Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

CANADA: GRAINS AND OILSEEDS (G&O) OUTLOOK: 2010-11

May 5, 2010

For 2010-11, Canadian producers intend to increase the areas seeded to wheat (ex durum), oats, corn, canola and soybeans and decrease the areas seeded to durum, barley, rye and flaxseed from 2009-10, according to Statistics Canada's (STC) March seeding intentions survey, released on April 26, 2010. The actual areas seeded may differ from the intended areas because of changes in the market outlook, prices, soil moisture conditions at the time of seeding and market reaction to the STC report. The outlook assumes normal precipitation, abandonment and crop quality, and that trend yields will be achieved. The price forecasts assume that the Canadian dollar will be at par with the US dollar, based on the average of forecasts from the five major Canadian banks.

Total production, and supply, of G&O in Canada is forecast to decrease slightly to about 63 million tonnes (Mt) and 80 Mt, respectively. Total exports are forecast to decrease due to lower exports of canola, flaxseed and wheat (ex durum). Total domestic use is forecast to increase significantly due to increased crush capacity for canola in western Canada and higher soybean crush in Ontario due to higher supply. Total carry-out stocks are expected to fall to below the 10 year average, mostly due to significantly lower carry-out stocks of durum, barley and canola. In general, grain prices are expected to decrease from the 2009-10 level but remain above historical averages. The main factor to watch in Canada is precipitation as most crop production areas were at lower than normal moisture reserves at the start of seeding. Therefore, timely rains will be needed to achieve normal production. Other factors to watch are the exchange rate and the condition of the world crops.

DURUM

For **2010-11**, producers intend to decrease seeded area by 35 percent from 2009-10 because of sharply lower prices and burdensome carry-in stocks. The decrease in the area was larger than expected, which could be supportive for prices. Production is forecast to fall by 39 percent to 3.3 Mt but, due to high carry-in stocks, supply would decrease by only 15 percent. Exports are forecast to increase by 6 percent to 3.7 Mt, mainly because of larger imports from northern Africa. Carry-out stocks are forecast to decrease by 41 percent to 1.7 Mt. The CWB PRO is 6 percent lower than for 2009-10 because of the continuing high world supply of durum and the stronger Canadian dollar.

WHEAT (ex durum)

For **2010-11**, winter wheat seeded area decreased by a third, but producers intend to seed 7 percent more spring wheat, resulting in an overall increase of 2 percent. Production is expected to decrease marginally to 20.9 Mt because of lower yields. Production of winter wheat is forecast to decrease significantly, while spring wheat production increases slightly. Supply is forecast to drop by 3 percent because of lower carry-in stocks. Exports are expected to decrease by 3 percent to 13.9 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 5 percent to a historically low 4 Mt. The CWB PRO is 7 percent lower than for 2009-10, as support from the lower Canadian supply is expected to be more than offset by pressure from higher world supply and the stronger Canadian dollar.

BARLEY

For **2010-11**, seeded area is intended to fall by 4 percent and harvested area is expected to fall by the same amount. Production is forecast to decrease by 7 percent as yields fall to trend levels. Total supply is forecast to fall by 11 percent 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 27 percent to 1.6 Mt. The CWB malt barley PROs are about 4 percent lower than 2009-10. The non-board price of feed barley is forecast to fall slightly from 2009-10. For 2010-11 the US, China and Japan should remain Canada's largest export destinations for malt barley. Australia and Ukraine have replaced Canada as the feed barley supplier to Saudi Arabia which had been an important market. Canadian feed barley exports are expected to remain very low, similar to 2009-10. The livestock feed market in Western Canada continues to be one the world's highest priced feed barley markets. This, is combination with high shipping costs decreases the competitiveness of Canadian feed barley in the world market. At the world level, total world barley production is forecast to decrease by 2 percent for 2010-11 but because of high carry-in stocks, the supply of barley is expected to be similar to 2000-10. For 2010 the US is expected to plant its smallest barley crop on record as US producers out more profitable crops like corn.

CORN

For **2010-11**, intended seeded area and production are expected to increase by 1 percent and 7 percent, respectively. Domestic supply is forecast to rise marginally but imports are expected to remain the same high due to increased demand for ethanol. Carry-out stocks rise due to lower feed demand. The average Chatham elevator price is forecast to decrease slightly due to lower US corn prices. For 2010 the US is expecting its second largest corn crop ever based on current trend yields. But US corn is being planted at a near record pace suggesting that yield estimates may actually be low. A record or near-record crop in the US, record world production and high world stock levels will be bearish price factors for corn in the months to come. The recovering US dollar index will make it difficult for the US to compete in the world export markets and will further contribute to its burdensome corn stock outlook.

OATS

For **2010-11**, seeded area is intended to rise by 7 percent due to more attractive returns compared to competing crops. Production is forecast to increase significantly but supply will decrease by 3 percent due to lower carry-in stocks. Exports are forecast to increase slightly due to higher lower imports related to lower US oat acreage, while carry-out stocks are unchanged. Prices are forecast to decrease by $10/t from 2009-10. Total world oat production is forecast to increase by 2 percent for 2010-11. On a yearly basis Canada's oat and oat products exports rely almost entirely on the US market. Although the US is poised to plant its second smallest oat crop on record, it has high carry-in stocks for 2010-11. US demand has flattened in recent years as oats has been replaced by corn in pelleted horse rations and may have reached the maturity stage in human consumption. The price of oats is very strongly correlated to the price of corn. Given the large world corn crop and the strong Canadian dollar, Canadian oat prices will remain below the 2009-10 average.

