VANCOUVER SHIPINVEST

Canadian Grain Overview

Casey McCawley

October 2019

Vancouver, BC

The State of Agricultural trade in the world today

China retaliates for U.S. tariffs, slaps duties on soybeans

Speed of retaliatory steps stuns financial markets

Posted Apr. 4th, 2018 *by* David Lawder, Michael Martina

Be the first to comment Like Tweet

China halts canola shipments from major Canadian supplier

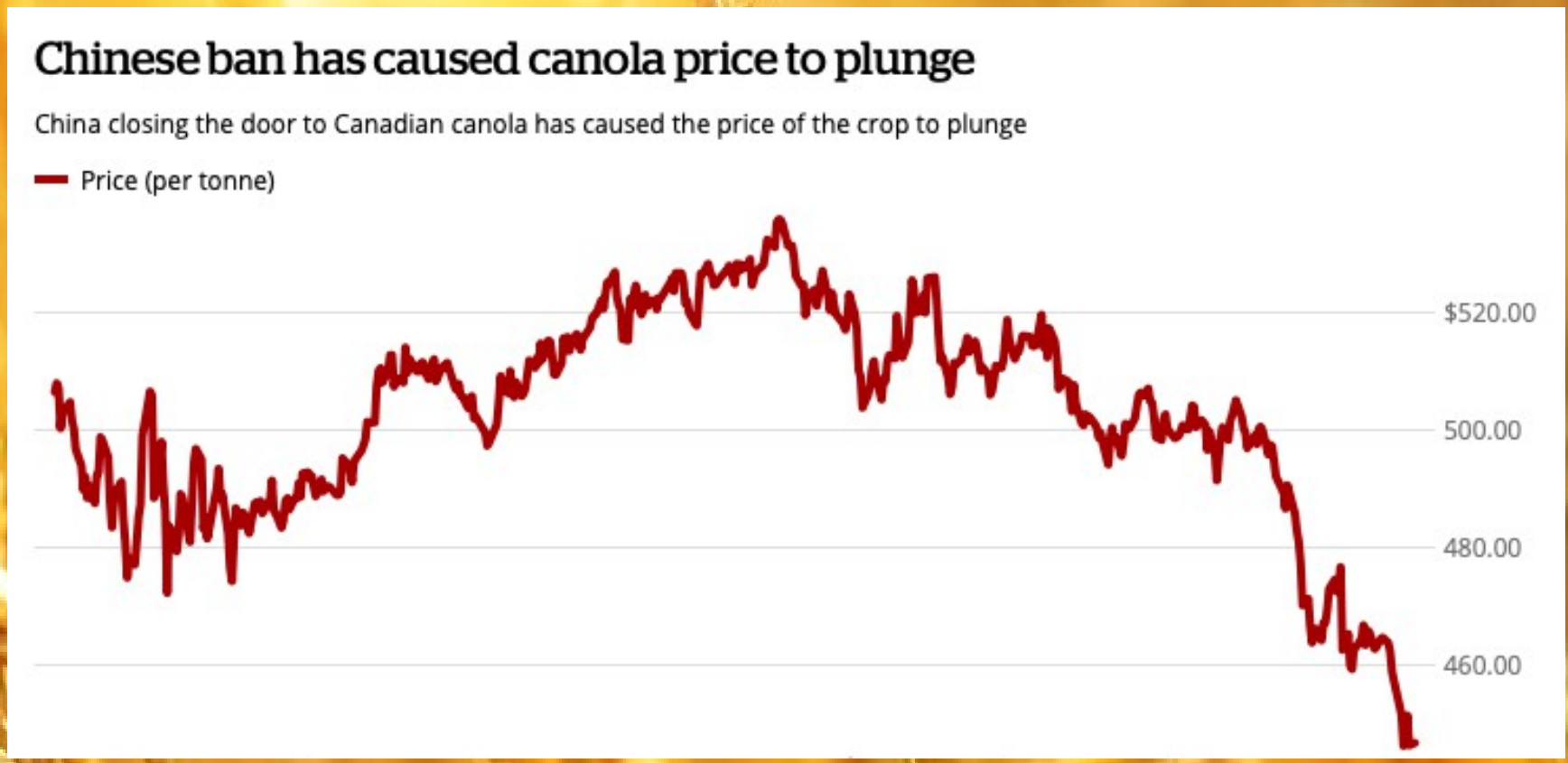
Richardson International's licence to ship canola revoked, escalating trade tensions

Pete Evans · CBC News · Posted: Mar 05, 2019 10:23 AM ET | Last Updated: March 6

Canola shipments to China by Richardson International are being cut after the Winnipeg agricultural handle

Chinese ban has caused canola price to plunge

China closing the door to Canadian canola has caused the price of the crop to plunge



First canola, now peas and soybeans – Canadian crops face more headaches getting into China

More Canadian exports to China are seeing mysterious delays and inexplicable rejections

