



CANADA: GRAINS AND OILSEEDS (G&O) OUTLOOK 2011-12

November 17, 2011

Total production of G&O in Canada is estimated by Statistics Canada at 63 million tonnes (Mt), similar to last year, as higher area seeded is offset by lower average yields. Although the area in summerfallow increased slightly from last year, area seeded to G&O increased because of the significant decrease in the area seeded to pulse crops. The supply of G&O is forecast to decrease by almost 4% because of low carry-in stocks. The quality of the crop has generally been average to above-average. Total exports are forecast to decrease slightly as lower exports of coarse grain and oilseeds more-than offset higher exports of wheat. Total carry-out stocks are expected to decrease significantly to a near-record low, almost 25% below the 5 year average. In general, prices for G&O are expected to remain historically high, similar to 2010-11. The main factors to watch include the global financial situation, especially in the European Union, exchange rates and the condition of the world crops.

DURUM

For 2011-12, production is estimated at 3.94 Mt, up 30% from 2010-11 because of higher seeded area and higher yields. The average quality of the durum crop is much better than for 2010-11 and better than normal. The lower carry-in stocks will result in a 4% decrease in supply. Exports are forecast to increase by 6% from 2010-11 to 3.5 Mt due mostly to stronger demand from the US and EU where the supply fell. Carry-out stocks are forecast to decrease by 31% to a low level of 1.1 Mt. The CWB PRO is 32% higher than for 2010-11 because of the lower world, Canadian and US supply and carry-out stocks.

World durum production is expected to rise by 1.1 Mt to 36 Mt. Supply is expected to fall by 0.9 Mt to 44.1 Mt, as lower carry-in stocks more than offset the rise in production. Carry-out stocks are forecast to fall by 0.5 Mt to a low level of 7.6 Mt.

WHEAT (ex durum)

For 2011-12, production is estimated at 20.2 Mt, slightly higher than 2010-11, as a slightly lower seeded area is more than offset by higher yields. The average quality of the wheat crop is much better than for 2010-11 and better than normal. Supply rose by only 2%. Exports are expected to increase by 5% to 13.5 Mt because of the higher quality of the 2011-12 crop and strong demand

for hard wheat. Domestic use is forecast to increase by 8% because of stronger demand in all markets. Carry-out stocks are expected to decrease by 11% to 5 Mt. The CWB PRO is 9% lower than for 2010-11 because of the higher world supply.

The world production of wheat (including durum) is expected to rise by 35 Mt from 2010-11 to 683 Mt, due mainly to a recovery in production in Russia and Kazakhstan. Production in the US decreased by 5.7 Mt to 54.4 Mt, the lowest level since 2006-07. World supply is expected to rise by 30 Mt to 879 Mt as lower carry-in stocks partly offset the increase in production. Use is forecast to rise, with increases in the food, feed and industrial markets. Carry-out stocks are forecast to increase by 7 Mt to 203 Mt.

BARLEY

For 2011-12, total supply is forecast to decrease by 8% due to lower carry-in stocks and slightly higher estimated production when compared to 2010-11. Domestic feed use is forecast to decrease slightly due to tight supply and higher domestic prices. Total barley exports are forecast to decrease by 11% while carry-out stocks fall by 38% to 0.9 Mt. The Lethbridge non-board price for feed barley is forecast to increase from 2010-11 to an average of \$205/t. The October 2011 CWB 2011-12 feed barley PRO is \$235/t and the malt barley PROs

for 2Row and 6Row are currently at \$322 and \$306/t, respectively. Total world barley production is forecast to increase by 7% from 2010-11 due to a recovery in production in the CIS countries, mainly Russia who nearly doubled its production from last year. Carry-out stocks continue to tighten and are expected to be about 20% below last year. World feed barley prices have softened due to the downturn in US corn prices and strong competition from the Black Sea region and Australia but remain near historical highs. For malt barley, prices continue to be strong due to low global supply. World barley trade is forecast to rise by 10% in 2011-12.

CORN

For 2011-12, total supply is forecast to fall by almost 10% due to lower production and carry-in stocks. Imports are forecast to increase to more historical levels due to the lower domestic supply. Total domestic use is forecast to increase marginally from 2010-11 as feed use is generally flat but industrial use is slightly higher due to ethanol production. Total exports are forecast to decrease to more historical levels with the tighter supply. Carry-out stocks are forecast to decrease by 22% due to the lower total supply. Prices for in-store Chatham elevator are forecast to increase due to higher US corn prices and higher basis values. In the November WASDE supply and demand report, the USDA lowered its US corn

yield projection to 146.7 bu/acre, the lowest yield since 2003-04. This was somewhat offset by a reduction in total domestic use due to lower feeding with the overall net affect, lower ending stocks. The tight corn supply and demand situation is supportive for coarse grain prices but volatility in other markets has had a negative affect. World corn production is projected to increase by 4% for 2011-12 but tight beginning stocks and higher use will reduce ending stocks by 6%.

