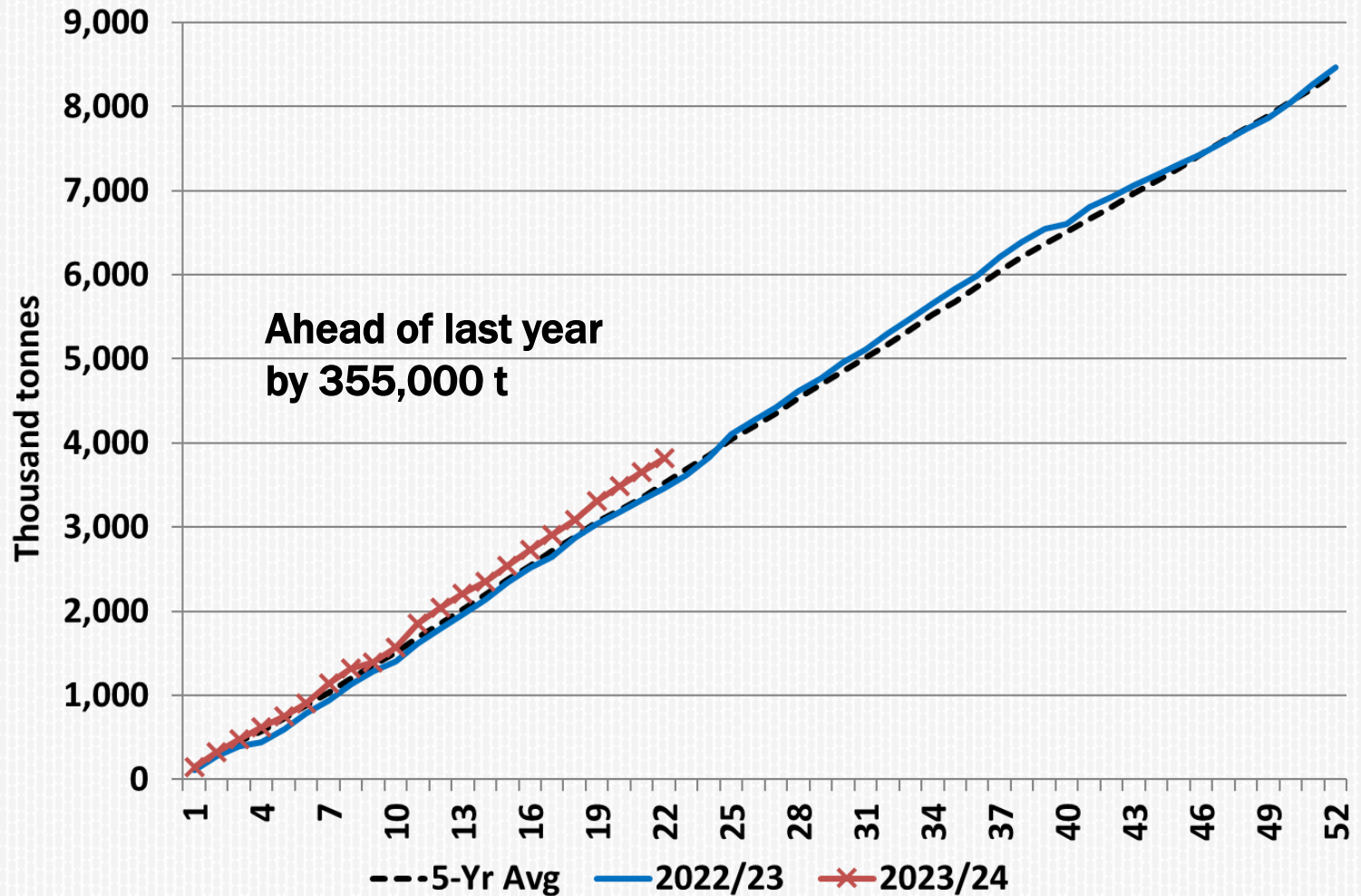
CANADIAN CANOLA EXPORTS



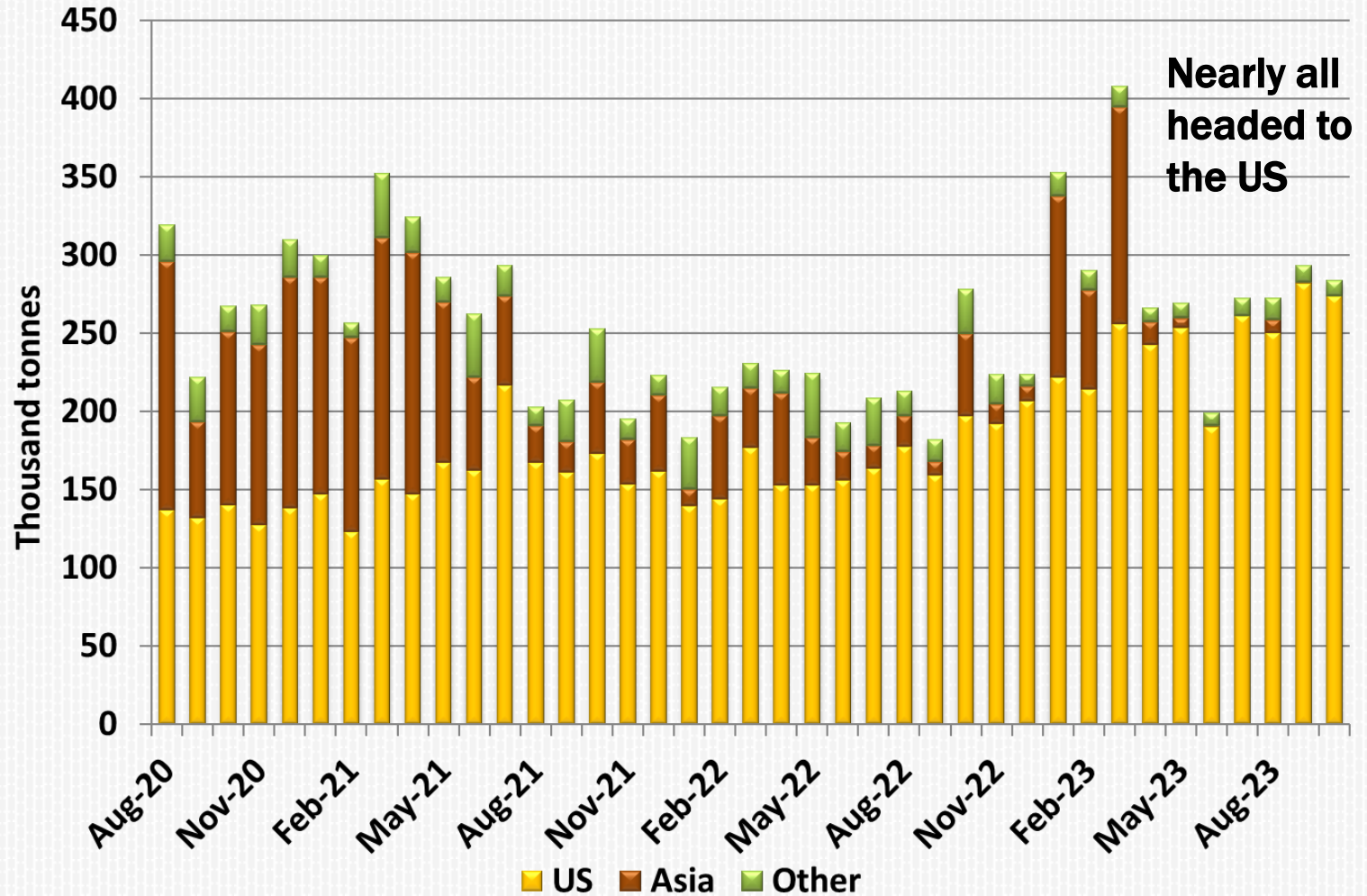
CANADIAN CANOLA EXPORTS TO US



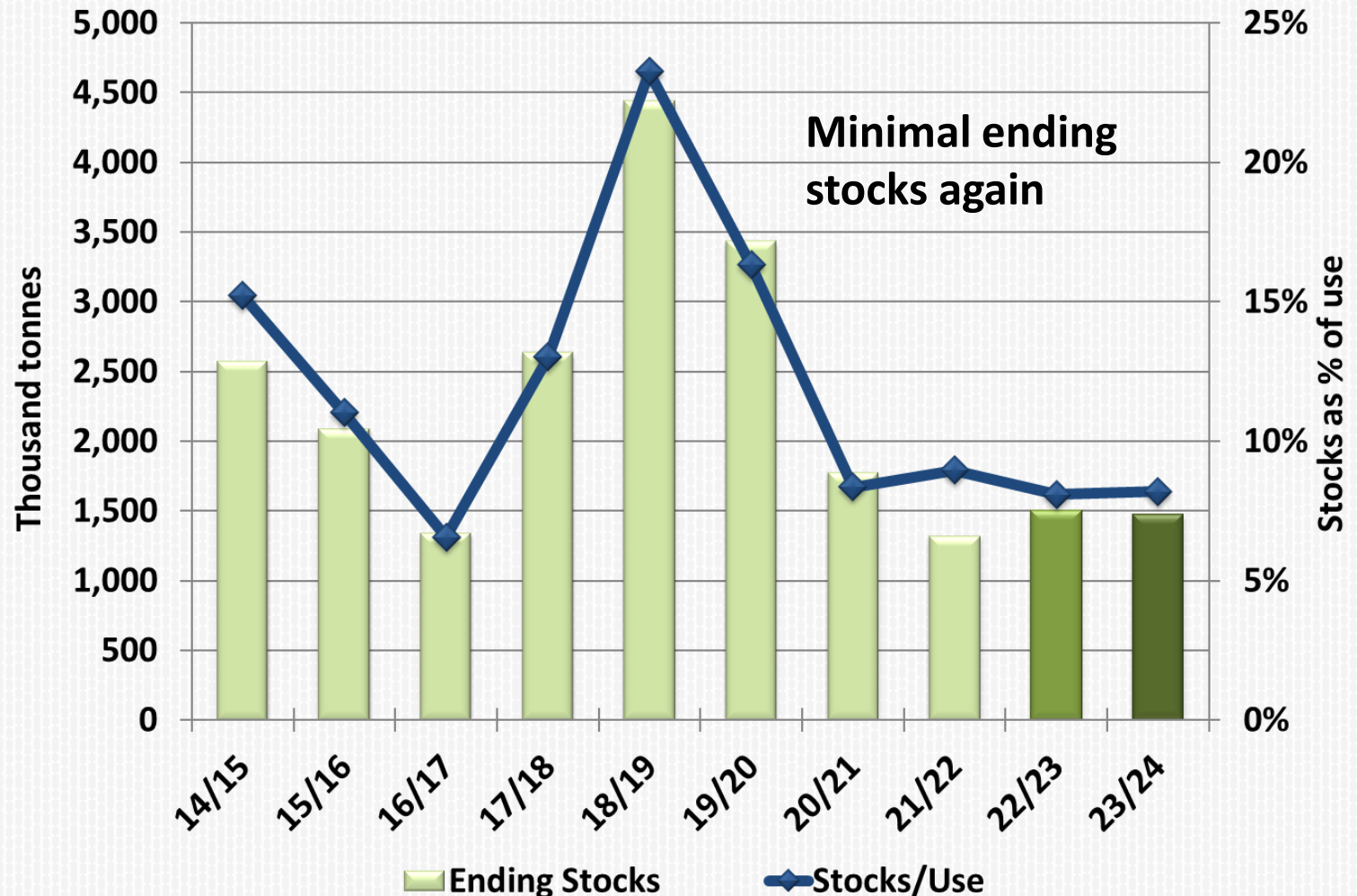
CANADIAN CANOLA CRUSH



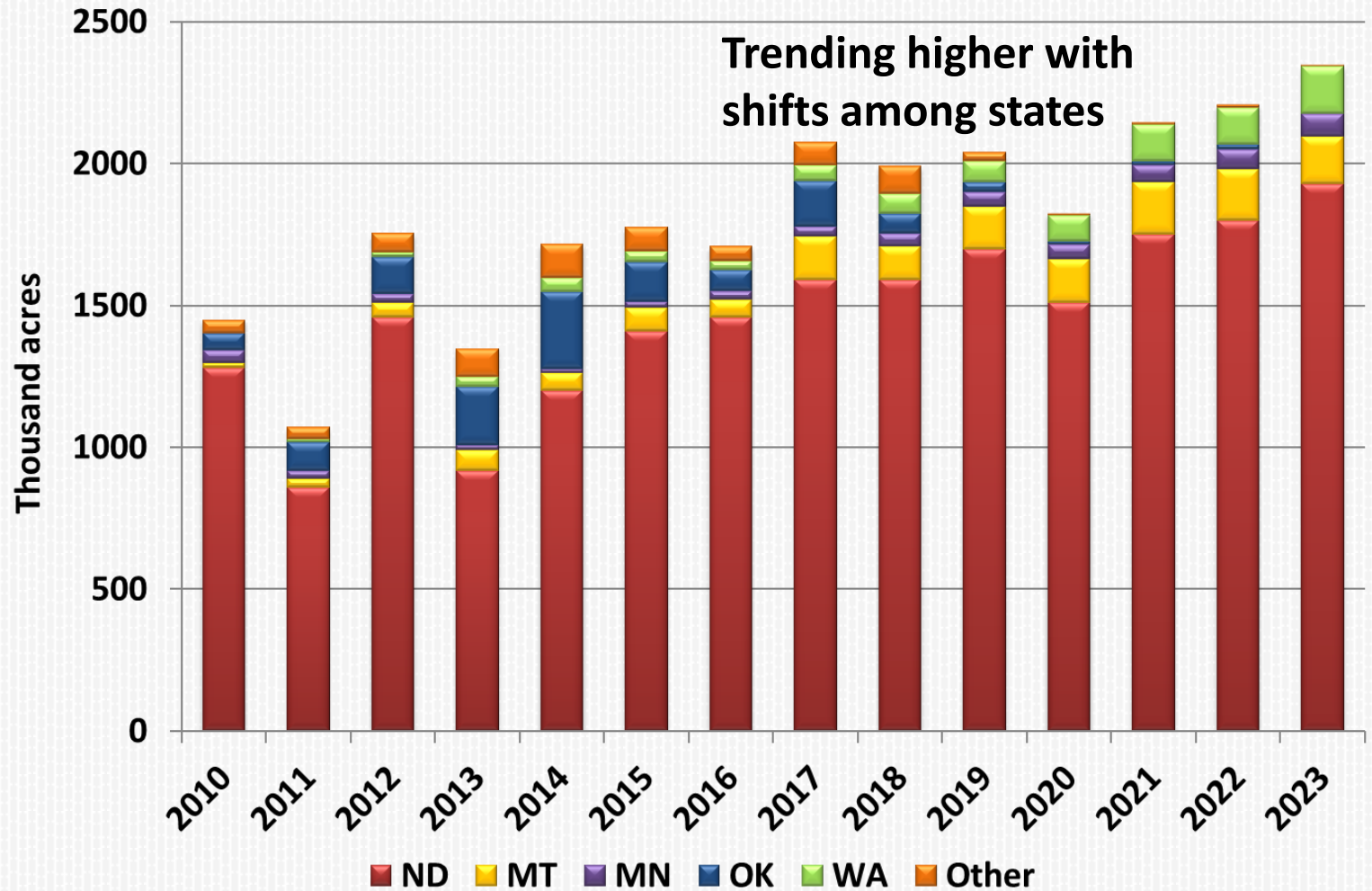
CANADIAN CANOLA OIL EXPORTS



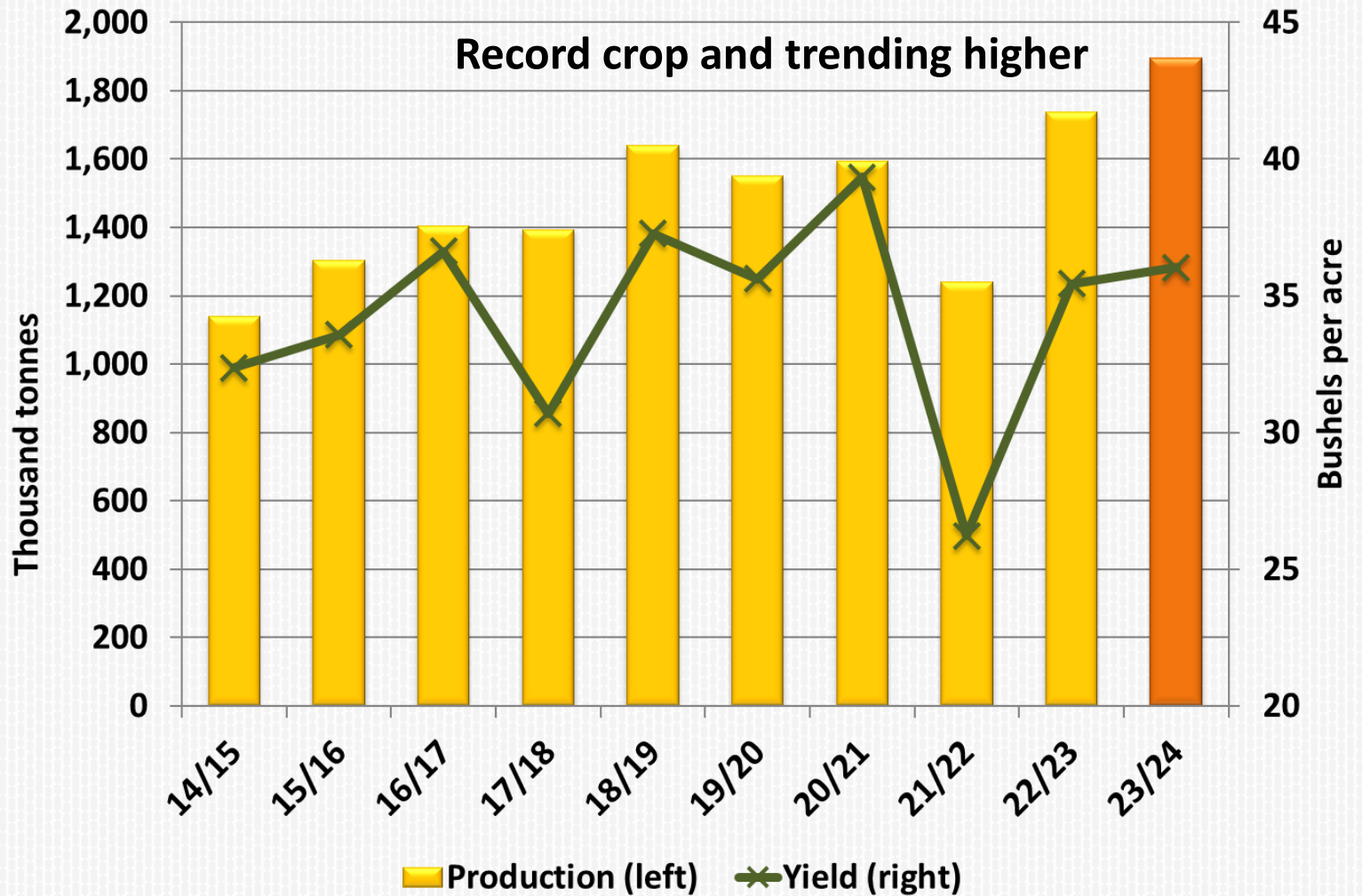
CDN CANOLA ENDING STOCKS



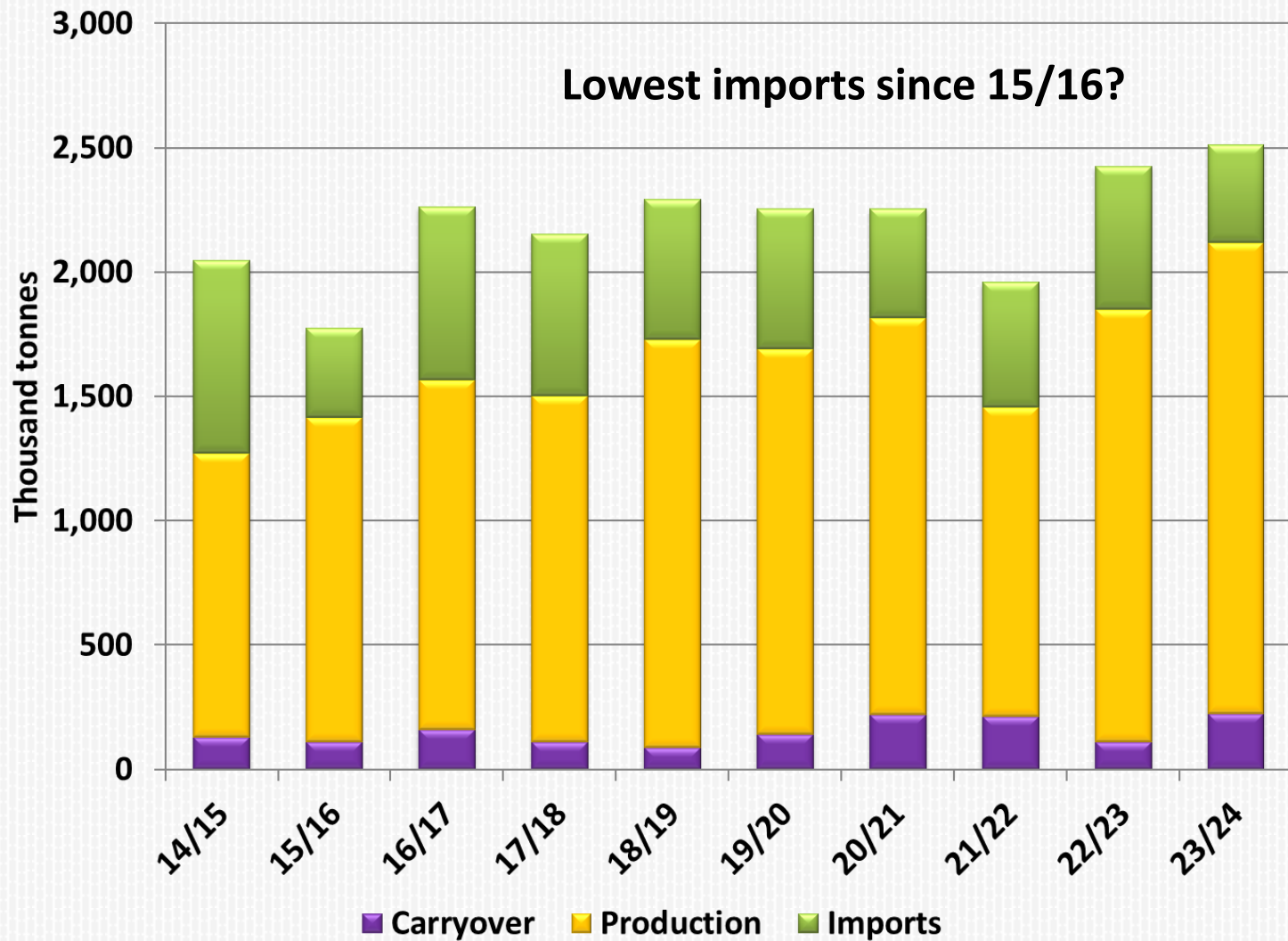
US CANOLA ACREAGE BY STATE



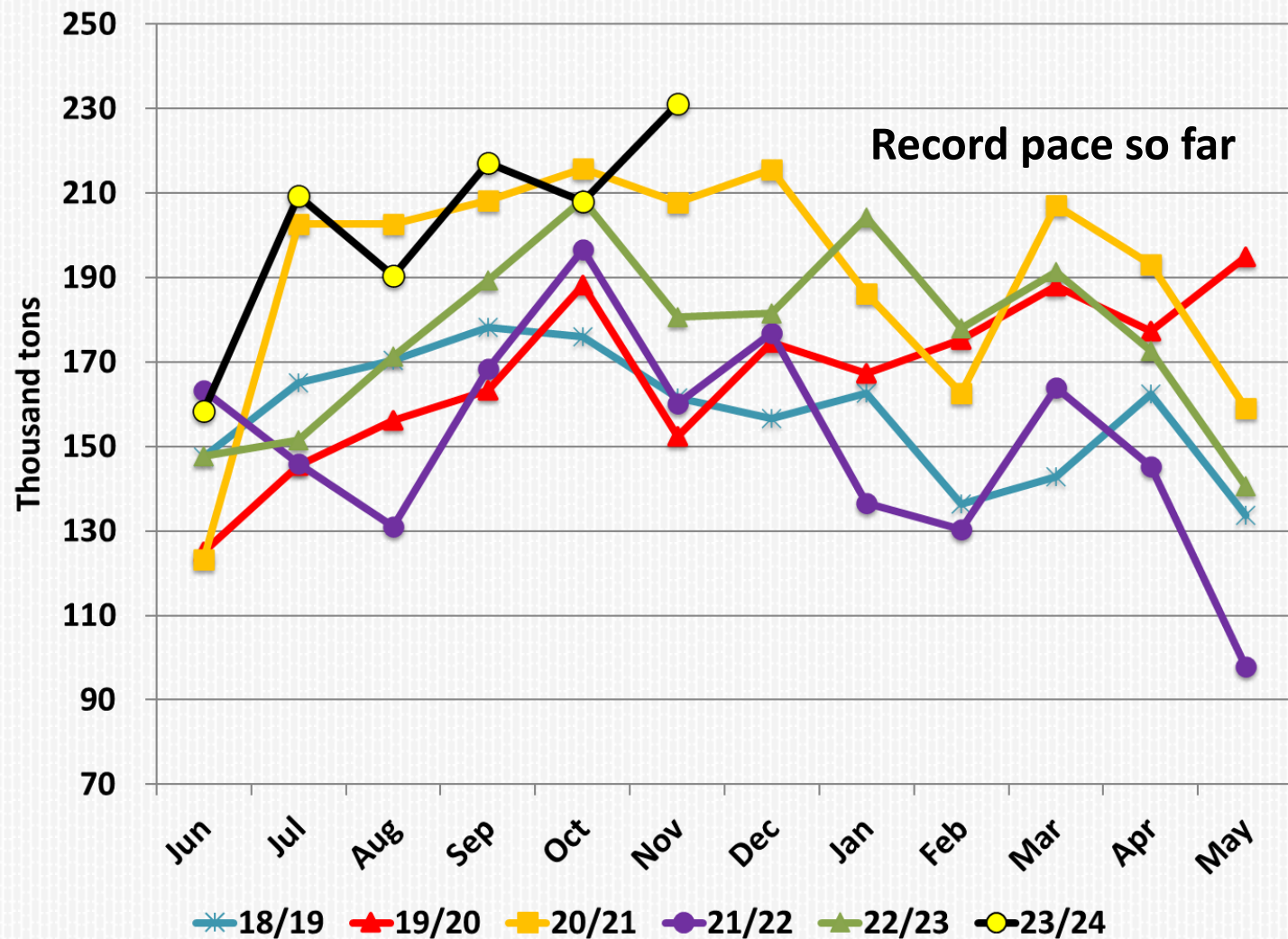
US CANOLA PRODUCTION



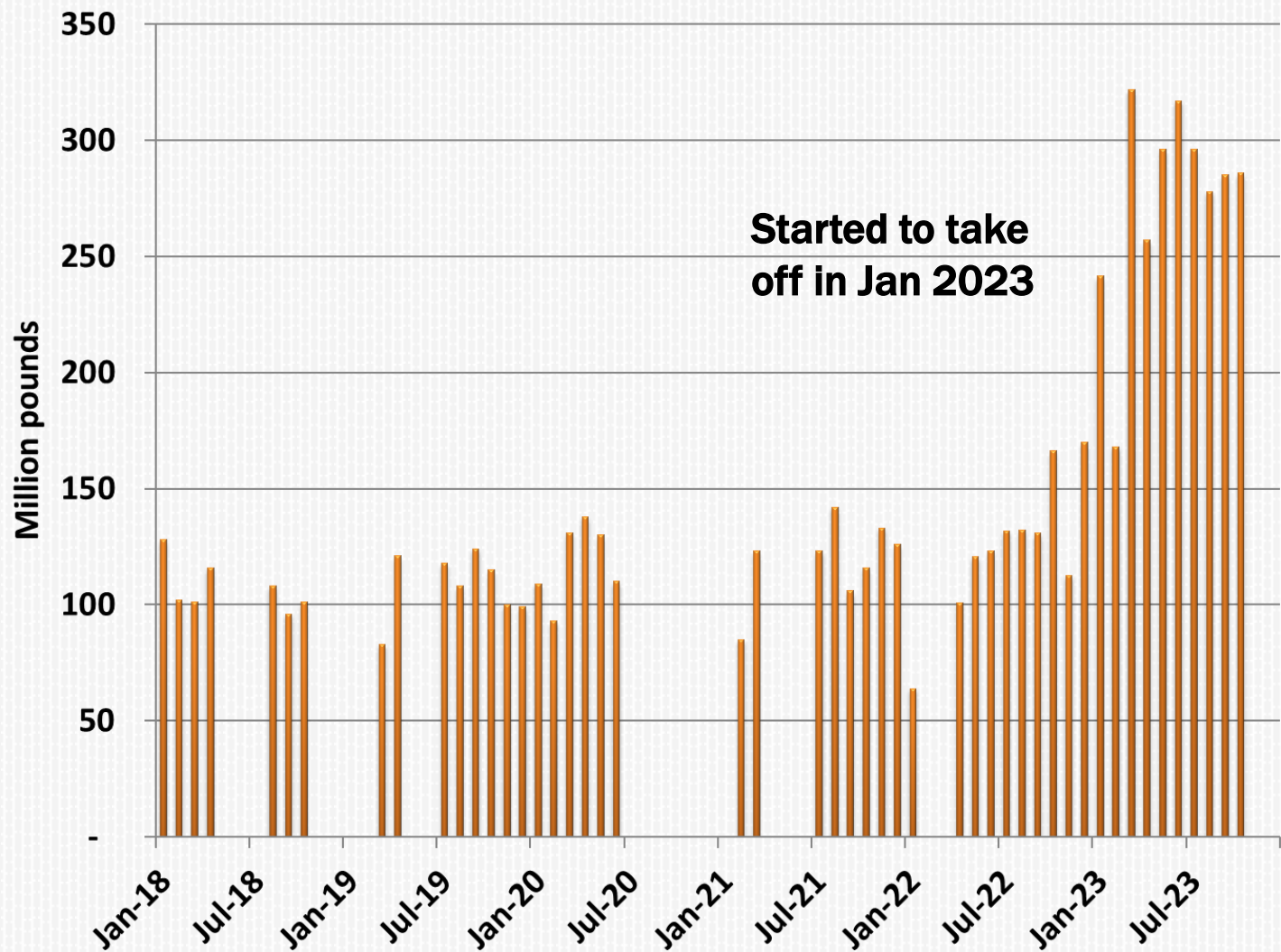
US CANOLA SUPPLIES



US CANOLA CRUSH



US CANOLA OIL FOR BIOFUEL



**Started to take
off in Jan 2023**

US CANOLA BALANCE SHEET

