



## Canada: Grains and Oilseeds Outlook

Canadian production of grains and oilseeds (G&O) for 2008-09 is estimated by Statistics Canada at a record 72.6 million tonnes (Mt), up from 60.7 Mt in 2007-08. Yields were mostly up from Statistics Canada's October estimates, with records set for spring wheat, barley, canola and oats. Harvest completion was ahead of normal, as good late-harvest weather and little frost offset the cool and wet conditions in the early fall. Crop quality is near normal. Total supply is forecast to increase by only 8.9 Mt from 2007-08, as the increased production is partially offset by lower carry-in stocks and imports. Total domestic use is forecast to rise significantly, while exports remain relatively stable. Carry-out stocks are forecast to rise from last year's levels and be slightly above the five-year average. The main factors to watch are: the unprecedented volatility of commodity markets; the global credit crisis; and potential global economic slowdown.

### **Durum**

Production increased by 50 per cent from 2007-08 to 5.5 Mt. Lower carry-in stocks limited the increase in supply to 29 per cent. Exports are projected to recover by 20 per cent to 3.8 Mt due to higher supply and strong demand. Carry-out stocks are forecast to rise from the very low 2007-08 level to 1.6 Mt. The CWB Pool Return Outlook (PRO) is 30 per cent lower than for 2007-08 due to pressure from higher Canadian and world supply.

### **Wheat (ex-durum)**

Production increased by 41 per cent from 2007-08 to 23.1 Mt. Lower carry-in stocks limited the increase in supply to 23 per cent. Domestic use and exports are forecast to rise due to strong demand. Carry-out stocks are projected to increase from the low level in 2007-08 to 5.3 Mt. The CWB PRO is 17 per cent lower than for 2007-08 because of higher Canadian and world supply.

### **Barley**

Production increased to 11.8 Mt, a 7.0 per cent rise from last year as a sharp increase in yields more than offset a drop in harvested area. Supplies are projected to rise by 7.0 per cent to 13.4 Mt. Domestic use is forecast to rise, due to an expected decline in corn imports for feeding. Total exports are forecast at 2.3 Mt, significantly lower than a year ago, due to lower feed barley exports. Carry-out stocks are projected to rise by 40 per cent, but are expected to be below the five-year average. The average off-Board feed barley price (No. 1 CW I/S Lethbridge) is forecast to decline below the 2007-08 average.

### **Corn**

Production decreased by 9.0 per cent from 2007-08 to 10.6 Mt. This, combined with sharply lower imports, is expected to result in a 10 per cent drop in total supplies. Imports are projected to decrease in Western Canada due to reduced feed use and increased supply of barley.

However, imports into Eastern Canada are forecast to rise due to higher ethanol production. Food and industrial use is projected to increase by 12 per cent. Carry-out stocks are forecast to fall by 0.26 Mt from 2007-08 to 1.2 Mt. The average price at Chatham elevator is forecast to decrease.

### **Oats**

Production fell by 9.0 per cent to 4.3 Mt as sharply higher yields partly offset the drop in harvested area. Total supply is forecast to be stable at 5.3 Mt. Exports are projected to fall by 13 per cent from the record high set in 2007-08 on weaker U.S. demand. Feed use is expected to be about 7.0 per cent higher than a year ago. Carry-out stocks are forecast at a modern-day record of 1.2 Mt. The average nearby Chicago Board of Trade oat futures price is expected to decline.

### **Canola**

Production has increased by 33 per cent to a record 12.6 Mt, due to increased harvested area and record-high yields. Total supply is expected to increase by 25 per cent due to lower carry-in stocks. Exports and domestic crush are forecast to reach new record levels, due to the increased supply and lower prices. Carry-out stocks are projected to almost double, to a record 3.0 Mt. Canola prices are expected to fall by about 25 per cent from 2007-08, as a result of the increased supply and lower world veg oil and crude oil prices.

### **Flaxseed (excluding solin)**

Production has increased by 36 per cent from the below-normal 2007-08 crop, to just over the 10-year average. However, total supply is up by just 3.0 per cent due to significantly lower carry-in stocks. Exports are forecast to decline due to reduced industrial demand related to the current world economic slowdown. Carry-out stocks are expected to rise by 16 per cent, but remain below the 10-year average. Prices are expected to decline by about 10 per cent due to lower veg oil and crude oil prices, and reduced demand resulting from the slowdown in world economic growth.

