



# Bi-weekly Bulletin

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## CANADIAN OUTLOOK FOR GRAINS, OILSEEDS, PULSES AND SPECIAL CROPS IN 2006-2007

Production of grains, oilseeds, pulses and special crops in Canada is forecast to decrease to 70 million tonnes (Mt) in 2006, from 72 Mt in 2005, largely due to lower yields. Total exports are projected to increase, while carry-out stocks are expected to decline. World wheat and oilseed prices are expected to decrease in 2006-2007 due to increased supplies in the major producing countries. World coarse grain prices are expected to increase slightly, mainly due to lower corn production in the United States (US). Canadian prices will continue to be pressured by the strong Canadian dollar. The market outlook is tentative due to the high degree of uncertainty regarding global supply and demand conditions. Normal weather patterns have been assumed. Unusual weather conditions in any of the major importing or exporting countries could significantly alter the outlook. Trade policy factors, such as the anti-dumping and countervail duties currently in place on grain corn imports from the US, will also affect the outlook for 2006-2007.

### CANADIAN PRODUCTION OUTLOOK

Area seeded for 2006 will be influenced by expected net returns, current prices, expected delivery opportunities, crop rotation requirements, potential disease and pest problems, and on-farm stocks. The following forecasts are not based on a survey of farmers. The first survey of farmers' 2006 seeding intentions will be released by Statistics Canada on April 25, 2006.

Expected net returns by province were calculated using projected 2006 input costs, trend yields and current prices, to provide potential returns net of operating expenses for the major crops, as viewed by a farmer making planting decisions in early 2006. These projections indicate that, of the major western Canadian crops, non-durum wheat and oats generally have the highest potential net returns. Expected feed barley returns are not attractive, but much of this crop is grown for on-farm feeding, and malting barley returns are expected to be good, supporting barley area. Oat area is supported by good potential returns in Manitoba and Saskatchewan. High expected net returns for sunflower seed and chickpeas are projected to result in a shift into these crops. In eastern Canada, expectations of stronger corn prices resulting from the recently announced provisional anti-

dumping and countervailing duties (AD/CVD) on imports of US corn offset the impact of higher input costs, and corn area is expected to be relatively unchanged.

Canola and durum wheat supplies have reached burdensome levels, with durum deliveries restricted by Canadian Wheat Board (CWB) delivery contracts. These factors increase the incentive to reduce the area of these crops and increase the area of alternative crops such as non-durum wheat, oats and barley.

Agriculture and Agri-Food Canada (AAFC) forecasts that the areas seeded to non-durum wheat, oats, barley, corn, dry peas, sunflower seed, chickpeas and buckwheat will increase in 2006, but decrease for durum wheat, flaxseed, canola, soybeans, dry beans, lentils, mustard seed and canary seed. Summerfallow area is expected to decrease, but much of this will be due to the seeding of areas in Manitoba that were not seeded in 2005 due to excess moisture.

Normal abandonment rates and trend yields have been assumed for 2006. In general, yields in western Canada are expected to be well below the 2005 yields, which were well above normal due to near-ideal growing conditions in most regions, with ample moisture and no extreme heat. Grain and oilseed production in western Canada is

forecast to decline by 3% from 2005, to 49 Mt, with pulse and special crop production expected to be down by 8% to 4.7 Mt. In eastern Canada, production is projected to decrease by 4% to 15 Mt for grains and oilseeds, and by 11% to 0.2 Mt for pulses and special crops.

### WHEAT

#### WORLD

World wheat production is expected to increase slightly in 2006-2007, to 621 Mt. Carry-out stocks are projected to increase only slightly, but major exporter<sup>1</sup> stocks are forecast to rise by 15%, to about 60 Mt, the highest in 15 years. Of particular importance is the US wheat supply and disposition outlook, as the major commodity futures markets are located in the US. US production is expected to increase by 5% to 2.2 billion bushels, with carry-out stocks forecast to rise significantly. The stock-to-use ratio is forecast at 32%, versus 24% in 2005-2006, the highest in 5 years. As a result, the average US farm price is expected to fall by 10%, to US\$3.00 per bushel (/bu).

<sup>1</sup> United States, European Union (EU-25), Canada, Australia and Argentina

## World Price Outlook

World **non-durum wheat** prices are expected to decline in 2006-2007, as a result of the rising exporter stocks. The US Hard Winter Ordinary (HWO) wheat price, FOB Gulf, is forecast to decline to US\$130-140 per tonne (t) for 2006-2007 (August-July), compared to US\$155-165/t in 2005-2006 and US\$155/t in 2004-2005. Protein premiums are expected to decline, assuming normal protein levels in the US and Canadian spring wheat crops for 2006.

World **durum** prices are expected to decline slightly, but the premium to spring wheat is expected to increase due to lower supplies in the major exporting countries. However, these supplies are forecast at over 20 Mt, more than 1 Mt above the 10-year average, making a major price rally unlikely in the durum market. The US No.3 Hard Amber Durum (HAD) price, FOB Gulf, is forecast at US\$170-180/t, slightly lower than 2005-2006.