Thomson Reuters · Posted: Apr 29, 2019 10:13 AM ET | Last Updated: April 29

Vietnam could halt imports of wheat containing thistle seed

By Reuters

Published: October 11, 2018
Crops, **Markets**

Canadian Grain Overview

A. Macro Overview
B. Prairie Crop Production

Macro Overview

MAJOR DEMAND FACTOR

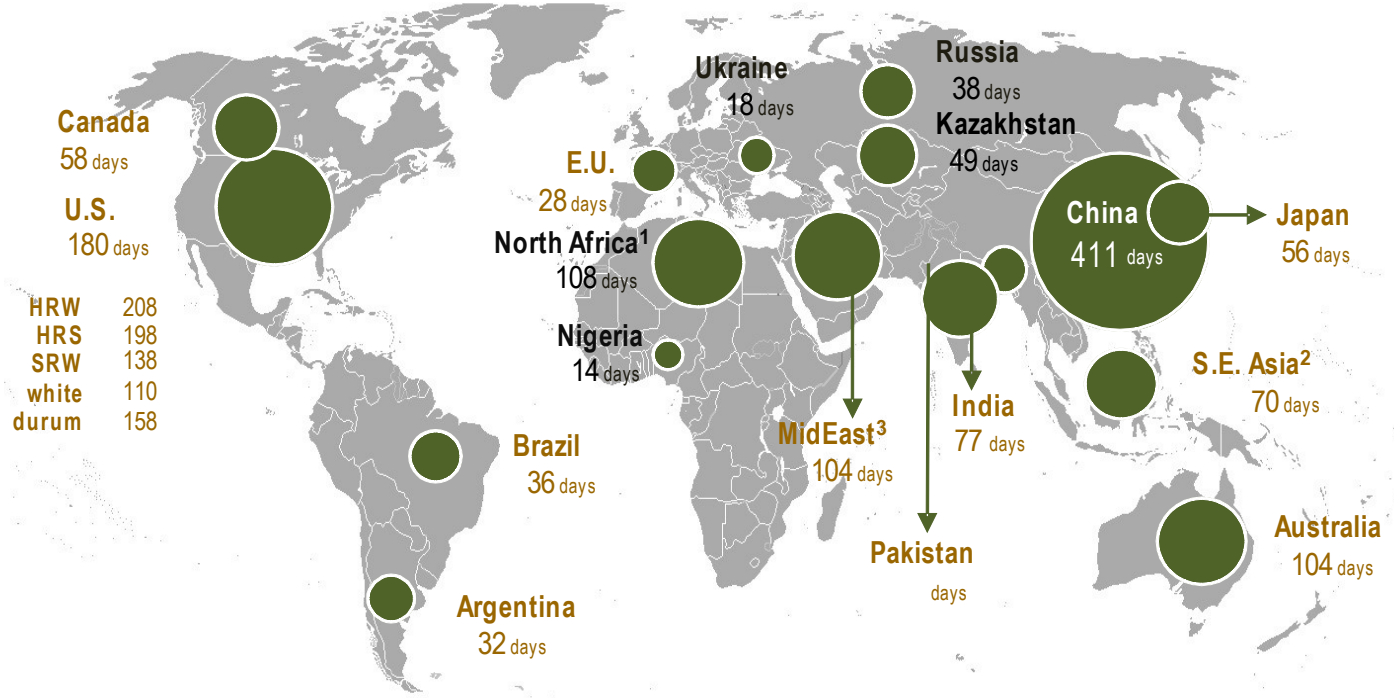
- Asian Swine Flue
- On going trade war between US and China impacting global trade patterns. Impact on soybean market is significant with stocks piling up in the US
- Reduced Ethanol Inclusion.

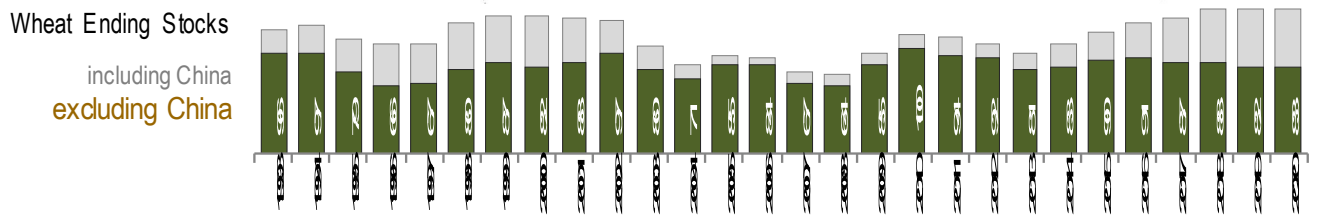
MAJOR DEMAND FACTOR: Canadian Focus

- Chinese Canola Restrictions
- Indian Pea Tariffs
- Italy: Country of Origin pasta labelling requirements
- Vietnam: Zero tolerance for thistle in Canadian wheat to Vietnam

World Wheat Stocks

2019/20 Global Wheat Ending Stocks equal to 139 Days of Demand4
source: OCTOBER 2019(WASDE (USDA) and USDA PSD Online database





[1] Algeria, Egypt, Libya, Morocco, and Tunisia.

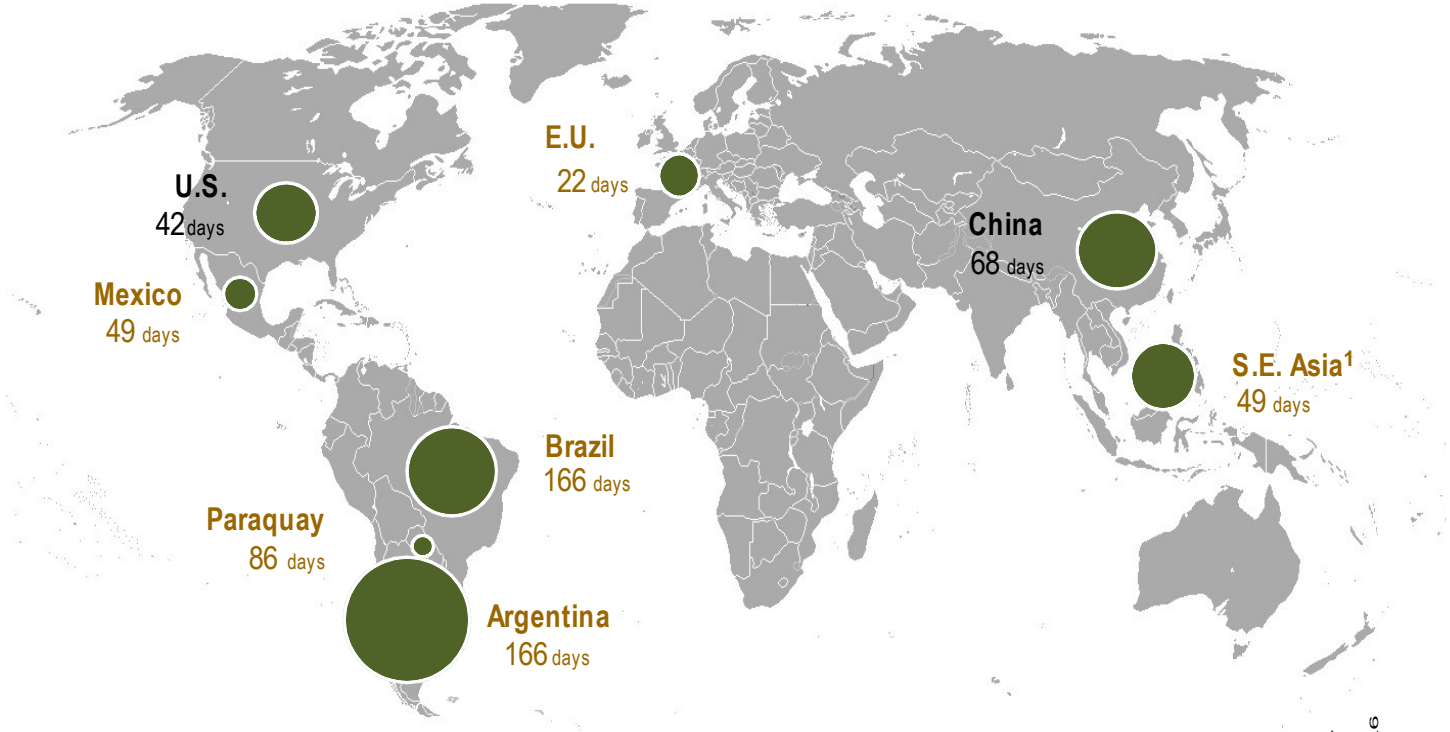
[2] Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

