



Market Update from CHS

Andy Smith

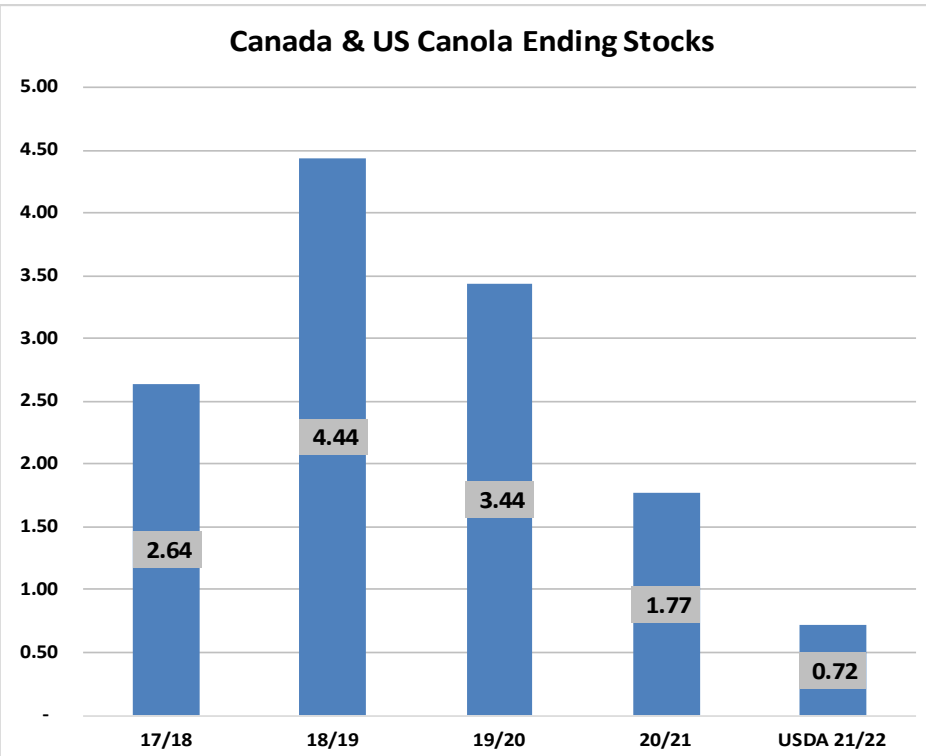
CHS Inc. – Global Grain & Processing

12/07/2021

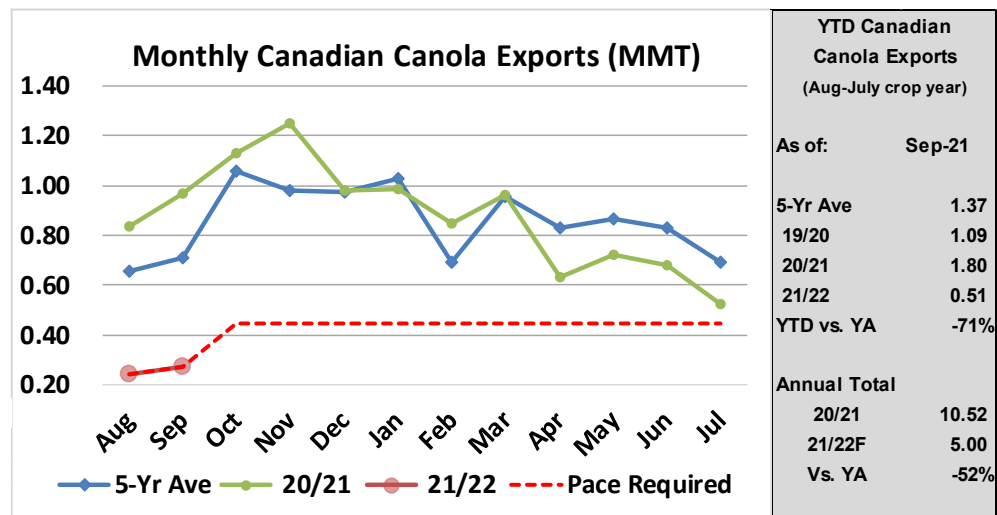
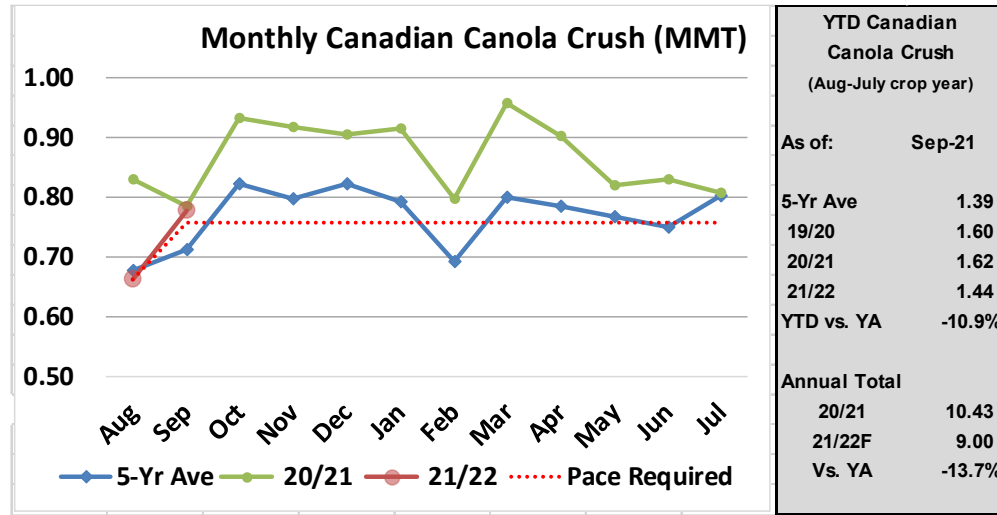
Canadian Canola Situation: Extremely Tight

- End stocks forecast to decline to lowest level in 23 years

Canada Rapeseed Supply/Demand (Million Acres/Tonnes)						
		17/18	18/19	19/20	20/21	USDA 21/22
Area Planted	MM Acres	23.0	22.8	21.2	20.8	22.1
Area Harvested	MM Acres	22.9	22.5	20.9	20.6	21.7
Yield	BU/Acre	41.3	40.6	41.3	41.8	26.4
