

**CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS***April 16, 2019***Market Analysis Group / Crops and Horticulture Division
Sector Development and Analysis Directorate / Market and Industry Services Branch****Executive Director: Nathalie Durand****Deputy Director: Fred Oleson**

This report is an update of Agriculture and Agri-Food Canada's (AAFC) March outlook report for the 2018-19 crop year and provides AAFC's preliminary look at the upcoming 2019-20 crop year.

For 2018-19, total carry-out stocks of field crops are expected to decrease slightly to 15.3 million tonnes (Mt). Lower carry-out stocks for most of the major grains, peas and lentils are largely offset by higher stocks of canola and durum. Total exports of all field crops are forecast to increase marginally from the 2017-18 level, due to higher exports of grains and oilseeds (G&O) and higher exports of pulses and special crops (P&SC). Total domestic use of field crops is forecast to be similar to last year as the slight decrease in domestic use of G&O is largely offset by higher domestic use of P&SC. In general, abundant world supplies of grain, relative to demand, have pressured world prices, but the weak Canadian dollar has provided strong support to prices in Canada.

For 2019-20, the area seeded by province by crop in Canada is a major uncertainty. Across Eastern and Western Canada, moisture conditions remain below normal but this is not currently expected to have a significant impact on planting decisions. Expected commodity prices, input costs and perceived delivery opportunities will play a significant role in determining the mix of crops. Nonetheless, assuming trend yields, AAFC is currently forecasting a marginal increase in total area seeded and total production in Canada. Carry-out stocks are forecast to increase as higher supply more-than offsets the increase in exports. World grain prices will continue to be pressured by an abundant supply of grain, relative to demand, at the global level but the impact on grain prices in Canada will continue to be partly mitigated by the low value of the Canadian dollar. A survey-based report on seeding intentions for 2019 will be provided by Statistics Canada on April 24.

Canada: Principal Field Crops Supply and Disposition

	Area Seeded --- thousand hectares ---	Area Harvested	Yield t/ha	Production	Imports	Total Supply thousand tonnes	Exports	Total Domestic Use	Carry-out Stocks
Total Grains And Oilseeds									
2017-2018	27,149	26,337	3.26	85,794	2,504	102,577	45,226	43,520	13,740
2018-2019f	27,820	26,861	3.20	86,003	3,122	102,865	45,730	43,454	13,680
2019-2020f	28,345	27,209	3.27	89,031	1,962	104,672	46,220	43,317	15,135
Total Pulse And Special Crops									
2017-2018	3,927	3,897	1.90	7,419	211	8,373	5,363	1,339	1,670
2018-2019f	3,629	3,552	1.88	6,674	182	8,526	5,491	1,423	1,612
2019-2020f	3,500	3,440	1.93	6,640	160	8,412	5,410	1,542	1,460
All Principal Field Crops									
2017-2018	31,076	30,233	3.08	93,213	2,716	110,950	50,589	44,859	15,411
2018-2019f	31,449	30,413	3.05	92,677	3,304	111,391	51,221	44,878	15,292
2019-2020f	31,845	30,649	3.12	95,671	2,122	113,084	51,630	44,859	16,595

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecast by AAFC except for area, yield and production for 2018-2019 which are STC

All Wheat

Durum

For 2018-19, Canadian durum production increased by 16% from 2017-18 to 5.745 million tonnes (Mt), according to Statistics Canada (STC).

The average grade quality of the Canadian durum crop is lower than the 2017-18 crop, with 85% grading No. 1 and 2, compared to 91%, but better than the past ten year average of 57%, based on survey data from the Canadian Grain Commission (CGC). The protein content averages 14.1%, versus 13.6% for 2017-18 and 12.9% for the past ten year average.

Total supply increased by 6%, as the higher production was partly offset by lower carry-in stocks. Exports are forecast to decrease by 7% mainly because of weaker demand from north-western Africa which had good domestic production.

Total domestic use is forecast to increase by 10% as the low prices will encourage more use of durum for feed. Carry-out stocks are forecast to rise by 40% to 2 Mt, 41% higher than the past five year average of 1.42 Mt.

