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THINK WHEAT 2019

GLOBAL WHEAT MARKET & OPPORTUNITIES

- Outside influences
  - Political hurdles, infrastructure, econ. outlook
- Global wheat – current crop
  - Have market dynamics have changed since CropShere?
- N/C global & Cdn. outlook (2019/20)
- Canadian performance YTD
  - Balance sheets, exports

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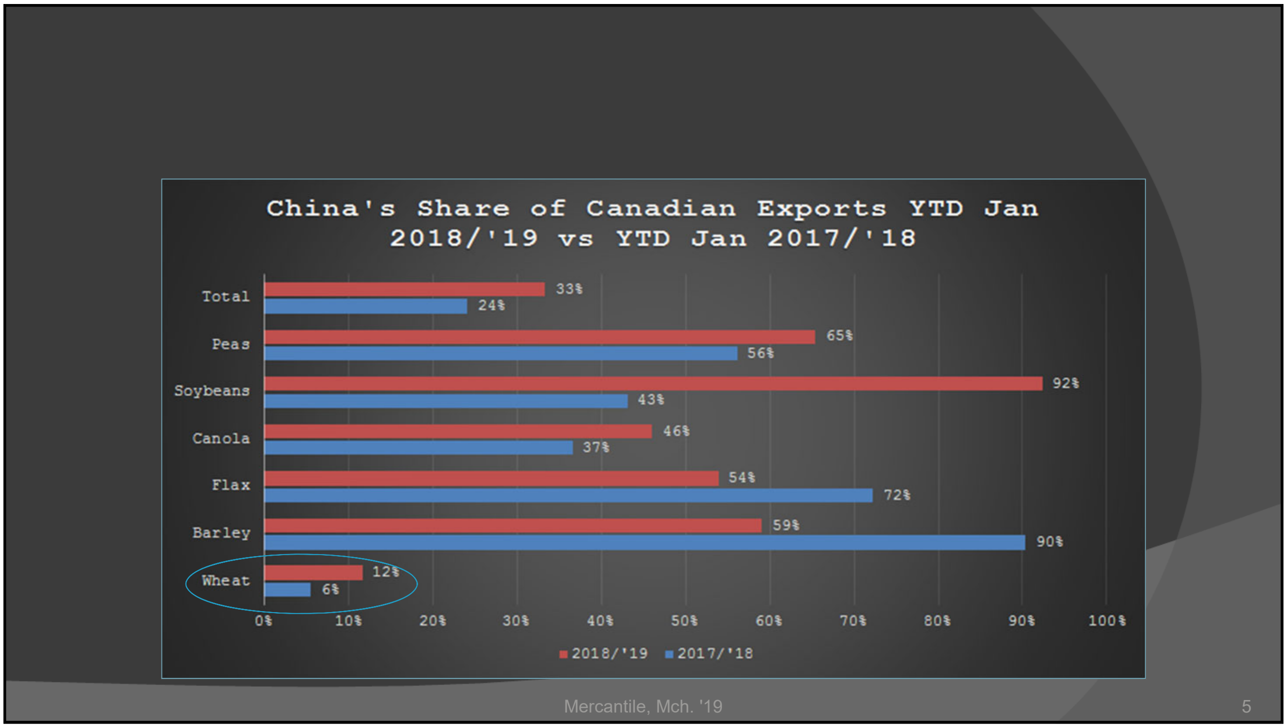
- Canada does not set the commodity prices, but follows world pxs
  - *Some pulses/ spec. crops are an exception*
- T4 farmers need to know what is going on in the world (*or have s.o. follow the mkt. for you to translate world values back to SK*)

You need to know 3 things:

- **Where the market is**
- **Where the mkt is going (trend)**
- **When to hold and when to sell** **(when to pull trigger)**
- **What to grow**
  - **rel. to COP/ demand**

- China
- Saudi Arabia


China's Share of Canadian Exports YTD Jan 2018/'19 vs YTD Jan 2017/'18
Total 33% 24%
Peas 65% 56%
Soybeans 92% 43%
Canola 46% 37%
Flax 54% 72%
Barley 59% 90%
Wheat 12% 6%
0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
2018/'19 2017/'18
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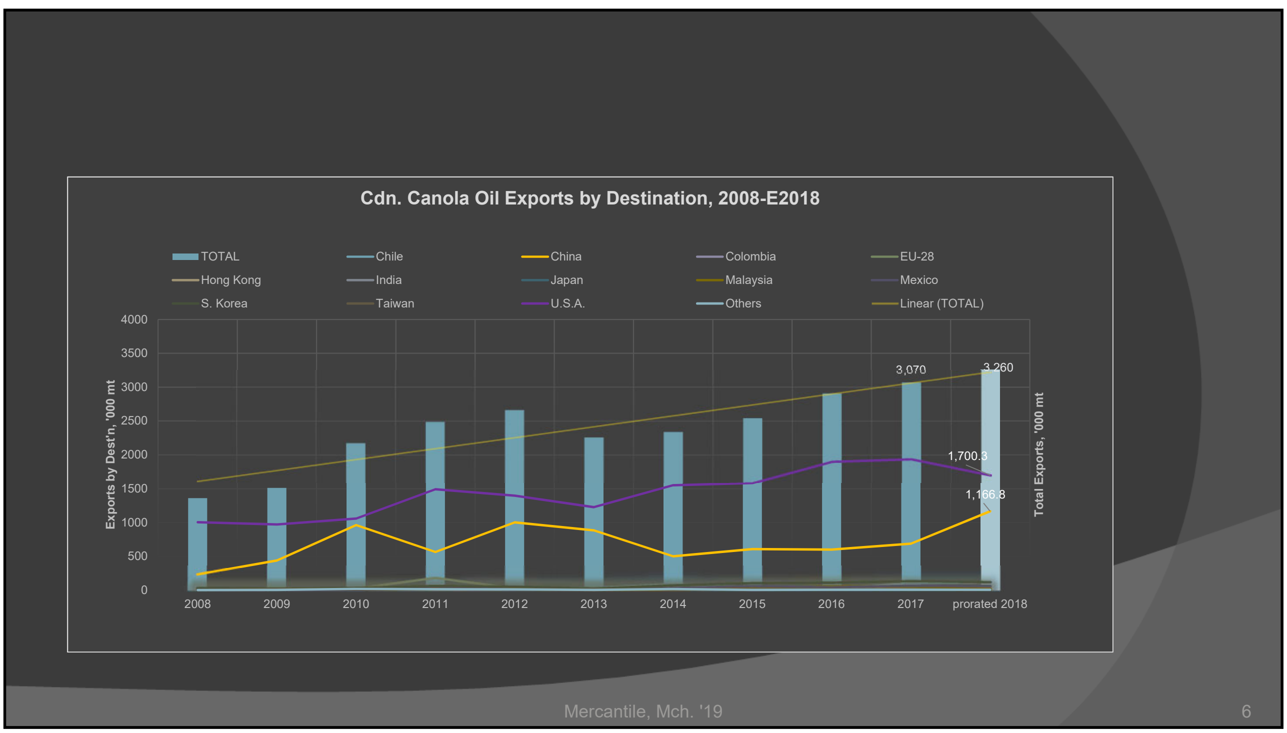
Cdn. Canola Oil Exports by Destination, 2008-E2018
TOTAL
Chile
China
Colombia
EU-28
Hong Kong
India
Japan
Malaysia
Mexico
S. Korea
Taiwan
U.S.A.
Others
Linear (TOTAL)
Exports by Dest'n, '000 mt
Total Exports, '000 mt
0 500 1000 1500 2000 2500 3000 3500 4000
2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 prorated 2018
3,070
3,260
1,700.3
1,166.8
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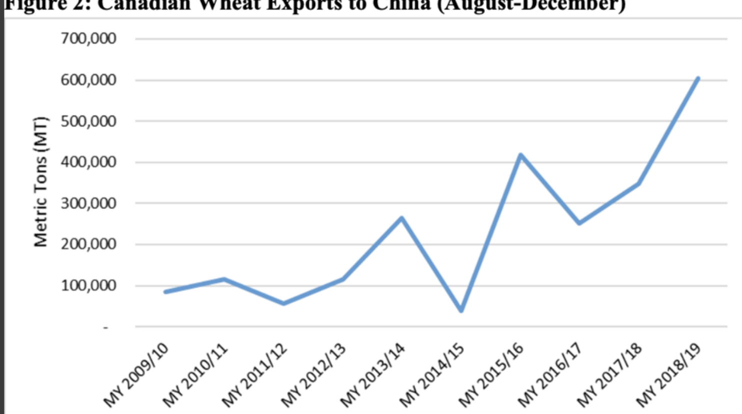
Canada *is extremely vulnerable*; China has alternatives for most of the products we sell

- Peas: E Europe after summer ’19
- Canola: other oilseeds; US & S America
- Flax: E Europe; Kazakhstan
- Barley: Australia if better crop in ’19
- Wheat: E Europe, Australia

Figure 2: Canadian Wheat Exports to China (August-December)



Source: Global Trade Atlas

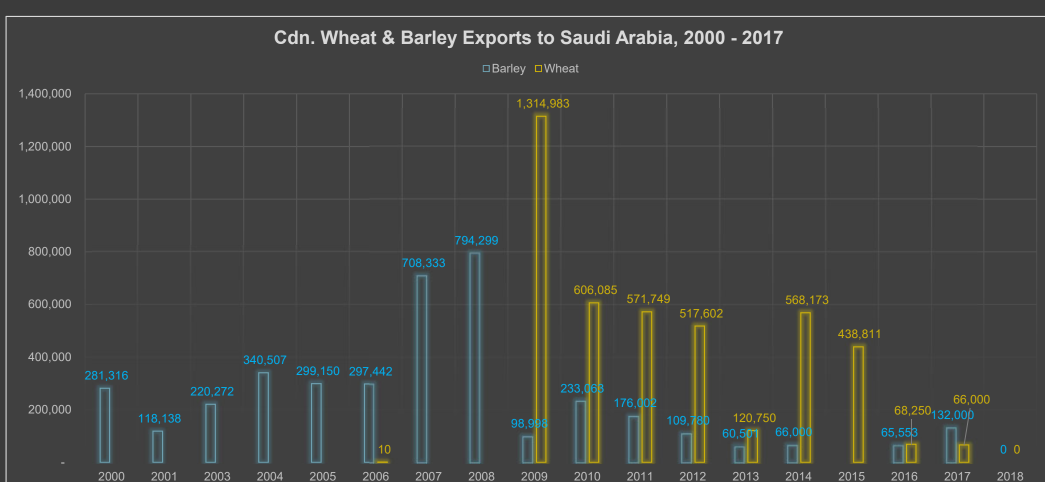
-1st 4 mos. of ‘18/19: Indonesia, China and Japan were three largest export destinations for Cdn. wheat.