OATS

For **2011-12**, total supply is forecast to remain unchanged from 2010-11 as higher production is offset by lower carry-in stocks. Total domestic use is forecast to remain unchanged. Total exports are forecast to increase marginally due to the lower production in the US, combined with strong milling demand. Carry-out stocks are forecast to decrease slightly to 0.75 Mt.

Prices are forecast to decrease slightly from 2010-11 due to lower US demand, especially in the feed oat market. US oat production is forecast to be at a record low. The 2011-12 average on-farm price of oats in the US is forecast by the USDA to increase to US\$3.40/bu from US\$2.52/bu for 2010-11. World oat production is forecasted to be 13% higher than 2010-11 based mostly on larger crops in Canada, the EU and Russia. Due to the higher production total supply is forecasted to increase by 5% even with very tight carry-in stocks. World oat trade is forecast to increase 5% due to the higher supply.

RYE

For **2011-12**, total supply is forecast to decrease by 34% due to low carry-in stocks and an estimated 13% decrease in production. Total domestic use is forecast to decrease by 20% due to the lower total supply. Carry-out stocks are forecast to decrease by 27% due to the very tight supply. Prices are forecast to increase sharply from 2010-11 due to

the very tight domestic supplies, overall strength in corn and coarse grain prices in general, as well as a lack of high-quality world rye supplies.

The strong prices at the beginning of the crop year will have encouraged more rye seeded area, especially in regions where wet spring conditions did not allow a crop to be put in. World production of rye in 2011-12 is forecast to increase by 13% due mainly to the production recovery in Russia. World rye consumption is projected to increase by 7% due to increases in food and industrial use. Over the past decade rye trade has been in a state of decline and is forecast to fall 25% from 2010-11 due in large part to declining demand in the feed sector.

CANOLA

For **2011-12**, production is estimated at a record 12.9 Mt, up marginally from last year. Provincial production was 6.3 Mt for Saskatchewan, 4.8 Mt for Alberta and 1.7 Mt for Manitoba. The oil content of canola is a record 45.3% based on updated results from the Canadian Grain Commission. Total supply of canola is forecast to decline slightly to 14.9 Mt due to lower carry in stocks and imports, but will be adequate to meet demand. Total domestic use and exports are forecast to strengthen slightly on strong world demand. Carry-out stocks are forecast to fall significantly. Canola prices are forecast decrease slightly to an average of \$565/t vs. \$568/t for 2010-11.

FLAXSEED (excluding solin)

For **2011-12**, production is estimated at a 19 year low of 0.38 Mt, down from last year, and significantly below the 5 year average of 0.77 Mt. About 80% of the production is in Saskatchewan. Supply is forecast to fall by 20% due to lower production and lower carry-in stocks. Exports are forecast to fall to a lower level than last year due to increased competition from Kazakhstan. Total domestic use is forecast to fall

slightly and remain below the 10 year average. Carry-out stocks are forecast to decrease to below the 5 year average under pressure from slightly lower world prices for oilseeds and vegetable oils.

SOYBEANS

For **2011-12**, production is estimated at 3.9 Mt, 10% lower than last year as lower yields more than offset higher area. About 68% of Canada's soybeans are produced in Ontario, 21% in Quebec and 9% in Manitoba. Harvest in Ontario is being delayed by a wet fall with some regions receiving double and triple the normal rainfall. Supply is forecast to fall by 10%, due to lower carry-in stocks and production. Exports are forecast to decrease by 11% due to tight supplies, in the face of strong world demand. Domestic use is forecast to decrease slightly from 2010-11 due to lower domestic crush and reduced feed, waste and dockage. Carry-out stocks are forecast to fall to about 0.25Mt due to tight supplies. Prices are forecast to fall slightly under pressure from lower US soybean prices.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