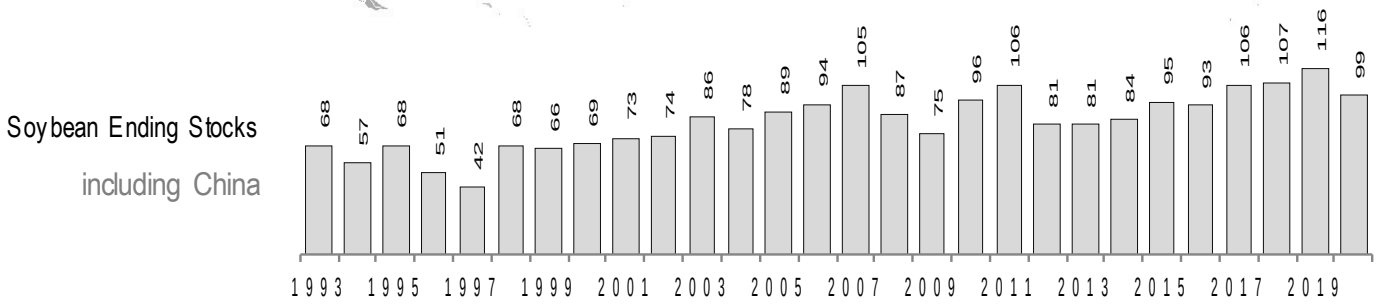
[3] Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Yemen, United Arab Emirates, and Oman.

[4] domestic consumption plus exports for export regions and domestic demand for all other regions

World Soybeans Stocks

2019/20 Global soybean Ending Stocks equal to 99 Days of Demand1
source: OCTOBER 2019 WASDE (USDA) and USDA PSD Online database



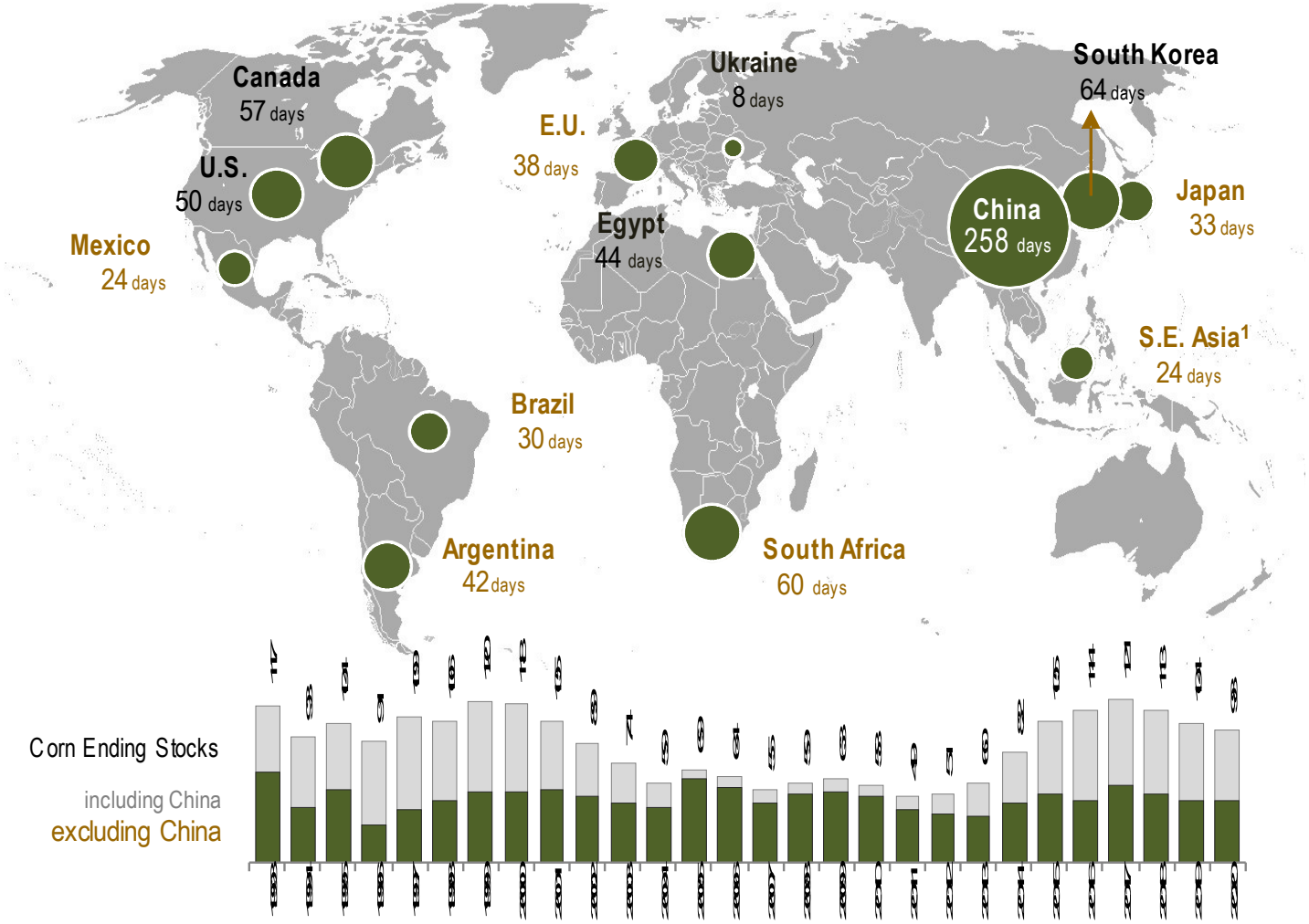


[1] Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

[2] domestic consumption plus exports for export regions and domestic demand for all other regions

