



CANADA: GRAINS AND OILSEEDS OUTLOOK: 2008-09

April 25, 2008

Statistics Canada's (STC) seeding intentions survey for 2008-09 indicated that the total area seeded to grains and oilseeds (G&O) is expected to increase marginally from 2007-08. Summer fallow area is expected to fall to a record low level. The area seeded to wheat and oilseeds are forecast to increase while the area for coarse grains is expected to decrease. The actual seeded area may differ from the intentions because of changes in the market outlook and expected prices, producer reaction to the STC report and soil moisture conditions at the time of seeding. It is assumed that precipitation will be normal for the growing and harvest periods, and that the abandonment rate and quality will be normal. Trend yields are assumed for eastern and western Canada. Except for corn, average yields are expected to be higher than last year.

Due to higher area and yields, production of G&O in Canada is forecast to increase to 63.5 million tonnes (Mt) from 60 Mt for 2007-08. Exports are projected to increase due to higher supply and strong world demand. Total domestic use is forecast to decrease as sharply higher food and industrial use, due to strong demand for biofuel, is more-than offset by lower feed use. Carry-out stocks are forecast to decrease and remain historically very low. World and Canadian prices for G&O are expected to remain historically high due to strong demand and low carry-in stocks. The main factors to watch are: the condition of the US winter wheat crop, weather conditions in the major importing and exporting countries, petroleum and fertilizer prices, exchange rates, fund activity, and export policies in competing countries.

DURUM

Seeded area is expected to increase by 22% from 2007-08. Production is forecast to rise by 40%, but the low carry-in stocks will limit the increase in supply to 21%. Exports are forecast to recover by 30% because of the larger supply and strong demand. Carry-out stocks are forecast to increase from the very low 2007-08 level. The CWB PRO is lower than for 2007-08 due to higher Canadian and world supply.

WHEAT (ex durum)

Seeded area is expected to increase by 14%, with a 65% increase for winter wheat and a 9% increase for spring wheat. Production is forecast to increase by 26% but lower carry-in stocks will limit the increase in supply to 10%. Domestic use and exports are forecast to increase due to the higher supply and strong demand. Carry-out stocks are forecast to increase from the very low 2007-08 level. The CWB PRO is lower than for 2007-08 and the discounts for lower quality wheat are projected to increase.

BARLEY

Seeded area is expected to decrease by 14%. Production is forecast to decrease by only 5%. Total supply is expected to fall by 6% due to lower carry-in stocks. Total domestic use is forecast to fall by 2%, to the lowest level since 2002-03, due to a forecasted drop in feed, waste and dockage. Feed barley exports are forecast to fall due to increased competition from Australia and the EU. Carry-out stocks are forecast to decline and set a modern day record low. The off-Board price of feed barley is forecast to increase slightly compared to 2007-08. The CWB April PRO for Feed Barley Pool A is \$235/t vs.

\$269/t for 2007/08 and the PRO for Special Select two-row designated barley is \$354/t vs. \$290/t for 2007-08.

OATS

Seeded area is expected to decrease by 17%. Production is forecast to decline by 22%. Total supply is forecast to fall by only 12% due to higher carry-in stocks. Total domestic use is expected to decline as a result of lower feed, waste and dockage. Exports are forecast to decrease significantly. Carry-out stocks are expected to decrease. The average nearby CBoT oats futures price is forecast to increase by about \$20/t from the 2007-08 average.

CORN

Seeded area is expected to decrease by 13%. Production is forecast to fall by 15% but supply is expected to decrease by only 9% due to higher carry-in stocks and imports. Total domestic use is forecast to fall by 4%, as higher food and industrial use partly offsets a decline in feed, waste and dockage. Carry-out stocks are forecast to drop sharply. The average Chatham elevator price is forecast to rise by \$25/t from the 2007-08 average, reaching a 13 year high.

CANOLA

Area seeded is expected to increase marginally, while production is forecast to rise by 9% due to higher yields. Total supply is expected to decrease marginally due to lower carry-in stocks. Exports and domestic crush are forecast to remain high on support from strong world food and biofuel demand. Carry-out stocks are forecast to fall significantly. Average canola prices in Canada are expected to increase from 2007-08.

FLAXSEED (excluding solin)

Seeded area is forecast to rise by 13% and production is expected to increase significantly. Exports are forecast to decline by 14% and carry-out stocks are expected to decline by 37%. Prices are forecast to remain strong, similar to 2007-08.

SOYBEANS

Area seeded is forecast to rise by 2%, while production increases by 12% as yields return to normal. Total supply is forecast to rise marginally as higher production more than offsets lower carry-in stocks. Exports are forecast to fall while domestic crush rises. Carry-out stocks are forecast to be the same as 2007-08. The average Chatham price is expected to increase by \$10/t to \$420/t.

