



CANADA: GRAINS AND OILSEEDS OUTLOOK

NOVEMBER 1, 2001

There has been little change to the grains and oilseeds outlook since our October 11 release. Production of grains and oilseeds in Canada in 2001-02 is estimated by Statistics Canada (STC) at only 50.5 million tonnes (Mt) compared to 61.6 Mt in 2000-01 and the 10-year average of 60.5 Mt. In Western Canada, 2001-02 production has fallen by 23% from 2000-01. In Alberta and Saskatchewan, yields were well below average, due to drought. In Manitoba, yields were also below normal, as excess moisture stressed the crops and increased disease pressure. In eastern Canada, production is estimated to increase by only 3% from the extremely low level of 2000-01. In much of eastern Canada, dry conditions have resulted in below normal yields for corn and soybeans, while late autumn rains have delayed the harvest and held up planting the winter wheat crop.

In Western Canada, the proportion of the wheat and durum crops falling into the top two grades is well above normal due to the hot dry growing season and dry weather at harvest. Protein levels are high, with preliminary Canadian Grain Commission data indicating an average protein content for No.1 CWRS wheat of 14.4%, a full percentage point above average. Total Canadian exports of grains and oilseeds are forecast by AAFC to fall by 15%, to 23.5 Mt, although exports of durum wheat, corn and flaxseed are expected to increase. Prices for all Canadian grains and oilseeds, except soybeans, are expected to be higher than in 2000-01.

WHEAT (ex-durum)

For 2001-02, supplies are down by 11% from the previous year. Despite a 9% increase in seeded area, drought in Alberta and Saskatchewan has lowered production by 16%, to 17.8 Mt, the lowest since 1988-89. This is only partly offset by higher carry-in stocks. Exports are forecast to fall by 10%, to 12 Mt, well below the 10-year average of 15.6 Mt. Feed use is expected to decline due to tight supplies and good quality. Carry-out stocks are expected to fall to 5.0 Mt, the lowest since 1995-96. The Canadian Wheat Board (CWB) Oct. 2001-02 Pool Return Outlook (PRO) for No.1 CWRS 11.5% protein has been raised by \$3/t from Sept, to \$196/t, in-store Vancouver/St. Lawrence, \$12/t above 2000-01. Ontario winter wheat production is down by 23%, at 1.1 M, but quality is good. The Ontario Wheat Producers' Marketing Board's Projected Pool Return for No.1 CEWW wheat is \$135-145/t, vs. the 2000-01 final realized price of \$110/t.

DURUM

For 2001-02, supplies have decreased by 22% from 2000-01 to 5.8 Mt, vs. the 10-year average of 6.2 Mt, despite record carry-in stocks. Production has fallen by almost 50%, to the lowest level since 1988-89, due to a combination of a lower seeded area and drought. Exports are forecast to rise by 9%, to 3.8 Mt, due to lower production in the EU and US. Carry-out stocks are projected to drop to 1.1 Mt. The CWB Oct. 2001-02 PRO for No.1 CWAD 11.5% protein is \$251/t, I/S VC/SL, a decrease of \$3/t from Aug, but \$8/t higher than 2000-01. The premium over No.1 CWRS 11.5% is \$55/t, vs. \$59/t in 2000-01 and the 10-year average of \$43/t.

BARLEY

For 2001-02, supplies are at the lowest level since 1986-87. Production has fallen by 18% from 2000-01, due to lower yields, lower seeded area, and increased abandonment. Exports of both feed and

malting barley are expected to decline. Feed use is expected to fall dramatically. Carry-out stocks are forecast to decline sharply, to the lowest levels of recent times. The CWB Oct. PRO for No.1 CW Feed Barley is \$180/t, up \$37/t from 2000-01. Prices for malting barley are forecast to increase, as the lower supplies are expected to result in an increased portion of sales to high priced markets. The CWB Oct. PRO for Special Select 2-Row Designated barley is \$217/t, vs the 2000-01 PRO of \$202/t.

OATS

For 2001-02, supplies have decreased by 19% from 2000-01. Production has fallen by 16% despite increased seeded area. Light-weight oats have been reported in Manitoba, further limiting supplies for domestic milling and the export market. Exports are forecast to decrease as a result. Carry-out stocks are forecast to fall to the lowest level in recent times. Oat prices are forecast to increase from 2000-01, due to lower stocks and higher US corn prices.

