



CWB grain production and trade forecast to 2011-12

Global overview

- World economy resumes expansion at rate of 3.5 per cent.
- Real commodity prices will continue to drop due to productivity gains.
- Relatively robust demand for corn and soybeans globally.
- U.S farm bill: favours wheat and corn over soybeans.
- EU is expected to continue the CAP - reduce export subsidies.
- Expansion of EU to include Eastern Europe (EU-27).
- The impact of the introduction of GM wheat has not been factored in.



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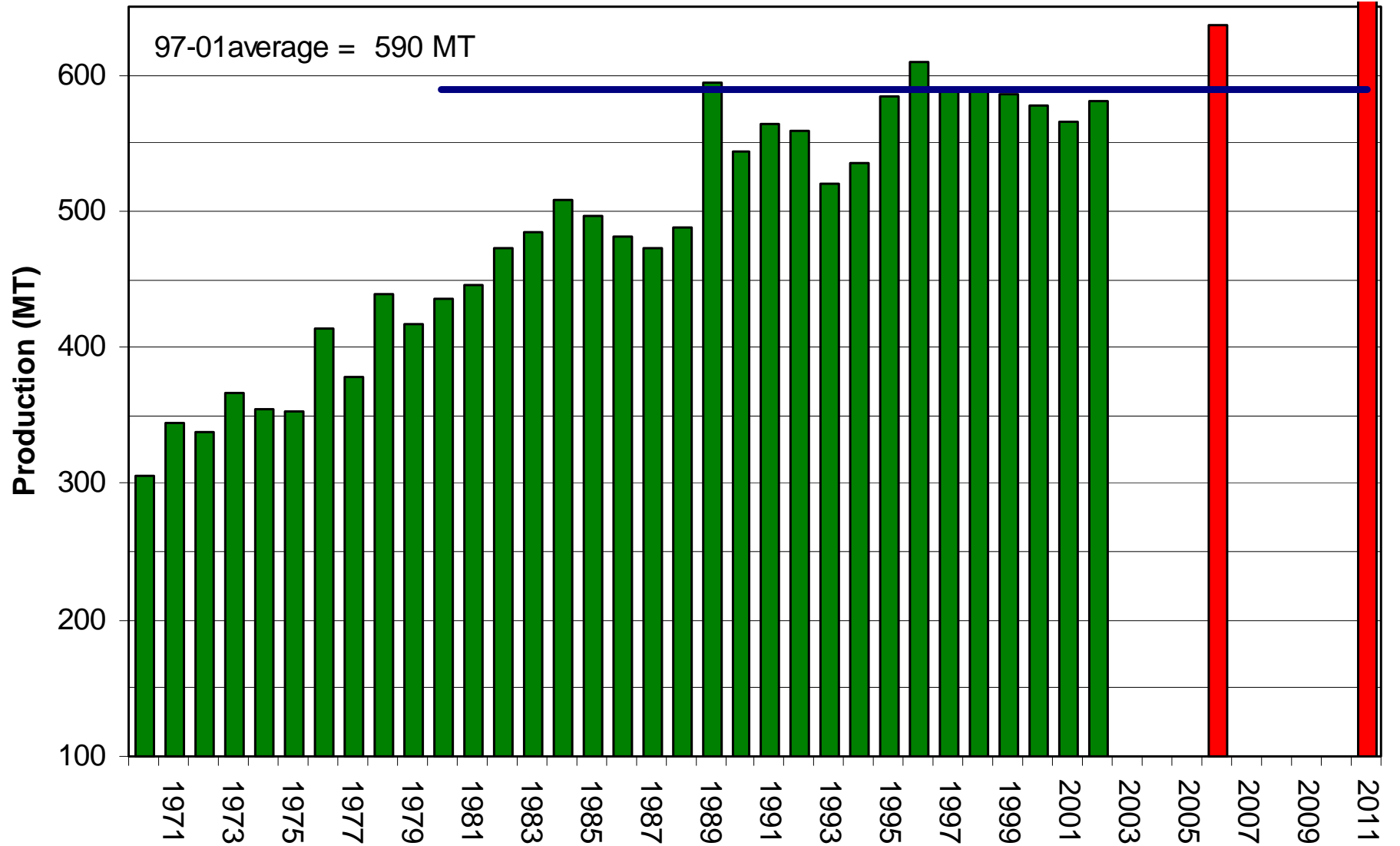
Part A: Production Forecasts

World production

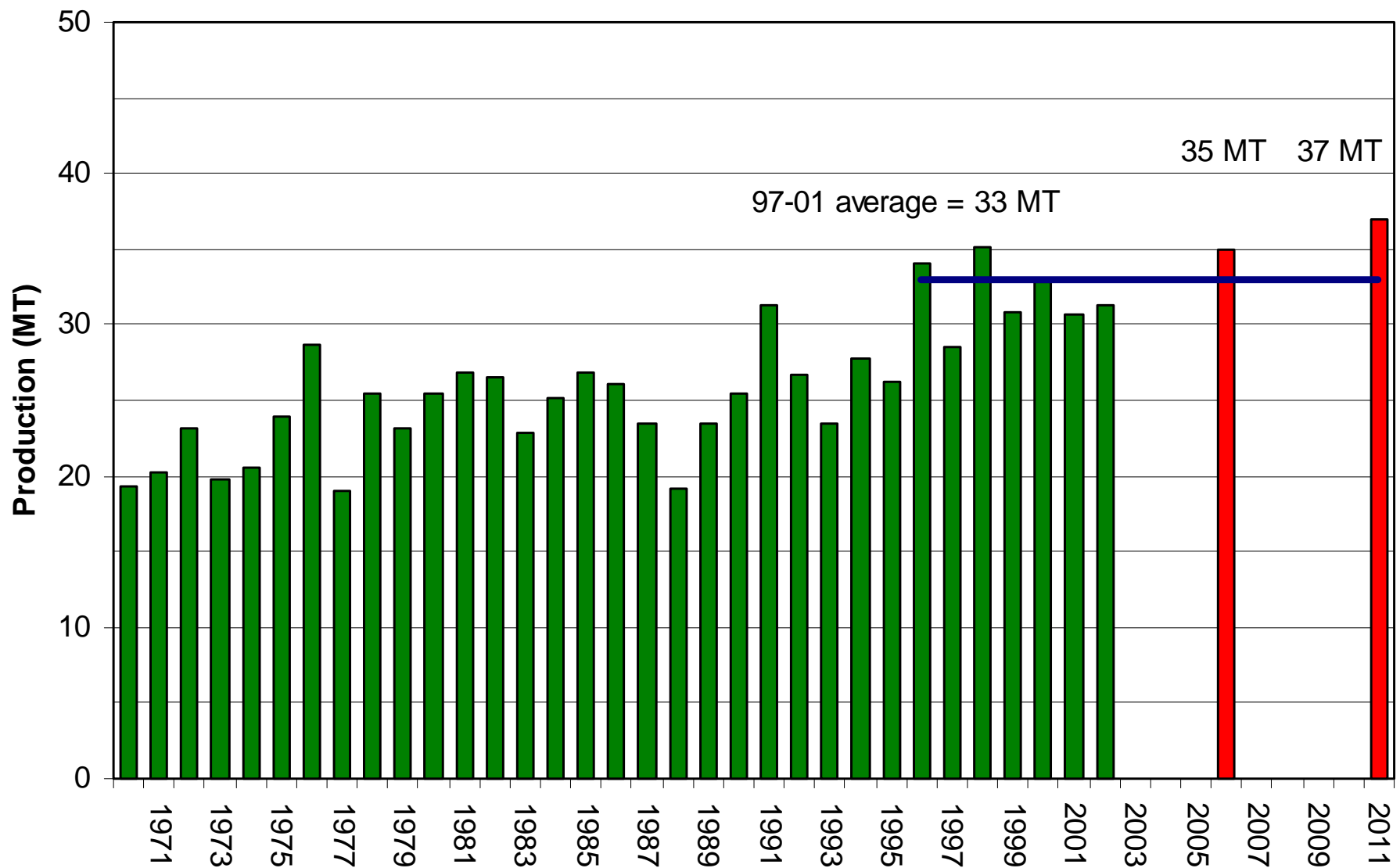
- **Wheat**
 - Major feature is increase in wheat production of non-traditional exporters.
 - Traditional exporters to increase production modestly.
- **Durum**
 - Increased production in minor exporters.
- **Barley**
 - Barley production to increase in traditional and non-traditional exporters.

World Wheat Production

637 MT 676 MT



World Durum Production

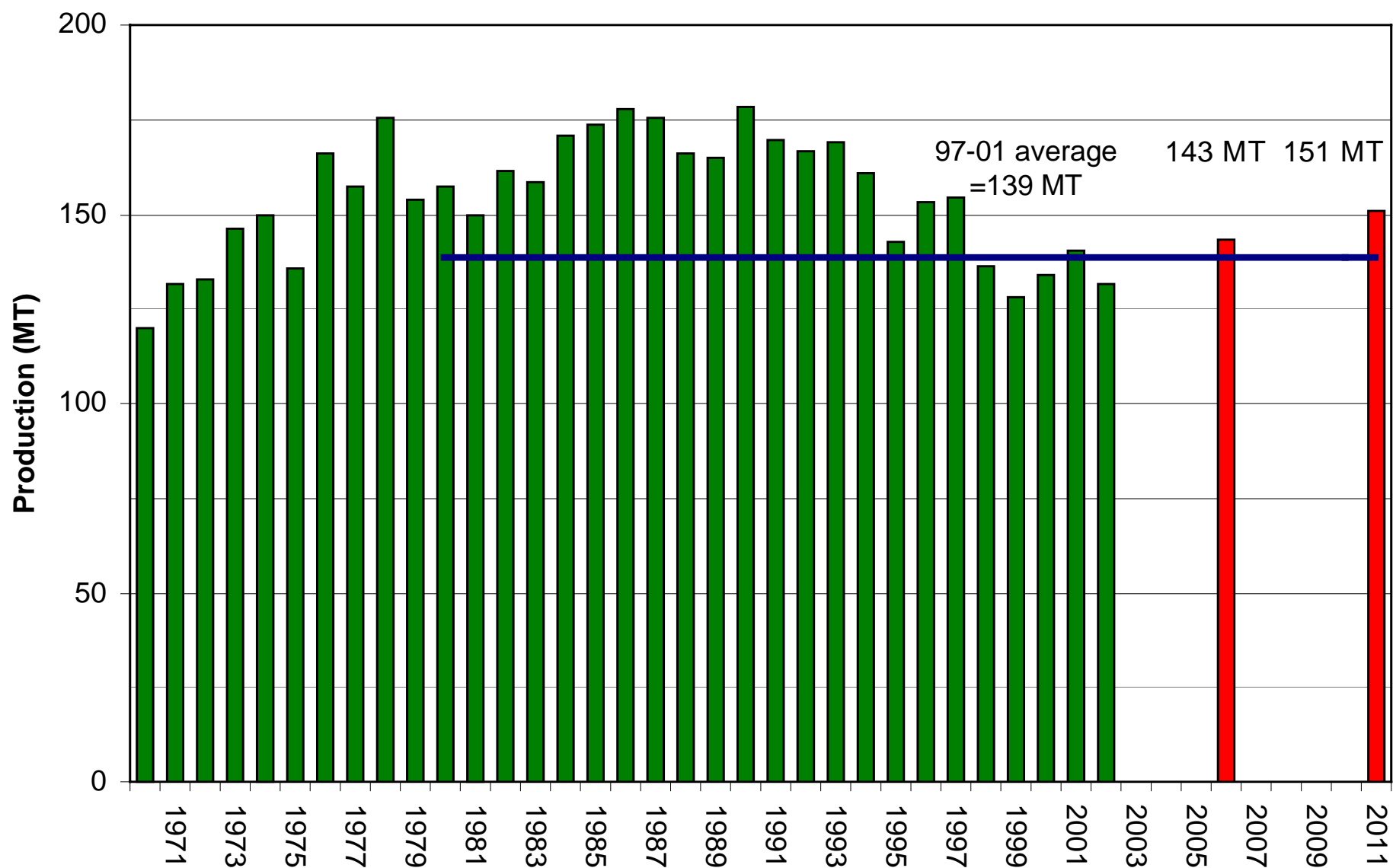


MT



Prairie strong, worldwide

World Barley Production



Western Canada

- **Wheat**

- Competition is expected to result in slight decrease in area
- Production should be similar to the 97-01 average due to increases in productivity

- **Durum**

- Competition from minor exporters should result in slightly lower area

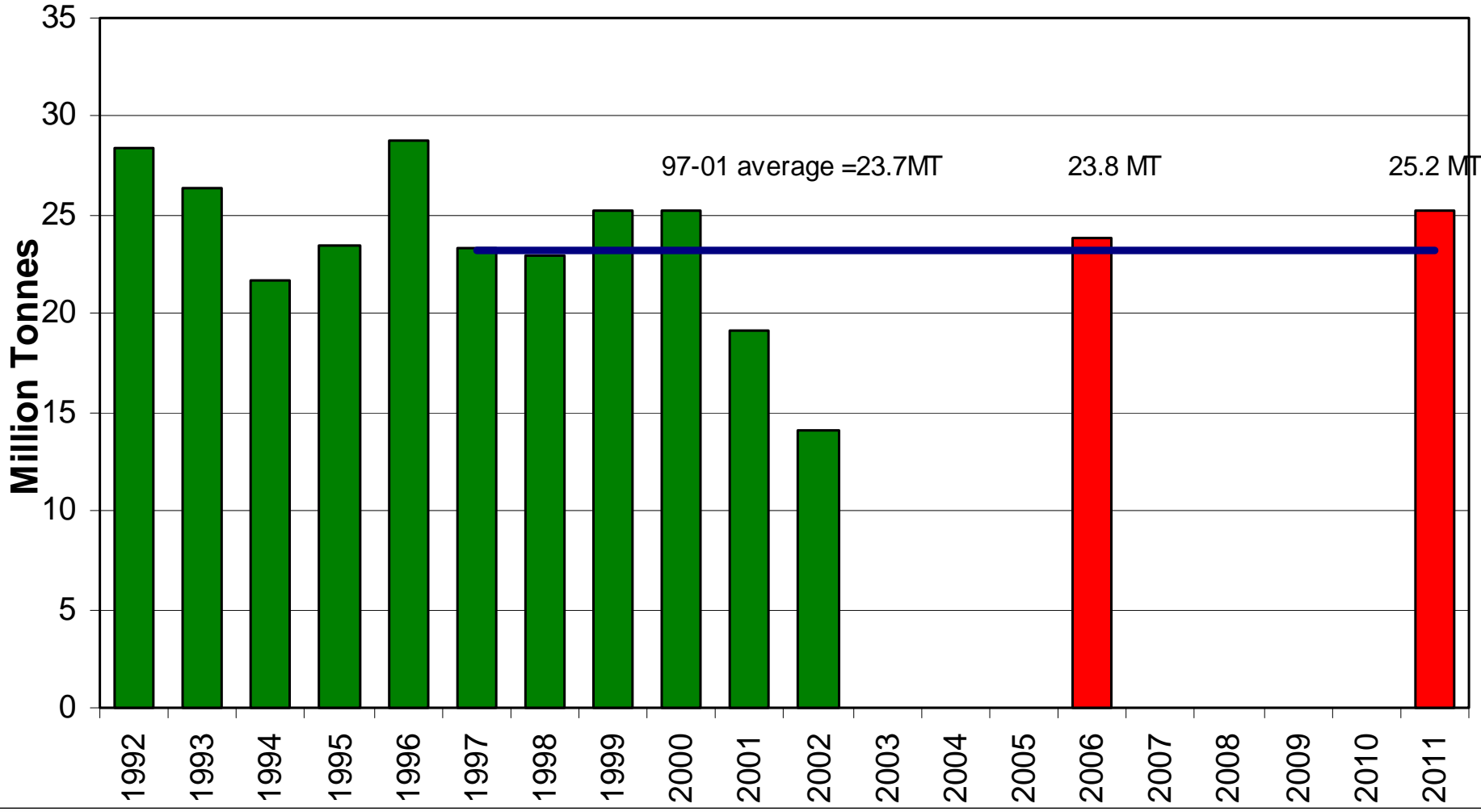
- **Barley**

- Strong demand for malting barley should result in increased area and production
- Domestic demand for feed should remain strong which will also support increased area

