

# **Market Outlook Macro - Trading Volume & Volatility June 15th 2018**



# Longer Term Trade Considerations

- China, India, SEA & Eastern Europe juggernauts
  - Pollution Control Impacts
  - Larger scale grain production/Larger scale demand
  - Global grain production area migration = Volatility
  - Expanding beef & pork consumption
  - Venezuela, Nigeria and Iran
  - Global dairy demand & production explosion
    - China 1/5 world population, 1/10 arable land
- Increased Interaction Increased conflict

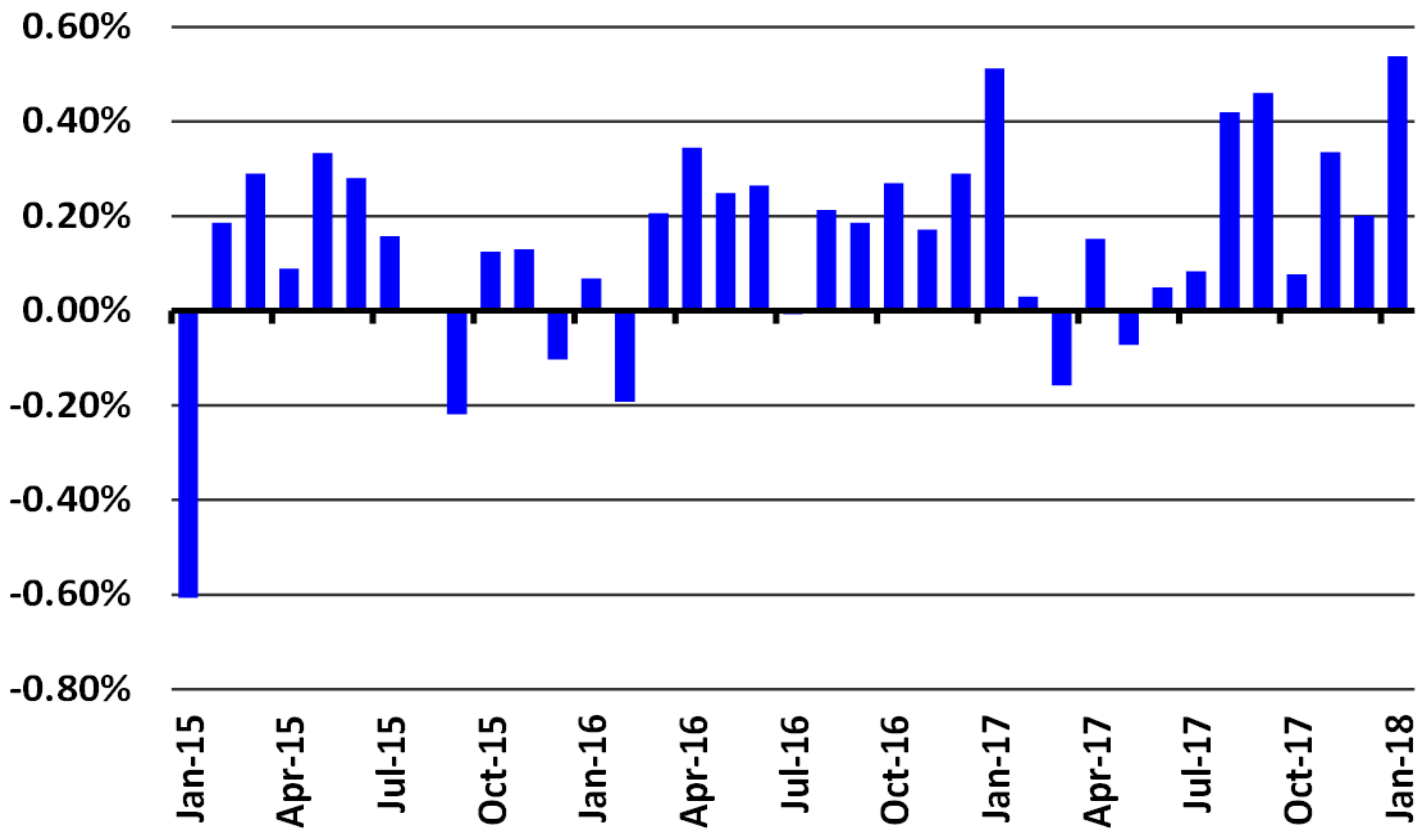


# 2018-2019 Factors

- The Chinese economy is strong – Cars Copper Oil Beans
- Global Synchronized Growth & Commodities
- China/India moving away from heavy industry pollution
- 4.6 vs 1.0 billion gallon ethanol target China-2020
- Commodities a tool/weapon of trade negotiations
- Slower than expected gains in interest rates
- US Growth and Rate hike prospects = Higher Dollar
- US Oil Exports creates leverage and a Higher Dollar