Production	MMT	21.5	20.7	19.6	19.5	13.0
Beg. Stocks	MMT	1.34	2.64	4.44	3.44	1.77
Imports	MMT	0.11	0.15	0.16	0.13	0.20
Total Supply	MMT	22.91	23.51	24.20	23.05	14.97
Exports	MMT	10.85	9.20	10.04	10.52	5.00
Crush	MMT	9.27	9.30	10.13	10.43	9.00
Other Use	MMT	0.15	0.57	0.59	0.33	0.25
Total Use	MMT	20.27	19.07	20.76	21.28	14.25
Ending Stocks	MMT	2.64	4.44	3.44	1.77	0.72
% of Use		13.0%	23.3%	16.5%	8.3%	5.0%



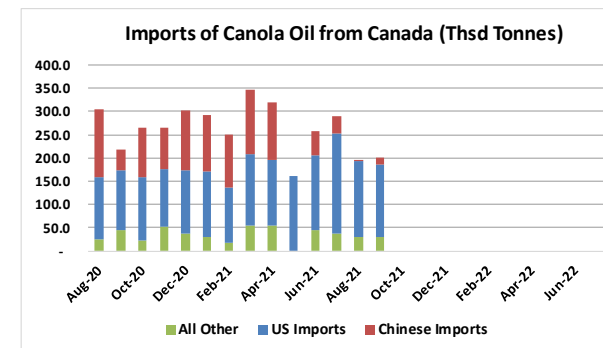
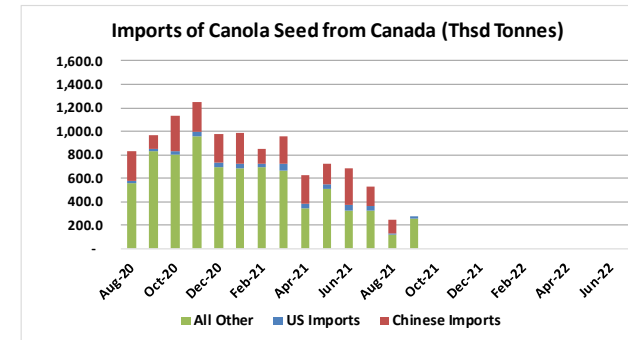
Canadian Canola Demand Set to Decline Sharply