Western Canada Area and Production

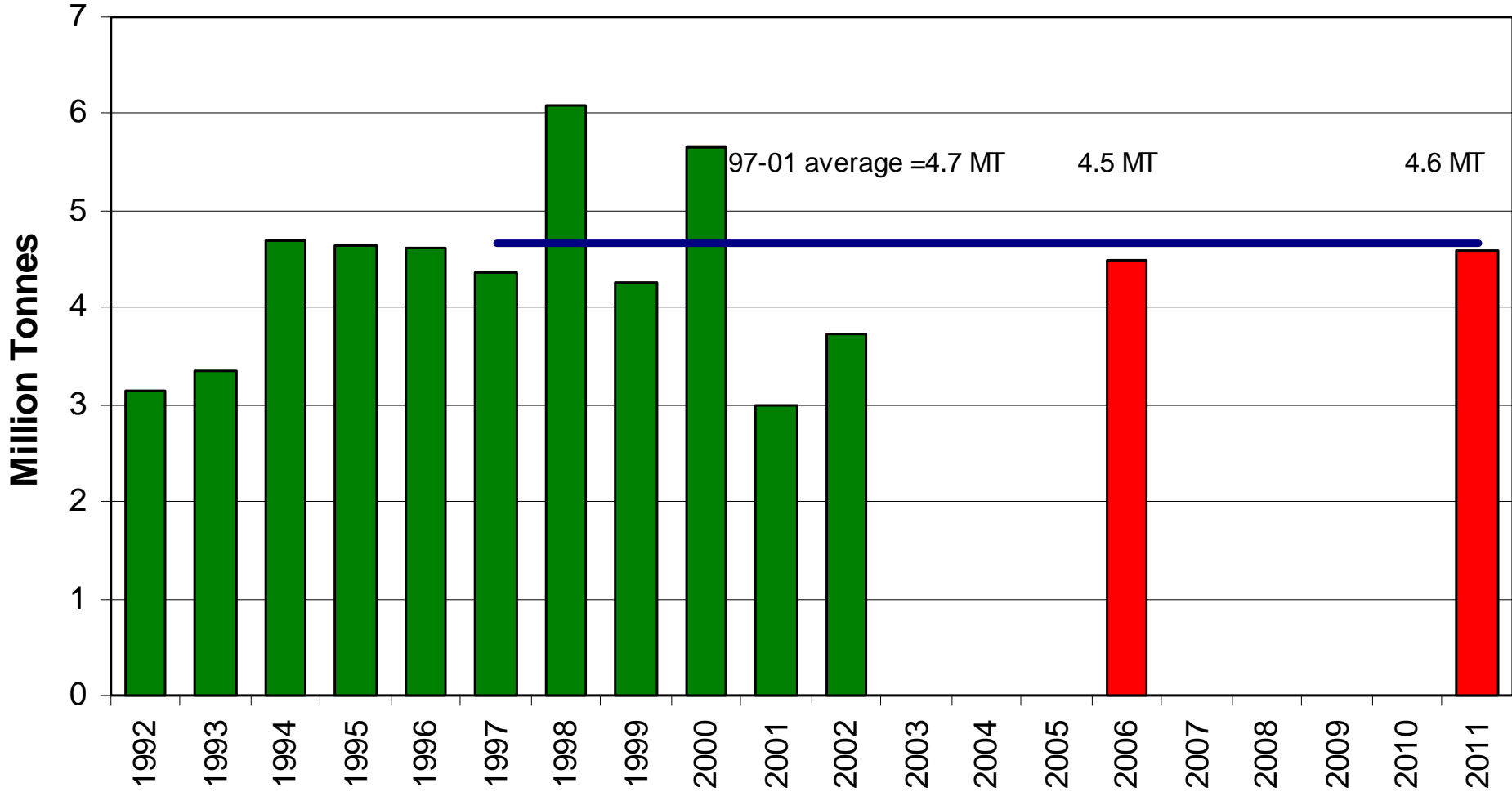
	Area			Production		
	5 Year Ave	2006	2011		2006	2011
	mln ha	mln ha	mln ha	MT	MT	MT
All Wheat	11.0	10.3	10.7	23.2	23.8	25.2
Spring Wheat	8.6	8.0	8.2	18.2	18.5	19.6
Durum	2.4	2.0	2.1	4.7	4.5	4.6
Barley	4.6	4.8	5.0	12.7	13.6	14.5
Oats	1.9	1.9	2.0	3.5	3.6	3.8
Rye	0.2	0.2	0.2	0.3	0.3	0.3
Flax	0.8	0.7	0.7	0.9	0.9	1.0
Canola	4.9	4.8	4.9	6.9	7.2	7.5
Six Major Grains	23.3	22.8	23.4	49.4	49.4	52.3
Special Crops	2.0	2.4	2.1	4.2	5.1	4.9
Fallow	5.0	4.8	4.3			
Tame Hay	4.6	4.9	5.1			

Western Canadian All Wheat Production



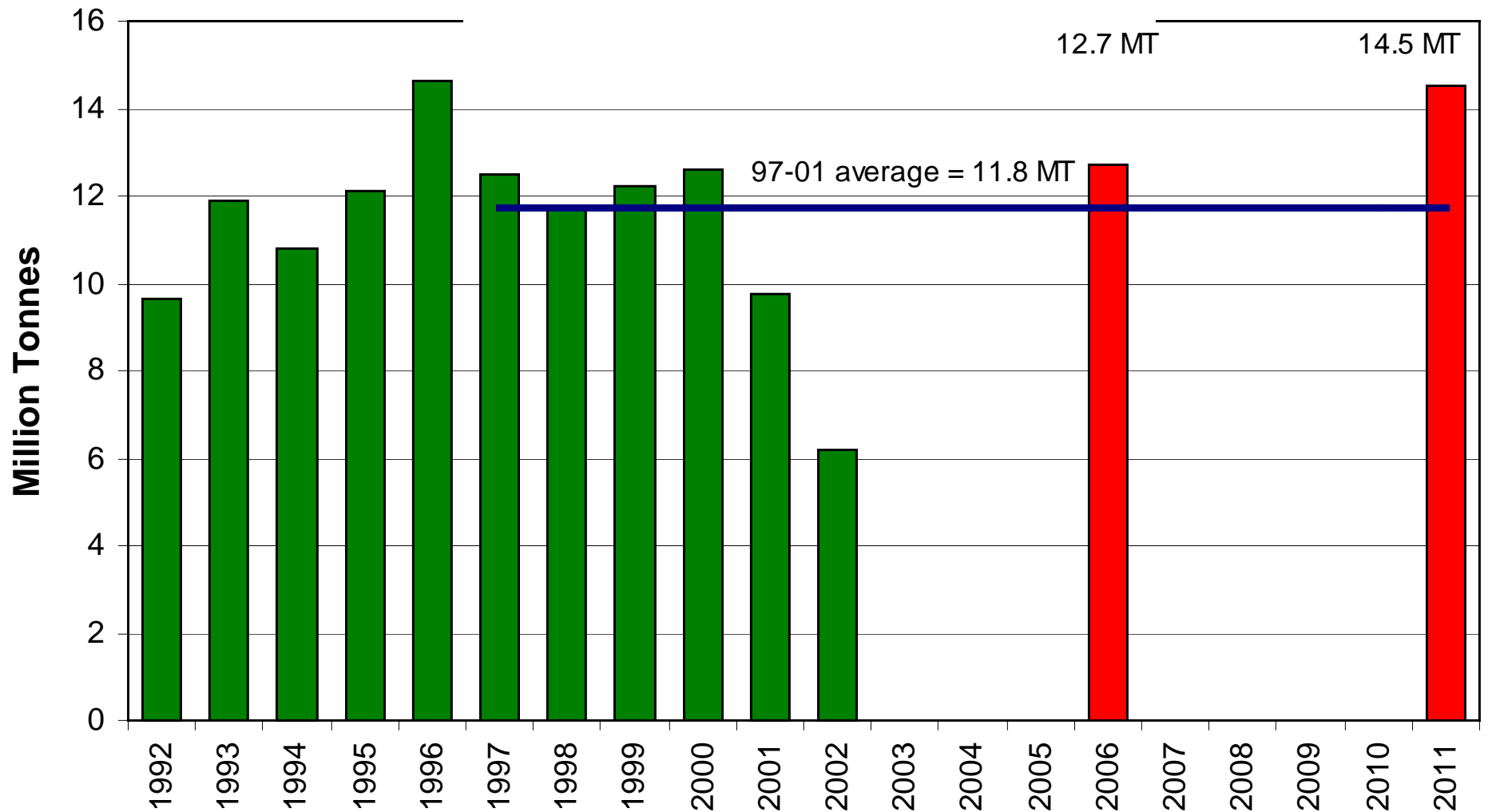
Prairie strong, worldwide

Western Canadian Durum Production



Prairie strong, worldwide

Western Canadian Barley Production





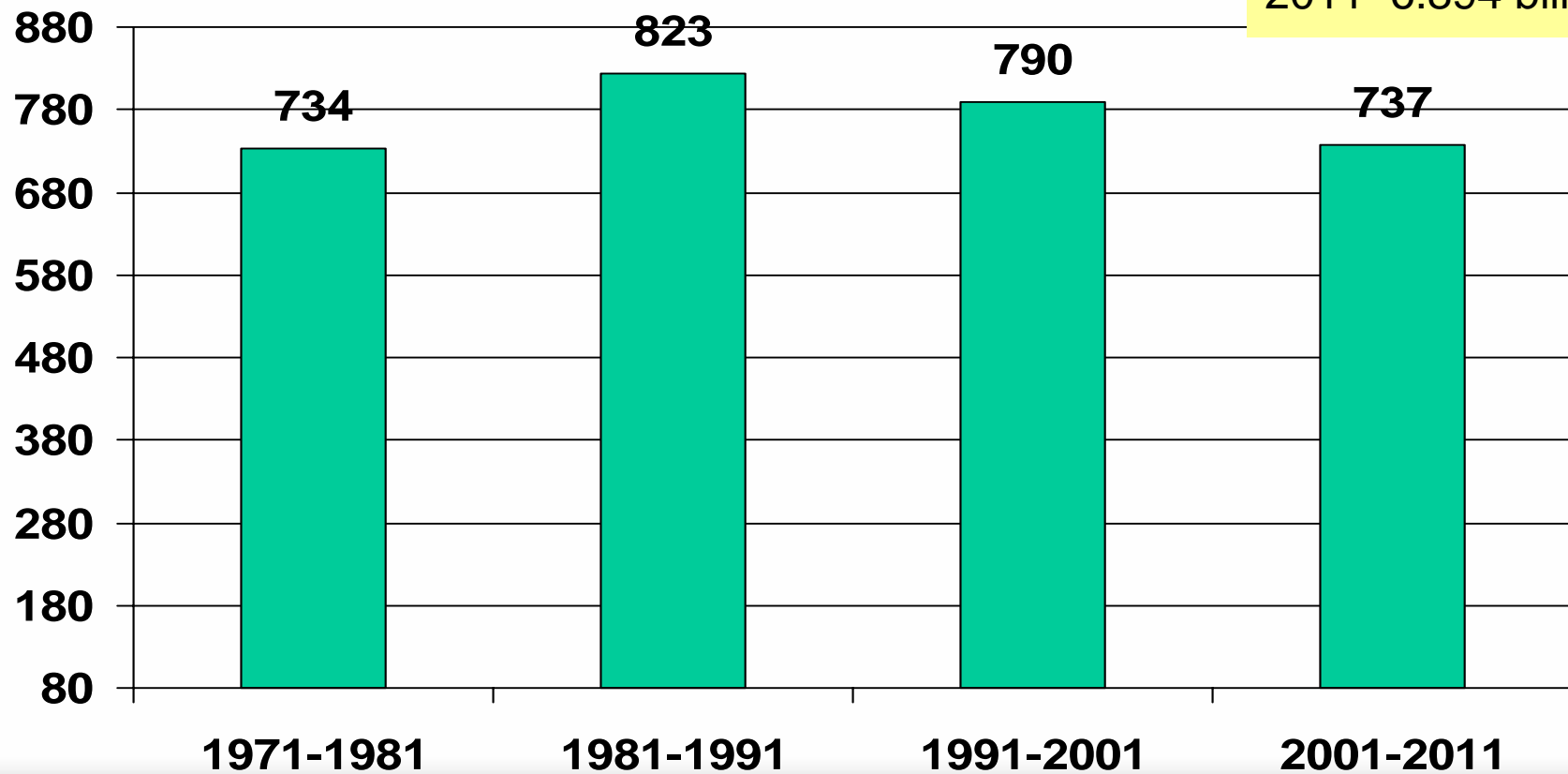
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Part B: Trade Forecasts

