

CHS<sup>®</sup>

The logo features the letters 'CHS' in a white, serif font. A thick, white, curved swoosh underline starts under the 'C', goes under the 'H' and 'S', and then curves back up under the 'S'. A small registered trademark symbol (®) is located to the upper right of the 'S'.



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# Overview: Oilseed Outlook

CHS Grain Marketing

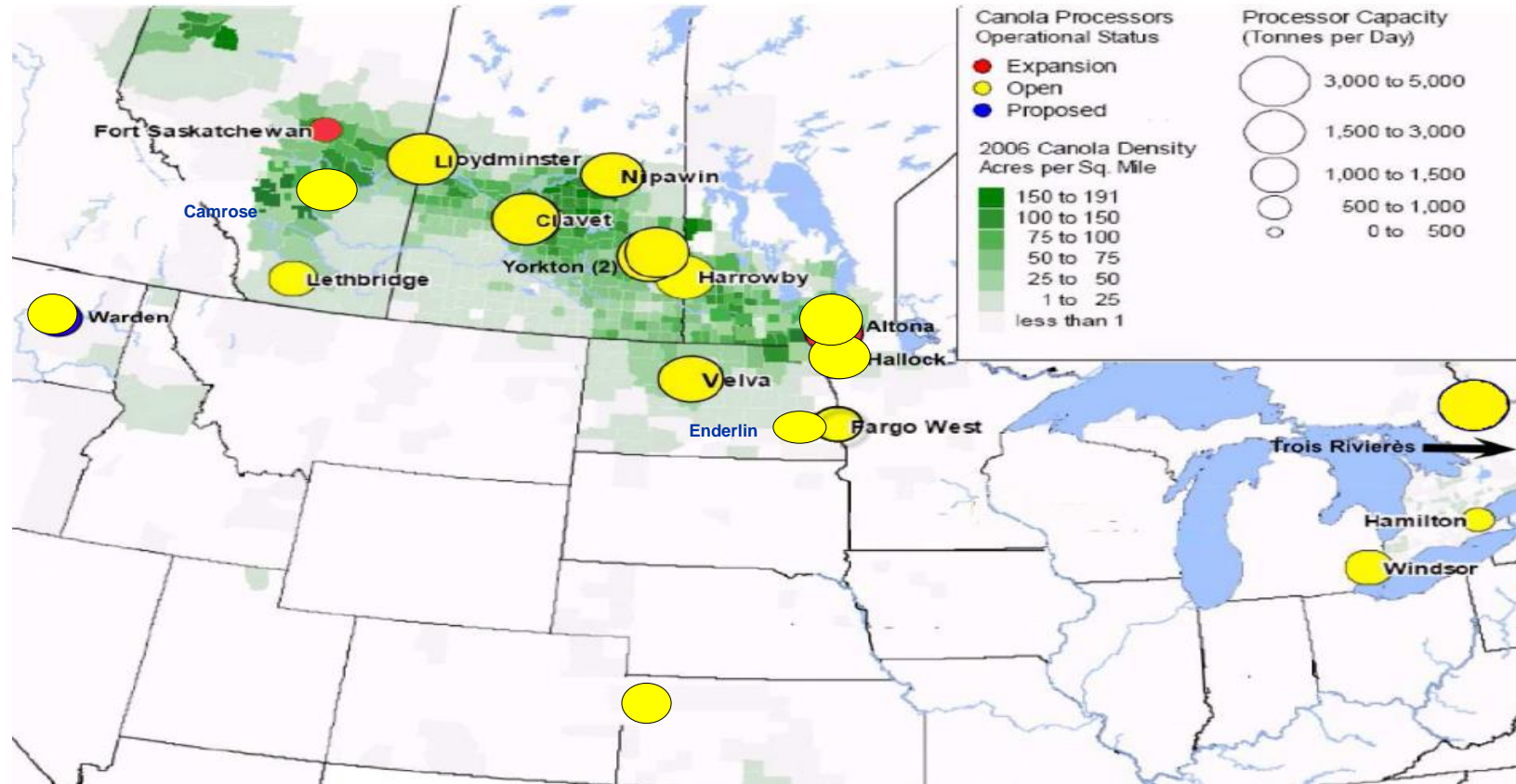
Brian Matter

Merchandiser

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December 16th, 2015

# NORTH AMERICAN CRUSH MARKETS



## OTHER POTENTIAL MARKETS

- **Exports thru Port of Duluth/Superior**
- **Direct rail shipments to Mexico**
- **Rail shipments to PNW corridor**
- **Small expeller plants**
- **Hi-Oleic Canola**
- **Non-GMO Canola**