## US Consumer Price Index (All Items) Monthly Percent Change

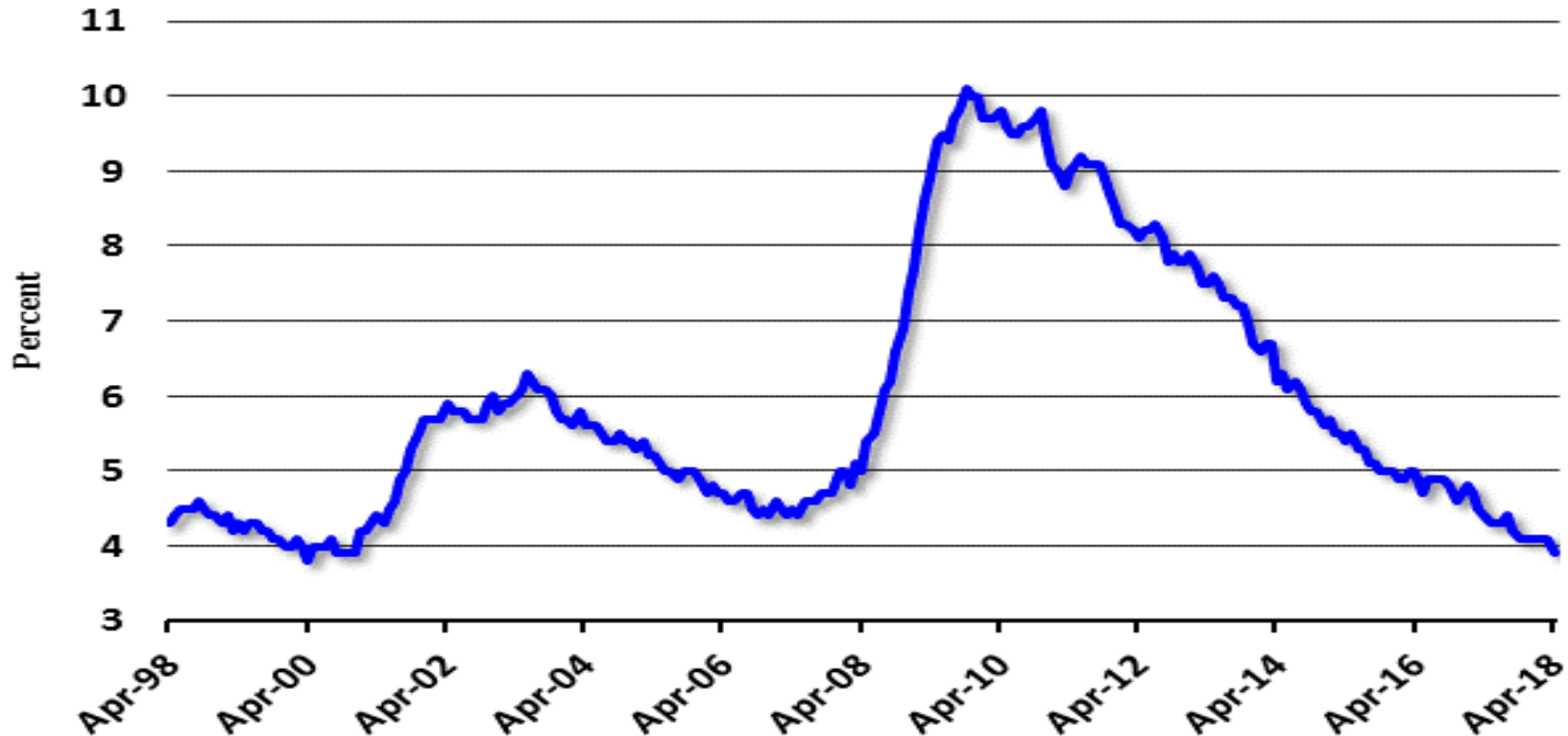


Most Recent: +0.54% as of Jan 2018



# Lowest Unemployment Rate since before 9/11

## US Unemployment Rate



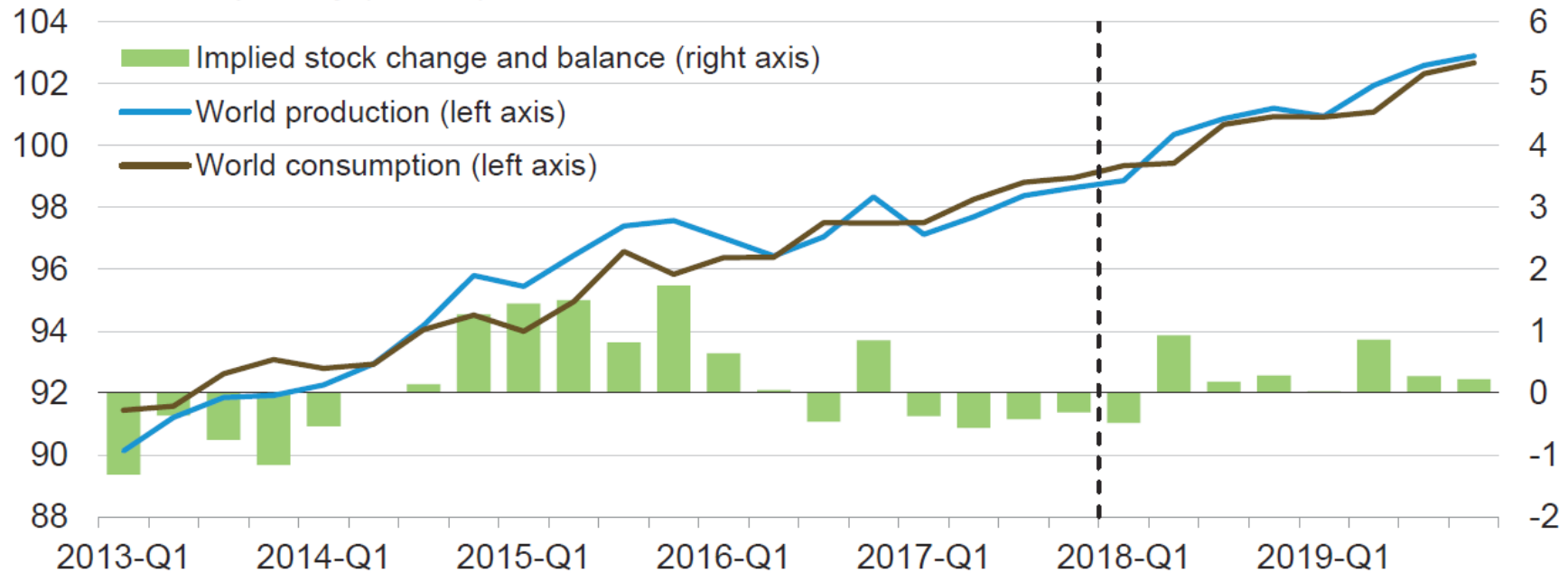
Most Recent: 3.90 as of Apr 2018



# US Oil Output Meets Global Demand

## World liquid fuels production and consumption balance

million barrels per day (MMb/d)

