



CANADA: PULSE AND SPECIAL CROPS (P&SC) OUTLOOK

April 12, 2012

For 2011-12, total exports of P&SC in Canada are forecast to fall by 20%, largely due to the significant fall in exportable dry pea supply. Total domestic use is expected to rise to 0.9 Mt (million tonnes), largely due to increased feed use for dry peas and lentils. Total carry-out stocks are forecast to decrease by 33%. Carry-out stocks are expected to fall for most crops with the exception of lentils, which are expected to increase. For 2011-12, prices for P&SC have averaged higher than 2010-11, with record prices for dry beans, chickpeas and sunflower seed.

For 2012-13, total area seeded to P&SC in Canada is expected to rise to 2.6 Mha (million hectares), an increase of 9% from 2011-12. With the exception of lentils, the areas seeded for all crops included in this report are expected to rise. Average yields are generally expected to rise marginally from the levels attained in 2011 and trend yields are assumed for both western and eastern Canada. Total production is expected to increase by 10% to 4.6 Mt. However, supply is forecast to decrease marginally due to lower carry-in stocks for most crops, particularly dry peas. Exports are expected to increase by 3% to 3.9 Mt, while domestic use is expected to decrease. Carry-out stocks are forecast to increase to 1.1 Mt. Prices, averaged over all types, grades and markets, are forecast to decrease for all crops, but remain historically high for most crops. The main factors to watch are US and world crop conditions, moisture conditions in Canada and the Canada-US exchange rate.

DRY PEAS

For 2011-12, exports are forecast to be significantly lower than 2010-11 due to the combination of limited supply and lower demand from South Asia (India, Pakistan and Bangladesh). This region is expected to import about 1.2 Mt of Canadian dry peas, mostly yellow types, compared to 2.0 Mt last year. Canada is forecast to export a record amount of dry peas to China this year. Domestic use is forecast to increase over last year. Carry-out stocks in Canada are expected to fall to the lowest total since 1993-94. Higher prices for green and yellow peas and record prices for feed peas will drive up the average price.

For 2012-13, seeded area and production, are expected to rise by 27% from 2011-12 because of higher expected returns relative to other crops. The recent price premium for green pea types over yellow types in 2011-12 may encourage more area seeded to green peas at the expense of yellow peas. However, total supply is forecast to only rise by 5% to 2.8 Mt as the increase in production is partly offset by significantly lower

carry-in stocks. Exports are expected to rise to 2.2 Mt, due to higher supply. Carry-out stocks are also forecast to increase, but remain tight. US dry pea area is forecast by the USDA to rise sharply to 0.26 Mha, largely in North Dakota. The Canadian average price is expected to fall from 2011-12, due to the larger expected world supply and increased carry-out stocks.

LENTILS

For 2011-12, exports are expected to increase to 1.2 Mt due to higher import demand from the Middle East, South America, Africa and the EU-27. This has been offset by lower demand from the Indian subcontinent. Domestic use for lentils is forecast at a record 0.3 Mt, as the remainder of the low quality red lentils from 2010-11 are consumed by the domestic livestock feed industry. Burdensome supply will lead to an increase in Canadian carry-out stocks from 2010-11. Prices for all types of lentils have fallen from 2010-11, with the exception of French green types, which have reached record levels. However, high quality lentils are expected represent a significantly

larger proportion of the crop so that the average price for all lentils is expected to increase compared to 2010-11.

For 2012-13, the area seeded is expected to fall by 13% to 0.9 Mha. This is due to lower potential returns, particularly for red lentil types, compared to other crops. Supply is expected to decrease marginally to 2.1 Mt, but remain historically high as burdensome carry-in stocks partly offset the lower production. Exports are forecast to remain unchanged at 1.2 Mt, while carry-out stocks are forecast to decrease. They are expected to remain historically high due to the large supply and lower expected domestic use. US lentil area is forecast by the USDA to rise by 21% to 0.21 Mha, largely in North Dakota. The average Canadian price is forecast to be lower than 2011-12 due to large expected North American supply.