-Wheat exports to China were 74% higher than the 3-yr average, setting a new export record to China for this period

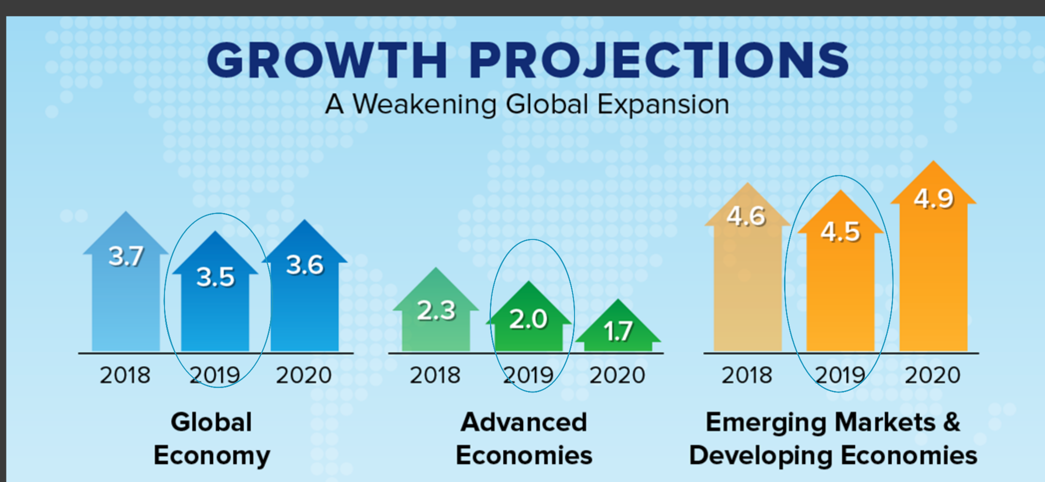
- *Chinese imports of U.S. wheat over that same period were 0.*

	MY 2015/16 (Aug-Dec)	MY 2016/17 (Aug-Dec)	MY 2017/18 (Aug-Dec)	MY 2018/19 (Aug-Dec)	Percent ∆ (2018/17)
World	1,276,846	1,293,128	1,432,794	938,521	-34%
Canada	419,083	251,352	347,271	604,921	74%
Kazakhstan	52,793	48,203	92,338	263,809	186%
Australia	392,296	444,467	502,511	28,284	-94%
United States	412,673	549,086	474,707	0	-100%

Source: Global Trade Atlas
Note: Table includes top four wheat exporters to China.



- February 12/ ‘19: The Russian Federation, Kazakhstan and Iran signed an MOU on *wheat trade cooperation*.
  - Among other features, the agreement paves the way for the Russian Federation and Kazakhstan to use Iran’s logistical capabilities and transit routes to deliver wheat exports to third countries.

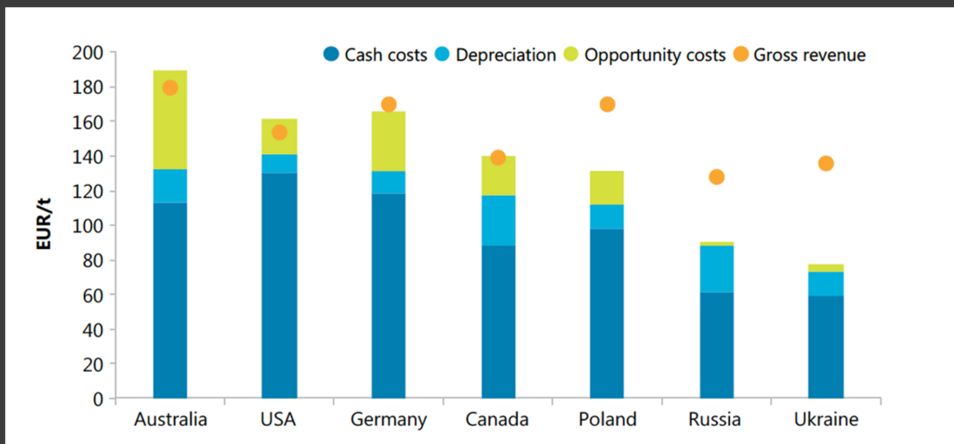


IMF - *world economy is slowing, and that it will get worse if countries keep squabbling over trade*!

- China: 6.4-6.6%; slowest since 1990 (6.5%)
- US: 2.5% (2.9%)
- Canada: 2% (2.1%) – *OECD (Mch).: 1.5%*
- India: 7.5% ?? (7.4%)

Econ. Growth: Growth of jobs and Productivity

- Valuation of capital mkts dependent on corporate growth rates
- *Consumer spending dependent on incomes (PP)*



Export grain supply chain costs in 2015/16 (wheat)

	Ukraine		Australia		Canada (2015 est.)	
	Cost (AUD/t)	% supply chain cost	Cost (AUD/t)	% supply chain cost	Cost (AUD/t)	% supply chain cost
Cartage to bin	4.30	8	7.80	9	11.40	13
Storage	2.90	5	9.00	11	17.70	21
Upcountry handling	7.70	15	18.40	22	16.20	19
Transport to port	13.30	18	26.70	32	49.80	59
Handling at port	22.90	43	13.10	15	10.70	13
Shipping	0.88	2	6.80	8	4.00	5
Levies	4.90	9	2.80	3	3.20	4
Supply chain cost	56.90	30	84.60	29	113.00	37
Production cost (wheat)	133.00	70	206.60	71	191.00	63
Total cost (AUD/t)	189.90		291.20		304.00	

Source: Ukraine — Industry Sources, USDA PSD, Australia — GRDC, Planfarm/Bankwest Benchmarks, ABARES, Canada AEGIC 2015. Based on the AUD:UAH exchange rate as at 23/10/2015

Production costs comparison between and Kazakhstan

TALA

USD per ton

	Linseed		Rapeseed		Lentils	
	Canada	Kazakhstan	Canada	Kazakhstan	Canada	Kazakhstan
Costs of production (excl depreciation and land rental)	235.0	119.0	238.0	173.8	245.0	106.2
Transportation costs	92.5	134.2	92.5	134.2	109.4	119.2
Total:	**327.5**	**253.2**	**490.0**	**308.0**	**354.4**	**225.5**
difference	*74.3*		*182.0*		*128.9*	

1. *Kazakh products are priced less (non-Canadian discount).*
2. *Kazakhstan is competing with Russia and Ukraine as well*

Source: expert estimates, agribenchmark, AHDB Cereals & Oilseeds, UN comtrade

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Case: export to Belgium (rapeseed/linseed)

TALA

Canada - Belgium:	Costs, USD/t
Farm – elevator	8.6
Elevator services	11.0
Delivery to port	30.1
Terminal services	7.5
Inspection	0.3
Freight	35.0
Total:	**92.5**

Kazakhstan - Belgium:	Costs, USD/t
Farm – elevator	6.3
Elevator services	5.8
Paperwork	2.2
Delivery (rail, transshipment, freight)	120.0
Total:	**134.2**

Transport costs for export to Europe from Kazakhstan is higher than from Canada

Source: expert estimate

Feb. 22, 2018:

- ***Russia** will add an extra 30 million tonnes of grain export capacity by 2022,* acc. to the Russian agriculture minister.
  - That's the equivalent of Canada's combined annual canola and wheat exports.

  (Russia: Ninefold increase in grain export capacity - past 15 years (~45 mln mt))

- Increases in inland (road & rail) & port capacities **Brazil**
- *Silk Road Initiative* **China** (designed to streamline sourcing raw materials and to reduce costs)

Railway connections between Duisburg and Shanghai, through Kazakhstan

… over $43 billion USD of Chinese investment so far in Kazakhstan infrastructure …

Grain-related investment at the ports in the last five years:

- **Richardson** increased terminal capacity to 5 mln mt (from 3 mln mt)
- **Viterra** upgraded ship loading and dust suppression systems at Pacific Elevators terminal.
- **Cargill** completed some rail improvements.
- **Alliance Grain Terminal** replaced shipping gallery.
- **Fibreco** Export announced it was adding a grain export terminal to its wood pellet operations.
- **P & H** announced new grain export terminal at the Port of Vancouver adding 3.5 mln mt of annual handling capacity to existing 500k mt capacity at J/V facility operating at the site.

