



## **CANADA: PULSE AND SPECIAL CROPS (P&SC) OUTLOOK**

March 15, 2011

For 2010-11, prices for most P&SC in Canada have averaged higher than 2009-10, except for lentils and dry beans. Total exports in Canada are forecast to increase largely due to the higher export demand, particularly for dry peas. Total domestic use is expected to be higher, due to the lower overall crop quality. Carry-out stocks are forecast to fall for most crops with the exception of lentils, dry beans and mustard seed which are expected to rise.

For 2011-12, total area seeded to P&SC in Canada is forecast to decrease by 13% from 2010-11. The areas seeded for all crops, except chickpeas and canary seed, are expected to decrease. Average yields are generally expected to increase from the low levels attained in 2010 and trend yields are assumed for both western and eastern Canada. Total production and supply are forecast to decrease by 11% and 8%, respectively, from 2010-11. Exports are expected to fall due to the lower exportable domestic supply and lower world demand. Domestic use is expected to fall assuming an average quality crop and grade distribution. Total carry-out stocks are expected to fall for the third consecutive year and be positive for most crops. Prices, averaged over all types, grades and markets, are forecast to rise for most crops, with the exception of lentils and chickpeas. The main factors to watch are: commodity prices and input costs, precipitation in Canada over the winter, the Canada-US exchange rate, seeding conditions in the European Union and production in the Indian subcontinent and the Middle East.

### **DRY PEAS**

For 2010-11, exports are forecast to be significantly higher than 2009-10 because of strong demand from the Indian subcontinent (India, Pakistan and Bangladesh) and China. This region is expected to import about 1.7 Mt of Canadian dry peas, mostly yellows, compared to 1.4 Mt last year. Demand for yellow peas has increased, mostly in India, as they are a lower cost substitute for higher priced pulses like pigeon peas and chickpeas. In Canada, domestic use is forecast to be lower than last year due to lower feed quality pea supply. The average price is forecast to rise due to higher prices for green, yellow and feed peas. Carry-out stocks in Canada are expected to fall sharply, similar to the 10 year average.

For 2011-12, seeded area is forecast to decrease slightly from 2010-11 because of lower expected returns relative to other crops. The strength in yellow pea types relative to green types in 2010-11 may encourage more area seeded to yellow peas at the expense of green peas. Supply is forecast to decrease due to marginally lower production and significantly lower carry-in stocks. Exports are forecast to decrease to 2.3 Mt, due to lower domestic supply. Carry-out stocks are also forecast to fall

for the second consecutive year. The average price is expected to increase from 2009-10 due to the smaller Canadian supply and tighter carry-out stocks.

### **LENTILS**

For 2010-11, exports are forecast to fall due to lower import demand from the Indian subcontinent and the Middle East. This is largely due to the quality concerns of this year's Canadian lentil crop and the large increase in the domestic pulse crop in India. Canadian carry-out stocks are expected to rise sharply from 2009-10 due to record supply. Prices for No.1 green types are expected to reach record levels, due to the limited supply of this grade, while No.1 red types are forecast to be slightly lower than 2009-10. However, the large discounts for the lower grades for all types is expected to cause the average price for all types and grades to fall from 2009-10, due to the higher proportion of lower grade lentils in the grade distribution.

For 2011-12, the area seeded is expected to decrease by 22% due to lower returns compared to other crops. The majority of the fall in area is expected to be the red lentil types. However, supply is forecast to rise

marginally for the fourth consecutive year as record carry-in stocks of low quality lentils will more than offset the lower production. Exports are expected to increase from the previous year with a more favourable grade distribution. Carry-out stocks are forecast to rise due to the larger supply and lower expected domestic use. The average price is forecast to rise from 2010-11 due to a more normal grade distribution.