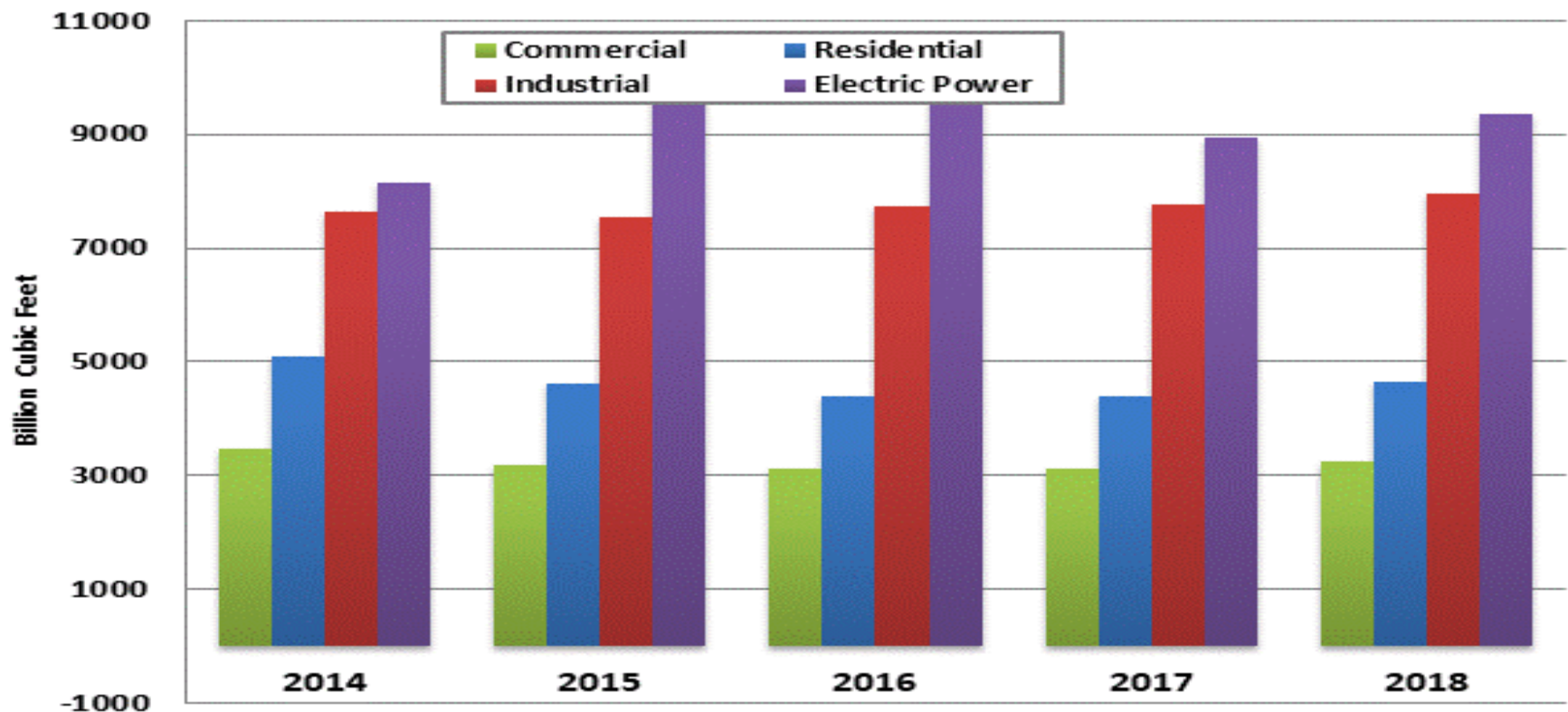


Source: Short-Term Energy Outlook, January 2018.



# Cyclical Demand for Physicals

## Annual Natural Gas Consumption - By Sector



Data As Of: 08/30/2015

Last two years are EIA forecasts

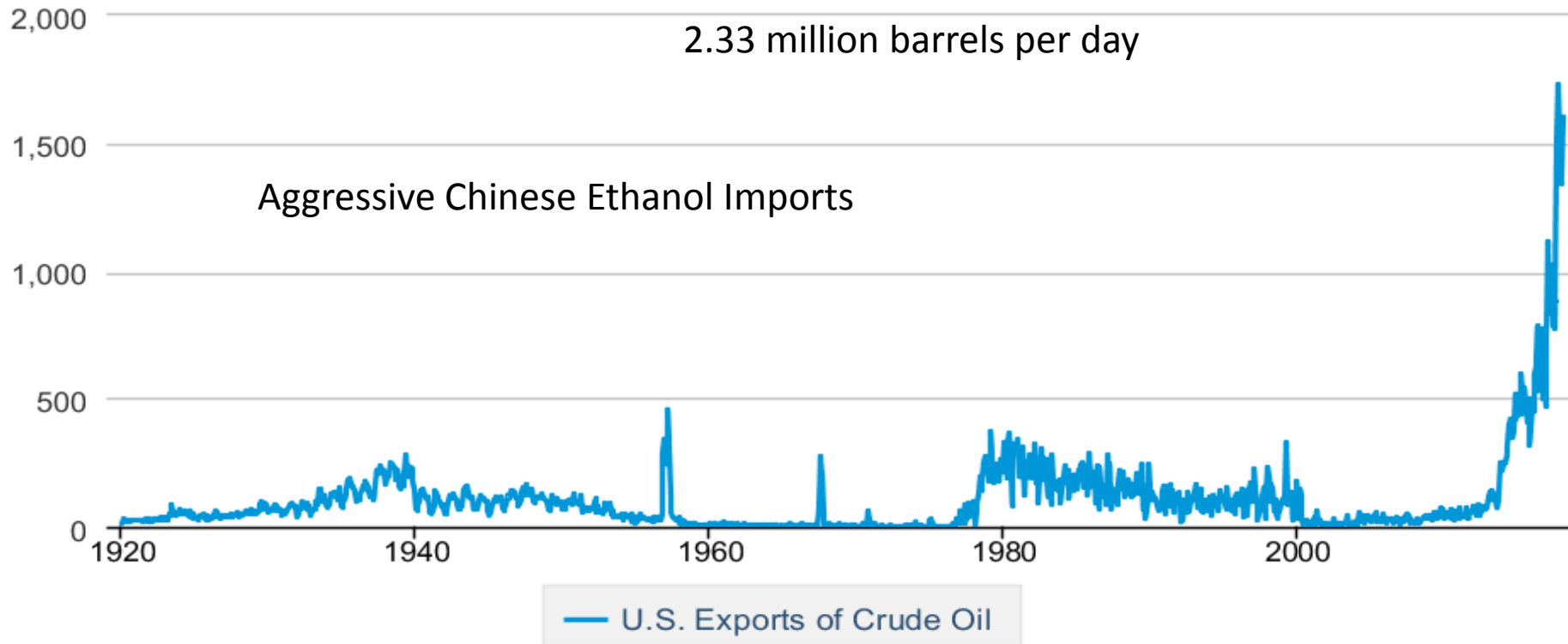
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# Supply Battle