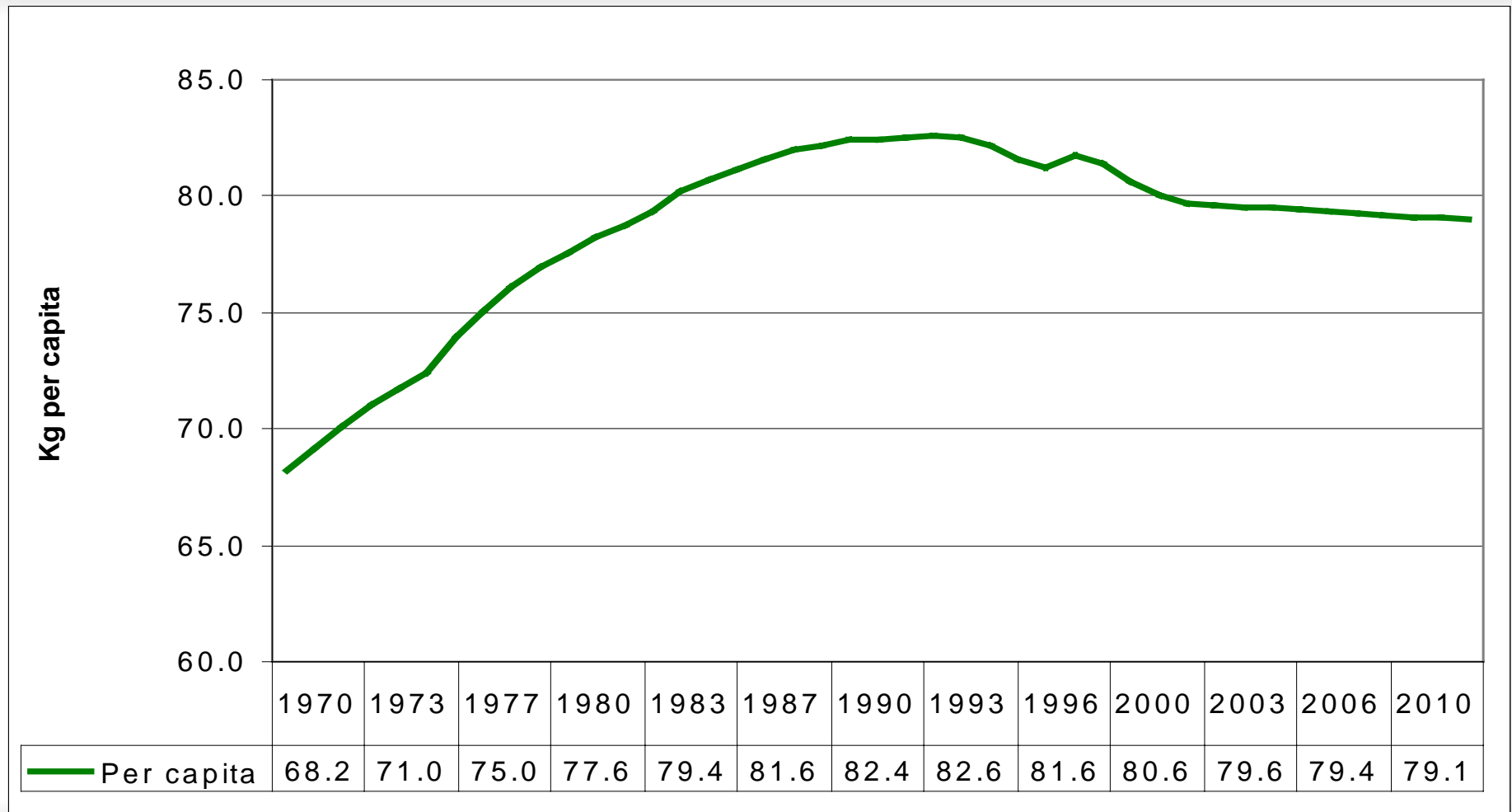
Population increases

Total world population:
1991 5.367 billion
2001 6.157 billion
2011 6.894 billion

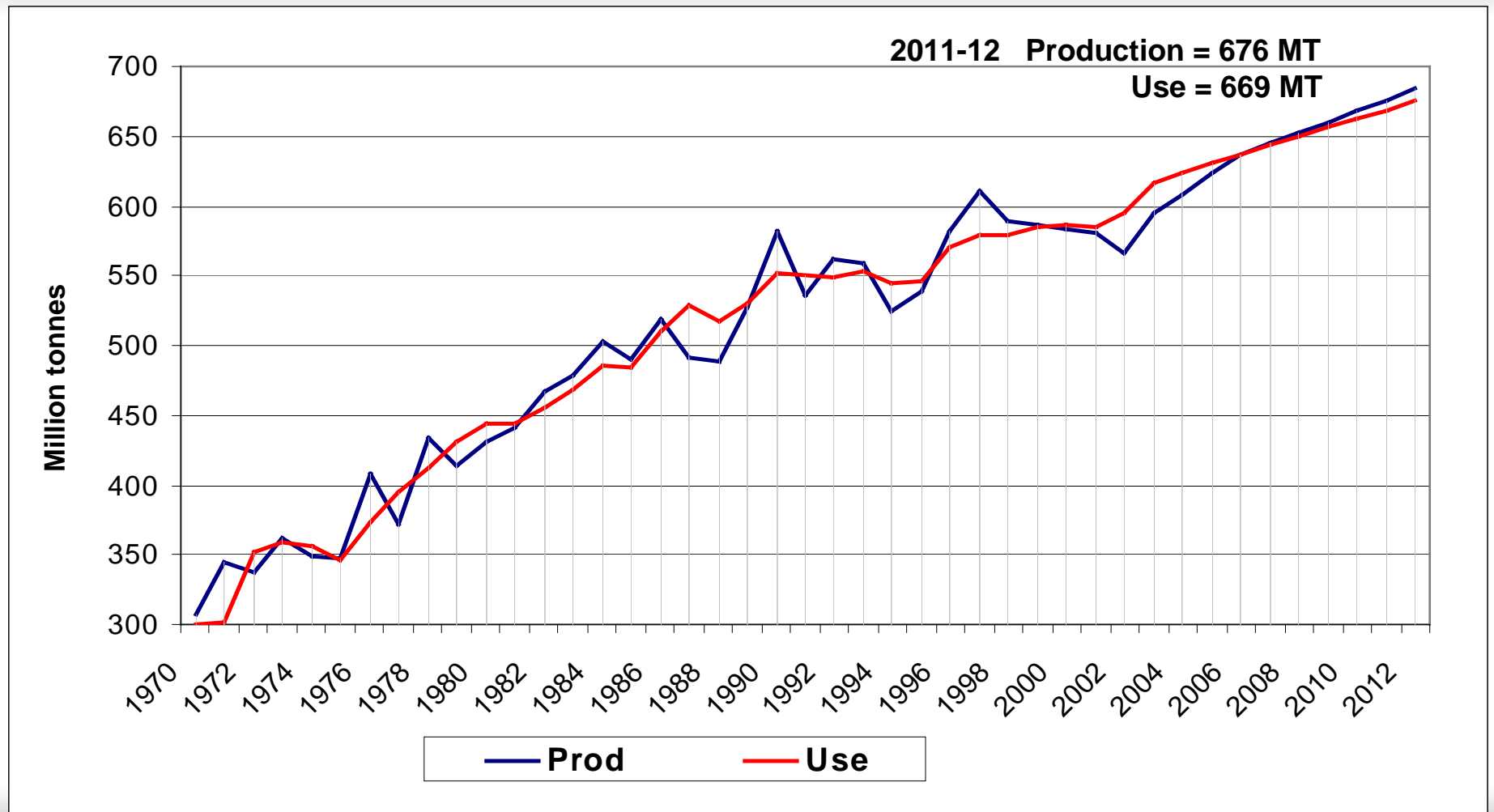
Millions

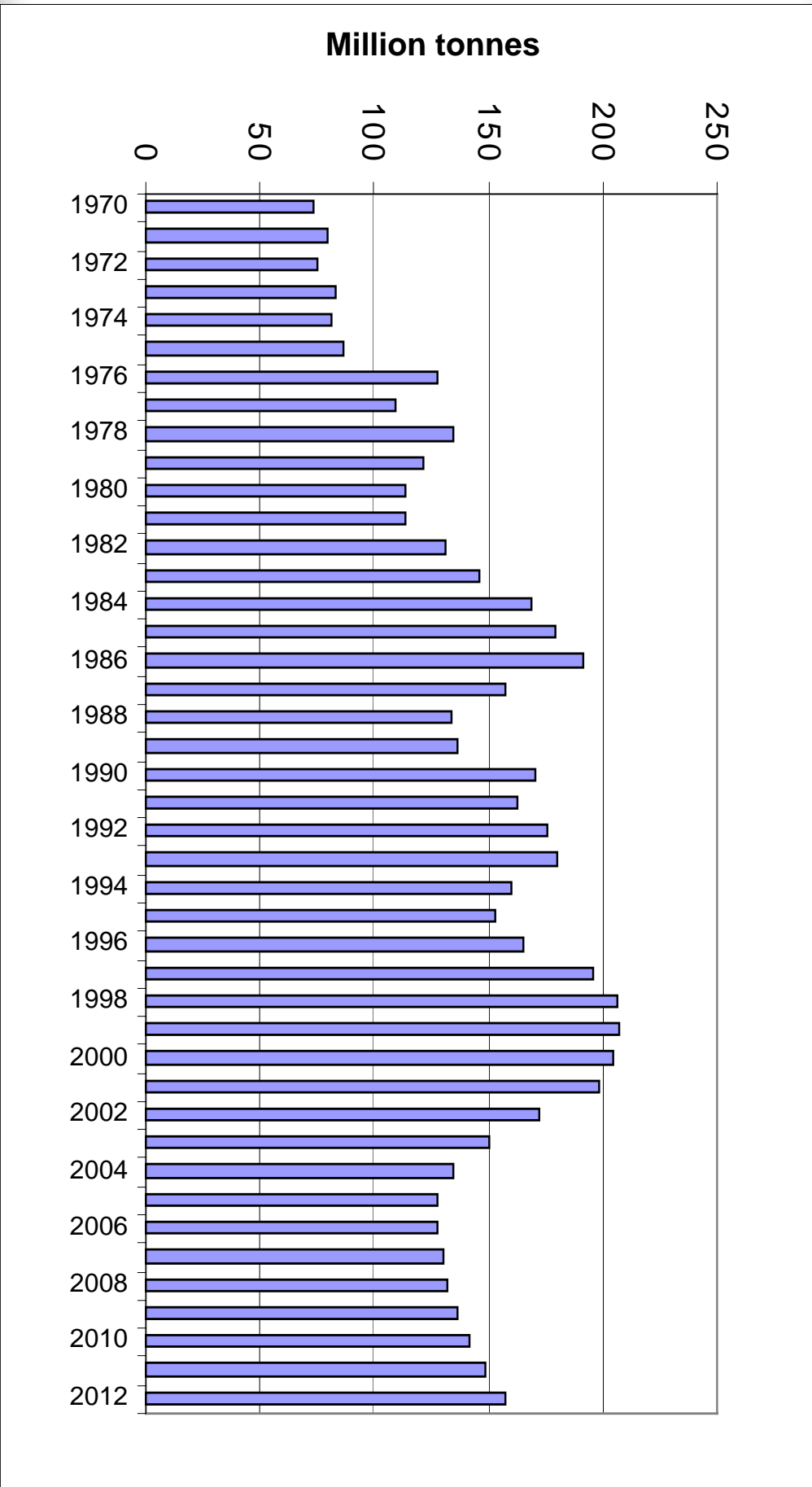


Global per capita consumption of wheat as food



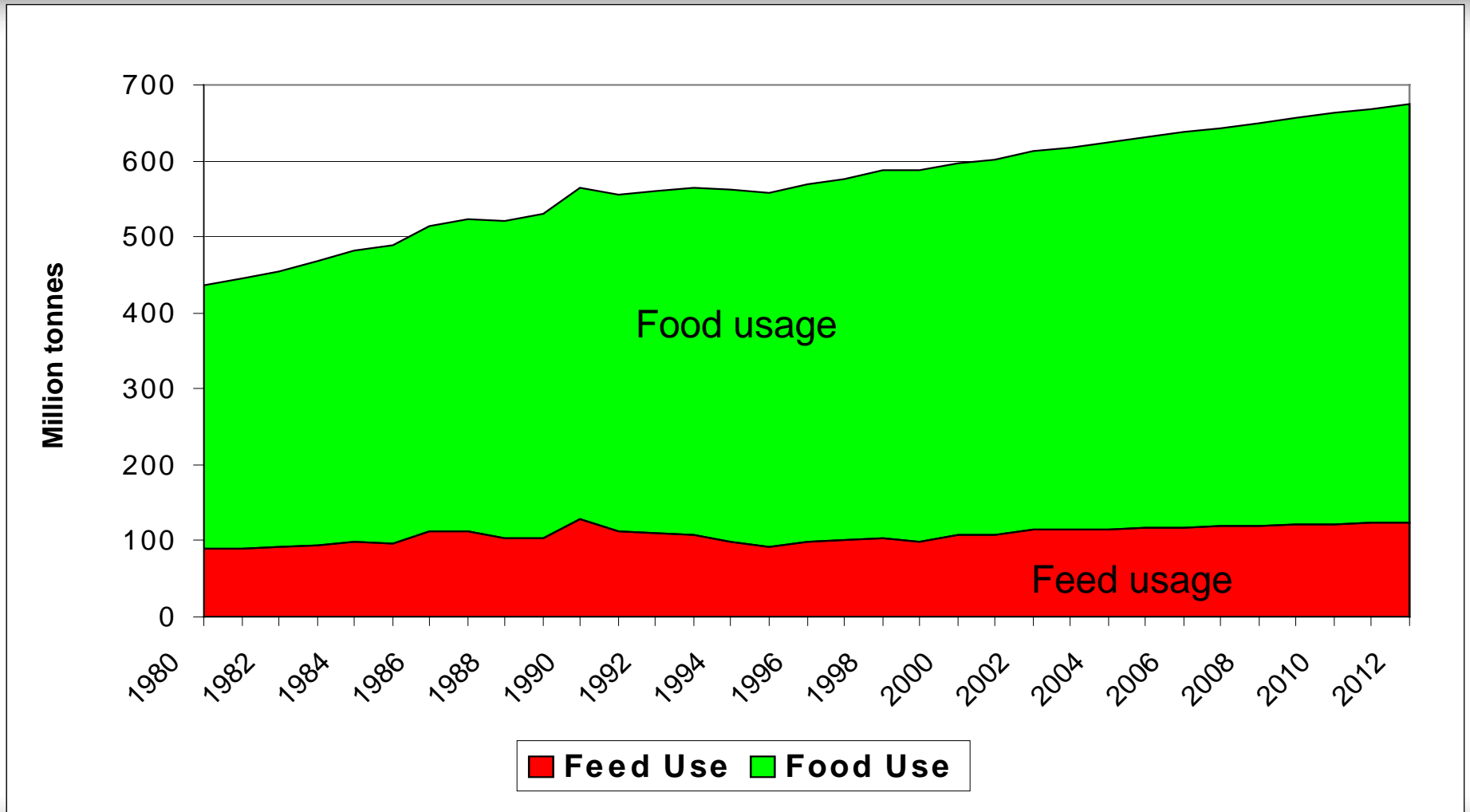
Global wheat production vs. use





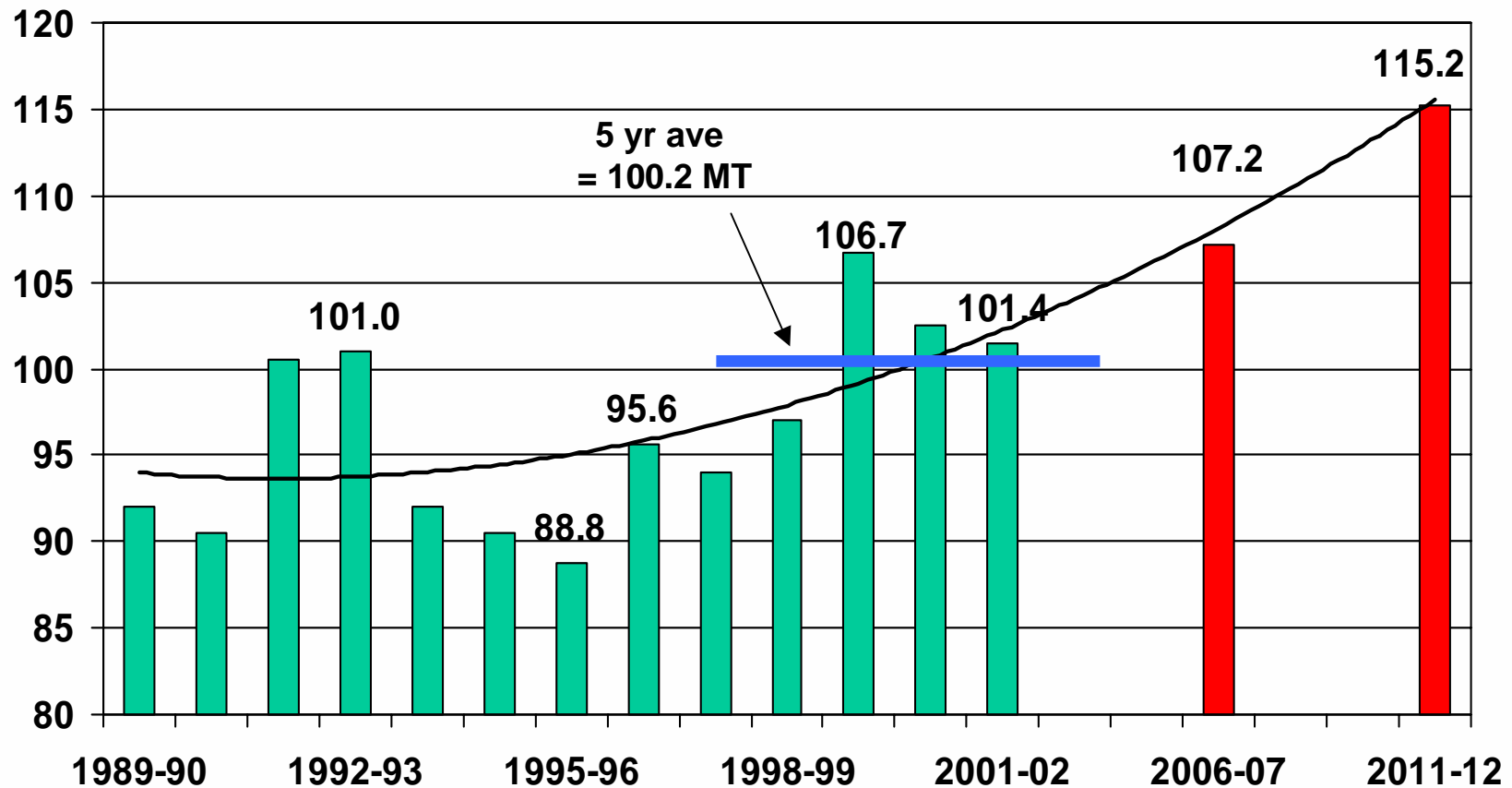
Global wheat stocks

Global wheat use - food and feed

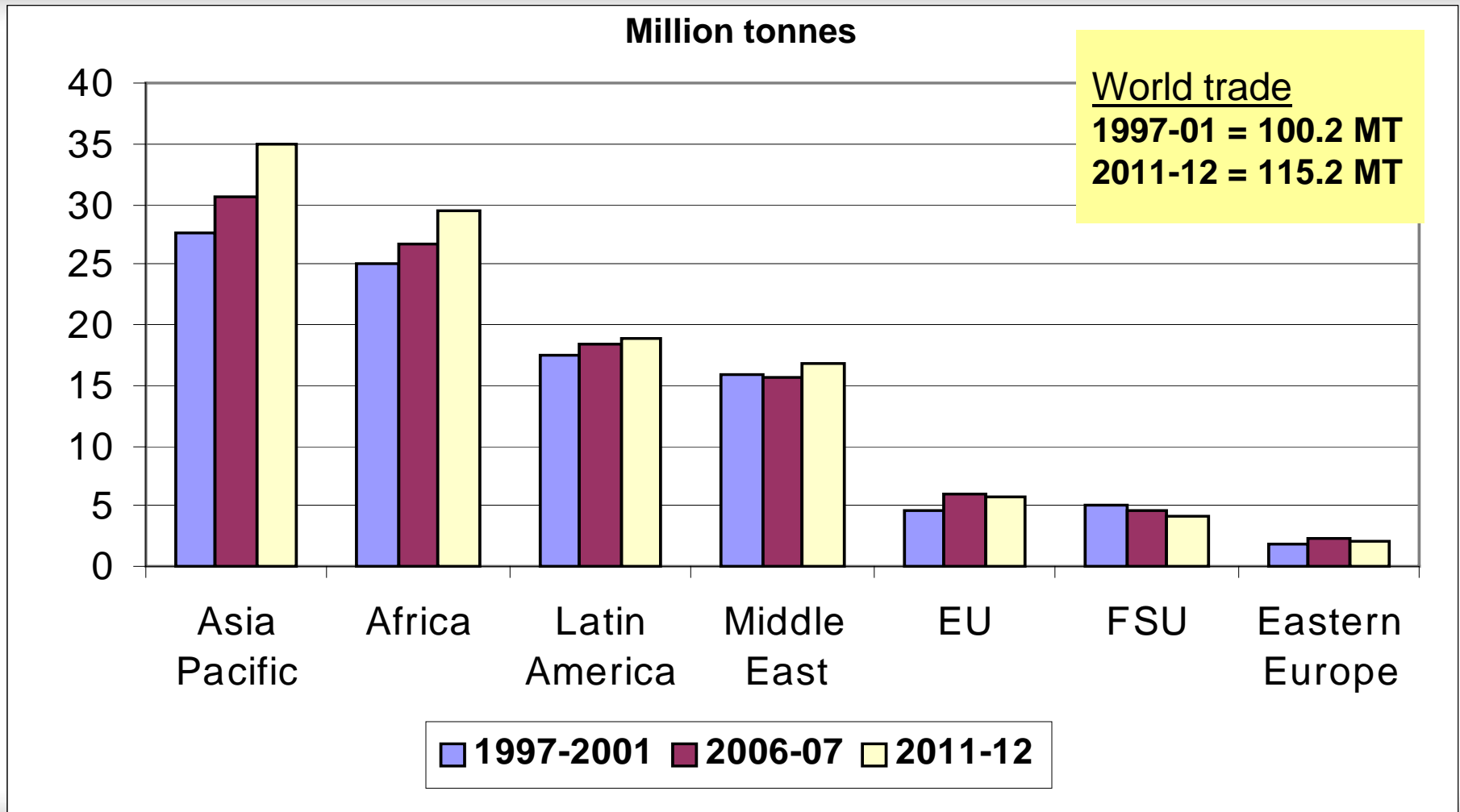


World wheat trade to 2011-12

Million tonnes

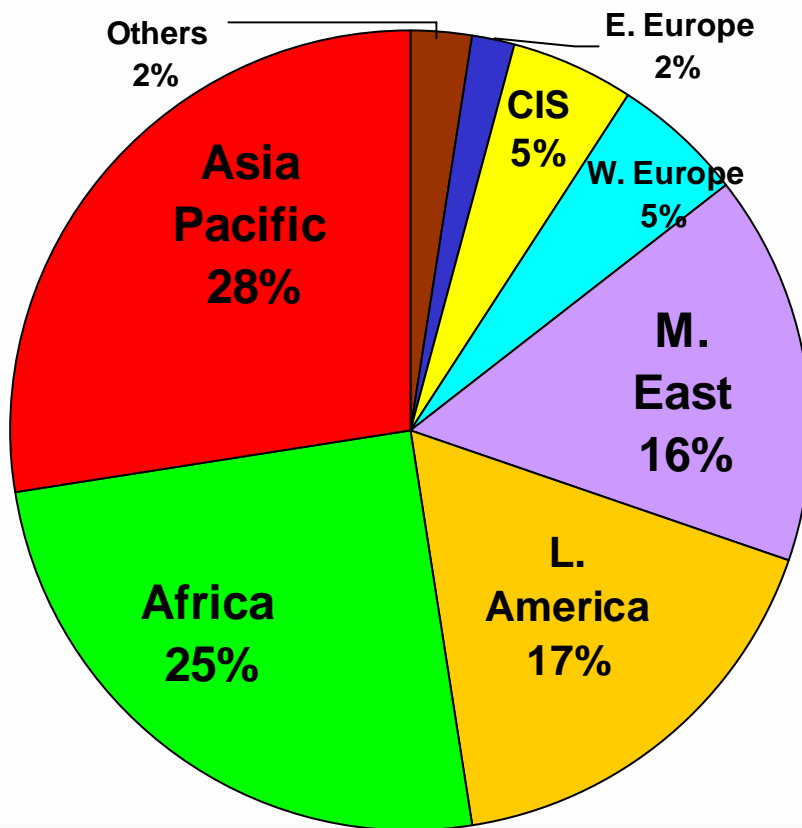


Wheat imports by region