World Corn Stocks

2019/20 Global Corn Ending Stocks equal to 98 Days of Demand2
source: OCTOBER 2019 WASDE (USDA) and USDA PSD Online database



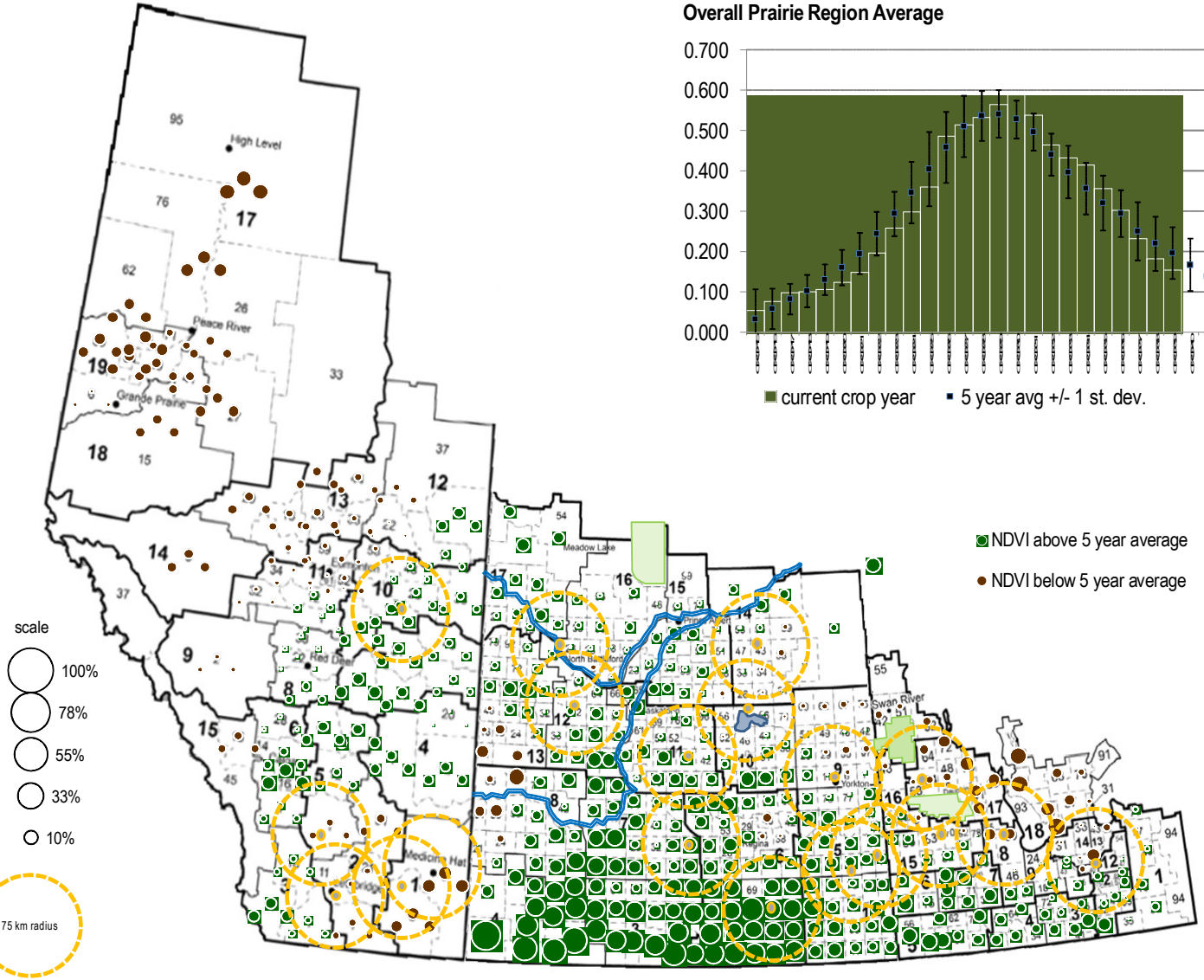
[1] Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

[2] domestic consumption plus exports for export regions and domestic demand for all other regions