## U.S. Exports of Crude Oil

Thousand Barrels per Day

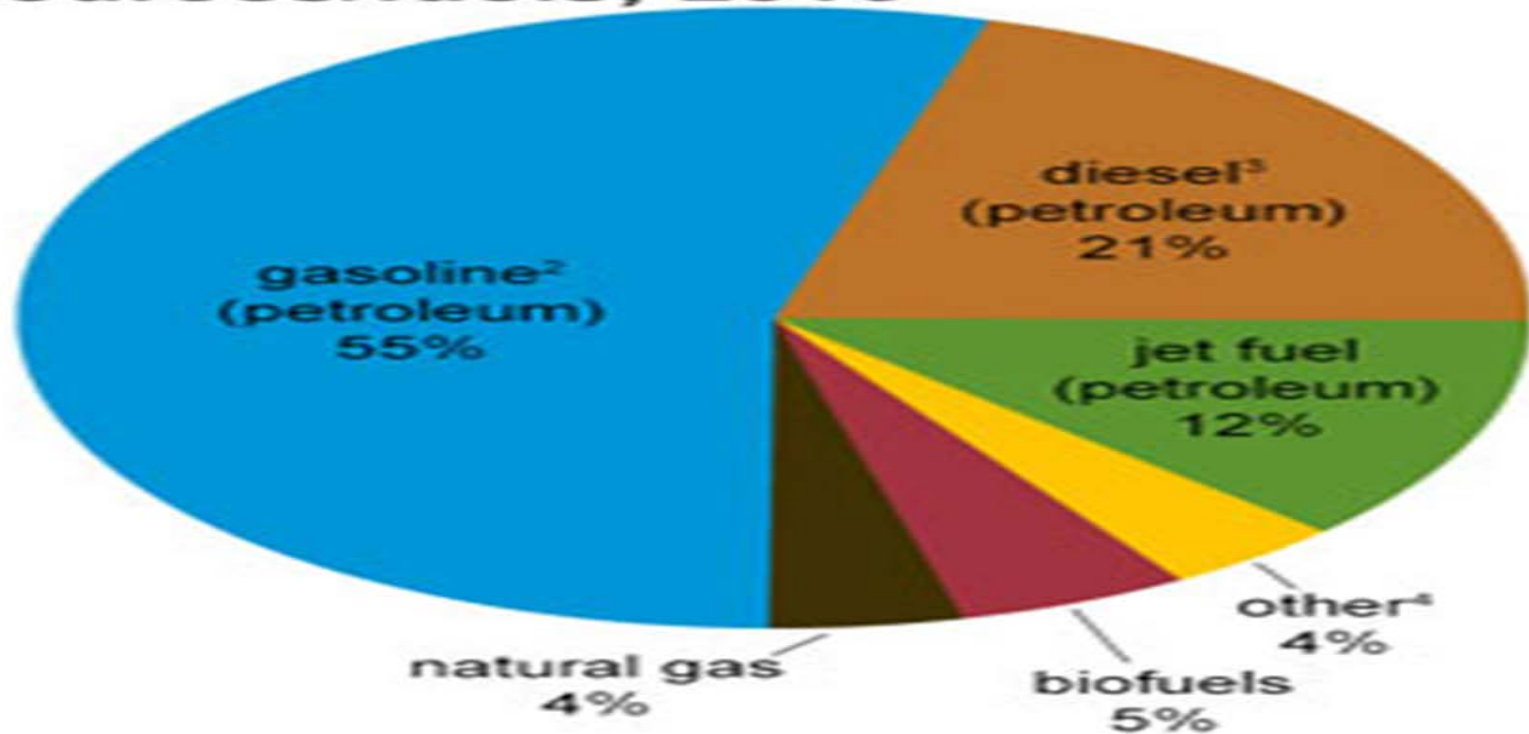


Source: U.S. Energy Information Administration





## U.S. transportation energy sources/fuels, 2016<sup>1</sup>



<sup>1</sup> Based on energy content

<sup>2</sup> Motor gasoline and aviation gas; excludes ethanol

<sup>3</sup> Excludes biodiesel

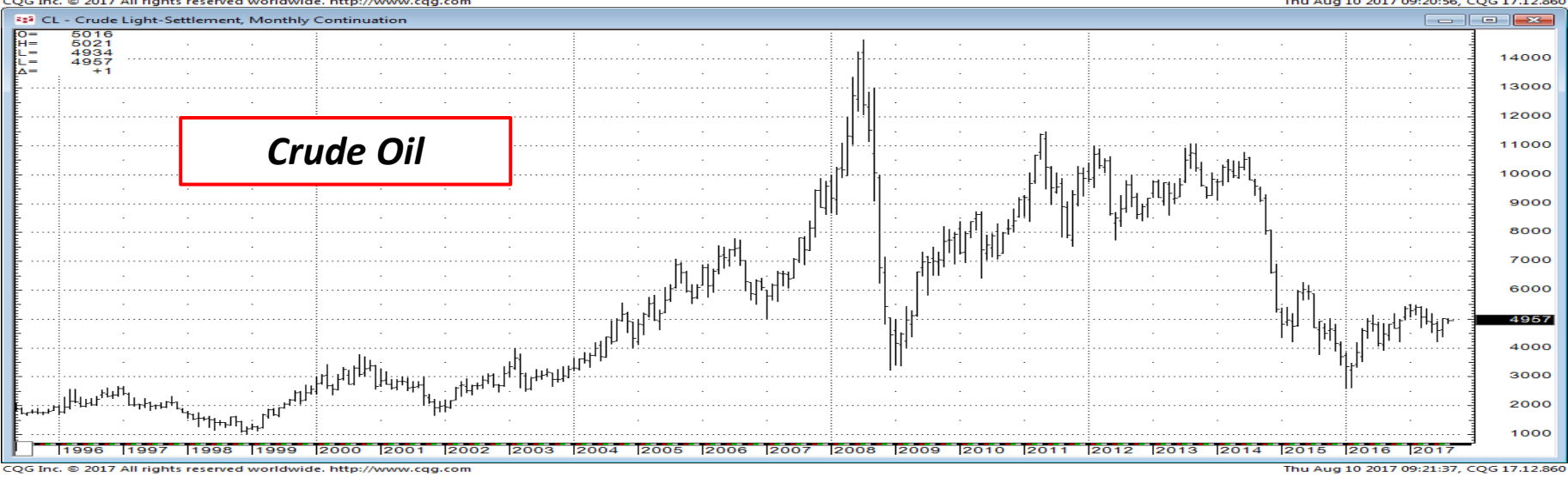
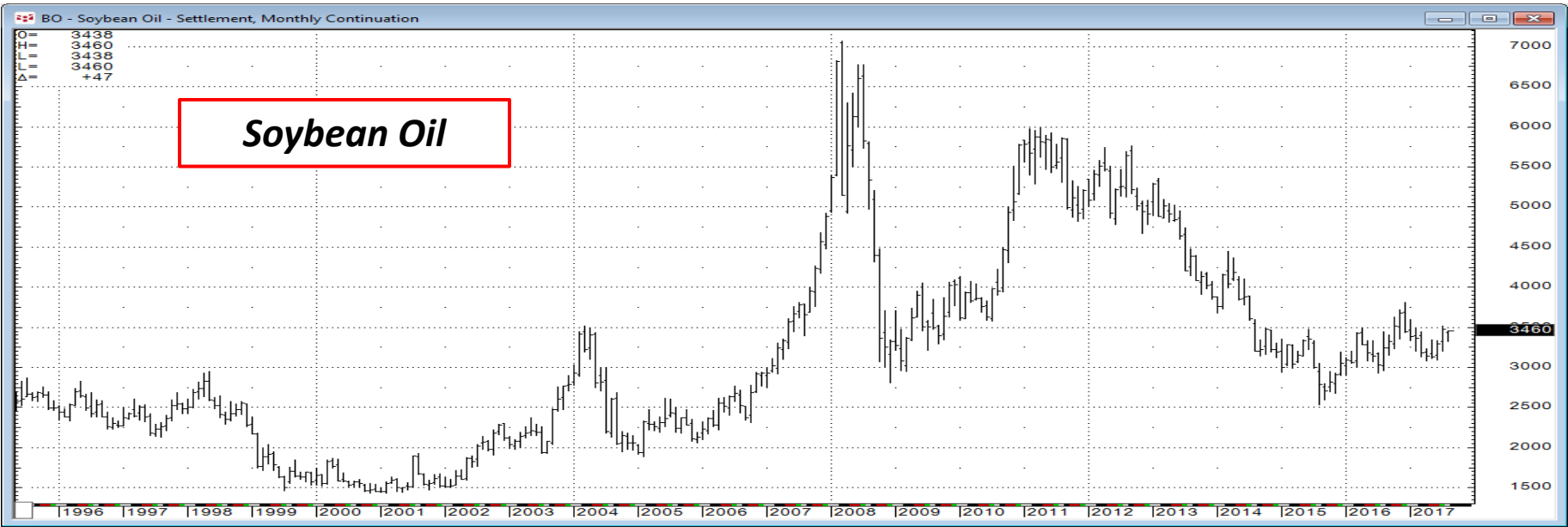
<sup>4</sup> Electricity, liquefied petroleum gas, lubricants, residual fuel oil, and other fuels

Note: Sum of individual components may not equal 100% because of independent rounding.