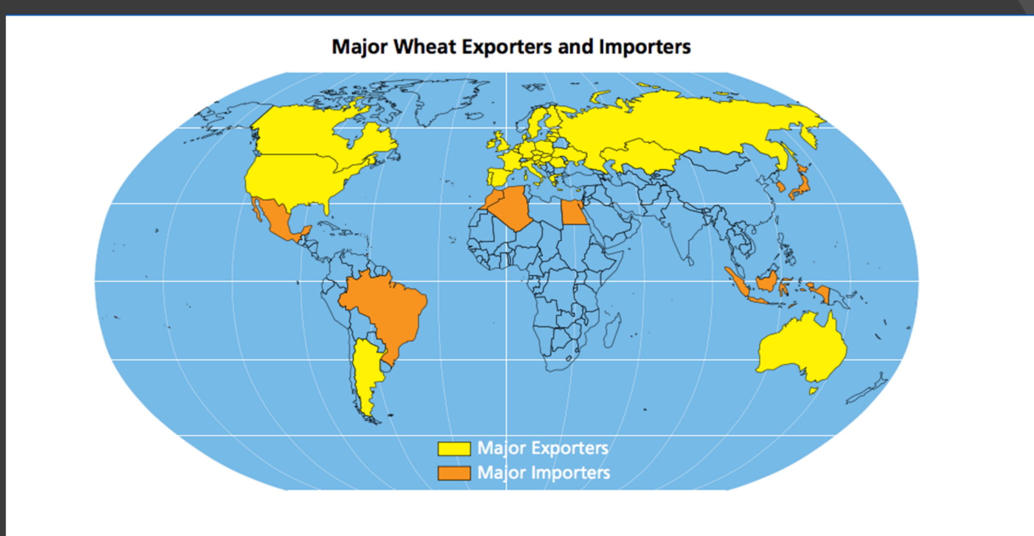
→ Current capcity ~69 mln mt/yr

- New **G3** Terminal 2020 (6 mln mt/yr)
- **Raymont** Cntrs. R. Rupert (100 car unld capacity)

→ **But: What about reliable rail capacity increase? Plans??**

International developments

Global wheat production trends

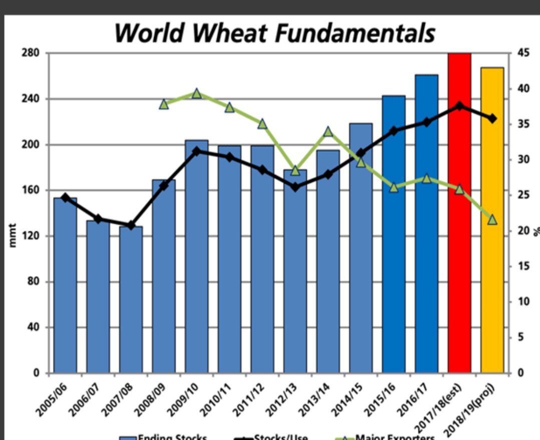


WORLD ESTIMATES

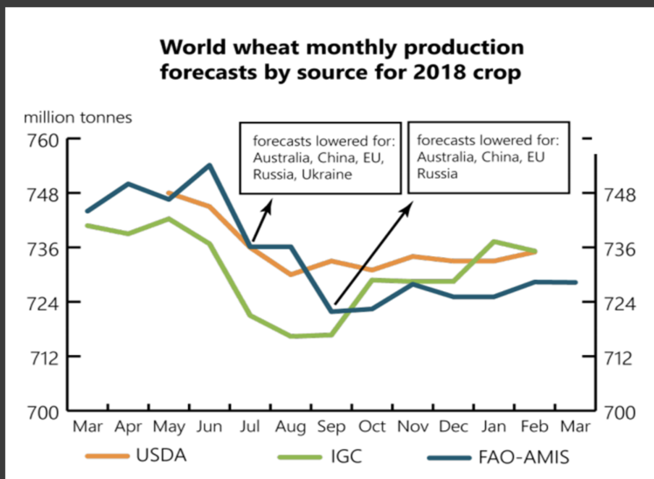
million tons	15/16	16/17	17/18 est.	18/19 f'cast 24.01	18/19 f'cast 21.02
WHEAT					
Production	740	757	764	**737**	**735**
Trade	166	177	175	**170**	**170**
Consumption	720	735	741	**745**	**744**
Carryover stocks	227	248	271	**263**	**262**
year/year change	19	22	22		**-8**
Major exporters [b)]	68	79	82	**65**	**66**

Where we are:

- The 2018 **wheat production** forecast at 735 mln mt in the February '19 IGC report is *4% smaller than in 2017/18 (-29 mln mt).*
- Global **wheat trade** at 170 mln mt is 5 mln mt smaller than in 2017/18.
- **Wheat consumption** at 744 mln mt, *still is 3 mln mt higher than last crop year.*
- Global **wheat ending stocks** at 263 mln mt are 9 mln mt smaller than last years.
  - And especially *stocks for major exporters dropped by a full 16 mln mt from last crop year.*



- Ending stocks & stock-use ratio (incl. demand considerations) are down this yr.
- Ending stocks major exporters are down, but still similar to '16/17



- Evolution of production estimates Mch.'18 to Mch.'19
  - Slight lift Jan. '19 forward

World Wheat Prod'n	2014/15	2015/16	2016/17	2017/18	Feb 2018/19	Δ
Argentina	13,930	11,300	18,400	18,500	19,200	104%
Australia	23,743	22,275	31,819	21,300	17,000	80%
Canada	29,442	27,647	32,140	29,984	31,800	106%
China	128,321	132,639	133,271	134,334	131,430	98%
Egypt	8,300	8,100	8,100	8,450	8,450	100%
European Union	156,912	160,480	145,369	151,264	137,600	91%
India	95,850	86,530	87,000	98,510	99,700	101%
Iran	13,000	14,500	14,500	14,000	14,500	104%
Kazakhstan	12,996	13,748	14,985	14,802	15,000	101%
Morocco	5,116	8,064	2,731	7,092	7,340	103%
Pakistan	25,979	25,086	25,633	26,674	25,500	96%
Russia	59,080	61,044	72,529	84,992	71,600	84%
Turkey	15,250	19,500	17,250	21,000	19,000	90%
Ukraine	24,750	27,274	26,791	26,981	25,000	93%
Uzbekistan	7,150	7,200	6,940	6,900	6,000	87%
Others	55,409	56,911	56,218	51,012	54,338	107%
Subtotal	675,228	682,298	693,676	715,795	683,458	95%
United States	55,147	56,117	62,832	47,380	51,287	108%
World Total	730,375	738,415	756,508	763,175	734,745	96%

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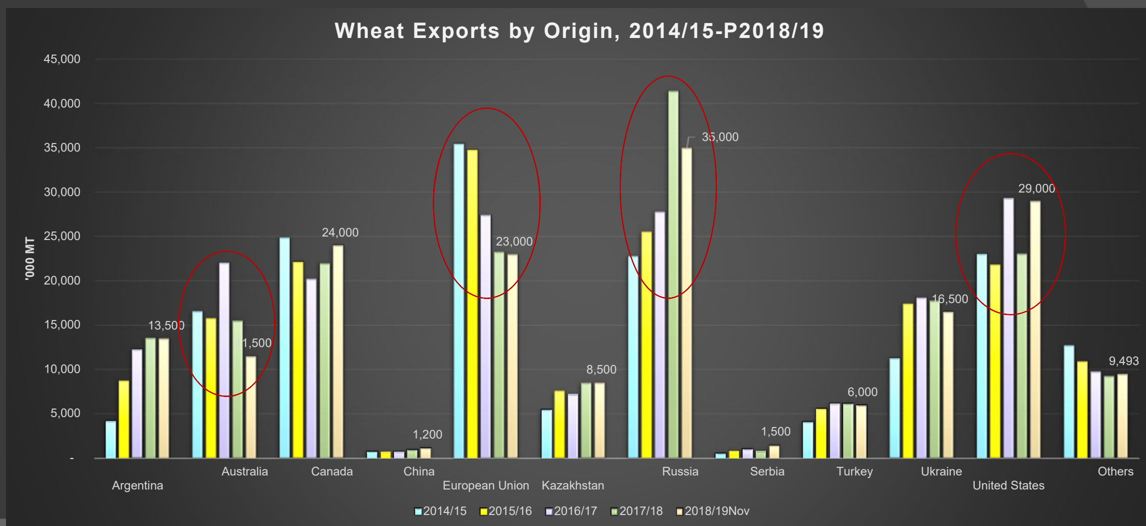
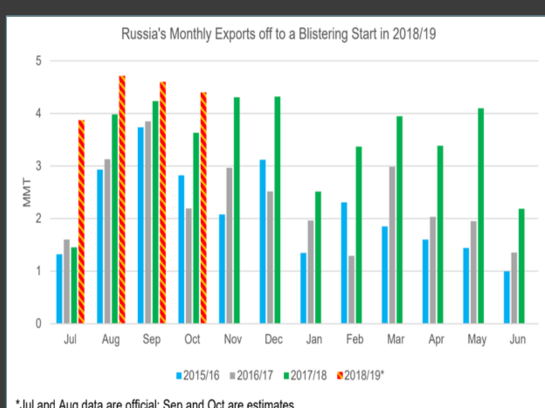
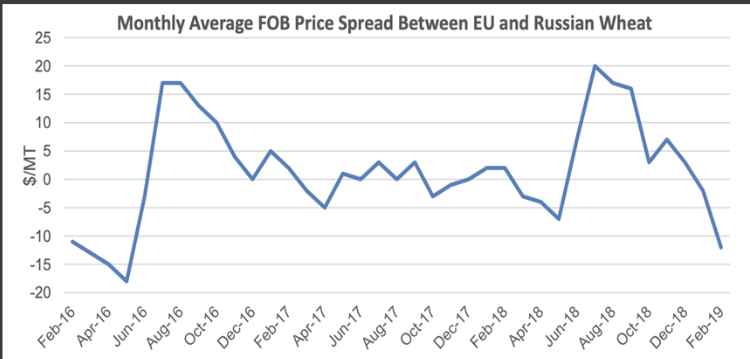




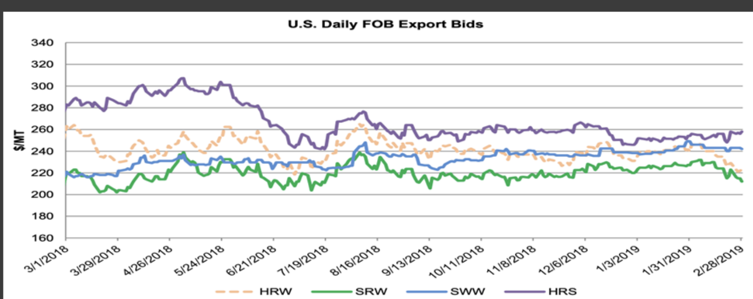
TRADE CHANGES IN 2018/19 (1,000 MT)

Country	Attribute	Previous	Current	Change	Reason
Australia	Exports	10,500	**10,000**	**-500**	Slow pace of exports due to drought
Brazil	Exports	300	**500**	**200**	Larger crop
China	Imports	4,000	**3,500**	**-500**	Slower expected imports; higher domestic feeding of low-quality wheat
Iraq	Imports	3,700	**4,200**	**500**	Strong pace of trade, particularly flour from Turkey
Pakistan	Exports	1,000	**1,300**	**300**	Plentiful supplies and subsidized exports
Paraguay	Exports	250	**600**	**350**	Larger crop and strong exports to Brazil
Russia	Exports	36,500	**37,000**	**500**	Continued large monthly exports despite becoming less competitive
Turkey	Exports	6,000	**6,300**	**300**	Fast pace of flour exports
	Imports	4,700	**5,300**	**600**	Strong trade; importing grain to process and re-export as flour



Note: Price spread is monthly average between EU (France) Grade 1 Rouen and Black Sea/Russia Milling. Negative Indicates EU prices below Russian prices. Source data for daily quotes: International Grains Council

With improved price competitiveness, EU wheat is now positioned to take a more prominent role in supplying wheat to major importing countries in Africa and the Middle East.



