



CANADA: GRAINS AND OILSEEDS OUTLOOK

April 29, 2002

The Statistics Canada (STC) seeding intentions survey, conducted during late March, indicates that, in Western Canada, the areas seeded to durum wheat, coarse grains and, to a lesser extent, canola are expected to increase while the areas seeded to spring wheat, flaxseed, pulse and special crops are expected to decrease, as is the area in summerfallow. In Eastern Canada, the areas seeded to wheat and corn are expected to rise while soybean area decreases. If rain is not received prior to seeding in Alberta and western Saskatchewan, which are currently very dry, intended area could shift from small-seed crops, such as canola, to large-seed crops, such as wheat, which can be seeded deeper into available moisture, or into summer-fallow. Current dry conditions have raised concerns about yield potential. Timely rains will be required for a near-average crop.

Based on the STC survey, total production of grains and oilseeds in Canada is forecast by AAFC to increase to 62 million tonnes (Mt) from about 51 Mt in 2001-02, assuming slightly below-normal yields. 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.

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.

WHEAT (ex-durum)

For 2002-03, area seeded is expected to decrease by 11% from 2001-02, but production is projected to increase by 7%, with the lower area more than offset by higher yields. Total supplies are expected to decline marginally, due to lower carry-in stocks. Exports are forecast to fall slightly, to 11.9 Mt. Feed use is expected to increase slightly due to strong hog feed demand, assuming increased supplies of lower quality wheat because of a return to a normal grade distribution. Carry-out stocks are forecast to be unchanged, at 5 Mt, the lowest levels since 1995-96. The Canadian Wheat Board (CWB) April Pool Return Outlook (PRO) for No.1 CWRS 11.5% protein is \$193/t, in-store Vancouver/St. Lawrence, down \$3/t from March and \$11/t below the 2001-02 PRO. Ontario winter wheat production is forecast to rise by 8% to 1.1 Mt, due to lower abandonment. The Ontario Wheat Producers' Marketing Board's estimated pool return for No.1 CEWW wheat is \$150-160/t, \$15/t above 2001-02.

DURUM

Production is forecast to rise by 54%, due to higher expected area seeded and yields. This will be largely offset by a 55% drop in carry-in stocks, so that supplies will rise only marginally. Exports, however, are forecast to decline by 0.1 Mt, due to increased competition from other exporters. Carry-out stocks are projected to increase by 14%, to 1.6 Mt, but remain below the 10-year average of 1.8 Mt. The CWB PRO for No.1 CWAD 11.5% protein is \$237/t, \$1/t higher than forecast last month, but down \$10/t from 2001-02. The premium over No.1 CWRS 11.5% is forecast at \$44/t, vs. \$43/t last year.

BARLEY

Barley production is forecast to increase due to higher expected 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 \$144/t, down from the 2001-02 PRO of \$180/t. The CWB PRO for Special Select Two Row designated barley is \$184/t, down from the 2001-02 PRO of \$213/t due to increased North American supplies and strong offshore competition.

OATS

Production is forecast to rise sharply, due to higher expected seeded area, lower abandonment, and improved yields. Exports are expected to increase due to the larger supplies. Carry-out stocks are expected to rise. Prices are forecast to fall sharply to \$120-150/t, largely due to increased world production in Canada, the US, and the EU. Oats are expected to be priced competitively with other feed grains.

CORN

Corn production is forecast to rise sharply, due to higher expected area seeded and yields in Eastern Canada are projected to increase. Imports are expected to fall sharply, due to higher barley production in Western Canada and higher corn production in Eastern Canada. Feed use of corn is also expected to decline, as a result of larger supplies of barley in Western Canada. Carry-out stocks are forecast to increase slightly. Chatham corn prices are forecast to decrease by about \$10/t to \$105-135/t, due to higher domestic corn supplies.

CANOLA

Area seeded is expected to increase marginally, but will remain 20% below the 5 year average. Production is expected to rise by 5%, as a return to near-normal yields supplements the increase in harvested area. Supplies are forecast to decrease marginally, as lower carry-in stocks

more than offsets the rise in output. Domestic crush is expected to remain stable, while exports are projected to rise slightly. Carry-out stocks are forecast to fall by 20%, but remain adequate. Prices are expected to decrease slightly, as support from low Canadian supplies is more than offset by low US soyoil and low world palm oil prices.

FLAXSEED (excluding solin)

Area seeded is expected to decrease slightly and will remain 13% below the 5 year average. Production is expected to increase by 11%, as yields return to near-normal levels, but supplies are forecast to increase by only 3% due to low carry-in stocks. Exports are forecast to rise, due to increased demand from minor importers. Carry-out stocks are expected to decline, supporting a slight increase in average prices.

