



Canadian Flour Market

November 12, 2024



Managing Risk :

Storm Watch

- Procurement Plan - impact
- Context – focus
- Evolve – adapt

“When the winds of change blow adjust your sails and steer towards your goal ”



Rick Steinke

ADM Milling Canada

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Outline

➤ Context

- Wheat Facts
- Flour Price Composition

➤ Market Components

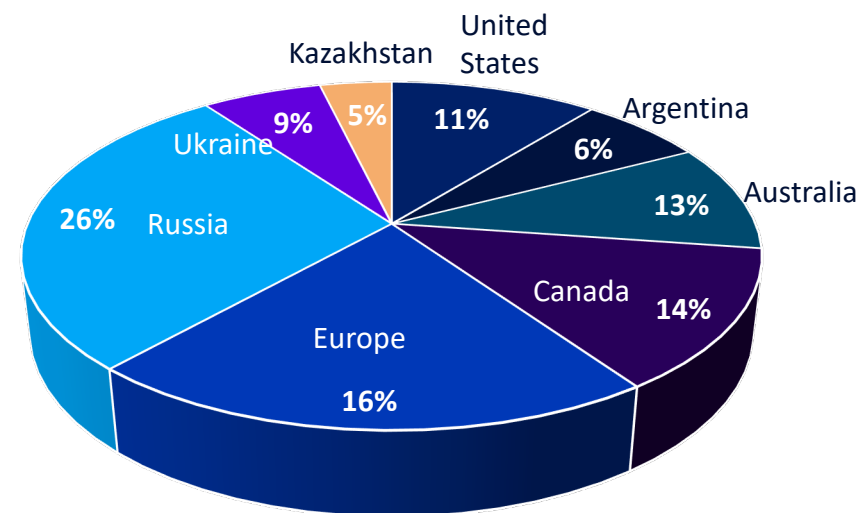
- Futures
- Basis
- FOREX



Context: Wheat Facts

- Grown in 80 countries
 - Top 10 countries grow 70% of the wheat
- Global growing season
 - Wheat always growing somewhere in the world
- Seven Major Wheat Exporters:
 - Major Exporters provide 83% of supply
- Annual Cereal Plant
 - Canada 110 day wheat life cycle
 - Weather impact

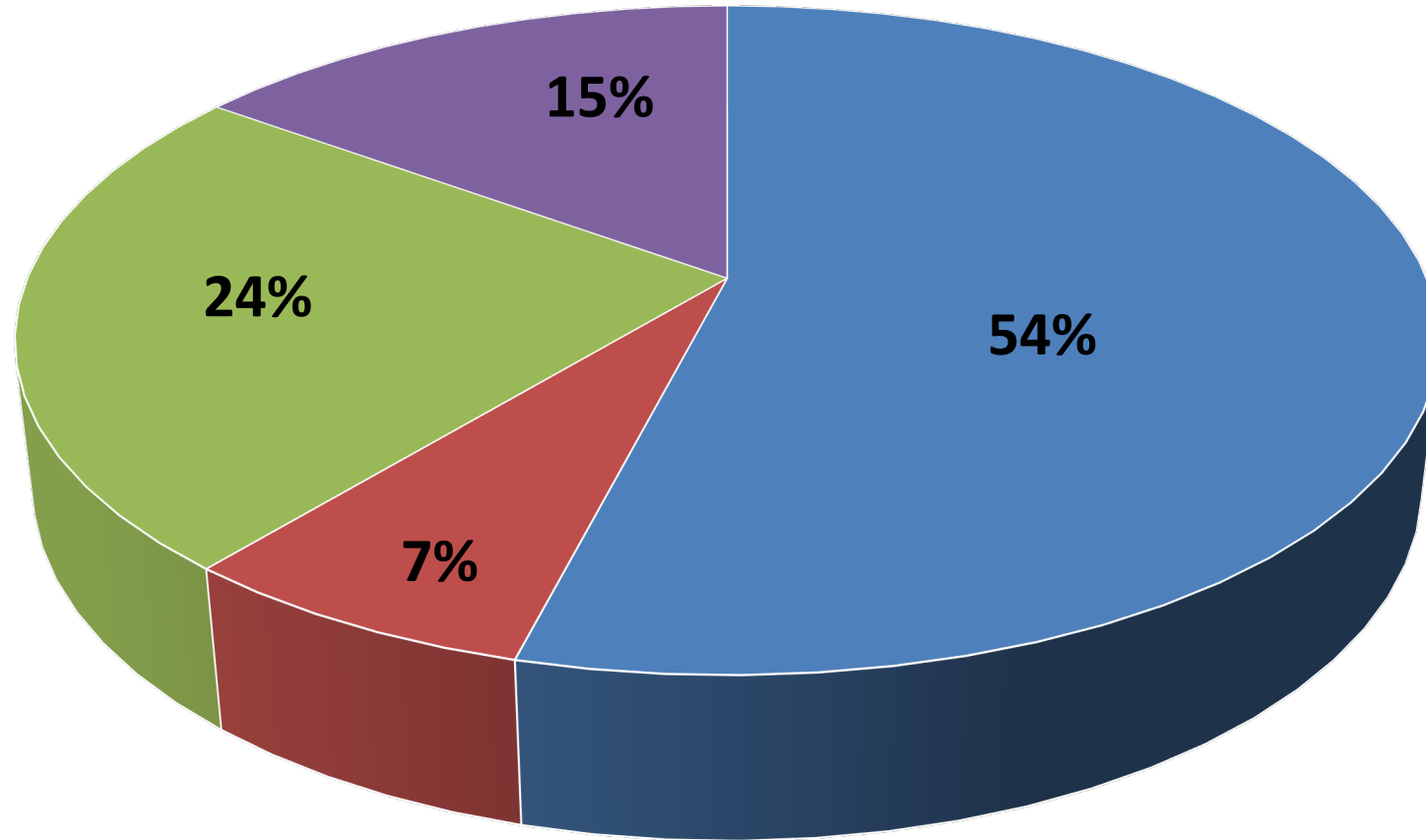
Wheat Exporters 2024/25



Source: USDA

Context: Flour Price Composition

(estimate based on current market)



■ **Wheat Futures** ■ **Wheat Basis** ■ **Currency** ■ **Production/Distribution**

Wheat Futures Prices

“I don’t look to jump over 7-foot bars: I look around for 1-foot bars that I can step over” – Warren Buffet



Wheat Futures

➤ Price Drivers

➤ Fundamentals

➤ Supply – yield/area

➤ Weather

➤ April – October – Elevated Risk

➤ November – March – Reduced Risk

➤ U.S. Corn base

➤ Wars Ukraine/Gaza

➤ Politics – U.S. Tariffs ?