	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>	<u>23/24</u>
Seeded Acres, 000's	2,040	1,825	2,152	2,206	2,345
Harvested Acres, 000's	1,920	1,789	2,089	2,164	2,319
Yield (bu/acre)	35.6	39.3	26.2	35.4	36.0

Supply ('000 tonnes)

Carry-In	139	219	214	110	222
Production	1,551	1,596	1,242	1,739	1,895
Imports	563	440	503	577	394
Total Supply	2,253	2,255	1,959	2,426	2,511

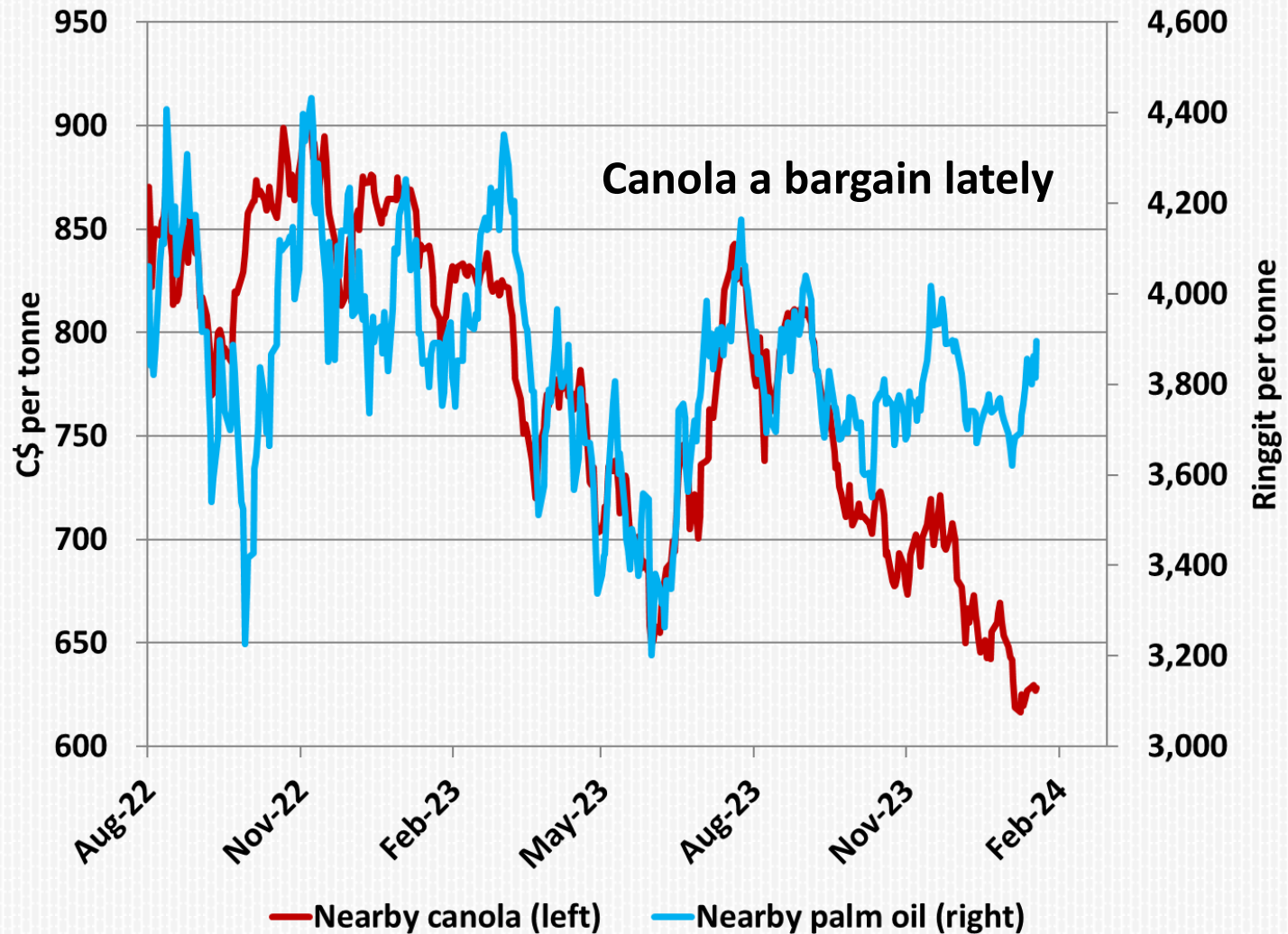
Disposition ('000 tonnes)

Crush	1,834	2,080	1,659	1,930	2,100 ??
Other Domestic	17	(195)	61	125	99
Exports	183	156	129	149	180
Total Disposition	2,034	2,041	1,849	2,204	2,379

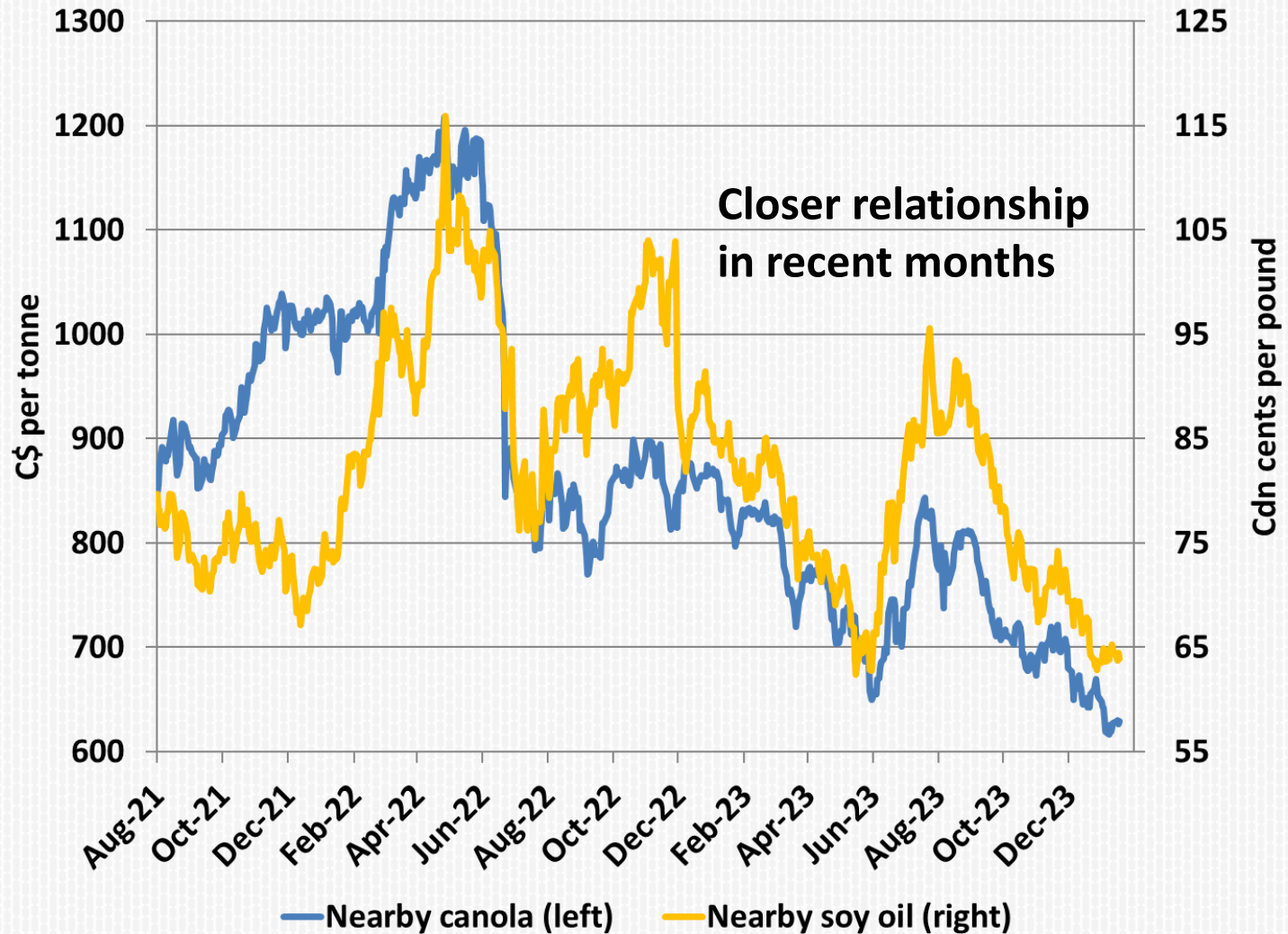
Ending Stocks (May 31)	219	214	110	222	132
Stocks/Use	10.8%	10.5%	5.9%	10.1%	5.5%