Month Ending	Argentina	Australia	Black Sea	Canada	EU	US
February	$235	$283	$234	$253	$221	$223
January	$243	$313	$246	$265	$240	$240
December	$233	$313	$239	$250	$238	$231

Month Ending Prices for Major Wheat Exporters
Source: IGC
Note on FOB prices: Argentina- 12.0%, up river; Australia- average of APW; Fremantle, Newcastle, and Port Adelaide; Black Sea-milling; Canada- CWRS 13.5% St. Lawrence; EU- France grade 1, Rouen; US- HRW 11.5% Gulf

- Pxs down in Feb.
  - due intense competition & good N/C conditions in N. Hemisphere.
- Black Sea pxs declined relatively less than others, improving the competitiveness of EU and U.S. wheat.
- Both EU & US are expected to have stronger exports in the coming months due to reduced Black Sea supplies and more competitive prices.
- Australian pxs dropped the most during February, but remain high relative to other major exporters.

- U.S. export sales have picked up recently; ttl. commitments are > than lst. yr. at this time.
- Strong, steady demand from tradit'l buyers such as Japan, South Korea, and the Philippines.

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- **Egypt** (GASC) tender: 363k mt of Apr. wheat for an avg of $250.79, *$10 cheaper than their Feb 8th tender*.
  - *France took most of the tender ;* no offers from the US, but *Ukraine, Russia and Romania supplied a cargo each to Egypt, Russia and Romania proving they are not out of wheat yet.*
- *Last wk: Saudi Arabia bot 625k mt Apr-Jun at US$244.50/mt, Syria bought 200k mt April at $252, Korea bought 30k mt May feed at $254.25, the Philippines bought 40k mt Austrln. feed at $265, Algeria bought 300kt durum at $283/mt, Iraq bought 50kt US wht. at $294.14 and 50k mt Canadian wht. at $303.75/mt.*
- *US wht. sales were 625k mt for a total 830 mln bu, which for the first time this season is up on last year (+ 3%).*

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World Wheat Production

	17/18		18/19	
	Feb	**Mar**	Feb	Mar
US	47.35	47.35	51.29	51.29
EU-27	151.26	151.26	137.50	137.50
Canada	29.98	29.98	31.80	31.80
Australia	21.30	21.30	17.00	**17.30**
Argentina	18.50	18.50	19.20	**19.50**
China	134.33	134.33	131.43	131.43
FSU	142.35	142.35	126.05	**124.78**
India	98.51	98.51	99.70	99.70
Pakistan	26.67	26.67	26.50	26.50
Other	92.93	92.82	94.28	93.20
World	763.18	763.07	734.75	**733.00**
Non-China	**628.85**	**628.74**	**603.32**	**601.57**

World Wheat Supply/Demand

	17/18		18/19	
	Feb	**Mar**	**Feb**	**Mar**
Carry In	261.05	260.05	280.02	**279.61**
Production	763.18	763.07	734.75	**733.00**
Imports	179.14	179.14	176.24	176.53
Domestic	744..2	744.40	747.23	**742.09**
Exports	181.23	181.23	178.67	178.67
End Stocks	280.02	279.61	267.53	**270.53**

World Wheat End Stocks

	17/18		18/19	
	Feb	Mar	Feb	Mar
US	29.91	29.91	27.50	**28.72**
EU-27	14.13	14.13	11.23	**10.43**
Canada	6.18	**5.92**	5.13	**4.87**
Australia	5.87	5.87	4.02	**4.12**
Argentina	0.94	0.94	0.50	**0.60**
China	131.26	131.26	139.99	139.99
FSU	20.88	20.88	13.63	**13.19**
India	13.20	13.20	14.60	**17.50**
Pakistan	4.83	4.83	3.33	3.33
Other	52.82	52.67	47.60	47.78
World	280.02	279.61	267.53	**270.53**
Non-China	**148.76**	**148.35**	**127.54**	**130.54**

The focus in the wheat market over the coming weeks will be:

- The US-China trade talks,
- the pace of Russian wheat exports, and
- the exceptionally warm dry weather in Europe.

The USDA's 2019/20 US wheat S&D was neutral as it showed ending stocks falling by only 66 mln bushels next year, which is not bullish. (=caution)

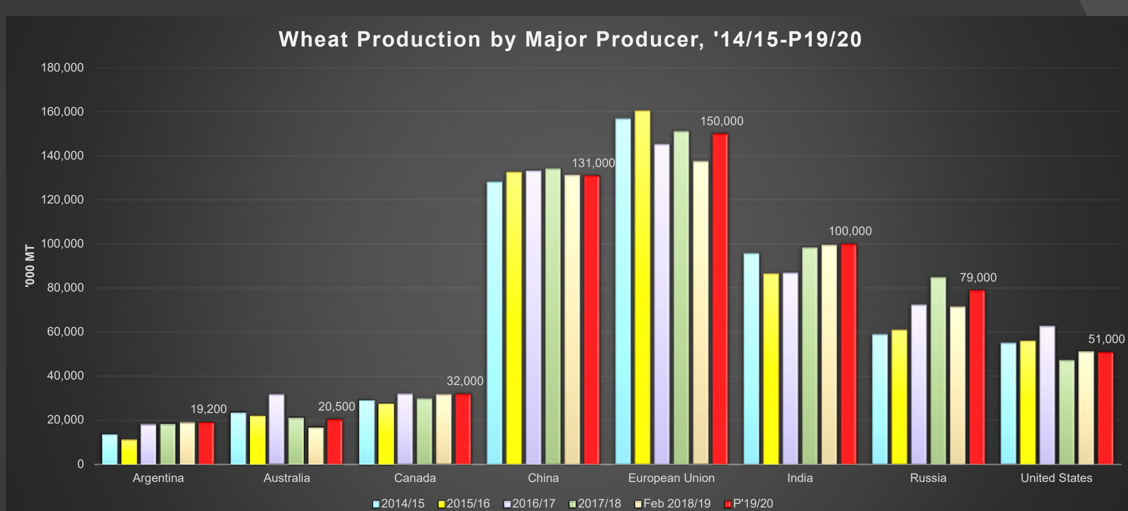
'18/19 wheat looks to be over without China or a major weather problem, despite the 11-year lows in the stocks/use ratio of the major exporters.

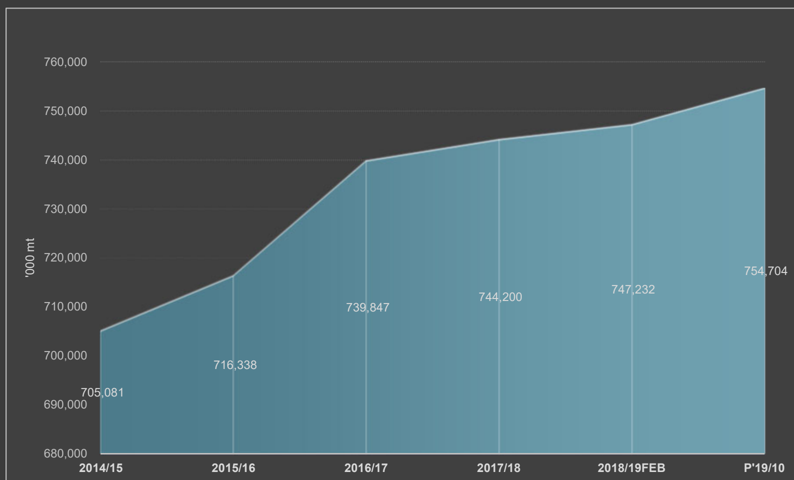
- The longer term outlook not that good with *increased Russian/FSU and EU crops* coming in the next crop.
  - *Russia & EU will all be competing for early destinations Sept thru Jan 2019/20.*
- This & lack of cash in consuming countries keeps wheat on the defensive.
  - Do no longer expect major improvements this yr.

- The **USDA Outlook Forum** on 2019/20 US wheat planted area. Total wheat area is projected down 800k ac from last year at 47 mln acres.
  - Given the last USDA estimates of winter wheat area are for 31.29 mln acres, *this implies that spring wheat area will be up just under 1 mln acres* from last year at 15.71 mln acres.