## CANADA

### Non-durum Wheat: Higher Production and Lower Prices

Non-durum wheat seeded area is forecast to increase by 12% in 2006. Production is projected to rise by 6%, with total supply rising by 4% to 27.4 Mt. Domestic feed use is projected to increase slightly, mainly due to increased feeding of soft red winter (SRW) wheat in Ontario. Exports are forecast to increase by almost 10%, assuming that the supply of good quality Canada Western Red Spring (CWRS) wheat increases. Carry-out stocks are projected to decline by more than 10%. CWB **pool returns** for **non-durum wheat** are forecast by AAFC to decline due to the lower world prices and the continued appreciation of the Canadian dollar. Returns for No.1 CWRS wheat with 11.5% protein are projected at \$170/t in-store Vancouver or St. Lawrence (I/S VC/SL), 11% below 2005-2006.

### Durum Wheat: Lower Production and Slightly Lower Prices

Durum area is projected to decline by 9%, as a result of extremely high carry-in stocks, lower pool returns and poor delivery opportunities in 2005-2006. Production is forecast to fall by over 20%, but this will be largely offset by higher carry-in stocks, and total supply is projected to decline by only 3%, remaining the second highest on record. Exports are projected to decline slightly, due to lower world import demand and increased competition from other exporters. Carry-out

stocks are forecast to remain unchanged at a record 3.5 Mt. **Durum** pool returns are forecast to decline only slightly, with No.1 CWAD 11.5% at \$180/t, \$2/t lower than in 2005-2006. The projected premium over No.1 CWRS 11.5% is \$10/t, versus a discount of \$8/t in 2005-2006.

**Ontario winter wheat** seeded area has increased by almost 30%, to 0.45 million hectares, due to relatively strong wheat prices and an early soybean harvest. Production is forecast to rise by 30%, to a near-record 2.0 Mt. Feed use, particularly of SRW wheat, is expected to rise sharply due to large supplies and strong domestic feed prices in Ontario resulting from the corn AD/CVD. Exports are expected to be relatively unchanged at about 0.8 Mt.

## COARSE GRAINS

### WORLD

World coarse grain production is forecast to increase slightly from 2005-2006, to 960 Mt. Lower US corn production is expected to be more than offset by higher coarse grain production in the EU-25, the Black Sea region and South Africa. World supply, however, is expected to decline marginally, due to lower carry-in stocks. Carry-out stocks are projected to decrease by 13% to 135 Mt. World trade is forecast to increase slightly to 102 Mt.

US corn production is forecast to decrease by 5% to 267 Mt. Area seeded is expected to decrease because of large carry-in stocks and high input costs. The lower US supply is expected to more than offset higher supplies in the EU and South Africa, supporting world corn prices. The average US farm price for corn is forecast by AAFC to increase to US\$2.05/bu from US\$1.80/bu for 2005-2006.

World barley production is forecast to increase by 7% to 145 Mt, rising for all major exporters except Australia. Total supply is expected to increase only slightly due to lower carry-in stocks. World barley trade is forecast to increase by 3% to 17.5 Mt. World carry-out stocks are expected to increase by 4%. As a result, world prices are projected to decrease slightly for feed barley and be similar to 2005-2006 for malting barley.

## CANADA

### Barley: Higher Production and Higher Prices

Area seeded to barley is forecast to increase by 8% from 2005-2006, with production rising by 3% to 12.9 Mt. Total supply, however, is expected to decrease marginally, as a result of lower carry-in stocks. Domestic feed consumption is projected to increase by 8%, due to larger inventories of, and higher prices for, cattle and hogs. Feed barley shipments from western to eastern Canada are forecast to increase, as a result of lower eastern corn imports from the US associated with the AD/CVD on unprocessed US corn. Assuming normal crop quality, malting barley exports are expected to increase to over 1.0 Mt. Feed barley exports, however, are forecast to decrease, as deliveries to the CWB are expected to become less attractive than the off-Board market. Carry-out stocks are expected to decline by over 25% to 2.2 Mt. Domestic feed barley prices are forecast to increase by about 10%, to \$125/t for 1CW, in-store Lethbridge, while export prices decline slightly. The CWB pool returns for malting barley are projected to decrease for Six-Row varieties but remain unchanged for Two-Row varieties.

### Corn: Lower Production and Higher Prices

Forecasts are very tentative, depending on the final countervail and anti-dumping decision from the Canada Border Services Agency (CBSA), expected March 15, 2006, and the final injury decision of the Canadian International Trade Tribunal, expected on April 18, 2006. If final AD/CVD duties are imposed at levels similar to the provisional duties announced December 15, 2005 by the CBSA, they are expected to support domestic prices. Despite the expected increase in input costs, corn area would be forecast to increase by 4% from 2005-2006. Production would be projected to decrease to 9.0 Mt, due mainly to lower yields, and total domestic supply is expected to decrease by 9%. Higher corn prices would be expected to decrease feed use significantly as feed grains from western Canada are substituted for corn and exports of lighter animals increase. Despite lower domestic production, corn imports would be expected to decrease significantly because of the lower than anticipated feed use and ethanol production partly related to the duty on grain corn imports from the US. If final duties are imposed at levels similar to the

CBSA's provisional duties, the average price of corn, Chatham elevator, would be forecast to increase from \$110/t for 2005-2006 to \$115-135/t for 2006-2007.

