

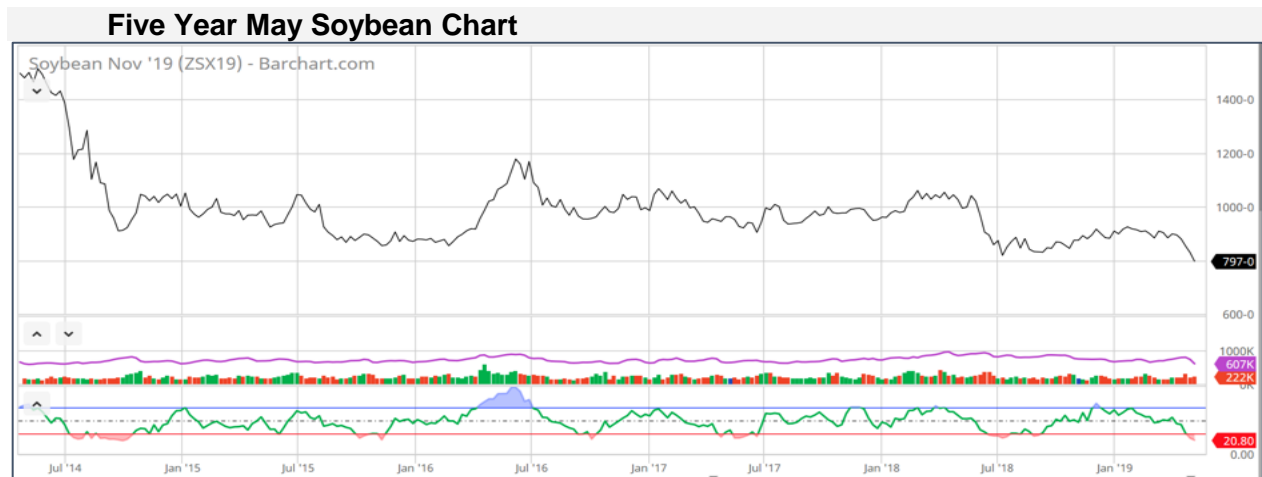
## I. Oilseed Market Backdrop

### Soybeans

Increased US tariffs of 25% are in place on \$200 billion of Chinese goods. Leaving the US without a trade deal has resulted in China planning on retaliatory tariffs on \$60 billion of US goods, effective June.

Friday's USDA report had old crop US soybeans at 995 million bushels (up 100 million from last month) due to reduced exports. Estimates of US production in 2019 are pegged at 4.15 billion bushels. Brazilian soybean production was left unchanged at 117 million MT and Argentina up by 1 million to 57 million MT.

*The WASDE numbers were bearish and we see further declines in the market.*



### Soybean market headlines:

- US soybean crop is about 14-15% complete vs 26% in mid-May on an average year.
- Trade estimates for 2018/19 US soybean exports during the first week of May was 300 to 650 thousand MT. Buyers seem to be swapping from US soybeans to South American soybeans, with a reduction of sales by 149 thousand MT for old crop because of cost.
- According to customs data, **Chinese soybean imports in April** reached 7.64 million MT, a 7-month high. Companies delayed shipments to benefit from a value added tax reduction.
- USDA has reported that the 18/19 Chinese soybean imports are 4 million MT lower than the USDA estimate because of reduced feed demand due to African Swine Flu. The same report projected **Chinese rapeseed imports** from Canada to fall by almost 40%

during the second half of MY '18/19 compared to the same period of '17/18, “due to reported phytosanitary concerns”.

- **USDA/ WASDE** May report is estimating a decrease in production by 394 million bushels over last year. Global soybean stocks are forecasted to increase by 14.1 million MT compared to the previous year, even with a lower world production. Protein meal consumption growth in China is flat, largely due to the African Swine Flu.

## II. Canola Market

### Canola:

In week 40, growers delivered 323,900 MT of canola. Canada exported 154,300 MT, and domestic use was said to be 185,900 MT.

Exports are now 817,500 MT lower than this time last year, mainly from lower shipments to several destinations, not just China. There are no expectation that exports will improve much by crop year end. Domestic usage is unchanged from last year as of week 40.