Source: USDA with LeftField projections in bold

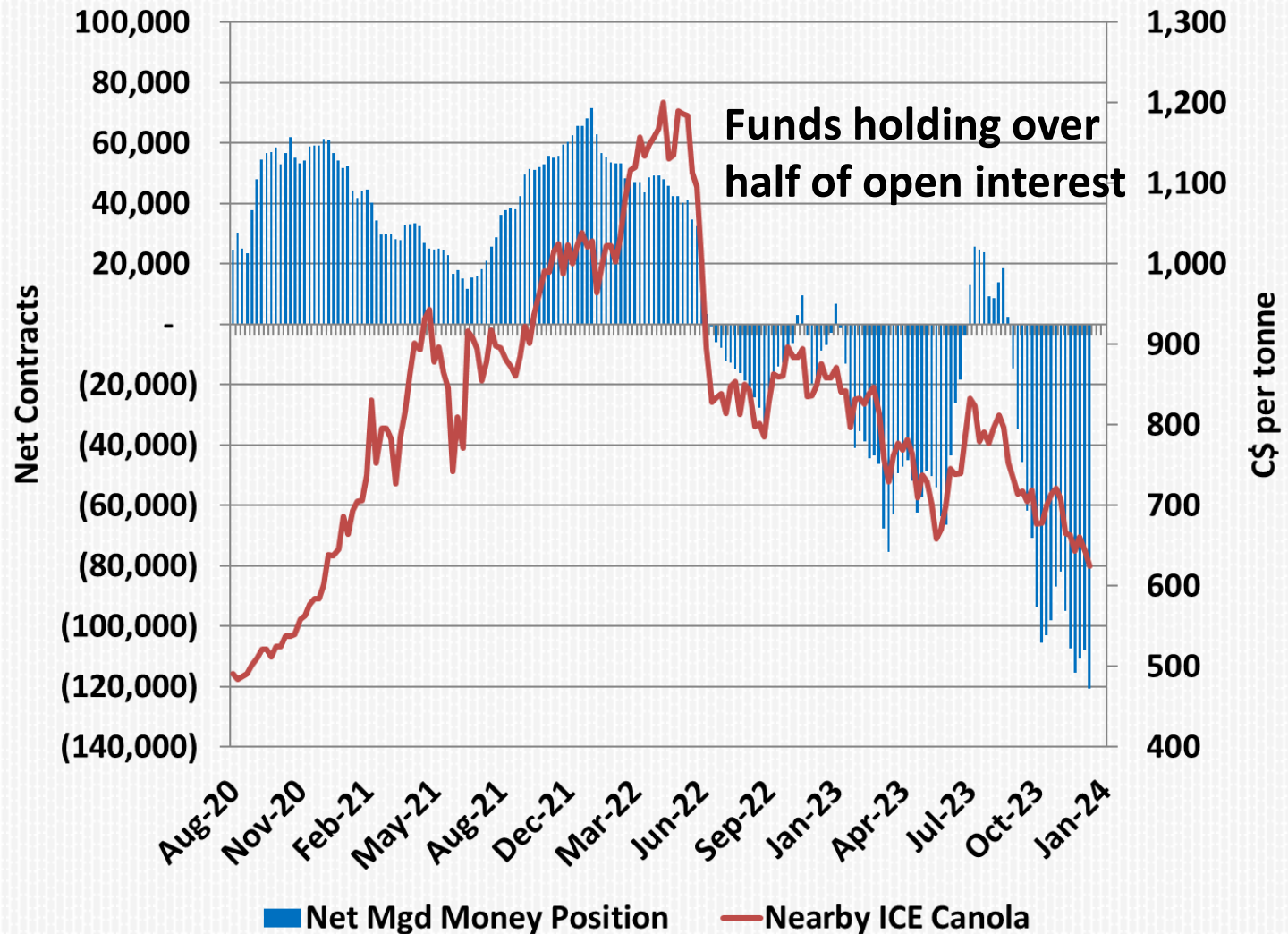
CANOLA & PALM OIL FUTURES



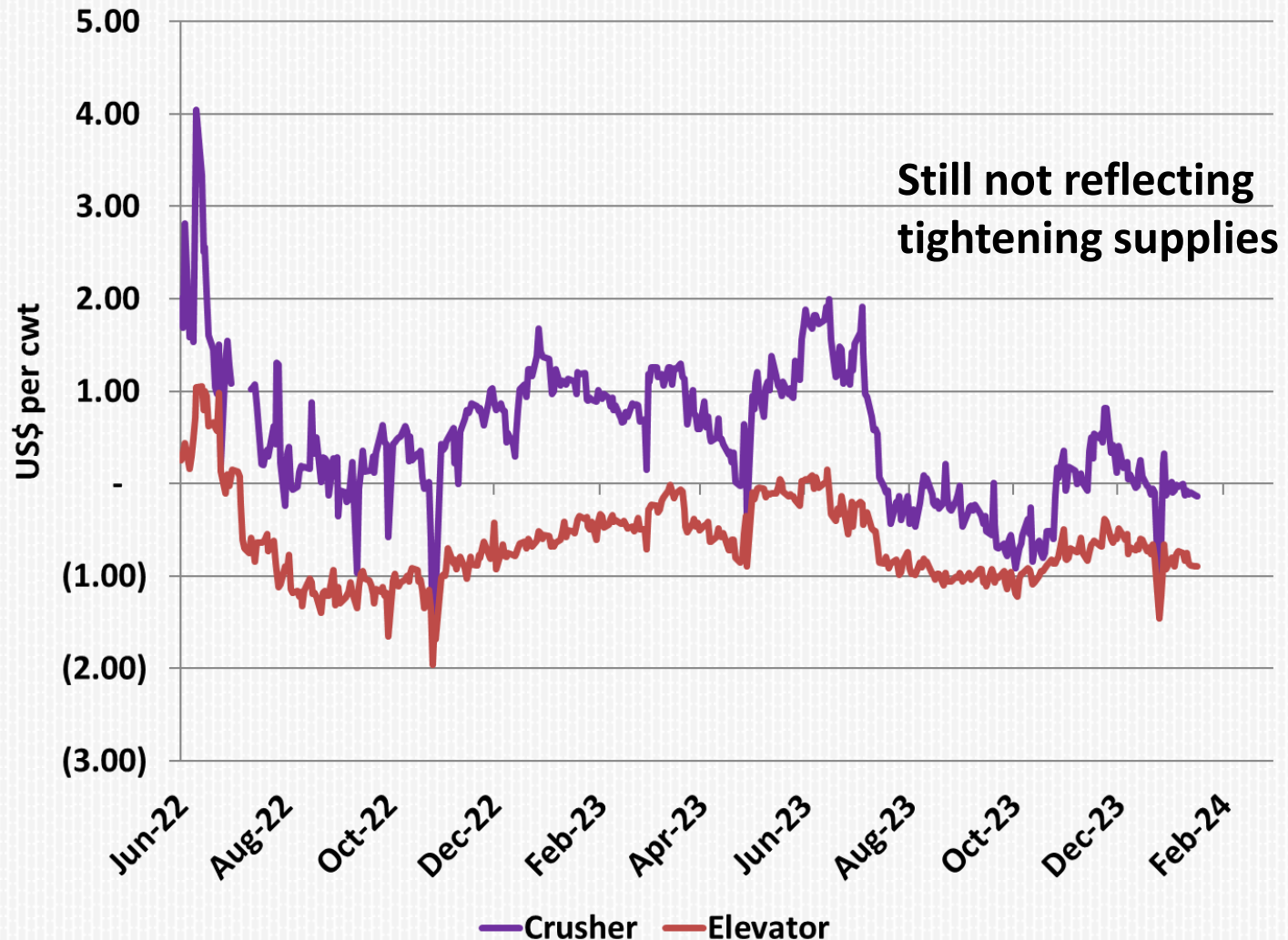
CANOLA & SOY OIL FUTURES



FUND POSITION – ICE CANOLA



NDAK CANOLA BASIS



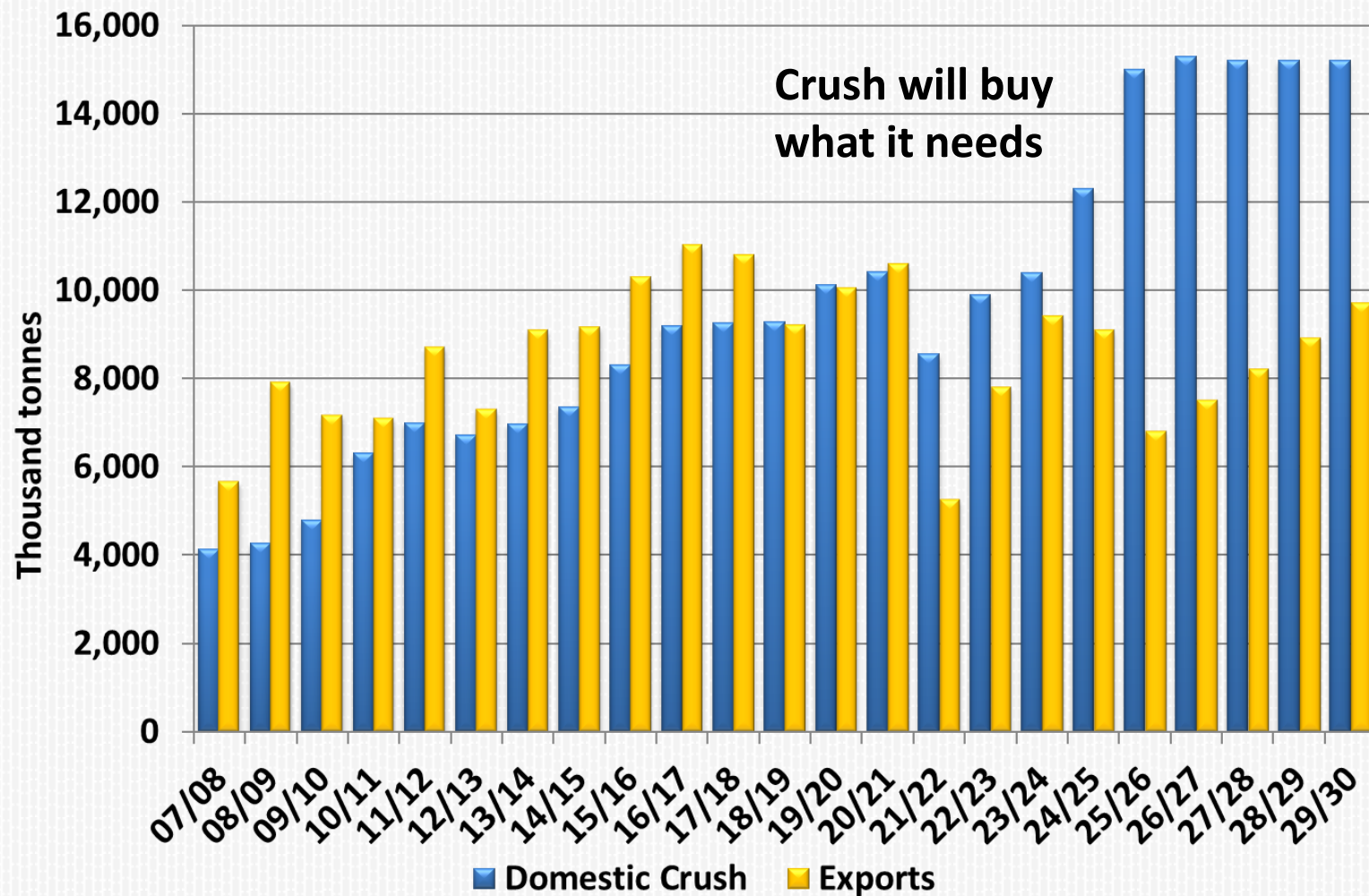
WHAT TO WATCH – CANOLA

- ✖ Very strong crush in Canada and US
 - + Cdn exports a concern
 - + Ending stocks will be low
- ✖ Not much competition of acres in 2024
 - + Poor soil moisture could limit acreage
 - + Supplies still on low side (with average yields)
- ✖ Renewable diesel will become larger influence

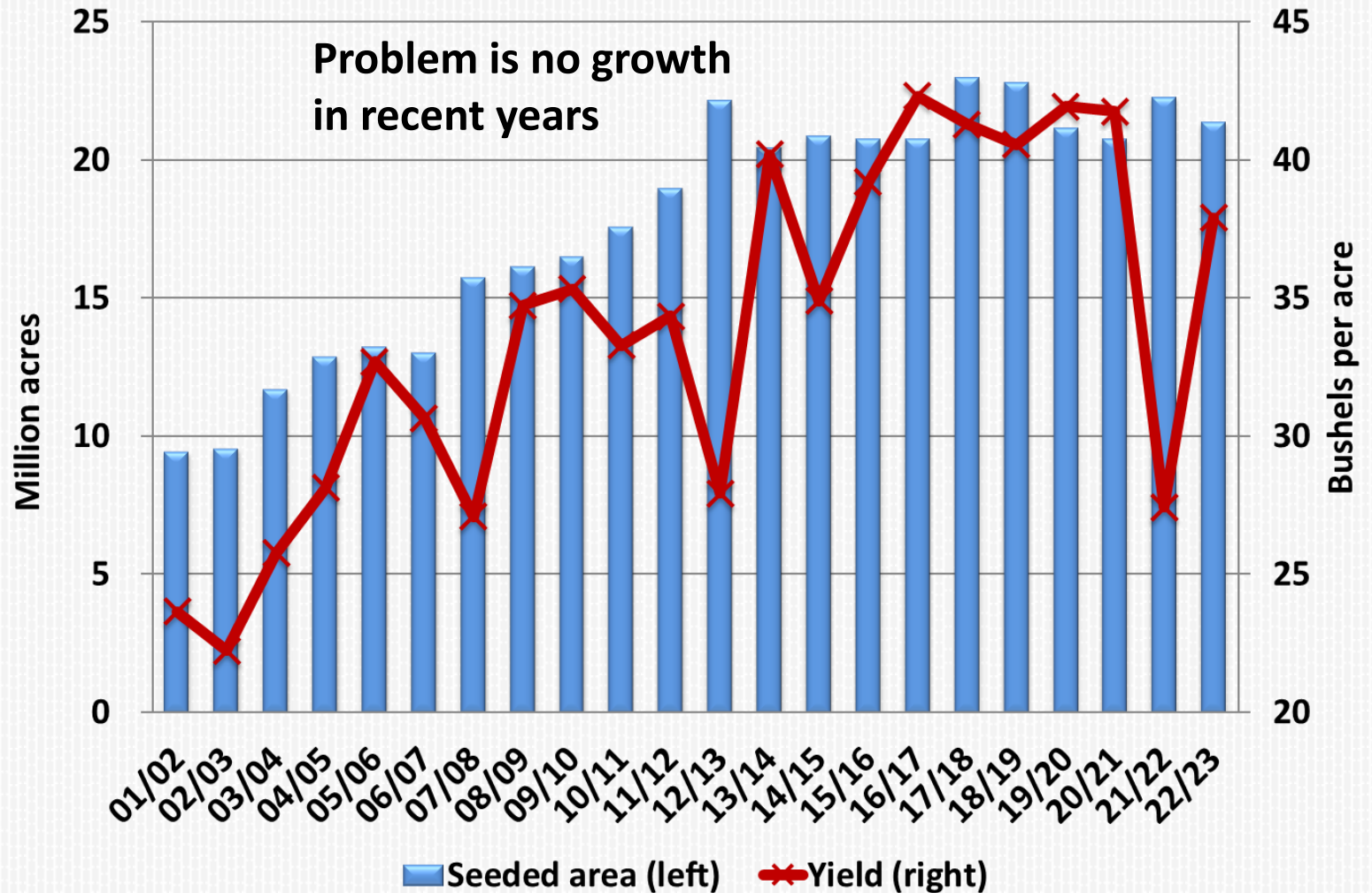
THE BIG SHIFT...

- ✖ Sharp, rapid increase in Cdn crush
 - + 5.2 mln tonnes more (90% capacity), more or less
 - + Refinery announcements for 6.5 mln tonnes of seed
- ✖ Production response?
- ✖ Trade response?
- ✖ Spillover effects?

CDN CANOLA CRUSH & EXPORTS



CDN CANOLA AREA & YIELD



CANOLA AS PERCENT OF SEEDED AREA

<u>Alberta</u>	<u>Canola %</u>	<u>Saskatchewan</u>	<u>Canola %</u>	<u>Manitoba</u>	<u>Canola %</u>
Region 1	12.8%	Region 1	34.6%	Region 1	35.6%
Region 2	25.5%	Region 2	24.0%	Region 2	37.6%
Region 3	27.0%	Region 3	15.6%	Region 3	44.2%
Region 4A	34.2%	Region 4	7.4%	Region 4	51.1%
Region 4B	40.7%	Region 5	43.4%	Region 5	57.4%
Region 5	33.7%	Region 6	33.5%	Region 6	41.5%
Region 6	36.5%	Region 7	23.7%	Region 7	31.1%
Region 7	40.1%	Region 8	14.1%	Region 8	34.8%
Province	31.0%	Region 9	44.8%	Region 9	24.8%
		Region 10	43.7%	Region 10	16.9%
BC		Region 11	36.2%	Region 11	24.0%
Peace River	30.0%	Region 12	30.8%	Region 12	34.5%
		Region 13	31.8%	Province	36.3%
		Region 14	44.6%		
Highest % close to		Region 15	45.3%		
crush concentration		Region 16	42.8%		
		Region 17	44.1%		
		Province	31.8%		

PRODUCTION & DEMAND ISSUES

- ✖ Production forecasts highly variable
 - + Modest opportunities for more acres
 - + Growth primarily from yields: which trend is reasonable?
- ✖ Demand:
 - + Biofuel policy ‘fluid’: North American perspective
 - + Exports get the ‘leftovers’
 - + Global production will increase to fill Cdn gap, with some unusual possibilities

Chinese Company YaoHeng
Interested in Investing in
Rapeseed Oil Production in
Ethiopia

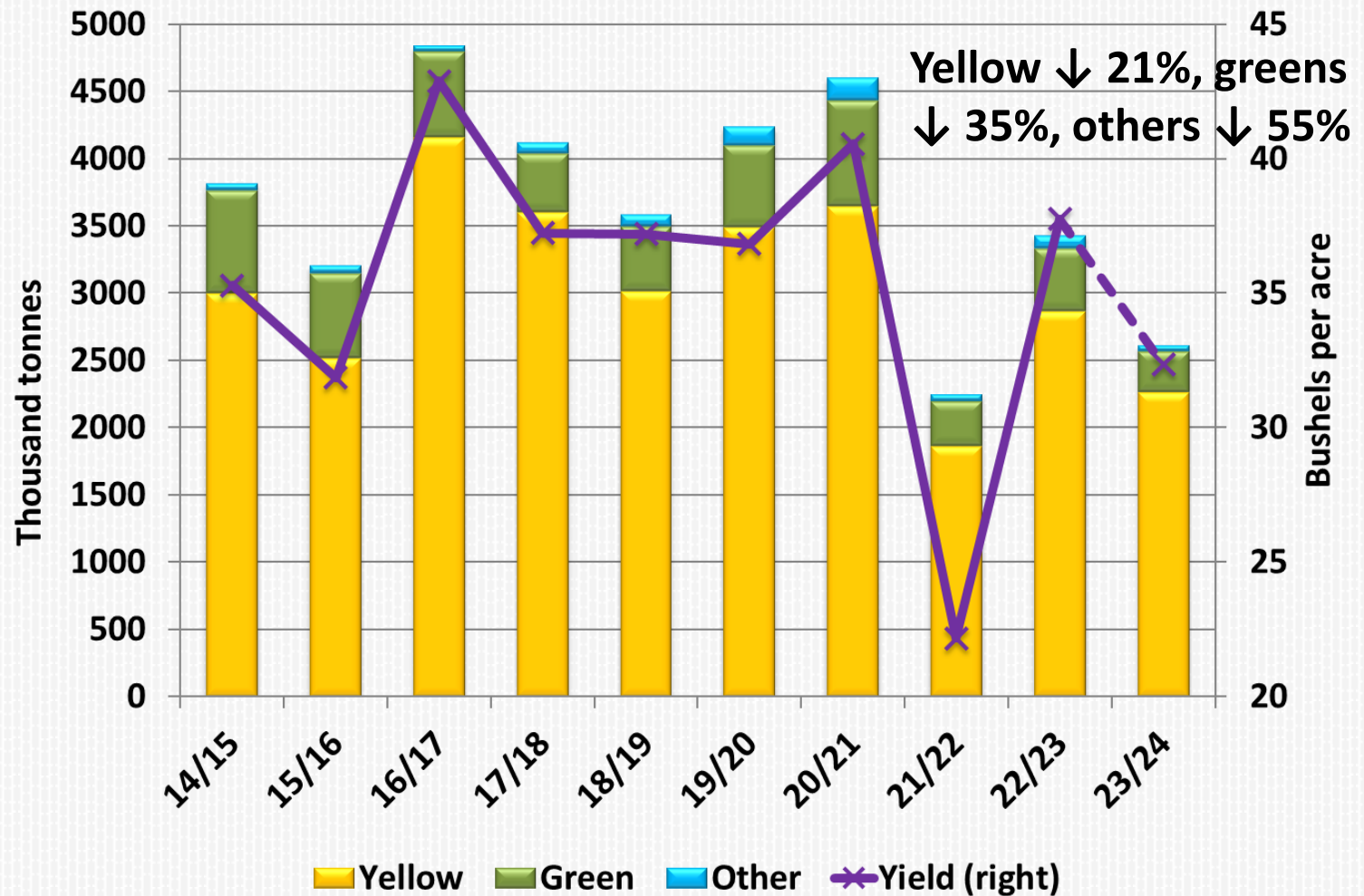
Written by 2M Editor Published on 01 April 2022