#### **Oats: Higher Production and Lower Prices**

The area seeded to oats is forecast to increase by 15% from 2005-2006, as a result of higher prices and lower production costs relative to other crops. Production is projected to increase by 18% to 4.0 Mt. Total supply is expected to increase by 11%, as higher production more than offsets lower carry-in stocks. While domestic food use is expected to remain steady, feed use is projected to increase. Despite stronger competition from the EU, Canadian exports, mainly to the US, are forecast to increase by 6% to 1.7 Mt, due to increased supplies of milling quality oats. The average nearby Chicago Board of Trade oat price is forecast to decrease to CAN\$125/t, from CAN\$135/t for 2005-2006.

## **OILSEEDS**

### **WORLD**

World production of the eight major oilseeds is forecast to decrease slightly, to 380 Mt, for 2006-2007. World oilseed supplies are forecast to remain stable at record highs, as the drop in output is mostly offset by a 9% rise in carry-out stocks. World oilseed use is forecast at a record 386 Mt, supported by increased vegoil and protein meal consumption in China and India. In the EU-25 and the US the consumption of veg-oil for bio-diesel production is forecast to continue rising on support from strong crude oil prices. Trade is projected to rise to 83 Mt as the oilseed industry continues to expand in emerging economy countries while carry-out stocks are forecast to decline slightly from the record highs set in 2005-2006.

World soybean production is forecast to decrease slightly, to 217 Mt, from the record 222 Mt grown in 2005-2006. Production in the US is projected to decline slightly because of lower yields while South American planted area falls under pressure from low prices, higher input costs and credit constraints.

World soybean usage is forecast to rise to a record 218 Mt on support from increased Chinese, South American and US crush. Strong growth in soyoil usage in China, the

US and in the Middle East is expected. However, the growth in world soymeal usage, supported over the past several years by increased meat consumption in Asia, is being tempered by the widespread outbreaks of HN51 Avian Influenza in Asian poultry flocks. Concerns over the possible spread of an epidemic into other regions has increased uncertainty and pressured prices in the protein meal market.

#### **US Soybean Prices Decrease Slightly**

The US farm price of soybeans is projected to decline to US\$5.00/bu, from US\$5.35/bu for 2005-2006, under pressure from burdensome carry-out stocks which are near 20 year highs. Soyoil prices are expected to fall by 10% to US\$0.21 per pound for 2006-2007, under pressure from high oil yields and burdensome carry-in stocks. Similarly, soymeal prices are projected to decrease slightly to US\$165 per short ton under pressure from high supplies and constrained exports for 2006-2007.

### **CANADA**

#### **Canola: Lower Production and Lower Prices**

The area seeded to canola is forecast to decline by 12% because of low prices and burdensome carry-in stocks. Production is projected to drop by 22%, but is still expected to be the fifth highest on record. Total supply is expected to decrease at a slower pace due to the record-high carry-in stocks. Domestic crush and exports are forecast to be unchanged at near record levels, but will face stiff competition from large competing supplies of soybeans and palm oil. Carry-out stocks are forecast to decline but remain extremely burdensome. The average price is forecast to decline under pressure from burdensome Canadian canola carry-out stocks and low US soyoil prices.

#### **Flaxseed: Lower Production and Stable Prices**

The area seeded to flaxseed is forecast to fall by about 4% from the 10 year highs set in 2005-2006, because of burdensome carry-in stocks and low prices relative to cereals. Production is projected to decline by 12%, but remain sharply above the 5 year average. Total supply is projected to rise to the highest level since 1999-2000 as the large carry-in stocks more than offset the drop in output. Exports are forecast to remain stable on steady EU and US import demand and continued high crude oil prices.

Carry-out stocks are expected to rise, but remain below 20 year highs. The average price is expected to remain stable.

#### **Soybeans: Lower Production and Lower Prices**

The area seeded to soybeans is forecast to decline due to competitive expected net returns for corn. Production is forecast to decline slightly. Total supply is projected to fall by 4%, despite support from higher imports. Domestic crush is forecast to remain stable at a near record pace while exports are projected to remain near record highs as a result of strong world demand for edible soybeans. The average Chatham price will be pressured by low US soybean prices and is forecast to decline slightly from 2005-2006.

## **PULSE AND SPECIAL CROPS**

#### **Dry Peas: Lower Production and Higher Prices**

World production is forecast to increase by 4% from 2005-2006, to 11.7 Mt, due to higher production in the EU and US. Supply is expected to increase by 2% to 12.5 Mt.

Canadian seeded area is forecast to increase because of good deliveries in 2005-2006, relatively low carry-in stocks and low fertilizer requirements, but with production declining marginally due to lower yields. Supply is forecast to decrease because of lower production and carry-in stocks. Exports are expected to decrease because of higher world production and lower Canadian supply, while domestic use increases because of stronger demand in the domestic feed market. Carry-out stocks are forecast to decrease, with a stocks-to-use ratio (s/u) of 8%.

The pressure from higher world supply is expected to be more than offset by stronger demand, especially in the domestic feed market. Therefore, the average price of dry peas over all grades, types and markets, is forecast to increase slightly.