# HOW IS PRICE ESTABLISHED?

## FORMULA

- **Winnipeg ICE Futures**
- **+/- Basis**
- **= Flat Price in Canadian \$\$ per Metric Ton**
- **Can\$\$ Price X CBOT FX**
- **=Flat Price in US \$\$ per metric Ton**
- **Divide by 22.046** =
- **US \$\$ per cwt.**

## EXAMPLE

- **CAD \$478.00**
- **-20 RSK FOB**
- **CAD \$458.00**
- **FX .7275**
- **US \$333.195**
- **US \$15.11/cwt FOB**

**REMEMBER: 3 Risk Components 1)Futures 2)Basis 3)FX**

# CAN\$ CORRELATION TO CRUDE OIL



# DOLLAR INDEX



# WORLD CANOLA S&D

<b>RAPESEED &amp; CANOLA: World Supply &amp; Demand</b>				
<b>(Mn T)</b>				
	<b>15/16F</b>	<b>14/15</b>	<b>13/14</b>	<b>12/13</b>
<b>Open'g stocks</b>	<b>6.08*</b>	<b>7.51</b>	<b>5.13</b>	<b>5.90</b>
<b>Production</b> .....	<b>63.89*</b>	<b>67.72</b>	<b>69.88</b>	<b>64.06</b>
<i>EU-28</i> .....	21.67*	24.33	21.22	19.80
<i>Russia</i> .....	1.15*	1.46	1.39	1.04
<i>Ukraine</i> .....	1.85*	2.30*	2.47*	1.30*
<i>Canada</i> .....	17.23	16.41	18.55	14.02*
<i>China</i> .....	9.50*	10.50*	11.80*	12.70*
<i>India</i> .....	5.40*	5.10*	6.70*	7.00*
<i>Australia</i> .....	3.00*	3.46	3.83	4.26*
<b>Total supplies</b>	<b>69.97*</b>	<b>75.23</b>	<b>75.01</b>	<b>69.96</b>
<b>Crush (July/June)</b>	<b>61.74*</b>	<b>66.33</b>	<b>64.50</b>	<b>61.81</b>
<b>Other use</b> .....	<b>2.87*</b>	<b>2.82*</b>	<b>3.00</b>	<b>3.02</b>
<b>End'g stocks</b> ....	<b>5.36*</b>	<b>6.08*</b>	<b>7.51</b>	<b>5.13</b>
<i>EU-28 (Jun 30)</i> .....	.85*	1.01*	.92	1.00
<i>Canada (July31)</i> .....	2.00*	2.32	2.70*	.59
<i>Other countries</i> .....	2.51*	2.75*	3.89	3.54
<b>Stocks/usage</b>	<b>8.3%</b>	<b>8.8%</b>	<b>11.1%</b>	<b>7.9%</b>

