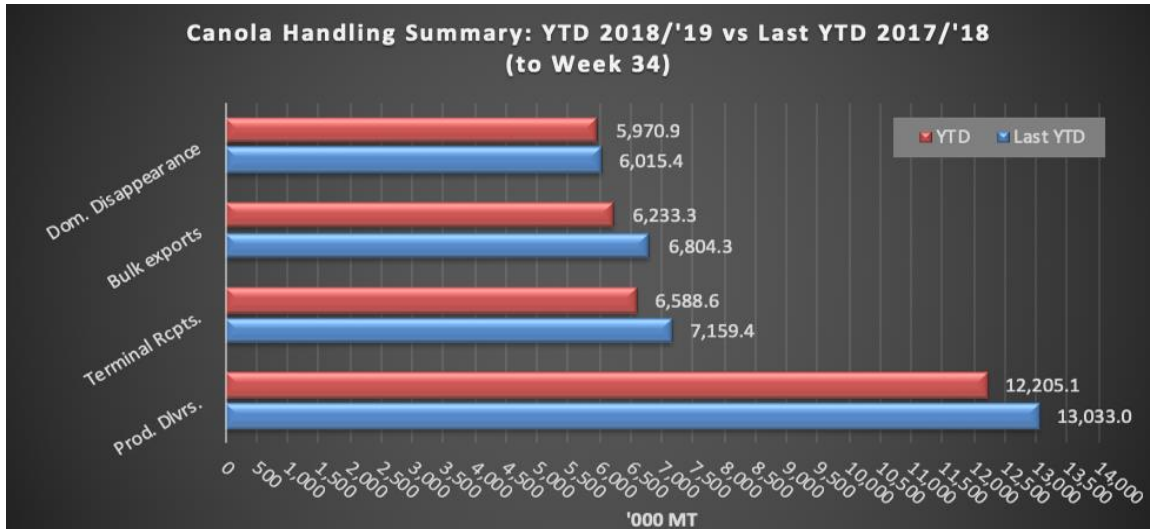


Market Influences

- During shipping week 34, growers delivered 303,600 MT of canola to primary elevators, with domestic usage at 176,600 MT and exports at 199,100 MT.
- Year to date exports have fallen by 571 thousand MT over last year, a decrease of 8.4%.



- China continues to be the center of attention with respect to canola pricing:
 - o Richardson and Viterra have both had export licenses suspended by the General Administration of Chinese Customs (GACC) due to presence of pests, with reports of a third company under scrutiny;
 - o Given the low crush volume caused by the African Swine Fever, an oil shortage could be created in China;
 - o Losing the Chinese market does cause concern for Canadian canola farmers, resulting in reduced acres and increased exports of other crops to compensate;
 - o Increased demand for veg oil could result in the oil share of the crush increasing in value and thereby improving canola value domestically;
 - o Alternative destinations for canola seed may lead to those countries supplying China with the oil;
 - o Current values of canola based on oil and meal product in China places canola at a 15% premium to soybeans;
 - o Canola is still a preferred cooking oil in China and is not easily substituted for palm oil.

If Canadian growers reduce canola acres by 8-10%, the expectation is that values would be maintained. Using current prices and 8% fewer acres, increased demand for veg oil should lead to a resolution of the China issue.

If not already sold, consider refraining from selling new crop basis levels and flat price for now.

USDA seeding intentions for new crop soybeans are at 84.6 million acres and the trade estimating at 86 million acres.

Five Year November Soybean Chart



Weekly USDA Export Sales report showed 182 thousand MT sold for 18/19, which is down 52% from the previous week and 17 thousand MT for 19/20. Traders expected 500-800 thousand MT on old crop sales for the week of March 21 and 200 thousand MT for new crop. Soybean meal sales were at 84 thousand MT versus expectations of 100-300 thousand MT and soy oil sales were 12 thousand MT versus the expectations of 5-20 thousand MT.

USDA reported sales of another 816 thousand MT of soybeans to China last Friday and this week it was announced that soybean export sales of 828 thousand MT with delivery during the 18/19 marketing year. ***This brings the total Chinese purchase for 2019 around 12.7 million MT, compared to 28.5 million MT sold at this time last year.***

Last week's quarterly stocks report showed soybeans at 2.72 billion bushels as of March 1, 2019, up 29% over last year and higher than estimated 2.683 billion bushels.

Trade discussions between US and China are reported to be positive and ongoing, but still no deal announced.

Demand from China is expected to decrease significantly for soybean meal because of a 41% drop in stocks of breeding pigs due to African Swine Fever over the past seven months. In 2017 the Shandong province produced 47 million pigs, accounting for 7% of all hogs destined for Chinese slaughterhouses. The Chinese Ag Ministry reported earlier in the month that the national herd had dropped 16.6% over last year and sow stocks down more than 19%.