➤ Southern Hemisphere: Argentina/Australia

➤ Demand – exports/domestic/weather

➤ Technical

➤ Marco – Money Flow (equities/currency/virus)

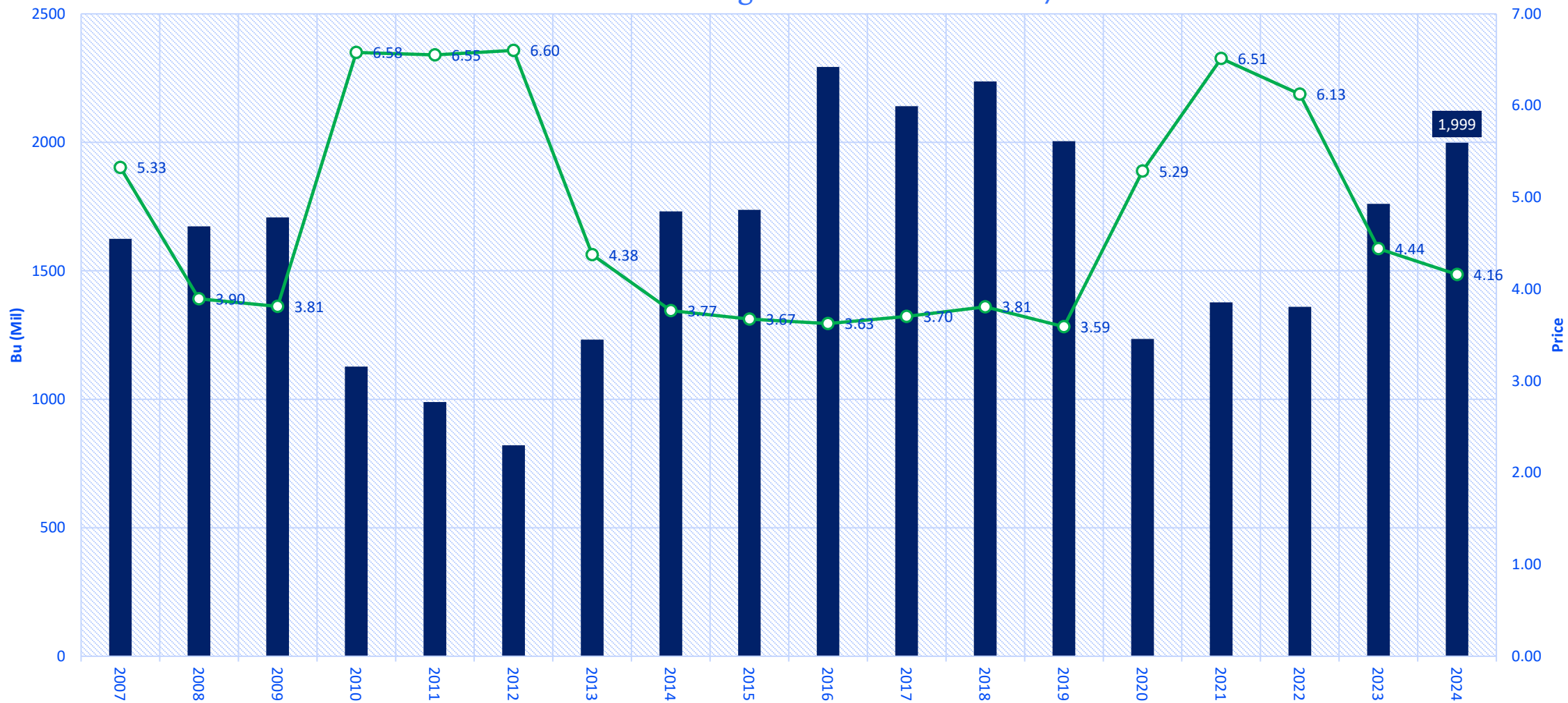
➤ Charts



WHEAT	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Australia					🌱	🌱				🚜	🚜	🚜
US Winter						🚜	🚜			🌱	🌱	
US Spring				🌱	🌱			🚜	🚜			
Canada				🌱	🌱			🚜	🚜			
China						🚜	🚜			🌱	🌱	
Brazil/Argentina					🌱	🌱					🚜	🚜
EU							🚜	🚜		🌱	🌱	
Ukraine/Russia (FSU)						🚜	🚜		🌱	🌱		

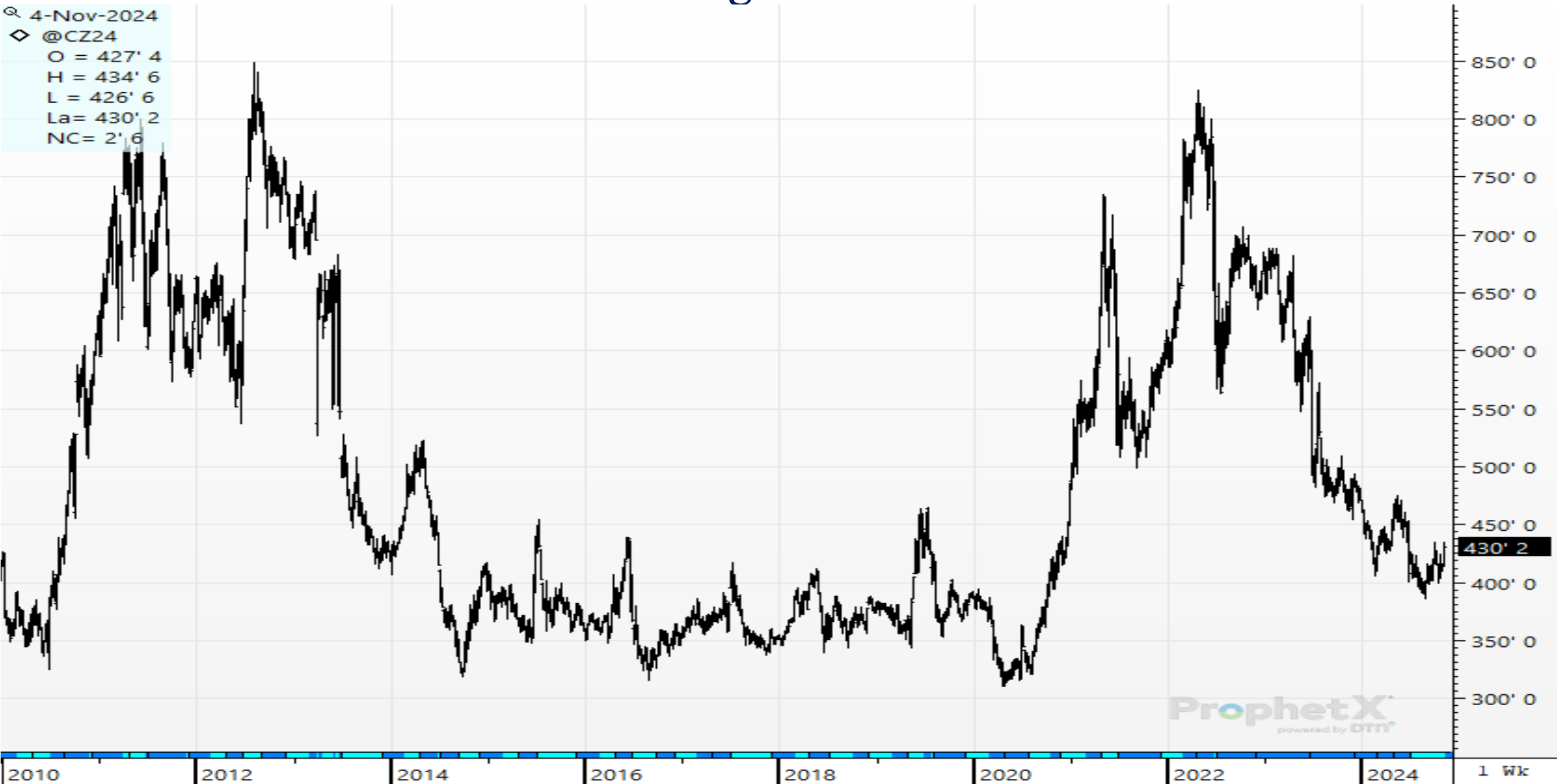
Corn: “Elephants Leave Big Tracks”