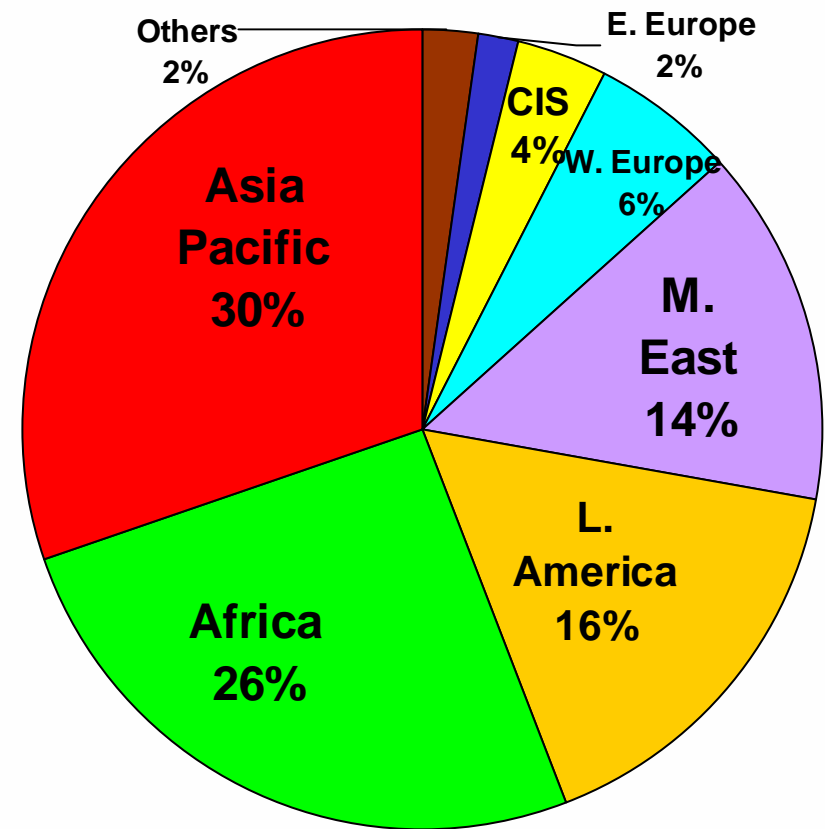


World wheat demand

1997-2001



2011-12

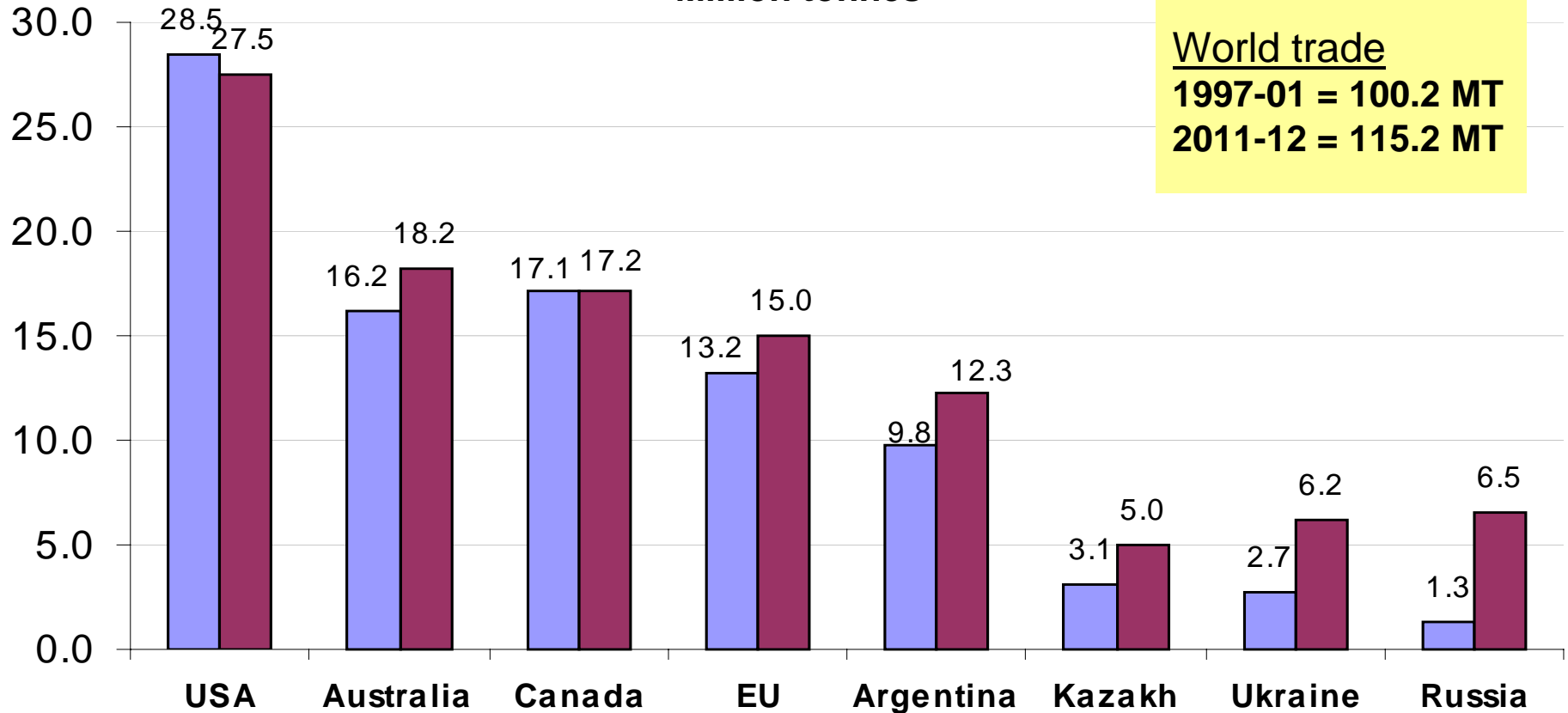


Wheat imports by region

Million tonnes	1997-01		Projections			
	Average	% Share	2006	% Share	2011	% Share
Western Europe	5.1	5.1	6.6	6.2	6.5	5.6
Eastern Europe	1.8	1.8	2.3	2.1	2.0	1.8
CIS and Baltics 2/	5.1	5.1	4.5	4.2	4.2	3.6
Africa	25.0	25.0	26.7	24.9	29.4	25.5
Middle East	15.8	15.7	15.7	14.6	16.7	14.5
Asia-Pacific	27.6	27.5	30.5	28.5	35.0	30.3
Latin America	17.4	17.3	18.5	17.3	18.9	16.4
Others	2.4	2.4	2.4	2.2	2.5	2.2
World Total	100.2	100.0	107.2	100.0	115.2	100.0