Category: Latest Business Alerts

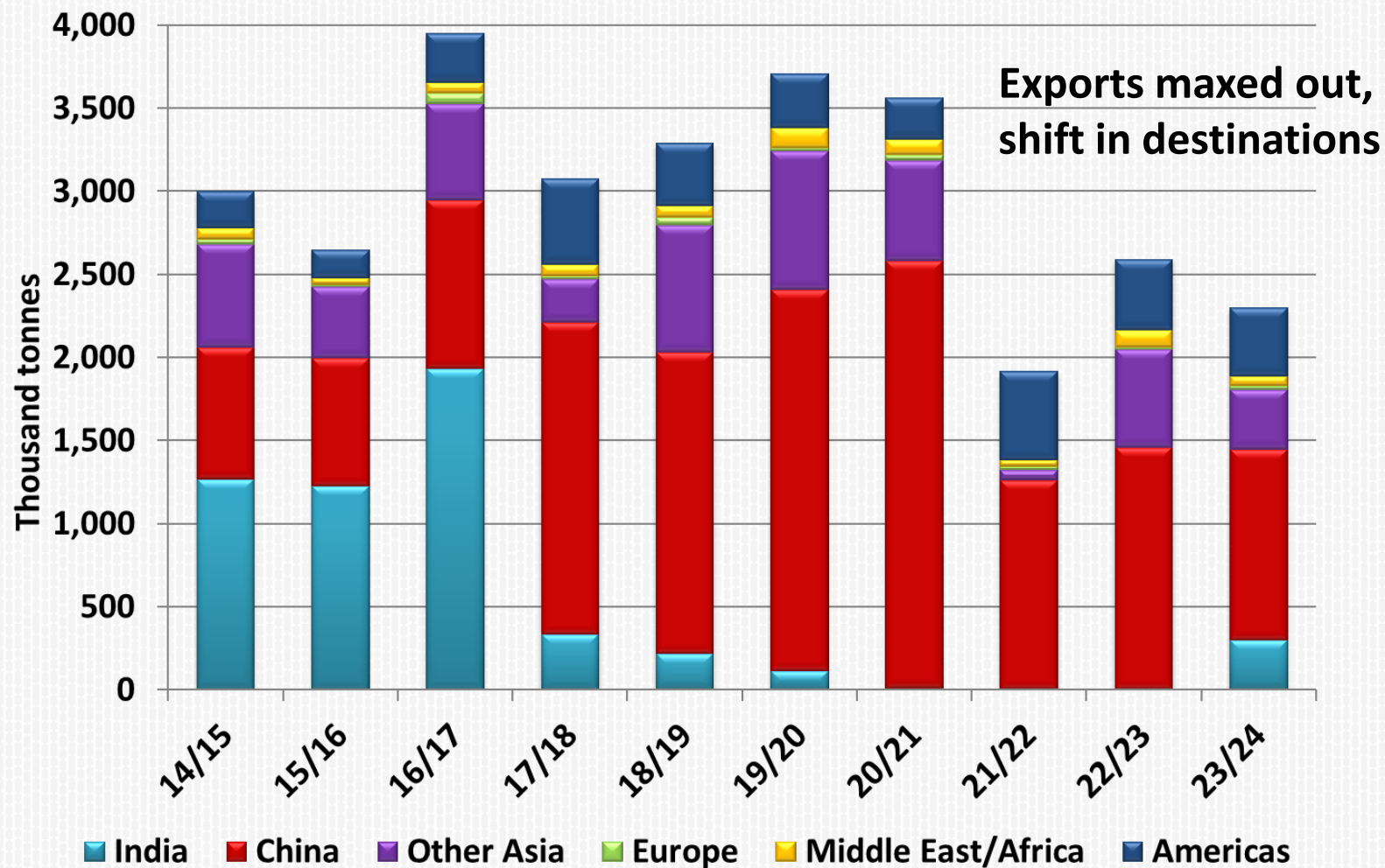
OTHER ISSUES

- ✖ Demand is driven by oil: closer link with energy mkts
- ✖ Where will meal go?
 - + Very limited domestic demand growth
 - + US demand has been flat
 - + Will need to 'buy' demand, likely in Asia
 - + Lots more US soymeal available
- ✖ Canola prices should trade at a high level historically
- ✖ Risks to the outlook
 - + Policy changes, EV's, new technology