World durum production increased by 1.5 Mt from 2017-18 to 37.9 Mt, according to the International Grains Council (IGC). Supply rose by 0.9 Mt to 47.3 Mt because of lower carry-in stocks. Use is expected to increase by 0.5 Mt to 37.5 Mt due to higher food use. Carry-out stocks are forecast to increase by 0.4 Mt to 9.8 Mt. Durum production in the US increased to 2.1 Mt from 1.5 Mt.

The average crop year producer price for durum in Canada is forecast to fall from 2017-18 due to higher world, Canadian and US supply. The average prices are the lowest since 2013-14.

For 2019-20, the area seeded to durum is forecast to decrease by 20% from 2018-19, as the low prices and high carry-out stocks for 2018-19 are expected to encourage some shift to wheat seeding. Production is forecast to decrease by 11% to 5.1 Mt as the lower area is partly offset by a return to trend yields from the below trend yields of 2018-19. Supply is expected to decrease by only 1% as the lower production is mostly offset by higher carry-in stocks.

Exports are forecast to increase by 12% due to stronger demand resulting from a decrease in world production. Carry-out stocks are forecast to fall by 20% to 1.6 Mt.

World durum production is forecast by IGC to fall by 1.5 Mt from 2018-19 to 36.4 Mt due mainly to lower seeded area resulting from low prices, while supply decreases by 1.1 Mt to 46.2 Mt because of higher carry-in stocks. Use is expected to increase by 0.2 Mt to 37.7 Mt and carry out stocks are forecast to fall by 1.2 Mt to 8.6 Mt, the lowest since 2014-15. USDA is estimating a 31% drop from 2018-19 for US durum seeded area. This would result in a 0.55 Mt fall in production to 1.55 Mt, assuming normal yields.

The average Canadian crop year producer price for durum is forecast to rise from 2018-19 due to lower world, Canadian and US supply and stronger export demand.

Wheat (excluding durum)

For 2018-19, Canadian wheat production increased by 4% from 2017-18 to 26 Mt, according to STC. Canada western hard red spring (CWRS) wheat accounts for 75% of the total wheat production at 19.61 Mt. Production for other classes of wheat: winter wheat (hard red, soft red and soft white): 2.51 Mt, Canada Prairie Spring (CPS) 1.59 Mt, Canada Northern Hard Red (CNHR) 1.06 Mt, Canada Western Soft White Spring (CWSWS) 0.47 Mt, Canada Western Extra Strong (CWES) 0.12 Mt, other Canada western spring wheat 0.27 Mt and Canada eastern spring wheat (mostly CERS) 0.39 Mt.

The average grade quality of the CWRS crop is lower than for 2017-18, with 74% grading No. 1 and 2, compared to 92%, but better than the past ten year average of 71%, based on survey data from CGC. The protein content averages 13.6%, versus 13% for 2017-18 and 13.5% for the past ten year average.

Total supply rose by only 2% because of lower carry-in stocks. Exports are forecast to rise by 7% because of strong demand for wheat in world markets and less competition from Australia, Russia, Ukraine and the EU. Total domestic use is forecast to

fall by 4% due to lower feed use. Carry-out stocks are forecast to fall by 11% to 4 Mt, 30% lower than the past five year average of 5.72 Mt and the lowest since 2012-13.

World production of all wheat (including durum) decreased by 30 Mt to 733 Mt, according to the USDA. Supply fell by 11 Mt to 1,015 Mt. Total use is expected to fall by 4 Mt to 739 Mt as growing use for food is more than offset by lower feed consumption. Carry-out stocks are forecast to fall by 8 Mt to 276 Mt. However, China accounts for 140 Mt of the stocks, an increase of 9 Mt from 2017-18. Wheat stocks in China are generally not exported. Excluding China, world all wheat stocks are expected to fall by 15 Mt to 136 Mt.

In the US, all wheat production increased by 4 Mt to 51.3 Mt, according to the USDA. Supply rose by only 1.3 Mt to 85.1 Mt because of lower carry-in stocks. Domestic use is forecast to rise by 0.5 Mt and exports are expected to increase by 1.2 Mt. Carry-out stocks are forecast to fall by 0.3 Mt to 29.6 Mt.