World Wheat Prod'n						Merc	FAO Mch.'19
	2014/15	2015/16	2016/17	2017/18	Feb 2018/19	P'19/20	P'19/20
Argentina	13,930	11,300	18,400	18,500	19,200	19,200	19,000
Australia	23,743	22,275	31,819	21,300	17,000	20,500	24,000
Canada	29,442	27,647	32,140	29,984	31,800	32,000	33,000
China	128,321	132,639	133,271	134,334	131,430	131,000	129,000
Egypt	8,300	8,100	8,100	8,450	8,450	8,500	9,000
European Union	156,912	160,480	145,369	151,264	137,600	**150,000**	149,000
India	95,850	86,530	87,000	98,510	99,700	100,000	99,000
Iran	13,000	14,500	14,500	14,000	14,500	14,000	13,400
Kazakhstan	12,996	13,748	14,985	14,802	15,000	15,000	14,500
Morocco	5,116	8,064	2,731	7,092	7,340	7,000	
Pakistan	25,979	25,086	25,633	26,674	25,500	25,500	24,500
Russia	59,080	61,044	72,529	84,992	71,600	**79,000**	79,000
Turkey	15,250	19,500	17,250	21,000	19,000	19,000	21,000
Ukraine	24,750	27,274	26,791	26,981	25,000	26,000	26,500
Uzbekistan	7,150	7,200	6,940	6,900	6,000	7,000	6,500
Others	55,409	56,911	56,218	51,012	54,338	53,000	58,000
Subtotal	675,228	682,298	693,676	715,795	683,458	706,700	705,400
United States	55,147	56,117	62,832	47,380	51,287	51,000	52,000
World Total	**730,375**	**738,415**	**756,508**	**763,175**	734,745	757,700	**757,400**

Early est.: Increase of 23 mln mt; up 3%





Early est: Increase of 7.5 mln mt;

up 1%

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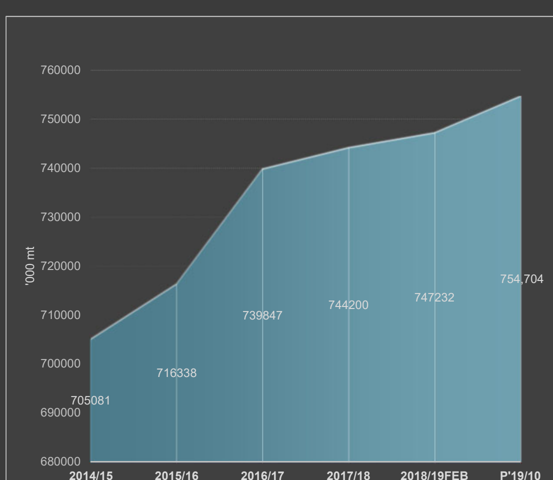

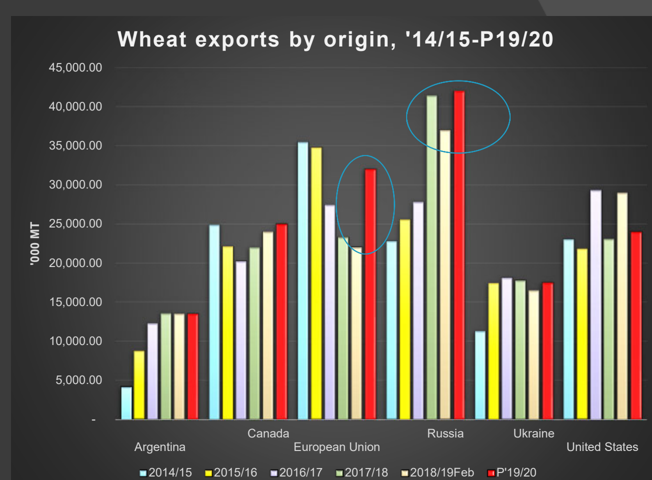

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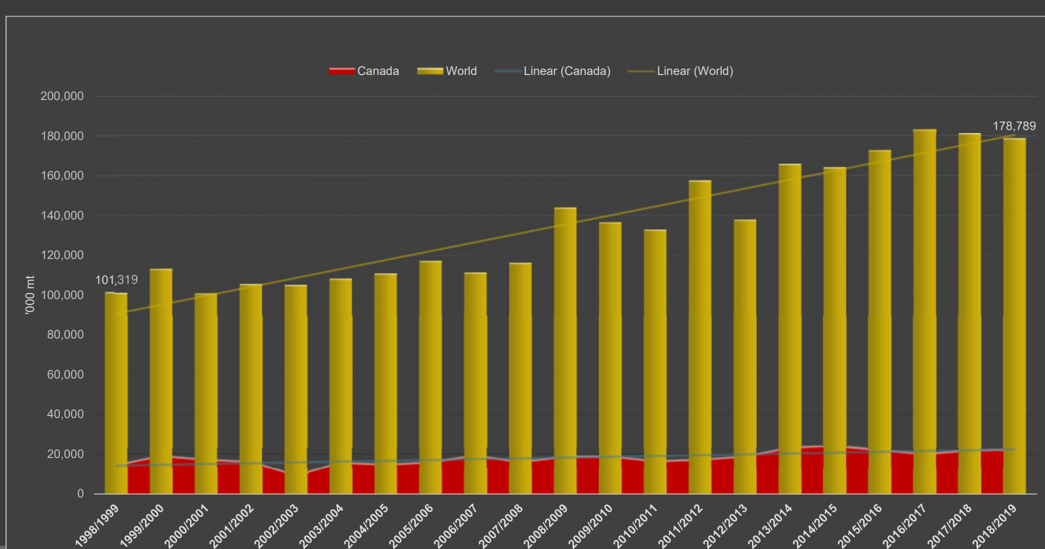
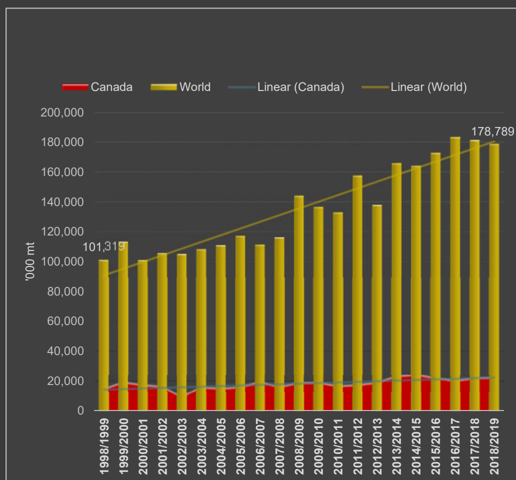
Global Balance Sheet		
	2018/19	P2019/10
(mln mt)		
Production	735	757
Supply	1015	1025
Consumption	747	755
Ending Stocks	268	270

- #'s not too bad, as long as cons'n goes up & exports don't drop.
- Big Q'n: Who will capture the export demand; will export D be down???
- Bigger Russian/FSU & EU crops will all be competing hard for early destinations Sept thru Jan 2019/20.
- *'Can' Cda increase market share?*

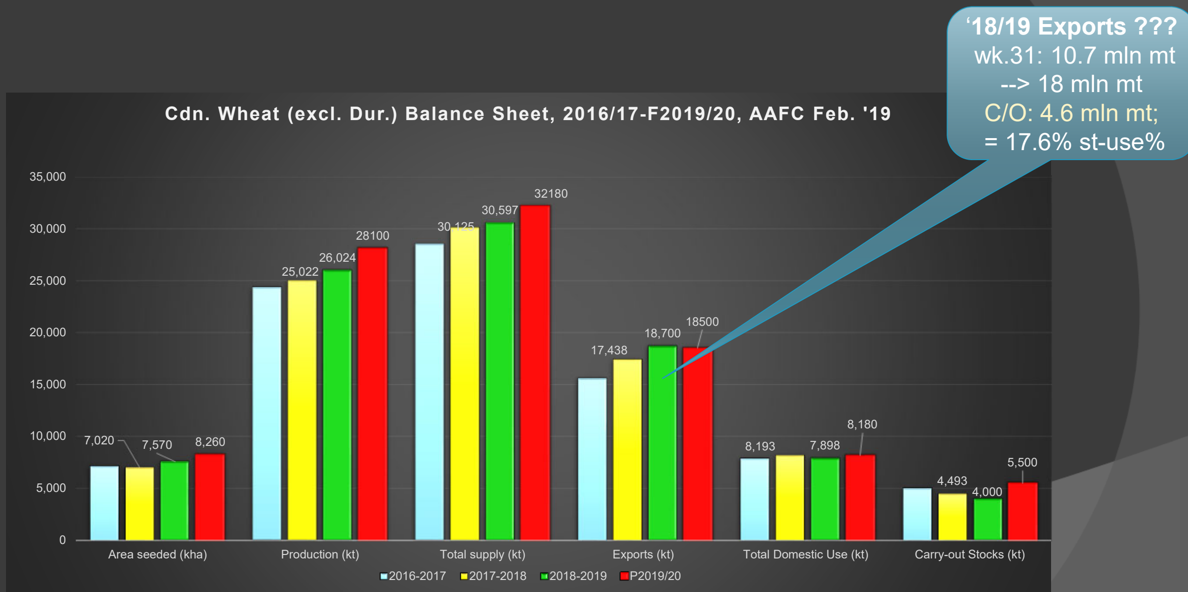




- Global: 101 mln mt to 179 mln mt; 177%
- Cda.: 15 mln to 22.3 mln mt; 152%
- Cdn. Mkt. Share: 17% ('99/'00) to 12.5% ('18/19)

Canadian Wheat (Spring Wheat, Durum Wheat)