**It is interesting how quickly the buyers have widened their basis bids to growers, it should be noted that they have kept their offered prices to buyers unchanged, so they are not chasing for any new business.**

Canola	000 tonnes										05-May-19	
	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	
<b>05-May</b>								own est.	own est.	own esti	own esti	
CARRY IN	1,944	2,749	2,186	1,772	688	1,888	2,575	2,275	1,446.1	1,994.5	3,056.2	
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	18,188	18,875	21,020	21,639	22,300.5	22,127.2	21,126.6	
LESS EXPORTS	7,163	7,132	8,729	7,259	9,100	8,900	10,245	11,043	10,737.0	9,571.0	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	19,071.0	19,150.0	
CARRY OUT week 52	2,749	2,186	1,772	688	1,888	2,575	2,275	1,446	1,994.5	3,056.2	1,976.6	
week52/current visible							920	732	900			
stock /use	23%	16%	11%	5%	12%	16%	12%	7%	10%	16%	10%	
Days of use	84	59	41	19	42	58	44	26	36	58	38	
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	

### LDC crush canola bids

YORKTON PRICING					
Commodity	Delivery Period	Futures	Basis	Net Price	Net Price (BU)
Canola	May 01 - May 31, 2019	Jul2019	-10.00	425.80	9.66
	Jun 01 - Jun 30, 2019	Jul2019	-10.00	425.80	9.66
	Jul 01 - Jul 31, 2019	Jul2019	-10.00	425.80	9.66
	Aug 01 - Aug 16, 2019	Nov2019	-20.00	428.90	9.73
	Sep 01 - Sep 30, 2019	Nov2019	-29.00	419.90	9.52
	Oct 01 - Oct 31, 2019	Nov2019	-25.00	423.90	9.61
	Nov 01 - Nov 30, 2019	Nov2019	-20.00	428.90	9.73
	Dec 01 - Dec 31, 2019	Jan2020	-22.00	433.30	9.83

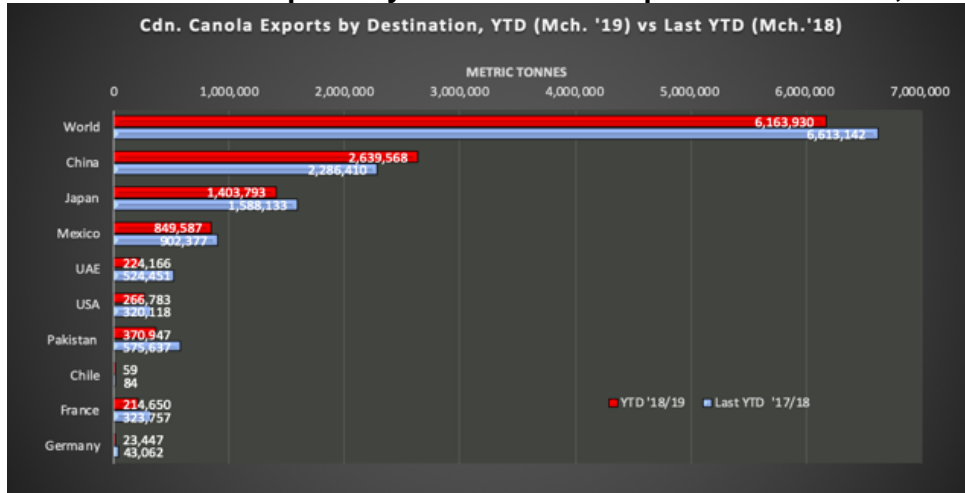
### LDC export canola bids

ABERDEEN PRICING					
Commodity	Delivery Period	Futures	Basis	Net Price	Net Price (BU)
Canola	May 01 - May 31, 2019	Jul2019	-29.00	406.80	9.23
	Jun 01 - Jun 30, 2019	Jul2019	-31.00	404.80	9.18
	Jul 01 - Jul 31, 2019	Jul2019	-33.00	402.80	9.14
	Aug 01 - Aug 31, 2019	Nov2019	-48.00	400.90	9.09
	Sep 01 - Sep 30, 2019	Nov2019	-46.00	402.90	9.14
	Oct 01 - Oct 31, 2019	Nov2019	-46.00	402.90	9.14
	Nov 01 - Nov 30, 2019	Nov2019	-46.00	402.90	9.14
	Dec 01 - Dec 31, 2019	Jan2020	-44.00	411.30	9.33