US Corn Stocks vs Chicago Futures Price 2007-Present

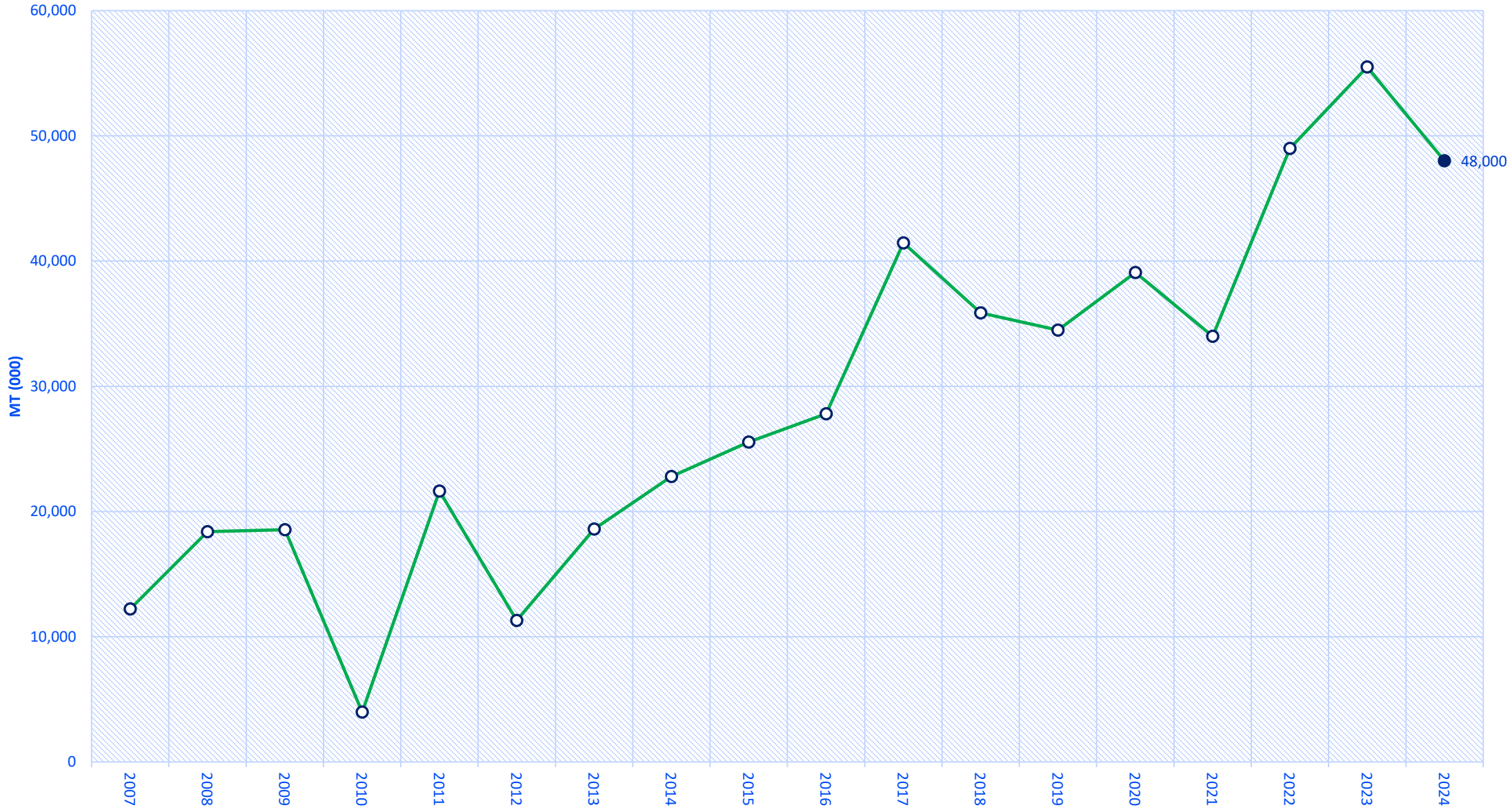


Source: USDA

Corn Futures Prices - Chicago