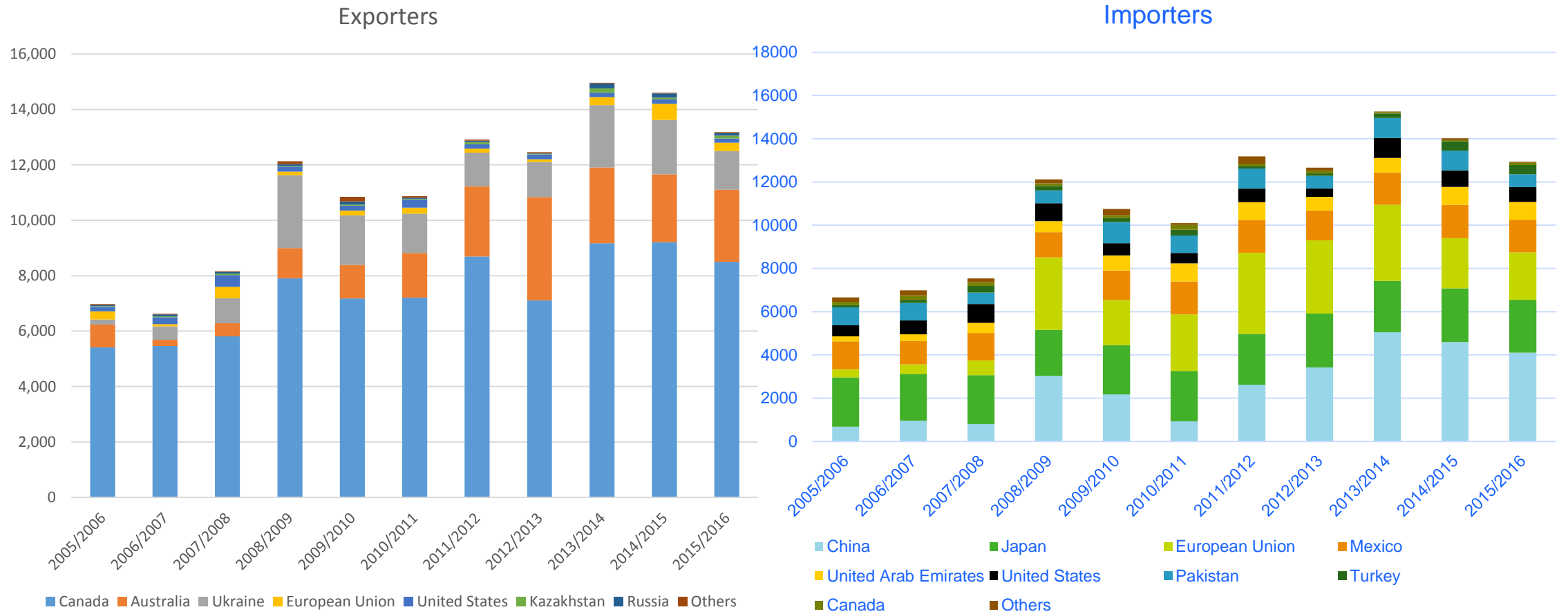
Source: Oil World



# CANOLA FUTURES



# CANOLA EXPORTERS & IMPORTERS



Source: USDA

# WORLD SOYBEAN S & D

	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Area Harvested (1000 HA)	93,108	94,564	90,848	96,439	102,557	103,364	103,141	109,778	113,084	118,647	121,000
Beg Stocks	48,666	53,965	63,013	52,621	43,163	60,657	70,834	53,913	56,210	62,571	77,656
Production	220,860	236,300	219,011	212,081	260,555	264,345	240,427	268,824	283,115	319,001	320,108
MY Imports	64,099	68,906	78,395	77,450	86,863	88,781	93,469	95,941	111,727	121,902	126,758
Total Supply	333,625	359,171	360,419	342,152	390,581	413,783	404,730	418,678	451,052	503,474	524,522
MY Exports	63,852	71,137	78,321	77,212	91,440	91,702	92,186	100,802	112,769	125,962	129,623
Crush	185,957	195,573	202,246	193,621	209,605	221,215	228,373	230,147	241,271	262,380	273,727
Food Use	13,369	13,872	13,943	14,192	14,588	15,024	15,363	15,558	16,164	16,742	17,367
Feed/Waste/Other	16,482	15,576	13,288	13,964	14,291	15,008	14,895	15,961	18,277	20,734	21,228
Total Demand	279,660	296,158	307,798	298,989	329,924	342,949	350,817	362,468	388,481	425,818	441,945
Ending Stocks	53,965	63,013	52,621	43,163	60,657	70,834	53,913	56,210	62,571	77,656	82,577
Stocks/Use Ratio	19.30%	21.28%	17.10%	14.44%	18.39%	20.65%	15.37%	15.51%	16.11%	18.24%	18.68%

Source: USDA

# CANOLA / SOYBEAN FUTURES



# GLOBAL VEGOIL S & D

	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Beginning Stocks	10050	11339	11210	11161	12143	12936	14059	16778	16867	18040	18267
Production	108558	111015	117820	123405	130361	136901	145404	149450	159141	165354	167480
Imports	41832	44881	48116	52179	53532	55783	59161	62122	64116	67258	69412
Total Supply	160440	167235	177146	186745	196036	205620	218624	228350	240124	250652	255159
Exports	45734	47825	51729	54456	55902	57914	61697	65391	67293	72541	73356
Industrial Dom. Cons.	16927	20100	23293	25416	28152	30771	33228	34306	37819	37209	38915
Food Use Dom. Cons.	85667	87357	90143	93866	98162	102054	106015	110892	116024	121616	126288
Feed Waste Dom. Cons.	773	743	820	864	884	822	906	894	948	1019	1038
Total Demand	149101	156025	165985	174602	183100	191561	201846	211483	222084	232385	239597
Ending Stocks	11339	11210	11161	12143	12936	14059	16778	16867	18040	18267	15562
Stocks to Use Ratio	7.60%	7.18%	6.72%	6.95%	7.06%	7.34%	8.31%	7.98%	8.12%	7.86%	6.50%