**Canola headlines:**

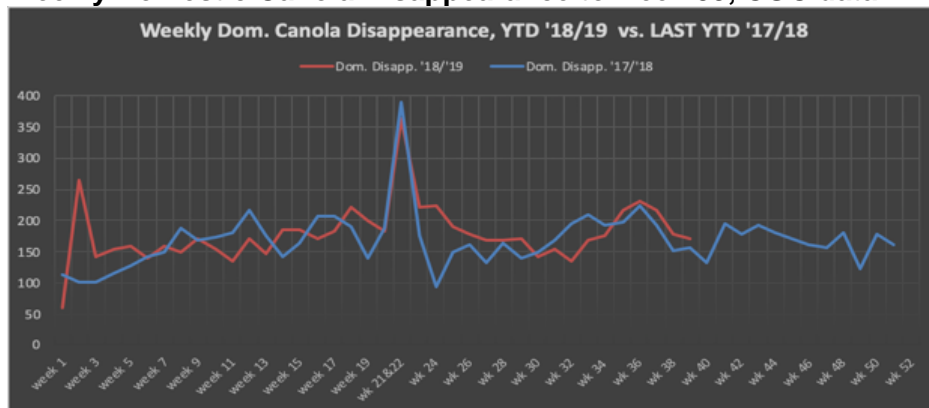
- Canadian canola exports:** Total March canola exports amounted to 641 thousand MT, for YTD exports of 6.2 million MT (6.6 million last year). In March, China was still the biggest destination for Canadian canola at 190 thousand MT for the month, followed by Japan (161 thousand MT), Mexico (82 thousand MT), Pakistan (65 thousand MT), and Bangladesh (58 thousand MT). Smaller destinations were the USA (46 thousand MT), and the UAE (34 thousand MT). **YTD, China has taken 2.6 million MT of canola, which is 15% more than last YTD (2.3 million MT). Virtually all other destinations are lagging last year's pace.**

**YTD CDN Canola Exports by Destination Compared to Last YTD, StatsCan**



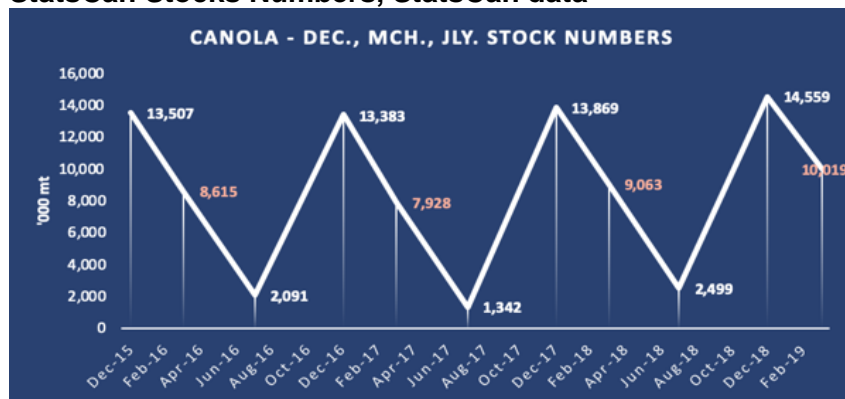
- Domestic disappearance:** The question lingers if increased domestic disappearance of canola can make up for some of the shortfall in canola exports. YTD data (to week 39) shows that domestic disappearance in '18/19 has reached 6.94 million MT, which is just 1% (+38k MT) higher than last YTD. One of the problems is that China has become the second largest buyer for canola oil after the US. In fact, China bought 33.1% (1.1 million MT) of Cdn. canola oil exports in 2018, while the US took 48.2% (1.6 million MT). **If China impedes canola oil imports as it seems to be doing other commodities, this could impact crush negatively as well.**

**Weekly Domestic Canola Disappearance to week 39, CGC data**



- StatsCan stock numbers:** The graph below shows end December, March and July canola stocks numbers for the past 3 years. The end March stock numbers are highlighted in red. StatsCan showed Canadian canola stocks as of the end of March at 10.02 million MT, which is a 956 thousand MT (10.5%) increase from last year. **Given the unresolved trade crisis with China and reduced demand by China, canola shipments continue to be slow, with expectations of 3.2 million MT ending stocks as of the end of July '19.**

**StatsCan Stocks Numbers, StatsCan data**



- Chinese Imports: USDA attaché report on China** estimated '18/19 Chinese soybean imports at 84 million MT, and '19/20 soybean imports at 83 million MT. The same report projected Chinese rapeseed imports from Canada at 4 million MT, down 40% from 4.7 million MT in '17/18. The estimates of 4 million MT import estimate for rapeseed may still be too high, given the stop of purchases by China from Canada over the past while, and Canada's inability to respond to the Chinese actions. **The report does expect opportunities for increased vegetable oil imports (incl. palm oil, soybean oil, rapeseed oil, sunflower seed oil, and peanut oil) during '18/19 and '19/20.**

**China – Rapeseed balance Sheet, USDA data**