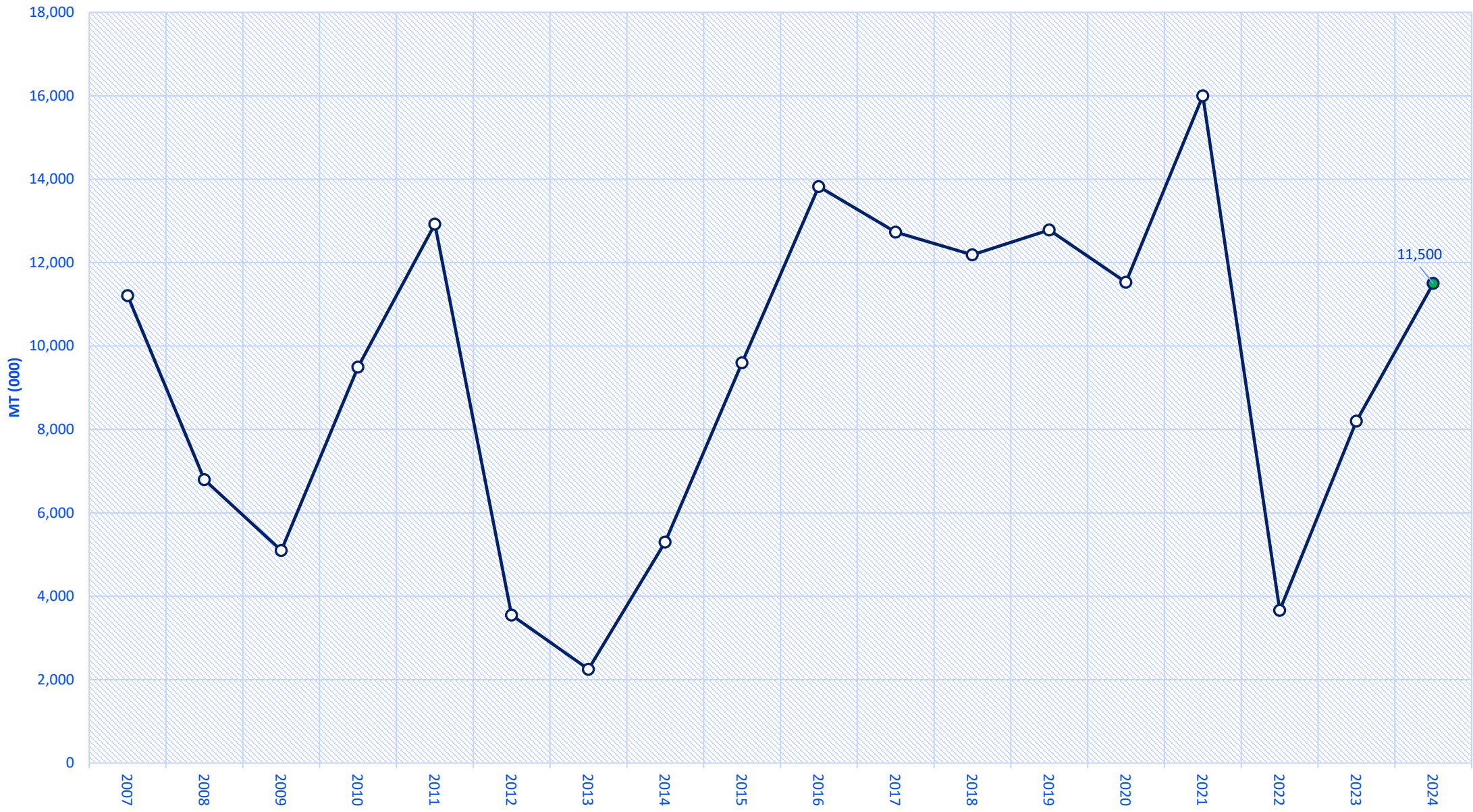
Russia Wheat Exports, 2007-Present



source: USDA



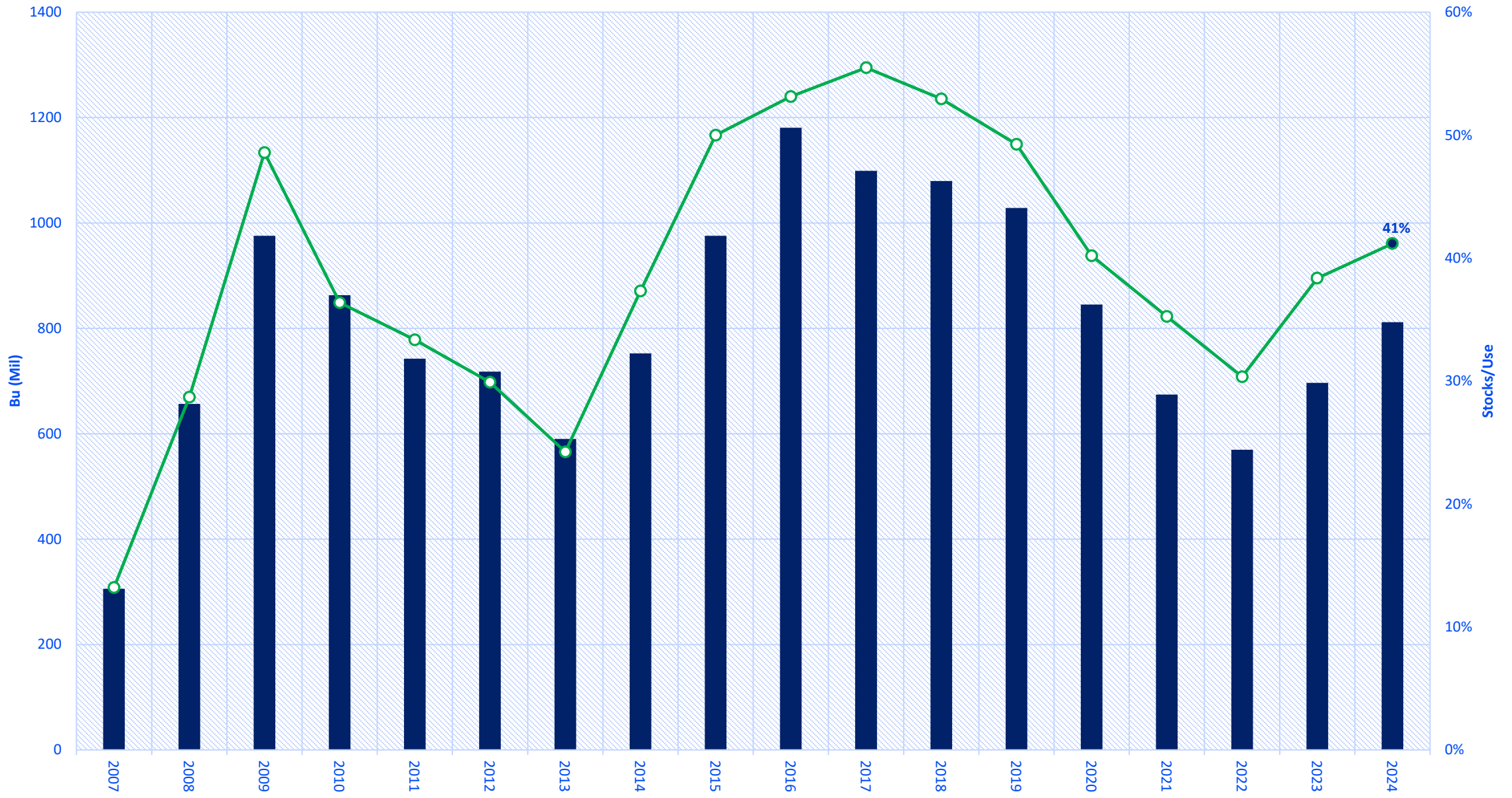
