Agriculture and Agri-Food Canada / Agriculture et Agroalimentaire Canada

CANADA: GRAINS AND OILSEEDS OUTLOOK

March 10, 2010

For 2010-11, the areas seeded to durum, wheat, barley and flaxseed, and the summerfallow area, are expected to decrease, while the areas seeded to corn, canola, oats and soybeans increase. Normal precipitation, abandonment and crop quality are assumed. For all crops, yields are expected to decrease to trend levels. Total production and supply of G&O in Canada are forecast to decrease slightly to 64.4 million tonnes (Mt) and 81.3 Mt, respectively. Exports are forecast to decrease while total domestic use increases marginally. Carry-out stocks are expected to fall to below the 10 year average. In general, prices are expected to decrease. The main factors to watch are the exchange rate, the condition of the world winter wheat and South American crops, 2010-11 seeding intentions and spring soil moisture conditions.

DURUM

For **2009-10**, exports are forecast to increase marginally from 2008-09 to 3.7 Mt due to lower production in the EU and higher Canadian carry-in stocks. Carry-out stocks are forecast to rise by 42% to 2.7 Mt. The CWB Pool Return Outlook (PRO) is 46% lower than for 2008-09, due to pressure from higher world and Canadian supply.
For **2010-11**, seeded area is forecast to decrease by 25% from 2009-10 because of sharply lower prices and burdensome carry-in stocks. Production is expected to fall by 30% to 3.8 Mt but, due to high carry-in stocks, supply will decrease by only 11%. Exports are forecast to increase by 3% to 3.8 Mt, due to lower production in most importing countries. Carry-out stocks are forecast to decrease by 33% to 1.8 Mt. The CWB PRO is 3% lower than for 2009-10 because of the continuing high world supply of durum.

WHEAT (ex durum)

For **2009-10,** exports are expected to decrease by 4% from 2008-09 to 14.3 Mt because of the expected drop in world trade and lower Canadian supply. Carry-out stocks are forecast to decrease by 8% to 4.3 Mt. The CWB PRO is 25% lower than for 2008-09 due to pressure from higher world supply.
For **2010-11**, seeded area is forecast to decrease slightly from 2009-10. Production is expected to decrease by 4% to 20.2 Mt because of the lower area and lower yields. Supply is forecast to drop by 5% because of lower carry-in stocks. Exports are expected to decrease by 6% to 13.5 Mt because of the lower supply. The lower supply is also expected to result in lower domestic feed use, although domestic food and industrial uses are forecast to increase slightly. Carry-out stocks are expected to decrease by 7% to a historically low 4 Mt. The CWB PRO is marginally lower than for 2009-10, as support from the lower Canadian supply is expected to be more than offset by the stronger Canadian dollar.

BARLEY

For **2009-10**, exports are forecast to decline marginally, due to strong competition in the world malt barley market. Carry-out stocks are forecast to fall by 23% to 2.2Mt, slightly below the 10 year average. The off-Board price of feed barley is forecast to fall by about $30/t from last year.
For **2010-11**, seeded area is forecast to fall by 3% but harvested area is expected to rise due to lower abandonment. Production is forecast to decrease marginally as yields fall to trend levels. Total supply is forecast to fall by 6% due to lower carry-in stocks. Domestic feed use is projected to decline due to lower livestock numbers. Total exports are forecast to be unchanged at 2.3 Mt while carry-out stocks fall by 5% to 2.1 Mt. The off-board price of feed barley is forecast to fall slightly from 2009-10.

CORN

For **2009-10**, imports are forecast to rise on strong demand from the ethanol sector. Carry-out stocks are expected to fall by 25%. The average corn price is expected to decline due to lower US corn prices and the stronger Canadian dollar.
For **2010-11**, seeded area and production are forecast to increase by 6% and 15%, respectively. Imports are expected to remain steady. Supply is forecast to rise by 7% while carry-out stocks rise significantly. The average Chatham elevator price is forecast to fall by $15/t from 2009-10.

OATS

For **2009-10**, exports are forecast to decrease significantly due to weak US import demand while carry-out stocks fall by 35%. The average nearby CBoT oats futures price is forecast to fall by about $20/t from 2008-09.
For **2010-11**, seeded area is forecast to rise by 18% due to attractive returns compared to competing crops. Production is forecast to rise by almost 30% but supply will only increase by 6% due to tighter carry-in stocks. Exports are forecast to increase by 13% on stronger US demand, while carry-out stocks are unchanged. Prices are forecast to decrease by $5/t from 2009-10.