#### **Lentils: Lower Production and Stable Prices**

World production is expected to decrease by 7% to 3.8 Mt, but supply is forecast to increase by 2% to 4.6 Mt.

Canadian seeded area is forecast to decrease due to historically low prices,

relatively low expected net returns and high carry-in stocks, with production forecast to drop by 25%. Production of red lentils is expected to increase while production of green lentils decreases. Supply is expected to increase slightly, due to higher carry-in stocks. Exports are forecast to increase due to stronger demand and higher Canadian supply of red lentils. Carry-out stocks are expected to increase slightly, with a s/u ratio of 64%. The average price of lentils over all grades and types is forecast to remain stable as pressure from higher world supply is offset by stronger demand.

#### **Dry Beans: Higher Production and Stable Prices**

The most important influence on Canadian dry bean prices is US production, which is forecast to decrease by 13% to 1.03 Mt because of lower seeded area, higher abandonment and lower yields. However, US supply is expected to decrease by only 5% to 1.26 Mt due to higher carry-in stocks.

Canadian seeded area is forecast to decrease because of historically low prices, but production and supply are forecast to rise due to lower abandonment and higher yields. Exports are expected to increase due to the higher supply. Carry-out stocks are forecast to increase but remain relatively low, with a s/u of 9%. The average price, over all classes and grades, is forecast to remain stable as pressure from higher Canadian supply is offset by lower US supply.

#### **Chickpeas: Higher Production and Lower Prices**

World production is forecast to remain stable at 8.6 Mt, with an increase for the kabuli type and a decrease for the desi type. Supply is expected to increase marginally to 9.0 Mt because of higher carry-in stocks.

Canadian seeded area is forecast to increase due to good prices and relatively high expected net returns. Production and supply are forecast to increase only slightly as a result of lower yields. Exports are forecast to increase slightly and carry-out stocks are expected to increase but remain relatively low. The average price, over all types, grades and sizes, is forecast to decrease due to the higher world supply of the kabuli type, which accounts for about 90% of Canadian production.

#### **Mustard Seed: Lower Production and Higher Prices**

World mustard seed trade is dominated by Canada. Canadian seeded area is forecast to decrease sharply because of historically low prices and relatively low expected net returns. Production and supply are both forecast to decrease. Exports are expected to increase due to higher demand and carry-out stocks are forecast to decrease, with a s/u ratio of 48%. The average price, over all types and grades, is forecast to increase due to the lower supply.

#### **Canary Seed: Lower Production and Higher Prices**

World canary seed production is forecast to decrease by 31% to 185,000 because of lower production in Canada. Supply is expected to decrease by only 16% to 365,000 due to higher carry-in stocks.

Canadian seeded area is forecast to decrease sharply because of historically low prices, relatively low expected net returns and high carry-in stocks. Production and supply are forecast to decrease. Exports are expected to increase slightly due to higher demand and carry-out stocks are forecast to decrease, with a s/u ratio of 44%. The average price is forecast to increase slightly due to the lower supply.

#### **Sunflower Seed: Higher Production and Marginally Higher Prices**

World sunflower seed production and supply are forecast to decrease by 3% to 28.6 Mt and 30.1 Mt, respectively. US production is expected to decrease by 18% to 1.5 Mt, due to lower trend yields, and supply is forecast to decrease by 9% to 1.75 Mt.

Canadian seeded area is forecast to increase due to relatively high expected net returns. Production and supply are forecast to increase because of the higher seeded area, lower abandonment and higher yields. Exports are expected to increase because of lower supply in the US and higher Canadian supply. Carry-out stocks are forecast to increase, but remain relatively low with a s/u ratio of 13%. The price of the oilseed type is expected to be supported by lower world and US supply, while the price of the confectionery type is expected to be stable due to stable North American supply. Therefore, the average

price, over both types and all grades, is forecast to increase only marginally.

#### **Buckwheat: Production and Prices Remain Stable**

Canadian production and supply are forecast to remain stable, as a higher seeded area is offset by lower yields. Prices are expected to remain stable.

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**ESTIMATED NET REVENUE: 2006-2007**

**MANITOBA**

	Wheat	Barley	Canola	Flaxseed	Soybeans	Oats	Sunflower	Dry Peas	
	CWRS	Feed <sup>1/</sup>					Confectionery	Green (food)	Feed
	.....\$/ha.....								
<b>Variable Costs</b> <sup>2/</sup>									
Seed (inc. treatment)	29	28	64	33	132	27	90	64	64
Fertilizer	89	89	107	77	34	82	107	47	47
Chemical	78	65	97	53	108	26	145	70	70
Fuel	37	37	37	37	39	37	38	38	38
Repairs	26	26	26	26	25	26	28	27	27
Crop Insurance	14	12	22	15	21	16	19	15	15
Interest	8	8	10	7	10	6	13	8	8
Other	20	20	20	20	21	20	37	21	21
<b>Total Variable Costs</b>	<b>300</b>	<b>285</b>	<b>383</b>	<b>267</b>	<b>391</b>	<b>240</b>	<b>477</b>	<b>290</b>	<b>290</b>
	<b>2 CWRS*</b>	<b>1 CW</b>	<b>1 CAN</b>	<b>1 CW</b>	<b>2 CAN</b>	<b>1 CW</b>	<b>1 CAN</b>	<b>2 CAN</b>	<b>Feed</b>
Projected Yield (t/ha)	2.65	3.35	1.75	1.35	2.00	2.90	1.45	2.50	2.50
Current Price (\$/t)	137	71	220	243	225	128	375	130	110
Projected Revenue (\$/ha)	363	238	385	328	450	371	544	325	275
<b>Net Return/(Loss) (\$/ha)</b>	<b>63</b>	<b>(47)</b>	<b>2</b>	<b>61</b>	<b>59</b>	<b>131</b>	<b>67</b>	<b>35</b>	<b>(15)</b>