November 17, 2011

Grain and Crop Year (a)	Area		Yield t/ha	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (e)	Feed, Waste & Dockage	Total Domestic Use (d)	Carry-out Stocks	Average Price (g) \$/t
	Seeded thousand ha	Harvested thousand ha										
Durum												
2009-2010	2,291	2,230	2.42	5,400	2	7,305	3,820	261	392	778	2,708	203
2010-2011	1,275	1,244	2.43	3,025	37	5,769	3,304	254	471	882	1,583	296
2011-2012f	1,619	1,586	2.48	3,940	10	5,532	3,500	260	482	932	1,100	390
Wheat Except Durum												
2009-2010	7,775	7,408	2.90	21,448	115	26,207	14,662	3,299	2,376	6,424	5,121	218
2010-2011	7,274	7,024	2.87	20,142	32	25,295	12,888	3,285	2,778	6,801	5,606	314
2011-2012f	7,198	6,992	2.89	20,221	20	25,847	13,500	3,410	3,122	7,347	5,000	285
All Wheat												
2009-2010	10,065	9,638	2.79	26,848	117	33,512	18,481	3,560	2,768	7,202	7,829	
2010-2011	8,549	8,269	2.80	23,167	68	31,064	16,192	3,539	3,248	7,683	7,189	
2011-2012f	8,817	8,578	2.82	24,160	30	31,379	17,000	3,670	3,604	8,279	6,100	
Barley												
2009-2010	3,506	2,918	3.26	9,517	42	12,402	2,149	141	7,283	7,670	2,583	153
2010-2011	2,797	2,387	3.19	7,605	42	10,230	2,014	136	6,406	6,775	1,441	188
2011-2012f	2,711	2,348	3.36	7,898	42	9,381	1,800	137	6,299	6,681	900	190-220
Corn												
2009-2010	1,204	1,142	8.37	9,561	2,125	13,520	120	4,595	7,033	11,641	1,758	144
2010-2011	1,214	1,203	9.74	11,715	940	14,412	1,675	4,750	6,697	11,459	1,278	236
2011-2012f	1,209	1,192	8.45	10,067	1,700	13,045	500	4,900	6,631	11,545	1,000	235-265
Oats												
2009-2010	1,510	980	2.97	2,906	17	4,450	2,075	60	1,041	1,205	1,170	167
2010-2011	1,179	906	2.74	2,480	25	3,674	1,935	45	821	970	769	244
2011-2012f	1,224	996	2.90	2,887	20	3,676	1,950	55	810	976	750	225-255
Rye***												
2009-2010	168	115	2.43	281	1	404	128	40	86	137	139	137
2010-2011	130	95	2.45	232	0	372	193	42	87	138	41	147
2011-2012f	122	87	2.33	202	1	244	103	40	61	111	30	160-190
Mixed Grains												
2009-2010	189	78	2.75	213	0	213	0	0	213	213	0	
2010-2011	172	80	2.92	233	0	233	0	0	233	233	0	
2011-2012f	170	80	2.94	235	0	235	0	0	235	235	0	
Total Coarse Grains												
2009-2010	6,577	5,233	4.30	22,478	2,185	30,989	4,473	4,835	15,657	20,867	5,650	
2010-2011f	5,492	4,671	4.77	22,264	1,007	28,920	5,816	4,973	14,244	19,575	3,529	
2011-2012f	5,435	4,703	4.53	21,289	1,763	26,581	4,353	5,132	14,035	19,548	2,680	
Canola												
2009-2010	6,556	6,105	2.11	12,889	128	14,676	7,163	4,788	410	5,250	2,263	426
2010-2011	6,806	6,514	1.96	12,773	223	15,260	7,020	6,310	46	6,412	1,828	568
2011-2012f	7,547	7,278	1.78	12,928	125	14,882	7,100	6,500	226	6,782	1,000	545-585
Flaxseed												
2009-2010	692	623	1.49	930	6	1,165	772	n/a	n/a	104	289	424
2010-2011	374	353	1.20	423	8	720	404	n/a	n/a	123	194	530.46**
2011-2012f	281	271	1.40	379	5	577	350	n/a	n/a	117	110	510-550
Soybeans												
2009-2010	1,394	1,382	2.54	3,507	371	4,098	2,111	1,293	240	1,687	300	359
2010-2011	1,483	1,477	2.94	4,345	255	4,900	2,711	1,448	281	1,887	301	447
2011-2012f	1,518	1,514	2.59	3,921	200	4,422	2,400	1,400	227	1,772	250	410-450
Total Oilseeds												
2009-2010	8,642	8,110	2.14	17,326	505	19,938	10,046	6,081	651	7,041	2,852	
2010-2011f	8,663	8,345	2.10	17,542	487	20,880	10,135	7,759	327	8,422	2,324	
2011-2012f	9,346	9,063	1.90	17,227	330	19,881	9,850	7,900	453	8,671	1,360	
Total Grains and Oilseeds												
2009-2010	25,284	22,981	2.90	66,652	2,808	84,440	33,000	14,476	19,076	35,110	16,331	
2010-2011	22,704	21,284	2.96	62,973	1,561	80,864	32,143	16,271	17,819	35,680	13,041	
2011-2012f	23,599	22,344	2.81	62,676	2,123	77,841	31,203	16,702	18,092	36,498	10,140	

(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 Saskatoon); Soybeans (No. 2 cash, I/S Chatham).

* Canadian Wheat Board - October 2011 Pool Return Outlook (PRO)

**Flaxseed price location changed to I/S Saskatoon from I/S Thunder Bay

***Rye Area Seeded is an estimate from the previous fall and is before winterkill or abandonment due to poor stands.

f: forecast; Agriculture and Agri-Food Canada:

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Source: Statistics Canada