



CANADA: GRAINS AND OILSEEDS OUTLOOK

AUGUST 31, 2001

Canadian grain and oilseed production for 2001-02 is forecast at 53.3 million tonnes (Mt) by AAFC, 14% below 2000-01 and 12% below the 10-year average, based on Statistics Canada's July 31 production estimates (except corn and soybeans, which are forecast by AAFC). In western Canada, production is forecast to decrease by 20%, while in eastern Canada it is forecast to increase by 10% from 2000-01. In western Canada, harvest is well under way, and is reported to be ahead of normal. In Alberta and Saskatchewan, yields are estimated to be well below average, due to drought. In Manitoba, yields are estimated to be slightly below normal, as excess moisture has stressed the crops, increased disease pressure and flooded low lying areas in many regions. Western wheat and durum quality is expected to be above average, with high protein levels reported. In eastern Canada, dry conditions are expected to result in below normal yields for corn and soybeans.

Total exports of grains and oilseeds are forecast to fall by 10%, to 24.5 Mt, with exports of all crops except durum wheat, corn and flaxseed expected to decline. Prices for all Canadian grains and oilseeds are expected to be higher than in 2000-01.

WHEAT (ex-durum)

For 2000-01, exports fell by 11%, due to lower supplies and weak world demand. Carry-out stocks increased slightly.

For 2001-02, production is estimated to be down by 13%, at 18.4 Mt, the 2nd lowest since the 1988-89 drought. This will be partly offset by higher carry-in stocks.

Exports will be limited by supplies, and are forecast to fall by 7%, to 12.2 Mt. Feed use is expected to decline due to tight supplies and good quality. Carry-out stocks are expected to fall to a pipeline level of 5.3 Mt. The Canadian Wheat Board (CWB) Aug. 2001-02 Pool Return Outlook (PRO) for No.1 CWRS 11.5% protein is down by \$4/t from July, at \$207/t, in-store Vancouver/St. Lawrence, but \$22/t above 2000-01. Ontario winter wheat yields are above average, with good quality reported, but production is forecast to fall by 23%, to 1.1 M, due to a smaller area. The Ontario Wheat Producers' Marketing Board's Pool Price Projection for No.1 CEWW wheat is \$135-145/t, vs. the 2000-01 final realized price of \$110/t.

DURUM

For 2000-01, exports declined slightly, due to lower than normal quality. Carry-out stocks rose sharply, to a record 2.8 Mt.

For 2001-02, a combination of a smaller area and drought has reduced production by 46%, to the lowest level since 1992-93. This is partly offset by the larger carry-in stocks, and supplies are expected to be sufficient to meet domestic and export demand. Exports are forecast to rise by 12%, to 3.9 Mt, as demand will be strong, due to poor crops in southern Europe. Carry-out stocks are projected to drop to 1.1 Mt. The Aug. CWB 2001-02 PRO for No.1 CWAD 11.5% protein is \$242/t, up by \$13/t from last month, and \$4/t above 2000-01.

BARLEY

For 2000-01, exports rose by 9%, but were below the 10-year average of 3.1 Mt. Carry-out stocks rose slightly.

For 2001-02, production is forecast to decrease by 14% from 2000-01, due to lower yields, lower seeded area, and a high abandonment rate. Despite higher carry-in stocks, supplies are forecast to decrease.

Exports of feed barley and malting barley are expected to decline significantly due to the lower production. Feed use is expected to remain similar to last year, as increased feed demand is expected to be met by higher corn imports from the US. Carry-out stocks are forecast to decline sharply, well below the 5-year average of 2.9 Mt. The CWB PRO for No.1 CW Feed Barley is \$165/t, up \$23/t from 2000-01. Prices for malting barley are forecast to increase due to tightening world supplies. The CWB PRO for Special Select 2-Row Designated barley is \$215/t, vs the 2000-01 PRO of \$202/t.

OATS

For 2000-01, exports increased due to strong demand from the US. Carry-out stocks decreased sharply.

For 2001-02, production is estimated to decrease by 10% despite increased seeded area. Exports are forecast to decrease as a result of reduced supplies. Carry-out stocks are projected to decrease to historically low levels. Oat prices are forecast to increase from 2000-01 due to lower stocks and higher US corn prices.

CORN

For 2000-01, imports are forecast to rise by 164%, to 2.7 Mt. Despite lower production, carry-out stocks are forecast to remain historically high.

For 2001-02, production is forecast to increase due to higher seeded area, although yields are expected to be below normal due to dryness. Net imports are forecast to decline. Domestic use is expected to increase as a result of higher corn feeding in western Canada. Ontario corn prices are expected to increase because of higher US corn prices.

CANOLA

For 2000-01, exports rose by 22% to a record high. Carry-out stocks fell by 50%, but still remained historically high.

For 2001-02, supplies are expected to decrease by about 33%, with both production and carry-in stocks declining sharply. Exports are forecast to decrease significantly, particularly to China and Mexico, as sharply lower supplies will be rationed among traditional buyers.

Domestic crush is also expected to drop sharply, due to tight supplies and below normal crush margins. Carry-out stocks are projected to decline by 61%, to 0.4 Mt, which is very tight and the lowest level since 1993-94. Canola prices are forecast to increase by about 25%.

FLAXSEED (excluding solin)

For 2000-01, exports remained similar to the previous year, while carry-out stocks declined by 18% due to sharply lower production.

For 2001-02, supplies are expected to decrease slightly, as lower carry-in stocks largely offset the increase in production. Exports are forecast to increase to normal levels, due to higher production and increased import demand in the EU. Carry-out stocks are forecast to decline but remain historically high. Prices are forecast to increase.