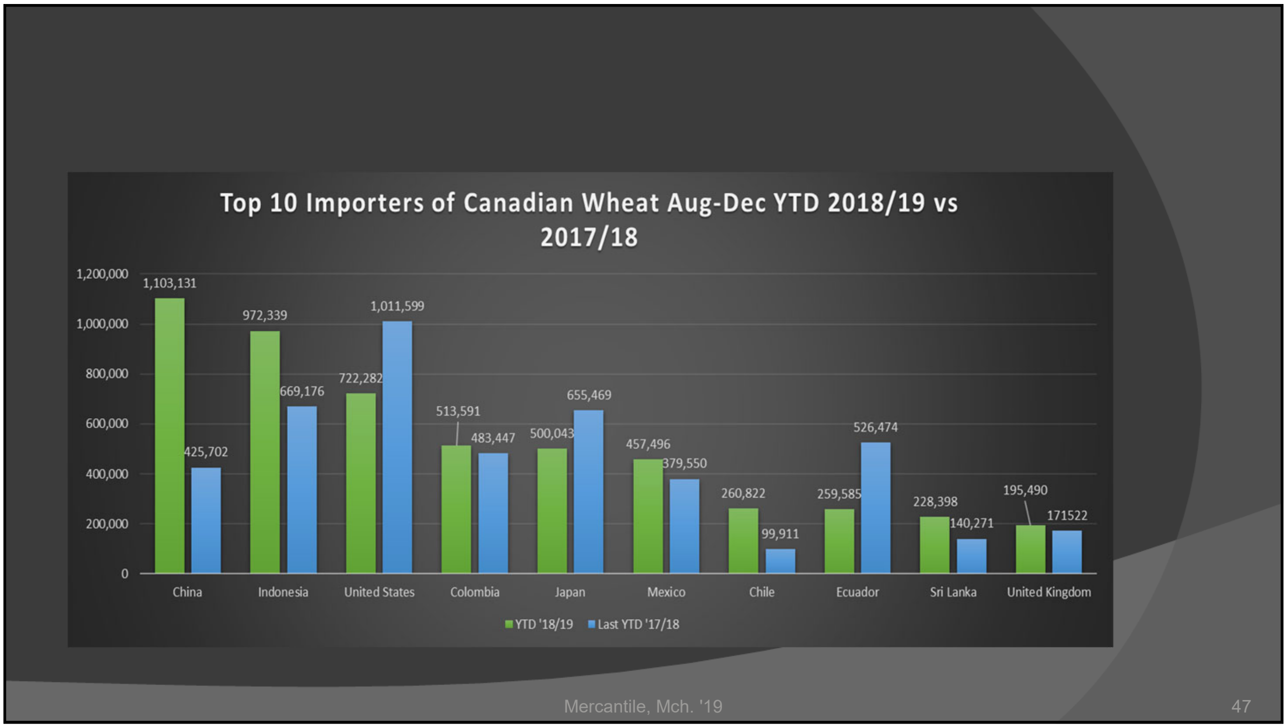
Cdn. Wheat Balance Sheets



(mt)	Monthly Wheat Exports								2018/'19 crop year
Rank	Country	Aug. '18	Sept. '18	Oct. '18	Nov. '18	Dec. '18	YTD '18/19	Last YTD '17/18	% of last y	Change from last yr
Total	World	1,577,290	1,680,323	1,722,514	1,755,432	1,667,564	8,403,123	7,005,257	120%	1,397,866
1	China	171,106	194,950	69,459	203,190	464,426	1,103,131	425,702	259%	677,429
2	Indonesia	204,335	158,388	203,100	208,595	197,921	972,339	669,176	145%	303,163
3	United States	160,088	156,050	93,630	97,530	214,984	722,282	1,011,599	71%	-289,317
	Colombia	90,674	67,024	202,974	62,986	89,933	513,591	483,447	106%	30,144
	Japan	106,126	70,273	70,556	192,440	60,648	500,043	655,469	76%	-155,426
	Mexico	90,140	91,037	66,722	104,934	104,663	457,496	379,550	121%	77,946
	Chile	31,458	0	152,166	34,209	42,989	260,822	99,911	261%	160,911
	Ecuador	32,451	103,401	10,833	64,500	48,400	259,585	526,474	49%	-266,889
	Sri Lanka	0	74,400	76,999	0	76,999	228,398	140,271	163%	88,127
	United Kingdom	36,262	46,851	30,050	35,946	46,381	195,490	171522	114%	23,968

(CGC) Grain Handling Summary Wheat			Week 31 (to Mch. 3/'19)	
('000 mt)	Prod. Dlvrs.	Terminal Rcpts.	Bulk exports	Dom. Disappearance
Current week	**380.0**	**247.9**	**285.2**	**40.6**
Week ago	370.8	273.1	354.2	39.2
YTD	**13,082.6**	**12,338.7**	**10,725.8**	**2,417.3**
Last YTD	10,872.1	10,103.5	9,149.2	2,739.4
YTD less Last YTD (k mt)	**2,210.5**	**2,235.2**	**1,576.6**	**-322.1**
YTD over Last YTD (%)	120%	122%	117%	**88%**

Based on weekly CGC Handling Data


Top 10 Importers of Canadian Wheat Aug-Dec YTD 2018/19 vs 2017/18
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
1,103,131
425,702
972,339
669,176
722,282
1,011,599
513,591
483,447
500,043
655,469
457,496
379,550
260,822
99,911
259,585
526,474
228,398
140,271
195,490
171522
China
Indonesia
United States
Colombia
Japan
Mexico
Chile
Ecuador
Sri Lanka
United Kingdom
YTD '18/19
Last YTD '17/18
Mercantile, Mch. '19
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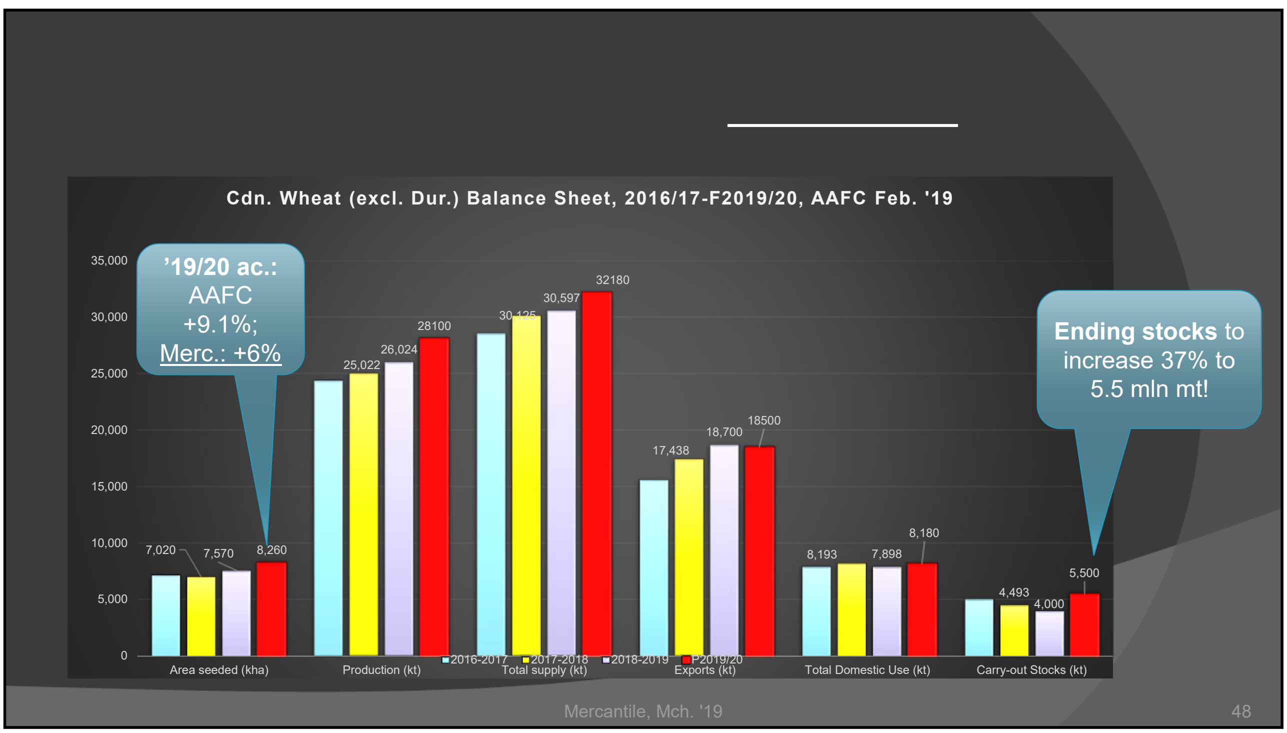
Cdn. Wheat (excl. Dur.) Balance Sheet, 2016/17-F2019/20, AAFC Feb. '19
'19/20 ac.: AAFC +9.1%; Merc.: +6%
Ending stocks to increase 37% to 5.5 mln mt!
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
7,020
7,570
8,260
25,022
26,024
28100
30,125
30,597
32180
17,438
18,700
18500
8,193
7,898
8,180
4,493
4,000
5,500
Area seeded (kha)
Production (kt)
Total supply (kt)
Exports (kt)
Total Domestic Use (kt)
Carry-out Stocks (kt)
2016-2017
2017-2018
2018-2019
P2019/20
Mercantile, Mch. '19
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ACRES	merc 2018	merc 2019	
All wheat	24,419	24,610	
spring wht	17,393	18,436	106.0%
durum	6,859	6,173	90.0%
Canola	21,651	21,002	97.0%
Barley	6,446	6,768	105.0%
Oats	2,888	2,946	102.0%
Flaxseed	934	990	106.0%
Rye	393	373	95.0%
Soybeans	6,070	6,070	100.0%
Corn for grain	3,181	3,341	105.0%
total acres	65,816	66,099	100.4%

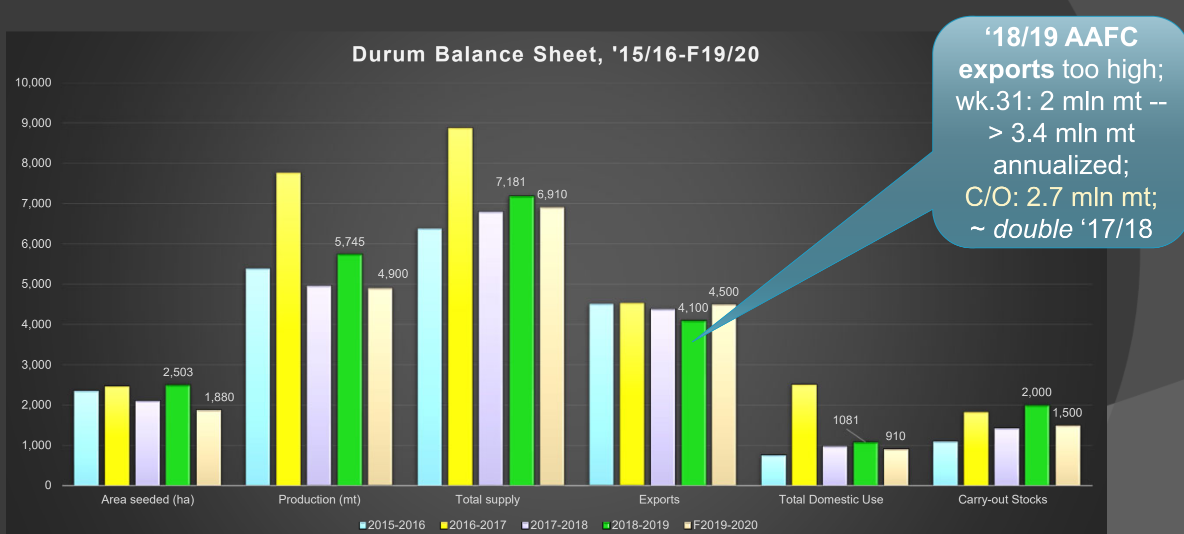
Our suggestions remain the same: Liquidate old crop stocks. Hold new crop sales for now.