The average crop year producer prices for wheat in Canada for 2018-19 are forecast to increase from 2017-18, because of the lower world supply and strong export demand.

For 2019-20, the area seeded to wheat in Canada is forecast to increase by 9% from 2018-19 as a 4% decrease for winter wheat is more than offset by a 10% increase for spring wheat. The spring wheat area is forecast to increase because of relatively good prices for wheat and a shift out of durum, winter wheat and canola in Western Canada. Production is projected to rise by 8% to 28 Mt. Supply is forecast to increase by 5%, as lower carry-in stocks partly

offset the increase in production. Exports are forecast to fall by 1% due to higher world production. Carry-out stocks are forecast to increase by 35% to 5.4 Mt.

World all wheat (including durum) production is forecast to increase by 26 Mt to 759 Mt due to a higher seeded area, according to IGC. The increased production would be partly offset by lower carry-in stocks, resulting in a 20 Mt rise in supply to 1,035 Mt. Total use is expected to increase by 15 Mt to 754 Mt, mostly because of growing use for food. Carry out stocks are forecast to rise by 4 Mt to 280 Mt. Excluding China, world all wheat stocks are expected to be unchanged at 136 Mt.

US all wheat seeded area is estimated to fall by 4% from 2018-19, according to USDA, with decreases of 2% for hard red winter wheat, 9% for soft red winter wheat, 2% for hard red spring wheat and 3% for white wheat. USDA is forecasting lower abandonment, resulting in a slight increase for the harvested area, and a slight increase for average yields. Based on these assumptions, all wheat production in the US is expected to fall by 0.3 Mt to 51 Mt, while supply falls by 0.6 Mt to 84.5 Mt due to lower carry-in stocks. Domestic use is forecast to increase by 0.2 Mt, while exports increase by 0.3 Mt. Carry out stocks are forecast to decrease by 1.1 Mt to 28.5 Mt.

Average Canadian producer prices for wheat for the crop year are forecast to fall from 2018-19 because of the higher world and Canadian supply.

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Barley

For 2018-19, barley production increased by 6% from 2017-18 to 8.4 million tonnes (Mt) on higher area harvested, despite a lower yield. The quality of the barley crop depended on when it was harvested. The early harvested crop was very good. There was significant quality degradation in unharvested crops in the northern grain belt. Overall, the quality of barley selected for malting was good. Total supply is lower than last year due to low carry-in stocks.

Canada is expected to export 2.7 Mt of barley for 2018-19, which is 11% of the world trade. The exports include 2.0 Mt for grain exports and 0.7 Mt for products. The major export destinations are China, the US, Japan. According to Statistics Canada (STC), barley grain exports for the first six months in 2018-19 were 1.2 Mt versus 1.0 Mt for the same period last year but the export pace is expected to slow-down for the remainder of the crop year. Exports of malting barley for the six months reached 258 thousand tonnes (Kt), compared with 294 Kt for the same period last year. Total domestic use for 2018-19 is forecast to increase marginally. Carry-out stocks are forecast to decrease to a record low level of 0.9 Mt due to lower supply.

As a result of lower supplies and stronger demands for exports and domestic use, the average price of feed barley at Lethbridge for the crop year is forecast at \$255/t, about 12% higher than last year. Prairie malt prices have been 16-24% higher than a year ago.

World barley production for 2018-19 is estimated at 141 Mt, the lowest in five years, according to International Grains Council (IGC). World trade is forecast at 28 Mt. World barley stocks are expected to be historically low as nearly all of the world major producers and exporters had smaller crops and, in many cases, the quality was also lower than normal. World prices for feed barley have been very strong compared to corn prices. Lower world supplies of malting barley are pushing these prices higher. Due to the lower supply of quality feed barley, relatively high prices of feed barley and the abundant supply of

corn worldwide, the demand for corn has displaced barley in some countries.

For 2019-20, area seeded is forecast to increase by 14% compared to 2018-19 due to high barley prices and low carry-in stocks. Production is forecast to increase by 16% to 9.7 Mt due to higher area harvested and yield. Total supply is forecast to increase by 10% to 10.6 Mt.

