

World Oilseed Situation and Outlook 2019

Macro Ag Environment

- Over-Supply of Wheat, Feed Grains, Oilseeds EVOLVING...
- Trade/Tariff Tensions with China Impact Global Flows, Timing of Demand

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Few Factors:

- Trade Talks not war anymore
- Global Soybeans Supplies
- US crop what is there in store- US Yield
- Currency Movement

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Trade war to Trade Talks.. SOPA meeting 2018 vs 2019




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- **Global Soybean Balance Sheet 100% Correlated to China**
 - Nearly 150 MMT of Soybean Import Demand – 55% of Global Demand
 - US versus Brazil, Argie Function of Trade Issues
 - Longer term, China Diversifies Sourcing
- **ASF Impact**
 - Chinese Demand – 85 MMT or 80 MMT or 92 MMT???
- **US Soybean Production, like Corn, Likely Overstated**
 - McDP using 45.7 bu/acre yield, 94.4 MMT crop (4.5 MMT below USDA)
- **Very Ample Global Ending Stocks Near 100 MMT...IF**
 - US Carry Out 640 mil bu or 450 mil bu...it all RELATIVE
 - Ample Non-US Stocks IF Brazil, Argie Have Record Combined Output
 - Brazil 123 MMT Crop Forecast at Record Level
 - Argentina Currency, Duty Issues
 - Impact on US Gulf Export Elevations – LOWER, of course


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Country	2018/19	2019/20	Change
World Prod	362.1	341.1	-20.7
US Ttl Supply (w/imports)	123.7	98.9	-24.8
Non- US	238.4	242.5	4.1
Argentina	55.3	53	-2.3
Brazil	117	123	6
Paraguay	9	10.2	1.2
Canada	7.3	6.5	-0.8
India	11.5	11	-0.5
China	15.9	17.1	1.2

World production less than last Year.. Main drop in US



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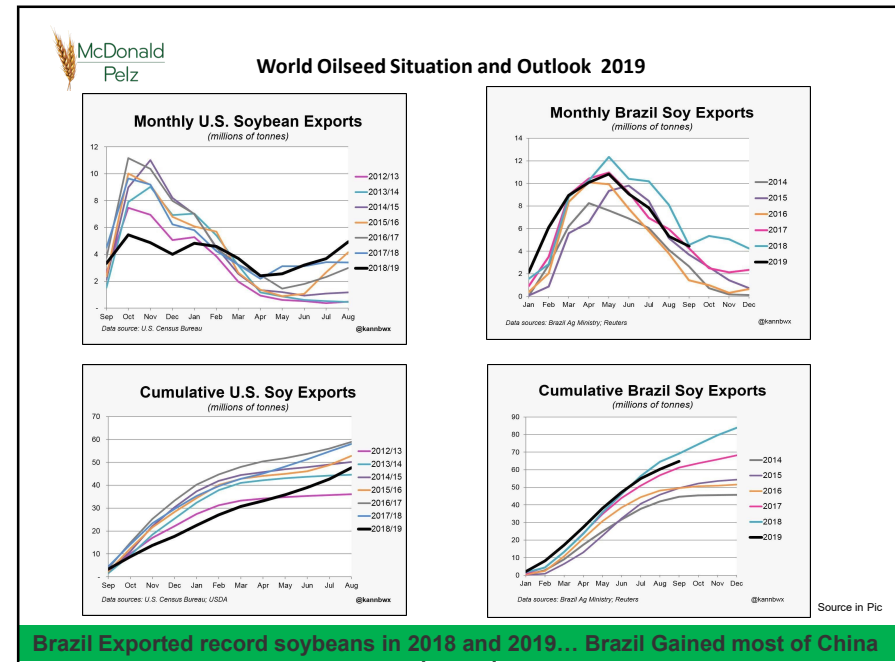
WORLD SOYBEANS	2017/18	2018/19	2019/20
Carry In	95.6	98.8	112.4
Prod	341.6	362.1	341.4
Ttl Supply (w/imports)	437.2	460.9	453.8
Crush	295.2	299.6	306.2
Exports	153.1	148.6	149.4
Ttl Demand (supply minus CO)	338.4	346.5	353.4
Carry Out	98.8	112.4	99.2

