



CANADA: PULSE AND SPECIAL CROPS OUTLOOK

November 10, 2006

For 2006-07, total Canadian production of pulse and special crops is estimated to decrease by 19%, from 2005-06, to 4.3 million tonnes (Mt), based on Statistics Canada's (STC) September production estimates and AAFC forecasts where STC estimates were not available. Estimated yields are lower than trend for dry peas, lentils, chickpeas, mustard seed, canary seed and buckwheat, but higher for dry beans and sunflower seed. Crop abandonment is estimated to be lower than normal. Harvest progress was ahead of 2005-06 and ahead of normal, and combining is generally complete. Quality is, in general, normal to higher than normal.

Total supply is estimated to decrease by 13% to 5.85 Mt, as higher carry-in stocks partly offset the decrease in production. Exports, domestic use and carry-out stocks are forecast to decrease because of the lower supply. Average prices, over all types, grades and markets, are forecast to increase for dry peas, lentils, chickpeas, mustard seed, canary seed and sunflower seed, decrease for dry beans and be the same for buckwheat. The stronger Canadian dollar, compared to the US dollar, is expected to have the largest impact on dry bean and sunflower seed prices, as Canadian prices for these crops are directly related to US prices. The main factors to watch are the exchange rates of the Canadian dollar against the US dollar and other currencies, ocean shipping rates and growing and harvest conditions in other major producing countries, especially Australia, India and Mexico.

DRY PEAS

For 2006-07, production and supply are estimated to decrease, as lower yields more than offset the 4% increase in seeded area. Production is estimated to decrease for yellow, green and other types. World supply is forecast to decrease by 9% to 11.15 Mt, mainly because of lower production in Canada, France and Australia, and lower carry-in stocks. Canadian exports are forecast to decrease because of the lower Canadian supply and lower demand in EU feed markets. Carry-out stocks are forecast to decrease, with a stocks-to-use ratio (s/u) of 10%. The average price, over all types, grades and markets, is expected to rise from 2005-06 due to the lower supply.

LENTILS

For 2006-07, production and supply are estimated to decrease due to a 34% lower seeded area and lower yields. Production is estimated to decrease sharply for large, medium and small green lentils, but increase for red lentils. Carry-in stocks are estimated to be high for green lentils, but low for red lentils. World supply is forecast to decrease by 10% to 4.16 Mt, mainly because of lower production in Canada, Australia and the US. Canadian exports are expected to increase because of a higher Canadian supply of red lentils and sharply lower production in Australia, which produces red lentils. Carry-out stocks are forecast to decrease, with a s/u of 14%. The average price is forecast to increase because of the lower world supply, with the price of green lentils increasing more than for red lentils. Over all types and grades, the average price is forecast to increase.

DRY BEANS

For 2006-07, production and supply are estimated to increase, as an 11% lower seeded area is more than offset by lower abandonment and higher yields. Production is estimated to increase for

white pea, Great Northern, pinto and black beans, decrease for light and dark red kidney and cranberry beans, and remain stable for pink and small red beans. In the US, production is estimated to fall by 15% to 1.01 Mt, while supply decreases by only 10% to 1.19 Mt due to higher carry-in stocks. Canadian exports are forecast to increase due to the higher supply and strong demand. Carry-out stocks are expected to increase, with a s/u of 12%. The average price, over all classes and grades, is forecast to decrease because of the higher Canadian supply, increased share of lower priced classes of beans in total production, and the stronger Canadian dollar.

CHICKPEAS

For 2006-07, production and supply are estimated to increase, as an 82% higher seeded area more than offsets lower yields. Production is estimated to increase for all types, large kabuli, small kabuli and desi. World supply is expected to decrease slightly to 9.0 Mt, as an increase for the kabuli type is more than offset by a decrease for the desi type. Although Canadian exports are forecast to increase because of the higher supply, carry-out stocks are expected to rise, with a s/u of 14%. Although the average price of the large kabuli type is forecast to fall because of higher supply, average prices for the small kabuli and desi types are forecast to increase because of lower supply, stronger demand and higher quality. Therefore, the average price, over all types and grades, is forecast to increase.

MUSTARD SEED

For 2006-07, production and supply are estimated to decrease because of a 34% lower seeded area and lower yields. Production is estimated to decrease for all types, yellow, brown and oriental. A significant portion of the carry-in stocks is estimated to be low quality seed. Exports are expected to rise slightly due to higher demand and carry-out stocks

are forecast to decrease sharply, with a s/u of 51%. The average price, over all types and grades, is expected to increase due to the lower supply.