Prairie Crop Production

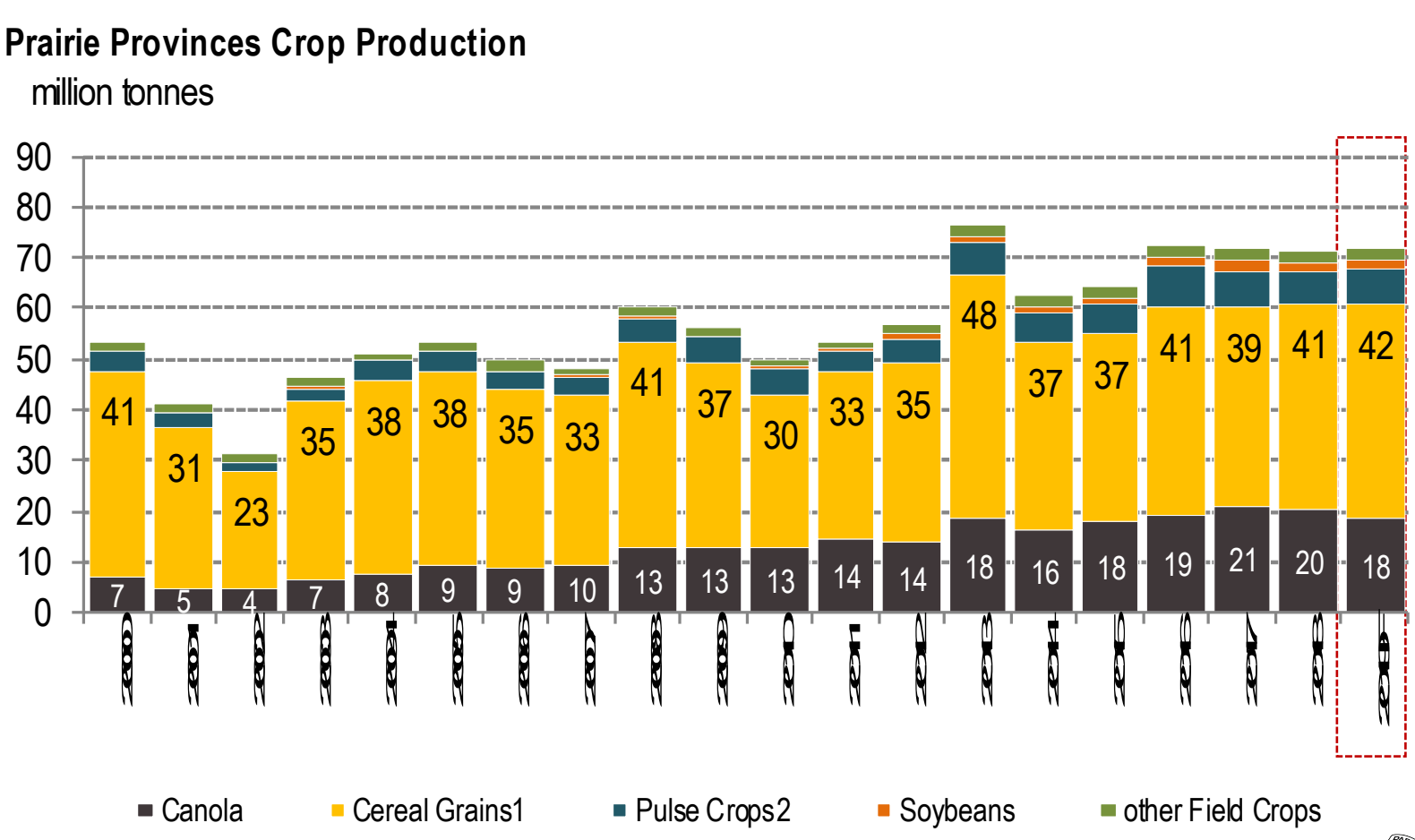
Overall Strong Yields

Map shows variance from the 5 year avg for the five highest weekly NDVI readings



Prairie Grain Production

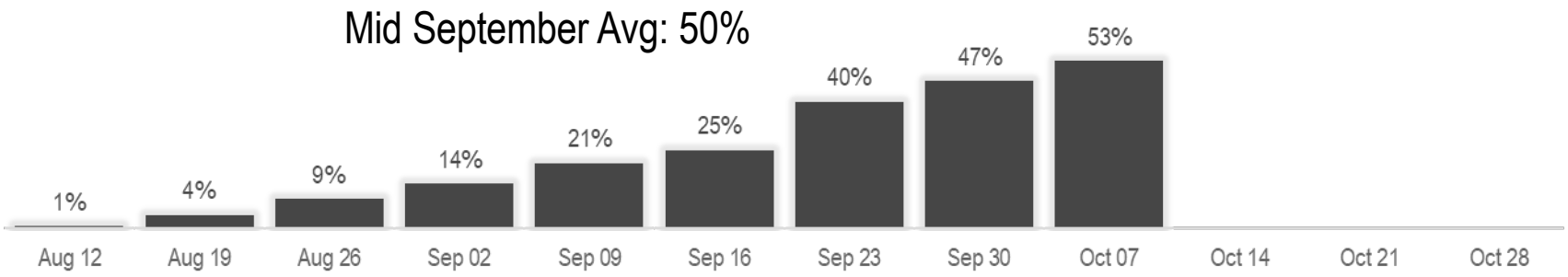
Million tonnes
source: Statistics Canada and Parrish & Heimbecker Limited

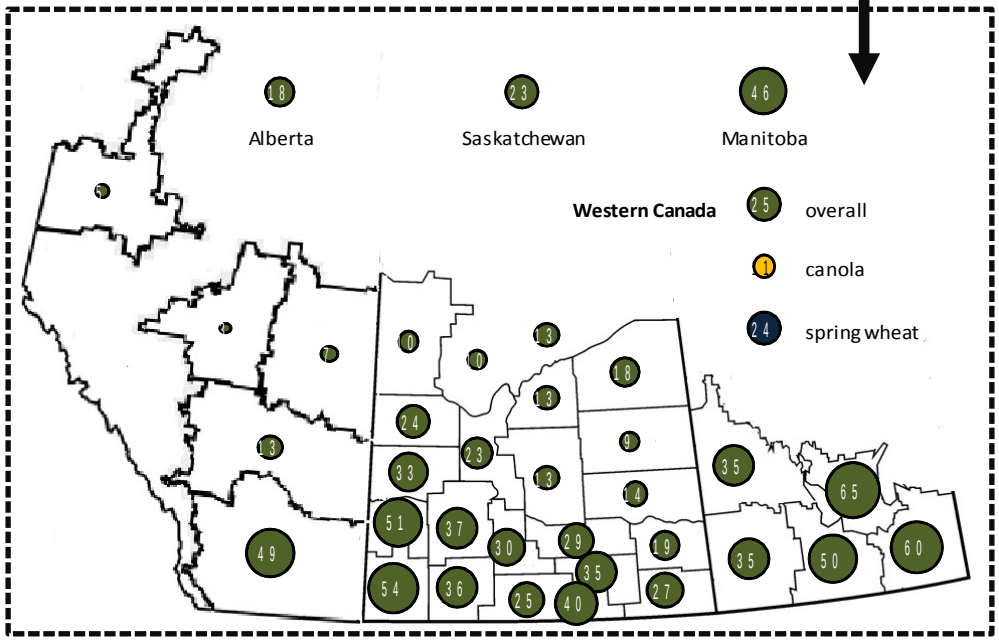


1 includes all wheat, barley, oats, fall rye, canaryseed, triticale and mixed grains
2 includes all dry peas, lentils, chickpeas and fababeans

Harvest Progress Part 1

Map shows Regional Harvest progress
source: Provincial Agricultural Ministries and Parrish & Heimbecker Limited