**SASKATCHEWAN: Brown Soil Zone - conventional seeded stubble**

	Wheat			Barley	Lentils	Mustard	Chickpeas	
	CWRS	Durum	CPS				Feed <sup>1/</sup>	Large Green
	.....\$/ha.....							
<b>Variable Costs</b> <sup>4/</sup>								
Seed (inc. treatment)	18	21	15	15	60	44	185	51
Fertilizer	66	66	66	66	20	66	20	20
Chemicals	39	40	37	37	95	44	170	82
Fuel	38	38	38	38	42	40	42	42
Repairs	18	18	18	18	28	18	28	28
Crop Insurance	9	10	11	11	33	17	32	25
Interest	5	5	5	5	7	6	11	6
Other	22	22	19	19	20	18	17	17
<b>Total Variable Costs</b>	<b>215</b>	<b>220</b>	<b>209</b>	<b>209</b>	<b>304</b>	<b>252</b>	<b>504</b>	<b>270</b>
	<b>1 CWRS*</b>	<b>1 CWAD*</b>	<b>1 CPS</b>	<b>1 CW</b>	<b>1 CAN</b>	<b>1 CAN</b>	<b>2 CW</b>	<b>2 CW</b>
Projected Yield (t/ha)	1.80	1.80	2.25	2.00	1.20	0.85	1.10	1.20
Current Price (\$/t)	149	147	98	80	265	275	660	250
Projected Revenue (\$/ha)	268	265	221	160	318	234	726	300
<b>Net Return/(Loss) (\$/ha)</b>	<b>54</b>	<b>44</b>	<b>12</b>	<b>(49)</b>	<b>14</b>	<b>(18)</b>	<b>222</b>	<b>30</b>

**SASKATCHEWAN: Black Soil Zone - conventional seeded stubble**

	Wheat	Barley		Oats	Dry Peas		Flaxseed	Canola	Canary Seed
	CWRS	Malting	Feed <sup>1/</sup>		Yellow (food)	Feed			
	.....\$/ha.....								
<b>Variable Costs</b> <sup>4/</sup>									
Seed (inc. treatment)	19	16	16	21	46	37	22	70	17
Fertilizer	81	81	81	81	16	16	71	88	81
Chemicals	52	47	47	25	69	64	60	58	52
Fuel	38	38	38	38	42	42	42	40	38
Repairs	24	24	24	24	35	35	29	24	24
Crop Insurance	11	11	11	13	17	17	16	18	19
Interest	6	5	5	5	6	5	6	7	6
Other	30	24	24	24	22	22	24	24	27
<b>Total Variable Costs</b>	<b>262</b>	<b>248</b>	<b>248</b>	<b>233</b>	<b>252</b>	<b>238</b>	<b>271</b>	<b>330</b>	<b>264</b>
	<b>2 CWRS*</b>	<b>SS2R</b>	<b>1 CW</b>	<b>3 CW</b>	<b>2 CAN</b>	<b>Feed</b>	<b>2 CW</b>	<b>1 CW</b>	
Projected Yield (t/ha)	2.25	2.65	2.85	2.35	2.15	2.15	1.20	1.50	1.00
Current Price (\$/t)	135	113	75	117	120	100	233	217	185
Projected Revenue (\$/ha)	304	299	214	275	258	215	280	326	185
<b>Net Return/(Loss) (\$/ha)</b>	<b>42</b>	<b>52</b>	<b>(34)</b>	<b>42</b>	<b>6</b>	<b>(23)</b>	<b>9</b>	<b>(4)</b>	<b>(79)</b>

Current prices as of January 3, 2006. For wheat, durum and malting barley, the December 2005 PRO is used. Totals may not add due to rounding.

<sup>1/</sup> Off-Board

<sup>2/</sup> 2005 Manitoba Agriculture, Food and Rural Initiatives variable costs adjusted by the projected Farm Input Price Index (FIPI)

<sup>3/</sup> AAFC forecast, January 2006

<sup>4/</sup> 2005 Saskatchewan Agriculture, Food and Rural Revitalization variable costs adjusted by the FIPI

\* Wheat: 13.5% protein / Durum: 13.0% protein

**ESTIMATED NET REVENUE: 2006-2007**

**ALBERTA: Brown Soil Zone - stubble**

	Wheat		Barley Feed <sup>1/</sup>	Canola	Lentils Large Green	Chickpeas Large Kabuli	Mustard Yellow
	CWRS	Durum					
	.....\$/ha.....						
<b>Variable Costs</b> <sup>2/</sup>							
Seed (inc. treatment)	24	27	19	32	67	174	27
Fertilizer	67	67	67	46	16	16	75
Chemical	61	61	31	57	50	76	63
Fuel	22	22	22	22	22	22	22
Repairs	17	17	17	17	19	19	17
Crop Insurance	20	22	22	32	20	25	30
Interest	3	3	3	3	3	3	3
Other	27	28	29	26	25	25	25
<b>Total Variable Costs</b>	<b>240</b>	<b>245</b>	<b>209</b>	<b>234</b>	<b>222</b>	<b>359</b>	<b>260</b>