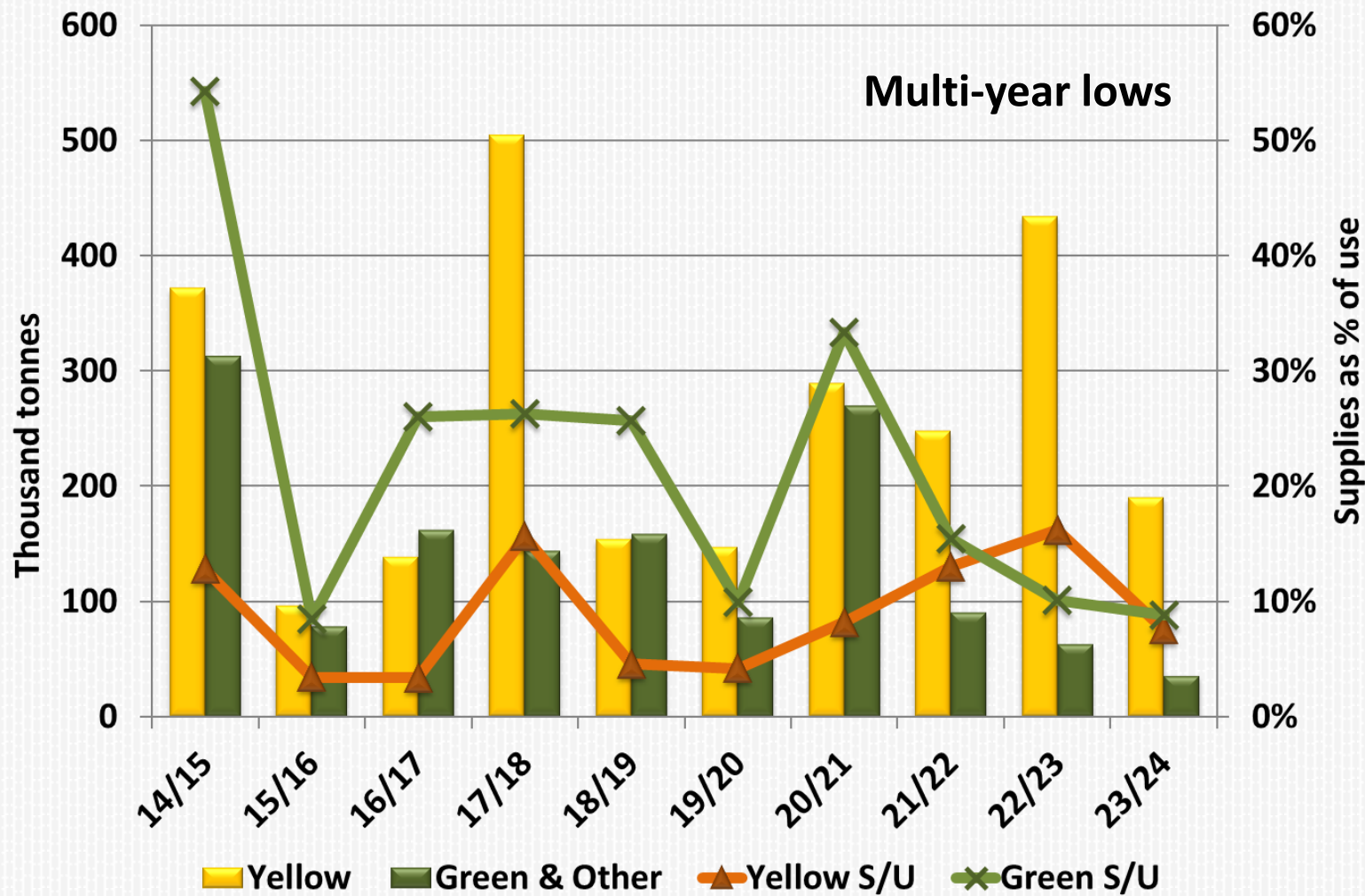
PEA PRODUCTION – CANADA



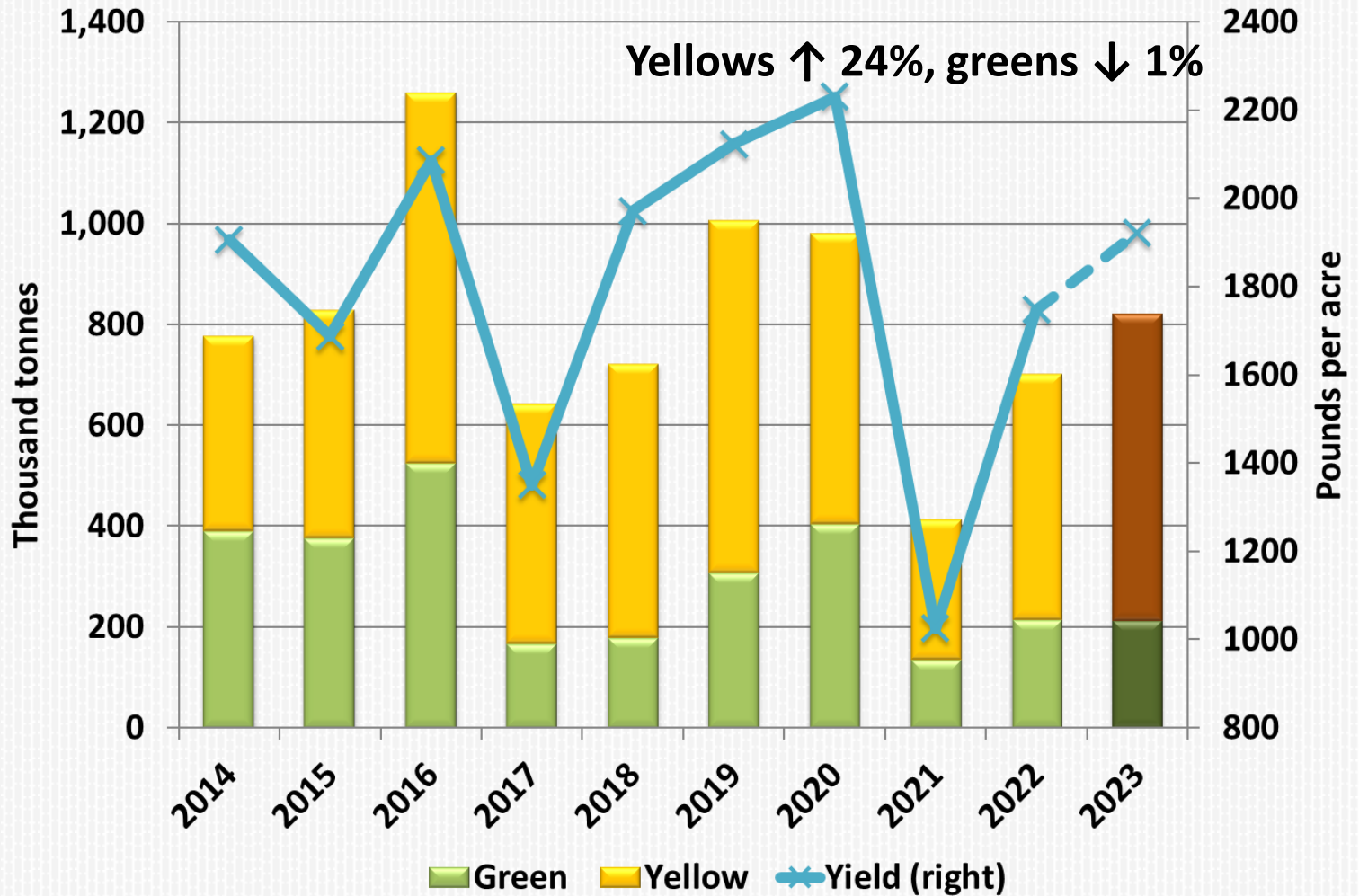
CANADIAN PEA EXPORTS



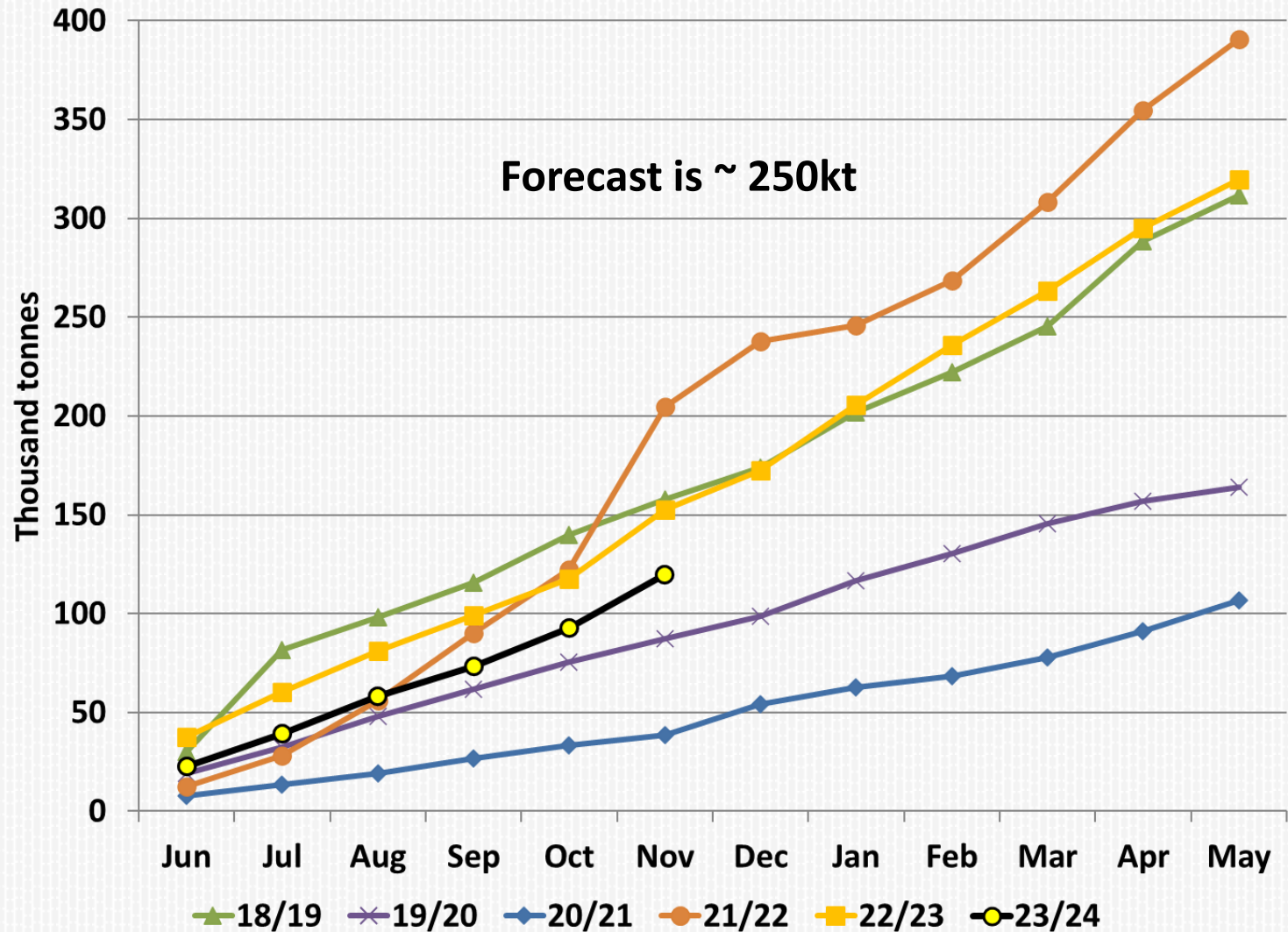
CANADIAN PEA ENDING STOCKS



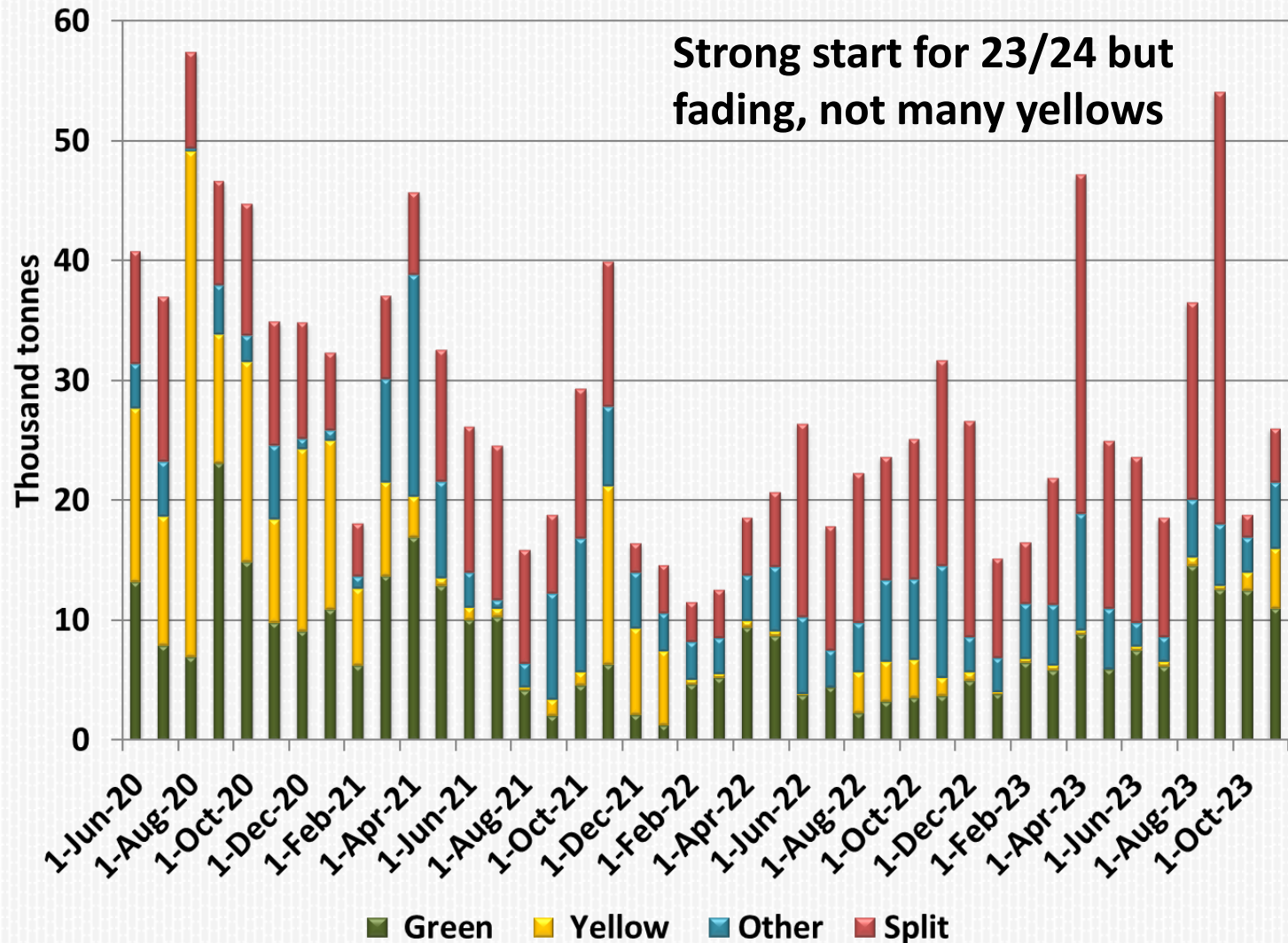
US PEA PRODUCTION BY TYPE



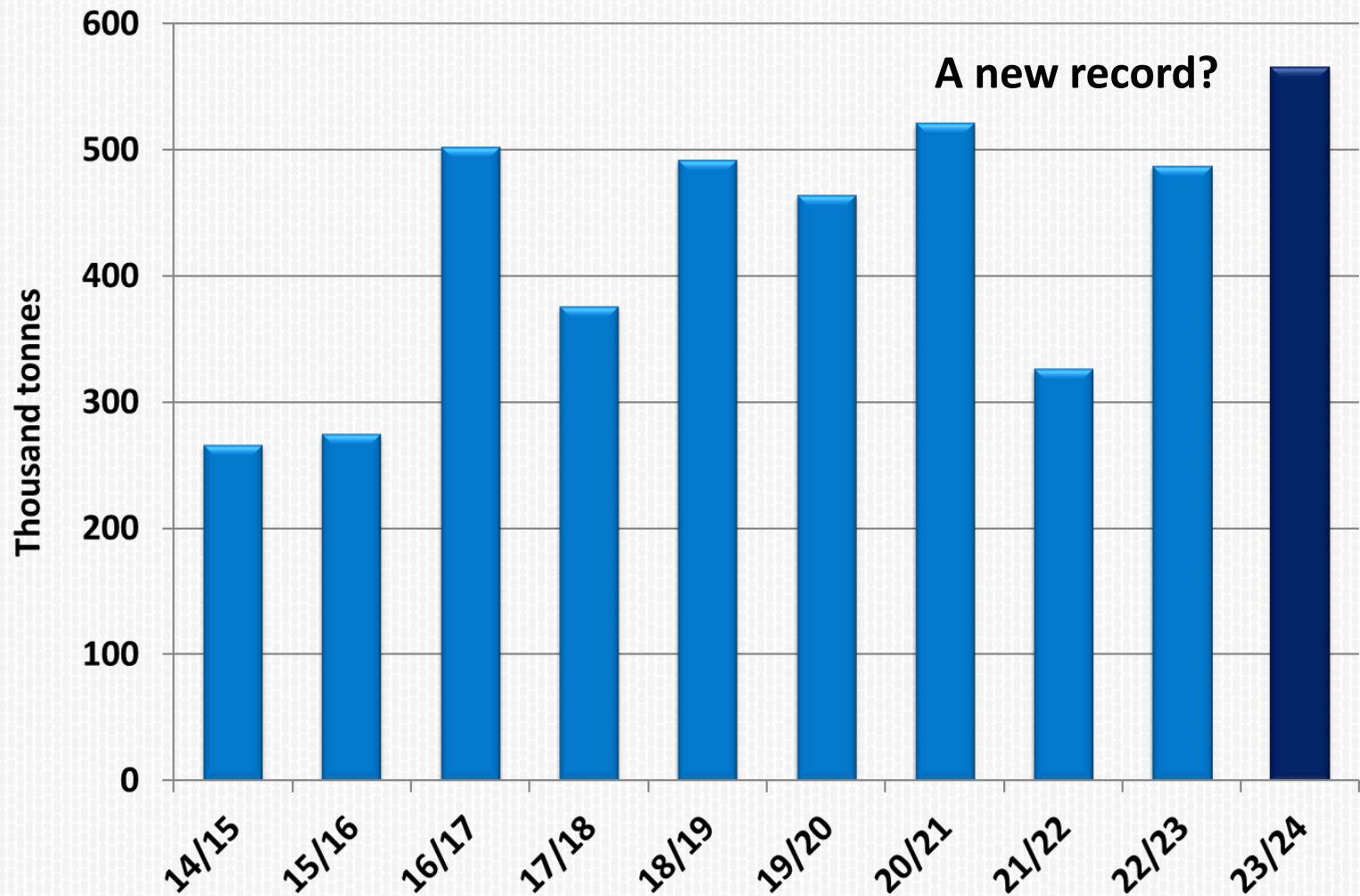
US PEA IMPORTS



PEA EXPORTS BY TYPE – US



US PEAS – JUN-NOV DOMESTIC USE



US PEA SUPPLY & DISPOSITION

	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>	<u>23/24</u>
Seeded Ac, 000's	1,102	998	1,010	945	966
Harvested Ac, 000's	1,046	970	894	888	941
Yield (bu/acre)	35.4	37.3	17.1	29.1	32.0

Supply

Carry in	211	296	149	143	192
Production	1,007	986	416	704	820
Imports	164	107	391	319	250
Total Supply	1,382	1,389	955	1,166	1,263

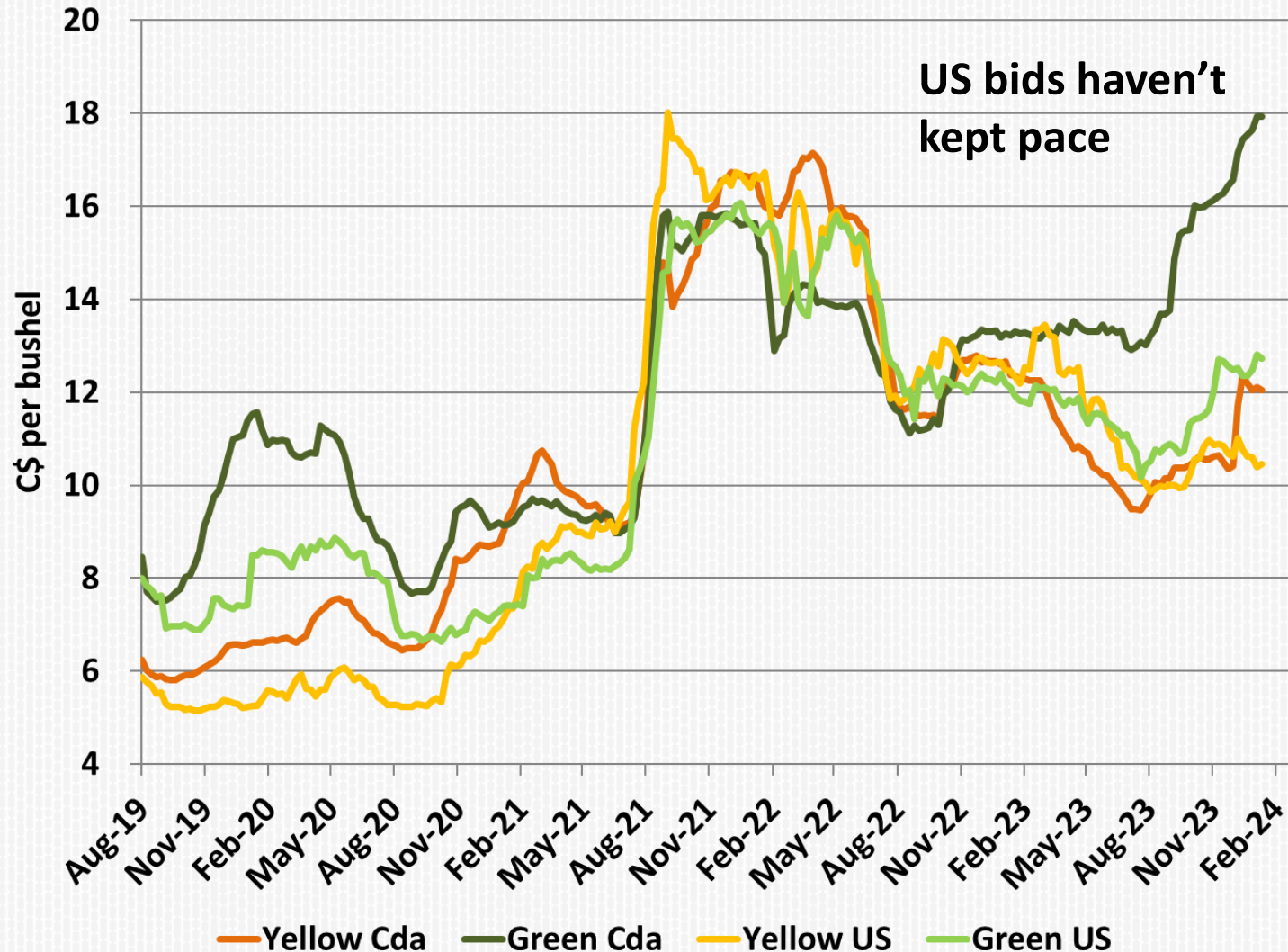
Disposition

Total Domestic	761	777	561	702	778
Exports	325	463	250	272	355
Total Disposition	1,086	1,240	812	974	1,133

Ending Stocks	296	149	143	192	130
Stocks/Use	27.3%	12.0%	17.6%	19.8%	11.5%

Source: USDA with LeftField estimates in bold

NORTH AMERICAN PEA PRICES



MARKET STRENGTH – PEAS

January 10, 2024	LeftField Market Strength Scorecard								
	Seasonal	Momentum	Historic	Fundamental	This Week	Last Week	4 Wks Ago	52-Wk High	52-Wk Low
Red Spring Wheat	1.5	1.0	3.0	4.5	10.0	10.0	12.0	17.5	7.5
Durum	3.5	1.0	3.5	4.5	12.5	12.5	13.5	16.5	8.5
Feed Barley	3.0	0.5	3.0	1.0	7.5	7.0	8.0	14.5	4.5
Malt Barley	4.5	0.5	3.5	1.0	9.5	10.5	9.0	17.0	7.0
Oats	4.5	2.5	4.0	3.0	14.0	13.0	14.0	15.0	6.0
Corn	2.5	0.0	3.0	1.5	7.0	7.0	7.0	15.5	4.5
Rye	2.0	0.5	3.5	4.0	10.0	11.0	13.5	14.5	6.0
Canola	2.5	0.0	3.0	2.5	8.0	9.0	7.0	15.0	6.5
Soybeans	3.0	0.0	3.0	4.0	10.0	8.5	10.5	14.0	7.0
Yellow Peas	3.0	3.5	4.0	3.0	13.5	13.5	12.5	14.0	5.0
Green Peas	3.5	3.5	5.0	4.5	16.5	15.5	15.5	16.5	8.5
Lg Grn Lentils	4.5	2.5	5.0	2.0	14.0	12.5	12.5	17.0	7.5
Sm Grn Lentils	5.0	3.5	5.0	2.0	15.5	14.0	14.5	16.0	9.5
Red Lentils	3.5	2.0	3.5	3.5	12.5	11.5	10.5	14.5	8.0
Kabuli Chickpeas	4.0	1.5	4.0	4.0	13.5	14.5	13.5	15.5	7.0
Flax	2.5	0.5	3.0	1.0	7.0	6.0	6.5	11.5	4.0
Canary Seed	4.5	3.0	4.0	2.0	13.5	10.5	10.0	13.5	5.5
Yellow Mustard	1.5	1.0	3.5	0.0	6.0	5.0	6.0	16.0	4.5
Oriental Mustard	4.5	2.5	3.5	0.0	10.5	7.5	6.0	16.0	4.5
Brown Mustard	4.0	0.5	3.5	0.0	8.0	7.5	7.5	15.5	4.0

Seasonal = how close the current week is to the high (5) or low (0) in the seasonal index

Momentum = the strength of the move higher (5) or lower (0) over the past week and four weeks

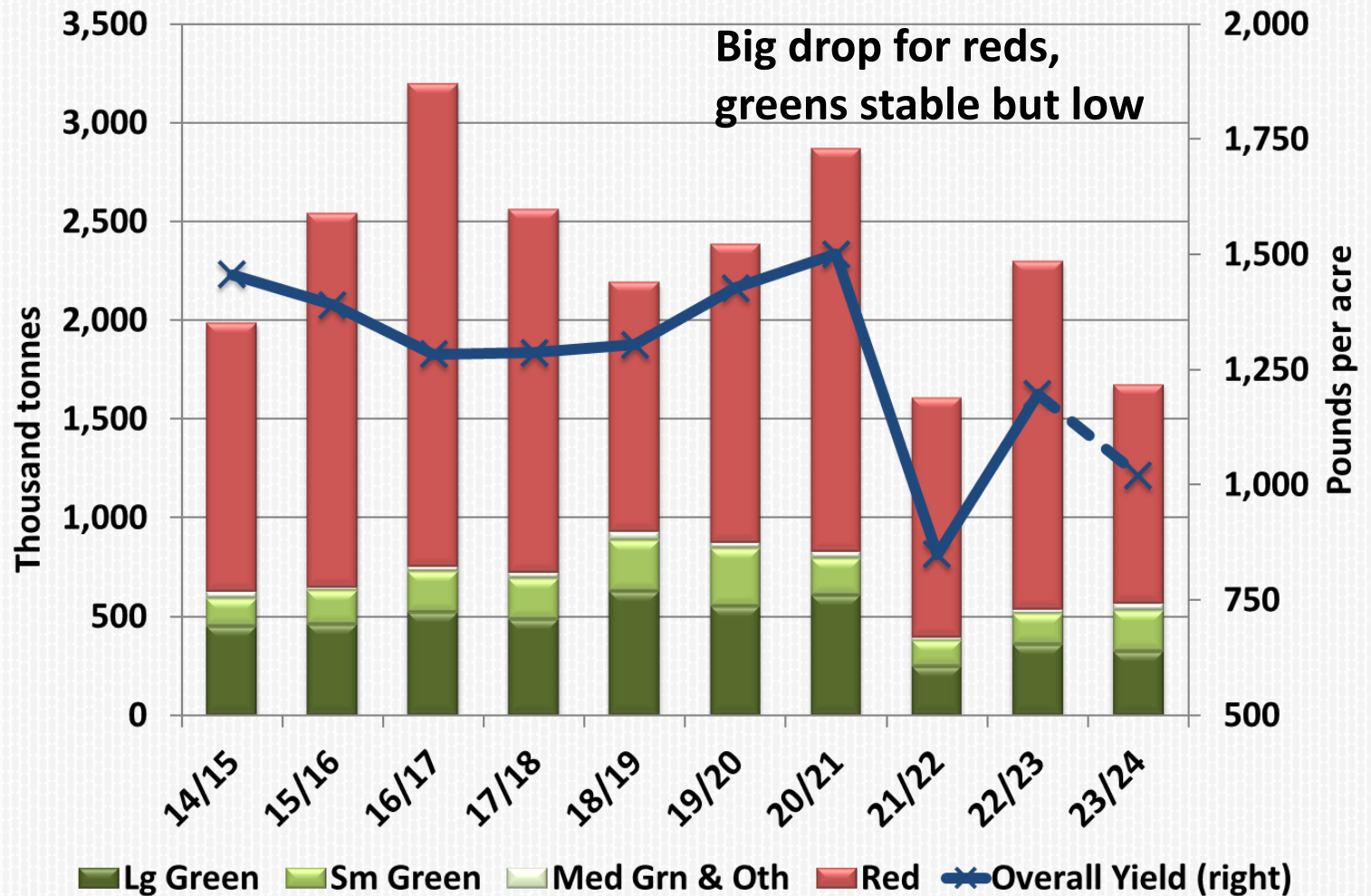
Historic = current price relative to the top (5) or bottom (0) of prices since 2015/16

Fundamental = how low (5) or high (0) the stocks:use ratio is compared to history

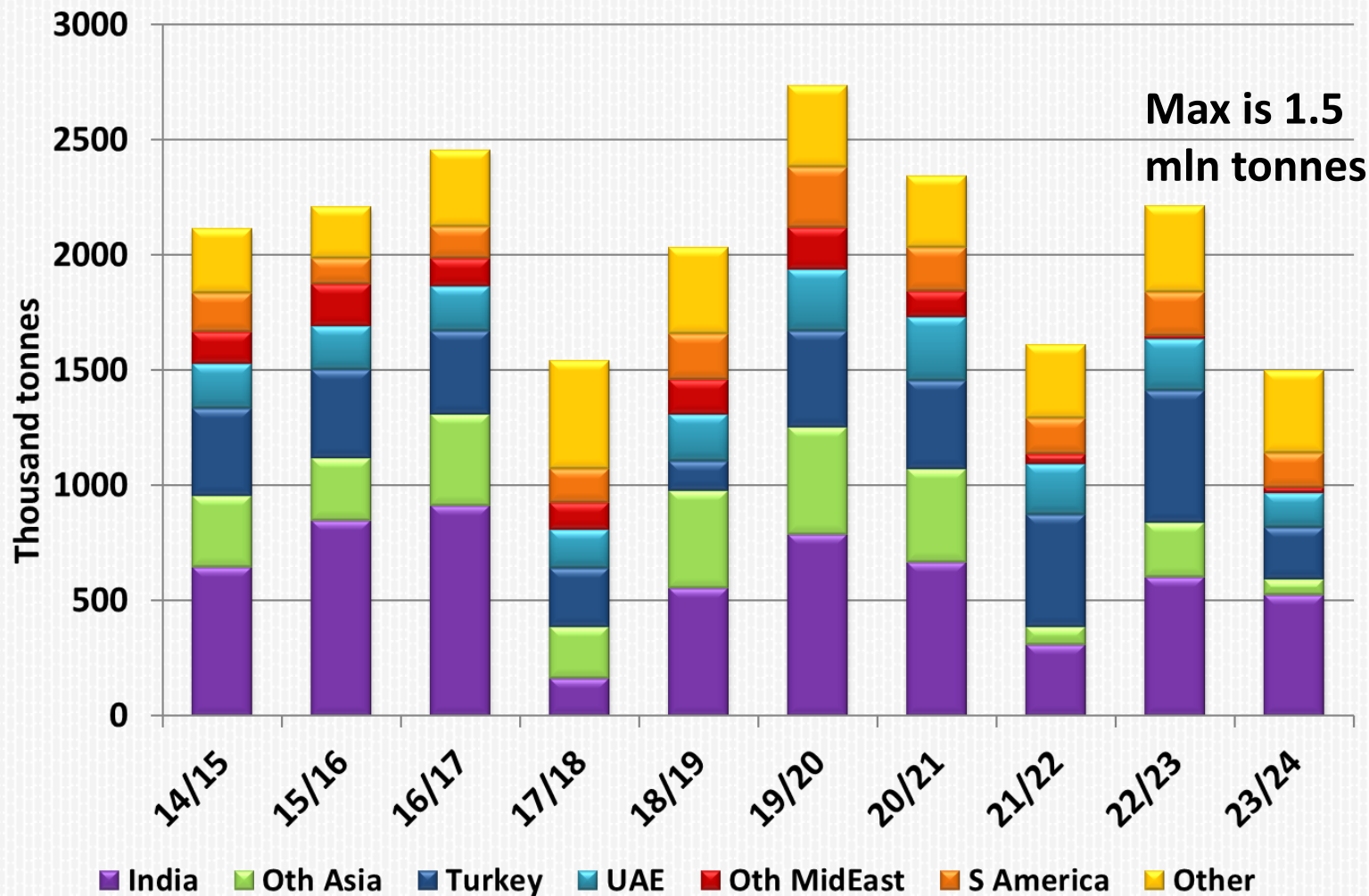
WHAT TO WATCH – PEAS

- ✖ Tighter 23/24 ending stocks in Canada and US
- ✖ India's tariff situation is major wildcard
 - + For rest of 23/24 and into 24/25
- ✖ China will continue to buy from Russia
 - + Now two major global suppliers
- ✖ Seeded area likely higher in Canada (US ??)
 - + Supplies still on low side (with average yields)
 - + Moisture concerns

