



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

October 17, 2011

Total production of P&SC in Canada is estimated by Statistics Canada's at 4.0 million tonnes (Mt), down 30% from last year, largely due to a sharp fall in dry pea and lentil area. Although the area in summerfallow increased slightly from last year, area seeded to P&SC decreased due to the significant increase in the area seeded to grains and oilseeds. Supply is estimated to decrease by only 20%, as a result of record high carry-in stocks. The outlook assumes near-normal crop quality. Total domestic use is expected to fall marginally to 0.7 Mt, due to improved crop quality. Total exports are forecast to decrease sharply to 3.8 Mt due to lower expectations for dry pea exports. Total carry-out stocks are forecast to fall by 24% to 1.2 Mt. In general, P&SC prices are forecast to increase from the 2010-11 level, and for some crops to historically high levels, due to tight Canadian and world supply. The main factors to watch are the exchange rates and the condition of the world crops, particularly the Indian subcontinent, Turkey and Australia.

DRY PEAS

Production is estimated at 2.0 Mt, down 33% from 2010-11, largely due to lower harvested area and yields in Saskatchewan. This is the lowest Canadian dry pea production since 2003-04. Within the major dry pea types, yellow and green pea production is expected to fall to 1.7 Mt and 0.3 Mt, respectively. Total harvested area decreased by 32% and yields fell to 2.25 t/ha. Supply is estimated to fall by 35% to 2.6 Mt due to lower production and carry-in stocks. Exports are forecast to decrease to 2.1 Mt due to an expected decrease in demand from the Indian subcontinent due to large domestic supply. Domestic use is also expected to decrease. Carry-out stocks are forecast to fall sharply to 0.2 Mt. For 2011-12 US dry pea production is forecast to fall sharply to 0.4 Mt, due to lower harvested area. Total EU-27 production is expected to be lower than last year. There are also doubts

about India's ability to maintain last year's pulse production levels for the kharif season. As a result, Canadian dry pea prices have been supported in September by worries over the potential size of this year's North American and world dry pea crop. For 2011-12, the average price is expected to rise from 2010-11 due to the tight Canadian and world supply.

LENTILS

Production is estimated to fall by 18% from 2010-11, due to a large decrease in harvested area and despite improved yields. Large green lentil production is forecast to fall marginally to 0.7 Mt and red lentil production is expected to fall sharply to 0.8 Mt. Harvested area fell by 23%, from the record area in 2010-11. Supply is estimated to rise by 17% to a record 2.4 Mt as a result of burdensome lower quality carry-in stocks. Exports are expected to increase due to increased shipments to Turkey, the Middle East, South America

and the Indian sub-continent. Turkey and US lentil production is forecast to be lower than last year. For Canadian lentil exports to the EU-27, it is expected that a maximum residue limit for glyphosate on lentils, similar to levels set for other pulse crops, will be established in the near future. Carry-out stocks are forecast to increase due to the record supply. The average price, over all grades and types, is forecast to rise from 2010-11 as lower expected prices are offset by a larger proportion of higher grades.

DRY BEANS

Total production is expected to fall by 43% to 146 thousand tonnes (kt) due to the sharply lower harvested area in Ontario. Total white pea bean and coloured bean production is expected to fall sharply. Total harvested area fell 42% from 2010-11. Supply is estimated to decrease by 26% due to higher carry-in stocks. Exports are expected to fall to 190 kt as the lower domestic supply limits

exports to the EU-27 and the US. US dry bean production is forecast by the USDA to decrease by 37% to 0.9 Mt, the lowest since 2004-05. This is largely due to lower production in North Dakota of pinto, white pea and black bean types. Canadian carry-out stocks are expected decrease. The average price over all types and grades is forecast to rise sharply due to the tight North American supply.

CHICKPEAS

Production is estimated to fall sharply to 54 kt due to a fall in harvested area, despite improved yields over last year. Kabuli and desi type production is expected to fall compared to 2010-11. Total supply is estimated to fall sharply due to low carry-in stocks. Exports are forecast to decrease as a result of lower demand from Asia and the Indian subcontinent. Carry-out stocks are expected to fall. US chickpea production is expected to fall by 10% to 80 kt due to lower harvested area. Canadian chickpea prices have remained strong throughout September as available supply from exporting nations continues to tighten. Poor crops in Australia and Turkey have also led to an increase in Canadian chickpea prices. For 2011-12, the average price is forecast to increase as due to the lower Canadian and world supply.