Argentina Wheat Exports, 2007-Present



Source: USDA



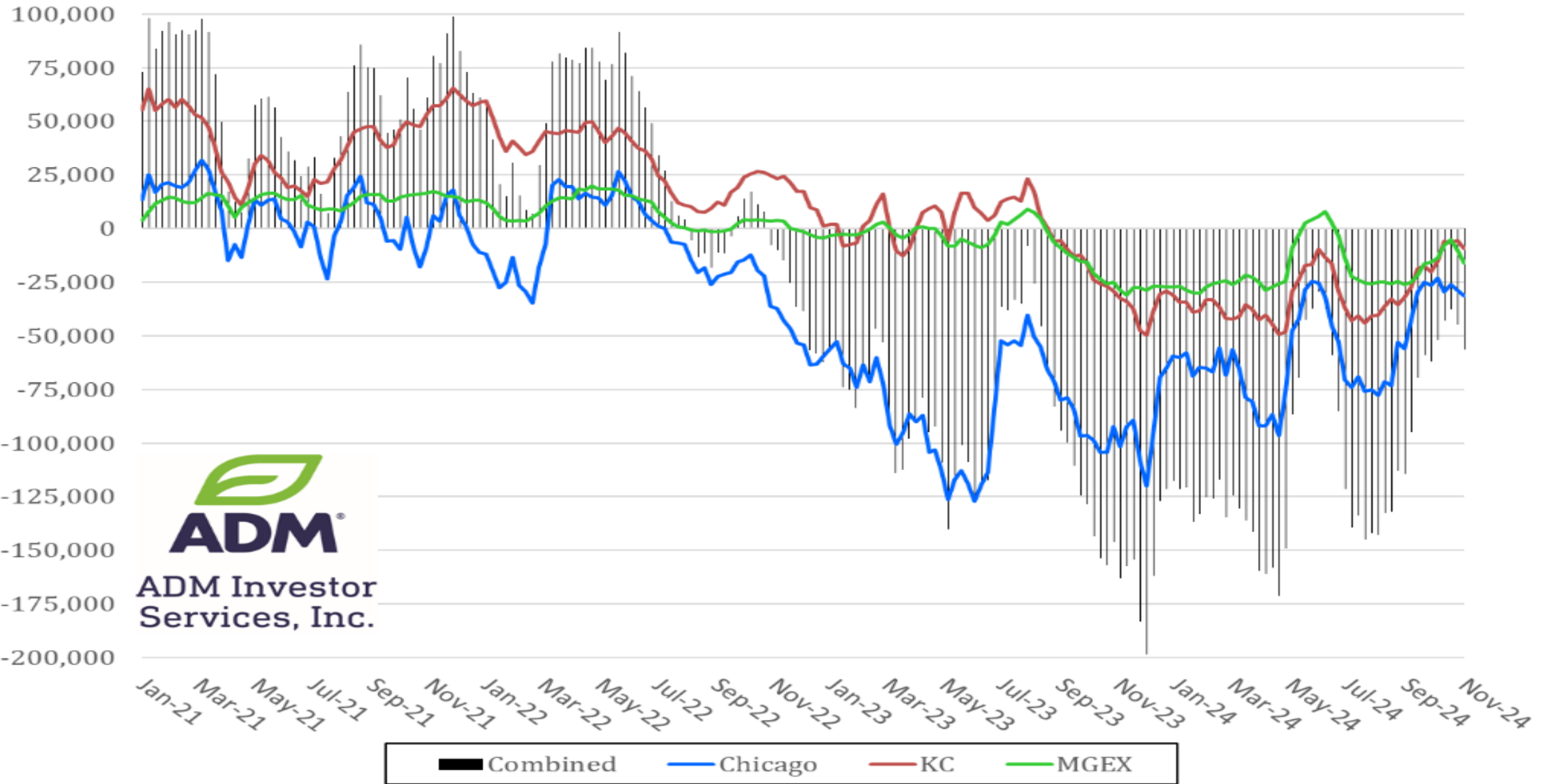
US Wheat Stocks vs Stocks/Use, 2007-Present



