



CANADA: GRAINS AND OILSEEDS OUTLOOK: 2009-10

October 8, 2009

Total production is estimated by Statistics Canada at 61.7 million tonnes (Mt) for 2009-10, slightly higher than the 10-year average. However, production is 15% lower than last year, due to lower area and lower average yields. The yield loss is greatest in Alberta, due to early-season dryness, with Manitoba and Saskatchewan having near normal yields. Total supply is forecast to fall by only 7% as large carry-in stocks have moderated the decline in output. Domestic use is forecast to increase, mostly because of higher canola crush, and exports are forecast to decline, largely due to lower supply. Carry-out stocks are forecast to decrease to 12.1 Mt, about 20% below last year and 7% below the 10-year average. Prices in Canada are expected to average lower than in 2008-09, largely due to increased world supply and the stronger Canadian dollar.

DURUM

For 2009-10, production is estimated at 5.1 Mt, down 8% from 2008-09 due to a 7% lower seeded area and higher abandonment. However, supply is estimated to rise by 10% to 7.0 Mt because of higher carry-in stocks. Exports are forecast to increase by 7% to 3.9 Mt, due to lower production in the EU and larger Canadian supply which will enable Canada to export more at the start of the crop year. Carry-out stocks are forecast to increase by 11% to 2.1 Mt. The CWB Pool Return Outlook (PRO) is 39% lower than for 2008-09 due to pressure from higher world and Canadian supply.

WHEAT (ex durum)

For 2009-10, production is estimated at 19.5 Mt, down 15% from 2008-09, as a 3% increase in seeded area is more than offset by higher abandonment and lower yields. Supply is estimated to drop by only 9% to 24.2 Mt, as higher carry-in stocks partly offset the drop in production. Domestic use is expected to increase slightly. Exports are forecast to decrease by 13% to 13.0 Mt because of the lower supply. Carry-out stocks are expected to decrease by 14% to 4.0 Mt. The CWB PRO is 21% lower than for 2008-09 due to pressure from higher world and Canadian carry-in stocks and higher world supply.

BARLEY

For 2009-10, production is estimated to decrease by 22% from 2008-09 to 9.2 Mt due to significantly lower yields and harvested area. Supply is forecast to decrease by 10% as higher carry-in stocks partly offset the drop in production. Domestic feed use is expected to decline due to lower livestock numbers while exports fall because of large world barley and corn supplies. Carry-out stocks are expected to fall by 37% to 1.8 Mt. The off-board price for barley is forecast to

fall by about \$25/t while the Sept PRO for malting barley (Sel CW 2-Row) is \$212/t.

OATS

For 2009-10, production is estimated to decrease by about 32% from 2008-09 to 2.9 Mt due to a lower harvested area and yields. Supply is forecast to drop by 15% as higher carry-in stocks partly offset the drop in production. Exports are expected to fall while carry-out stocks decline sharply to 1.1 Mt. Prices are forecast to decline by about 20% because of lower US coarse grain prices and the relatively strong Canadian dollar.

CORN

For 2009-10, production is estimated to decrease by 8% to 9.7 Mt due to a significant decrease in yields. However, domestic supply is forecast to fall slightly due to sharply higher carry-in stocks. Food and industrial use, including ethanol production, along with feed, waste and dockage, is forecast to rise slightly. Exports are forecast to fall due to burdensome US supplies. Carry-out stocks are forecast to decrease by 25% but remain adequate. The Chatham elevator price is forecast to fall under pressure from lower US corn prices and the stronger Canadian dollar.

CANOLA

For 2009-10, production is estimated at 10.3 Mt, down 19%, due to a slightly smaller area and significantly lower yields. Total supply is down by 15% to 12.1 Mt. Domestic crush is forecast to increase significantly, as several new crushing plants begin operation during 2009-10. Exports are forecast to decline by 24% from the 2008-09 record due to reduced supply and increased domestic demand. Carry-out stocks are forecast to decline by 55%, to 0.75 Mt, with the stock-to-use ratio at 7%, well below the 10-year average of 18%. Prices are forecast to decrease slightly, with the effect of the stronger Canadian dollar

more-than offsetting the support from stable world vegoil prices and higher premiums for canola oil.