Canadian Canola Demand

Crush:
- 2021/22: 9.00 MMT (-14%)

Exports:
- 2021/22 5.00 MMT (-52%)



Canola Demand and Crush Margins

- Canola oil demand and crush margins limit further price upside
- Crushers determined to crush despite lower margins
- Demand already being rationed domestically and abroad

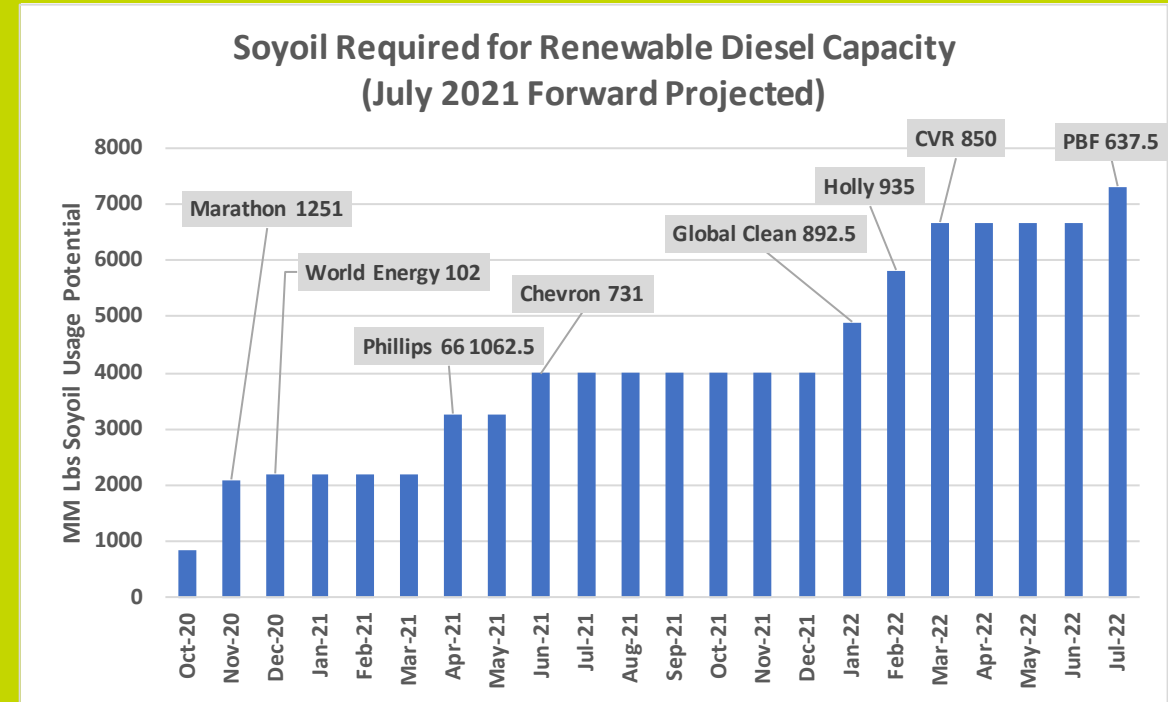


Current Events Affecting Prices



The Future of Canola

- Canola oil approval for RVO's?
- Renewable Diesel capacity expansion
- Canola crush capacity expanding in Canada



Staying Current with Prices

Opportunities

- Supply situation supportive
- Demand stable
- 2022 crop opportunity

Risks

- Premium vs soy oil
- Macro influences
- **★ Fund flight**