- Sell remaining O/C wheat at $7.00/bu (+)
  - [Sk specials ~$7.44/bu ~ 2 wks ago]
- N/C wheat: wait, until we know more abt. China

Durum - World Durum '18/19

- **World durum production is up by ~1 mln mt** from 2017-18 to 38 mln mt
- Biggest **production increases**: Algeria, Canada and the US; smaller increases for Morocco and Tunisia.
- **Decrease**s for the EU, Mexico, Australia, Turkey and Syria.
- **Supply** rose by ~800k mt to 47.8 mln mt due lower carry-in stocks.
- **Use** should increase by 200k mt to 37.5 mln mt due higher food use
- **Ending stocks** are forecast to increase by min 800k mt to ~11 mln mt.
- Durum production in the **USA** increased to 2.1 mln mt from 1.5 mln mt

Mercantile, Mch. '19 51



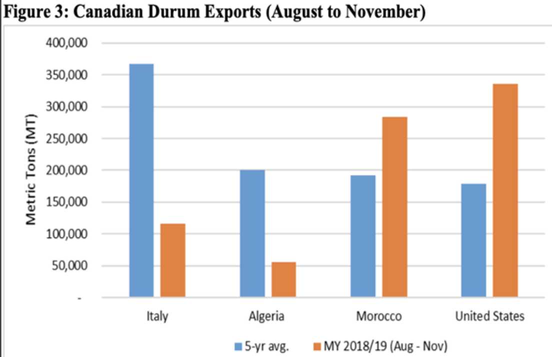
Mercantile, Mch. '19 52

(mt)	Monthly Durum Exports								2018/'19 crop year	
Rank	Country	Aug. '18	Sept. '18	Oct. '18	Nov. '18	Dec. '18	YTD '18/19	Last YTD '17/18	% of last y	Change from last yr
Total	World	293,601	306,817	294,174	222,671	443,837	1,561,100	1,704,805	92%	-143,705
1	United States	96,254	74,399	92,072	73,530	41,530	377,785	332,569	114%	45,216
2	Morocco	96,420	62,791	75,592	49,381	70,488	354,672	255,880	139%	98,792
3	Italy	9,117	47,438	40,615	19,001	72,524	188,695	284,158	66%	-95,463
	Turkey	0	0	0	14,858	134,855	149,713	0		149,713
	Algeria	0	0	36,666	0	57,491	94,157	294,877	32%	-200,720
	Japan	17,644	18,520	13,847	6,592	30,942	87,545	80,381	109%	7,164
	Nigeria	12,585	12,333	0	10,596	0	35,514	17,248	206%	18,266
	Belgium	1,022	1,021	1,234	680	25,771	29,728	43,486	68%	-13,758
	Peru	0	16,500	8,000	3,500	0	28,000	72,507	39%	-44,507
	Haiti	0	0	0	25,001	0	25,001	43,400	58%	-18,399

(CGC) Grain Handling Summary Durum ('000 mt)	Prod. Dlvrs.	Terminal Rcpts.	Bulk exports	Week 31 (to Mch. 3/'19) Dom. Disappearance
Current week	**131.1**	**71.5**	**76.8**	**3.9**
Week ago	131.9	60.4	0.4	1.9
YTD	**2,471.4**	**2,243.4**	**2,017.4**	**197.3**
Last YTD	2,410.0	2,679.5	2,411.4	441.3
YTD less Last YTD (k mt)	61.4	-436.1	-394.0	-244.0
YTD over Last YTD (%)	103%	84%	84%	45%

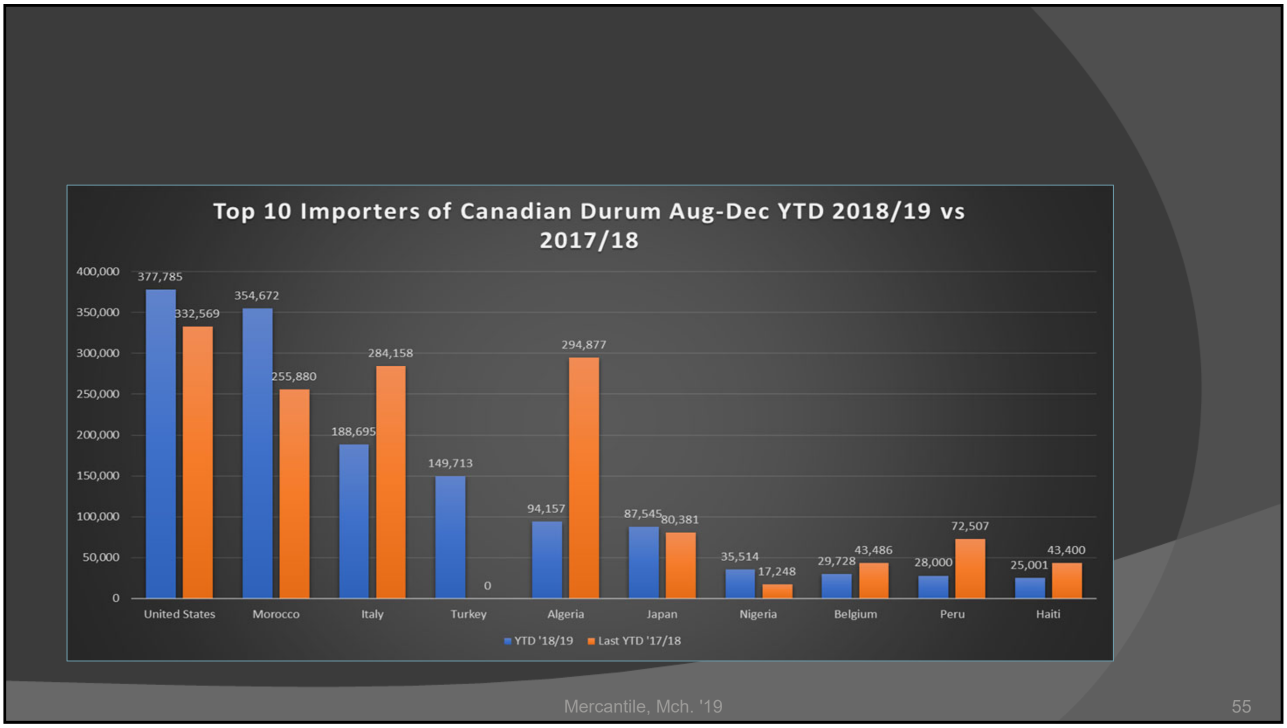
Mercantile based on weekly CGC Handling Data

Figure 3: Canadian Durum Exports (August to November)



Source: Global Trade Atlas

- Canada exported 1.1 mln durum August-November, 25 % below the 5-yr average
- Exports to Italy have not recovered from Italian country-of-origin labelling measures imposed in July 2017, falling to 116k mt in the 18/19.
- Exports to Algeria down due to record Algerian durum production in '18/19.
- Higher exports to Morocco through the first four months of MY 2018/19, +50% the 5-yr average,
  - due in part to lower Moroccan imports in May '18, ahead of the June/July Moroccan durum harvest.