SOYBEANS

Total area seeded in Canada is expected to decrease slightly although it continues to increase in Manitoba. Production is forecast to rise by 65% due to a return to normal growing conditions, but supplies are forecast to increase by only 13% due to lower imports. Domestic crush is expected to be unchanged, while exports rise significantly from the lows of 2001-02. Prices are forecast to decline slightly, due to high US and South American production expected for 2002-03.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

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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)	Carry-out 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	242.61
2001-2002f	2,100	1.45	3,055	10	5,938	3,700	270	338	838	1,400	247 *
2002-2003f	2,355	2.00	4,715	10	6,125	3,600	275	420	925	1,600	237 *
Wheat Except Durum											
2000-2001	8,349	2.53	21,157	50	27,171	13,263	2,822	3,858	7,573	6,335	182.41
2001-2002f	8,958	2.03	18,228	60	24,623	12,200	2,850	3,770	7,423	5,000	204 *
2002-2003f	8,190	2.38	19,525	10	24,535	11,900	2,875	3,900	7,635	5,000	193 *
All Wheat											
2000-2001	10,963	2.44	26,804	60	34,604	16,749	3,091	4,449	8,647	9,208	
2001-2002f	11,059	1.92	21,282	70	30,560	15,900	3,120	4,108	8,260	6,400	
2002-2003f	10,545	2.30	24,240	20	30,660	15,500	3,150	4,320	8,560	6,600	
Barley											
2000-2001	4,551	2.96	13,468	40	16,346	2,639	360	10,456	11,253	2,454	128.85
2001-2002f	4,354	2.61	11,355	100	13,909	1,700	360	9,894	10,709	1,500	150-160
2002-2003f	4,880	2.95	14,400	40	15,940	2,400	360	10,500	11,290	2,250	125-155
Corn											
2000-2001	1,088	6.27	6,827	2,872	11,251	100	2,145	8,092	10,271	880	120.04
2001-2002f	1,233	6.60	8,171	3,000	12,051	200	2,200	8,869	11,101	750	120-130
2002-2003f	1,330	7.41	9,860	1,000	11,610	300	2,250	8,153	10,435	875	105-135
Oats											
2000-2001	1,299	2.61	3,389	8	4,519	1,759	115	1,630	1,920	840	114.49
2001-2002f	1,282	2.16	2,769	50	3,659	1,525	115	1,436	1,734	400	195-205
2002-2003f	1,690	2.45	4,135	5	4,540	1,700	125	1,696	1,989	851	120-150
Rye											
2000-2001	115	2.27	260	5	426	89	66	166	248	88	
2001-2002f	102	1.90	194	5	287	75	41	100	162	50	
2002-2003f	114	2.11	240	5	295	85	51	90	160	50	
Mixed Grains											
2000-2001	128	2.98	382	0	382	0	0	382	382	0	
2001-2002f	133	2.79	371	0	371	0	0	371	371	0	
2002-2003f	150	2.90	435	0	435	0	0	435	435	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	
2001-2002f	7,105	3.22	22,859	3,155	30,277	3,500	2,716	20,670	24,077	2,700	
2002-2003f	8,164	3.56	29,070	1,050	32,820	4,485	2,786	20,874	24,309	4,026	
Canola											
2000-2001	4,816	1.48	7,126	224	9,507	4,838	3,013	570	3,615	1,054	290.70
2001-2002f	3,886	1.30	5,062	250	6,366	2,700	2,500	371	2,916	750	345-365
2002-2003f	3,942	1.35	5,325	250	6,325	2,800	2,500	380	2,925	600	335-365
Flaxseed											
2000-2001	591	1.17	693	11	1,090	613	n/a	n/a	204	273	261.03
2001-2002f	652	1.08	702	10	985	625	n/a	n/a	135	225	300-320
2002-2003f	629	1.24	780	10	1,015	700	n/a	n/a	115	200	310-340
Soybeans											
2000-2001	1,061	2.55	2,703	431	3,386	747	1,697	693	2,459	180	256.09
2001-2002f	1,031	1.53	1,582	1,000	2,762	450	1,700	442	2,212	100	245-265
2002-2003f	975	2.68	2,610	400	3,110	800	1,700	440	2,210	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	
2001-2002f	5,568	1.32	7,346	1,260	10,113	3,775	4,200	813	5,263	1,075	
2002-2003f	5,546	1.57	8,715	660	10,450	4,300	4,200	820	5,250	900	
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	
2001-2002f	23,731	2.17	51,488	4,485	70,950	23,175	10,036	25,590	37,600	10,175	
2002-2003f	24,255	2.56	62,025	1,730	73,930	24,285	10,136	26,014	38,119	11,526	

(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% protein and No.1 CWAD 11.5% protein (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).

* March CWB PRO for 2001-02 and April PRO for 2002-03.

f: forecast, Agriculture and Agri-Food Canada, April 29, 2002

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