FLAXSEED (excluding solin)

For 2009-10, production is estimated at 1.0 Mt, an increase of 12% from last year. Supply is expected to increase by over 15% due to higher carry-in stocks. Flaxseed disposition and price projections are quite unclear at this time due to the suspension of shipments from Canada to the EU following the discovery of genetically modified material in a shipment. The current AAFC projections assume that the issue is resolved in the near term and trade returns to normal. Exports are forecast to decline sharply from 2008-09, since the normal winter closure of the Seaway until March 2010 will hamper resumption of normal trade with the EU. Carry-out stocks on July 31, 2010 are projected rise sharply as a result. Prices are forecast to average sharply lower than last year as a result of the burdensome stock levels, with no significant recovery from current low levels expected until the spring of 2010.

SOYBEANS

For 2009-10, production is estimated at a record 3.6 Mt, an increase of 8% from the previous year. Domestic supplies (excluding imports) will be 13% higher than for 2008-09, at a near-record 3.9 Mt. Domestic use is forecast to rise due to increased crush, with exports also expected to increase as a result of the increased supply. The average price at Chatham is forecast to decrease by about 10%, due to lower US prices.

FURTHER INFORMATION:

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

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Grain and Crop Year (a)	Area	Area	Yield t/ha	Production	Imports (b)	Total Supply	Exports (c)	Food &	Feed,	Total	Carry-out Stocks	Average Price (g) \$/t
	Seeded	Harvested						Industrial	Waste &	Domestic		
	thousand ha	thousand ha						Use (e)	Dockage	Use (d)		
Durum												
2007-2008	1,949	1,926	1.91	3,681	3	4,941	3,175	229	487	948	819	510
2008-2009	2,440	2,416	2.28	5,519	2	6,340	3,628	230	371	815	1,897	365*
2009-2010f	2,258	2,218	2.28	5,066	2	6,965	3,900	260	505	965	2,100	221*
Wheat Except Durum												
2007-2008	6,799	6,710	2.44	16,373	21	22,001	12,682	3,022	1,915	5,732	3,587	369
2008-2009	7,752	7,616	3.03	23,092	23	26,702	14,959	3,531	2,747	7,085	4,659	294*
2009-2010f	7,996	7,602	2.57	19,514	20	24,193	13,000	3,600	2,788	7,193	4,000	231*
All Wheat												
2007-2008	8,748	8,636	2.32	20,054	23	26,942	15,857	3,251	2,403	6,680	4,406	
2008-2009	10,192	10,032	2.85	28,611	25	33,043	18,586	3,761	3,118	7,900	6,556	
2009-2010f	10,254	9,820	2.50	24,580	22	31,158	16,900	3,860	3,293	8,158	6,100	
Barley												
2007-2008	4,397	3,998	2.75	10,984	58	12,532	3,911	156	6,566	7,053	1,568	214
2008-2009	3,787	3,502	3.36	11,781	42	13,392	2,373	152	7,713	8,175	2,843	179
2009-2010f	3,544	2,989	3.07	9,165	35	12,043	2,300	190	7,427	7,943	1,800	140-170
Corn												
2007-2008	1,392	1,369	8.51	11,649	3,183	16,169	910	3,570	10,218	13,801	1,457	180
2008-2009	1,204	1,169	9.06	10,592	1,722	13,771	331	4,120	7,450	11,584	1,857	167
2009-2010f	1,231	1,181	8.24	9,739	2,000	13,596	300	4,300	7,581	11,896	1,400	130-160
Oats												
2007-2008	2,188	1,816	2.59	4,696	17	5,269	2,805	70	1,298	1,515	950	233