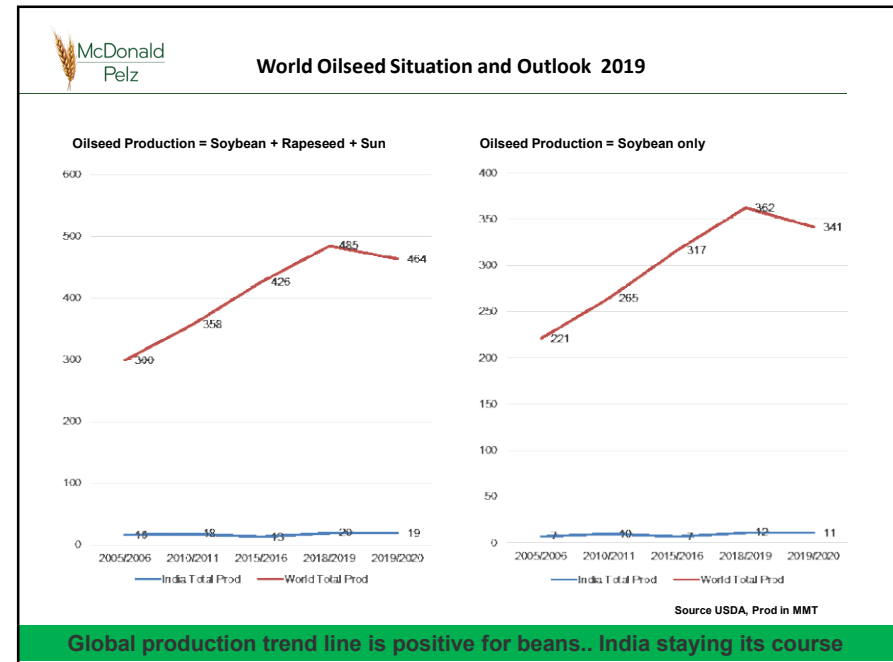
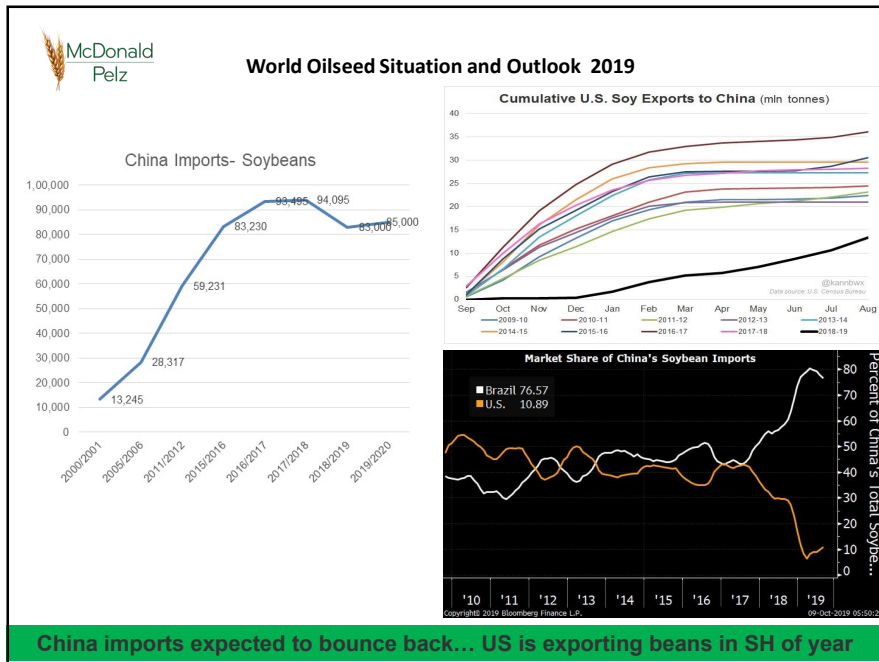
Global demand higher on account of crush demand, global trade expected to stay

