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CANADA: GRAINS AND OILSEEDS OUTLOOK

JANUARY 8, 2002

Production of grains and oilseeds for 2001-02 in Canada is estimated by Statistics Canada at 51.5 million tonnes (Mt) compared to 61.7 Mt in 2000-01 and the 10-year average of 59.8 Mt. In Western Canada, production decreased by over 20% from 2000-01, largely due to drought in Alberta and Saskatchewan. The proportion of the western wheat and durum crops falling into the top two grades is about 90% and 80% respectively vs. normal levels of 65% to 70% for both crops. Protein levels are high, with Canadian Grain Commission data indicating an average protein content for No.1 CWRS wheat of 14.4%, versus the 10-year average of 13.3%. This is due to the hot dry growing season and dry weather at harvest. In Eastern Canada, production increased by 2% from the extremely low level of 2000-01, with increased corn production more than offsetting a decline in the production of soybeans and winter wheat. In much of Eastern Canada, dry conditions resulted in below normal yields for corn and soybeans. Autumn rains delayed the harvest and prevented the seeding of a portion of the 2002-03 winter wheat crop.

Total Canadian exports of grains and oilseeds are forecast by AAFC to fall by 13% in 2001-02, to 24 Mt, with only durum wheat, corn and flaxseed exports expected to increase. Average prices for all Canadian grains and oilseeds, except soybeans, are expected to be higher than in 2000-01.

WHEAT (ex-durum)

For 2001-2002, production decreased by 13%, to 18.2 Mt, the lowest since 1988-89, largely due to the drought in Saskatchewan and Alberta. Although higher carry-in stocks partly offset the lower production, supplies are down by almost 10% from last year. Exports will be limited by the reduced supplies, and are forecast to fall by 6%, to 12.5 Mt, vs. 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 forecast to decline by more than 20%, to 5.0 Mt, the lowest since 1995-96. The Canadian Wheat Board (CWB) Dec. 2001-02 Pool Return Outlook (PRO) for No.1 CWRS 11.5% protein is $198/t, in-store Vancouver/St. Lawrence, well above the 2000-01final realized price of $182.41/t. Ontario winter wheat production is down by 23%, at 1.1 Mt, but quality is good. The Ontario Wheat Producers' Marketing Board's 2001-02 pool return for No.1 CEWW wheat is projected by AAFC at $135-140/t, vs. last year's final realized price of $110/t.

DURUM

Production decreased by 46% in 2001-2002, to 3.06 Mt, the lowest level since 1988-89, due to lower seeded area and drought. This is partly offset by record high carry-in stocks, but supplies are down by 20% from 2000-01 at 5.9 Mt, vs. the 10-year average of 6.2 Mt. Exports are forecast to rise by 9%, to 3.8 Mt. As a result of lower production in the EU and US, Canada is expected to increase its share of the world durum market. Carry-out stocks are projected to decrease to 1.2 Mt. The CWB Dec. 2001-02 PRO for No.1 CWAD 11.5% protein is $252/t, I/S VC/SL, vs. the 2000-01 final realized price of $242.61/t. The premium over No.1 CWRS 11.5% is $54/t, vs. about $61/t in 2000-01 and the 10-year average of $43/t.

BARLEY

Production decreased by 16%, due to lower yields, lower seeded area, and increased abandonment. Supplies are at the lowest level since 1992-93. Exports of both feed and malting barley are expected to decline from last year. Feed use is expected to fall by 8%. Carry-out stocks are forecast to decline sharply, to the lowest level of recent times. The CWB Dec. PRO for No.1 CW Feed Barley is $180/t, compared with the 2000-01 final realized price of $142.86/t. Prices for malting barley are forecast to increase from 2000-01, as lower supplies are expected to result in an increased portion of sales to high priced markets. The CWB Nov. PRO for Special Select 2-Row Designated Barley is $214/t, vs the 2000-01 final realized price of $201.01/t.

OATS

Production and supply fell by about 20% despite higher seeded area. Light-weight oats have been reported in Manitoba, further limiting supplies of high quality oats for domestic milling and the export market. Carry-out stocks are forecast to fall to the lowest level in recent times. Oat prices are forecast to increase significantly due to lower carry-out stocks.

CORN

Production increased by 20% due to higher seeded area and improved yields, despite dry growing conditions. Imports of US corn into Western Canada are forecast to increase sharply due to reduced barley supplies, while imports into Eastern Canada 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 due to higher US prices, with Ontario corn expected to continue to be priced on an import competitive basis.

CANOLA

Production decreased by 29% to 5.1 Mt but supply decreased even more dramatically, to the lowest level since since 1992-93, due to reduced carry-in stocks. Exports are forecast to fall by about 40%, to 3.0 Mt, mainly due to lower shipments to China. Domestic crush is also expected to drop sharply, to 2.6 Mt, due to tight supplies. Carry-out stocks are projected to decline to the very low level of 0.4 Mt. Canola prices are forecast to increase by about 20%.

FLAXSEED (excluding solin)

Production increased marginally but, due to lower carry-in stocks, supply has decreased by about 10%. Exports are forecast to rise due to increased import demand from the EU. Carry-out stocks are expected to decline and prices are forecast to increase by about 25%.