Wheat exports by country

Million tonnes



World trade

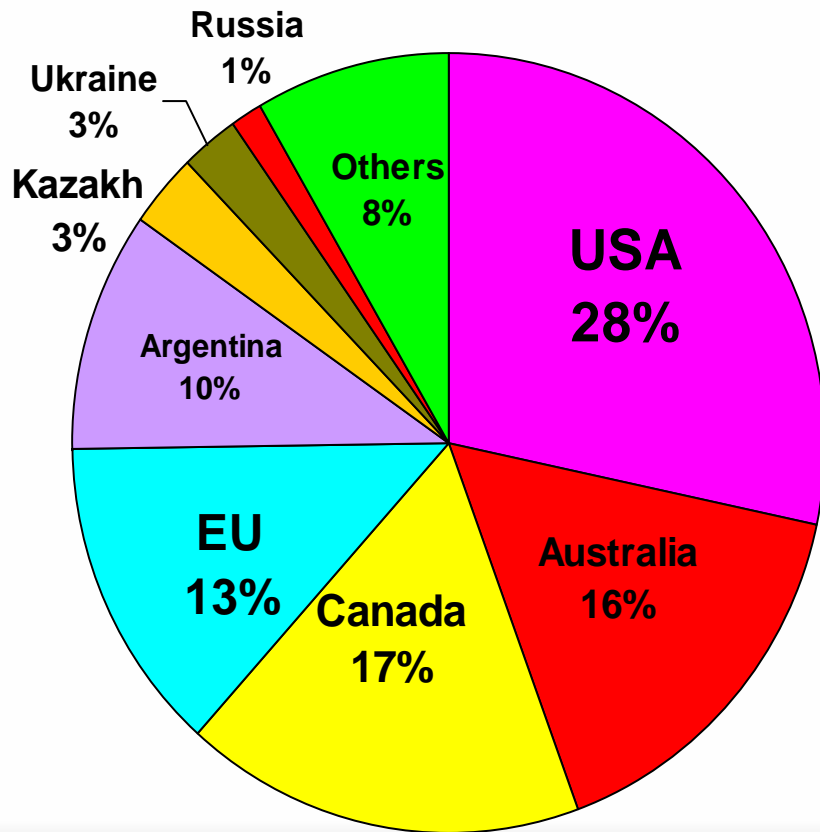
1997-01 = 100.2 MT

2011-12 = 115.2 MT

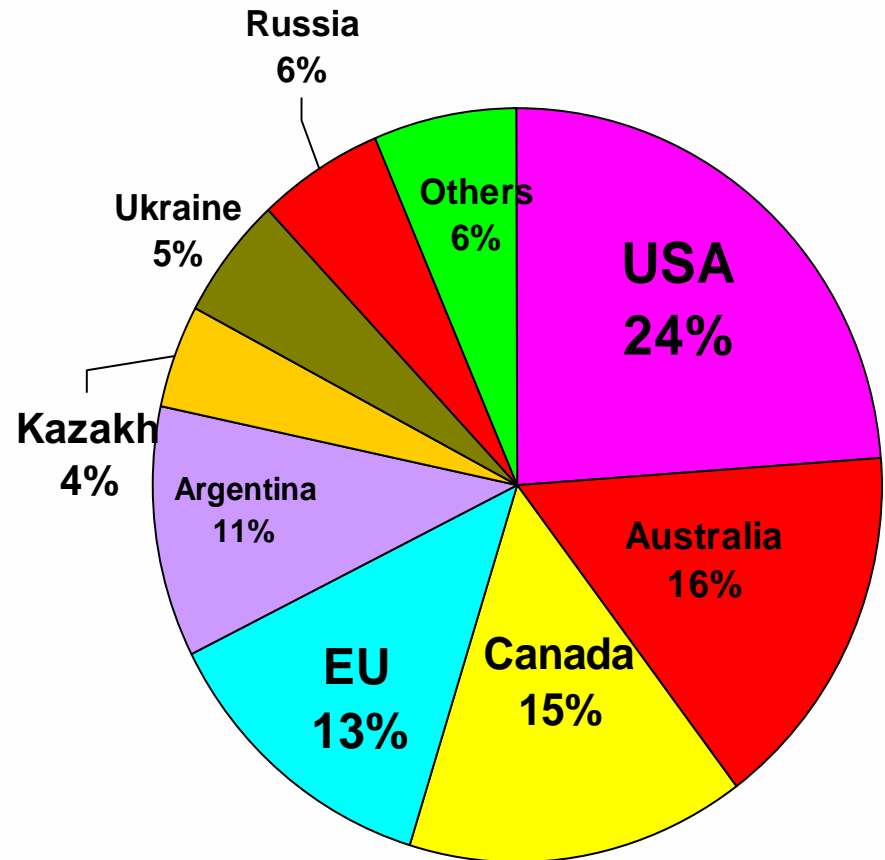
■ 1997-01 ■ 2011-12

World wheat exports by country

1997-2001



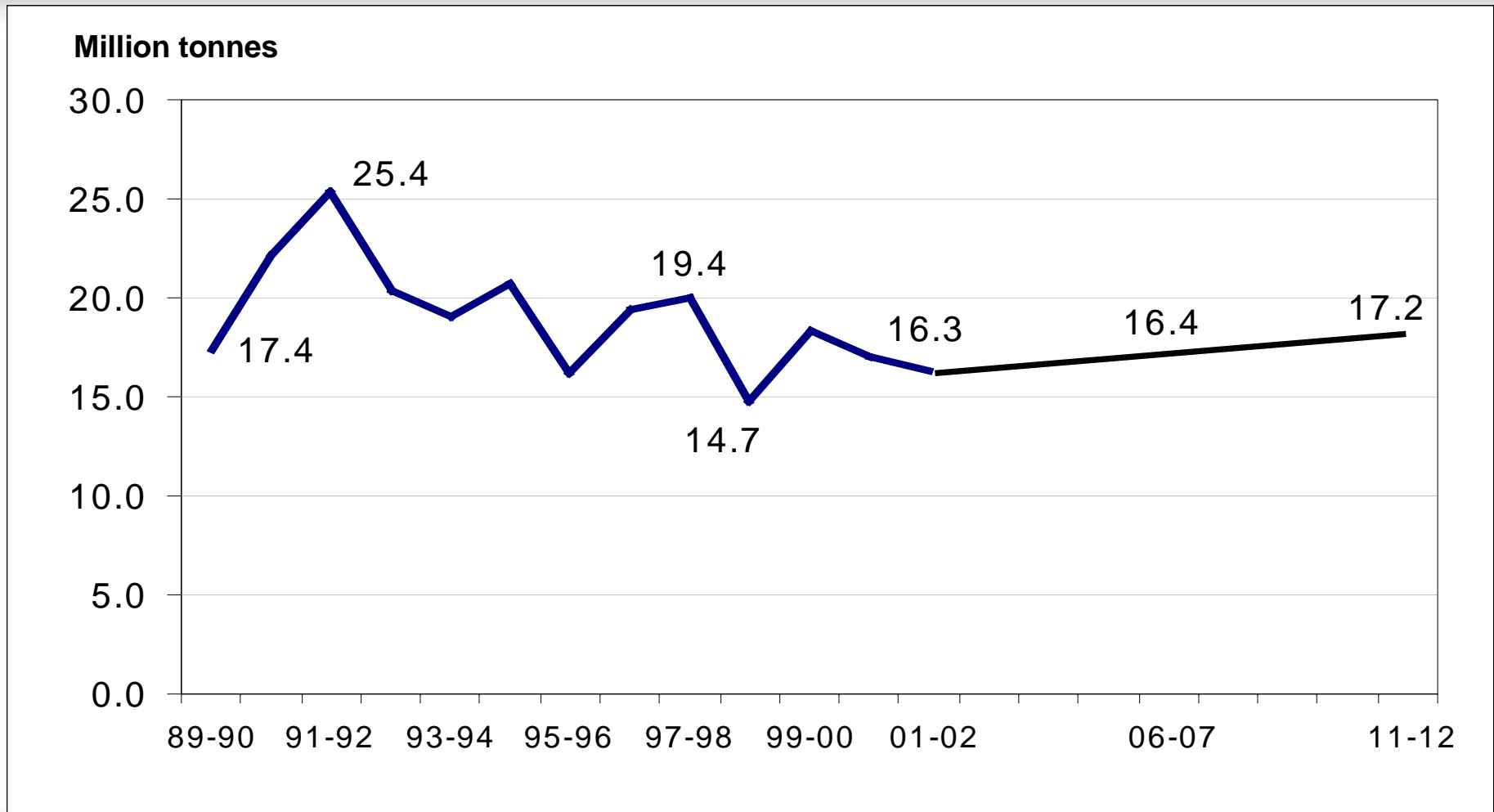
2011-12



Wheat exports by country

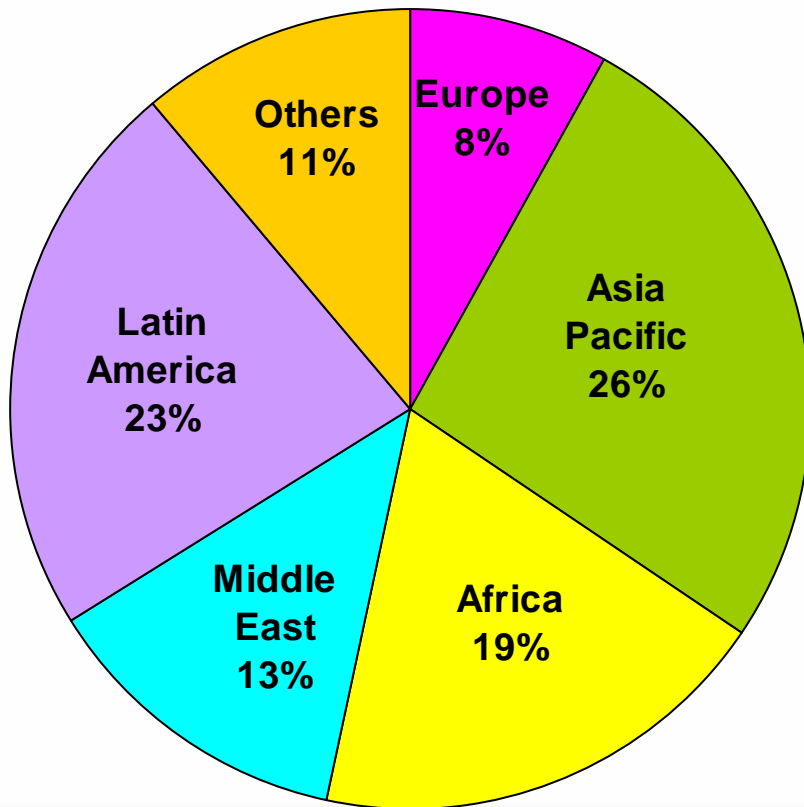
Million tonnes	1997-01		Projections			
	Average	% Share	2006	% Share	2011	% Share
Argentina	9.8	9.8	11.6	10.8	12.3	10.7
Australia	16.2	16.2	17.4	16.2	18.2	15.8
Canada	17.1	17.1	16.4	15.3	17.2	14.9
EU	13.2	13.2	13.5	12.6	15.0	13.0
USA	28.5	28.4	26.0	24.3	27.5	23.9
Sub-Total	84.8	84.6	84.9	79.2	90.2	78.3
Kazakhstan	3.1	3.1	4.5	4.2	5.0	4.3
Russia	1.3	1.3	5.4	5.0	6.5	5.6
Ukraine	2.7	2.7	5.2	4.9	6.2	5.4
Others	11.4	11.4	11.7	10.9	12.3	10.7
Sub-Total	15.4	15.4	22.3	20.8	25.0	21.7
World Total	100.2	100.0	107.2	100.0	115.2	100.0