CANOLA

For **2009-10**, exports are projected to be the second highest on record, although down 12% from the record set in 2008-09. Domestic crush is forecast to rise due to increased domestic crushing capacity. Carry-out stocks are forecast to be similar to the previous year, with the average price down more than 10%.
For **2010-11**, seeded area is projected to increase from 2009-10, but production and supply are forecast to decline marginally due to lower yields. Domestic crush is forecast to rise to a record 5.5 Mt due to expanded crush capacity and increased demand for oil and meal. Exports are expected to decline due to increased domestic use. Carry-out stocks are forecast to decline significantly. Prices are expected to decline slightly due to weaker world vegoil prices.

FLAXSEED (excluding solin)

For **2009-10**, exports are forecast to drop sharply due to lower demand from the EU. As a result, carry-out stocks are projected to rise to record levels. The average price is forecast to fall by almost 30% as a result of weak demand and large stocks.
For **2010-11**, seeded area is expected to drop sharply due to lower prices, large stocks and uncertainty of markets. Production is forecast to decline by 33%. Exports are forecast to recover, assuming that exports to the EU increase. Carry-out stocks are expected to fall significantly. Prices are forecast to increase due to declining stocks and increased demand.

SOYBEANS

For **2009-10**, exports are forecast to increase by more than 10% to a record 2.1 Mt, due to higher domestic supplies. Carry-out stocks are expected to increase sharply, with the average price down by over 10%.
For **2010-11**, seeded area is forecast to rise by 4%, with production increasing by 5%. Domestic supply is forecast to increase by 8% due to larger carry-in stocks, with imports declining as a result. Both exports and domestic use are forecast to rise. Carry-out stocks are forecast to decrease slightly. The average Chatham price is projected to decline, as a result of lower US prices and a stronger Canadian dollar.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

