



CANADA: GRAINS AND OILSEEDS OUTLOOK

April 4, 2002

For 2002-03, world wheat prices (excluding durum) are expected to decline slightly from the 2001-02 level due to higher US and world production. Durum prices are expected to decrease due to larger world supplies and rising stocks. World coarse grain prices are expected to remain similar to 2001-02 as US corn production is forecast to increase and US carry-out stocks are expected to remain burdensome. Oilseed prices are expected to decrease due to burdensome world oilseed supplies, especially US soybeans, and low edible oil prices. For most major crops, domestic support programs in the US and EU are expected to continue to encourage high production, which will pressure prices. The major factors to watch are growing conditions in the major importing and exporting regions, particularly in the US and China, import demand from China related to its WTO commitments and the Canada/US exchange rate.

In Western Canada, area seeded to spring wheat is expected to decrease while area seeded to coarse grains, durum, special crops and canola is forecast to increase due to higher expected relative net returns. In Eastern Canada, area seeded to wheat and soybeans is expected to decrease while the area seeded to corn increases. Total production of grains and oilseeds in Canada is forecast by AAFC to increase by about 10 million tonnes (Mt) to 62 Mt. The forecast assumes slightly below-normal yields, and precipitation in Saskatchewan and Alberta during the spring will be critical, despite recent snowfall. However, the supply of grains and oilseeds is forecast to increase only slightly due to low carry-in stocks and a significant decrease in corn imports. Total exports are forecast to increase slightly to 24 Mt, as higher exports of coarse grains and oilseeds more than offset lower exports of spring wheat and durum. In Canada, grains and oilseed prices, except flaxseed, are expected to decline.

WHEAT (ex-durum)

For 2001-02, exports are forecast to fall due to lower supplies, and remain well below the 10-year average of 15.6 Mt. Feed use is expected to decrease due to lower supplies of feed quality wheat. Carry-out stocks are forecast to fall to 5 Mt, the lowest since 1995-96. For 2002-03, production is projected to rise only marginally, with higher yields more than offset by a smaller seeded area. Supplies will decline due to lower carry-in stocks, and exports are forecast to fall to 11.3 Mt. Feed use is expected to increase, assuming a return to normal crop quality. Carry-out stocks are expected to decline. The Canadian Wheat Board (CWB) March Pool Return Outlook (PRO) for No.1 CWRS 11.5% protein is \$196/t, in-store Vancouver/St. Lawrence (I/S VC/SL), vs. the 2001-02 PRO of \$204/t. Ontario wheat production is forecast to decline by 9% to 1.1 Mt, due to lower harvested area. The Ontario Wheat Producers' Marketing Board's estimated pool return for No.1 CEWW wheat is \$150-160/t, landed basis, about \$15/t above 2001-02.

DURUM

For 2001-02, exports are forecast to rise by 9%, despite reduced supplies, due to less competition from other exporters. Carry-out stocks are forecast to fall by 55%, to 1.3 Mt. For 2002-03, production is expected to rise sharply, due to increased area and a return to near-normal yields. Despite reduced carry-in stocks, supplies are projected to increase by 10%. Exports, however, are forecast to decrease, due to stronger competition from other exporters and stable world demand. Carry-out stocks are projected to rise by almost 50%. The CWB PRO for No.1 CWAD 11.5% protein is \$236/t I/S VC/SL, down \$11/t from the 2001-02 PRO, due to strong export competition. Durum is expected to be priced at a strong premium to spring wheat.

BARLEY

For 2001-02, exports are forecast to decrease sharply due to lower supplies. Carry-out stocks are forecast to fall to the lowest level of recent times. For 2002-03, production is forecast to

increase due to a larger seeded area, lower abandonment and higher yields. Increased supplies are expected to result in higher feed use and increased exports of feed barley and malting barley. Carry-out stocks are forecast to increase but remain below the five year average. Off-Board feed barley prices are expected to decrease sharply. The CWB PRO for No.1 CW Feed Barley is \$155/t, down from the 2001-02 PRO of \$180/t. The CWB PRO for Special Select 2 Row Designated barley is \$193/t, down from the 2001-02 PRO of \$213/t due to increased North American supplies and strong offshore competition.