Canadian wheat exports

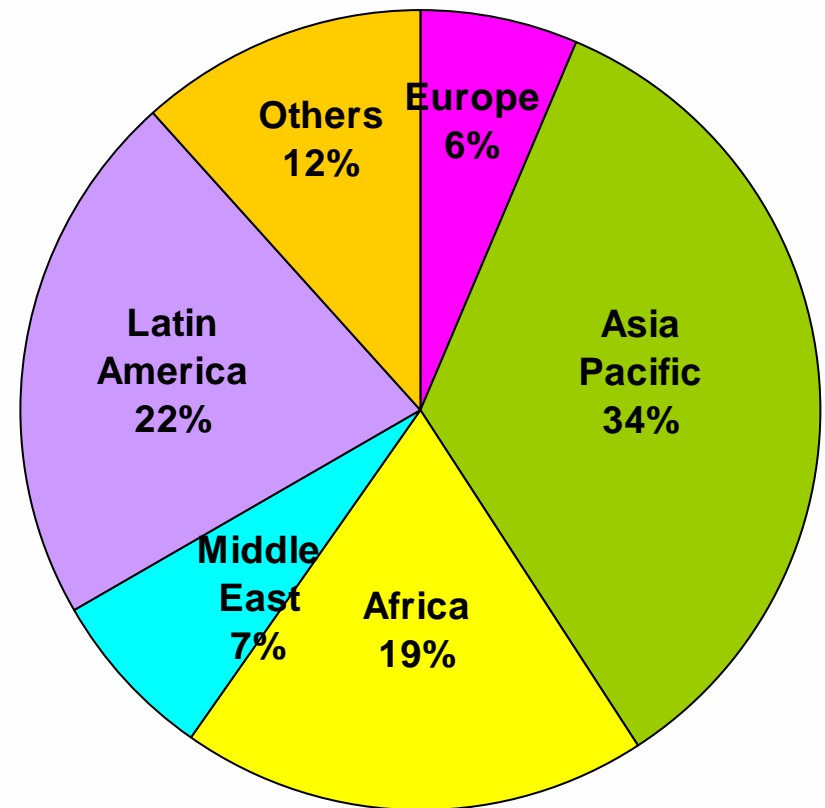


Canadian wheat exports by region

1997-2001

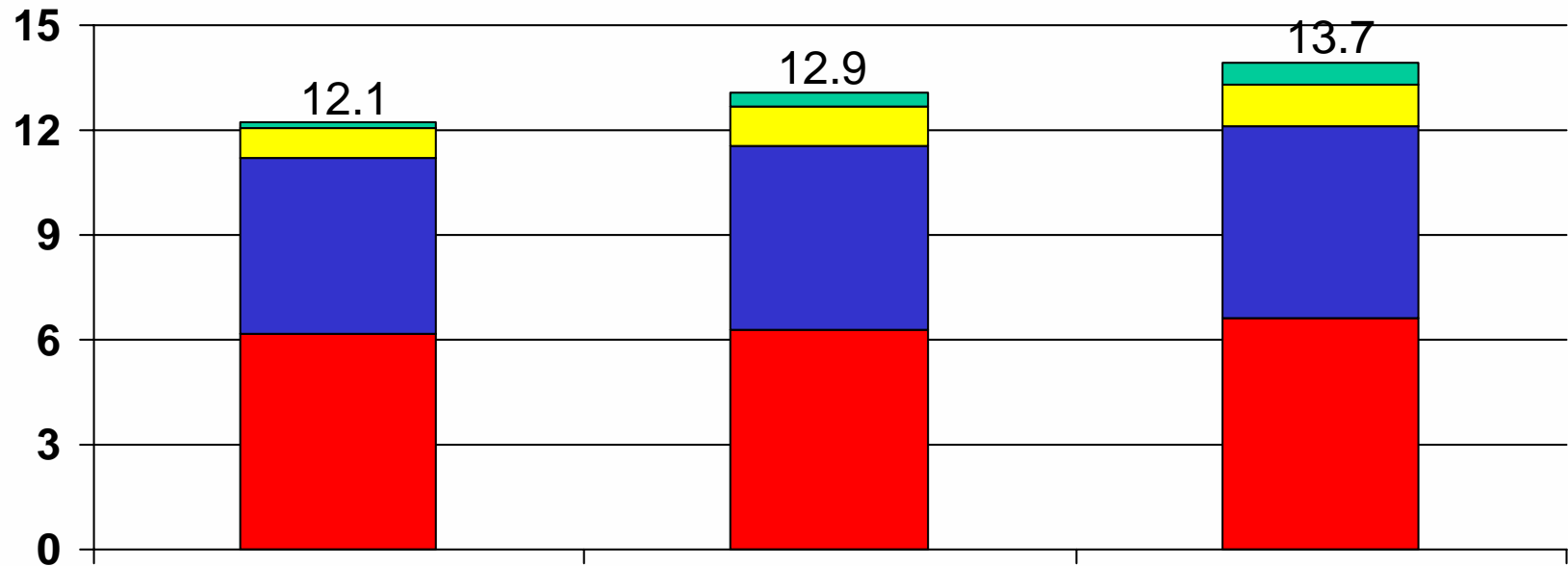


2011-12



World high-quality wheat trade

Million tonnes



% of world non-durum wheat trade

1997-01

12.9%

2006-07

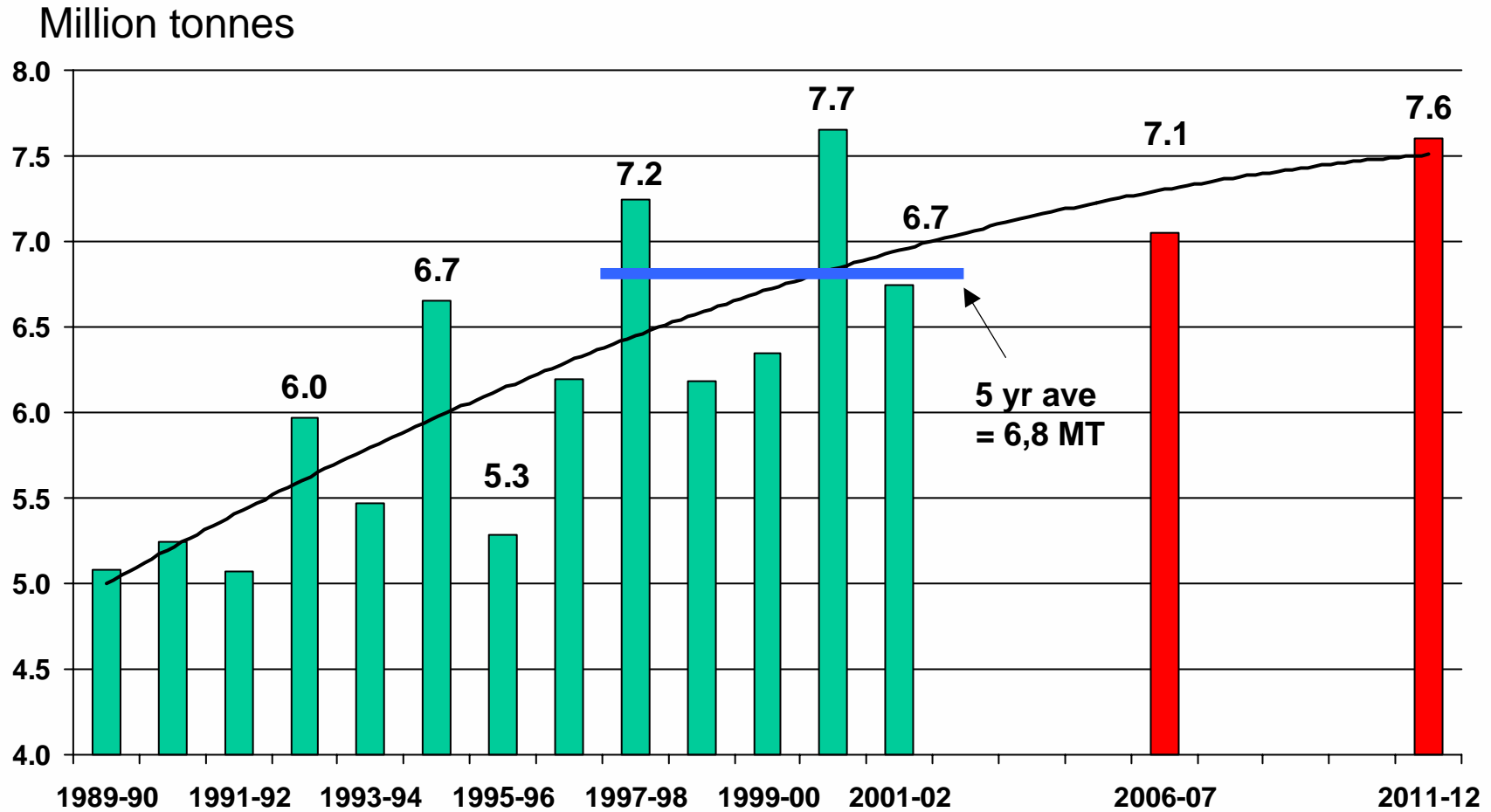
12.8%

2011-12

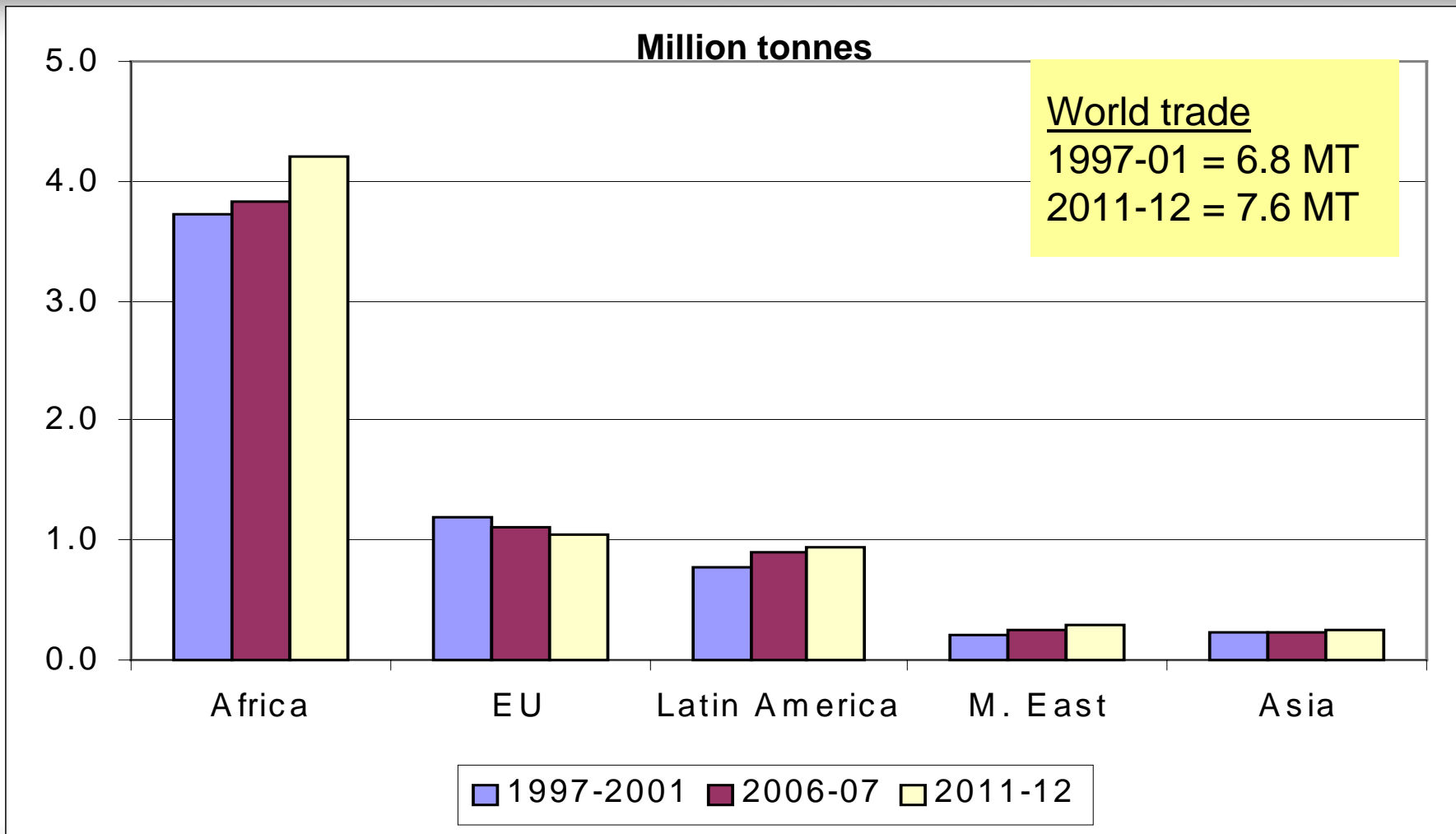
12.8%

Canada U.S. Australia Others

World durum trade to 2011-12

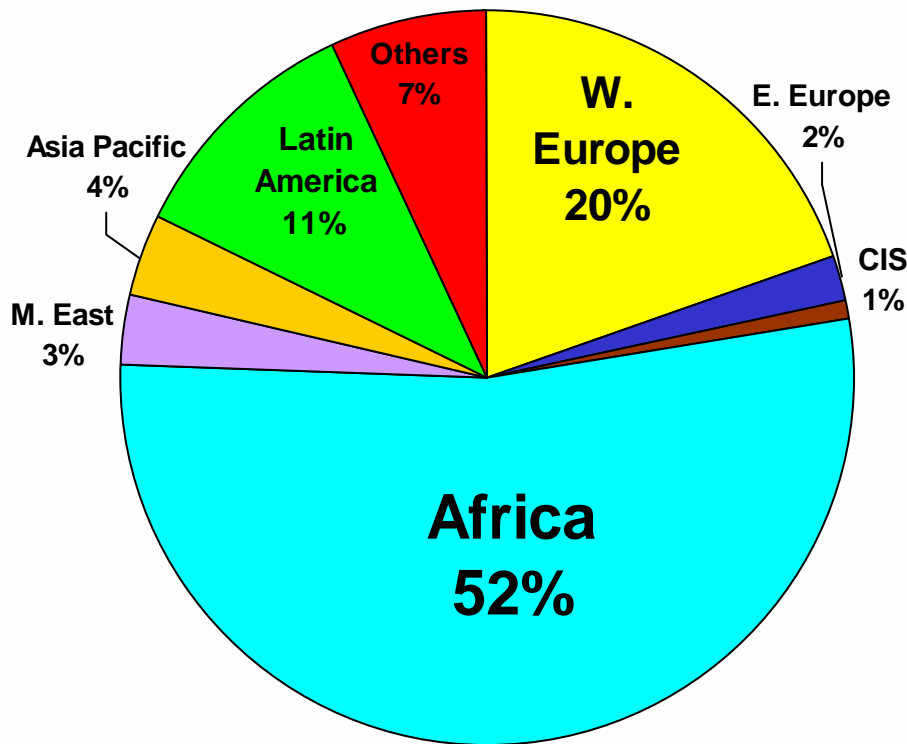


Durum imports by region

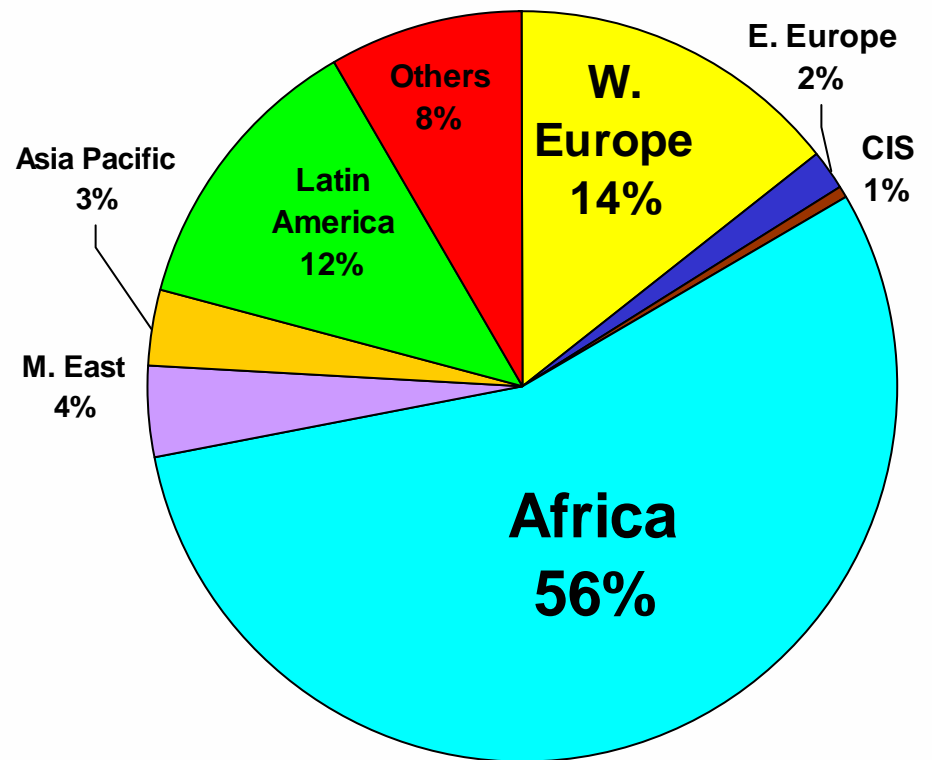


World durum wheat demand

1997-2001



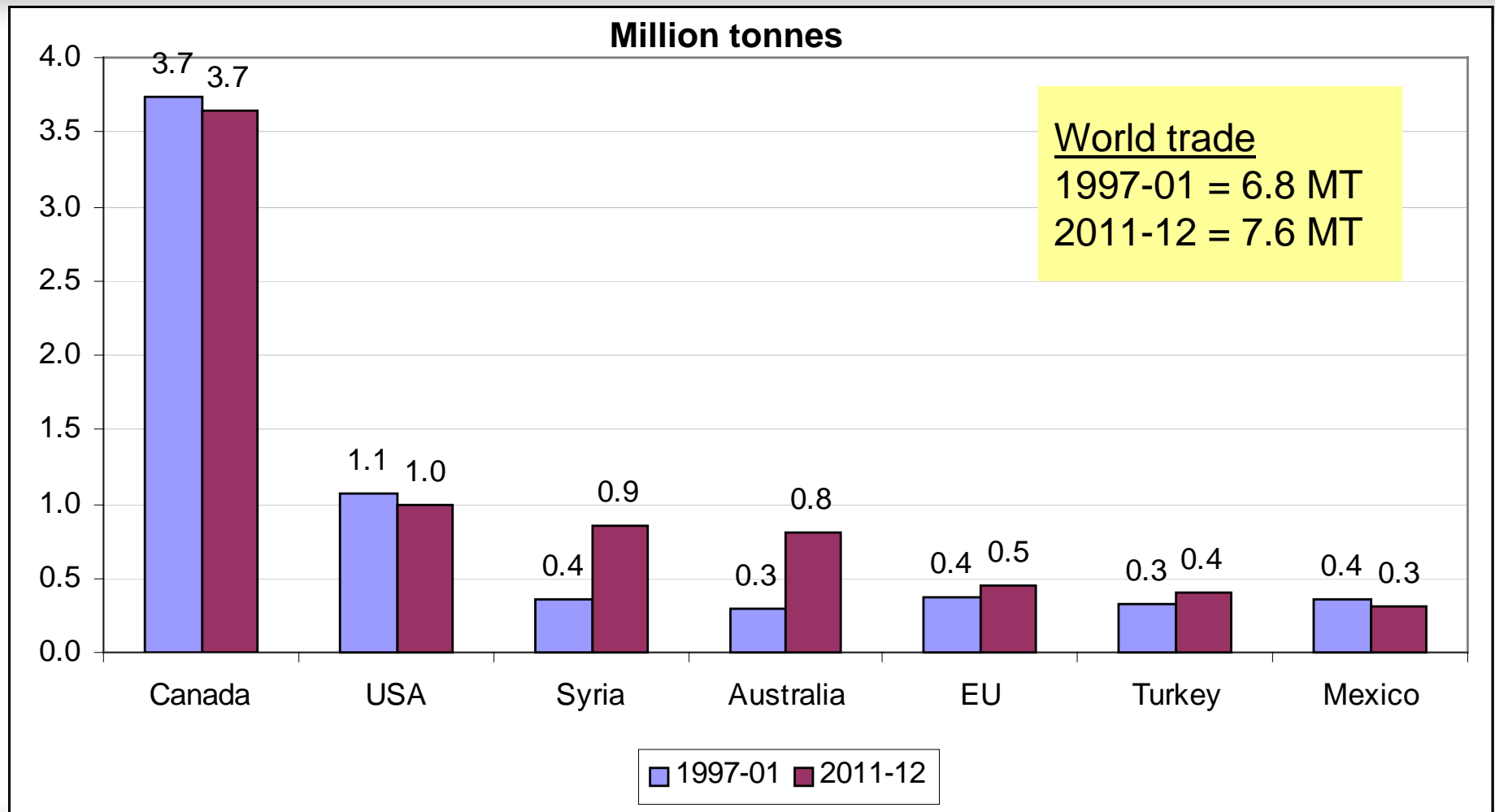
2011-12



Durum imports by region

Million tonnes	1997-01		Projections			
	Average	% Share	2006	% Share	2011	% Share
Western Europe	1,335	19.7	1,150	16	1,100	14.5
Eastern Europe	140	2.1	110	2	115	1.5
CIS and Baltics 2/	50	0.7	50	1	50	0.7
Africa	3,585	52.9	3,825	54	4,200	55.3
Middle East	220	3.2	250	4	300	3.9
Asia-Pacific	240	3.5	220	3	250	3.3
Latin America	735	10.8	895	13	945	12.4
Others	470.0	6.9	550	8	640	8.4
World Total	6,775	100.0	7,050	100.0	7,600	100.0