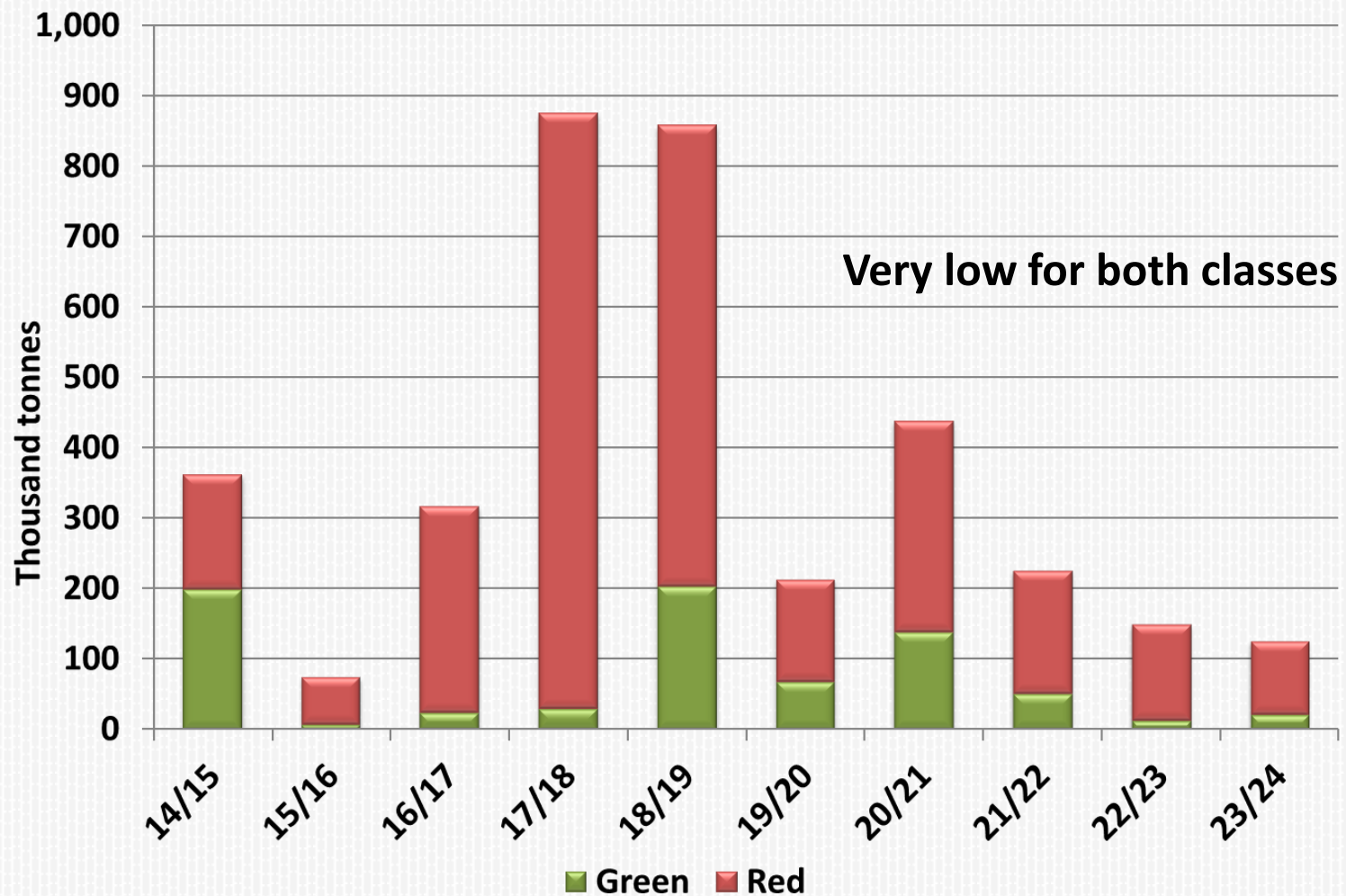
CANADIAN LENTIL PRODUCTION



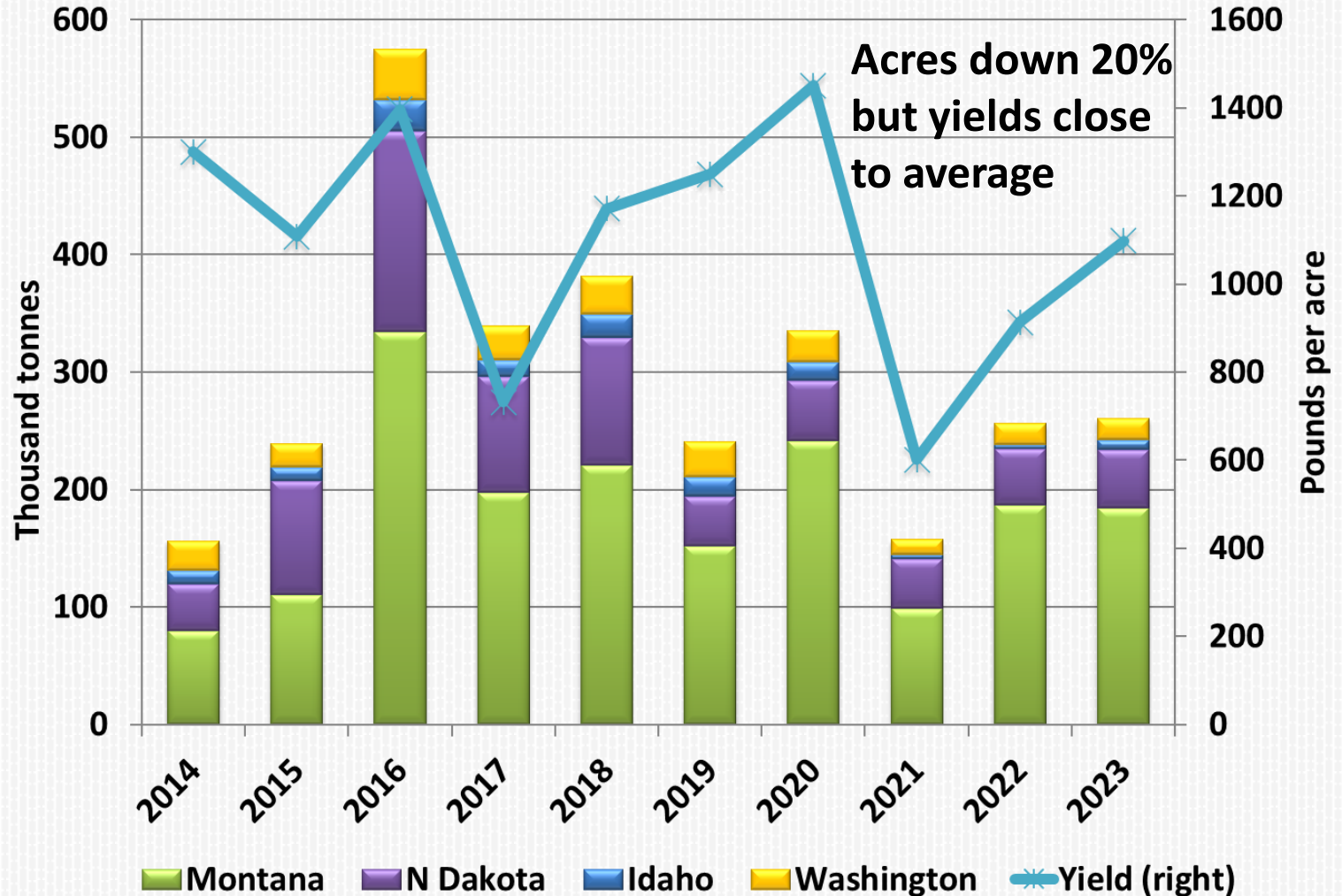
CANADIAN LENTIL EXPORTS



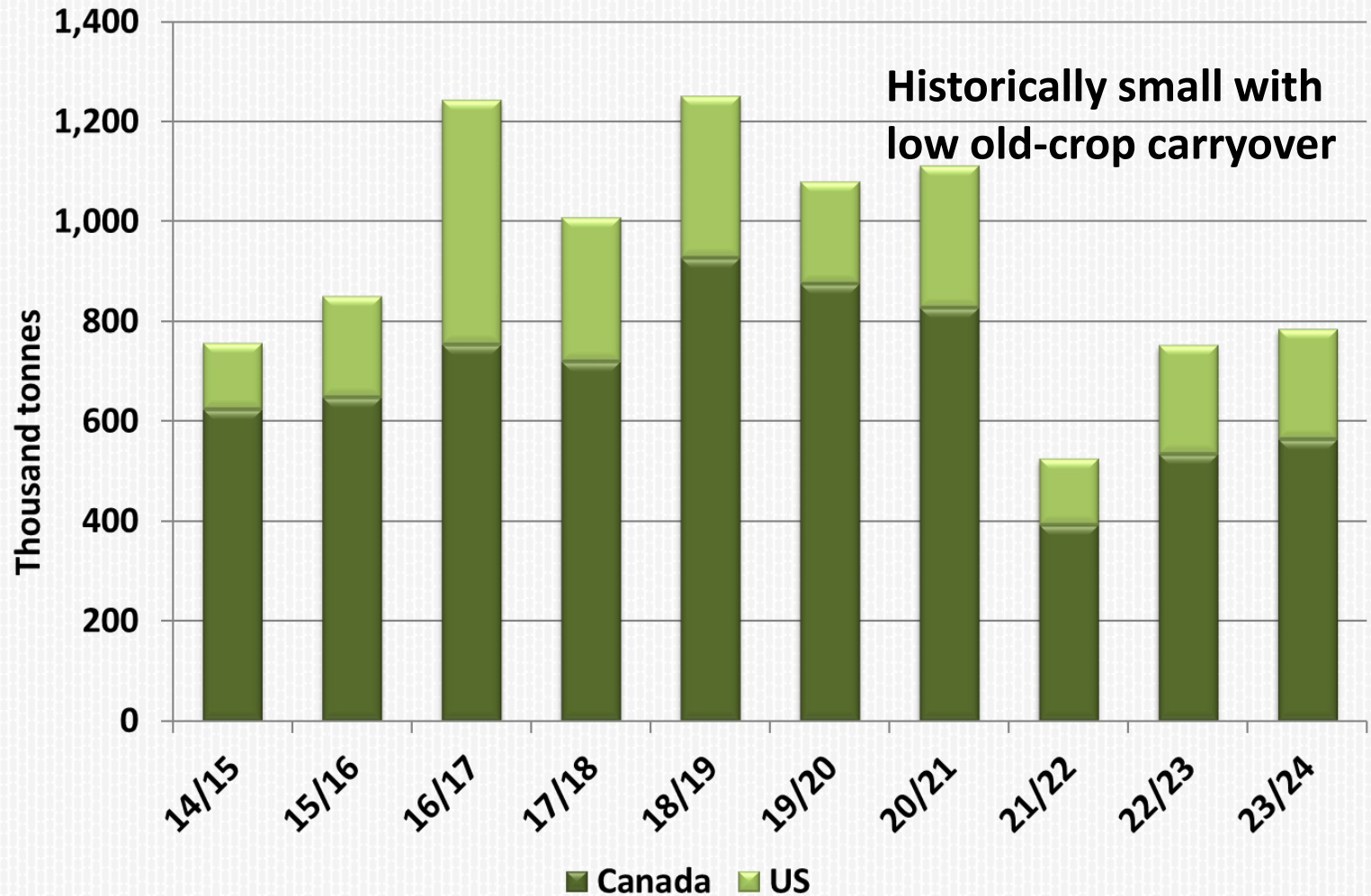
CANADIAN LENTIL ENDING STOCKS



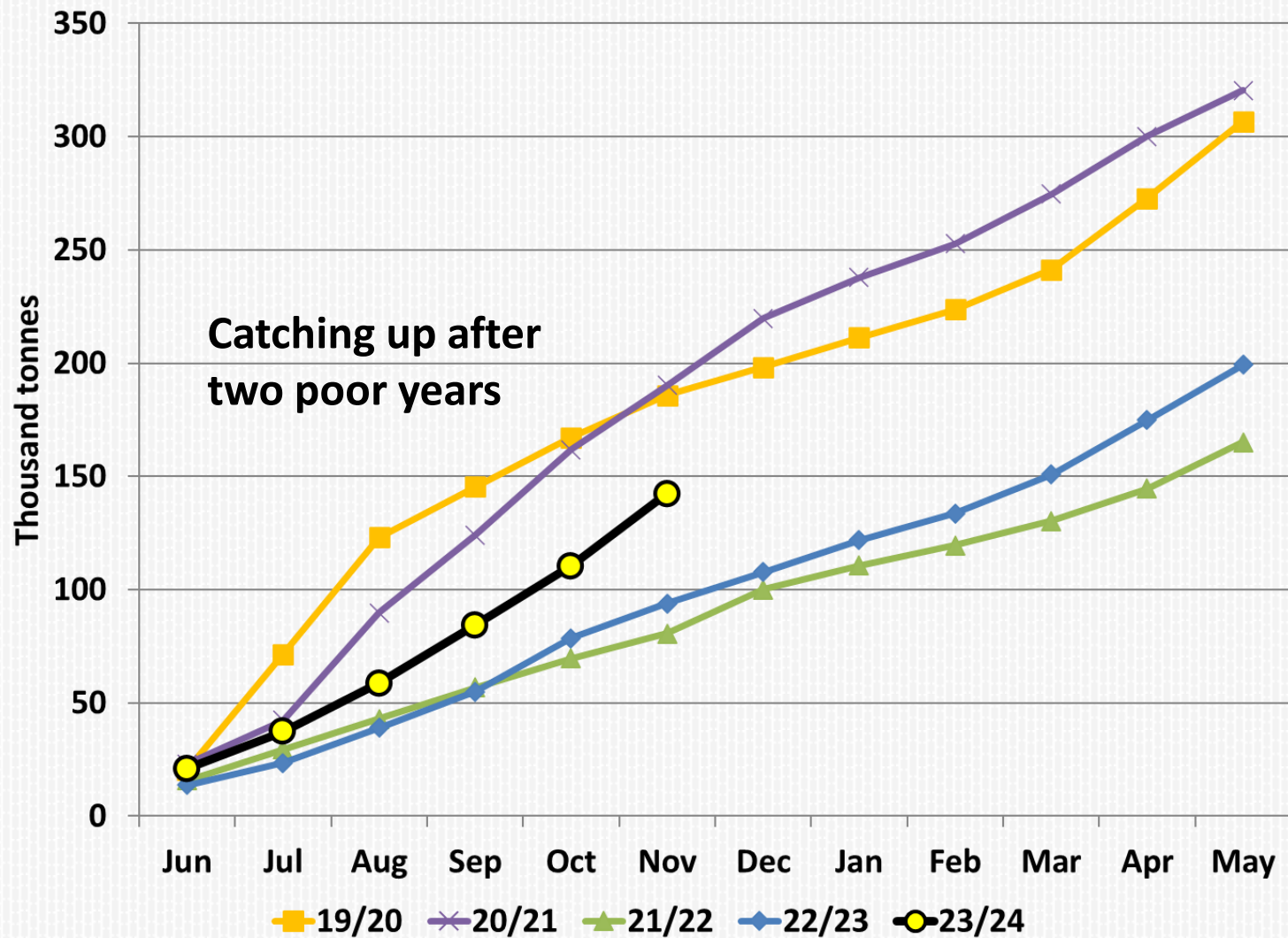
US LENTIL PRODUCTION



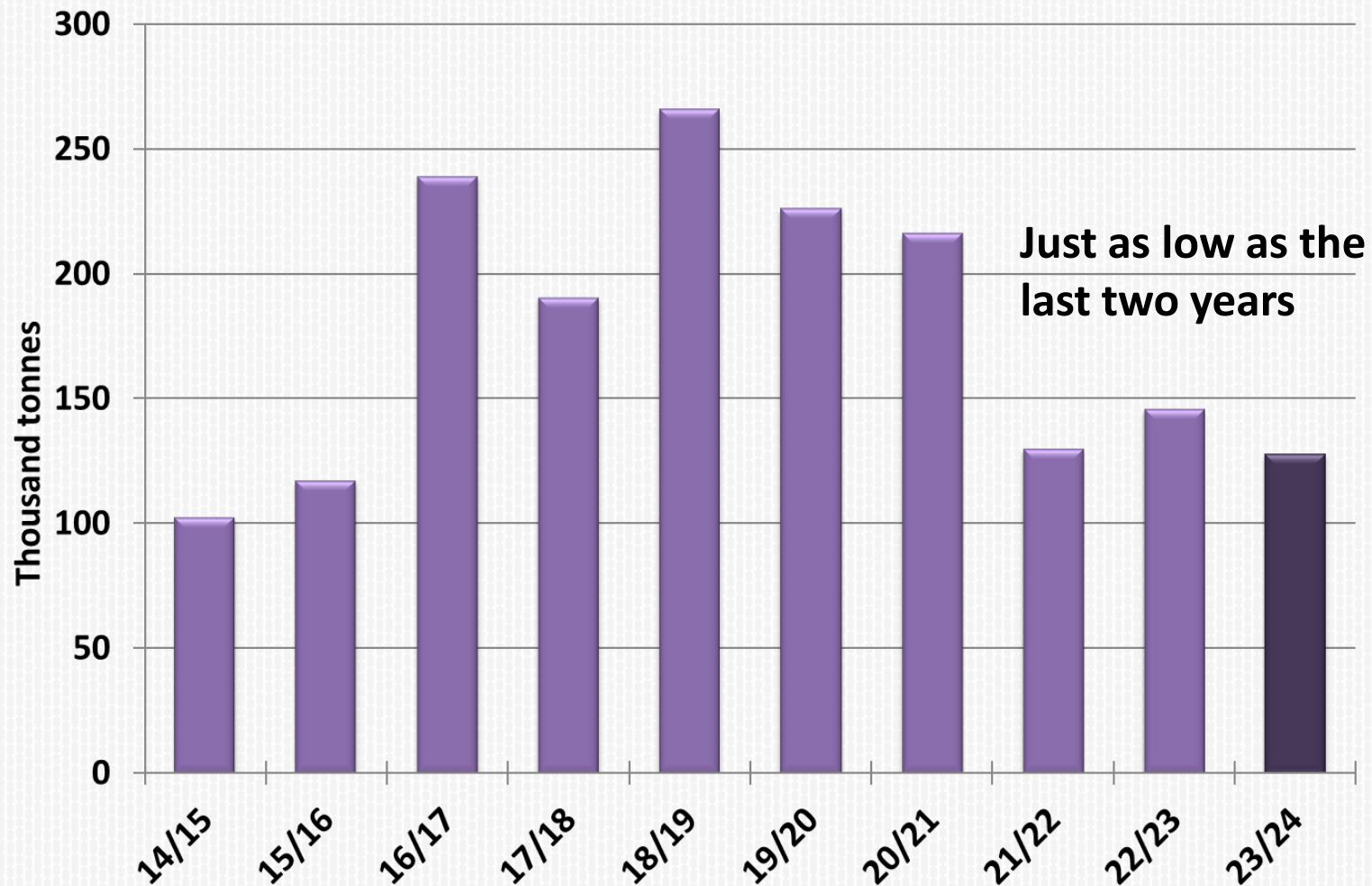
NORTH AM GREEN LENTIL PRODUCTION



US LENTIL EXPORTS



US LENTIL STOCKS – DEC 1

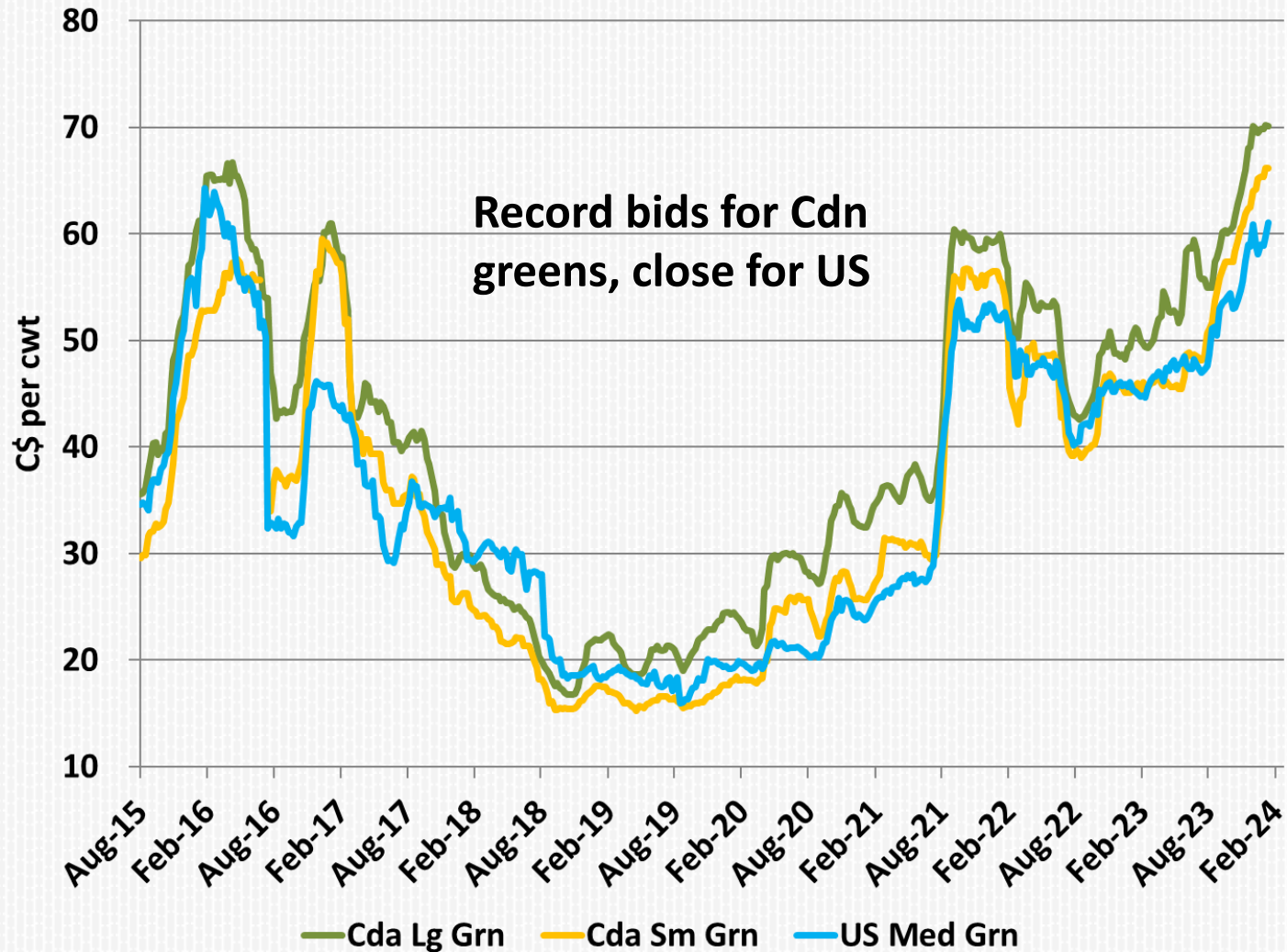


US LENTIL SUPPLY & DISPOSITION

	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>	<u>23/24</u>
Seeded acres, 000's	486	523	708	680	546
Harvested acres, 000's	425	510	567	619	523
Yield (lbs/acre)	1,250	1,451	612	913	1,098
Supply					
Carry in	144	83	74	48	47
Production	241	336	157	256	260
Imports	67	68	80	90	85
Total Supply	453	487	312	395	393
Disposition					
Total Domestic	62	91	98	157	153
Exports	307	321	165	190	200
Total Disposition	370	412	264	347	353
Ending Stocks	83	74	48	47	40
Stocks/use ratio	22.4%	18.0%	18.3%	13.6%	11.3%