Source: U.S. Energy Information Administration, *Monthly Energy Review*, Tables 2.5 and 3.8c, April 2017, preliminary data

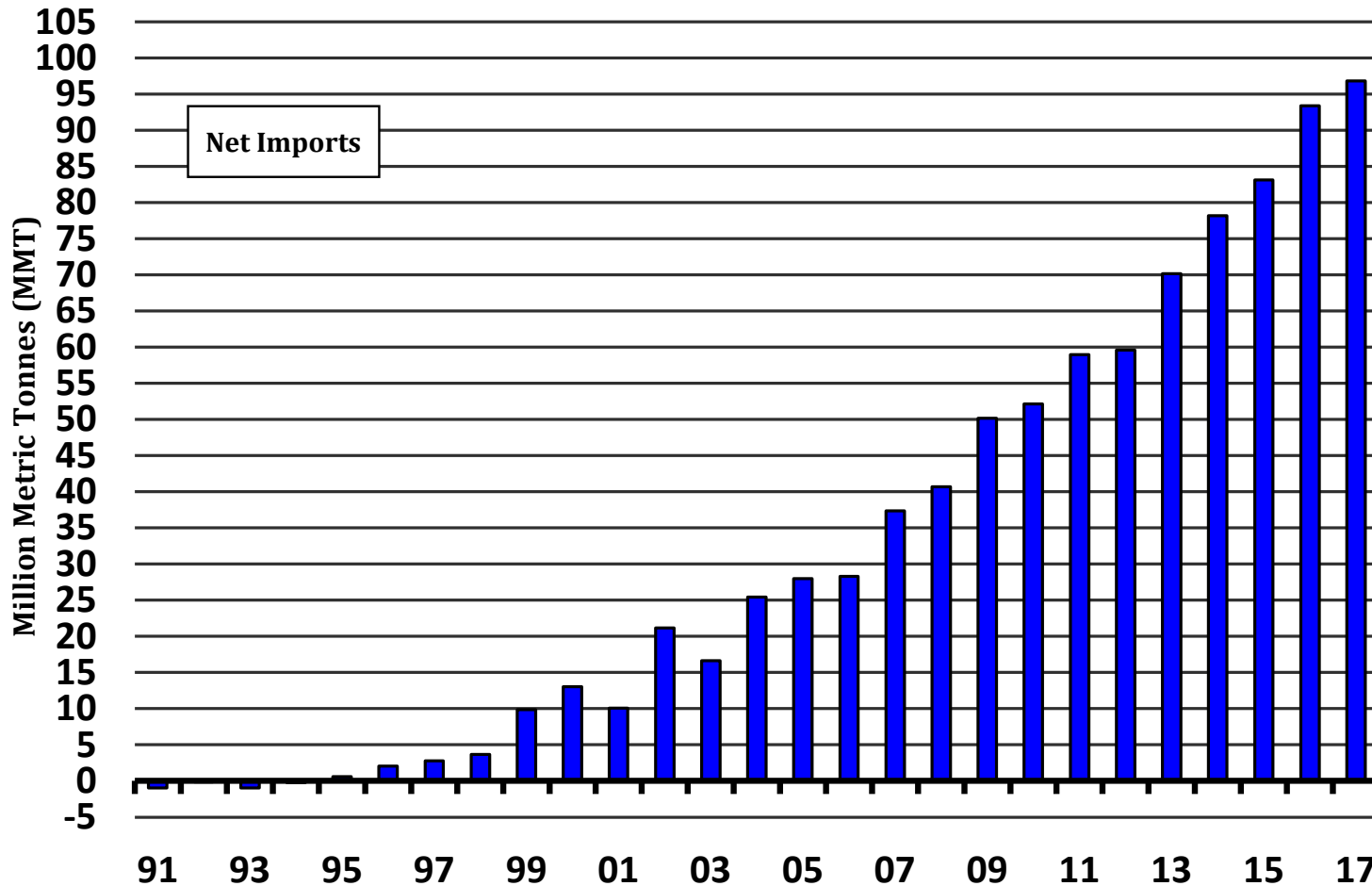


# Food & Fuel Are Linked



# Food Consumption Sensitivity

## China Soybean - Net Import / Export



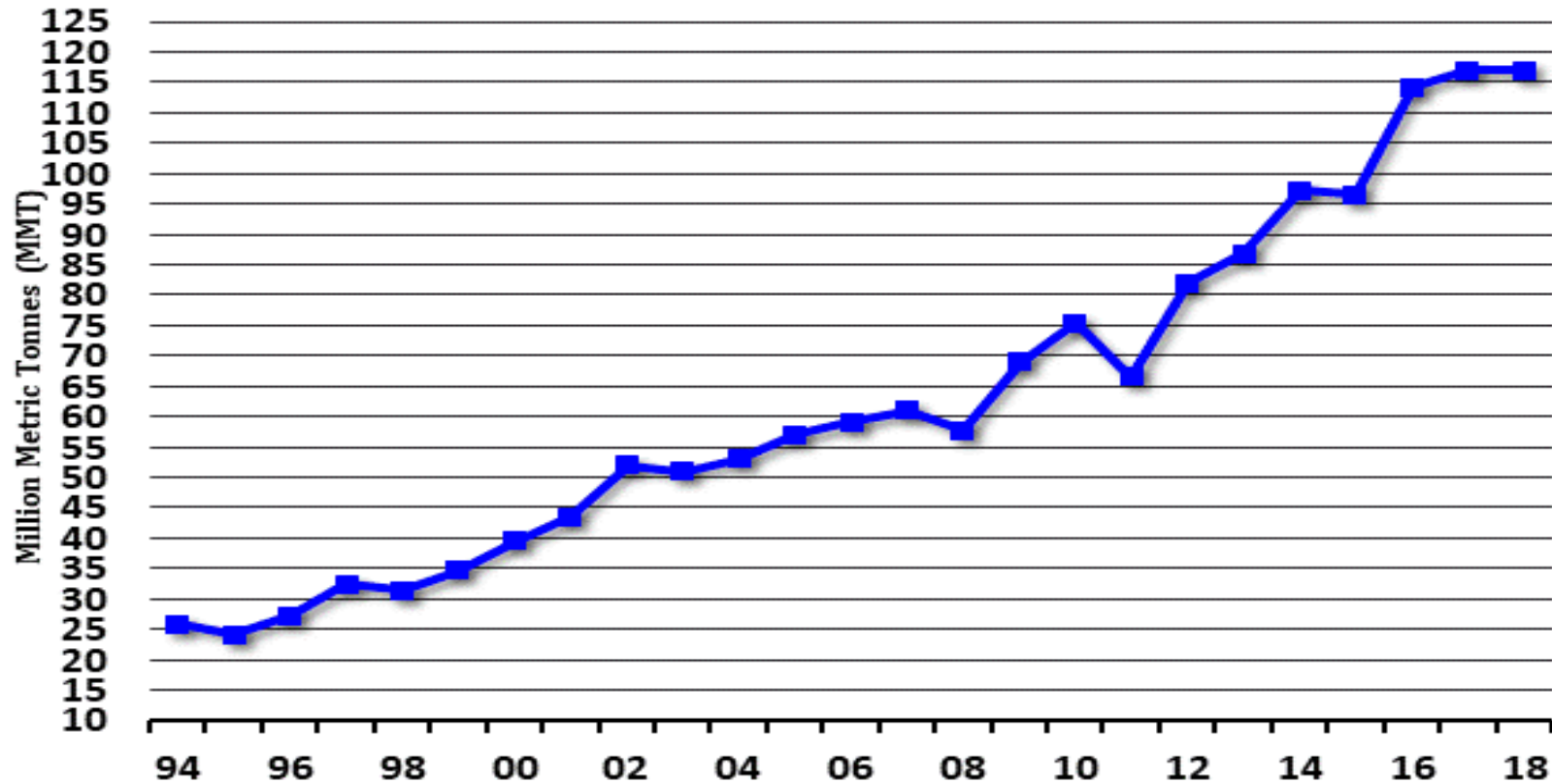
Most Recent: 96.85 As Of 04/10/2018

Crop Year Beginning

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## Brazil Soybean - Production