	1 CWRS*	1 CWAD*	1 CW	1 CAN	1 CAN	2 CW	1 CAN
<b>Projected Returns</b> <sup>3/</sup>							
Projected Yield (t/ha)	1.80	1.80	1.90	1.35	1.20	1.20	0.85
Current Price (\$/t)	158	150	83	220	270	660	275
Projected Revenue (\$/ha)	284	270	158	297	324	792	234
<b>Net Return/(Loss) (\$/ha)</b>	<b>45</b>	<b>25</b>	<b>(51)</b>	<b>63</b>	<b>102</b>	<b>433</b>	<b>(27)</b>

**ALBERTA: Black Soil Zone - stubble**

	Wheat		Barley Feed <sup>1/</sup>	Oats	Dry Peas		Canola
	CWRS	CPS			Green (food)	Feed	
	.....\$/ha.....						
<b>Variable Costs</b> <sup>2/</sup>							
Seed (inc. treatment)	33	40	27	27	80	80	48
Fertilizer	116	116	116	116	32	32	142
Chemicals	59	59	52	19	65	65	77
Fuel	32	32	32	32	32	32	32
Repairs	33	33	33	33	36	36	33
Crop Insurance	25	25	22	23	25	25	27
Interest	5	5	5	5	5	5	6
Other	44	46	48	45	44	44	28
<b>Total Variable Costs</b>	<b>348</b>	<b>357</b>	<b>335</b>	<b>301</b>	<b>319</b>	<b>319</b>	<b>395</b>

	2 CWRS*	1 CPS	1 CW	1 CW	2 CAN	Feed	1 CAN
<b>Projected Returns</b> <sup>3/</sup>							
Projected Yield (t/ha)	2.50	3.40	3.25	2.45	2.40	2.40	1.75
Current Price (\$/t)	144	107	83	104	130	110	220
Projected Revenue (\$/ha)	360	364	270	255	312	264	385
<b>Net Return/(Loss) (\$/ha)</b>	<b>12</b>	<b>7</b>	<b>(65)</b>	<b>(46)</b>	<b>(7)</b>	<b>(55)</b>	<b>(10)</b>

**ONTARIO: conventional seeded**

	Wheat		Barley Feed <sup>1/</sup>	Corn Grain	Soybeans	Dry Beans White Pea	Canola Winter
	SRW	HRW					
	.....\$/ha.....						
<b>Variable Costs</b> <sup>4/</sup>							
Seed (inc. treatment)	95	126	84	156	97	146	89
Fertilizer	158	204	154	193	59	84	247
Chemicals	38	38	100	110	103	167	78
Fuel	29	29	29	44	29	47	23
Repairs	41	41	41	43	43	46	33
Crop Insurance	20	20	10	41	39	45	25
Interest	18	22	14	21	12	15	13
Other	40	40	24	182	44	23	28
<b>Total Variable Costs</b>	<b>440</b>	<b>520</b>	<b>456</b>	<b>789</b>	<b>426</b>	<b>575</b>	<b>535</b>

	1 CERW	1 CERW*	Feed	2 CE	2 CAN	1 CAN	1 CAN
<b>Projected Returns</b> <sup>3/</sup>							
Projected Yield (t/ha)	5.00	4.25	3.30	8.00	2.60	2.00	2.10
Current Price (\$/t)	115	140	105	112	240	485	220
Projected Revenue (\$/ha)	575	595	347	896	624	970	462
<b>Net Return/(Loss) (\$/ha)</b>	<b>135</b>	<b>75</b>	<b>(109)</b>	<b>107</b>	<b>198</b>	<b>395</b>	<b>(73)</b>

Current prices as of January 3, 2006. For wheat and durum in Alberta, the December 2005 PRO is used. Totals may not add due to rounding.

<sup>1/</sup> Off-Board

<sup>2/</sup> 2005 Alberta Agriculture, Food and Rural Development variable costs adjusted by the FIPI

<sup>3/</sup> AAFC forecast, January 2006

<sup>4/</sup> 2005 Ontario Ministry of Agriculture, Food and Rural Affairs variable costs adjusted by the FIPI