Source: USDA

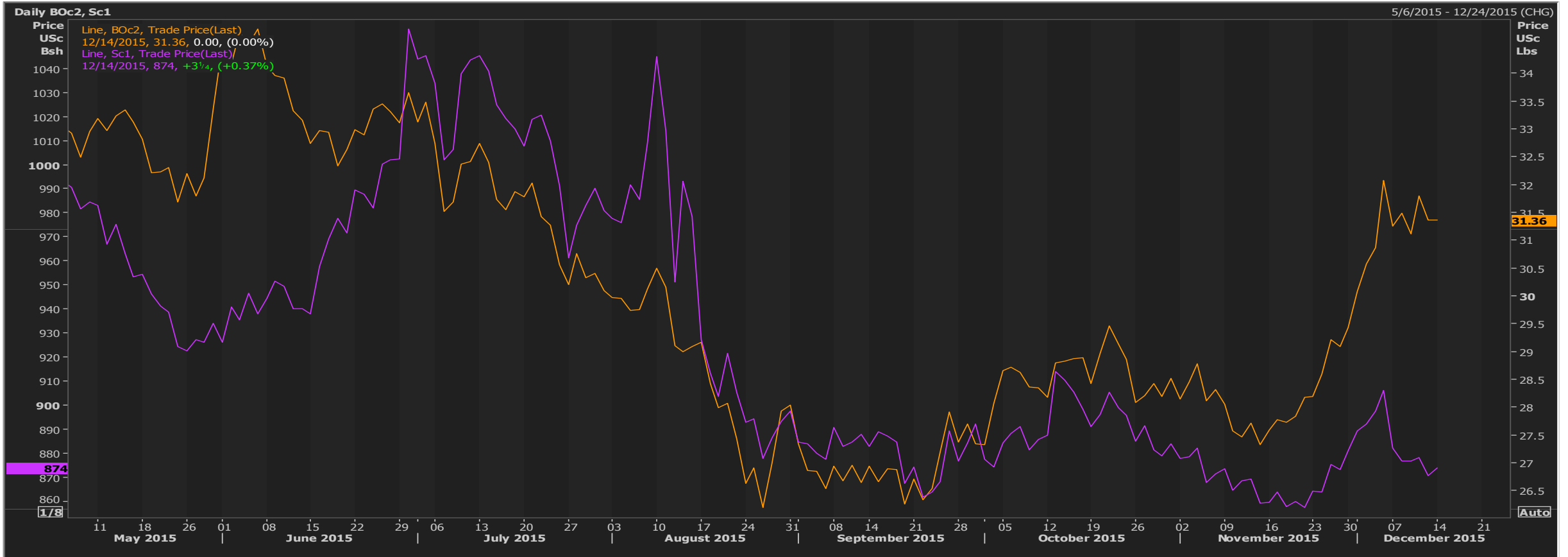
# PALM OIL/SOY OIL/CRUDE OIL



# BRAZIL N/C