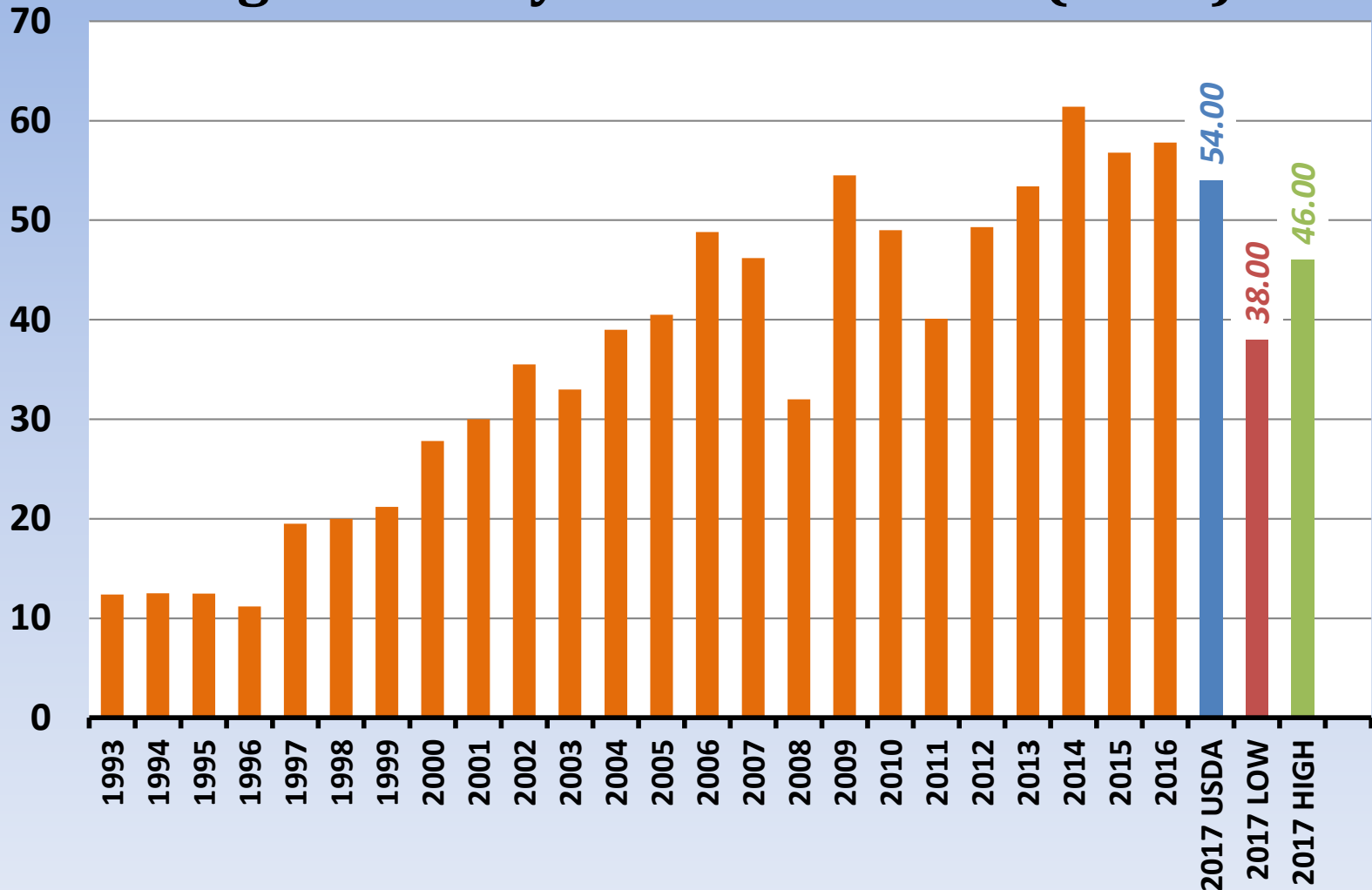
Most Recent: 117 As Of 05/10/2018

Crop Year Beginning

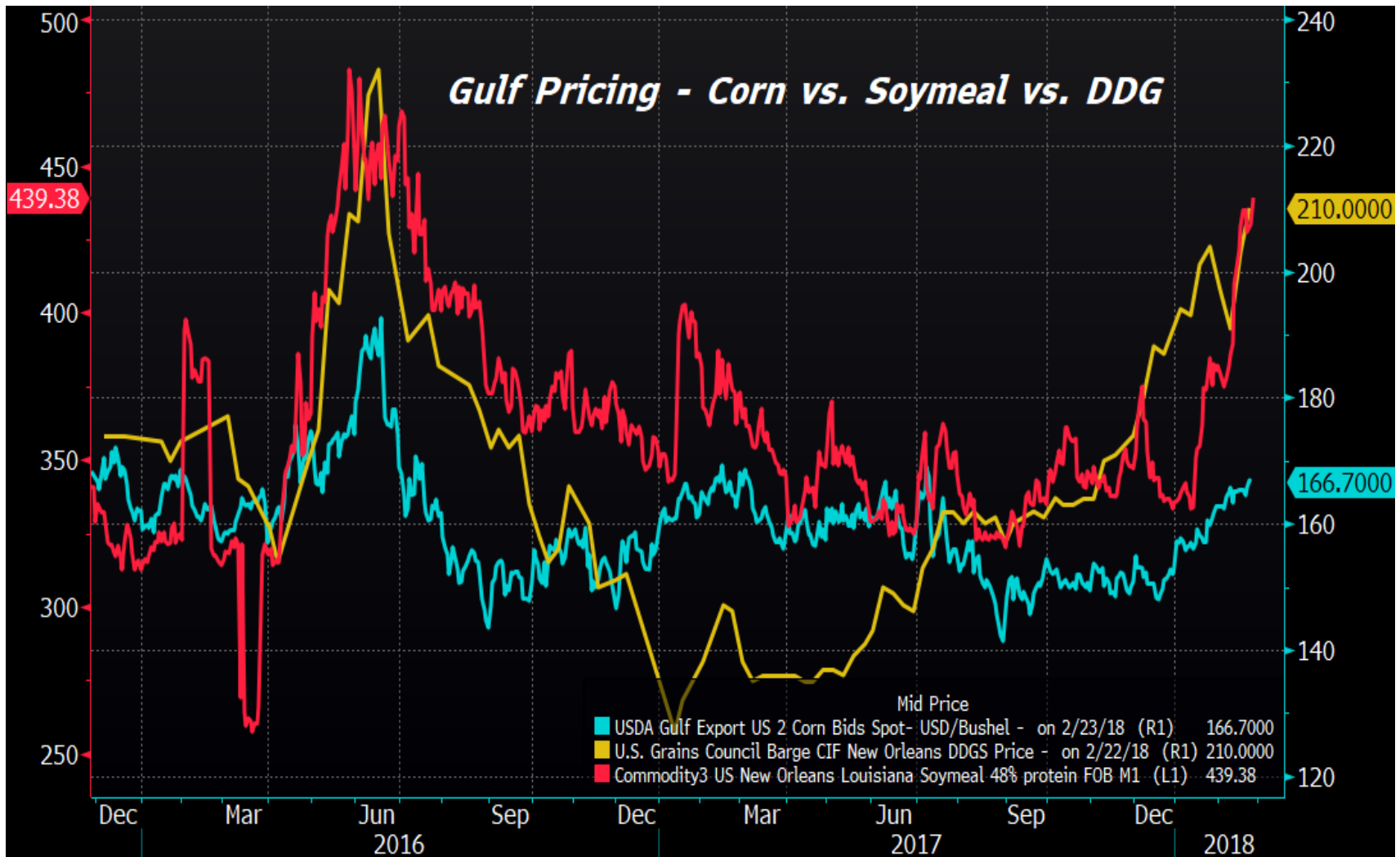
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## Argentina Soybean Production (MMT)