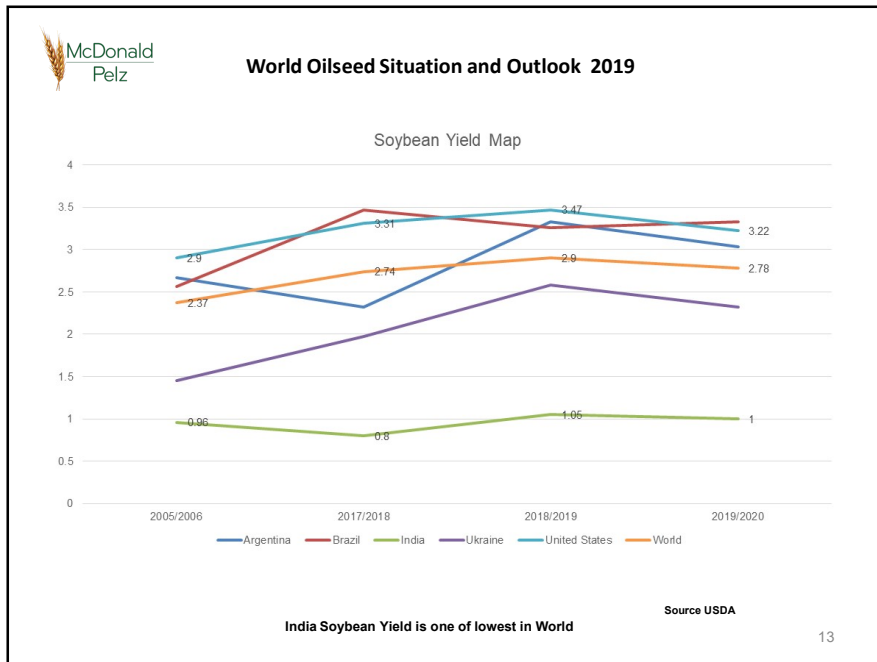
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US SOYBEAN	2017/18	2018/19	2019/20
Carry In	8.2	11.9	27.4
Production	120.1	123.7	98.9
Ttl Supply	128.9	136.0	126.8
Crushing	55.9	56.7	57.6
Residual	0.1	2.0	0.9
Seed	2.8	2.4	2.6
Exports	58.1	47.5	48.3
Ttl Demand	116.9	108.7	109.3
Carry Out	11.9	27.4	17.4

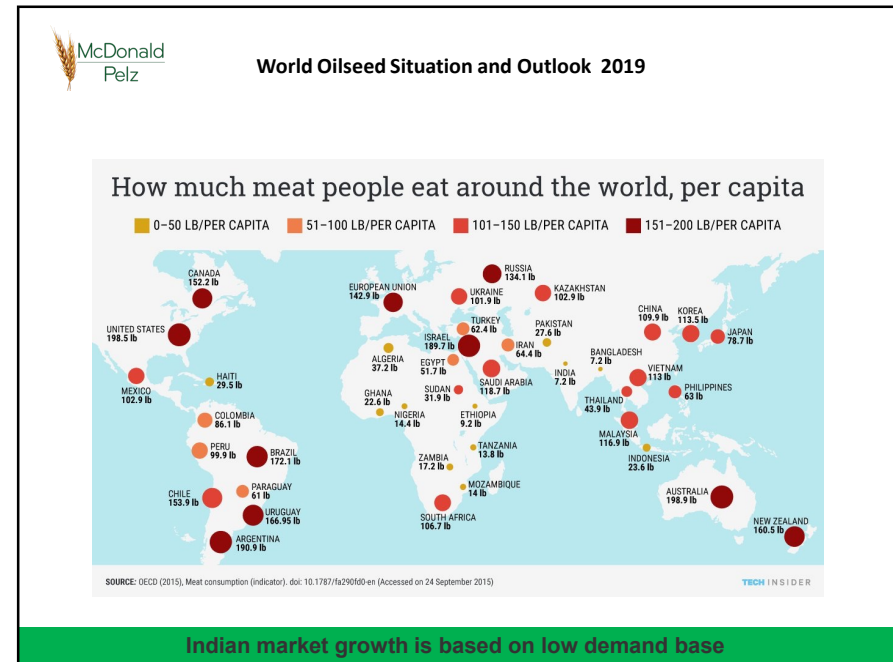
Expected Lower Yield in current report- can be supportive chicao