VS U.S. N/C

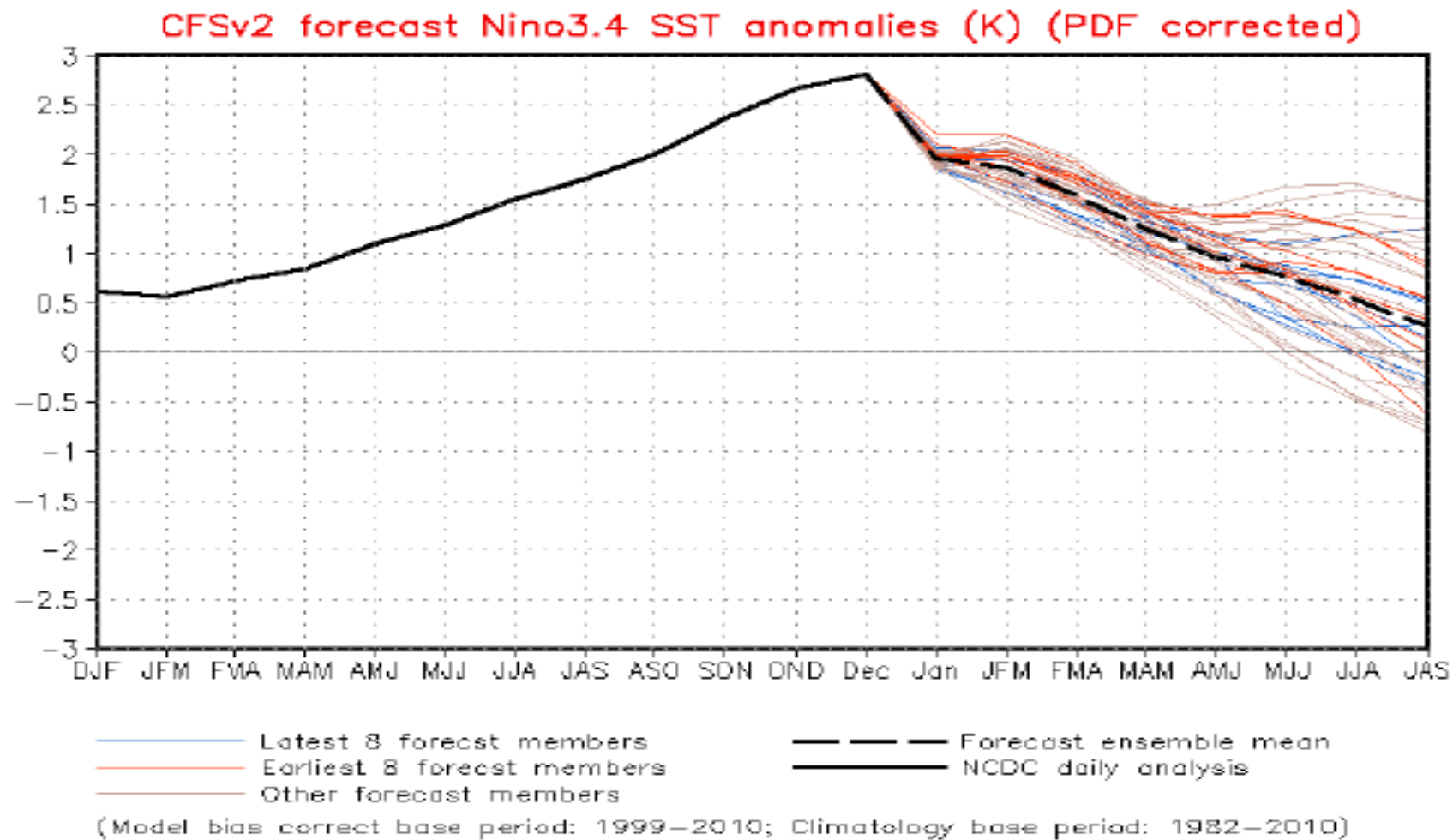


# SOYBEANS VS SOYBEAN OIL