Source: USDA



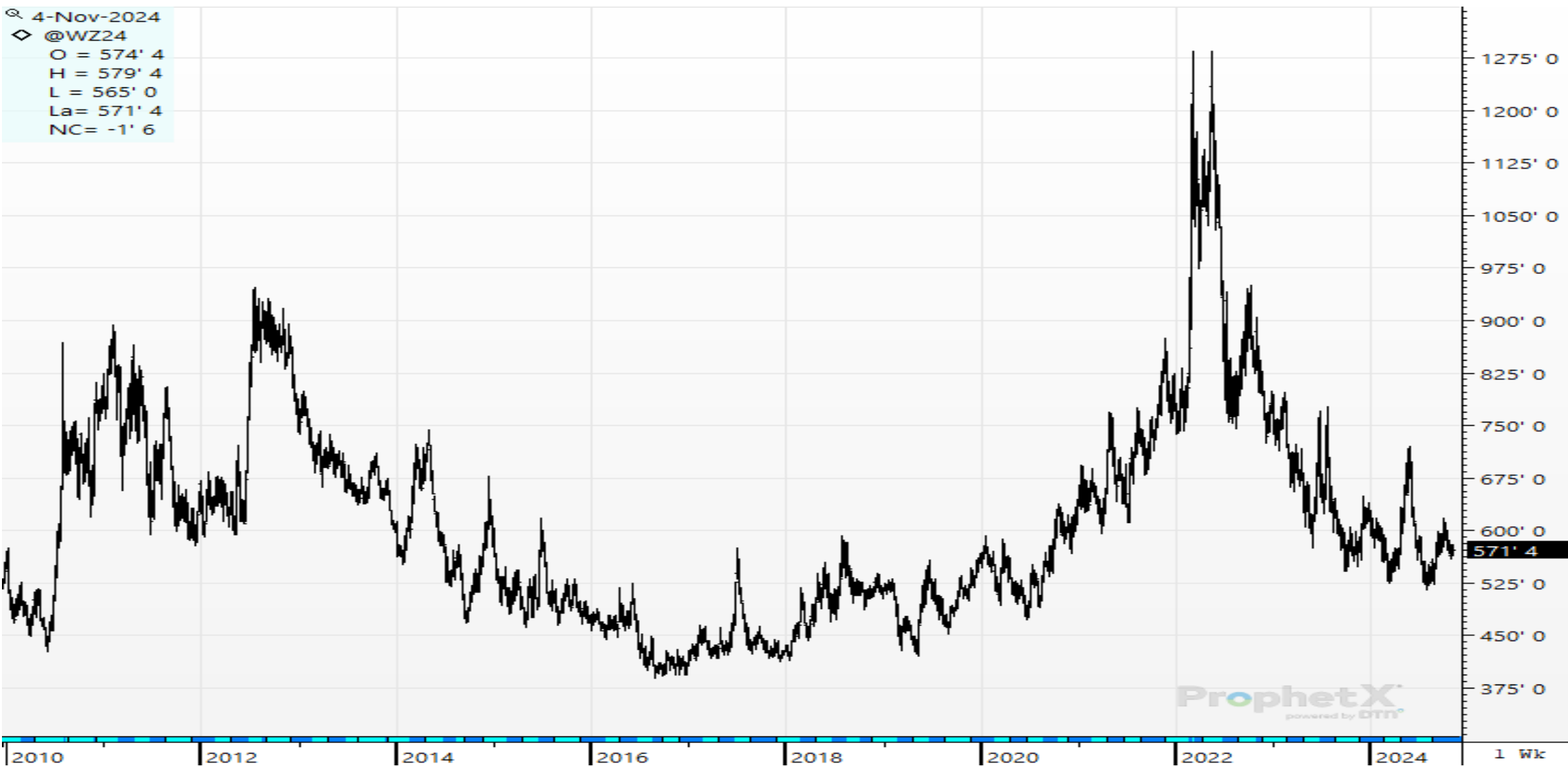
CGO/KC/MGEX - Wheat Money Manager Position



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Wheat Futures Prices - Chicago - Soft Flour



Wheat Futures Prices - MPLS - Hard Flour



Wheat Basis

“Beware of little expenses. A small leak will sink a great ship” – Benjamin Franklin



Wheat Basis Components

- Key Drivers include:
 - Supply
 - Quantity – growing season
 - Quality - harvest
 - farmer deliveries
 - futures price
 - other : cash flow / weather
 - Demand
 - export
 - domestic
 - other : logistics



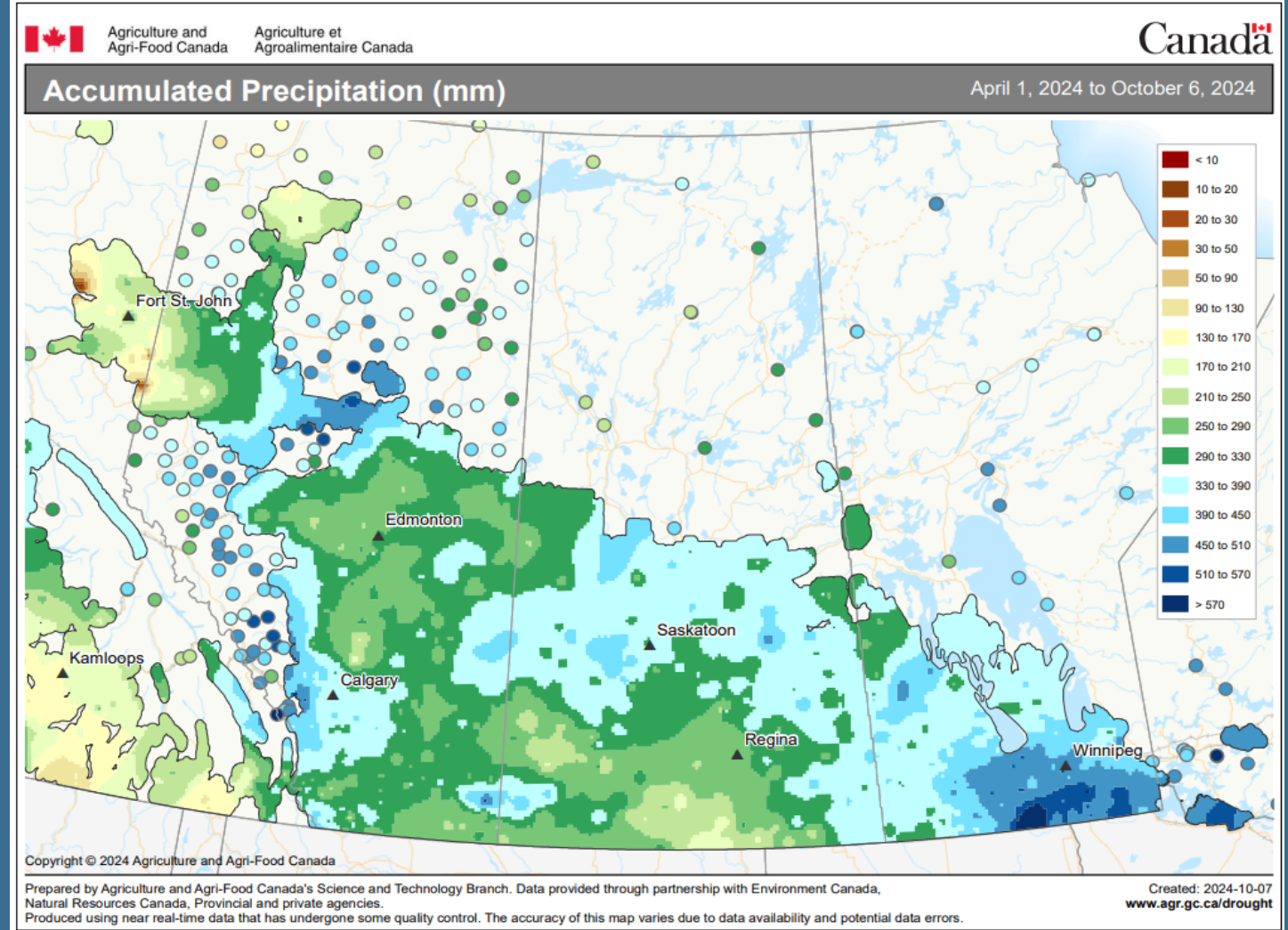
Growing Season Overview – Weather Impact