DRY BEANS

For 2011-12, exports are forecast to fall to 195 kt (thousand tonnes) due to lower import demand from the EU-27. A smaller US crop should

result in exports to the US increasing over last year. Carry-out stocks are expected to fall. The average price is forecast to rise to record levels because of the tight North American supply, particularly for the large dry bean classes such as navy, pinto and black types.

For **2012-13**, the area seeded is forecast to increase by 45% from 2011-12 to 0.1 Mha because of higher potential returns compared to other crops. Production is expected to rise by 38% to 0.2 Mt. However, supply is only expected to increase by 13% due to tight carry-in stocks. Exports are forecast to increase due to the increased supply and carry-out stocks are also expected to rise. US dry bean area is forecast by the USDA to rise by 38%, mostly in North Dakota. The average US price, over all dry beans, is forecast by the USDA to decrease by over 20% to US\$770/t. The average Canadian dry bean price is forecast to decrease sharply because of the rise in North American supply.

CHICKPEAS

For **2011-12**, exports are forecast to decrease from 2010-11, largely due to lower demand from the Middle East, particularly Turkey, relative to past years. Kabuli-type prices have been much stronger than desi-type prices. Carry-out stocks are expected to fall to 20 kt. Mexico, India and Argentina are expected to harvest about 0.5 Mt of exportable chickpeas which will continue to pressure prices. For 2011-12, high kabuli prices should push up the average price for all chickpea types to record levels.

For **2012-13**, the area seeded is forecast to increase by 8% from 2011-12 because of low carry-in stocks and relatively high prices compared to many alternative crops. As a result, production is expected to increase to 95 kt. Supply is forecast to increase marginally from

last year due to higher production. Exports are forecast to be unchanged and carry-out stocks are expected to increase. US chickpea area is forecast by the USDA to rise by 38% to 0.2 Mha, mostly in Washington. The average Canadian price is forecast to decrease, but remain historically high, due to higher Canadian and world supply.

MUSTARD SEED

For **2011-12**, exports are forecast to be similar to 2010-11 due to steady demand from the US and the EU-27. This demand combined with lower supply will result in tighter carry-out stocks. The strength in yellow and brown type prices compared to the oriental types has widened the spread between these mustard types. The average price, over all types and grades, is forecast to rise.

For **2012-13**, the area seeded is expected to rise by 13% due to higher prices. Production is forecast to rise by 12% to 140 kt despite lower expected yields. Supply, however, is expected to fall due to lower carry-in stocks. Exports are expected to fall to 120 kt and as a result, carry-out stocks are forecast to remain unchanged. The average price is forecast to fall marginally compared to 2011-12.

CANARY SEED

For **2011-12**, exports are forecast to decrease, largely due to the limited exportable supply and lower exports to South America. Competition from Argentina, which had a larger than average crop, has reduced Canadian exports to Brazil. To-date in 2011-12 (Aug-Jan), Canadian exports to Mexico are similar to this time last year. Carry-out stocks are expected to decrease sharply due to the lowest supply since 1989-90. The average price is forecast to increase due to the tight carry-out stocks.

For **2012-13**, the area seeded is forecast to increase by 11% due to good returns relative to other crops and lower carry-in stocks. Production is expected to increase by 8% due to a rise in area and the return to trend yields. Supply, however, is forecast to fall by 20% to 115 kt. Exports are expected to fall due to the limited supply and carry-out stocks are expected to rise but remain tight. The average price is forecast to decrease from the 2011-12 level, but remain historically high.

SUNFLOWER SEED

For **2011-12**, exports are expected to decrease significantly to 35 kt, due to lower exportable supply and reduced import demand from the Middle East. Carry-out stocks forecasts continue to indicate a fall to tight levels. The fall in the US supply of oil type sunflower seed and a rise in world vegoil prices have kept sunflower seed oil type prices at record levels this year. The average price, over both types and all grades, is forecast to increase to record levels in 2011-12.