CANARY SEED

For 2006-07, production and supply are estimated to decrease due to a 34% lower seeded area and lower yields. World supply is forecast to decrease by 21% to 346,000 t. Canadian exports are expected to decrease slightly because of higher prices, while carry-out stocks decrease sharply, with a s/u of 52%. The average price is forecast to rise sharply because of the lower supply.

SUNFLOWER SEED

For 2006-07, production and supply are estimated to increase as a 13% lower seeded area is more than offset by lower abandonment and higher yields. Production is estimated to increase for both types, confectionery and oilseed. US supply is estimated to decrease by 29% to 1.39 Mt. Canadian exports are forecast to increase because of the higher supply and strong demand. Carry-out stocks are expected to increase, with a s/u of 22%. The average price, over both types, is forecast to increase because of the lower total US and Canadian supply.

BUCKWHEAT

For 2006-07, Canadian production and supply are forecast to remain stable, as a higher seeded area is offset by lower yields. The average price is expected to be the same as in 2005-06.

FURTHER INFORMATION:

Stan Skrypetz(204) 983-8972
E-mailskrypetzs@agr.gc.ca
Fred Oleson, Chief(204) 983-0807
E-mailolesonf@agr.gc.ca

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

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CANADA: PULSE AND SPECIAL CROPS SUPPLY AND DISPOSITION

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| Grain and Crop Year (a) | Area Seeded thousand ha | Area Harvested thousand ha | Yield t/ha | Production | Imports (b) | Total Supply thousand | Exports (b) metric tonnes | Total Domestic Use (d) | Carry-out Stocks | Average Price (e) \$/t |
|--|-------------------------------|----------------------------------|---------------|------------|-------------|-----------------------------|------------------------------|------------------------------|---------------------|------------------------------|
| | | | | | | | | | | |
| Dry Peas | | | | | | | | | | |
| 2002-2003 | 1,297 | 1,050 | 1.30 | 1,365 | 41 | 1,681 | 626 | 745 | 310 | 210 |
| 2003-2004 | 1,303 | 1,271 | 1.67 | 2,124 | 24 | 2,458 | 1,316 | 937 | 205 | 175 |
| 2004-2005 | 1,388 | 1,345 | 2.48 | 3,338 | 57 | 3,600 | 1,853 | 1,152 | 595 | 135 |
| 2005-2006 | 1,366 | 1,319 | 2.35 | 3,100 | 76 | 3,771 | 2,566 | 725 | 480 | 120 |
| 2006-2007f | 1,420 | 1,386 | 1.99 | 2,753 | 70 | 3,303 | 2,200 | 803 | 300 | 125-155 |
| Lentils | | | | | | | | | | |
| 2002-2003 | 601 | 387 | 0.91 | 354 | 9 | 494 | 320 | 119 | 55 | 390 |
| 2003-2004 | 554 | 536 | 0.97 | 520 | 5 | 580 | 367 | 175 | 38 | 420 |
| 2004-2005 | 778 | 750 | 1.28 | 962 | 10 | 1,010 | 451 | 314 | 245 | 310 |
| 2005-2006 | 884 | 862 | 1.48 | 1,278 | 8 | 1,531 | 669 | 387 | 475 | 230 |
| 2006-2007f | 587 | 571 | 1.18 | 673 | 10 | 1,158 | 730 | 288 | 140 | 265-295 |
| Dry Beans | | | | | | | | | | |