May – Great start
-May 28 – 84% seeded

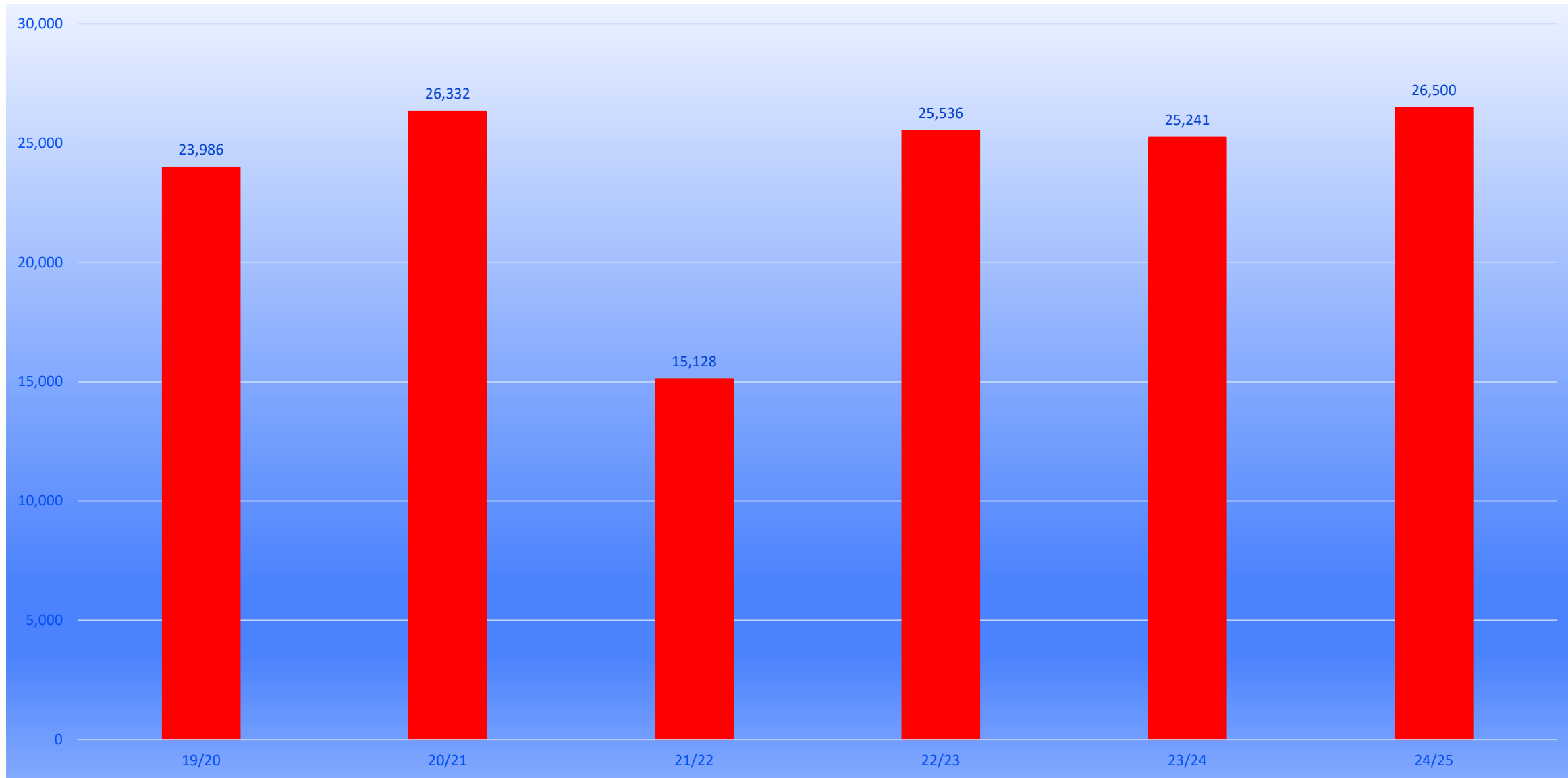
June – excellent moisture

July – Dry

August/Sept/Oct
- Great harvest weather
- 96% done by Sept 30



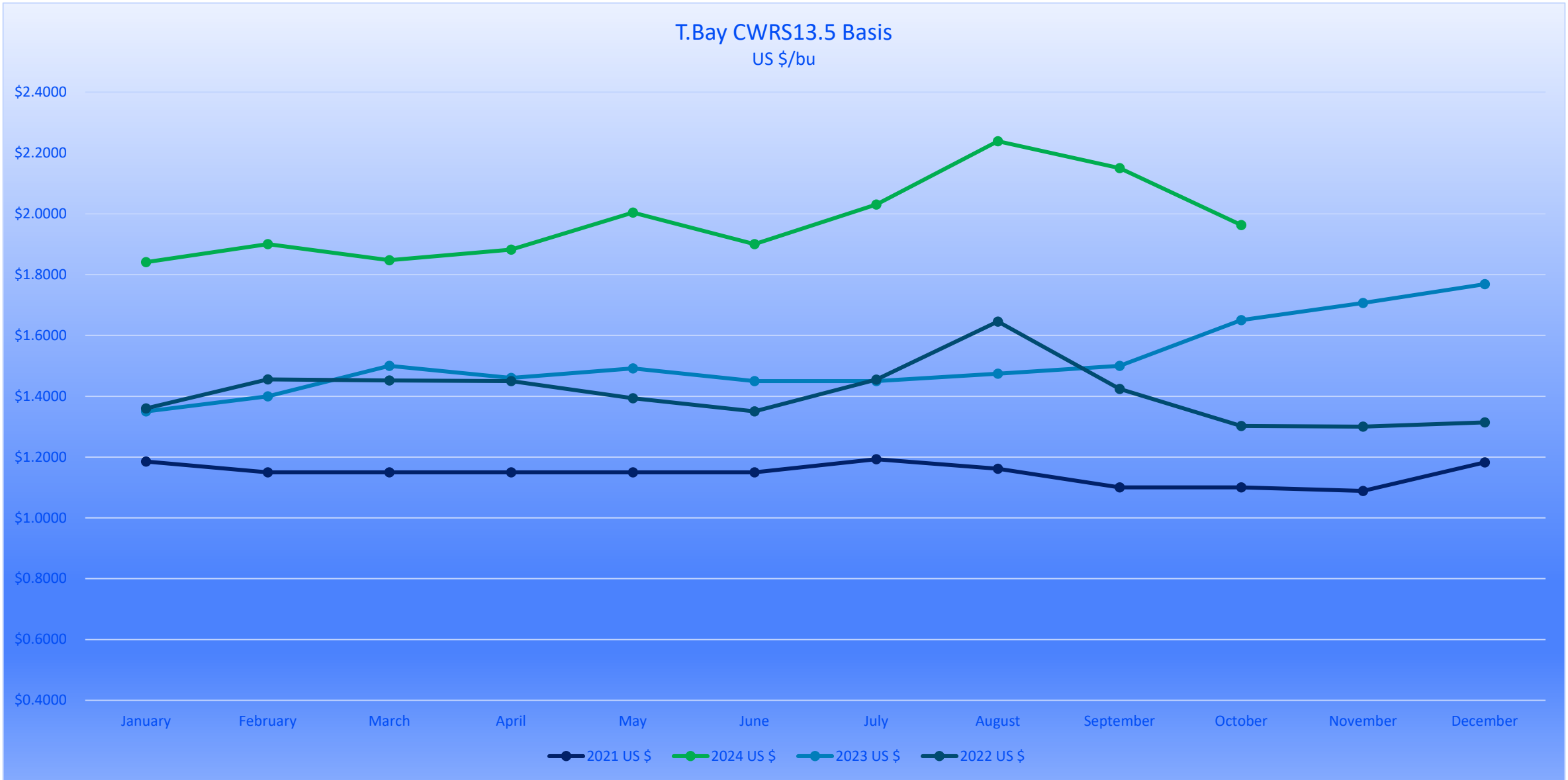
Canadian Wheat Exports – (000 MT)