OATS

For 2001-02, exports are forecast to fall due to lower supplies. Carry-out stocks are expected to decrease to the lowest level of recent times. For 2002-03, production is forecast to rise sharply, due to higher seeded area, lower abandonment, and improved yields. Exports are expected to increase due to the increased supplies. Carry-out stocks are expected to rise and prices are forecast to fall sharply to \$125-155/t.

CORN

For 2001-02, imports are forecast to exceed the record level of 2000-01. Imports into Western Canada are expected to rise due to reduced barley production, and imports into Eastern Canada are expected to remain strong. Carry-out stocks are expected to decrease slightly. For 2002-03, production is forecast to rise sharply, due to record seeded area and improved yields. Imports are expected to fall significantly due to higher barley production in Western Canada and higher corn production in Eastern Canada. Carry-out stocks are forecast to increase slightly. Chatham corn prices are forecast to decrease to \$110-140/t due to higher domestic supplies.

CANOLA

For 2001-02, exports are expected to decrease due to reduced supplies and lower Chinese demand. Domestic crush is expected to decrease significantly from last year. Carry-out stocks are expected to decline from the high levels of 2000-01.

For 2002-03, production is forecast to rise by 9% due to an increase in seeded area and a return to near-normal yields. Supplies are forecast to rise slightly. Exports are forecast to increase slightly while crush remains below the 5 year average. Carry-out stocks are expected to be stable. The price of canola is forecast to decrease slightly, to a midpoint of \$350/t, due to burdensome world vegetable oil supplies.

FLAXSEED (excluding solin)

For 2001-02, exports are expected to increase by 6% and carry-out stocks are forecast to decrease. For 2002-03, production is forecast to rise due to an increase in seeded area and a return to normal yields. Exports are projected to rise by 15% due to increased demand from the EU. Prices are forecast to increase by 5 to 10% to average \$335/t, track Thunder Bay, due to lower carry-out stocks.

SOYBEANS

For 2001-02, imports are expected to more than double to a record high. Usage is forecast to decline as lower exports more than offset stable crush volumes. Carry-out stocks are projected to decrease. For 2002-03, production is forecast to increase as higher expected yields more than offset lower seeded area. Exports are projected to increase, while the domestic crush remains stable at near record highs. The average price of soybeans is forecast to decrease slightly to a midpoint of \$250/t, I/S Chatham, the lowest since 1991-92, due to projected high production in the US.