Durum exports by country

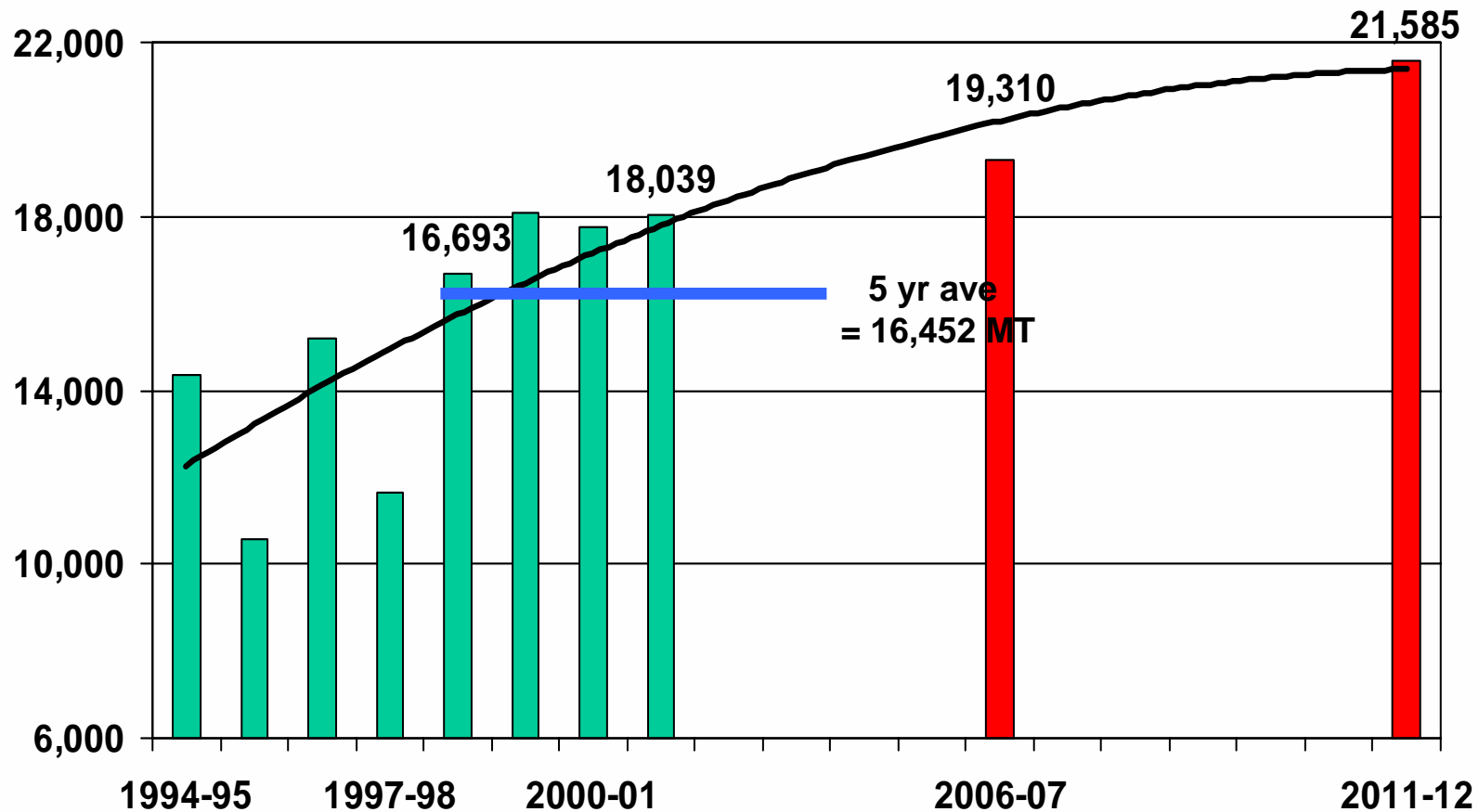


Durum exports by country

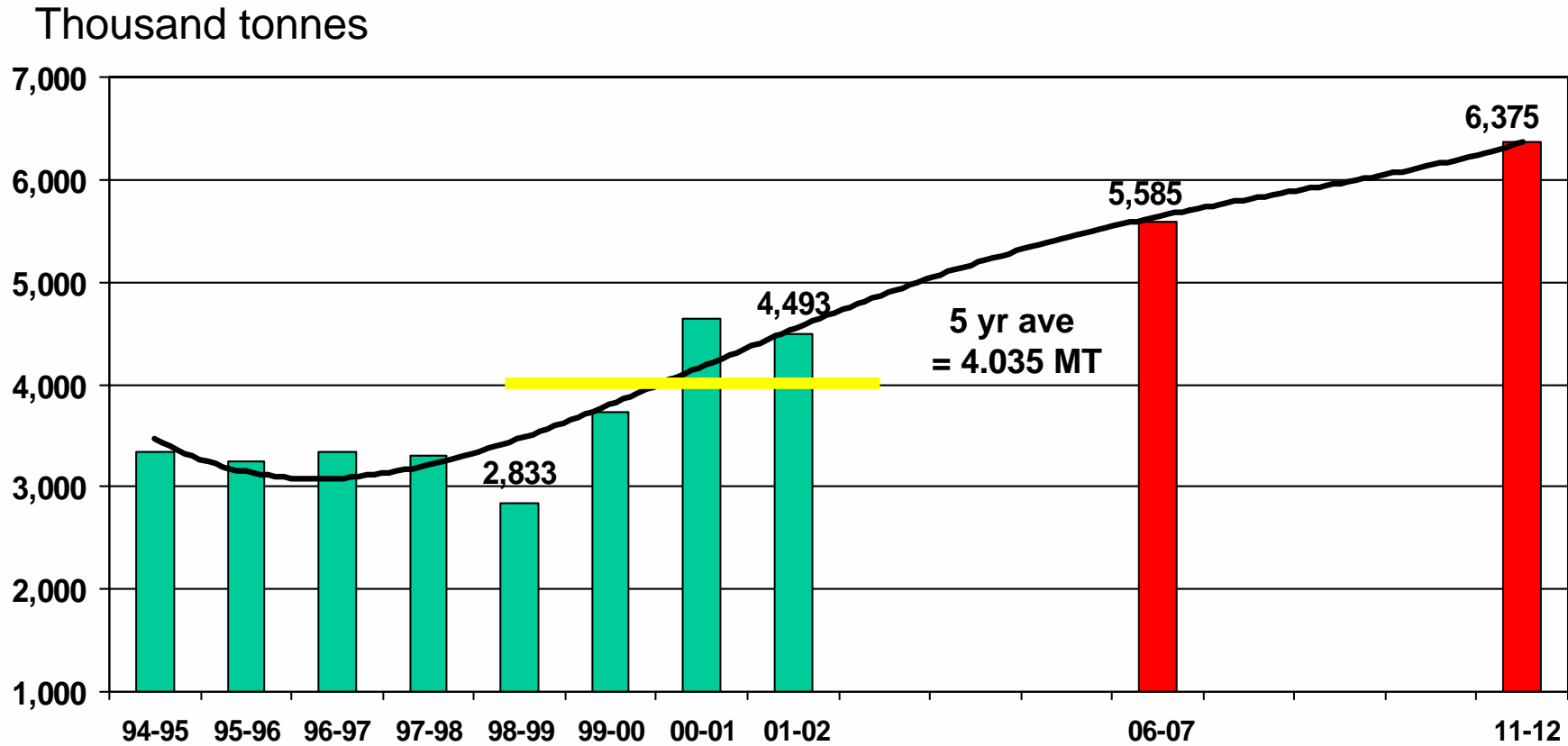
Million tonnes	1997-01		Projections			
	Average	% Share	2006	% Share	2011	% Share
Canada	3,730	55.5	3,650	52	3,650	48
USA	1,075	16.0	950	13	1,000	13
Syria	350	5.2	650	9	850	11
Australia	300	4.5	650	9	800	11
EU	370	5.5	450	6	450	6
Turkey	325	4.8	250	4	400	5
Mexico	360	5.4	300	4	310	4
Others	210	3.1	150	2	140	2
World Total	6,720	100.0	7,050	100	7,600	100.0

World barley trade to 2011-12

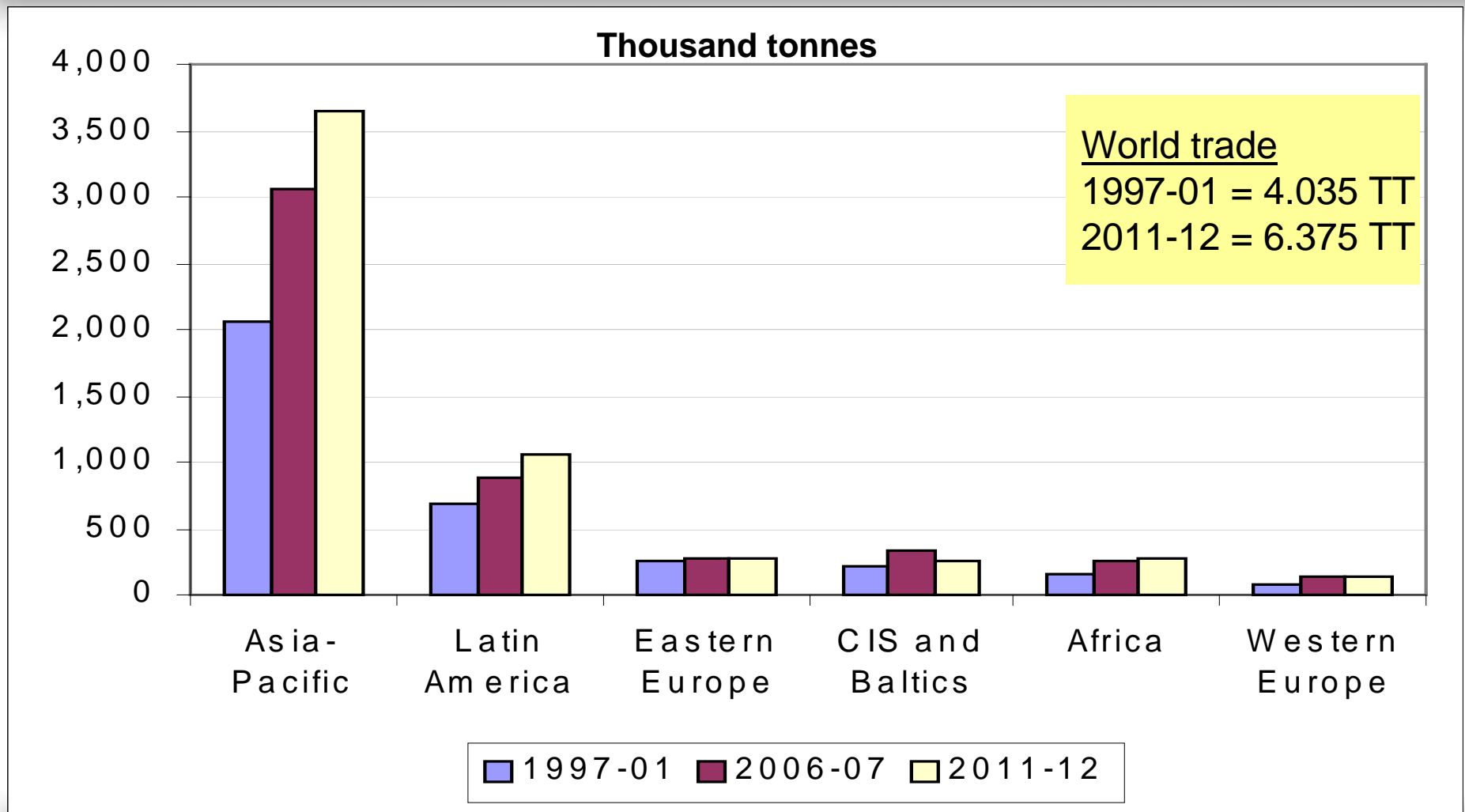
Million tonnes



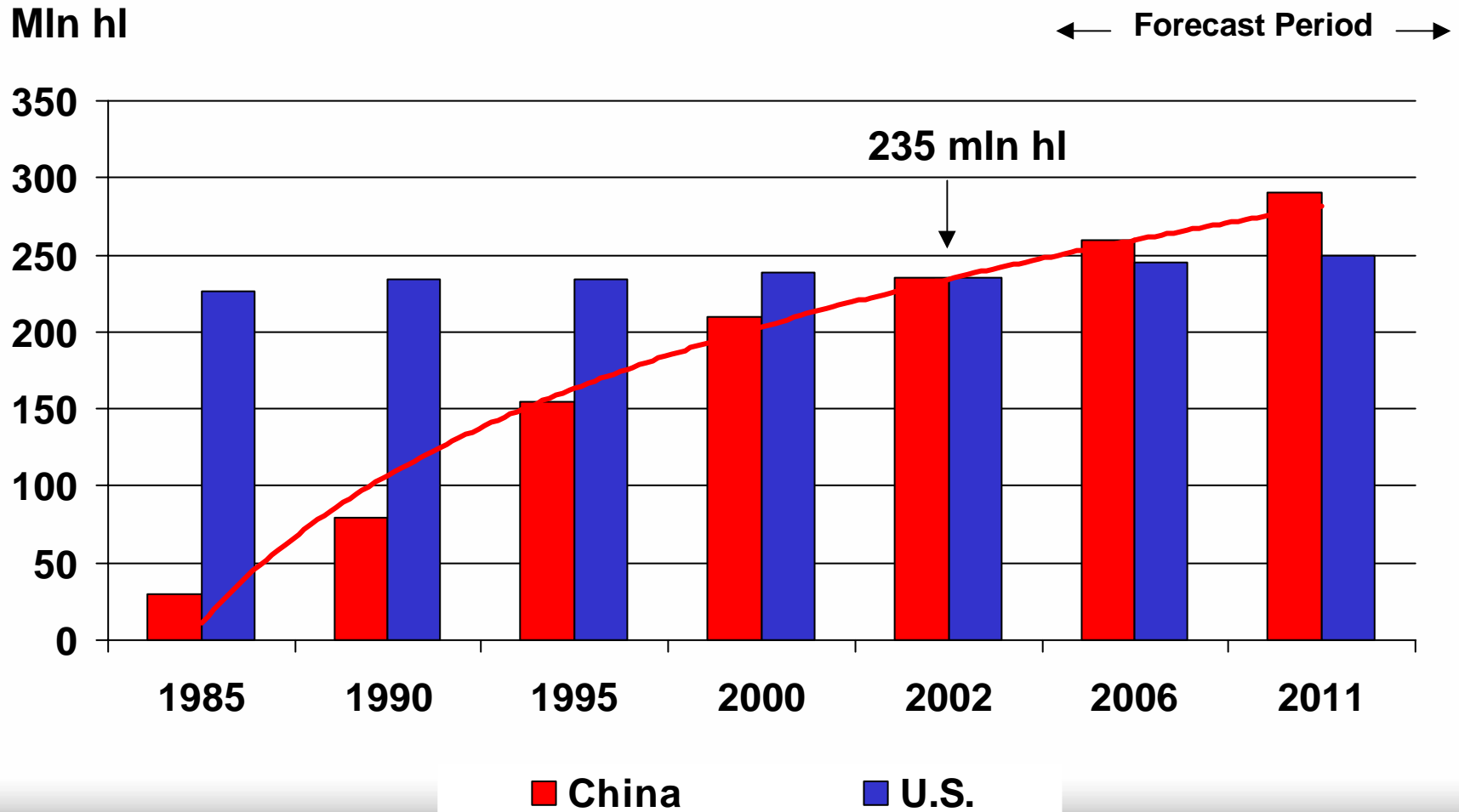
World malting barley trade to 2011-12



Malting barley imports by region



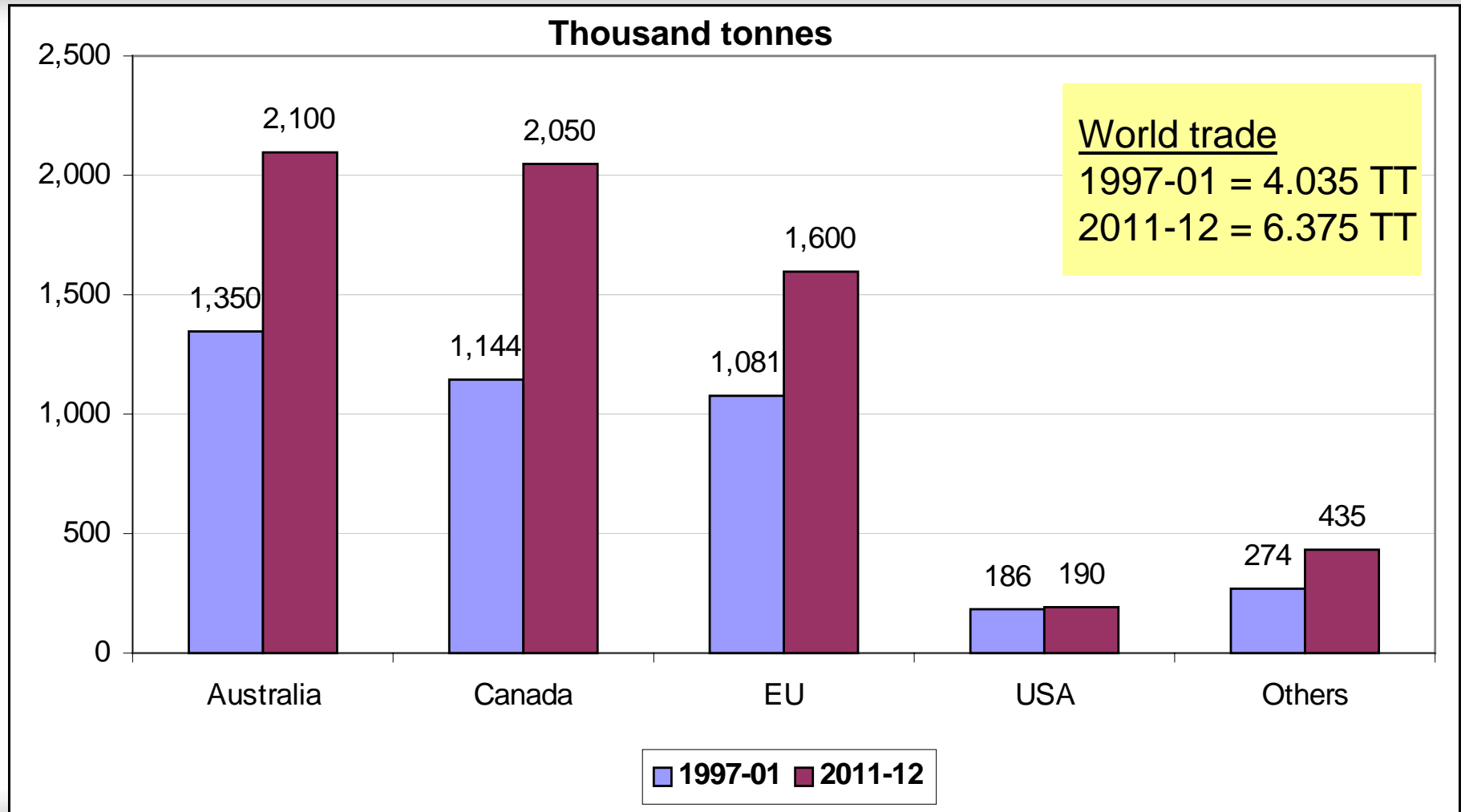
U.S. vs. China beer production



Malting barley imports by region

Thousand tonnes	1997-01		Projections			
	Average	% Share	2006	% Share	2011	% Share
Western Europe	85	1	140	3	140	2
Eastern Europe	260	4	275	5	275	4
CIS and Baltics 2/	210	3	325	6	250	4
Africa	160	2	260	5	275	4
Middle East	10	0	25	0	30	0
Asia-Pacific	2,065	30	3,050	55	3,655	57
Latin America	685	10	885	16	1,060	17
Others	560	8	615	11	690	11
World Total	4,035	100	5,575	100	6,375	100