Source: Statistics Canada



CWRS Basis - Thunder Bay



Canadian Dollar (FOREX)

**“Imagination is more important than
knowledge” – Albert Einstein**



Canadian Dollar - Factors

- Interest Rates/Inflation
 - Bank of Canada vs FED (spread)
- U.S. Dollar
 - Global Economic Downturn
- Export Driven – Commodity Prices
 - Crude Oil / Minerals
- Canadian Economy
 - Employment
 - Gross Domestic Product



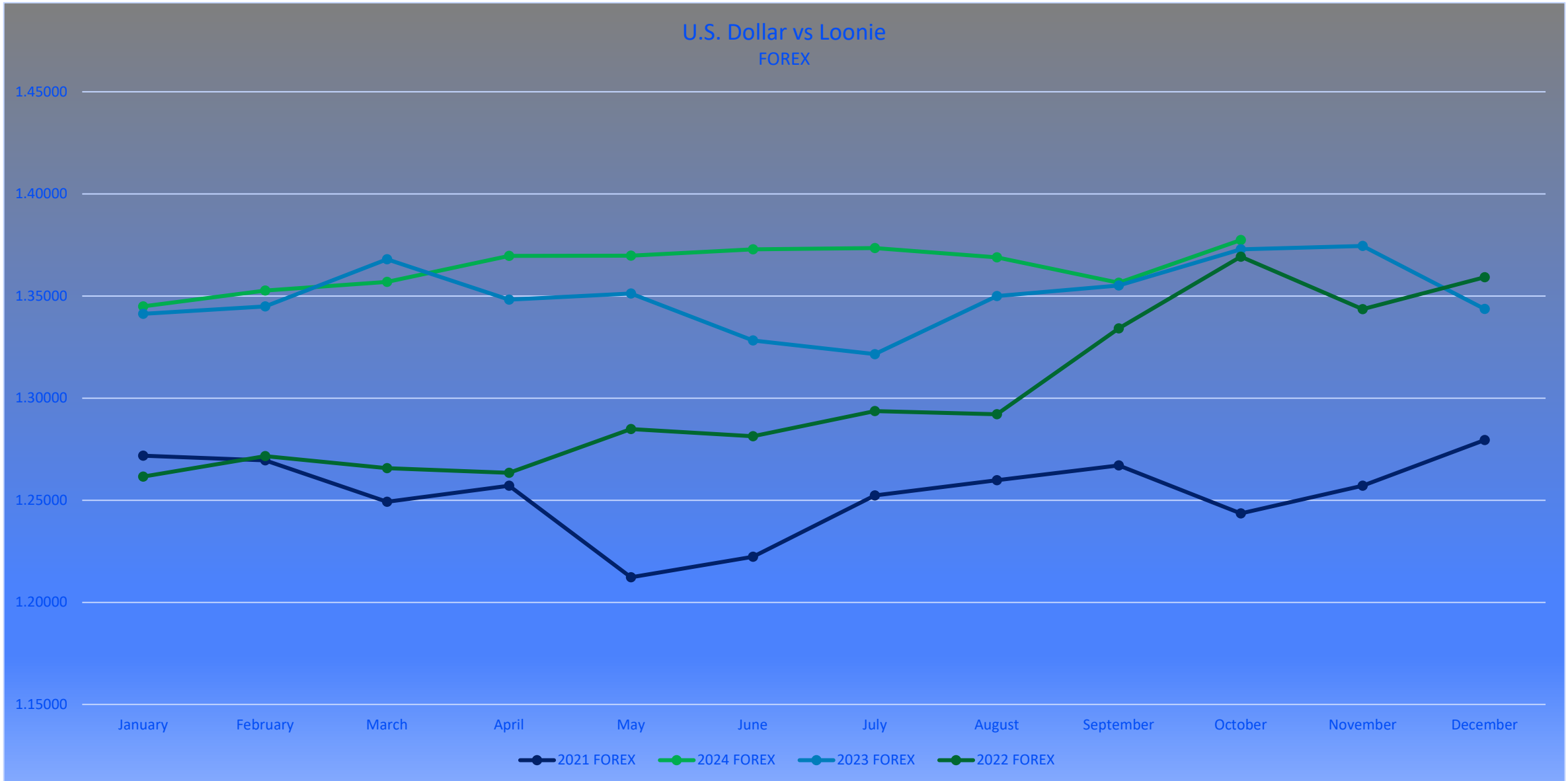
Technical Analysis - Volatility




CAD Currency (Canadian Dollar Spot) FX Technicals Daily 22APR2024-29OCT2024 Copyright© 2024 Bloomberg Finance L.P. 29-Oct-2024 11:04:29



FOREX – Canada vs U.S. Dollar





**“I would rather be vaguely right than precisely wrong”
– John Maynard Keynes**

Thank You