CORN

For 2001-02, production is estimated to increase due to higher seeded area, although dry conditions resulted in below normal yields. Imports of US corn into western Canada are forecast to increase dramatically due to reduced barley supplies, while imports into eastern Canada are forecast to decline but remain high. Domestic use is expected to increase as a result of higher corn feeding in western Canada. Ontario corn prices are expected to rise due to higher US prices, with Ontario corn expected to continue to be priced on an import competitive basis.

CANOLA

For 2001-02, supplies are expected to decrease by about 35% to 6.1 Mt, the lowest since 1992-93, because of lower production and carry-in stocks. Exports are forecast to fall by about 40%, to

2.9 Mt, mainly due to lower shipments to China. Domestic crush is also expected to drop sharply, to 2.4 Mt, due to tight supplies. Carry-out stocks are projected to decline by 62%, to the very low level of 0.4 Mt, the lowest level since 1993-94. Canola prices are forecast to increase by almost 20%.

FLAXSEED (excluding solin)

For 2001-02, supplies are expected to decrease by 9% as lower carry-in stocks more than offset the marginal increase in production. Exports are forecast to increase due to increased import demand from the EU. Carry-out stocks are expected to decline and prices are forecast to increase by about 20%.

SOYBEANS

For 2000-01, exports are forecast to decline due to increased competition from the US and South America. For 2001-02, due to lower domestic supply, imports are expected to increase significantly. Production decreased significantly because of sharply lower yields, resulting from insufficient moisture and insect infestations. Domestic use is expected to fall due to a decrease in crush. Exports are forecast to decline as a result of tight supplies. Carry-out stocks are expected to fall sharply. Chatham prices are forecast to decrease marginally, mainly due to lower US soybean prices.