Source: USDA with LeftField projections in bold

NORTH AM GREEN LENTIL BIDS



MARKET STRENGTH – LENTILS

January 10, 2024	LeftField Market Strength Scorecard								
	Seasonal	Momentum	Historic	Fundamental	This Week	Last Week	4 Wks Ago	52-Wk High	52-Wk Low
Red Spring Wheat	1.5	1.0	3.0	4.5	10.0	10.0	12.0	17.5	7.5
Durum	3.5	1.0	3.5	4.5	12.5	12.5	13.5	16.5	8.5
Feed Barley	3.0	0.5	3.0	1.0	7.5	7.0	8.0	14.5	4.5
Malt Barley	4.5	0.5	3.5	1.0	9.5	10.5	9.0	17.0	7.0
Oats	4.5	2.5	4.0	3.0	14.0	13.0	14.0	15.0	6.0
Corn	2.5	0.0	3.0	1.5	7.0	7.0	7.0	15.5	4.5
Rye	2.0	0.5	3.5	4.0	10.0	11.0	13.5	14.5	6.0
Canola	2.5	0.0	3.0	2.5	8.0	9.0	7.0	15.0	6.5
Soybeans	3.0	0.0	3.0	4.0	10.0	8.5	10.5	14.0	7.0
Yellow Peas	3.0	3.5	4.0	3.0	13.5	13.5	12.5	14.0	5.0
Green Peas	3.5	3.5	5.0	4.5	16.5	15.5	15.5	16.5	8.5
Lg Grn Lentils	4.5	2.5	5.0	3.5	15.5	12.5	12.5	17.0	7.5
Sm Grn Lentils	5.0	3.5	5.0	3.5	17.0	14.0	14.5	17.0	9.5
Red Lentils	3.5	2.0	3.5	3.5	12.5	11.5	10.5	14.5	8.0
Kabuli Chickpeas	4.0	1.5	4.0	4.0	13.5	14.5	13.5	15.5	7.0
Flax	2.5	0.5	3.0	1.0	7.0	6.0	6.5	11.5	4.0
Canary Seed	4.5	3.0	4.0	2.0	13.5	10.5	10.0	13.5	5.5
Yellow Mustard	1.5	1.0	3.5	0.0	6.0	5.0	6.0	16.0	4.5
Oriental Mustard	4.5	2.5	3.5	0.0	10.5	7.5	6.0	16.0	4.5
Brown Mustard	4.0	0.5	3.5	0.0	8.0	7.5	7.5	15.5	4.0

Seasonal = how close the current week is to the high (5) or low (0) in the seasonal index

Momentum = the strength of the move higher (5) or lower (0) over the past week and four weeks

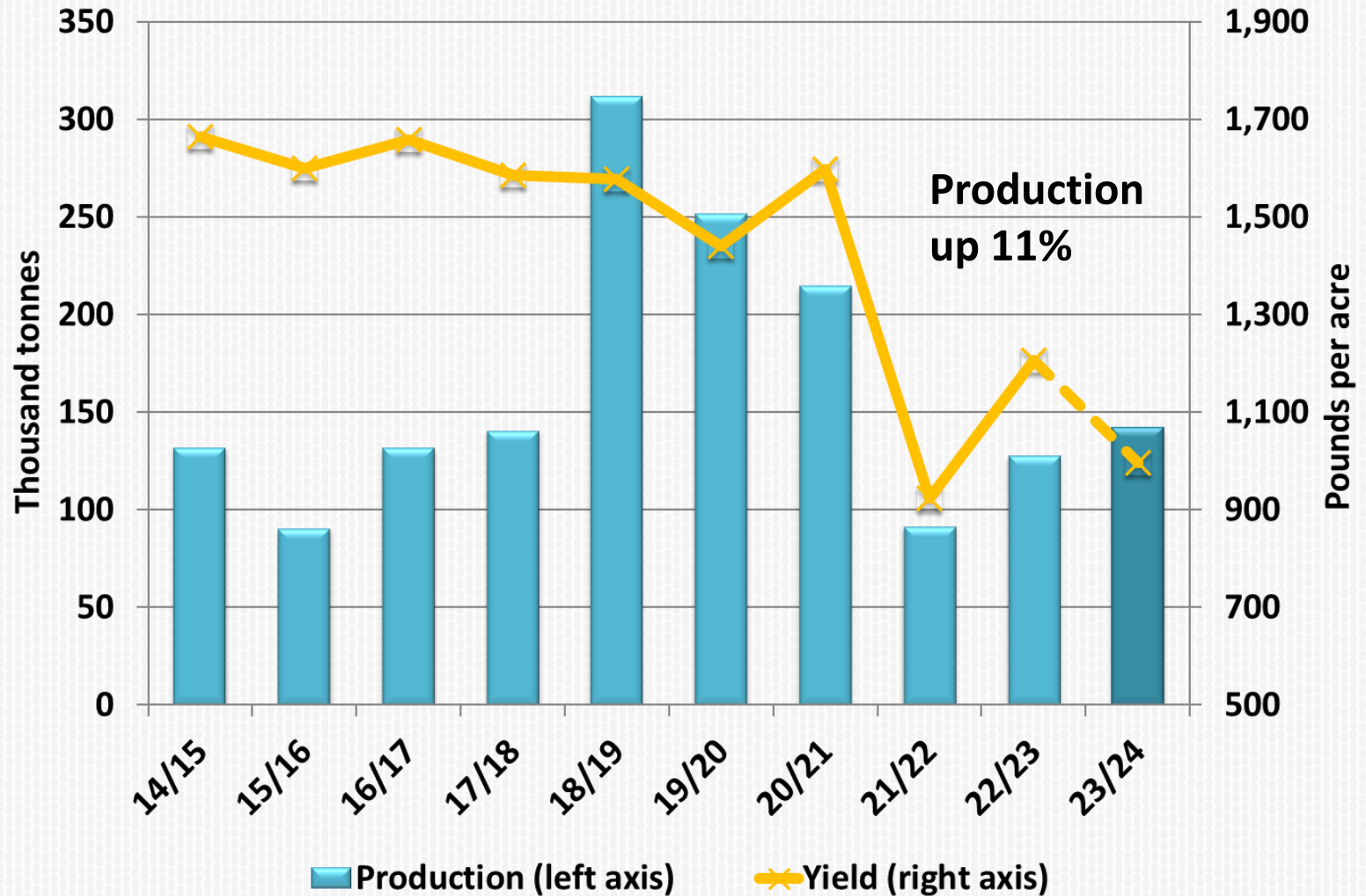
Historic = current price relative to the top (5) or bottom (0) of prices since 2015/16

Fundamental = how low (5) or high (0) the stocks:use ratio is compared to history

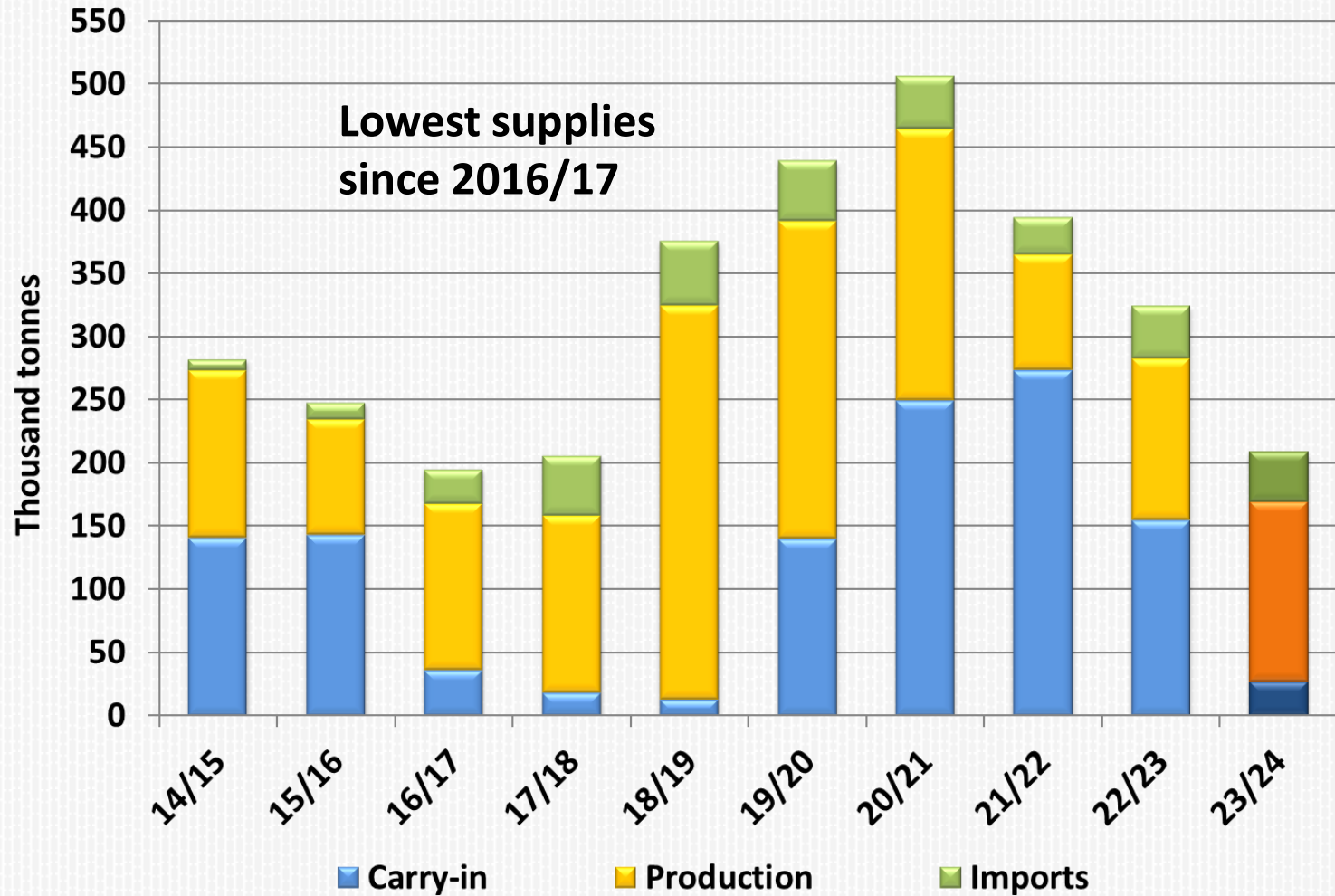
WHAT TO WATCH – LENTILS

- ✖ Low 23/24 ending stocks in Canada and US
- ✖ Solid export demand for greens
 - + India is the main variable
- ✖ Seeded area likely higher in Canada & US
 - + Supplies could feel heavier in 24/25 (with average yields)
 - + Moisture concerns