SOYBEANS

Production decreased significantly due to lower yields as the result of dry growing conditions, insect infestations and wet weather during harvest. Domestic supply is about 40% below 2000-01. However, domestic crush is expected to remain similar to 2000-01 leading to a major increase in soybean imports from the US and a significant decrease in Canadian exports. Carry-out stocks are expected to fall sharply. Chatham prices are forecast to be similar to 2000-01, as support from tight domestic supplies and the weak Canadian dollar offsets pressure from lower US soybean prices.

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CANADA: SUPPLY AND DISPOSITION FOR GRAINS AND OILSEEDS JANUARY 8, 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 Domestic Use (d)	Ending Stocks	Average Price (e) $/t
			thousand metric tonnes								
Durum											
2000-2001	2,614	2.16	5,647	10	7,432	3,487	270	589	1,073	2,873	243
2001-2002 f	2,100	1.45	3,055	10	5,938	3,800	275	403	938	1,200	252 *
2002-2003 f	2,620	1.99	5,220	10	6,430	3,800	275	505	1,030	1,600	230 f
Wheat Except Durum											
2000-2001	8,349	2.53	21,157	50	27,171	13,269	2,808	3,861	7,567	6,335	182
2001-2002 f	8,958	2.03	18,228	50	24,613	12,500	2,803	3,550	7,113	5,000	198 *
2002-2003 f	7,750	2.40	18,600	10	23,610	11,300	2,815	3,785	7,410	4,900	210 f
All Wheat											
2000-2001	10,963	2.44	26,804	60	34,604	16,756	3,077	4,451	8,640	9,208	
2001-2002 f	11,059	1.92	21,282	60	30,550	16,300	3,078	3,953	8,050	6,200	
2002-2003 f	10,370	2.30	23,820	20	30,040	15,100	3,090	4,290	8,440	6,500	
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	385	9,669	10,509	1,700	150-170
2002-2003 f	4,995	2.94	14,710	40	16,450	2,750	385	10,585	11,400	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	2,500	11,551	200	2,225	8,344	10,601	750	125-145
2002-2003 f	1,300	7.47	9,710	1,150	11,610	300	2,350	8,078	10,460	850	115-145
Oats											
2000-2001	1,299	2.61	3,389	8	4,519	1,807	115	1,582	1,872	840	114
2001-2002 f	1,282	2.16	2,769	35	3,644	1,475	150	1,431	1,769	400	185-205
2002-2003 f	1,660	2.45	4,070	4	4,474	1,800	150	1,656	1,974	700	135-165
Rye											
2000-2001	115	2.27	260	5	426	90	66	166	248	88	
2001-2002 f	102	1.90	194	5	287	75	66	75	162	50	
2002-2003 f	105	2.14	225	5	280	85	66	58	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	4,636	2,686	20,677	24,026	4,262	
2001-2002 f	7,105	3.22	22,859	2,640	29,761	3,450	2,826	19,889	23,411	2,900	
2002-2003 f	8,210	3.55	29,145	1,199	33,244	4,935	2,951	20,807	24,409	3,900	
Canola											
2000-2001	4,816	1.48	7,126	224	9,506	4,863	3,013	544	3,589	1,054	291
2001-2002 f	3,886	1.30	5,062	250	6,366	3,000	2,550	371	2,966	400	335-365
2002-2003 f	4,299	1.35	5,801	250	6,451	3,100	2,500	406	2,951	400	330-360
Flaxseed											
2000-2001	591	1.17	693	11	1,090	614	n/a	n/a	203	273	261
2001-2002 f	652	1.08	702	10	985	700	n/a	n/a	135	150	305-335
2002-2003 f	673	1.24	836	10	996	750	n/a	n/a	121	125	320-350
Soybeans											
2000-2001	1,061	2.55	2,703	431	3,386	746	1,697	694	2,460	180	256
2001-2002 f	1,031	1.53	1,582	1,000	2,762	550	1,700	342	2,112	100	240-270
2002-2003 f	970	2.68	2,600	450	3,150	850	1,700	380	2,150	150	235-265
Total Oilseeds											
2000-2001	6,468	1.63	10,522	666	13,982	6,223	4,710	1,238	6,252	1,507	
2001-2002 f	5,568	1.32	7,346	1,260	10,113	4,250	4,250	713	5,213	650	
2002-2003 f	5,942	1.55	9,237	710	10,597	4,700	4,200	786	5,222	675	
Total Grains And Oilseeds											
2000-2001	24,612	2.51	61,653	3,651	81,510	27,615	10,473	26,366	38,918	14,977	
2001-2002 f	23,731	2.17	51,488	3,960	70,425	24,000	10,154	24,555	36,675	9,750	
2002-2003 f	24,522	2.54	62,202	1,929	73,881	24,735	10,241	25,883	38,071	11,075	

(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. 2, CBOT nearby Cdn $/t); 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: December 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, January 8, 2002
Source: Statistics Canada, Cereals and Oilseeds Review Series, Cat. No. 22-007