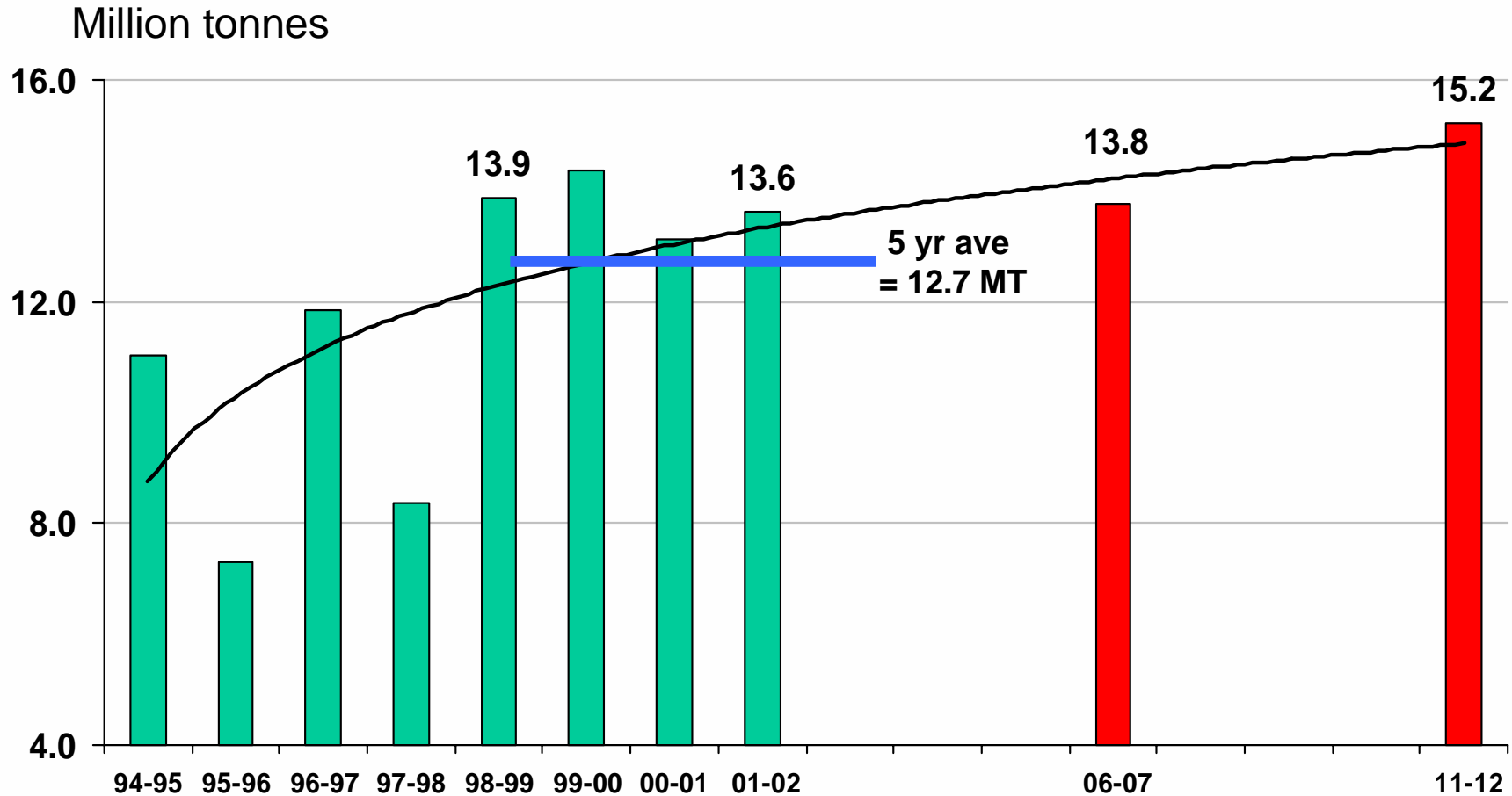
Malting barley exports by country



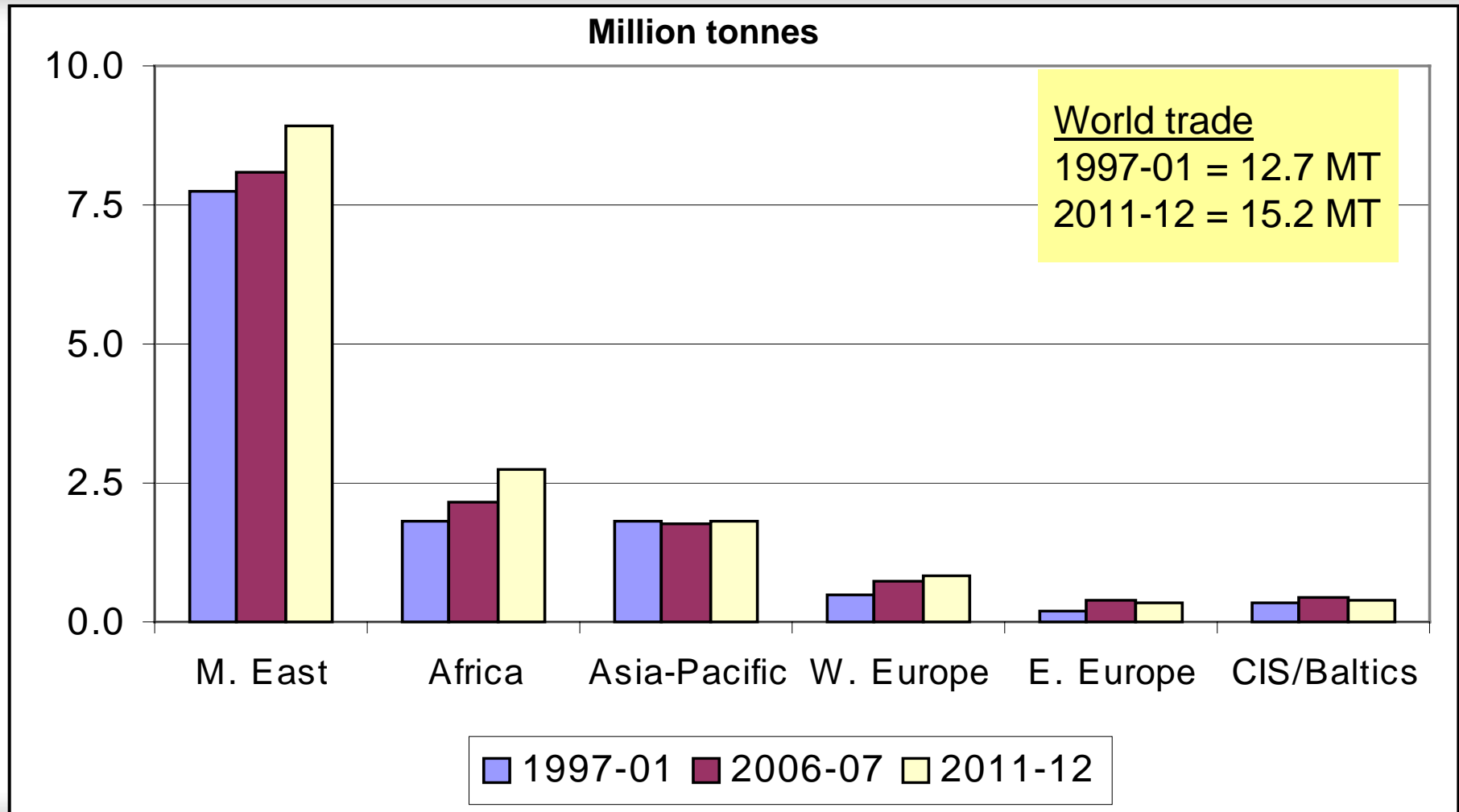
Malting barley exports by country

Million tonnes	1997-01		Projections			
	Average	% Share	2006	% Share	2011	% Share
Australia	1,350	33.5	1,900	34.1	2,100	32.9
Canada	1,144	28.4	1,750	31.4	2,050	32.2
EU	1,081	26.8	1,450	26.0	1,600	25.1
USA	186	4.6	175	3.1	190	3.0
Others	274	6.8	300	5.4	435	6.8
World Total	4,035	100.0	5,575	100.0	6,375	100.0

World feed barley trade to 2011-12



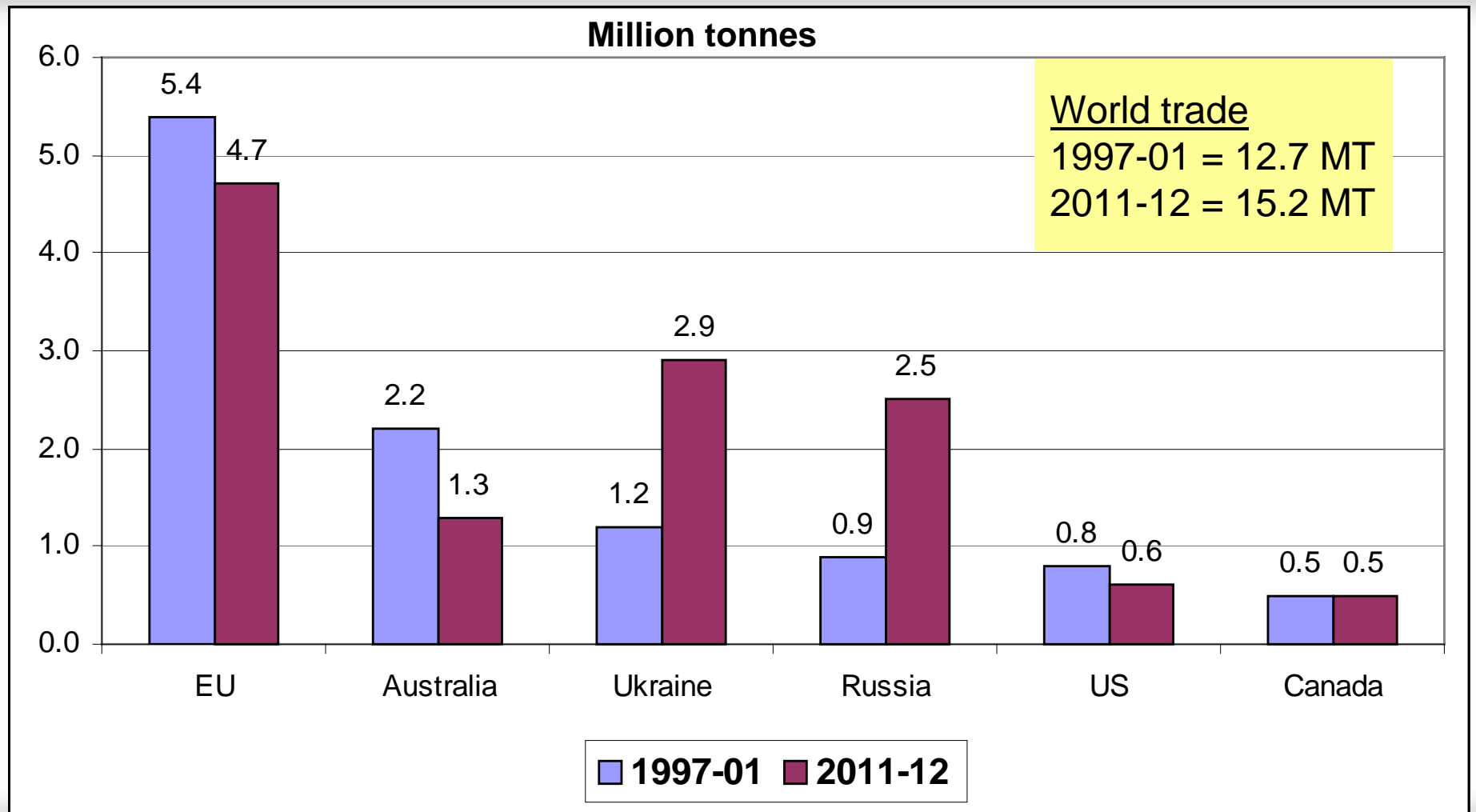
Feed barley imports by region



Feed barley imports by region

Thousand tonnes	1997-01		Projections			
	Average	% Share	2006	% Share	2011	% Share
Western Europe	490	4	725	5	850	6
Eastern Europe	185	1	400	3	350	2
CIS and Baltics 2/	345	3	450	3	400	3
Africa	1,790	14	2,140	16	2,755	18
Middle East	7,725	62	8,100	59	8,900	58
Asia-Pacific	1,790	14	1,785	13	1,790	12
Latin America	65	1	50	0	50	0
Others	140	1	100	1	125	1
World Total	12,530	100	13,750	100	15,220	100

Feed barley exports by country

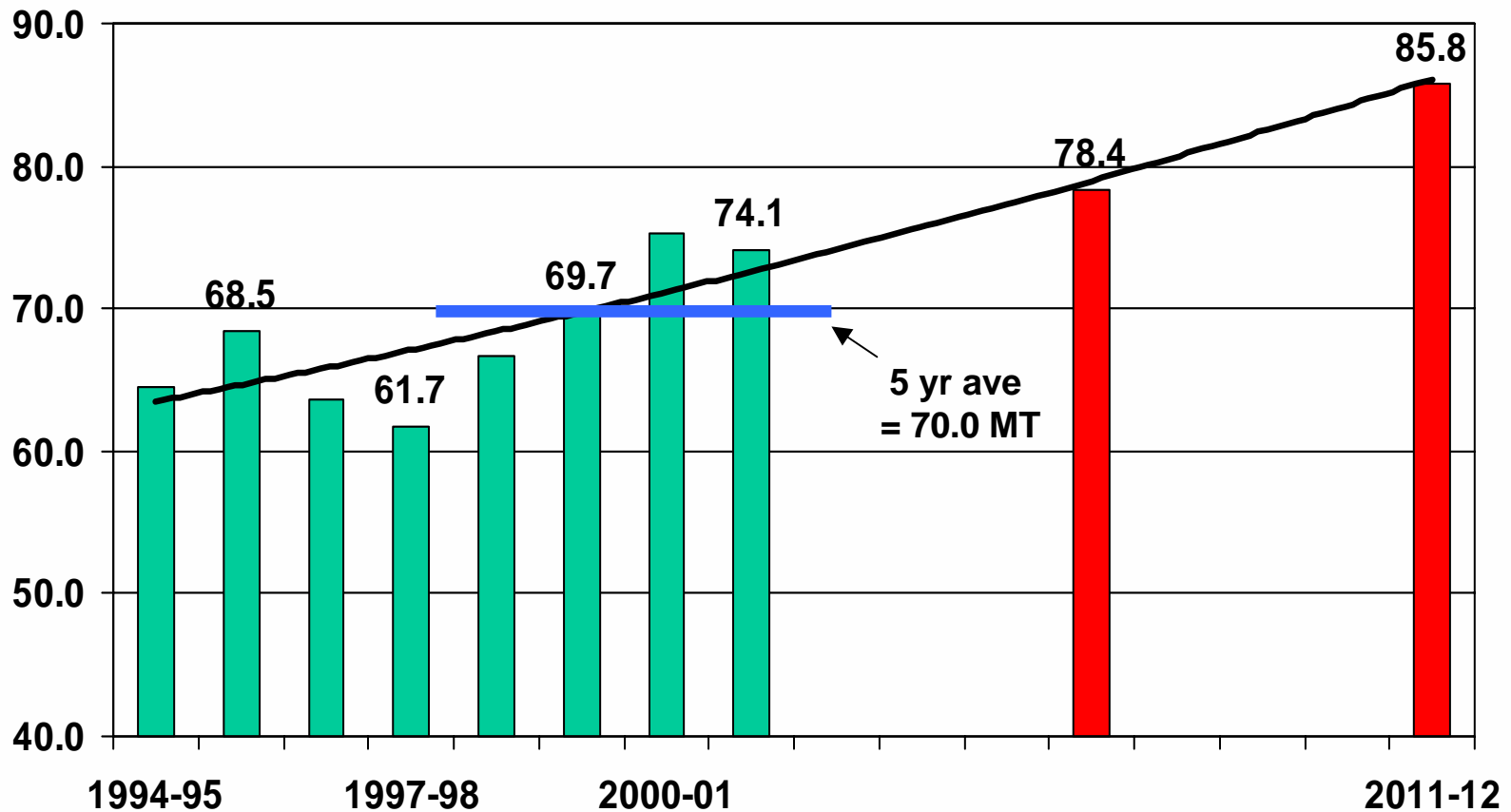


Feed barley exports by country

Million tonnes	1997-01		Projections			
	Average	% Share	2006	% Share	2011	% Share
Australia	2.2	17.3	1.7	12	1.3	9
Canada	0.5	3.9	0.4	3	0.4	3
EU	5.4	42.5	4.0	29	4.7	31
USA	0.8	6.3	0.6	4	0.6	4
Russia	0.9	7.1	2.2	16	2.5	16
Ukraine	1.2	9.4	2.5	18	2.9	19
Others	1.5	11.8	2.0	15	2.6	17
World Total	12.7	100.0	13.7	100	15.2	100.0

World corn trade to 2011-12

Million tonnes



Impact on Canadian farmers

- World wheat and durum wheat prices will be under pressure - competition from “minor” exporters.
- Canadian wheat exports expected to stabilize.
- Demand for high-quality wheat to be firm - premiums.
- Strong global demand for malting barley.
- Robust corn trade will support feed grain prices.
- Most of Canadian feed barley production needed for domestic industry.