\* CWRS: 13.5% protein / CWAD: 13.0% protein / CERW 12.0% protein

**CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION**

**January 20, 2006**

Grain and Crop Year (a)	Area Seeded thousand ha	Area Harvested thousand ha	Yield t/ha	Production	Imports (b)	Total Supply thousand metric tonnes	Exports (c)	Food & Industrial Use (e)	Feed, Waste & Dockage	Total Domestic Use (d)	Carry-out Stocks	Average Price (f) \$/t
<b>Durum</b>												
2004-2005	2,230	2,141	2.32	4,962	1	6,752	3,218	257	533	1,013	2,521	201
2005-2006f	2,341	2,297	2.58	5,915	1	8,436	3,700	260	778	1,236	3,500	182 *
2006-2007f	2,130	2,090	2.23	4,665	1	8,166	3,500	265	700	1,166	3,500	180 **
<b>Wheat Except Durum</b>												
2004-2005	8,169	7,722	2.71	20,898	13	25,203	11,593	2,791	4,574	8,138	5,471	190
2005-2006f	7,784	7,530	2.77	20,860	15	26,347	13,200	2,825	4,045	7,747	5,400	190 *
2006-2007f	8,693	8,460	2.60	22,000	15	27,415	14,500	3,100	4,160	8,115	4,800	170 **
<b>All Wheat</b>												
2004-2005	10,399	9,862	2.62	25,860	14	31,955	14,812	3,048	5,107	9,151	7,992	
2005-2006f	10,125	9,826	2.72	26,775	16	34,783	16,900	3,085	4,823	8,983	8,900	
2006-2007f	10,823	10,550	2.53	26,665	16	35,581	18,000	3,365	4,860	9,281	8,300	
<b>Barley</b>												
2004-2005	4,678	4,050	3.26	13,186	83	15,371	1,863	263	9,362	10,019	3,489	112
2005-2006f	4,440	3,889	3.21	12,481	30	16,000	2,400	360	9,835	10,600	3,000	100-120
2006-2007f	4,815	4,210	3.06	12,900	30	15,930	2,300	360	10,665	11,430	2,200	115-135
<b>Corn</b>												
2004-2005	1,185	1,072	8.24	8,837	2,422	12,401	242	2,395	7,951	10,358	1,802	101
2005-2006f	1,124	1,096	8.63	9,461	1,800	13,062	200	2,450	8,897	11,362	1,500	90-110
2006-2007f	1,170	1,130	7.96	9,000	1,500	12,000	150	2,750	7,785	10,550	1,300	110-130
<b>Oats</b>												
2004-2005	1,995	1,315	2.80	3,683	26	4,497	1,675	110	1,568	1,834	988	131
2005-2006f	1,853	1,326	2.59	3,432	15	4,435	1,600	140	1,625	1,935	900	125-145
2006-2007f	2,136	1,550	2.58	4,000	15	4,915	1,700	140	1,900	2,215	1,000	115-135
<b>Rye</b>												
2004-2005	284	165	2.53	418	1	487	122	48	155	220	145	69
2005-2006f	223	148	2.42	359	1	505	150	48	170	235	120	65-85
2006-2007f	207	150	2.33	350	1	471	150	48	176	241	80	75-95
<b>Mixed Grains</b>												
2004-2005	220	111	2.87	318	0	318	0	0	318	318	0	
2005-2006f	209	109	2.78	303	0	303	0	0	303	303	0	
2006-2007f	215	115	2.87	330	0	330	0	0	330	330	0	
<b>Total Coarse Grains</b>												
2004-2005	8,362	6,713	3.94	26,442	2,531	33,074	3,901	2,817	19,354	22,749	6,424	
2005-2006f	7,850	6,568	3.96	26,036	1,846	34,306	4,350	2,998	20,831	24,436	5,520	
2006-2007f	8,542	7,155	3.71	26,580	1,546	33,646	4,300	3,298	20,856	24,766	4,580	
<b>Canola</b>												
2004-2005	5,319	4,938	1.57	7,728	108	8,444	3,412	3,031	328	3,403	1,629	309
2005-2006f	5,491	5,253	1.84	9,660	150	11,440	4,500	3,300	595	3,940	3,000	245-285
2006-2007f	5,053	4,890	1.60	7,800	150	10,950	4,500	3,300	405	3,750	2,700	235-275
<b>Flaxseed</b>												
2004-2005	728	528	0.98	517	38	648	468	n/a	n/a	150	30	n/a
2005-2006f	842	803	1.35	1,082	20	1,132	700	n/a	n/a	232	200	265-305
2006-2007f	805	782	1.21	950	20	1,170	700	n/a	n/a	245	225	265-305
<b>Soybeans</b>												
2004-2005	1,229	1,178	2.59	3,048	393	3,581	1,122	1,610	457	2,190	270	248
2005-2006f	1,176	1,169	2.70	3,161	250	3,681	1,150	1,750	421	2,281	250	210-250
2006-2007f	1,144	1,125	2.53	2,850	450	3,550	1,150	1,750	400	2,250	150	205-245
<b>Total Oilseeds</b>												
2004-2005	7,277	6,643	1.70	11,293	539	12,673	5,002	n/a	n/a	5,743	1,929	
2005-2006f	7,510	7,225	1.92	13,904	420	16,253	6,350	n/a	n/a	6,453	3,450	
2006-2007f	7,002	6,797	1.71	11,600	620	15,670	6,350	n/a	n/a	6,245	3,075	
<b>Total Grains And Oilseeds</b>												
2004-2005	26,038	23,219	2.74	63,596	3,084	77,702	23,715	n/a	n/a	37,643	16,345	
2005-2006f	25,484	23,620	2.82	66,715	2,282	85,341	27,600	n/a	n/a	39,871	17,870	
2006-2007f	26,368	24,502	2.65	64,845	2,182	84,897	28,650	n/a	n/a	40,292	15,955	

(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) 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. Total excludes flaxseed due to data confidentiality.