### **DRY BEANS**

For 2010-11, exports are forecast to decrease marginally from 2009-10 due to lower import demand from the US. Exports to the EU-27, however, are expected to surpass last year. Carry-out stocks are expected to rise sharply. The average price is forecast to fall because of the higher North American supply, particularly for the large dry bean classes such as pinto and black types.

For 2011-12, the area seeded is forecast to fall sharply from 2010-11 because of lower returns compared to other crops. Some of the area is expected to shift to soybeans due to the comparative ease of growing soybeans, the availability of new shorter season varieties and the ability of soybeans to better withstand wet growing conditions as well as

stronger per acre returns. Production and supply are expected to fall as a result. Exports are forecast to decrease due to the limited supply and carry-out stocks are expected to fall. US dry bean area is expected to fall nearly 25%, due to more attractive alternative crops. US dry bean production is expected to fall sharply to about 1.0 Mt. The average price for Canadian dry beans is forecast to increase because of the lower US and Canadian supply.

### **CHICKPEAS**

For **2010-11**, exports are expected to be higher than 2009-10 due to higher demand from the Middle East. Kabuli type prices have been much stronger than desi type prices when compared to last year. The average price is forecast to increase sharply to record levels largely due to the lower than expected chickpea crop in India, Pakistan and Australia. Higher exports, largely to the Middle East and domestic use, will decrease carry-out stocks.

For **2011-12**, the area seeded is forecast to rise marginally from 2010-11 because of low carry-in stocks and relatively high prices compared to many alternative crops. As a result, production is expected to rise. Supply is forecast to be similar to last year due to the lower carry-in stocks. Exports are forecast to be unchanged and carry-out stocks are expected to rise. The average price is forecast to fall, but remain historically high, due to higher Canadian and world supply.

### **MUSTARD SEED**

For **2010-11**, exports are forecast to decrease from 2009-10 due to lower demand from the US and the EU-27. Larger supplies will result in higher carry-out stocks. The strength in oriental and brown type prices compared to the yellow types has narrowed the spread between these mustard types. The average price, over all types and grades, is forecast to increase.

For **2011-12**, the area seeded is expected to decrease due to lower

returns relative to other crops. Production is forecast to decrease due to lower yields and supply is expected to fall. Exports are expected to rise despite the lower supply and as a result, carry-out stocks are forecast to fall sharply. The average price is forecast to rise compared to 2010-11.

### **CANARY SEED**

For **2010-11**, exports are expected to fall, largely due to lower supply and lower exports to Mexico. Generally about 25% of Canada's exports go to Mexico but for 2010-11 exports have been constrained by Mexico's zero tolerance policy on certain wild weeds. In early January 2011, Mexico approved Canada's request for a six month transition period that allowed canary seed exports to Mexico to resume. The transition period will expire June 21, 2011. Carry-out stocks are expected to fall sharply due to lowest supply since 1989-90. The average price is forecast to rise due the tight carry-out stocks.

For **2011-12**, the area seeded is forecast to increase due to good returns relative to other crops and lower carry-in stocks. Production is expected to increase nearly 50% due to increased area and the return to trend yields. Supply is forecast to rise but remain historically tight. Exports are expected to rise with the increase in supply and the agreement with Mexico to permit imports subject to appropriate testing. Carry-out stocks are expected to continue to remain historically low. The average price is forecast to remain at the 2010-11 level.

### **SUNFLOWER SEED**

For **2010-11**, exports are expected to be similar to 2009-10 and carry-out stocks are forecast to fall. Due to the increase in US supply of confectionary types and a rise in world vegoil prices, oil type prices have risen sharply compared to confectionary types this year. The average price, over both types and all grades, is forecast to rise significantly from 2009-10.

For **2011-12**, the area seeded is expected to decrease due to lower returns relative to other crops. Production is expected to be similar to last year and supply is expected to fall compared to 2010-11. Exports and carry-out stocks are also forecast to fall. The average price is forecast to increase marginally from 2010-11, due to forecasts for stronger world vegoil prices and lower supply in the US and Canada.