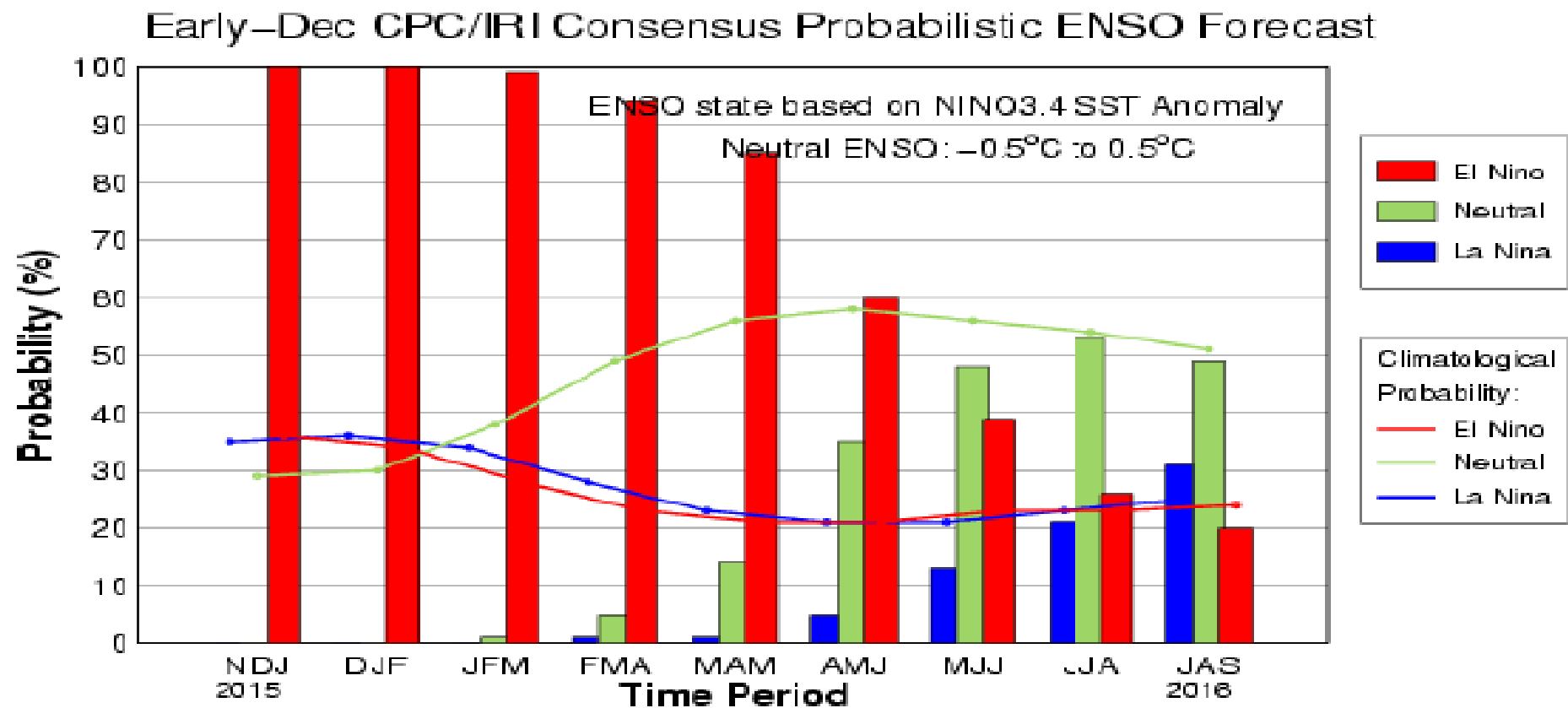


# EL NINO FORECAST

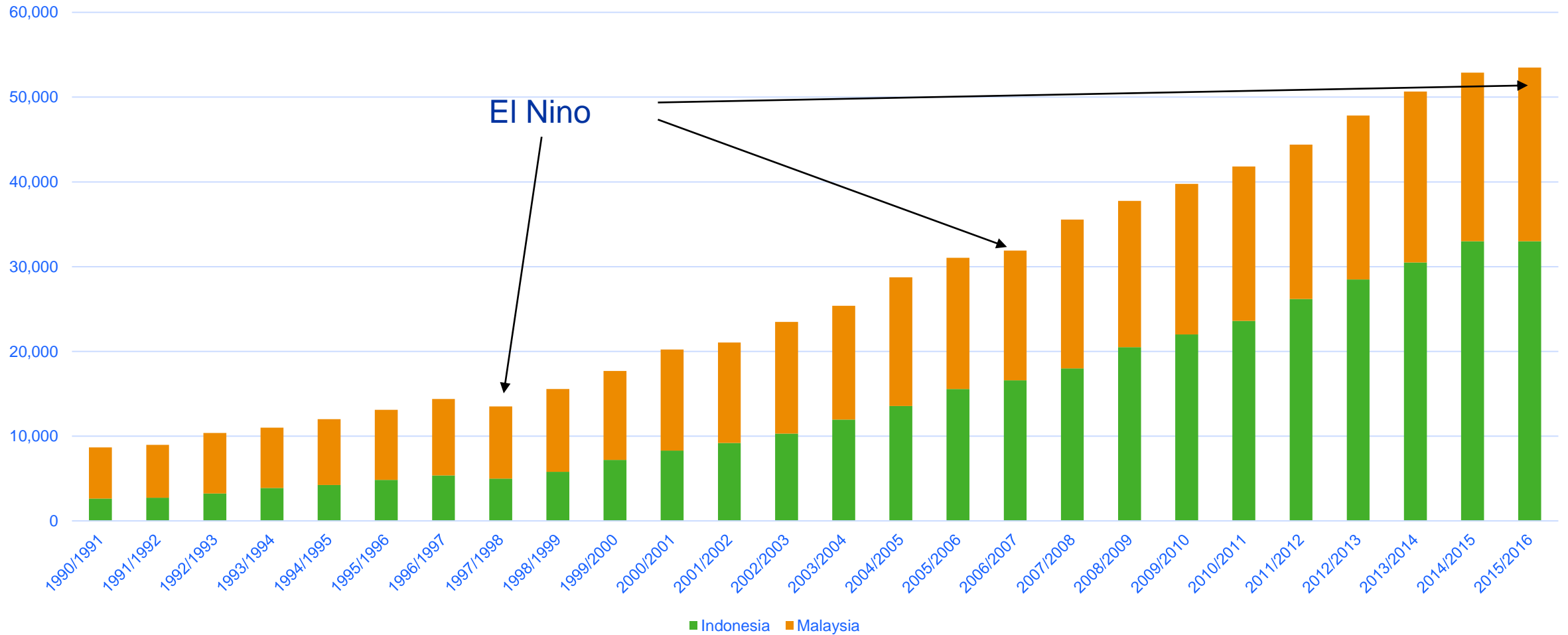