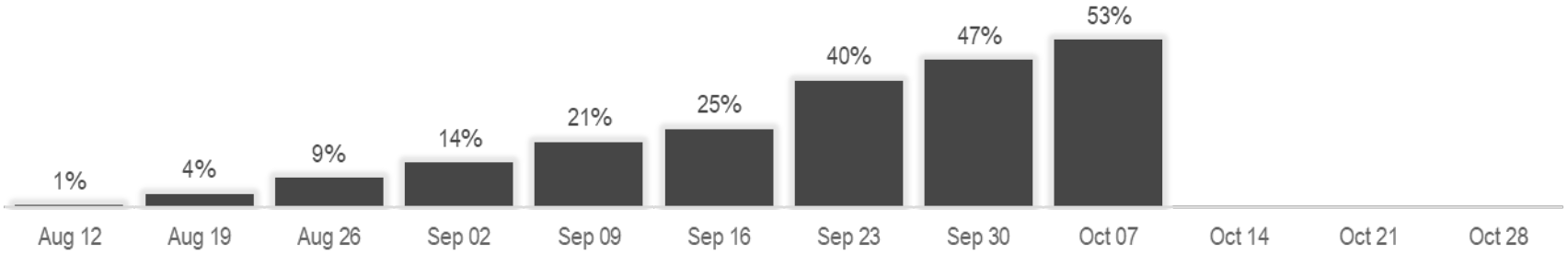


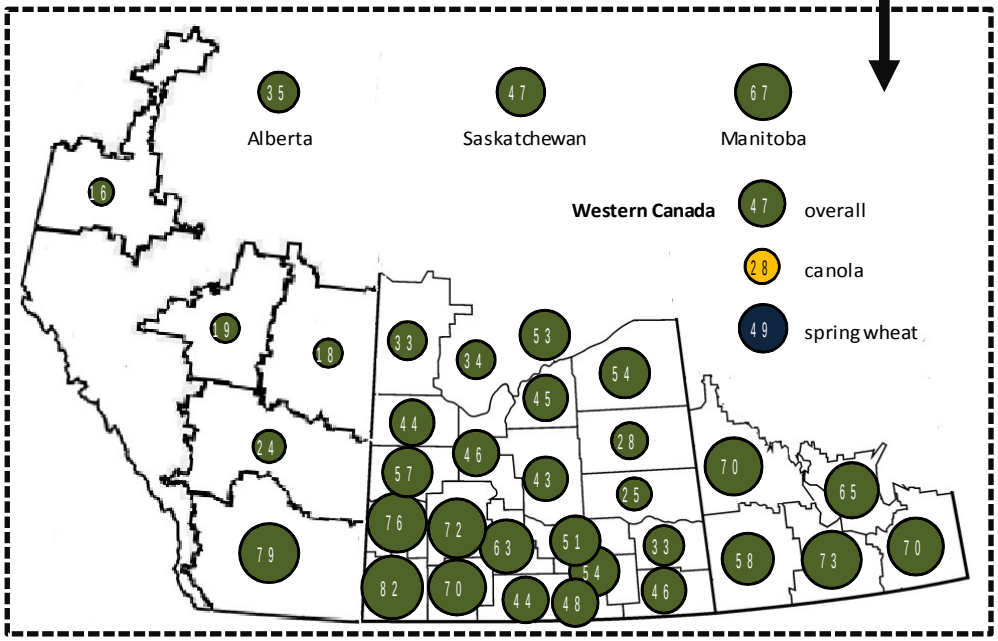
Limited harvest progress before mid September weather challenges resulting in **limited supply of high quality durum and spring wheat.**

Harvest Progress Part 2

Map shows Regional Harvest progress
source: Provincial Agricultural Ministries and Parrish & Heimbecker Limited

End of September Avg: 75% End of October Avg: 95%+





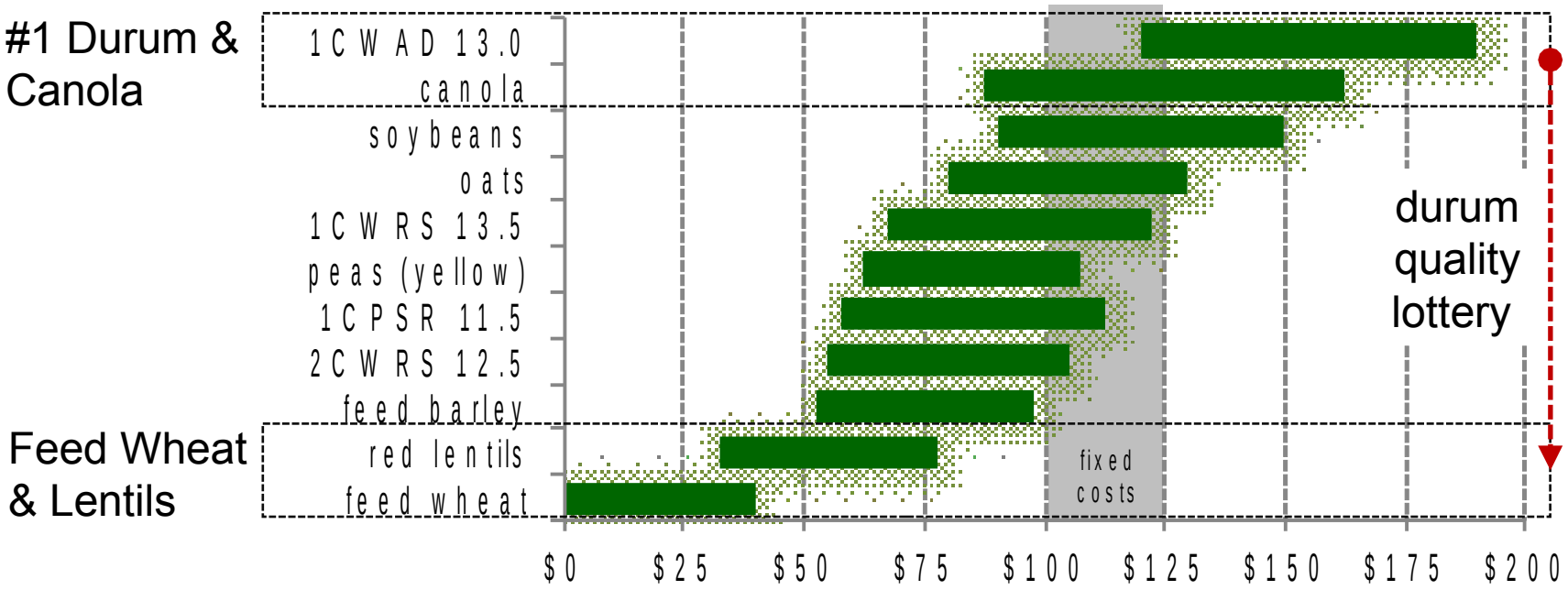
Need good October harvest weather to complete 2019 harvest. Quality issues have already occurred specifically on cereals grains