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CANADA: SUPPLY AND DISPOSITION FOR GRAINS AND OILSEEDS

APRIL 4, 2002

Grain and Crop Year (a)	Harvested Area 000 ha	Yield t/ha	Production	Imports (b)	Total Supply	Exports (c)	Food and Ind. Use	Feed, Waste & Dockage	Total Dom- estic Use (d)	Ending Stocks	Average Price (e) \$/t
----- thousand metric tonnes -----											
Durum											
2000-2001	2,614	2.16	5,647	10	7,432	3,486	270	590	1,074	2,873	243
2001-2002 f	2,100	1.45	3,055	10	5,938	3,800	270	318	838	1,300	247 *
2002-2003 f	2,620	1.99	5,220	10	6,530	3,600	275	515	1,030	1,900	236 *
Wheat Except Durum											
2000-2001	8,349	2.53	21,157	50	27,171	13,263	2,822	3,858	7,573	6,335	182
2001-2002 f	8,958	2.03	18,228	60	24,623	12,200	2,850	3,800	7,423	5,000	204 *
2002-2003 f	7,780	2.39	18,600	10	23,610	11,300	2,875	3,875	7,610	4,700	196 *
All Wheat											
2000-2001	10,963	2.44	26,804	60	34,604	16,749	3,091	4,449	8,647	9,208	
2001-2002 f	11,059	1.92	21,282	70	30,560	16,000	3,120	4,118	8,260	6,300	
2002-2003 f	10,400	2.29	23,820	20	30,140	14,900	3,150	4,390	8,640	6,600	
Barley											
2000-2001	4,551	2.96	13,468	40	16,346	2,639	360	10,456	11,253	2,454	129
2001-2002 f	4,354	2.61	11,355	100	13,909	1,700	360	9,894	10,709	1,500	150-170
2002-2003 f	4,925	2.94	14,490	40	16,030	2,400	360	10,540	11,330	2,300	125-155
Corn											
2000-2001	1,088	6.27	6,827	2,872	11,251	100	2,145	8,092	10,271	880	120
2001-2002 f	1,233	6.60	8,171	3,000	12,051	200	2,200	8,869	11,101	750	120-140
2002-2003 f	1,270	7.44	9,450	1,350	11,550	300	2,250	8,168	10,450	800	110-140
Oats											
2000-2001	1,299	2.61	3,389	8	4,519	1,759	115	1,630	1,920	840	114
2001-2002 f	1,282	2.16	2,769	35	3,644	1,525	115	1,421	1,719	400	190-210
2002-2003 f	1,670	2.45	4,090	4	4,494	1,700	125	1,701	1,994	800	125-155
Rye											
2000-2001	115	2.27	260	5	426	89	66	166	248	88	
2001-2002 f	102	1.90	194	5	287	80	66	70	157	50	
2002-2003 f	105	2.14	225	5	280	85	66	60	145	50	
Mixed Grains											
2000-2001	128	2.98	382	0	382	0	0	382	382	0	
2001-2002 f	133	2.79	371	0	371	0	0	371	371	0	
2002-2003 f	150	2.87	430	0	430	0	0	430	430	0	
Total Coarse Grains											
2000-2001	7,181	3.39	24,327	2,925	32,924	4,588	2,686	20,725	24,075	4,262	
2001-2002 f	7,105	3.22	22,859	3,140	30,262	3,505	2,741	20,625	24,057	2,700	
2002-2003 f	8,120	3.53	28,685	1,399	32,784	4,485	2,801	20,899	24,349	3,950	
Canola											
2000-2001	4,816	1.48	7,126	224	9,507	4,838	3,013	570	3,615	1,054	291
2001-2002 f	3,886	1.30	5,062	250	6,366	2,800	2,550	371	2,966	600	340-370
2002-2003 f	4,101	1.35	5,525	250	6,375	2,900	2,450	380	2,875	600	335-365
Flaxseed											
2000-2001	591	1.17	693	11	1,090	613	n/a	n/a	204	273	261
2001-2002 f	652	1.08	702	10	985	650	n/a	n/a	135	200	295-325
2002-2003 f	673	1.24	836	10	1,046	750	n/a	n/a	121	175	320-350
Soybeans											
2000-2001	1,061	2.55	2,703	431	3,386	747	1,697	693	2,459	180	256
2001-2002 f	1,031	1.53	1,582	1,000	2,762	450	1,700	442	2,212	100	240-270
2002-2003 f	985	2.69	2,645	400	3,145	850	1,700	425	2,195	100	235-265
Total Oilseeds											
2000-2001	6,468	1.63	10,522	666	13,983	6,198	4,710	1,264	6,278	1,507	
2001-2002 f	5,568	1.32	7,346	1,260	10,113	3,900	4,250	813	5,313	900	
2002-2003 f	5,758	1.56	9,006	660	10,566	4,500	4,150	805	5,191	875	
Total Grains And Oilseeds											
2000-2001	24,612	2.51	61,653	3,651	81,511	27,535	10,487	26,437	38,999	14,977	
2001-2002 f	23,731	2.17	51,488	4,470	70,935	23,405	10,111	25,555	37,630	9,900	
2002-2003 f	24,278	2.53	61,511	2,079	73,490	23,885	10,101	26,094	38,180	11,425	

(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 11.5% 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); 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 PRO: March 2002.

f: forecast, Agriculture and Agri-Food Canada, April 4, 2002

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