March 10, 2010

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (e)	Feed, Waste & Dockage	Total Domestic Use (d)	Carry-out Stocks	Average Price (g)
	thousand ha		*t/ha*	*thousand metric tonnes*								*$/t*
Durum												
2008-2009	2,440	2,416	2.28	5,519	2	6,340	3,639	236	345	804	1,897	373
2009-2010f	2,291	2,230	2.42	5,400	2	7,299	3,700	250	479	899	2,700	200*
2010-2011f	1,710	1,665	2.28	3,800	2	6,502	3,800	260	452	902	1,800	194*
Wheat Except Durum												
2008-2009	7,752	7,616	3.03	23,092	23	26,703	14,966	3,080	3,191	7,077	4,659	302
2009-2010f	7,756	7,309	2.89	21,115	100	25,874	14,300	3,300	3,174	7,274	4,300	225*
2010-2011f	7,640	7,335	2.75	20,200	50	24,550	13,500	3,400	2,820	7,050	4,000	224*
All Wheat												
2008-2009	10,192	10,032	2.85	28,611	26	33,043	18,606	3,317	3,536	7,881	6,556	
2009-2010f	10,047	9,539	2.78	26,515	102	33,172	18,000	3,550	3,652	8,172	7,000	
2010-2011f	9,350	9,000	2.67	24,000	52	31,052	17,300	3,660	3,272	7,952	5,800	
Barley												
2008-2009	3,787	3,502	3.36	11,781	42	13,392	2,378	157	7,707	8,171	2,843	179
2009-2010f	3,506	2,918	3.26	9,517	35	12,395	2,300	190	7,380	7,895	2,200	140-160
2010-2011f	3,400	3,000	3.15	9,450	35	11,685	2,300	190	6,770	7,285	2,100	130-160
Corn												
2008-2009	1,204	1,169	9.06	10,592	1,863	13,912	327	4,120	7,594	11,728	1,857	167
2009-2010f	1,231	1,181	8.09	9,561	2,000	13,418	200	4,300	7,503	11,818	1,400	135-155
2010-2011f	1,300	1,260	8.73	11,000	2,000	14,400	300	4,500	7,685	12,200	1,900	125-155
Oats												
2008-2009	1,758	1,448	2.95	4,273	17	5,240	2,430	69	1,086	1,282	1,527	191
2009-2010f	1,510	948	2.95	2,798	15	4,340	1,950	90	1,125	1,390	1,000	160-180
2010-2011f	1,775	1,325	2.72	3,600	15	4,615	2,200	90	1,150	1,415	1,000	150-180
Rye												
2008-2009	168	132	2.40	316	1	352	78	42	97	152	123	155
2009-2010f	115	115	2.43	281	0	403	133	45	90	150	120	130-150
2010-2011f	165	120	2.33	280	1	401	140	45	101	161	100	120-150
Mixed Grains												
2008-2009	143	80	2.79	222	0	222	0	0	222	222	0	
2009-2010f	189	78	2.75	213	0	213	0	0	213	213	0	
2010-2011f	170	75	2.87	215	0	215	0	0	215	215	0	
Total Coarse Grains												
2008-2009	7,061	6,330	4.29	27,184	1,922	33,117	5,213	4,388	16,705	21,553	6,350	
2009-2010f	6,551	5,240	4.27	22,371	2,050	30,771	4,583	4,625	16,312	21,468	4,720	
2010-2011f	6,810	5,780	4.25	24,545	2,051	31,316	4,940	4,825	15,921	21,276	5,100	
Canola												
2008-2009	6,540	6,494	1.95	12,643	121	14,225	7,908	4,280	329	4,656	1,661	467
2009-2010f	6,556	6,105	1.94	11,825	150	13,636	7,000	4,500	436	4,986	1,650	390-440
2010-2011f	6,800	6,680	1.74	11,600	125	13,375	6,500	5,500	427	5,975	900	350-450
Flaxseed												
2008-2009	631	625	1.38	861	7	1,035	627	n/a	n/a	181	227	500
2009-2010f	692	623	1.49	930	5	1,162	450	n/a	n/a	162	550	340-390
2010-2011f	495	475	1.32	625	5	1,180	600	n/a	n/a	180	400	375-475
Soybeans												
2008-2009	1,202	1,195	2.79	3,336	350	3,807	1,888	1,280	274	1,699	220	413
2009-2010f	1,394	1,382	2.54	3,504	450	4,174	2,100	1,275	303	1,724	350	330-380
2010-2011f	1,445	1,425	2.58	3,675	350	4,375	2,150	1,450	305	1,900	325	300-350
Total Oilseeds												
2008-2009	8,373	8,315	2.03	16,840	477	19,067	10,423	5,560	603	6,537	2,108	
2009-2010f	8,642	8,110	2.00	16,259	605	18,972	9,550	5,775	739	6,872	2,550	
2010-2011f	8,740	8,580	1.85	15,900	480	18,930	9,250	6,950	732	8,055	1,625	
Total Grains and Oilseeds												
2008-2009	25,626	24,677	2.94	72,635	2,425	85,226	34,241	13,265	20,844	35,971	15,014	
2009-2010f	25,240	22,889	2.85	65,144	2,757	82,915	32,133	13,950	20,703	36,512	14,270	
2010-2011f	24,900	23,360	2.76	64,445	2,583	81,298	31,490	15,435	19,925	37,283	12,525	

(a) Crop year is August-July except corn and soybeans which are September-August.
(b) Excludes imports of products. (c) Includes exports of products for wheat, durum, oats, barley, and rye. Excludes exports of oilseed products.
(d) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use
(e) Soybean food and industrial use is based on data from the Canadian Oilseed Processors Association. Total excludes flaxseed due to data confidentiality.
(g) Crop year average prices: No.1 CWRS 12.5% protein and No.1 CWAD 12.5% (CWB final price I/S St. Lawrence/Vancouver), Barley (No. 1 feed, ICE Futures Canada, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBoT nearby futures); Rye (No. 1 CW I/S Saskatoon); Canola (No. 1 Canada, ICE Futures Canada, cash, I/S Vancouver); Flaxseed (No. 1 CW, ICE Futures Canada, cash, I/S Thunder Bay); Soybeans (No. 2 cash, I/S Chatham).
* Canadian Wheat Board - February 2010 Pool Return Outlook (PRO)

f: forecast; Agriculture and Agri-Food Canada: March 10, 2010
Source: Statistics Canada