2019 Crop Margins

source: Parrish & Heimbecker Limited

Projected Gross Margin (dollars per acre) of Selected Crops

range is +/- 10% of base yield and/or price

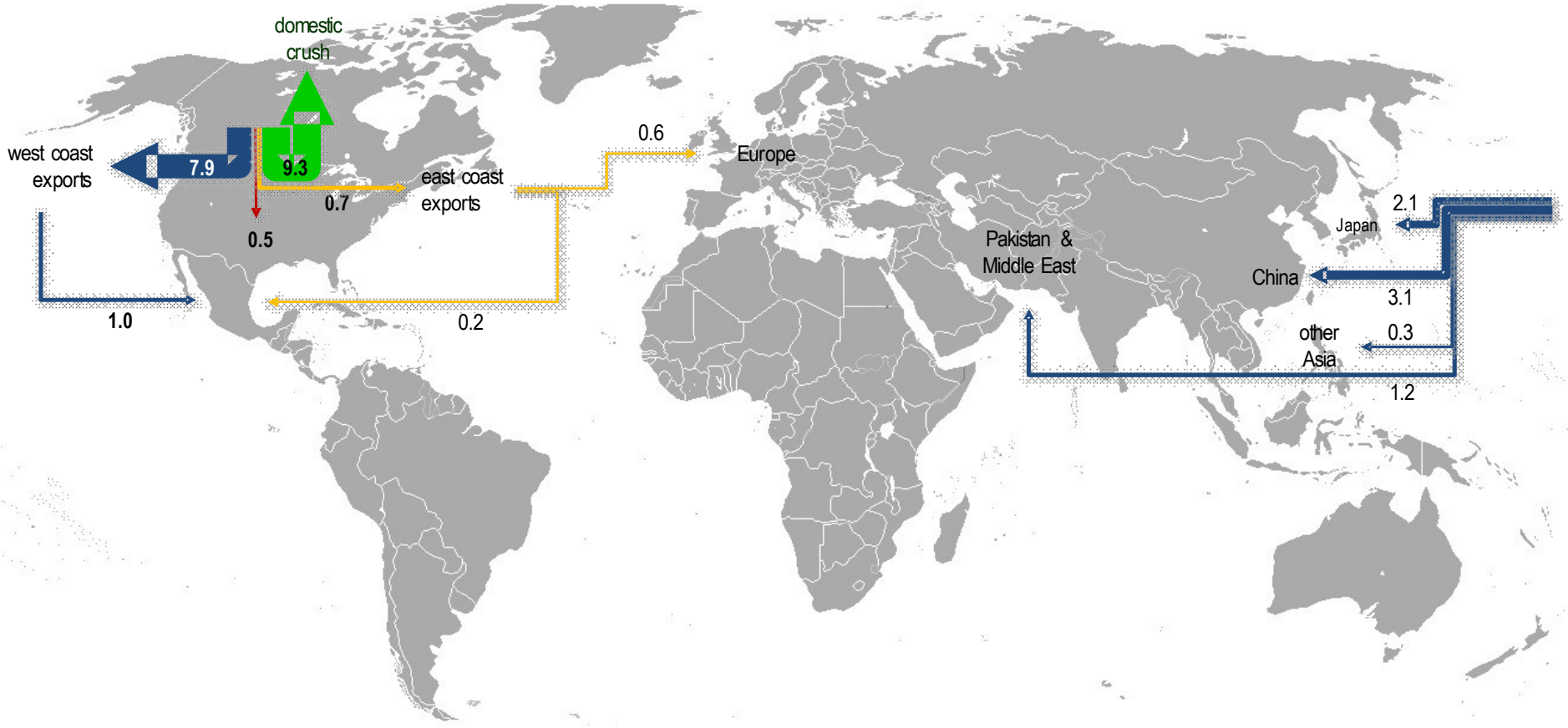


Major Assumptions

1CWRS 13.5: 45.0 bu/ac @ $5.95/bu; $175 operating cost per acre
2CWRS 12.5: 45.0 bu/ac @ $5.70/bu; $175 operating cost per acre
1CPSR 11.5: 55.0 bu/ac @ $4.80/bu; $180 operating cost per acre
1CWAD 13.0: 45.0 bu/ac @ $7.50/bu; $185 operating cost per acre
feed wheat: 45.0 bu/ac @ $4.50/bu; $185 operating cost per acre
oats: 90.0 bu/ac @ $2.85/bu; $150 operating cost per acre
feed barley: 70.0 bu/ac @ $3.25/bu; $155 operating cost per acre
canola: 37.5 bu/ac @ $9.70/bu; $240 operating cost per acre
red lentils: 1,400 lbs/ac @ $0.16/lb; $170 operating cost per acre
peas (yellow): 40.0 bu/ac @ $5.90/bu; $150 operating cost per acre
soybeans: 30.0 bu/ac @ $9.80/bu; $175 operating cost per acre