### **FURTHER INFORMATION:**

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**CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION**
**March 15, 2011**

Grain and Crop Year (a)	Area		Yield t/ha	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (d)	Carry-out Stocks	Stocks- to-Use Ratio	Average Price (e)
	Seeded thousand ha	Harvested									
-----thousand metric tonnes-----											
											%
											\$/t
<b>Dry Peas</b>											
2008-2009	1,617	1,582	2.26	3,571	15	3,841	2,826	571	445	13	250
2009-2010	1,522	1,487	2.27	3,379	55	3,880	2,178	907	795	26	185
2010-2011f	1,396	1,322	2.17	2,862	35	3,692	2,600	792	300	9	220-250
2011-2012f	1,300	1,253	2.23	2,800	30	3,130	2,300	630	200	7	230-260
<b>Lentils</b>											
2008-2009	706	700	1.49	1,043	7	1,102	973	97	32	3	750
2009-2010	971	963	1.57	1,510	10	1,552	1,386	120	46	3	645
2010-2011f	1,408	1,336	1.46	1,947	25	2,018	1,200	368	450	29	540-570
2011-2012f	1,100	1,070	1.50	1,600	10	2,060	1,300	260	500	32	510-540
<b>Dry Beans</b>											
2008-2009	128	125	2.13	266	54	341	282	50	8	2	815
2009-2010	121	114	1.96	224	55	287	256	26	5	2	705
2010-2011f	136	127	2.00	254	52	311	245	41	25	9	605-635
2011-2012f	100	96	1.98	190	52	267	230	32	5	2	680-710
<b>Chickpeas</b>											
2008-2009	53	51	1.30	67	4	163	53	48	62	61	560
2009-2010	32	30	2.49	76	5	143	66	57	20	16	540
2010-2011f	83	77	1.67	128	5	153	70	68	15	11	630-660
2011-2012f	85	80	1.69	135	5	155	70	60	25	19	600-630
<b>Mustard Seed</b>											
2008-2009	194	186	0.87	161	1	189	131	14	44	30	845
2009-2010	212	208	1.00	208	0	253	128	45	80	46	510
2010-2011f	194	156	1.19	186	0	266	120	46	100	60	525-555
2011-2012f	170	163	0.89	145	0	245	140	35	70	40	545-575
<b>Canary Seed</b>											
2008-2009	168	164	1.19	196	0	261	153	25	83	47	480
2009-2010	128	121	1.31	159	0	242	181	20	41	20	395
2010-2011f	130	121	0.92	111	0	152	130	17	5	3	545-575
2011-2012f	145	140	1.18	165	0	170	145	15	10	6	545-575
<b>Sunflower Seed</b>											
2008-2009	69	69	1.63	112	20	145	88	35	22	18	630
2009-2010	65	64	1.60	102	26	150	49	59	42	39	505
2010-2011f	55	51	1.32	68	25	135	55	55	25	23	570-600
2011-2012f	45	43	1.63	70	25	120	50	50	20	20	575-605
<b>Total Pulses and Special Crops (c)</b>											
2008-2009	2,935	2,878	1.88	5,417	102	6,041	4,505	839	696		
2009-2010	3,051	2,988	1.89	5,658	151	6,505	4,243	1,234	1,029		
2010-2011f	3,402	3,190	1.74	5,556	142	6,727	4,420	1,387	920		
2011-2012f	2,945	2,845	1.79	5,105	122	6,147	4,235	1,082	830		

(a) August-July crop year.

(b) Excludes products.

(c) Includes Pulses (dry peas, lentils, dry beans, chick peas) and Special Crops (mustard seed, canary seed, sunflower seed)

(d) Includes food, feed, seed, waste and dockage. Total domestic use is calculated residually.

(e) Producer price, FOB plant. Average over all types, grades and markets.

f: forecast, Agriculture and Agri-Food Canada March 15, 2011

Source: Statistics Canada and industry consultations.