



## **CANADA: GRAINS AND OILSEEDS OUTLOOK: 2008-09**

September 3, 2008

**Production of grains and oilseeds (G&O) for 2008-09 in Canada is estimated by Statistics Canada at 65 million tonnes (Mt), up from 61 Mt in 2007-08. It is assumed that precipitation will be normal for the harvest period and that crop quality will be normal. Slightly above trend yields are expected for most crops in western Canada, with normal yields expected for eastern Canada.**

**Supply is forecast to increase only slightly because of significantly lower carry-in stocks. Total G&O exports are forecast to decrease, with lower exports of coarse grains more than offsetting increased durum, wheat and canola exports. Carry-out stocks are expected to increase slightly but remain at a historically low level. World and Canadian prices for G&O are expected to remain historically high due to strong demand and low world carry-in stocks. The main factors to watch are: expected yields and quality in western Canada, harvest conditions, volatility of commodity markets and crop prospects for US corn and soybeans.**

### **DURUM**

Production is estimated at 4.9 million tonnes (Mt), up by 33% from 2007-08. Lower carry-in stocks will limit the increase in supply to 16%.

Exports are forecast to recover by 22% to 3.9 Mt due to increased supply and strong demand. Carry-out stocks are projected to rise by 0.1 Mt to 0.9 Mt. The CWB Pool Return Outlook (PRO) is lower than for 2007-08 due to higher Canadian and world supply.

### **WHEAT (ex durum)**

Production is estimated to increase by 25%, but lower carry-in stocks will limit the year over year increase in supply to 1.8 Mt. Domestic use and exports are forecast to rise due to the higher supply and strong demand.

Carry-out stocks are projected to increase by 0.4 Mt, up from the historically low levels seen in 2007-08. The CWB PRO is lower than for 2007-08 and the discounts for lower quality wheat are projected to increase because of higher Canadian and world supply.

### **BARLEY**

Production is forecast to decrease by 1%, as the decline in area is partly offset by higher yields. Supply is expected to fall by 5% due to lower carry-in stocks. Total exports are expected at 2.3 Mt, significantly lower than a year ago due to declines in feed barley exports. Carry-out stocks are projected to rise by 10% but are still near record low levels. The average off-Board feed barley

price (No. 1 CW I/S Lethbridge) is forecast to increase from 2007-08 due to lower supply and higher US feed grain prices.

### **CORN**

Production is forecast to decrease by 15% due to lower seeded area and yields. Imports are expected to be lower on declines in feed use. Domestic supply is forecast to fall significantly to 1.4 Mt. Food and industrial use, used mainly for ethanol production, is projected to increase by 14%. Carry-out stocks are forecast to fall by 0.4 Mt from 2007-08 levels to 1.2 Mt. The average price at Chatham elevator is forecast to increase, due to higher US corn prices.

### **OATS**

Production is forecast to fall largely due to lower harvested area. Supply is expected to decline by 4% in spite of higher carry-in stocks. Exports are also projected to fall by 3% from the record high expected for 2007-08. Feed use is expected to fall slightly while carry-out stocks are projected to decrease by 10% to 0.9 Mt. The average nearby Chicago Board of Trade oat futures price is forecast to increase from 2007-08 due to higher US corn prices and lower supply in North America.

### **CANOLA**

Production for 2008 is forecast to rise by 9% due to increased seeded area and higher yields. Total supply is expected to increase by only 4%, due

to lower carry-in stocks. Exports and domestic crush are forecast to increase, because of the larger supply and strong world vegoil and biofuel demand. Average canola prices in Canada are expected to increase from 2007-08 as a result of higher world vegoil prices.

### **FLAXSEED (excluding solin)**

Production is forecast to increase by more than 20%, but total supply is forecast to fall by 4% due to significantly lower carry-in stocks. Exports are forecast to decline slightly due to the lower supply. Carry-out stocks are expected to decline further, supporting average prices above those in 2007-08.

### **SOYBEANS**

Production is forecast to increase by 18% from 2007 but domestic supply is forecast to rise only slightly due to lower carry-in stocks. Exports are forecast to fall while domestic crush rises. Carry-out stocks are forecast to remain historically low. The average Chatham price is expected to increase due to support from higher US prices.