Source: Climate Prediction Center

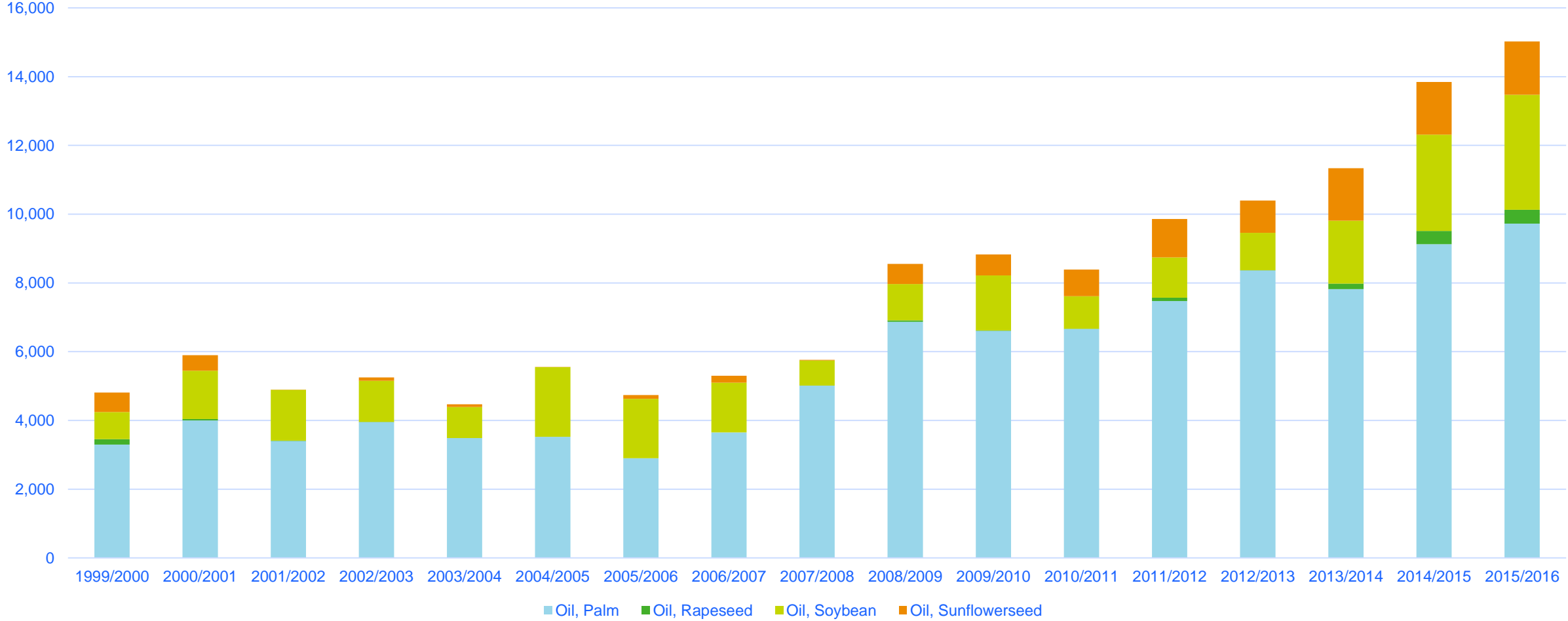
# TRANSITION TO LA NINA?