From Jan 12<sup>th</sup> Meal gained 23.5% corn 6.8%



BGGRCPS Index (USDA Gulf Export US 2 Corn Bids Spot- USD/Bushel) Gulf Corn, DDG

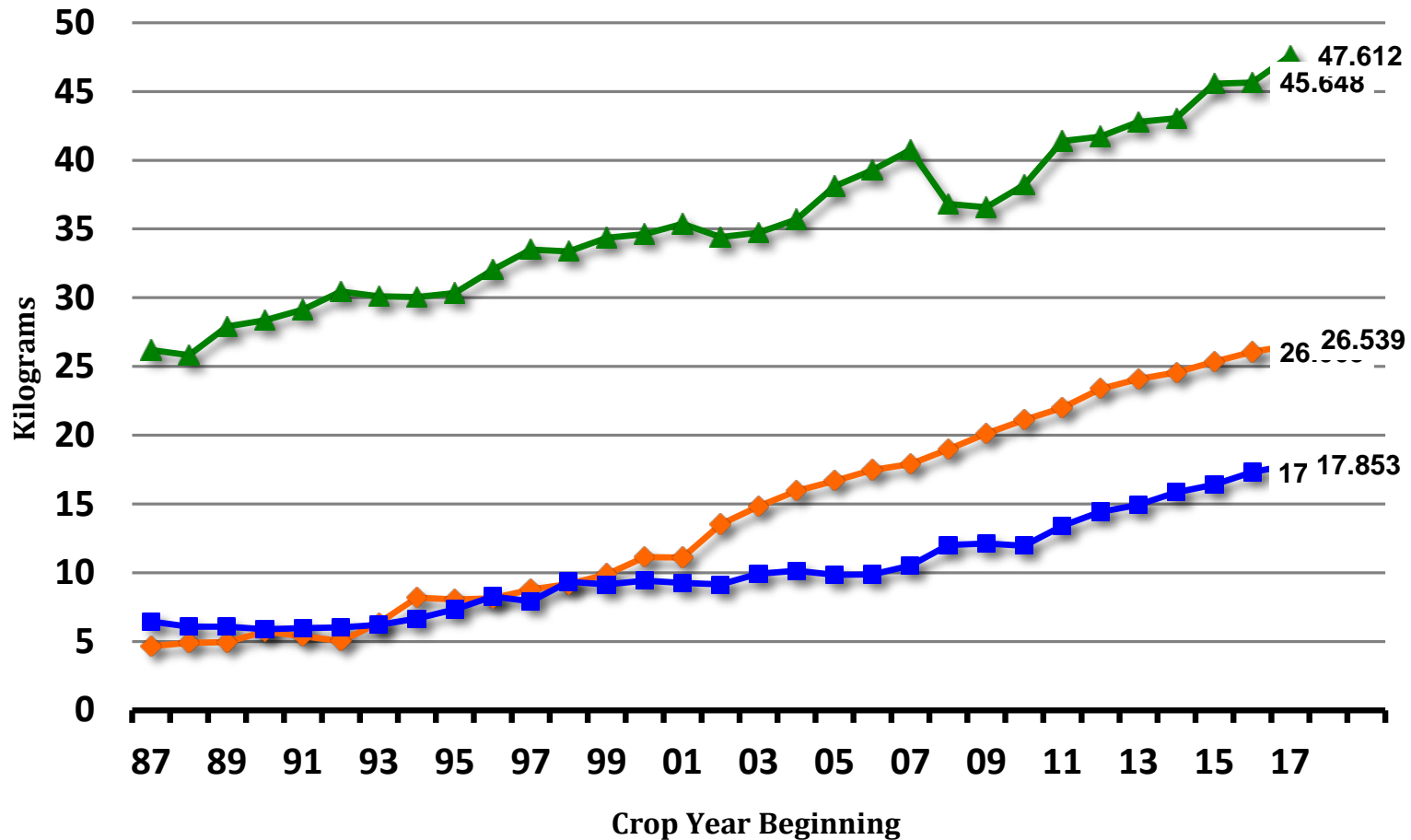
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# Small increases in per cap go a long way