### **FURTHER INFORMATION:**

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**CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION**

**September 3, 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
<b>Durum</b>												
2006-2007	1,536	1,518	2.21	3,346	1	6,621	4,479	257	467	909	1,233	223
2007-2008f	1,949	1,926	1.91	3,681	3	4,917	3,200	250	427	917	800	505*
2008-2009f	2,469	2,396	2.05	4,910	1	5,711	3,900	260	411	911	900	395*
<b>Wheat Except Durum</b>												
2006-2007	8,316	8,164	2.68	21,919	25	28,368	15,029	3,073	4,000	7,769	5,571	209
2007-2008f	6,799	6,710	2.44	16,373	21	21,964	12,500	3,050	2,450	6,264	3,200	367*
2008-2009f	7,713	7,565	2.71	20,516	20	23,736	12,800	3,230	3,376	7,336	3,600	350*
<b>All Wheat</b>												
2006-2007	9,852	9,682	2.61	25,265	26	34,989	19,508	3,330	4,468	8,678	6,803	
2007-2008f	8,748	8,636	2.32	20,054	24	26,881	15,700	3,300	2,877	7,181	4,000	
2008-2009f	10,182	9,961	2.55	25,426	21	29,447	16,700	3,490	3,787	8,247	4,500	
<b>Barley</b>												
2006-2007	3,690	3,223	2.97	9,573	43	12,905	1,988	183	8,860	9,426	1,492	165
2007-2008f	4,397	3,998	2.75	10,984	55	12,531	3,850	141	7,140	7,681	1,000	214
2008-2009f	3,671	3,403	3.20	10,876	35	11,911	2,300	185	7,926	8,511	1,100	220-240
<b>Corn</b>												
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	2,800	15,792	600	3,500	10,077	13,592	1,600	180
2008-2009f	1,204	1,187	8.37	9,944	2,500	14,044	300	4,000	8,529	12,544	1,200	190-210
<b>Oats</b>												
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	15	5,267	2,515	80	1,482	1,752	1,000	233
2008-2009f	1,773	1,486	2.73	4,061	10	5,071	2,450	90	1,456	1,721	900	250-270
<b>Rye</b>												
2006-2007	276	164	2.34	383	1	529	201	48	118	183	145	96
2007-2008f	172	109	2.13	233	13	391	200	48	66	131	60	211
2008-2009f	176	128	2.30	293	1	354	125	48	89	154	75	210-230
<b>Mixed Grains</b>												
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	127	77	2.90	225	0	225	0	0	225	225	0	
<b>Total Coarse Grains</b>												
2006-2007	7,458	6,114	3.79	23,145	2,155	31,605	4,786	3,286	19,400	23,283	3,536	
2007-2008f	8,320	7,388	3.77	27,825	2,883	34,244	7,165	3,769	19,027	23,419	3,660	
2008-2009f	6,952	6,282	4.04	25,398	2,546	31,604	5,175	4,323	18,224	23,154	3,275	
<b>Canola</b>												
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	6,367	6,277	1.52	9,529	180	11,529	5,585	4,144	352	4,544	1,400	553
2008-2009f	6,399	6,324	1.64	10,375	200	11,975	5,700	4,200	328	4,575	1,700	550-600
<b>Flaxseed</b>												
2006-2007	805	785	1.26	989	8	1,333	681	n/a	n/a	278	373	302
2007-2008f	528	524	1.21	634	7	1,014	600	n/a	n/a	214	200	611
2008-2009f	611	605	1.26	765	7	972	550	n/a	n/a	227	195	600-700
<b>Soybeans</b>												
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	350	3,516	1,700	1,350	203	1,676	140	430
2008-2009f	1,211	1,209	2.62	3,167	350	3,657	1,650	1,500	235	1,857	150	450-500
<b>Total Oilseeds</b>												
2006-2007	7,302	7,225	1.86	13,455	452	16,745	7,899	5,092	645	6,182	2,664	
2007-2008f	8,075	7,973	1.61	12,858	537	16,058	7,885	5,494	555	6,433	1,740	
2008-2009f	8,221	8,139	1.76	14,307	557	16,604	7,900	5,700	563	6,659	2,045	
<b>Total Grains And Oilseeds</b>												
2006-2007	24,612	23,021	2.69	61,865	2,633	83,338	32,193	11,708	24,513	38,143	13,003	
2007-2008f	25,142	23,996	2.53	60,736	3,444	77,183	30,750	12,563	22,460	37,033	9,400	
2008-2009f	25,356	24,381	2.67	65,131	3,124	77,655	29,775	13,513	22,574	38,060	9,820	

(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. 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, 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, I/S Chatham).

\* Canadian Wheat Board - Pool Return Outlook (PRO) - August 2008

f: forecast; Agriculture and Agri-Food Canada: September 3, 2008

Source: Statistics Canada