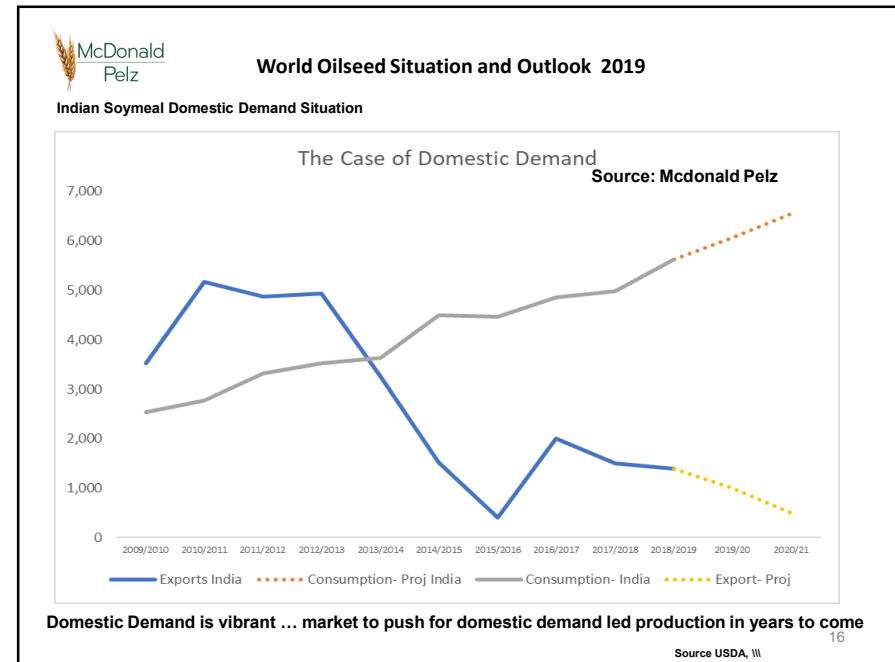
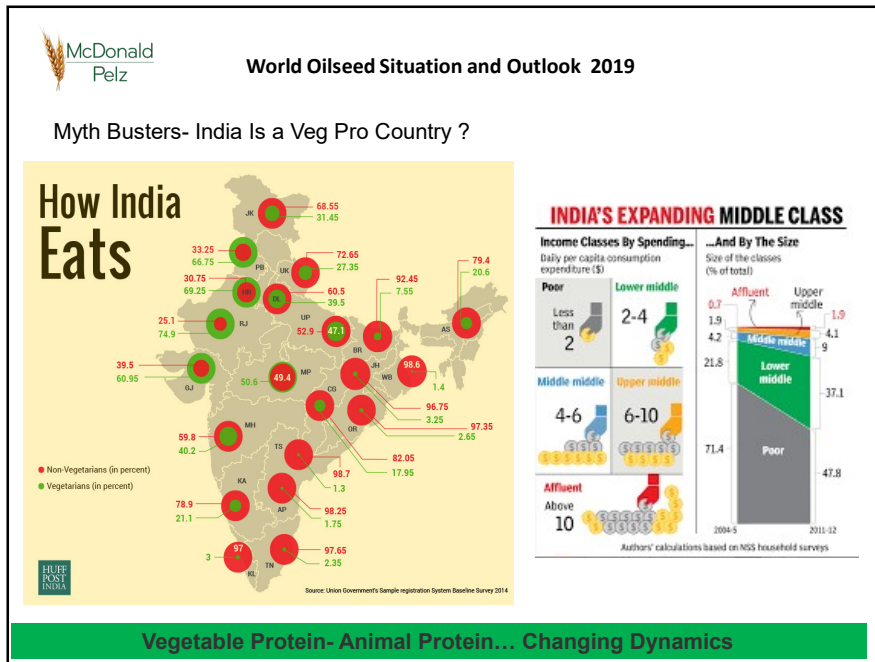