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CANADA: SUPPLY AND DISPOSITION FOR GRAINS AND OILSEEDS

NOVEMBER 1, 2001

Grain and Crop Year (a)	Harvested Area 000 ha	Yield t/ha	Production	Imports (b)	Total		Food and Ind. Use	Feed, Waste & Dockage	Total Dom- estic Use (d)	Ending Stocks	Average Price (e) \$/t
					Supply	Exports (c)					
----- thousand metric tonnes -----											
Durum											
1999-2000	1,769	2.45	4,341	9	6,288	3,575	263	422	937	1,775	207
2000-2001	2,614	2.16	5,647	10	7,432	3,487	268	591	1,073	2,873	243 *
2001-2002 F	2,050	1.42	2,905	5	5,783	3,800	273	350	883	1,100	251 **
Wheat Except Durum											
1999-2000	8,606	2.63	22,600	6	28,093	14,737	2,697	3,865	7,391	5,964	168
2000-2001	8,349	2.53	21,157	50	27,171	13,269	2,805	3,864	7,567	6,335	184 *
2001-2002 F	8,922	1.99	17,791	50	24,176	12,000	2,803	3,595	7,176	5,000	196 **
All Wheat											
1999-2000	10,375	2.60	26,941	14	34,380	18,313	2,960	4,287	8,329	7,739	
2000-2001	10,963	2.44	26,804	60	34,604	16,756	3,073	4,455	8,640	9,208	
2001-2002 F	10,971	1.89	20,695	55	29,958	15,800	3,076	3,945	8,058	6,100	
Barley											
1999-2000	4,069	3.24	13,196	33	15,966	2,392	393	9,902	10,736	2,838	110
2000-2001	4,551	2.96	13,468	38	16,344	2,624	383	10,446	11,266	2,454	129
2001-2002 F	4,376	2.54	11,103	70	13,627	1,700	385	9,387	10,227	1,700	140-170
Corn											
1999-2000	1,141	8.03	9,161	1,023	11,069	226	2,020	7,240	9,291	1,552	107
2000-2001	1,088	6.27	6,827	2,845	11,224	100	2,145	8,065	10,244	880	120
2001-2002 F	1,208	6.40	7,730	2,800	11,410	150	2,225	8,203	10,460	800	125-155
Oats											
1999-2000	1,398	2.60	3,641	4	4,733	1,532	191	1,728	2,079	1,122	128
2000-2001	1,299	2.61	3,389	8	4,519	1,759	115	1,630	1,920	840	132
2001-2002 F	1,338	2.12	2,838	4	3,682	1,475	150	1,489	1,807	400	
Rye											
1999-2000	169	2.29	387	4	557	85	69	223	311	161	
2000-2001	115	2.27	260	5	426	89	66	166	249	88	
2001-2002 F	104	2.10	218	5	311	80	66	79	166	65	
Mixed Grains											
1999-2000	153	2.92	447	0	447	0	0	447	447	0	
2000-2001	128	2.98	382	0	382	0	0	382	382	0	
2001-2002 F	139	2.71	376	0	376	0	0	376	376	0	
Total Coarse Grains											
1999-2000	6,930	3.87	26,832	1,064	32,772	4,235	2,673	19,539	22,864	5,673	
2000-2001	7,181	3.39	24,327	2,896	32,896	4,572	2,709	20,689	24,061	4,262	
2001-2002 F	7,165	3.11	22,265	2,879	29,406	3,405	2,826	19,534	23,036	2,965	
Canola											
1999-2000	5,564	1.58	8,798	124	9,556	3,885	2,983	493	3,515	2,156	288
2000-2001	4,816	1.48	7,119	224	9,499	4,838	3,013	562	3,607	1,054	291
2001-2002 F	3,829	1.25	4,789	250	6,093	2,900	2,400	348	2,793	400	330-360
Flaxseed											
1999-2000	777	1.32	1,022	2	1,175	568	n/a	n/a	221	386	237
2000-2001	591	1.17	693	11	1,090	613	n/a	n/a	204	273	261
2001-2002 F	652	1.08	704	10	987	700	n/a	n/a	137	150	300-330
Soybeans											
1999-2000	1,004	2.77	2,781	455	3,478	948	1,712	493	2,277	252	256
2000-2001	1,061	2.55	2,703	430	3,385	750	1,697	689	2,455	180	256
2001-2002 F	1,027	1.99	2,040	650	2,870	650	1,650	400	2,120	100	240-270
Total Oilseeds											
1999-2000	7,345	1.72	12,602	581	14,208	5,401	4,695	987	6,013	2,794	
2000-2001	6,468	1.63	10,515	665	13,974	6,202	4,710	1,251	6,265	1,507	
2001-2002 F	5,507	1.37	7,533	910	9,950	4,250	4,050	748	5,050	650	
Total Grains And Oilseeds											
1999-2000	24,650	2.69	66,374	1,659	81,361	27,949	10,329	24,813	37,206	16,206	
2000-2001	24,612	2.50	61,646	3,621	81,473	27,529	10,492	26,394	38,967	14,977	
2001-2002 F	23,643	2.13	50,493	3,844	69,314	23,455	9,952	24,227	36,144	9,715	

(a) Aug.-July crop year except corn and soybeans which are September - August.

(b) Excludes imports of products.

(c) Includes exports of products for wheat, oats, barley, and rye. Excludes exports of oilseed products.

(d) Includes seed use.

(e) Crop year average prices: No.1 CWRS and No.1 CWAD (CWB final price I/S St. Lawrence/Vancouver); Barley (No.1 Feed, WCE cash I/S, Lethbridge); Corn (No.2 CE cash I/S, Chatham); Oats (No. 3 CW, WCE cash Track Minneapolis - contact was delisted from the WCE on May 31, 2001); Canola (No.1 Canada, WCE cash I/S, Vancouver); Flaxseed (No.1 CW WCE cash I/S, Thunder Bay); Soybeans (No.2, I/S, Chatham).

* - CWB Pool Return Outlook (PRO): September 2001. **CWB PRO October, 2001. Prices for No.1 CWRS and No.1 CWAD with 11.5% protein for 2000-01 and 2001-02. This is comparable to prices for 1999-00 and previous years, as protein premiums have been expanded to include all wheat and durum with 11% or more protein.

F: forecast, Agriculture and Agri-Food Canada, November 1, 2001

Source: Statistics Canada, Cereals and Oilseeds Review Series, Cat. No. 22-007