



CANADA: GRAINS AND OILSEEDS OUTLOOK

FEBRUARY 18, 2002

For 2002-03, world wheat prices (excluding durum) are expected to strengthen slightly from the 2001-02 level due to lower US production and tightening world supplies. 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 the US, China's import demand 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 increases 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, although moisture conditions in Saskatchewan and Alberta during the spring will be critical. 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 to 24.5 Mt, as higher exports of coarse grain and oilseeds more than offset lower exports of spring wheat.

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, vs. the 10-year average of 6.7 Mt. For 2002-03, production is projected to be relatively unchanged, with higher yields offset by a smaller area. Supplies will decline slightly 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 slightly. The Canadian Wheat Board (CWB) pool return for No.1 CWRS 11.5% protein is forecast by AAFC at \$190-220/t, in-store Vancouver/St. Lawrence (I/S VC/SL), vs. the CWB 2001-02 Jan. Pool Return Outlook (PRO) of \$201/t. Ontario wheat production is forecast to decline by 16% to 1.0 Mt, due to lower area. The Ontario Wheat Producers' Marketing Board's pool return for No.1 CEWW wheat is forecast by AAFC at \$145-155/t, landed basis, about \$10/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 58%, to 1.2 Mt. For 2002-03, production is expected to rise sharply, due to larger area and a return to normal yields. Despite reduced carry-in stocks, supplies are projected increase by 8%. Exports, however, are not forecast to increase, due to stable world demand, and strong competition from other exporters. Carry-out stocks are projected to rise by about 33%. CWB pool returns for No.1 CWAD 11.5% protein are forecast by AAFC to decline to \$215-245/t I/S VC/SL with mid-point \$25/t below the 2001-02 PRO.

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. Off-Board feed barley prices are expected to decrease sharply. The CWB pool return for No.1 CW Feed Barley is forecast by AAFC to decline by 10 to 15% from the 2001-02 PRO of \$180/t. Similarly, the CWB pool return for Special Select 2 Row Designated barley is forecast by AAFC to decrease by 5 to 10% from the 2001-02 PRO of \$214/t due to increased North American supplies.

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 exceed the record set in 2000-01. Carry-out stocks are expected to rise and the price is forecast to fall by about 20% to \$135-165/t.

CORN

For 2001-02, imports are forecast to remain near the record level of 2000-01, due to reduced barley production in Western Canada, and a strong import pace into Eastern Canada. 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 sharply due to higher barley production in western Canada and higher corn production in eastern Canada. Carry-out stocks increase slightly. The average Chatham price is forecast to decrease slightly to \$130/t due to lower US corn prices, higher domestic supplies in Canada and depreciation of the Canadian dollar.

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 increase by 15% 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 while crush remains low. Carry-out stocks are expected to remain near historically low levels. 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 rise by about 132% 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 due to higher yields, more than offsetting the expected drop in seeded area. Exports are projected to increase, while the domestic crush remains stable 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 record high production in the US.

FURTHER INFORMATION:

WheatGlenn Lennox.....(204) 983-8465
E-mail.....lennoxg@em.agr.ca
Coarse Grains..Dennis Jackson 983-8461
E-mailjacksond@em.agr.ca
Oilseeds.....Chris Beckman984-4929
E-mailbeckmac@em.agr.ca
Fred Oleson, Chief983-0807
E-mailolesonf@em.agr.ca

www.agr.gc.ca/mad-dam/

CANADA: SUPPLY AND DISPOSITION FOR GRAINS AND OILSEEDS

FEBRUARY 18, 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	418	938	1,200	255 *
2002-2003 f	2,620	1.99	5,220	10	6,430	3,800	275	515	1,030	1,600	215-245
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	50	24,613	12,300	2,840	3,700	7,313	5,000	201 *
2002-2003 f	7,750	2.40	18,600	10	23,610	11,300	2,875	3,875	7,610	4,700	190-220
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	60	30,550	16,100	3,110	4,118	8,250	6,200	
2002-2003 f	10,370	2.30	23,820	20	30,040	15,100	3,150	4,390	8,640	6,300	
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	4,995	2.94	14,710	40	16,250	2,550	360	10,610	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	2,800	11,851	200	2,200	8,669	10,901	750	125-145
2002-2003 f	1,300	7.47	9,710	1,150	11,610	300	2,250	8,228	10,510	800	115-145
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	1,416	1,719	400	185-205
2002-2003 f	1,660	2.45	4,070	4	4,474	1,800	125	1,681	1,974	700	135-165
Rye											
2000-2001	115	2.27	260	5	426	89	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	4,588	2,686	20,725	24,075	4,262	
2001-2002 f	7,105	3.22	22,859	2,940	30,062	3,500	2,741	20,425	23,862	2,700	
2002-2003 f	8,210	3.55	29,145	1,199	33,044	4,735	2,801	21,007	24,459	3,850	
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	2,900	2,550	371	2,966	500	340-370
2002-2003 f	4,299	1.35	5,801	250	6,551	3,100	2,500	406	2,951	500	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	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	13,983	6,198	4,710	1,264	6,278	1,507	
2001-2002 f	5,568	1.32	7,346	1,260	10,113	4,000	4,250	813	5,313	800	
2002-2003 f	5,942	1.55	9,237	710	10,747	4,700	4,200	786	5,222	825	
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	4,260	70,725	23,600	10,101	25,355	37,425	9,700	
2002-2003 f	24,522	2.54	62,202	1,929	73,831	24,535	10,151	26,183	38,321	10,975	

(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 (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: January 2002. Prices for No.1 CWRS and No.1 CWAD with 11.5% protein for 2000-01 to 2002-03. This is comparable to prices for 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, February 18, 2002

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