For **2012-13**, the area seeded is expected to rise dramatically from the record low seeded area in 2011-12. Production is expected to increase substantially to 65 kt and supply is expected to rise by 27% to 100 kt, compared to 2011-12. Exports and carry-out stocks are also forecast to increase. US sunflower seed area is forecast by the USDA to rise by 17%, mostly oil types. The average Canadian price is forecast to decrease marginally from 2011-12, due to increased supply in North America.

FURTHER INFORMATION:

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CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

April 12, 2012

Grain and Crop Year (a)	Area Seeded thousand ha	Area Harvested thousand ha	Yield t/ha	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (d)	Carry-out Stocks	Stocks- to-Use Ratio %	Average Price (e) \$/t
Dry Peas											
2009-2010	1,522	1,487	2.27	3,379	55	3,880	2,178	802	900	30	185
2010-2011	1,396	1,322	2.28	3,018	33	3,951	3,012	404	535	16	250
2011-2012f	942	914	2.31	2,116	10	2,661	2,100	461	100	4	290-320
2012-2013f	1,200	1,170	2.26	2,650	40	2,790	2,200	390	200	8	245-275
Lentils											
2009-2010	971	963	1.57	1,510	9	1,551	1,387	120	44	3	645
2010-2011	1,408	1,336	1.46	1,947	29	2,020	1,105	165	750	59	440
2011-2012f	1,040	998	1.53	1,532	10	2,292	1,200	292	800	54	460-490
2012-2013f	900	870	1.49	1,300	15	2,115	1,200	215	700	49	425-455
Dry Beans											
2009-2010	121	114	1.96	224	55	287	256	26	5	2	705
2010-2011	136	127	2.00	254	55	314	240	44	30	11	655
2011-2012f	69	66	2.18	145	55	230	195	30	5	2	1015-1045
2012-2013f	100	96	2.08	200	55	260	215	30	15	6	855-885
Chickpeas											
2009-2010	32	30	2.49	76	6	143	66	58	20	16	540
2010-2011	83	77	1.67	128	9	158	86	50	22	16	655
2011-2012f	51	50	1.83	91	8	121	50	51	20	20	800-830
2012-2013f	55	54	1.76	95	8	123	50	48	25	26	755-790
Mustard Seed											
2009-2010	212	208	1.00	208	0	253	128	45	80	46	510
2010-2011	194	186	1.00	187	1	267	124	19	125	88	570
2011-2012f	128	123	1.01	125	0	250	125	30	95	61	665-695
2012-2013f	145	140	1.00	140	0	235	120	20	95	68	655-685
Canary Seed											
2009-2010	128	121	1.62	196	0	279	181	17	81	41	395
2010-2011	158	152	1.01	154	0	235	179	15	41	21	560
2011-2012f	95	93	1.10	102	0	143	125	13	5	4	565-595
2012-2013f	105	103	1.07	110	0	115	95	10	10	10	535-565
Sunflower Seed											
2009-2010	65	64	1.60	102	26	150	49	59	42	39	505
2010-2011	55	51	1.32	68	33	142	46	68	29	26	630
2011-2012f	14	14	1.43	20	30	79	35	39	5	7	710-740
2012-2013f	45	43	1.51	65	30	100	50	40	10	11	700-730
Total Pulses and Special Crops (c)											
2009-2010	3,051	2,988	1.91	5,695	151	6,542	4,244	1,125	1,172		
2010-2011	3,430	3,251	1.77	5,755	159	7,086	4,791	764	1,532		
2011-2012f	2,338	2,259	1.83	4,130	113	5,775	3,830	915	1,030		
2012-2013f	2,550	2,476	1.84	4,560	148	5,738	3,930	753	1,055		

(a) August-July crop year.

(b) Excludes products.

(c) Includes Pulses (dry peas, lentils, dry beans, chick peas) and Special Crops (mustard seed, canary seed, sunflower seed)

(d) Includes food, feed, seed, waste and dockage. Total domestic use is calculated residually.

(e) Producer price, FOB plant. Average over all types, grades and markets.

f: forecast by Agriculture and Agri-Food Canada, April 12, 2012

Source: Statistics Canada and industry consultations.