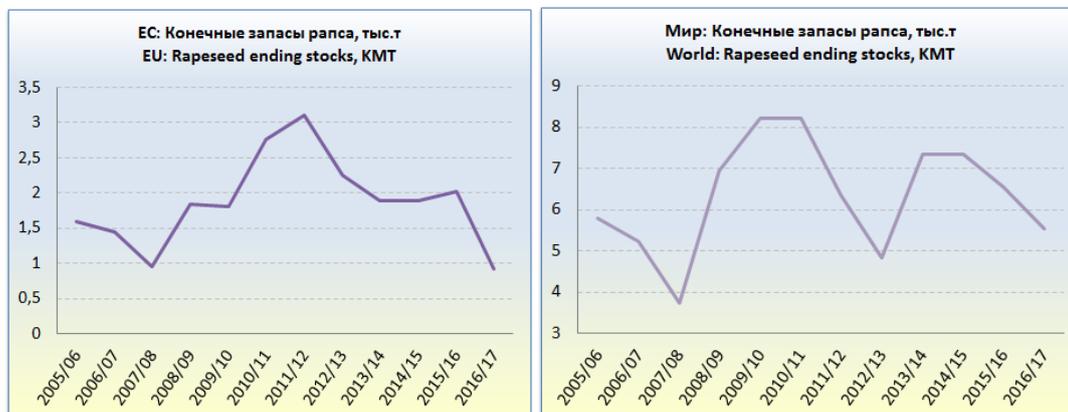


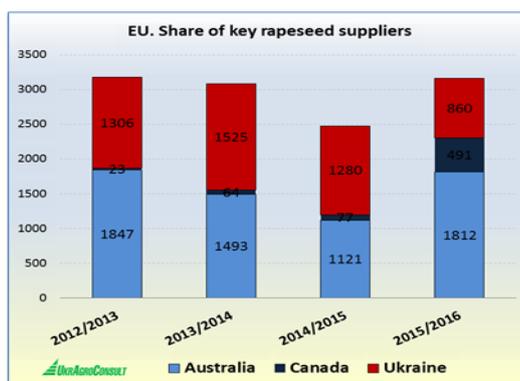
EU becoming more dependent on Canada and Australia

According to USDA, global rapeseed output decreased 3.4% to 67.7 MMT in season 2016/17, mostly due to further contraction of harvested acreage – it shrank both in key exporters (Canada, Australia and Ukraine) and key importers (EU and China).

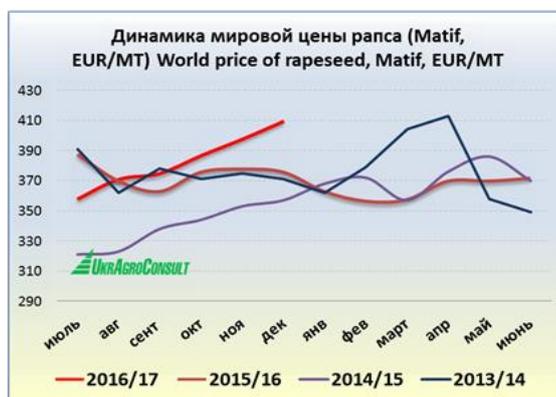
The downward trend in world production has been persisting for a third consecutive season. This will affect rapeseed inventories, which will close the season of 2016/17 at 5.5 MMT, i.e. at the lowest level since 2012/13 (4.8 MMT). Rapeseed stocks in the EU will show a particularly substantial drop. USDA forecasts them to hit a decade low at 914 KMT.



Against the background of the EU's growing need for imported rapeseed due to reduced own production and a harvest drop in Ukraine (the main rapeseed supplier to the EU), both Australia and Canada are enhancing their presence in the EU market. Despite partial loss of China's market, which seeks to reduce rapeseed and rapeseed oil stocks accumulated in the state fund, these countries will be able to realize their export potential in the EU market – the more so as rapeseed reserves in Ukraine have actually been used up.



Taking into account constantly growing rapeseed prices on the European exchange MATIF, Canada and Australia will be advantaged almost until the end of season 2016/17.



Crop forecasts for the next season 2017/18 are rather cautious at the moment. Just a slight increase is expected in EU rapeseed output against last year. Although Ukraine's rapeseed harvest is predicted to gain almost 50%, overall production will depend on winter survival rates. The point is that, as it is known, winter rapeseed losses in Ukraine may range from 10 to 50%, therefore accurate forecasting will only be possible after the winter survival results clear up.



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