(f) Crop year average prices: No.1 CWRS 11.5% protein and No.1 CWAD 11.5% (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 (US No. 2 Heavy, CBoT nearby futures); Rye (No.2 Canada, Elevator bids at select western delivery points); 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).

\* Canadian Wheat Board WB Pool Return Outlook - December 22, 2005

\*\* AAFC forecast, January, 2006

F: forecast; Agriculture and Agri-Food Canada - January 6, 2006

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

**CANADA: PULSE AND SPECIAL CROPS SUPPLY AND DISPOSITION**

**January 20, 2006**

Grain and Crop Year (a)	Area Seeded thousand ha	Area Harvested	Yield t/ha	Production	Imports (b)	Total Supply	Exports (b)	Total	Carry-out Stocks	Average Price (e) \$/t
								Domestic Use (d)		
-----thousand metric tonnes-----										
<b>Dry Peas</b>										
2002-2003	1,297	1,050	1.30	1,365	41	1,681	628	743	310	210
2003-2004	1,303	1,271	1.67	2,124	24	2,458	1,316	937	205	175
2004-2005	1,388	1,345	2.48	3,338	56	3,599	1,845	1,159	595	135
2005-2006f	1,366	1,319	2.35	3,100	90	3,785	2,200	1,235	350	105-135
2006-2007f	1,450	1,400	2.17	3,040	100	3,490	1,950	1,290	250	110-140
<b>Lentils</b>										
2002-2003	601	387	0.91	354	9	494	320	119	55	390
2003-2004	554	536	0.97	520	5	580	368	174	38	420
2004-2005	778	750	1.28	962	10	1,010	450	315	245	310
2005-2006f	884	862	1.48	1,278	10	1,533	620	323	590	235-265
2006-2007f	820	780	1.23	960	10	1,560	650	300	610	235-265
<b>Dry Beans</b>										
2002-2003	230	219	1.89	414	40	489	298	96	95	445
2003-2004	167	167	2.13	356	31	482	344	83	55	495
2004-2005	163	126	1.75	220	28	303	277	21	5	650
2005-2006f	200	177	1.84	326	40	371	300	46	25	490-520
2006-2007f	189	185	1.95	360	30	415	320	60	35	490-520
<b>Chickpeas</b>										
2002-2003	221	154	1.01	156	9	305	105	140	60	300
2003-2004	63	63	1.08	68	2	130	74	36	20	330
2004-2005	47	39	1.31	51	4	75	47	23	5	385
2005-2006f	79	73	1.42	104	5	114	70	34	10	445-475
2006-2007f	98	90	1.22	110	5	125	75	35	15	415-445
<b>Mustard Seed</b>										
2002-2003	289	255	0.60	154	9	196	114	22	60	595
2003-2004	340	328	0.69	226	2	288	121	75	92	390
2004-2005	317	304	1.01	306	1	399	119	86	194	295
2005-2006f	212	206	0.98	201	1	396	135	81	180	260-290
2006-2007f	166	160	0.91	145	1	326	145	76	105	275-305
<b>Canary Seed</b>										
2002-2003	287	227	0.78	176	0	206	164	22	20	575
2003-2004	251	243	0.93	226	0	246	167	12	67	345
2004-2005	356	318	0.95	301	0	368	163	35	170	230
2005-2006f	190	186	1.22	227	0	397	175	42	180	175-205
2006-2007f	152	145	1.00	145	0	325	180	45	100	195-225
<b>Sunflower Seed</b>										
2002-2003	100	95	1.65	157	21	200	105	60	35	440
2003-2004	119	115	1.30	150	16	201	96	80	25	405
2004-2005	87	59	0.92	54	35	114	32	64	18	490
2005-2006f	93	75	1.19	89	25	132	45	72	15	340-370
2006-2007f	103	96	1.46	140	20	175	80	75	20	345-375
<b>Buckwheat</b>										
2002-2003	12	12	1.00	12	1	16	6	7	3	340
2003-2004	9	9	1.11	10	1	14	5	7	2	355
2004-2005	9	7	0.71	5	1	8	4	4	0	355
2005-2006f	7	6	1.33	8	1	9	4	5	0	340-370
2006-2007f	8	7	1.14	8	1	9	4	5	0	340-370
<b>Total Pulse And Special Crops (c)</b>										
2002-2003	3,036	2,399	1.16	2,788	130	3,587	1,740	1,209	638	
2003-2004	2,805	2,732	1.35	3,680	81	4,399	2,491	1,404	504	
2004-2005	3,145	2,948	1.78	5,237	135	5,876	2,937	1,707	1,232	
2005-2006f	3,031	2,904	1.84	5,333	172	6,737	3,549	1,838	1,350	
2006-2007f	2,986	2,863	1.71	4,908	167	6,425	3,404	1,886	1,135	

(a) August-July crop year.

(b) Excludes products.

(c) Includes Pulse Crops (dry peas, lentils, dry beans, chick peas) and Special Crops (mustard seed, canary seed, sunflower seed, buckwheat)

(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, January 6, 2006

Source: Statistics Canada and industry consultations.