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GLOBAL CORN	2017/18	2018/19	2019/20
Carry In	351.4	339.6	329.6
Prod	1078.1	1122.2	1104.9
Ttl Supply (w/imports)	1579.5	1625.9	1603.9
Feed	673.0	697.4	694.4
Food/ Industry	416.9	434.8	434.7
Exports	148.6	176.2	169.9
Ttl Demand (supply minus CO)	1239.9	1215.7	1228.8
Carry Out	339.6	329.6	306.3
Carry Out (ex CH)	117.0	117.7	110.5


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- **Major Issues - Global Maize 2019/20 marketing year (MY – Sept 1 to Aug 31)**
 - **US Production Risk – Lower Due Unprecedented Growing Year Conditions**
 - **Argie, Brazil Crops:**
 - **Argie corn crop (2019/20 MY) 50 MMT, Exports 33.5 MMT**
 - Not Planted Yet, Need to Watch
 - **Brazil corn crop (2019/20 MY) 101 MMT, Exports 34.0 MMT**
 - Starting to Sow, Early Dryness Overblown
 - **Chinese Corn Demand in ASF Era**
 - Destocking Has Been a Priority in China
 - What is REAL Stock Level?
 - One Article Claiming 56 MMT level versus over 200 MMT “official”
 - **Ukrainian Corn Crop; Record Crop 36 MMT; Exports 30.0 MMT**
 - Lower EU Imports Due Local Feed Wheat?
 - **US Corn Export Forecast 2019/20 MY of 52.1 MMT**
 - Residual Supplier to World Importer
 - **World Demand SLOWS due ASF, Trade Issues**
 - Is it a Timing Issue or Total Demand Issue?

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WORLD WHEAT S&D	2017/18	2018/19	2019/20
Carry In	262.2	281.9	277.2
Production	762.3	730.8	765.5
Ttl Supply (w/imports)	1204.3	1182.9	1219.5
Feed Use	146.3	139.4	149.0
Food/Indu/Seed	596.3	596.0	607.3
Exports	182.1	172.7	180.8
Ttl Demand (supply less CO)	922.4	918.6	933.0
Carry Out	281.9	277.2	286.5

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- World Oilseed Situation and Outlook 2019**
- **World Wheat – Most BEARISH Due Record Production**
 - 2018/19 MY Produced \$250/MT Values FOB Black Sea Due Stock Drawdown (net net on previous slide)
 - 2019/20 MY Outlook for Unchanged Level in net net
 - USDA Too High on Global Demand!
 - **Quality – NOT Quantity – the Wheat Story of 2019/20**
 - Relatively High Pro BS Harvest
 - Narrowing of Feed/13.5% Pro Price Spreads
 - Lower Pro French Crop
 - US, Canadian Northern Plains Rains
 - Feed Wheat For Sale
 - Follows a 2018 Described by Many as “Best Wheat Ever”
 - **Wheat/Corn Cash Spread Wide - \$34/ton in BS**
 - Wheat Feeding Forecast at Record Level Globally??
 - Wheat Tied to Corn Fundamentals
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McDonald Pelz Global Commodities LLC

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THANK YOU