| 2002-2003 | 230 | 219 | 1.89 | 414 | 40 | 489 | 298 | 96 | 95 | 445 |
| 2003-2004 | 167 | 167 | 2.13 | 356 | 31 | 482 | 344 | 83 | 55 | 495 |
| 2004-2005 | 163 | 126 | 1.75 | 220 | 28 | 303 | 278 | 20 | 5 | 650 |
| 2005-2006 | 197 | 175 | 1.85 | 324 | 39 | 368 | 284 | 49 | 35 | 495 |
| 2006-2007f | 176 | 176 | 2.01 | 353 | 25 | 413 | 315 | 53 | 45 | 465-495 |
| Chickpeas | | | | | | | | | | |
| 2002-2003 | 221 | 154 | 1.01 | 156 | 9 | 345 | 105 | 160 | 80 | 300 |
| 2003-2004 | 63 | 63 | 1.08 | 68 | 2 | 150 | 74 | 51 | 25 | 330 |
| 2004-2005 | 47 | 39 | 1.31 | 51 | 4 | 80 | 47 | 28 | 5 | 385 |
| 2005-2006 | 79 | 73 | 1.42 | 104 | 7 | 116 | 64 | 42 | 10 | 490 |
| 2006-2007f | 144 | 142 | 1.06 | 150 | 5 | 165 | 100 | 45 | 20 | 495-525 |
| Mustard Seed | | | | | | | | | | |
| 2002-2003 | 289 | 255 | 0.60 | 154 | 9 | 196 | 114 | 22 | 60 | 595 |
| 2003-2004 | 340 | 328 | 0.69 | 226 | 2 | 288 | 121 | 75 | 92 | 390 |
| 2004-2005 | 317 | 304 | 1.01 | 306 | 1 | 399 | 119 | 86 | 194 | 295 |
| 2005-2006 | 212 | 206 | 0.98 | 201 | 0 | 395 | 133 | 72 | 190 | 265 |
| 2006-2007f | 140 | 132 | 0.91 | 120 | 1 | 311 | 135 | 71 | 105 | 290-320 |
| Canary Seed | | | | | | | | | | |
| 2002-2003 | 287 | 227 | 0.78 | 176 | 0 | 206 | 160 | 26 | 20 | 575 |
| 2003-2004 | 251 | 243 | 0.93 | 226 | 0 | 246 | 165 | 14 | 67 | 345 |
| 2004-2005 | 356 | 318 | 0.95 | 301 | 0 | 368 | 163 | 37 | 168 | 230 |
| 2005-2006 | 190 | 186 | 1.22 | 227 | 0 | 395 | 185 | 20 | 190 | 195 |
| 2006-2007f | 125 | 123 | 0.96 | 118 | 0 | 308 | 180 | 23 | 105 | 250-280 |
| Sunflower Seed | | | | | | | | | | |
| 2002-2003 | 100 | 95 | 1.65 | 157 | 21 | 200 | 105 | 60 | 35 | 440 |
| 2003-2004 | 119 | 115 | 1.30 | 150 | 16 | 201 | 96 | 80 | 25 | 405 |
| 2004-2005 | 87 | 59 | 0.92 | 54 | 35 | 114 | 32 | 64 | 18 | 490 |
| 2005-2006 | 93 | 75 | 1.19 | 89 | 26 | 133 | 46 | 60 | 27 | 345 |
| 2006-2007f | 81 | 74 | 1.65 | 122 | 20 | 169 | 75 | 64 | 30 | 345-375 |
| Buckwheat | | | | | | | | | | |
| 2002-2003 | 12 | 12 | 1.00 | 12 | 1 | 16 | 6 | 7 | 3 | 340 |
| 2003-2004 | 9 | 9 | 1.11 | 10 | 1 | 14 | 5 | 7 | 2 | 355 |
| 2004-2005 | 9 | 7 | 0.71 | 5 | 1 | 8 | 4 | 4 | 0 | 355 |
| 2005-2006 | 7 | 6 | 1.33 | 8 | 1 | 9 | 4 | 5 | 0 | 355 |
| 2006-2007f | 10 | 9 | 0.89 | 8 | 1 | 9 | 4 | 5 | 0 | 340-370 |
| Total Pulse And Special Crops (c) | | | | | | | | | | |
| 2002-2003 | 3,036 | 2,399 | 1.16 | 2,788 | 130 | 3,627 | 1,734 | 1,235 | 658 | |
| 2003-2004 | 2,805 | 2,732 | 1.35 | 3,680 | 81 | 4,419 | 2,488 | 1,422 | 509 | |
| 2004-2005 | 3,145 | 2,948 | 1.78 | 5,237 | 136 | 5,882 | 2,947 | 1,705 | 1,230 | |
| 2005-2006 | 3,028 | 2,902 | 1.84 | 5,331 | 157 | 6,718 | 3,951 | 1,360 | 1,407 | |
| 2006-2007f | 2,683 | 2,613 | 1.64 | 4,297 | 132 | 5,836 | 3,739 | 1,352 | 745 | |

(a) August-July crop year.

(b) Excludes products.

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

(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, November 10, 2006

Source: Statistics Canada and industry consultations.