## Vegetable Oil - Per Capita Consumption

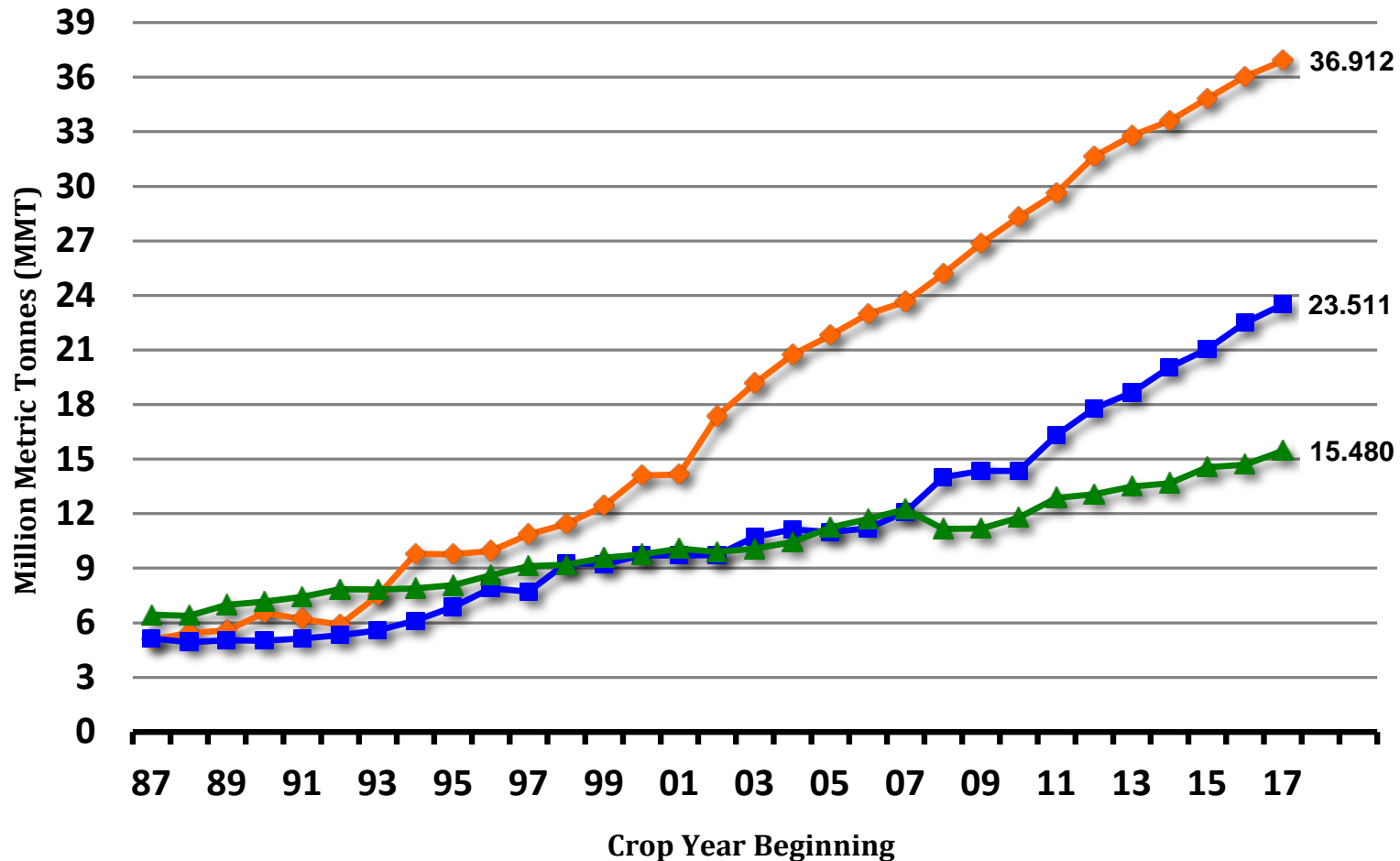


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 Most Recent: As Of 02/08/2018



# China up near 23 mmt in 16 years

## Vegetable Oil - Major Consumers



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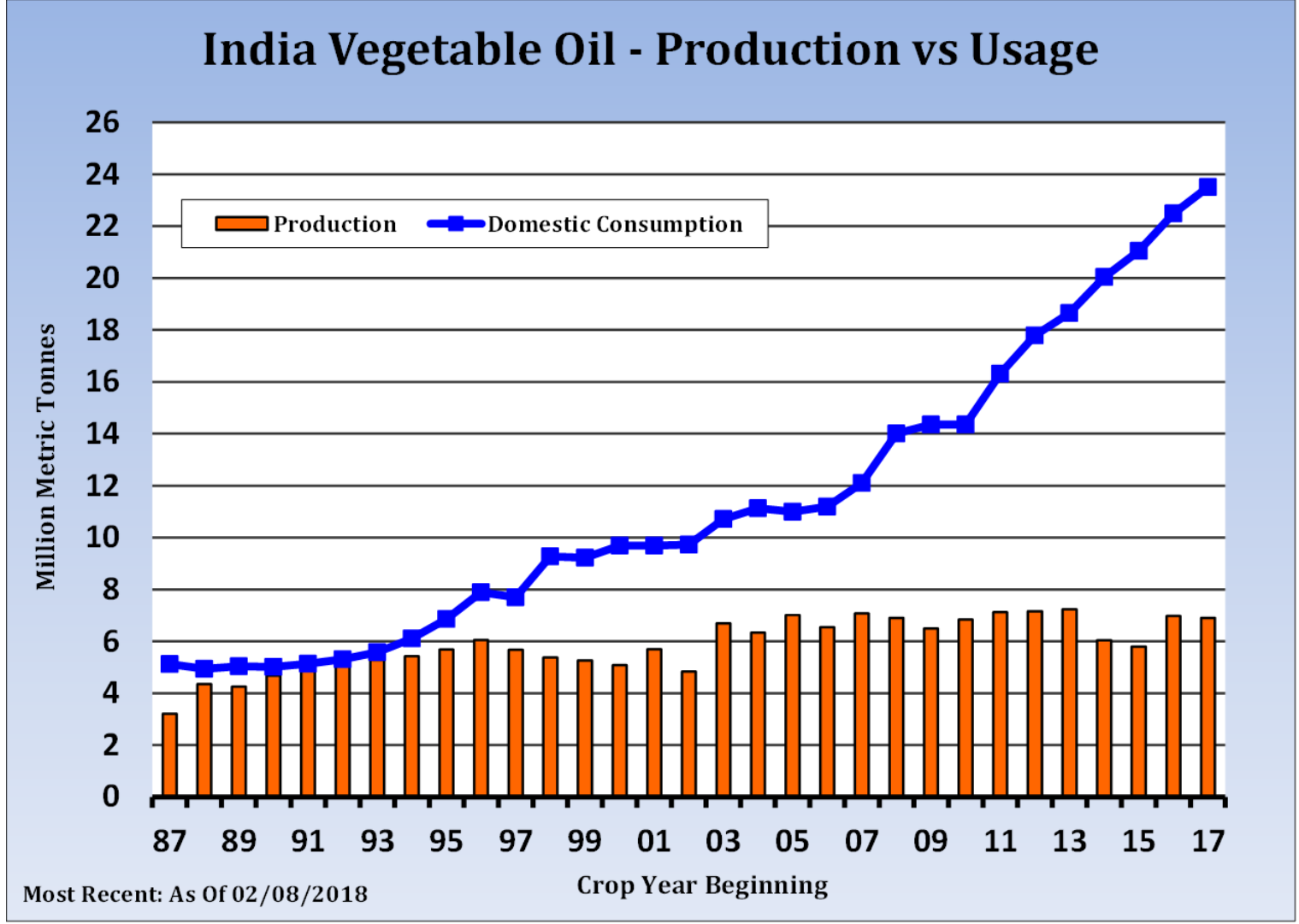
China

India

United States



# India up 10 mmt in last 7 years



# China's Seafood Index

## Prices for 30 Key Seafood Products Across China

**Fishmeal / Soybean Meal Price Ratio**



Source: [indexmundi.com](http://indexmundi.com) / WorldBank

单位：元/公斤

Source: China's Ministry of Agriculture