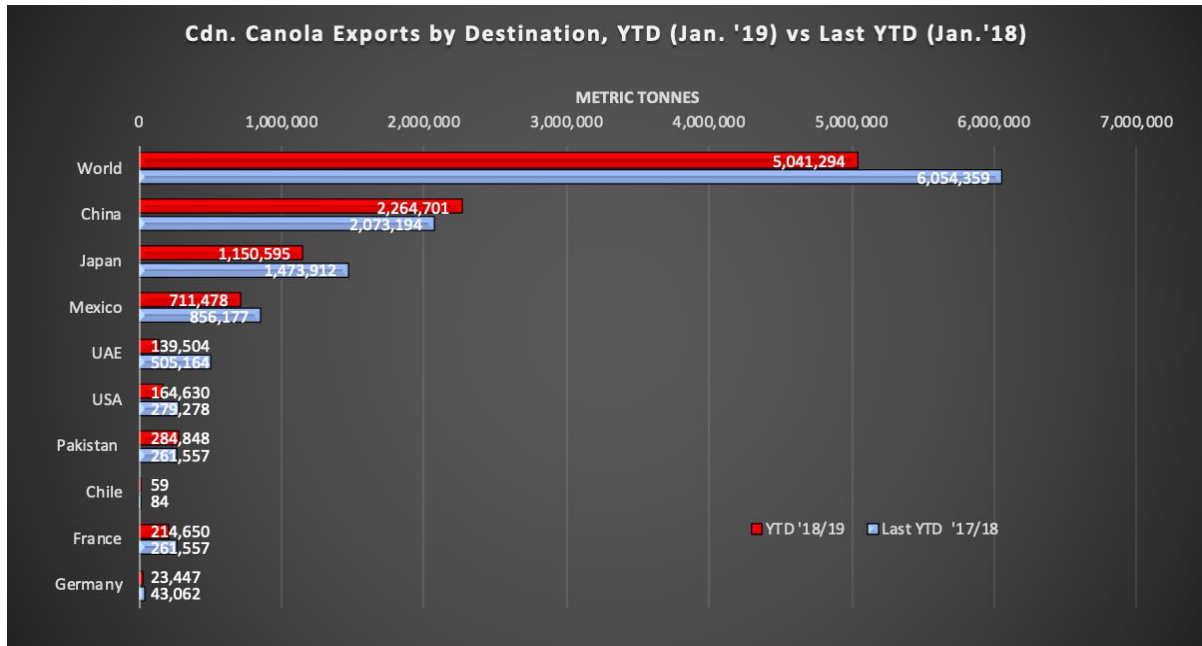
International Grains Council increased 18/19 global soybean ending stocks to 52 million MT, the increase due to slightly higher production and lower consumption than previous years.

Export market considerations

Low prices for canola are dominating farmer discussions and may influence final decisions on acreage planted to canola. Earlier this month, Agriculture and Agri-Food Canada (AAFC) projected canola acreage to drop by 8.1% to 22.07 million acres, generating 19.75 million MT in the new crop year. Ending stocks estimated between 2.5-5.5 million MT.

USDA acreage intentions project US canola acreage down by 4% to 1.9 million acres, with a projected yield of 1.5 million MT (increasing by 8% over the 2018 crop).

Canola Exports By Destination YTD 18/19 vs 17/18



January 2019 export numbers by destination were published last week. Canada exported 771 thousand MT of canola compared to 1.2 million MT in January 2018. Crop year to date exports of 5.04 million MT lag last year's crop year to date number of 6.05 million MT, down 1 million MT.

An overall drop in exports can be attributed to canola being expensively priced compared to soybeans in the winter months. Canola exports are dropping this year compared to last year, which will increase carryover, especially with current trade tensions.

Canola	000 tonnes										
	24-Mar-19										
	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
24-Mar								own est.	own est.	own esti	own esti
CARRY IN	1,944	2,749	2,186	1,772	688	2,058	2,745	2,275	1,446.1	1,994.5	2,377.2
PRODUCTION	12,898	12,789	14,608	13,000	17,500	17,237	18,377	19,514.1	21,154.4	20,132.7	18,070.4
imports											
TOTAL SUPPLY	14,700	15,628	16,435	14,096	18,358	19,045	21,020	21,639	22,300.5	22,127.2	20,447.6
LESS EXPORTS	7,163	7,132	8,729	7,259	9,100	8,900	10,245	11,043	10,737.0	10,250.0	8,950
DOMESTIC CRUSH/use	4,788	6,310	6,999	6,149	7,200	7,400	8,500	9,000	9,269.0	9,250.0	9,950
LESS SEED/WASTE/DOC	142	-90	359	499	170	250	250	150	300.0	250.0	250
total use	11,951	13,442	15,728	13,408	16,300	16,300	18,745	20,193	20,306.0	19,750.0	19,150.0
CARRY OUT week 52	2,749	2,186	1,772	688	2,058	2,745	2,275	1,446	1,994.5	2,377.2	1,297.6
week52/current visible							920	732	900		
stock /use	23%	16%	11%	5%	13%	17%	12%	7%	10%	12%	7%
Days of use	84	59	41	19	46	61	44	26	36	44	25
harvest acres	16,108	16,946	18,754	21,744	19,785	20,000	20,500	21,245	22,750	21,651	19,919
yield	35.31	33.28	34.34	26.36	39.00	38.00	39.00	40.50	41.00	41	40

China

As of January 2019, China was ahead of last year's imports by 192 thousand MT, these numbers will decrease in the February reports.

Other markets

Japan, Mexico, UAE, and USA are all behind 2018 imports by 323 thousand MT, 145 thousand MT, 366 thousand MT, and 115 thousand MT respectively.

Canola Exports basis current canola values					
exports	2015/16	2016/17	2017/18	esti. 2018/19	esti 2019/20
japan	2.350	2.214	2.584	2.385	2.350
UAE	0.700	0.798	0.637	0.650	1.000
Mexico	1.300	1.565	1.474	1.500	1.650
China	3.750	4.000	4.260	3.750	1.000
Pakistan	0.800	0.932	0.678	0.750	0.900
EU	0.450	0.790	0.390	0.500	1.250
USA	0.250	0.622	0.648	0.400	0.500
bangladesh	0.250	0.062	0.021	0.250	0.250
israel					
chile					
Columbia.					
others	0.450	0.060		0.065	0.050
total	10.300	11.043	10.692	10.250	8.950