2008-2009	1,758	1,448	2.95	4,273	17	5,239	2,430	45	1,107	1,282	1,527	191
2009-2010f	1,557	1,041	2.79	2,900	15	4,442	2,000	90	1,077	1,342	1,100	140-170
Rye												
2007-2008	172	109	2.31	252	4	373	194	43	88	144	35	211
2008-2009	168	132	2.40	316	1	352	78	40	94	147	128	155
2009-2010f	132	119	2.50	299	0	427	133	45	114	174	120	135-165
Mixed Grains												
2007-2008	171	96	2.73	263	0	263	0	0	263	263	0	
2008-2009	143	80	2.79	222	0	222	0	0	222	222	0	
2009-2010f	169	83	2.71	226	0	226	0	0	226	226	0	
Total Coarse Grains												
2007-2008	8,320	7,388	3.77	27,844	3,262	34,606	7,821	3,839	18,432	22,775	4,010	
2008-2009	7,061	6,330	4.29	27,184	1,782	32,976	5,212	4,357	16,586	21,409	6,355	
2009-2010f	6,632	5,414	4.12	22,328	2,050	30,733	4,733	4,625	16,425	21,580	4,420	
Canola												
2007-2008	6,367	6,277	1.53	9,601	179	11,562	5,661	4,144	246	4,440	1,462	553
2008-2009	6,540	6,494	1.95	12,643	114	14,219	7,908	4,280	323	4,650	1,661	467
2009-2010f	6,404	6,188	1.66	10,270	150	12,080	6,000	5,000	282	5,330	750	425-475
Flaxseed												
2007-2008	528	524	1.21	634	8	1,013	679	n/a	n/a	167	167	611
2008-2009	631	625	1.38	861	6	1,035	603	n/a	n/a	205	227	500
2009-2010f	696	690	1.40	965	5	1,197	450	n/a	n/a	197	550	325-425
Soybeans												
2007-2008	1,180	1,172	2.30	2,696	337	3,503	1,696	1,348	213	1,686	121	432
2008-2009	1,202	1,195	2.79	3,336	355	3,812	1,870	1,280	296	1,722	220	413
2009-2010f	1,407	1,395	2.58	3,597	275	4,092	1,900	1,350	383	1,867	325	350-400
Total Oilseeds												
2007-2008	8,075	7,973	1.62	12,930	523	16,078	8,035	5,492	459	6,293	1,750	
2008-2009	8,373	8,315	2.03	16,840	476	19,065	10,381	5,560	618	6,576	2,108	
2009-2010f	8,507	8,272	1.79	14,831	430	17,369	8,350	6,350	665	7,394	1,625	
Total Grains and Oilseeds												
2007-2008	25,142	23,996	2.53	60,828	3,808	77,626	31,712	12,582	21,294	35,748	10,166	
2008-2009	25,626	24,677	2.94	72,635	2,283	85,084	34,180	13,677	20,322	35,886	15,019	
2009-2010f	25,393	23,506	2.63	61,739	2,502	79,260	29,983	14,835	20,383	37,132	12,145	

(a) Crop year is August-July except corn and soybeans which are September-August.

(b) Excludes imports of products. (c) Includes exports of products for wheat, durum, oats, barley, and rye. Excludes exports of oilseed products.

(d) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use

(e) Soybean food and industrial use is based on data from the Canadian Oilseed Processors Association. Total excludes flaxseed due to data confidentiality.

(g) Crop year average prices: No.1 CWRS 12.5% protein and No.1 CWAD 12.5% (CWB final price I/S St. Lawrence/Vancouver), Barley (No. 1 feed, ICE Futures Canada, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBoT nearby futures); Rye (No. 1 CW I/S Saskatoon); Canola (No. 1 Canada, ICE Futures Canada, cash, I/S Vancouver); Flaxseed (No. 1 CW, ICE Futures Canada, cash, I/S Thunder Bay); Soybeans (No. 2 cash, I/S Chatham).

*Canadian Wheat Board - Pool Return Outlook (PRO) September 2009.

f: forecast; Agriculture and Agri-Food Canada: October 8, 2009

Source: Statistics Canada