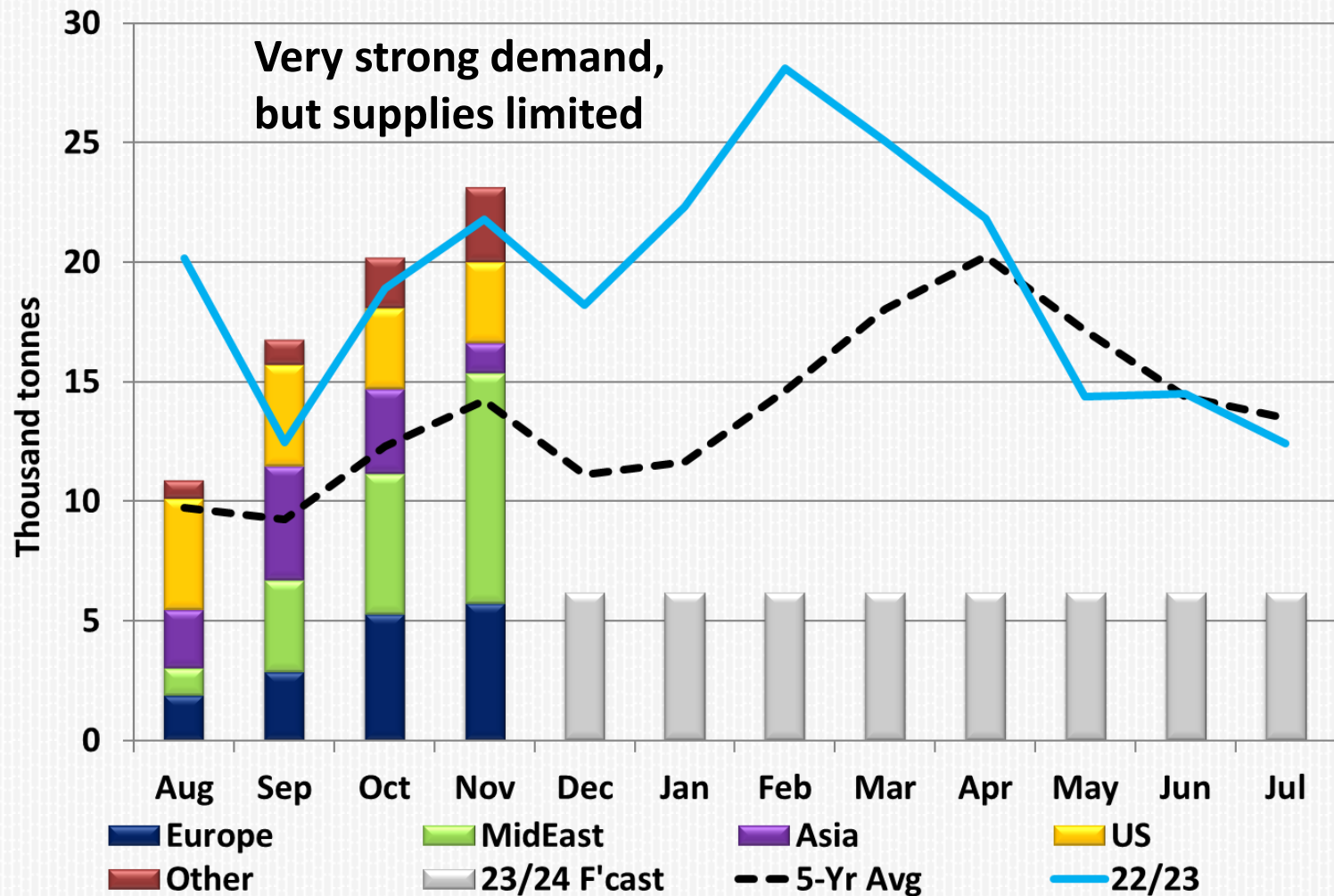
CANADIAN CHICKPEA PRODUCTION



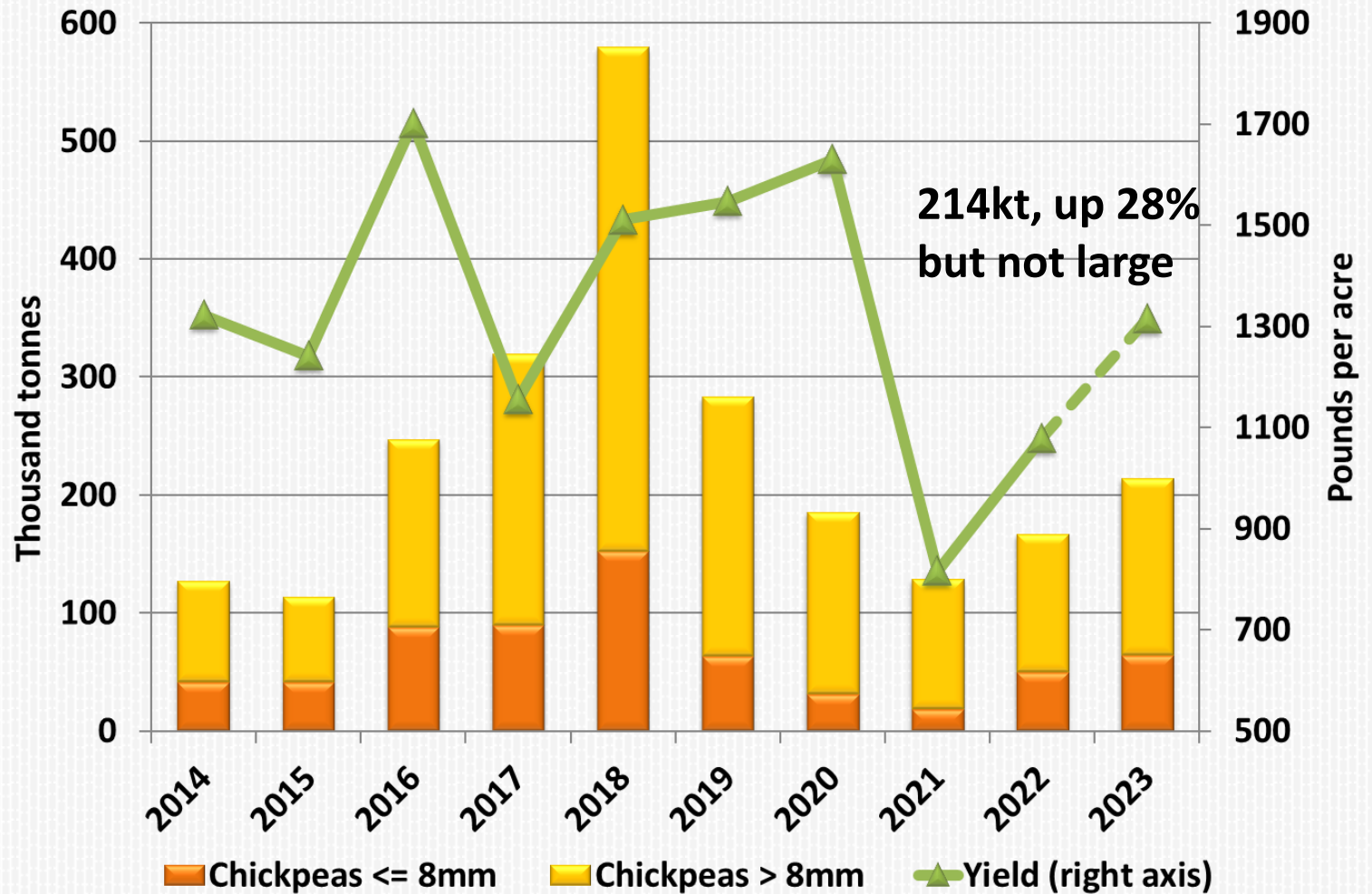
CANADIAN CHICKPEA SUPPLIES



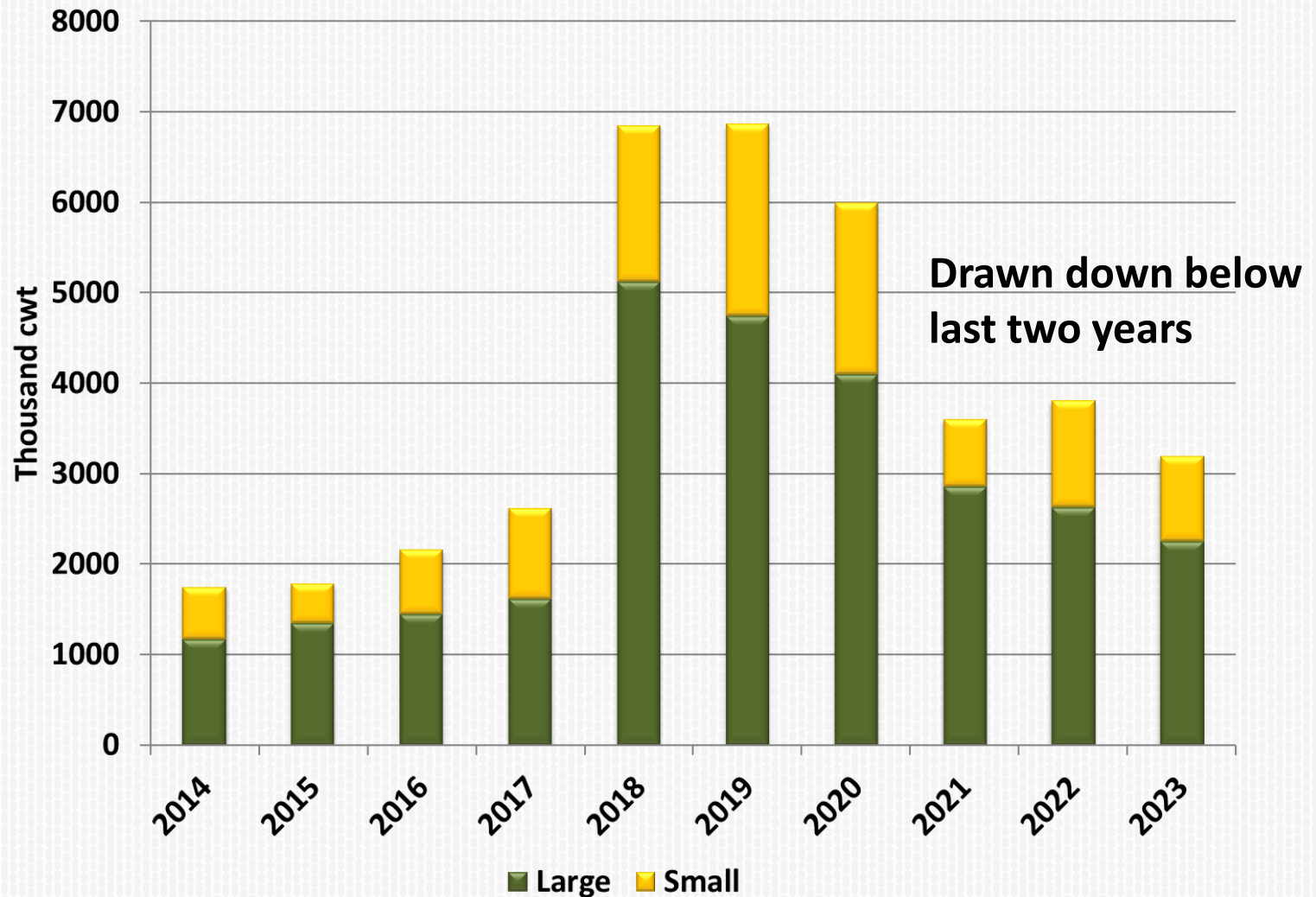
CANADIAN CHICKPEA EXPORTS



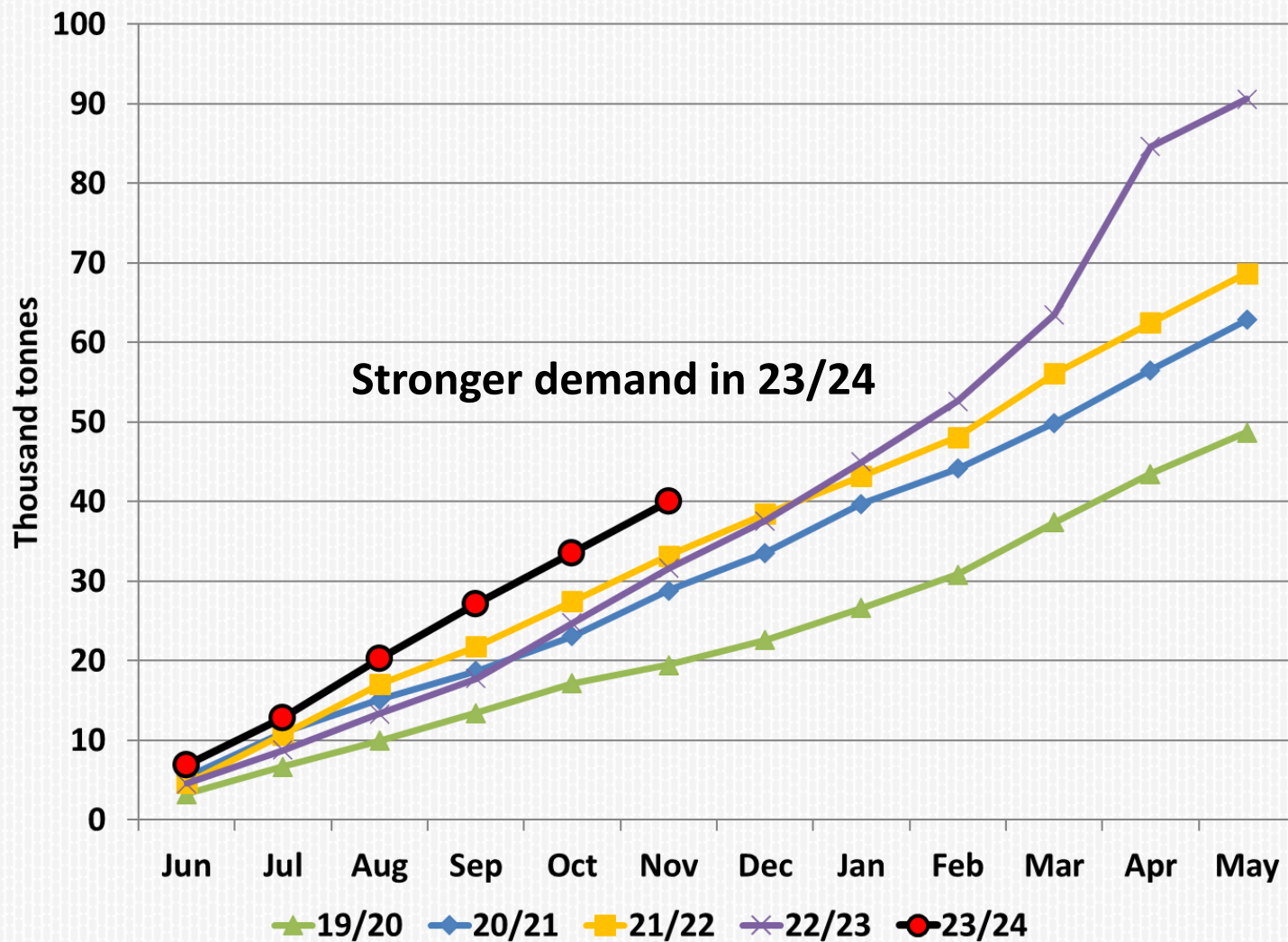
US CHICKPEA PRODUCTION



US CHICKPEA STOCKS – DEC 1



US CHICKPEA IMPORTS

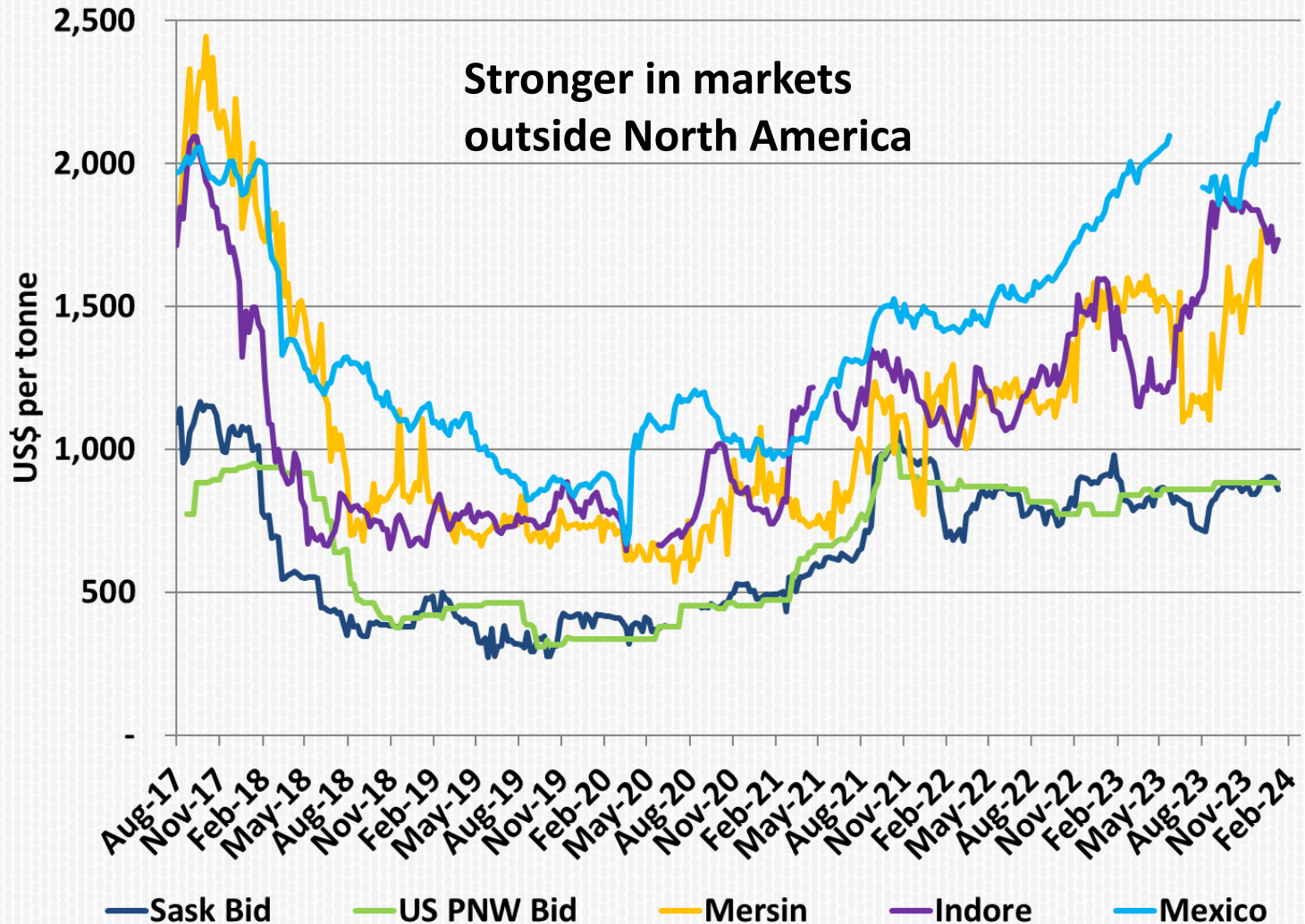


US CHICKPEA BALANCE SHEET

	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>	<u>23/24</u>
Seeded Acres, 000's	453	254	368	357	372
Harvested Acres, 000's	405	251	349	342	359
Yield (lbs/acre)	1,547	1,630	816	1,079	1,315
Supply ('000 tonnes)					
Carry-In	176	176	101	89	68
Production	284	185	129	167	214
Imports	49	63	69	91	80
Total Supply	509	425	299	347	362
Disposition ('000 tonnes)					
Seed	23	25	24	34	35
Other Domestic	148	159	111	162	170
Exports	162	140	75	84	100
Total Disposition	332	324	209	279	305
Ending Stocks	176	101	89	68	57
Stocks/Use	53%	31%	43%	24%	19%

Source: USDA with LeftField projections in bold

KABULI CHICKPEA BIDS



WHAT TO WATCH – CHICKPEAS

- ✖ Bigger crops but still low supplies
- ✖ Situation will get tighter late in 23/24
- ✖ Indian area below normal
 - + Mainly desis
- ✖ Seeded area likely higher in Canada & US
 - + Supplies will still be low in 24/25 (with average yields)
 - + Moisture concerns



Small Grains Letter

September 15, 2022

Volume 13, Issue 09

LeftField Commodity Research, 52 Swiss Bay, Winnipeg, MB R2G 2P9
www.leftfieldcr.com info@leftfieldcr.com ph: 204 949-1726

Highlights & Lowlights

Spring Wheat

- StatsCan increased their estimate for non-durum wheat production to 28.59 million tonnes.
- World ending stocks in China will be the highest since 12/13, while global import needs are rising.
- US wheat exports were strong in the weeks during the reporting disruption, although US values are high.
- The Prairie CRWS premium over CIPR bids is near its long-term lows, although the trend should reverse.

Durum

- StatsCan lowered the durum crop estimate to 4.12 million tonnes on a yield of 38.6 bu./acre, likely still too high.
- Durum movement has been quite slow to start 2022/23, a possible warning of quiet demand.
- The Sask Ag crop report indicated a high quality 2022 durum crop with 10% estimated as 100% 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 StatsCan 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.

Can

- USDA reduced the US corn crop by 4.15 million bushels, which will force demand into other grains.
- StatsCan 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.

Grain

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

Rye

- StatsCan increased their estimate for the rye crop to 470,000 tonnes.

Spring Wheat

- The December contract rose \$0.36/bu on the week, although the December contract remains in the \$9.00 range that has held since early July. Kansas City saw a smaller improvement on the week, while Chicago was up \$0.16.

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



Special Crops Letter

September 13, 2022

Volume 13, Issue 19

LeftField Commodity Research, 52 Swiss Bay, Winnipeg, MB R2G 2P9
www.leftfieldcr.com info@leftfieldcr.com ph: 204 949-1726

Highlights & Lowlights

Legals

- The Sask Ag best yield estimate was sharply lower than StatsCan's initial release, with the best one likely lower.
- StatsCan estimated 2021/22 lentil ending stocks at 24,000 tonnes, low by larger than earlier releases.
- The USDA's crop estimate for lentils (mostly 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 its marketing year.

Fax

- Estimates of Canadian flax yields will likely be trimmed in the upcoming StatsCan estimates.
- StatsCan 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 97,000 tonnes in 2021/22.
- Offers of Canadian flax into China are still well above Russian offers and will limit Canadian export volumes.

Checkups

- The Sask Ag yield estimate was 1,227 Bu./acre, 580 pounds less than StatsCan's initial number.
- StatsCan showed 2021/22 chickpeas ending stocks at 147,000 tonnes, but that number is questionable.
- Canadian exports 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.

Soilfingers

- StatsCan pegged 2021/22 nonflour ending stocks at an unreasonably high 116,000 tonnes.
- Canadian nonflour exports to the US were lower in 2021/22 and did decline year to year.
- The conditions of the North Dakota nonflour 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 bordered nonflour bids in the US.

Lentils

- Another piece of the 2022 lentil production puzzle was added last week, with a Sask Ag yield estimate of 1,174 Bu./acre, far lower than StatsCan's initial estimate of 1,594 Bu./acre. Based on the Sask Ag yield, the 2022 crop would come in at 2.7 million tonnes versus 3.4 million from StatsCan. The average trade gain is 2.7 million tonnes. That said, we expect StatsCan 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 Sask Ag end of the range than the early StatsCan yield. Our own preliminary is a yield of 1,250 Bu./acre which would produce a crop of 4.4 million tonnes. That's still 800,000 tonnes more than last year but lower than the pre-2021 average of 5.48 million tonnes. If so, that would mean a red lentil crop of



LeftField
COMMODITY RESEARCH

Check out our
free 4-week trials
www.leftfieldcr.com
[@leftfieldcr](https://twitter.com/leftfieldcr)



Canola & Soy Letter

September 14, 2022

Volume 5, Issue 46

LeftField Commodity Research, 52 Swiss Bay, Winnipeg, MB R2G 2P9
www.leftfieldcr.com info@leftfieldcr.com ph: 204 949-1726

Highlights & Lowlights

Canola

- StatsCan reduced their estimate for the Canadian crop to 19.01 million tonnes.
- World canola/rapeseed production will be up 9 million tonnes in 2022/23 to 83.1 mtn.
- Canada's premium over soybean futures is back into a more normal range, although there is upside going forward.

Soybeans

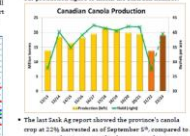
- USDA surprised the market by dropping the US yield to 50.5 bu./acre, down 1.4 bu. from the last estimate.
- StatsCan bumped up the size of the Canadian crop to 6.51 million tonnes, the highest in four years.
- Argentina's PS program designed to encourage soybean deliveries has resulted in big Chinese purchases.

Canola

Canola gained \$1.11/tonne the past week, although the 'huff' doesn't necessarily feel that way. The increase was entirely due to a \$28 rally after Monday's bullish USDA report, with prices lower in every other session. The Nov rallied out at the 20-day moving average at \$9.17 as an immediate bump, and couldn't recover to close above \$9.00. The next layer of resistance is the top of the trading range at \$9.65. Initial support is the recent low of \$7.65, after which prices would target \$7.50. The lack of any upside follow-through from Monday suggests prices will do little more 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 StatsCan lowered their canola production estimate to 19.01 million tonnes, from 19.43 mtn in the last report. This model-based figure utilizes data to the end of August, covers the last and dry conditions across much of the Prairies, some reduction is not a surprise, even if the figure comes in on the lower end of trade estimates. Yields out of the EC and AB governments are still in better shape than last year, 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 StatsCan number.



The last Sask Ag report showed the province's canola crop at 21% harvested as of September 9, compared to a more normal 10% or more at this point in the season.



Farm Market Letter

May 16, 2021

Volume 1, Issue 3

www.leftfieldcr.com info@leftfieldcr.com (204) 949-1726

The Bigger Picture - Rising Canadian Dollar Impacts Markets

We're certainly not currency experts, but we would argue even the experts have been wrong on the Canadian dollar outlook for a while. This week, the loonie pushed briefly above \$0.75 cents for the first time since 2015. Even though the dollar levelled 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 nearly all of our top-selling 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 reports more expensive for overseas buyers and tends to dampen demand. With crop prices historically high, the negative impact of a higher dollar may be less noticeable but it will weigh in.



Spring Wheat

- 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.
- The global crop is getting bigger in the market's eye. This includes large crops in the EU, Ukraine and Russia.
- Wheat doesn't have to own independent bullish momentum.

Market Impact

- Although not heavy, global wheat supplies are increasingly looking comfortable as we get further into the growing season with the potential for the key production regions.
- Wheat demand will be strong and corn will provide spillover strength, which will help underpin the market once we get past harvest.
- As much as the crop is 'largely' stable in the market's eye, there are still some weaknesses to watch, including mixed reports on Russian supplies for 2021/22.
- Feed and export wheat will remain relatively tight.

Start of the Week

- CIPR and CIPR prices have pulled back sharply over the past week, as would be expected given the correction in futures markets. Conversely, hard wheat prices continue to move higher in western Canada. While milling wheat bids are still at a premium overall, there is a region where the bid market is now or above. While the bid in corn futures is a headwind for Prairie feed grains as a whole, it will at least a couple of months and there is actual supply-related, which will keep feed wheat prices elevated. That will help provide a floor for all wheat bids, even if milling values are further pressure.



THANK YOU!