### **Soybeans**

Production has risen by 24 per cent, to a near-record 3.3 Mt. Total supply is forecast to rise by 7.0 per cent due to lower carry-in stocks. The increase in supply is projected to result in higher exports and domestic crush. The average Chatham price is expected to decline by about 7.0 per cent due to lower U.S. soybean prices. ■

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

CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

December 12, 2008

Grain and Crop Year (a)	Area Seeded <i>thousand ha</i>	Area Harvested	Yield <i>t/ha</i>	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
<b>Durum</b>												
2006-2007	1,536	1,518	2.21	3,346	1	6,621	4,479	257	467	909	1,233	223
2007-2008	1,949	1,926	1.91	3,681	2	4,916	3,175	225	443	900	842	515*
2008-2009f	2,440	2,416	2.28	5,519	1	6,362	3,800	260	476	962	1,600	358*
<b>Wheat Except Durum</b>												
2006-2007	8,316	8,164	2.68	21,919	25	28,368	14,949	3,073	4,081	7,849	5,571	209
2007-2008	6,799	6,710	2.44	16,373	21	21,964	12,682	3,035	1,477	5,307	3,975	367*
2008-2009f	7,752	7,616	3.03	23,092	20	27,087	14,200	3,400	3,418	7,587	5,300	304*
<b>All Wheat</b>												
2006-2007	9,852	9,682	2.61	25,265	26	34,989	19,427	3,330	4,548	8,758	6,803	
2007-2008	8,748	8,636	2.32	20,054	23	26,880	15,857	3,260	1,920	6,207	4,817	
2008-2009f	10,192	10,032	2.85	28,611	21	33,449	18,000	3,660	3,894	8,549	6,900	
<b>Barley</b>												
2006-2007	3,690	3,223	2.97	9,573	44	12,905	2,008	196	8,825	9,406	1,492	165
2007-2008	4,397	3,998	2.75	10,984	58	12,534	3,911	156	6,564	7,050	1,573	214
2008-2009f	3,787	3,502	3.36	11,781	35	13,389	2,300	190	8,399	8,889	2,200	170-200
<b>Corn</b>												
2006-2007	1,093	1,061	8.47	8,990	2,093	13,084	291	2,980	8,461	11,456	1,337	138
2007-2008	1,392	1,369	8.51	11,649	3,182	16,168	844	3,570	10,284	13,867	1,457	180
2008-2009f	1,204	1,169	9.06	10,592	2,500	14,549	300	4,000	9,034	13,049	1,200	150-180
<b>Oats</b>												
2006-2007	2,064	1,537	2.51	3,852	18	4,741	2,304	92	1,607	1,881	556	193
2007-2008	2,188	1,816	2.59	4,696	17	5,269	2,805	60	1,279	1,489	975	233
2008-2009f	1,758	1,448	2.95	4,273	15	5,263	2,450	90	1,373	1,613	1,200	200-230
<b>Total Coarse Grains (h)</b>												
2006-2007	7,458	6,114	3.79	23,145	2,155	31,646	4,813	3,315	19,420	23,331	3,502	
2007-2008	8,320	7,388	3.77	27,825	3,270	34,596	7,754	3,829	18,460	22,796	4,046	
2008-2009f	7,030	6,330	4.29	27,184	2,552	33,782	5,175	4,330	19,122	23,932	4,675	
<b>Canola</b>												
2006-2007	5,283	5,238	1.72	9,000	203	11,210	5,477	3,579	287	3,913	1,820	370
2007-2008	6,367	6,277	1.52	9,529	179	11,527	5,661	4,144	132	4,325	1,541	553
2008-2009f	6,540	6,494	1.95	12,643	175	14,359	6,300	4,500	510	5,059	3,000	400-500
<b>Flaxseed</b>												
2006-2007	805	785	1.26	989	8	1,333	682	n/a	n/a	280	371	302
2007-2008	528	524	1.21	634	8	1,012	679	n/a	n/a	161	172	611
2008-2009f	631	625	1.38	861	10	1,043	650	n/a	n/a	193	200	500-600
<b>Soybeans</b>												
2006-2007	1,214	1,201	2.89	3,466	241	4,201	1,741	1,513	355	1,991	470	263
2007-2008	1,180	1,172	2.30	2,696	337	3,502	1,696	1,348	212	1,685	122	432
2008-2009f	1,202	1,195	2.79	3,336	300	3,758	1,725	1,400	231	1,763	270	350-450
<b>Total Oilseeds</b>												
2006-2007	7,302	7,225	1.86	13,455	452	16,744	7,899	5,092	642	6,184	2,661	
2007-2008	8,075	7,973	1.61	12,858	523	16,042	8,035	5,492	343	6,171	1,835	
2008-2009f	8,373	8,315	2.03	16,840	485	19,160	8,675	5,900	741	7,015	3,470	
<b>Total Grains and Oilseeds</b>												
2006-2007	24,612	23,021	2.69	61,865	2,633	83,379	32,140	11,736	24,610	38,273	12,966	
2007-2008	25,142	23,996	2.53	60,736	3,816	77,518	31,646	12,581	20,724	35,174	10,699	
2008-2009f	25,595	24,677	2.94	72,635	3,058	86,392	31,850	13,890	23,757	39,497	15,045	

(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. Totals exclude flaxseed due to data confidentiality.

(g) Crop year average prices: No.1 CWRS 12.5% protein and No.1 CWAD 12.5% (CVB 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); Canola (No. 1 Canada, ICE Futures Canada, cash, I/S Vancouver); Flaxseed (No. 1 CW, ICE Futures Canada, cash, I/S Thunder Bay); Soybeans (No. 2, Chatham).

(h) Total coarse grains includes barley, corn, oats, rye, and mixed grains.

\* Canadian Wheat Board - Pool Return Outlook (PRO)

f: forecast; Agriculture and Agri-Food Canada: December 12, 2008

Source: Statistics Canada