



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

March 15, 2012

For 2011-12, prices in Canada for P&SC have averaged higher than 2010-11, with record prices for dry beans, chickpeas and sunflower seed. Total exports from Canada are forecast to decrease by 20%, largely due to the significant decrease in supply. Total domestic use is expected to be higher, particularly for dry peas and lentils. Carry-out stocks are forecast to fall sharply for most crops with the exception of lentils, which are expected to rise.

For 2012-13, total area seeded to P&SC in Canada is forecast to increase by 9% from 2011-12 to 2.6 Mha. The areas seeded for all crops included in this report, except lentils, are expected to increase. Average yields are generally expected to increase marginally from the levels attained in 2011 and trend yields are assumed for both western and eastern Canada. Total production is forecast to rise by 10% to 4.6 Mt. However, supply is expected to fall marginally due to lower carry-in stocks for most crops, particularly dry peas. Exports are expected to rise by 3% to 3.9 Mt, while domestic use is expected to fall. Carry-out stocks are forecast to rise to 1.1 Mt. Prices, averaged over all types, grades and markets, are forecast to fall for all crops, but remain historically high for most crops. The main factors to watch are commodity prices and input costs, precipitation in Canada over the spring 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 the Indian subcontinent (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 expected to export a record amount of dry peas to China this year. Domestic use is forecast to be higher than last year. Carry-out stocks in Canada are expected to fall sharply as exports nearly equal production for the second consecutive year. The average price is forecast to rise due to higher prices for green and yellow peas and record prices for feed peas.

For 2012-13, seeded area, and production, are forecast to increase sharply from 2011-12 because of higher expected returns relative to other crops. The recent strength in green pea types relative to yellow types in 2011-12 may encourage more area seeded to green peas at the expense of yellow peas. However, supply is forecast to

only increase slightly to 2.8 Mt as the rise in production is partly offset by significantly lower carry-in stocks. Exports are forecast to increase to 2.2 Mt, due to higher supply. Carry-out stocks are also forecast to rise, but remain tight. The average price is expected to decrease from 2011-12, due to the larger expected world supply and carry-out stocks.

LENTILS

For 2011-12, exports are forecast to rise 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. Canadian carry-out stocks are expected to rise from 2010-11 due to the burdensome supply. 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 decrease for the second consecutive year to 0.9 Mha. This is due to lower potential returns, particularly for red lentil types, compared to other crops. Supply is forecast to fall marginally to 2.1 Mt, but remain historically high as burdensome carry-in stocks partly offset the lower production. Exports are expected to remain unchanged at 1.2 Mt. Carry-out stocks are forecast to fall, but remain historically high due to the large supply and lower expected domestic use. The average price is forecast to be lower than 2011-12 due to continued burdensome stocks.

DRY BEANS

For 2011-12, exports are forecast to decrease to 195 kt due to lower import demand from the EU-27. Exports to the US, however, are expected to surpass last year due to the smaller US crop. 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 rise sharply from 2011-12 to 0.1 Mha because of higher potential returns compared to other crops. Production is expected to increase by 38% to 0.2 Mt. However, supply is only expected to rise by 13% due to tight carry-in stocks. Exports are forecast to rise due to the increased supply and carry-out stocks are also expected to rise. The average US price, over all dry beans, is forecast by the USDA to decrease by over 20% due to a sharp rise in US dry bean seeded area and production. The average Canadian dry bean price is forecast to fall sharply because of the increase in US and Canadian supply.

CHICKPEAS

For **2011-12**, exports are expected to be lower than 2010-11, largely due to lower demand from the Middle East, particularly Turkey. Kabuli type prices have been much stronger than desi type prices when compared to last year. Carry-out stocks are fall to 20 kt. Over the next two months, Mexico, India and Argentina are expected to harvest about 0.5 Mt of exportable chickpeas which will continue to pressure prices. For 2011-12, the average price for all chickpea types is forecast to rise to record levels, largely due to extremely high kabuli type prices.

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 rise marginally from last year due to higher production. Exports are forecast to be unchanged and carry-out stocks are expected to rise. The average 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 increase.

For **2012-13**, the area seeded is expected to increase 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 decrease due to lower carry-in stocks. Exports are expected to decrease to 120 kt and as a result, carry-out stocks are forecast to remain unchanged. The average price is forecast to decrease compared to 2011-12.

CANARY SEED

For **2011-12**, exports are expected to fall, 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-Dec), Canadian exports to Mexico are similar to this time last year. Carry-out stocks are expected to fall sharply due to the lowest supply since 1989-90. The average price is forecast to rise due to the tight carry-out stocks.

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

SUNFLOWER SEED

For **2011-12**, exports are expected to fall sharply to 35 kt, due to lower exportable supply and reduced import demand from the Middle East. Carry-out stocks are forecast to fall to tight levels. The decrease in the US supply of oil types 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 rise to record levels in 2011-12.

For **2012-13**, the area seeded is expected to increase sharply from the record low seeded area in 2011-12. Production is expected to rise sharply to 65 kt and supply is expected to rise by 27% to 0.1 Mt, compared to 2011-12. Exports and carry-out stocks are also forecast to rise. The average price is forecast to decrease from 2011-12, due to increased supply in North America.

FURTHER INFORMATION:

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CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION
March 15, 2012

Grain and Crop Year (a)	Area Seeded thousand ha	Area Harvested	Yield t/ha	Production	Imports (b)	Total Supply	Total		Carry-out Stocks	Stocks- to-Use Ratio	Average Price (e)	
							Exports (b)	Domestic Use (d)				
							-----thousand metric tonnes-----					
							--				%	\$/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	465-495	
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	870-900	
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	675-705	
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	720-750	
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, Agriculture and Agri-Food Canada March 15, 2012

Source: Statistics Canada and industry consultations.