SOYBEANS

For 2000-01, exports are forecast to decline due to increased competition from the US and South America, with carry-out stocks rising sharply.

For 2001-02, production is forecast to decrease significantly because of sharply lower yields, as a result of insufficient moisture and insect infestations. The decline in supplies is expected to be moderated by higher imports. Domestic use is expected to fall slightly due to a decrease in crush. Exports are forecast to decline as a result of tight supplies. Carry-out stocks are expected to decrease from 2000-01. Chatham prices are forecast to increase slightly, mainly due to higher US soybean prices.

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CANADA: SUPPLY AND DISPOSITION FOR GRAINS AND OILSEEDS

AUGUST 31, 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	1,760	2.44	4,300	9	6,257	3,575	263	381	896	1,785	207
2000-2001 E	2,614	2.16	5,647	10	7,442	3,470	265	697	1,172	2,800	238 *
2001-2002 F	2,050	1.50	3,071	5	5,876	3,900	265	331	876	1,100	242 **
Wheat Except Durum											
1999-2000	8,606	2.63	22,600	6	28,093	14,737	2,693	3,870	7,391	5,964	168
2000-2001 E	8,349	2.53	21,157	50	27,171	13,127	2,700	4,144	7,744	6,300	185 *
2001-2002 F	8,928	2.06	18,383	10	24,693	12,200	2,735	3,548	7,193	5,300	207 **
All Wheat											
1999-2000	10,367	2.59	26,900	14	34,349	18,313	2,956	4,251	8,288	7,749	
2000-2001 E	10,963	2.44	26,804	60	34,613	16,597	2,965	4,841	8,916	9,100	
2001-2002 F	10,978	1.95	21,454	15	30,569	16,100	3,000	3,879	8,069	6,400	
Barley											
1999-2000	4,069	3.24	13,196	33	15,966	2,392	393	9,752	10,586	2,988	110
2000-2001 E	4,551	2.96	13,468	50	16,506	2,600	360	9,891	10,706	3,200	129
2001-2002 F	4,372	2.65	11,602	30	14,832	1,850	360	9,892	10,707	2,275	135-165
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 F	1,088	6.27	6,827	2,700	11,078	100	2,125	7,298	9,454	1,525	117-122
2001-2002 F	1,246	6.74	8,400	1,600	11,525	300	2,225	7,618	9,875	1,350	120-150
Oats											
1999-2000	1,398	2.60	3,641	4	4,733	1,532	191	1,768	2,119	1,082	128
2000-2001 E	1,299	2.61	3,389	5	4,476	1,775	190	1,688	2,051	650	132
2001-2002 F	1,342	2.27	3,049	4	3,703	1,575	210	1,350	1,728	400	
Rye											
1999-2000	169	2.29	387	4	557	85	69	223	311	161	
2000-2001 E	115	2.27	260	5	426	90	75	140	236	100	
2001-2002 F	101	2.05	207	5	312	80	75	71	167	65	
Mixed Grains											
1999-2000	153	2.92	447	0	447	0	0	447	447	0	
2000-2001 E	128	2.98	382	0	382	0	0	382	382	0	
2001-2002 F	146	2.76	404	0	404	0	0	404	404	0	
Total Coarse Grains											
1999-2000	6,930	3.87	26,832	1,064	32,772	4,235	2,673	19,429	22,754	5,783	
2000-2001 E	7,181	3.39	24,327	2,760	32,869	4,565	2,750	19,399	22,829	5,475	
2001-2002 F	7,207	3.28	23,662	1,639	30,776	3,805	2,870	19,335	22,881	4,090	
Canola											
1999-2000	5,564	1.58	8,798	124	9,556	3,885	2,983	543	3,565	2,106	288
2000-2001 E	4,816	1.48	7,119	250	9,475	4,731	3,013	660	3,713	1,030	291
2001-2002 F	3,888	1.30	5,071	250	6,351	3,200	2,400	306	2,751	400	345-375
Flaxseed											
1999-2000	777	1.32	1,022	2	1,175	568	n/a	n/a	221	386	237
2000-2001 E	591	1.17	693	10	1,089	563	n/a	n/a	207	320	261
2001-2002 F	652	1.14	746	10	1,075	700	n/a	n/a	125	250	285-315
Soybeans											
1999-2000	1,004	2.77	2,781	455	3,478	948	1,712	493	2,277	252	256
2000-2001 F	1,061	2.55	2,703	375	3,330	750	1,697	483	2,250	330	250-260
2001-2002 F	1,027	2.26	2,325	400	3,055	700	1,650	435	2,155	200	250-280
Total Oilseeds											
1999-2000	7,345	1.72	12,602	581	14,208	5,401	4,695	1,037	6,063	2,744	
2000-2001 E	6,468	1.63	10,515	635	13,894	6,044	4,710	1,143	6,170	1,680	
2001-2002 F	5,566	1.46	8,141	660	10,481	4,600	4,050	741	5,031	850	
Total Grains And Oilseeds											
1999-2000	24,642	2.69	66,334	1,659	81,330	27,949	10,324	24,716	37,105	16,276	
2000-2001 E	24,612	2.50	61,646	3,455	81,377	27,206	10,425	25,384	37,915	16,255	
2001-2002 F	23,751	2.24	53,256	2,314	71,825	24,505	9,920	23,954	35,980	11,340	

(a) August - 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 - contract 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): July 2001. ** - CWB PRO: August 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.

E: estimate F: forecast - Agriculture and Agri-Food Canada, August 31, 2001

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