# PALM OIL PRODUCTION (1000 MT)



# INDIA VEG OIL IMPORTS (1000 MT)



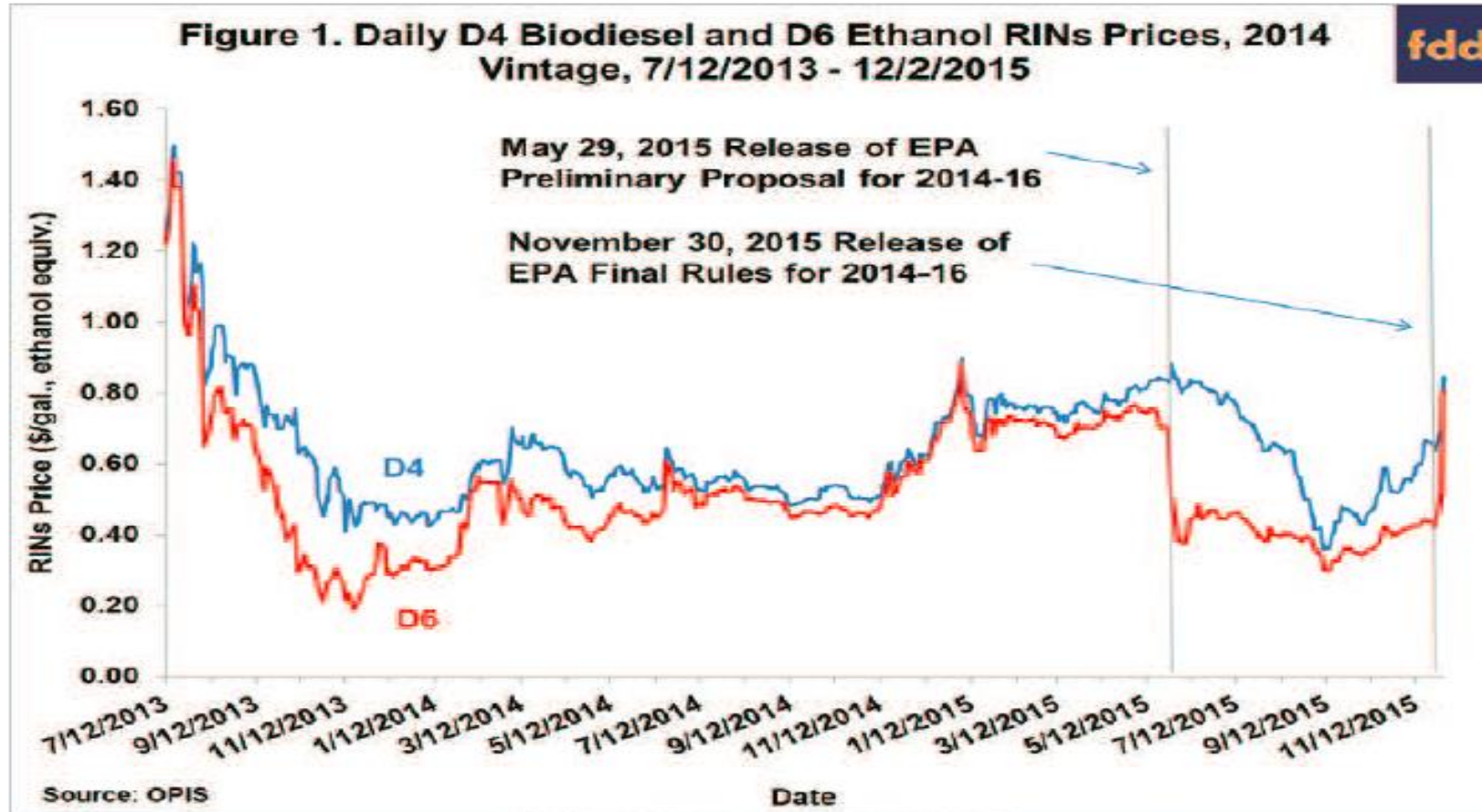
# RFS VOLUME REQUIREMENTS

**Table 1. RFS Volume Requirements for the U.S., 2014-2017**

Category	RFS Statutory				RFS Statutory w/Cellulosic Waiver				EPA Preliminary Proposal				EPA Final Rulemaking			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Cellulosic Biofuel	1.75	3.00	4.25	5.50	0.033	0.123	0.230	NA	0.033	0.106	0.206	NA	0.033	0.123	0.230	NA
Biomass-Based Diesel	>1	>1	>1	>1	>1	>1	>1	>1	1.63	1.70	1.80	1.90	1.63	1.73	1.90	2.00
Advanced Biofuel	3.75	5.50	7.25	9.00	2.03	2.62	3.23	NA	2.68	2.90	3.40	NA	2.67	2.88	3.61	NA
Total	18.15	20.50	22.25	24.00	16.43	17.62	18.23	NA	15.93	16.30	17.40	NA	16.28	16.93	18.11	NA
Implied Conventional	14.40	15.00	15.00	15.00	14.40	15.00	15.00	NA	13.25	13.40	14.00	NA	13.61	14.05	14.50	NA

Note: These volumes are stated in billion gallons of ethanol equivalents, except for biomass-based diesel which is stated in billion gallons of "wet" physical volume terms. NA stands for not applicable.

# RIN VALUES



Source: Farm Docs Daily/Univ of IL

# SUMMARY – 3 KEYS

- **As always, weather dominates**
  - Short: Nearby South American
  - Intermediate: Spring Northern Hemisphere
  - Long: El Nino/La Nina
- **Other markets**
  - Soybeans
  - Crude Oil
  - Canadian \$
- **Governmental Policies**
  - Mandates
  - Subsidies
  - Currencies



**Farmer-owned with  
global connections**