



Canada: Grains and Oilseeds Outlook

Total production of grains and oilseeds (G&O) in Canada in 2007–08 is estimated at about 61 million tonnes (Mt), slightly lower than 2006–07 and slightly above the 10-year average. In Western Canada, production is similar to last year at 45 Mt, with Eastern Canada marginally lower than last year at 16 Mt. The supply of G&O in Canada for 2007–08 is expected to decrease by about eight per cent from last year due to lower carry-in stocks and production. Exports are forecast to fall by 14 per cent, due mainly to lower exports of wheat. Domestic use is expected to rise due to increased use of corn and wheat for ethanol production. Prices for most crops are expected to be significantly higher than in 2006–07. The major factors to watch are: the Canada/U.S. exchange rate, moisture conditions in the U.S. winter wheat belt, southern hemisphere crop development, Asian demand, the bio-fuel market and ocean freight rates.

Durum

For 2007–08, production is estimated to increase by only six per cent from last year due to below normal yields resulting from hot dry weather in the major durum growing region. Crop quality is better than normal, with over 75 per cent estimated to grade No.2 CWAD or better. Protein content averages 14.1 per cent, well above the normal 12.8 per cent. Supply has fallen by 27 per cent from last year as a result of a sharp reduction in carry-in stocks. Exports are forecast to fall by 30 per cent from the record 4.5 Mt in 2006–07. Carry-out stocks are projected to decline by 27 per cent to the lowest level since 1997–98. The CWB Pool Return Outlook (PRO) is at a record level due to tight world stocks, with only Canada having significant exportable supplies.

Wheat (ex-durum)

Supply is estimated to fall by 20 per cent, as a result of decreased production and lower carry-in stocks. The

grade distribution of the CWRS crop is poorer than in 2006, but better than normal, with almost 80 per cent estimated to grade No.2 CWRS or better. Protein content of the CWRS crop averages 14.1 per cent, vs. the normal 13.8 per cent. Domestic consumption is expected to decline slightly because of reduced feed use, which more than offsets increased industrial use for ethanol production. Exports are forecast to fall by 26 per cent as a result of the reduced supply and increased domestic demand. Carry-out stocks are forecast to fall by 29 per cent to a modern-day low of 4.0 Mt. The CWB PRO is historically high due to the tight supply situation in the major exporting countries.

Barley

Production is estimated to increase by 23 per cent to 11.8 Mt, close to the 10-year average, due to higher seeded area. However, supply is expected to only increase slightly due to significantly lower carry-in stocks. Crop quality is slightly below average. Exports are forecast to rise sharply, while domestic use is expected to decrease slightly. Carry-out stocks are projected to decrease marginally. The average off-Board feed barley price (No.1 CW I/S Lethbridge) is forecast to increase from 2006–07 due to strong export demand.

Corn

Production is estimated to increase by 17 per cent to a record 10.6 Mt due to higher area seeded. Imports are forecast to decrease slightly from 2006–07 as a result of higher domestic supply. Food and industrial use is forecast to increase by 32 per cent, mainly as a result of increased demand for ethanol production. Carry-out stocks are forecast to increase. The average price at Chatham elevator is forecast to increase slightly, as the support from higher U.S. corn prices more than offsets the pressure from higher domestic supplies and the strength of the Canadian dollar.

Oats

Production is estimated to rise by 30 per cent and reach a 32-year high, due to a higher area seeded and yields and a lower abandonment rate. Supply is expected to increase by 18 per cent as the increase in production is partially offset by lower carry-in stocks. Despite the significant increase in supply, exports are forecast to be unchanged from 2006–07 due to the return of the EU to the export market. Carry-out stocks are forecast to rise significantly. The average price of oats is forecast to rise slightly from 2006–07.

Canola

Production is estimated at 8.9 Mt, two per cent below last year due to lower yields. The average oil content is 42.8 per cent, compared to 44.6 per cent last year. Supply is expected to decrease from 2006–07 due to the decline in output and carry-in stocks. Exports are forecast to increase as a result of strong Asian edible-oil demand, the growing EU biodiesel sector and the reduced output of U.S. soybeans. Domestic crush is forecast to rise as new crushing capacity comes on line. Carry-out stocks are forecast to fall but will remain above the 10-year average. Prices are expected to rise significantly due to high world vegetable oil prices.