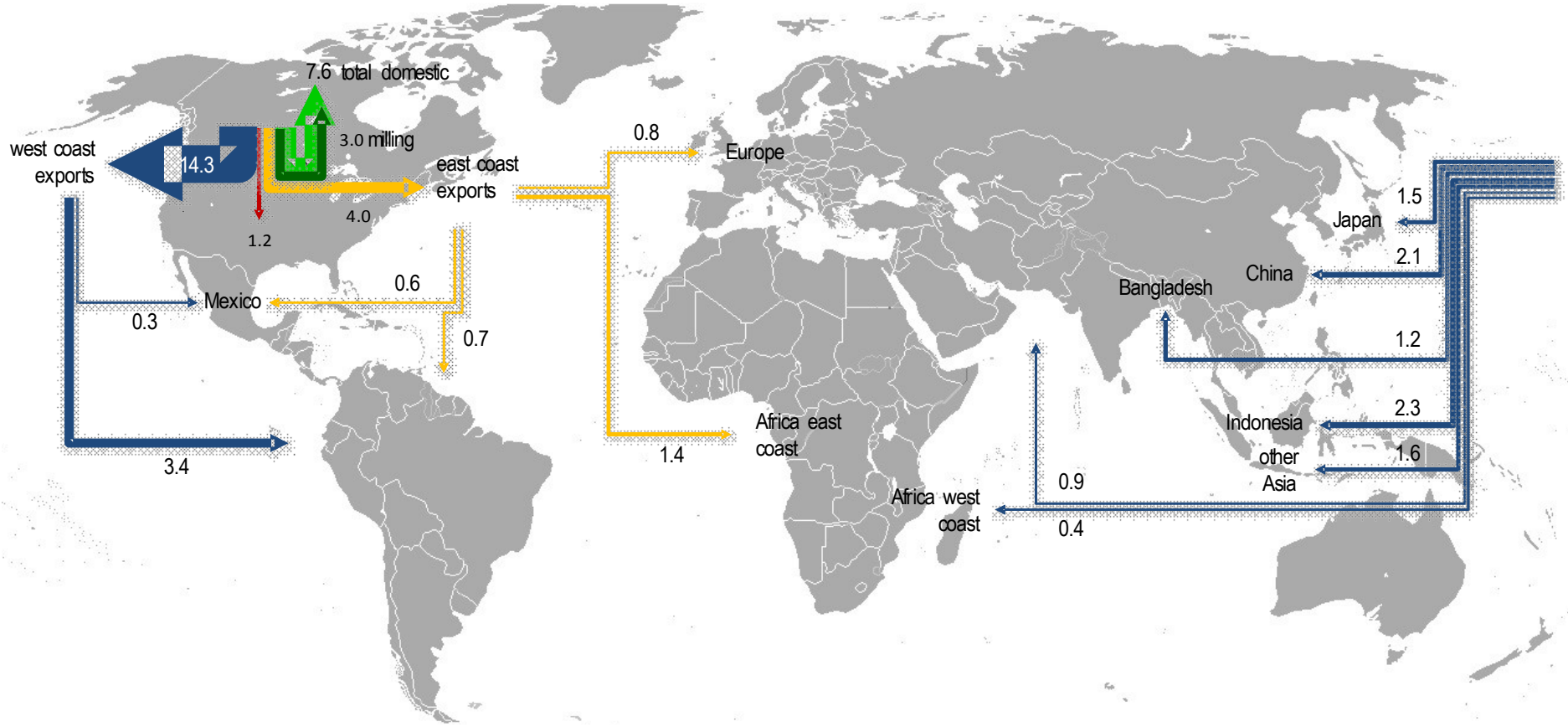
Canola: Product Flow

2019 crop year in Million tonnes
source: Statistics Canada, Canadian Grain Commission and Parrish & Heimbecker Limited



Wheat1: Product Flow

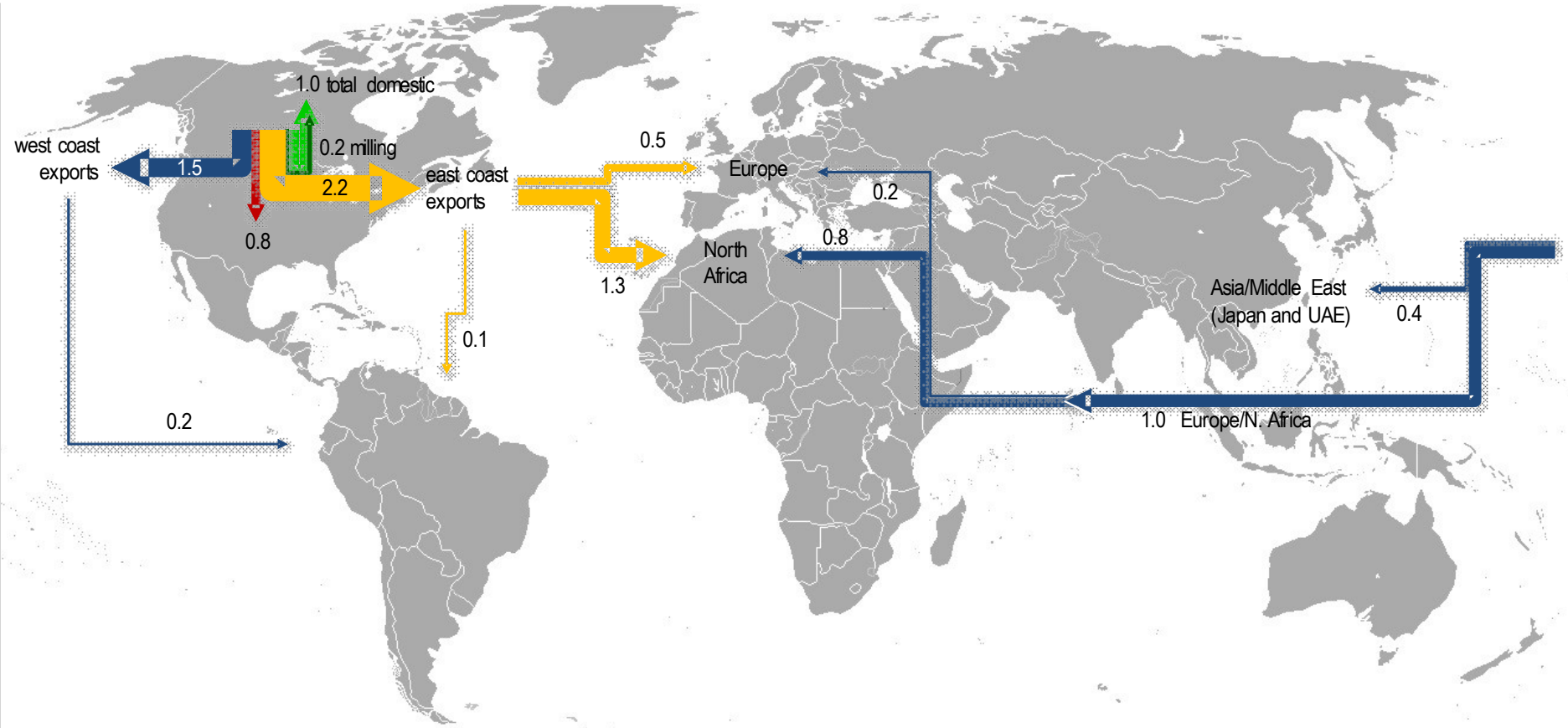
2019 crop year in Million tonnes
source: Statistics Canada, Canadian Grain Commission and Parrish & Heimbecker Limited



1 all wheat excluding durum

Durum: Product Flow

2019 crop year in Million tonnes



Questions?