Top 10 Importers of Canadian Durum Aug-Dec YTD 2018/19 vs 2017/18
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
377,785
332,569
354,672
255,880
188,695
284,158
149,713
0
94,157
294,877
87,545
80,381
35,514
17,248
29,728
43,486
28,000
72,507
25,001
43,400
United States
Morocco
Italy
Turkey
Algeria
Japan
Nigeria
Belgium
Peru
Haiti
YTD '18/19
Last YTD '17/18
Mercantile, Mch. '19
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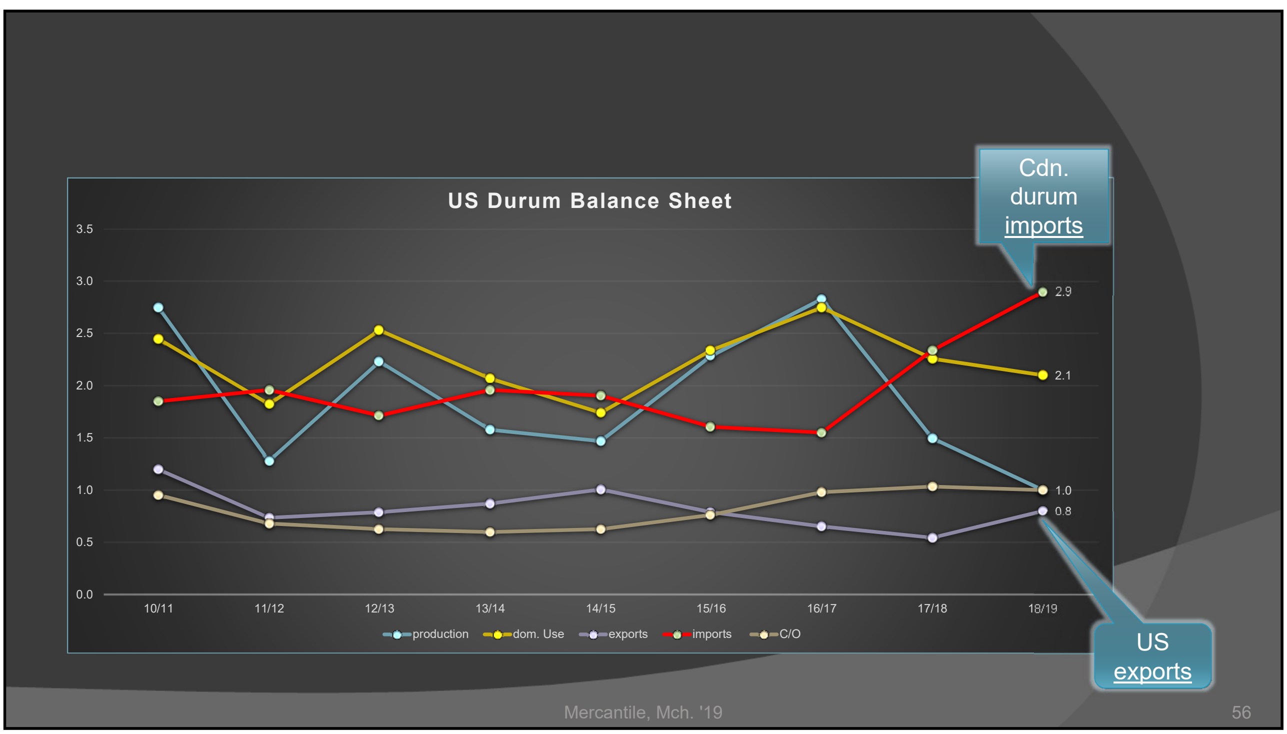
US Durum Balance Sheet
Cdn. durum imports
US exports
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
2.9
2.1
1.0
0.8
10/11
11/12
12/13
13/14
14/15
15/16
16/17
17/18
18/19
production
dom. Use
exports
imports
C/O
Mercantile, Mch. '19
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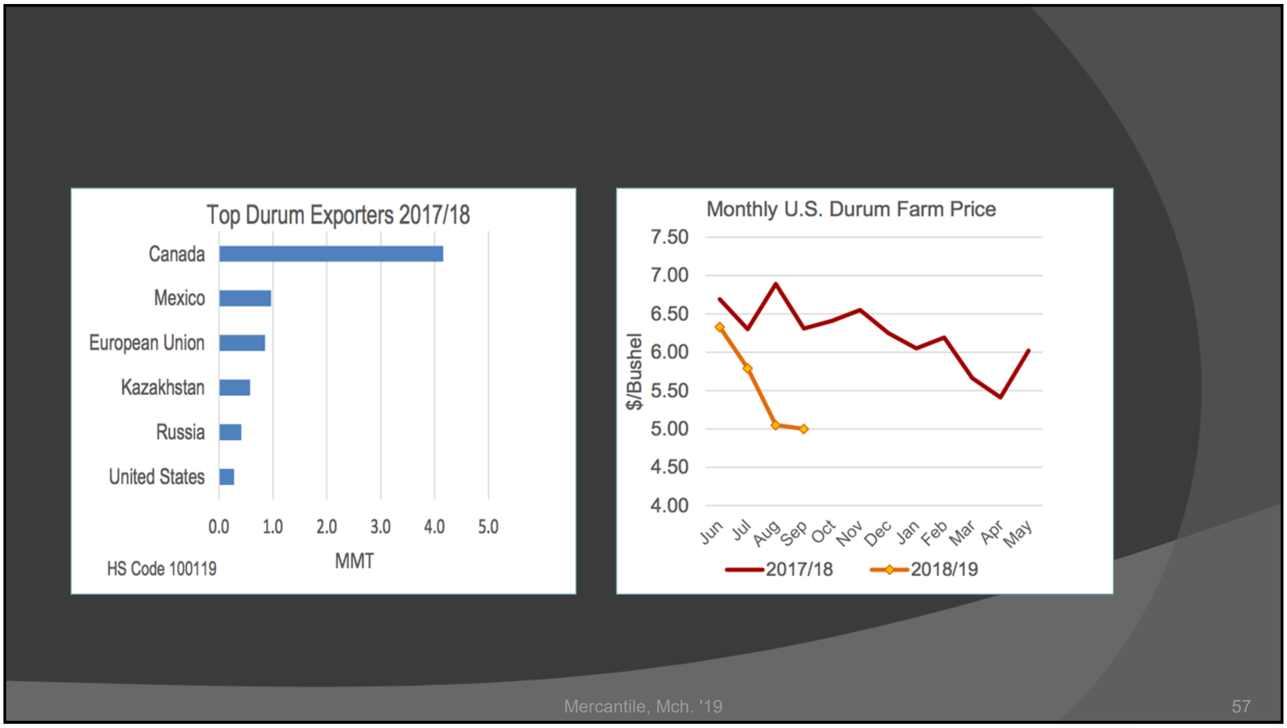
Top Durum Exporters 2017/18
Canada
Mexico
European Union
Kazakhstan
Russia
United States
0.0 1.0 2.0 3.0 4.0 5.0
MMT
HS Code 100119
Monthly U.S. Durum Farm Price
$/Bushel
7.50 7.00 6.50 6.00 5.50 5.00 4.50 4.00
Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May
2017/18
2018/19
Mercantile, Mch. '19
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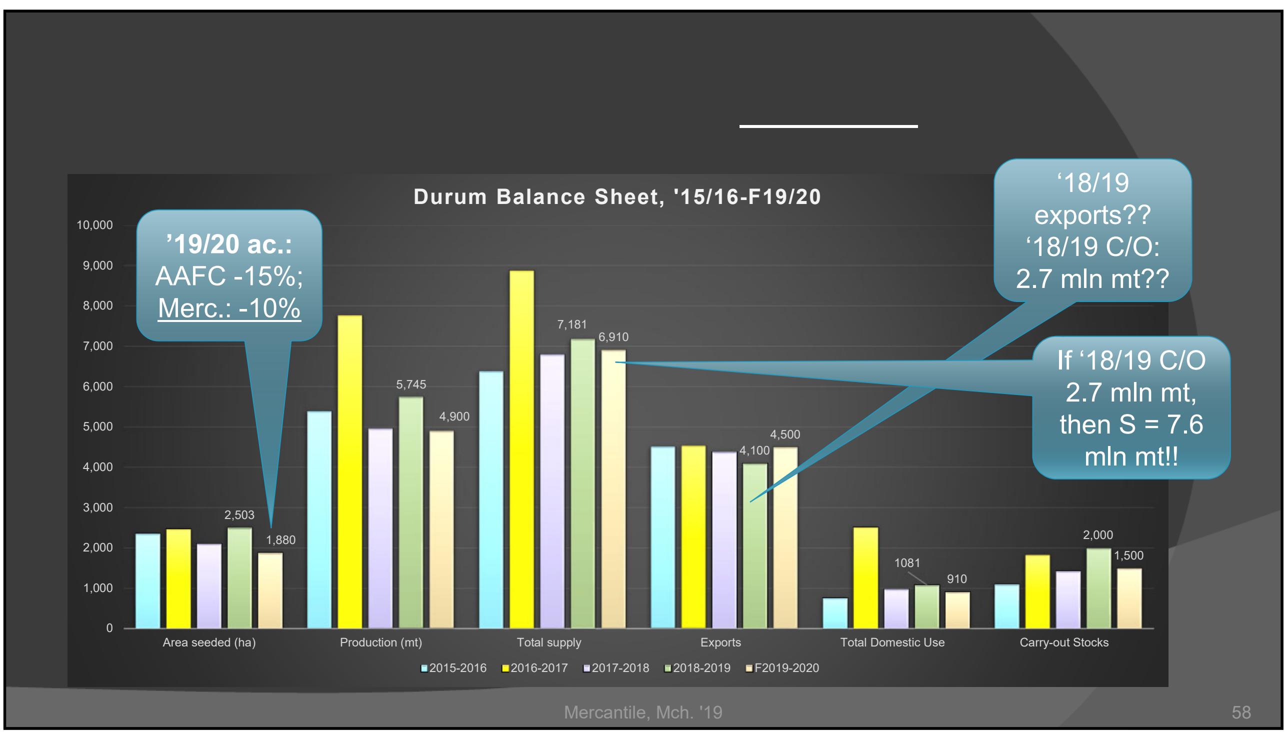
Durum Balance Sheet, '15/16-F19/20
10,000 9,000 8,000 7,000 6,000 5,000 4,000 3,000 2,000 1,000 0
'19/20 ac.: AAFC -15%; Merc.: -10%
'18/19 exports?? '18/19 C/O: 2.7 mln mt??
If '18/19 C/O 2.7 mln mt, then S = 7.6 mln mt!!
2,503
1,880
5,745
4,900
7,181
6,910
4,500
4,100
1081
910
2,000
1,500
Area seeded (ha)
Production (mt)
Total supply
Exports
Total Domestic Use
Carry-out Stocks
2015-2016 2016-2017 2017-2018 2018-2019 F2019-2020
Mercantile, Mch. '19
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- World durum **production**: Projected to fall by ~1.4 mln mt from ‘18-19 to 36.8 mln mt due lower seeded area.
- **Supply**: 46.9 mln mt (only -700k mt due higher ending stocks).
- **Use**: S/b stable at 37.6 mln mt.
- **Ending stocks:** 9.3 mln mt (down ~800k mt)
- **US durum** production is projected at 1.9 mln mt (-200k mt) due to lower seeded area.

- Have no easy answers
- Recent durum tenders should help mkt.
  - US$295 Tunisia → ~$7.25/bu elevator
- Would sell at $7.00/bu
- N/C: Plant less; hold selling for now, particularly while it is dry in North Africa.

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Questions?