MUSTARD SEED

Production is estimated to decrease sharply to 113 kt due to a lower harvested area. Yellow and oriental type

production is expected to decrease while brown types remain mostly unchanged. Total supply is estimated to decrease by 11% due to high carry-in stocks. Exports are expected to fall marginally, with the main markets continuing to be the EU-27 and the US. US production is forecast to fall by 47% to 10 kt, the lowest since 1996-97 due to lower harvested area. Carry-out stocks are forecast to tighten and as a result, average price is expected to increase compared to 2010-11.

CANARY SEED

Production is expected to decrease by 50% to 77 kt due to lower harvested area and yields. This is the lowest Canadian production since 1988-89. Supply is expected to fall sharply due to lower production and carry-in stocks. Exports are expected to decrease from the limited supply and carry-out stocks are also expected to fall. Mexican restrictions on canary seed imports that recently came into effect will likely limit Canadian exports until supply in Mexico tightens and the issue is revisited. The US, EU-27 and Brazil are expected to be the main markets for Canadian canary seed. As a result of the limited Canadian supply, the average price is forecast to be higher than 2010-11.

SUNFLOWER SEED

Production is estimated to fall sharply to a record low 15 kt due to record low harvested area. Production of both confectionary and oil types is expected to fall.

Exports are expected to fall due to the lower supply. Canadian carry-out stocks are expected to fall for the third consecutive year. US production is forecast by the USDA to decrease by 13% to 1.1 Mt as lower confectionary type production is offset by higher oil type production. The average Canadian price is forecast to rise from 2010-11 due to sharply lower North American supply and forecasts for a stronger soy complex in 2011-12. However, prices are expected to be limited by record world sunflower seed production. For 2011-12, the USDA has forecast world sunflower seed production to rise by 12% to a record 35 Mt, largely due to record harvested area in Russia and Ukraine.

FURTHER INFORMATION:

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CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

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Grain and Crop Year (a)	Area		Yield t/ha	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (d)	Carry-out Stocks	Stocks- to-Use Ratio	Average Price (e)
	Seeded thousand ha	Harvested									
-----thousand metric tonnes-----											
											%
											\$/t
Dry Peas											
2008-2009	1,617	1,582	2.26	3,571	15	3,841	2,826	571	445	13	250
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	931	894	2.25	2,009	40	2,584	2,100	284	200	8	280-310
Lentils											
2008-2009	706	700	1.49	1,043	7	1,102	973	97	32	3	750
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	1,072	1,032	1.55	1,596	15	2,361	1,200	311	850	56	500-530
Dry Beans											
2008-2009	128	125	2.13	266	54	341	282	50	8	2	815
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	76	74	1.98	146	55	231	190	31	10	5	900-930
Chickpeas											
2008-2009	53	51	1.30	67	4	163	53	48	62	61	560
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	30	30	1.80	54	8	84	50	29	5	6	740-770
Mustard Seed											
2008-2009	194	186	0.87	161	1	189	131	14	44	30	845
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	111	107	1.06	113	0	238	120	33	85	55	695-725
Canary Seed											
2008-2009	168	164	1.19	196	0	261	153	25	83	47	480
2009-2010	128	121	1.62	196	0	279	181	17	81	41	395
2010-2011	158	152	1.01	154	0	235	179	17	39	20	560
2011-2012f	87	82	0.94	77	0	116	90	16	10	9	580-610
Sunflower Seed											
2008-2009	69	69	1.63	112	20	145	88	35	22	18	630
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	625
2011-2012f	10	10	1.50	15	30	74	30	34	10	16	735-765
Total Pulses and Special Crops (c)											
2008-2009	2,935	2,878	1.88	5,417	102	6,041	4,505	839	696		
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	766	1,530		
2011-2012f	2,318	2,229	1.80	4,010	148	5,688	3,780	738	1,170		

(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, Agriculture and Agri-Food Canada October 17, 2011

Source: Statistics Canada and industry consultations.