FURTHER INFORMATION:

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

April 25, 2008

Grain and Crop Year (a)	Area Seeded thousand ha	Area Harvested	Yield t/ha	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (e)	Feed, Waste & Dockage	Total Domestic Use (d)	Carry-out Stocks	Average Price (f) \$/t
Durum												
2006-2007	1,536	1,518	2.21	3,346	1	6,603	4,479	257	450	892	1,232	223
2007-2008f	1,949	1,926	1.91	3,681	2	4,916	3,200	260	426	916	800	526*
2008-2009f	2,388	2,363	2.18	5,150	1	5,951	4,150	265	306	801	1,000	436*
Wheat Except Durum												
2006-2007	8,316	8,164	2.68	21,919	25	28,326	15,028	3,073	3,934	7,702	5,595	209
2007-2008f	6,799	6,710	2.44	16,373	23	21,991	12,000	3,500	2,200	6,491	3,500	385*
2008-2009f	7,774	7,686	2.69	20,700	24	24,224	13,000	3,700	2,565	7,024	4,200	357*
All Wheat												
2006-2007	9,852	9,682	2.61	25,265	26	34,929	19,507	3,330	4,384	8,594	6,828	
2007-2008f	8,748	8,636	2.32	20,054	25	26,907	15,200	3,760	2,626	7,407	4,300	
2008-2009f	10,162	10,049	2.57	25,850	25	30,175	17,150	3,965	2,871	7,825	5,200	
Barley												
2006-2007	3,690	3,223	2.97	9,573	43	12,905	1,988	151	8,892	9,426	1,492	165
2007-2008f	4,397	3,998	2.75	10,984	45	12,521	2,800	160	7,861	8,421	1,300	200-220
2008-2009f	3,777	3,400	3.06	10,400	35	11,735	2,300	150	7,685	8,235	1,200	205-235
Corn												
2006-2007	1,093	1,061	8.47	8,990	2,093	13,083	291	2,965	8,469	11,449	1,343	138
2007-2008f	1,392	1,369	8.51	11,649	2,100	15,092	500	3,500	9,377	12,892	1,700	160-180
2008-2009f	1,216	1,170	8.42	9,850	2,200	13,750	300	4,000	8,335	12,350	1,100	185-205
Oats												
2006-2007	2,064	1,537	2.51	3,852	18	4,742	2,307	91	1,606	1,879	556	193
2007-2008f	2,188	1,816	2.59	4,696	18	5,270	2,400	80	1,600	1,870	1,000	215-235
2008-2009f	1,815	1,400	2.61	3,650	10	4,660	2,150	90	1,545	1,810	700	235-255
Rye												
2006-2007	276	164	2.34	383	1	529	201	48	118	183	145	96
2007-2008f	172	109	2.13	233	1	379	200	48	54	119	60	190-200
2008-2009f	172	121	2.32	280	1	341	125	48	111	176	40	185-215
Mixed Grains												
2006-2007	336	130	2.67	347	0	347	0	0	347	347	0	
2007-2008f	171	96	2.73	263	0	263	0	0	263	263	0	
2008-2009f	121	83	2.91	240	0	240	0	0	240	240	0	
Total Coarse Grains												
2006-2007	7,458	6,114	3.79	23,145	2,155	31,605	4,786	3,255	19,432	23,283	3,536	
2007-2008f	8,320	7,388	3.77	27,825	2,164	33,525	5,900	3,788	19,154	23,565	4,060	
2008-2009f	7,101	6,174	3.96	24,420	2,246	30,726	4,875	4,288	17,916	22,811	3,040	
Canola												
2006-2007	5,283	5,238	1.72	9,000	203	11,211	5,477	3,579	290	3,913	1,820	370
2007-2008f	5,960	5,911	1.48	8,751	225	10,796	5,500	3,850	351	4,246	1,050	530-570
2008-2009f	5,991	5,900	1.61	9,500	150	10,700	5,500	3,900	355	4,300	900	550-590
Flaxseed												
2006-2007	805	785	1.26	989	8	1,333	681	n/a	n/a	279	373	302
2007-2008f	528	524	1.21	634	10	1,017	700	n/a	n/a	182	135	560-600
2008-2009f	595	565	1.25	705	15	855	600	n/a	n/a	170	85	560-600
Soybeans												
2006-2007	1,214	1,201	2.89	3,466	241	4,201	1,741	1,513	355	1,991	470	263
2007-2008f	1,180	1,172	2.30	2,696	450	3,616	1,700	1,400	266	1,766	150	390-430
2008-2009f	1,208	1,195	2.54	3,030	450	3,630	1,600	1,500	280	1,880	150	400-440
Total Oilseeds												
2006-2007	7,302	7,225	1.86	13,455	452	16,745	7,899	5,092	645	6,183	2,663	
2007-2008f	7,668	7,606	1.59	12,080	685	15,428	7,900	5,250	617	6,194	1,335	
2008-2009f	7,794	7,660	1.73	13,235	615	15,185	7,700	5,400	635	6,350	1,135	
Total Grains And Oilseeds												
2006-2007	24,612	23,021	2.69	61,865	2,633	83,279	32,192	11,676	24,461	38,060	13,027	
2007-2008f	24,735	23,630	2.54	59,958	2,874	75,859	29,000	12,798	22,397	37,165	9,695	
2008-2009f	25,057	23,883	2.66	63,505	2,886	76,086	29,725	13,653	21,422	36,986	9,375	

(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, 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. Totals excludes flaxseed due to data confidentiality.

(f) 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, WCE, 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, WCE, cash, I/S Vancouver); Flaxseed (No. 1 CW, WCE, cash, I/S Thunder Bay); Soybeans (No. 2, I/S Chatham).

* Canadian Wheat Board April Pool Return Outlook (PRO)

f: forecast; Agriculture and Agri-Food Canada: April 25, 2008

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