Flaxseed (excluding solin)

Production is estimated to decrease by 37 per cent, due to lower area seeded and reduced yields. The oil content for flaxseed is 44.5 per cent, versus 45.9 per cent for 2006–07. Supply is expected to decline as high carry-in stocks partly offset the drop in output. Exports are forecast to decline slightly as shipments to the EU fall moderately. Total domestic use is forecast to decline. Carry-out stocks are expected to drop significantly to about the 10-year average. Prices are forecast to rise sharply on support from strong world vegetable oil and crude oil prices. ■

(Source: Agriculture & Agri-Food Canada Grains & Oilseeds Outlook)

Special Crops: Situation & Outlook

For 2007–08, total production of pulses and special crops in Canada is estimated to increase by 12 per cent from 2006–07 to 4.58 million tonnes (Mt), based on Statistics Canada's (STC) September production estimates, except for buckwheat which is an AAFC forecast. STC's yield estimates are generally lower than trend. Compared to 2006–07, yield estimates are lower for dry beans, chickpeas, mustard seed, canary seed and sunflower seed, but higher for dry peas and lentils. Crop abandonment is estimated to be lower than normal. The harvest is generally complete. Quality was generally lower than for 2006–07, but higher than normal. Total supply is expected to decrease by four per cent to 5.34 Mt due to lower carry-in stocks, causing exports, domestic use and carry-out stocks to decrease. Average prices, over all types, grades and markets, are forecast to increase from 2006–07 for dry peas, lentils, dry beans, mustard seed, canary seed, sunflower seed and buckwheat, but decrease for chickpeas. The main factors to watch are currency exchange rates, ocean shipping costs and crop conditions in Australia, India, Pakistan and Mexico.

Dry Peas

For 2007–08, production and supply are estimated to increase because of a 17 per cent rise in seeded area. The increase in production is expected to be mainly for the yellow type, although small increases in production are also expected for the green and other types. Exports are forecast to increase because of the higher supply and strong world demand, especially for the yellow type. Carry-out stocks are forecast to increase, but remain low. World supply is forecast to decrease by four per cent to 10.25 Mt due to lower production and lower carry-in stocks. The average price, over all types, grades and markets, is expected to increase from 2006–07 due to the lower world supply, of which Canadian supply is a major component.

Lentils

For 2007–08, production is estimated to increase because of a five per cent rise in seeded area and higher yields. Production is expected to increase for large, medium and small green lentils, but decrease for red lentils. Supply is estimated to decrease sharply for all types of lentils due to sharply lower carry-in stocks. Exports are expected to decrease due to the lower supply and carry-out stocks are forecast to fall to a low level. World supply is forecast to decrease by eight per cent to 3.74 Mt, as slightly higher production is more than offset by lower carry-in stocks. The main factor affecting Canadian prices is world supply, of which Canadian supply is a major component. The average price, over all types and grades, is forecast to increase sharply from 2006–07 because of the lower world and Canadian supply.

Dry Beans

For 2007–08, production and supply are estimated to decrease because of the 16 per cent lower seeded area and lower yields. Production is expected to fall for all major classes of dry beans: white pea, pinto, black, dark and light red kidney, cranberry, Great Northern, pink and small red. Exports are forecast to decrease due to the lower supply. Carry-out stocks are expected to fall to a low level. U.S. production is estimated to increase by four per cent

to 1.07 Mt, while supply increases only marginally to 1.22 Mt, as lower carry-in stocks offset most of the production increase. U.S. supply and, to a lesser extent, Canadian supply are the most important factors affecting Canadian prices. The average price, over all types and grades, is forecast to increase because of the lower total U.S. and Canadian supply.

Chickpeas

For 2007–08, production and supply are estimated to increase because of the 35 per cent higher seeded area. Production is expected to increase for all types; desi, large kabuli and small kabuli. Exports are forecast to increase because of the higher supply and strong world demand. Carry-out stocks are expected to rise, but remain low. World supply is forecast to increase by 11 per cent to 9.7 Mt, mainly due to higher production in India, Pakistan and Australia. However, demand is expected to increase significantly, especially in India. The main factor affecting Canadian prices is world supply, but Canada is becoming a significant producer. The average price, over all types and grades, is forecast to decrease due to the higher world and Canadian supply.

Mustard Seed

For 2007–08, production is estimated to increase only slightly as the 32 per cent higher seeded area is nearly offset by lower yields. Production is expected to increase slightly for the yellow and brown types, but decrease for the oriental type. Supply is estimated to decrease sharply for all types, as lower carry-in stocks more than offset the rise in production. Exports are expected to fall due to the lower supply. Carry-out stocks are forecast to decrease sharply to a very low level. The main factor affecting Canadian prices is Canadian supply. The average price, over all types and grades, is expected to increase sharply due to the lower Canadian supply. The average price forecast includes both contracted prices and spot prices because a large portion of the mustard seed was contracted at prices significantly lower than current spot prices.

Canary Seed

For 2007–08, production is estimated to increase because of the 33 per cent higher seeded area, while supply decreases as lower carry-in stocks more than offset the increase in production. Exports are expected to be similar to 2006–07. Carry-out stocks are expected to fall. World supply is forecast to decrease by 10 per cent to 325,000 t due to the lower supply in Canada. The main factor affecting Canadian prices is the Canadian supply. The average price is forecast to increase because of the lower Canadian supply. ■

(Source: Agriculture & Agri-Food Canada Pulse & Special Crops Outlook)