RYE

For **2010-11**, area seeded is expected to decrease significantly and production is forecast to decrease by 47 percent. Total supply and domestic use are forecast to decrease by 33 and 11 percent, respectively. Carry-out stocks are expected to decrease by 50 percent due to the large production drop. Like winter wheat, fall seeding conditions were not advantageous for rye. World carry-in stocks of rye are at high levels because 2009-10 production was the highest since 2003. World production in 2010-11 is forecast to decrease by 11 percent because of low expected returns relative to competing crops. Rye prices are expected to decrease slightly in line with other coarse grain prices.

CANOLA

For **2010-11**, producers intend to increase seeded area by 4 percent, to a record high in anticipation of good returns compared to other crops. However, production and supply are forecast to decline marginally as yields are assumed to return to trend levels. Domestic crush is forecast to rise to a record 5.5 Mt due to a combination of expanded crush capacity, strong demand for oil and meal and improved crush margins. Exports are expected to decline by 0.5 Mt as tight supplies limits Canada's ability to service Pakistan and Bangladesh demand Carry-out stocks are forecast to decline significantly but are not expected to become overly tight. Prices are expected to decline slightly under pressure from weaker world vegetable oil prices and the strong Canadian dollar.

FLAXSEED (excluding solin)

For **2010-11**, producers intend to decrease seeded area by 16 percent in response to lower prices and market uncertainty. Production is forecast to decline by about 20 percent, as trend yields remain under last years levels. Carry-in stocks are high, but lower than expected because of the strong export pace for 2009-10. As a result, supply is expected to be similar to 2009-10. Exports are forecast to decrease only slightly from 2009-10 as increased exports to China partly offset lower exports to the EU resulting from the detection of GMO material. Total domestic use is expected to rise and prices are forecast to rise on support from increased demand.

SOYBEANS

For **2010-11**, producers intend to increase the area planted to soybeans by 4 percent, to a record high 1.43 mln ha with most of the increase occurring in Manitoba. Production of soybeans is forecast to rise by 4 percent as trend yields are slightly above last years levels. Domestic supply is forecast to increase by 8 percent as larger carry-in stocks more than offset a fall in imports. Exports of soybeans, both food-grade and commercial, are forecast to rise on strong demand from US, China and the EU. Domestic use is forecast to rise on a stronger crush pace. Carry-out stocks are forecast to decrease slightly. The average Chatham price is projected to decline slightly, as a result of lower US prices and a stronger Canadian dollar.

FURTHER INFORMATION:
Wheat......Stan Skrypetz..(204) 983-8972
Email.....stan.skrypetz@agr.gc.ca
Coarse Grains.....John Pauch..(204) 983-2484
E-mail....john.pauch@agr.gc.ca
Oilseeds......Chris Beckman....(204) 984-4929
Email.....chris.beckman@agr.gc.ca
Chief Fred Oleson.....(204) 983-0807
E-mail.....fred.oleson@agr.g.ca
www.agr.gc.ca/gaod-dco

CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

May 5, 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	3,500	250	502	899	2,900	194*
2010-2011f	1,491	1,453	2.28	3,310	2	6,212	3,700	260	377	812	1,700	182*
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	14,400	3,300	3,152	7,274	4,200	219*
2010-2011f	7,943	7,635	2.74	20,910	50	25,160	13,900	3,400	3,030	7,260	4,000	203*
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	17,900	3,550	3,653	8,172	7,100	
2010-2011f	9,434	9,088	2.67	24,220	52	31,372	17,600	3,660	3,407	8,072	5,700	
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	3,377	2,803	3.15	8,830	35	11,065	2,300	190	6,650	7,165	1,600	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	1,204	1,181	8.09	9,561	2,000	13,418	200	4,300	7,503	11,818	1,400	135-155
2010-2011f	1,221	1,172	8.70	10,200	2,000	13,600	300	4,500	7,085	11,600	1,700	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	155-175
2010-2011f	1,616	1,180	2.71	3,200	15	4,215	2,000	90	950	1,215	1,000	140-170
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	87	65	2.31	150	1	271	78	45	73	133	60	125-155
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	176	84	2.86	240	0	240	0	0	240	240	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	6,524	5,240	4.27	22,371	2,050	30,771	4,583	4,625	16,312	21,468	4,720	
2010-2011f	6,477	5,304	4.26	22,620	2,051	29,391	4,678	4,825	14,998	20,353	4,360	
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	4,937	1,699	400-440
2010-2011f	6,842	6,725	1.74	11,700	125	13,524	6,500	5,500	427	5,975	1,049	380-420
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	600	n/a	n/a	142	420	340-380
2010-2011f	581	557	1.32	735	5	1,160	550	n/a	n/a	210	400	320-360
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	500	4,224	2,100	1,275	299	1,574	550	330-370
2010-2011f	1,429	1,412	2.58	3,650	350	4,550	2,150	1,450	305	1,900	500	310-350
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	655	19,022	9,700	5,775	735	6,653	2,669	
2010-2011f	8,852	8,695	1.85	16,085	480	19,234	9,200	6,950	732	8,085	1,949	
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	25,213	22,889	2.85	65,144	2,807	82,965	32,183	13,950	20,700	36,293	14,489	
2010-2011f	24,763	23,087	2.73	62,925	2,583	79,997	31,478	15,435	19,137	36,510	12,009	

(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 - April 2010 Pool Return Outlook (PRO)

f: forecast; Agriculture and Agri-Food Canada: May 5, 2010

Source: Statistics Canada