Exports are forecast to increase slightly due to higher domestic supplies and a return to normal trade patterns. Total domestic use is expected to rise due to higher feed use in cattle and hog production. With a higher supply, barley carry-out stocks are forecast to increase by about 60% to 1.5 Mt. This is about 5% higher than the previous five-year average.

The Lethbridge cash feed barley price is forecast to decrease by 12% from 2018-19 to \$225/t due to increased world supply.

The area seeded to barley in the US is forecast by USDA to be unchanged for 2019-20. Total barley production in North America is expected to increase due to higher production in Canada. However, due to the sharply lower carry-in stocks, total supply is forecast to increase only slightly in North America. This implies that carry-out stocks will remain low and that prices will remain relatively strong, although lower than last year.

The IGC expects world barley production for 2019-20 to increase by 5% to 149 Mt due to higher production in the EU, Australia and some Black Sea countries. World trade is projected to increase to 27 Mt, due to the recovery in production. World barley stocks are expected to increase but remain low. Large corn inventories will put pressure on coarse grain prices.

Corn

For 2018-19, corn production decreased from 2017-18 to 13.9 Mt largely due to lower yield. However, total supply is expected to increase, as significantly higher imports more-than offset lower production and carry-in stocks. Imports are expected

to increase due to the lower corn supply in Eastern Canada and the tight supply of barley in Western Canada. For the first five months in 2018-19, corn imports reached 1.11 Mt (0.20 Mt for Eastern Canada and 0.91 Mt for Western Canada), compared with 0.62 Mt (0.18 and 0.44) for the same period last year, according to STC. About 98% of the imports were sourced from the US. The import pace is expected to remain high due to a higher barley price and large US corn supply available.

For the first five months in 2018-19, corn exports have reached 759 Kt and the majority of it was from Quebec and Ontario, compared with 516 Kt for the same period last year, according to STC. About 86% of the exports went to EU countries. Total domestic use is forecast to increase to a record of 14.5 Mt due to higher feed, waste and dockage, partly related to the high vomitoxin level of the crop and trend increases in ethanol production and industrial use. Carry-out stocks are forecast to decrease by 17% to 2.0 Mt, which is close to the previous five-year average.

The 2018-19 corn price at Chatham is forecast to average at \$180/t. This is 4% higher than last year, due to higher US corn prices, lower domestic supplies of quality corn and the weak Canadian dollar.

According to the USDA, US corn production and supply were slightly lower than last year. Due to strong demand, carry-out stocks are expected to decrease by almost 14% but remain historically high at about 1.8 billion bushels (bln bu). The average US farm price is forecast at US\$3.55/bu which is equivalent to about C\$184/t.

For 2019-20, seeded area for corn is forecast to increase due to continued good overall demand, especially for high quality corn. Production is expected to rise by 6% to 14.7 Mt on larger area and higher yield. Imports are expected to decrease due to higher domestic production of corn and barley. Due to the significant decline in carry-in stocks and imports, total supply is forecast to decrease by 3%. Exports are forecast to decrease due to lower supply. Total domestic use is forecast to decrease, as the lower feed, waste and dockage is expected to more-than offset higher food and industrial use.

Carry-out stocks are forecast to be the same as last year at 2.0 Mt which is below the previous five-year average.

The Chatham corn price is expected to increase slightly to \$185/t due to higher US corn prices and the weak Canadian dollar.

The USDA expects US corn area for 2019-20 to increase by 4% to 93 million acres due to lower soybean area. Production is expected to increase. However, due to the lower carry-in stocks, the supply of corn in the US should be similar to last year. This would support corn prices. As a result, the average US on-farm corn price is expected to increase slightly to US\$3.65/bu which is equivalent to about C\$190/t.

The IGC expects world corn production to increase for 2019-20 as higher production in the US, China, Brazil, Canada, Russia and South Africa more-than offsets lower production in Argentina, Ukraine and EU. Total carry-out stocks of corn for 2019-20 in the major exporting countries (the US, Brazil, Argentina and Ukraine) are projected to decrease by 8% due to slightly lower production and higher feed, food and industrial use.

Oats

For 2018-19, oat production decreased by 8% from 2017-18 to 3.4 Mt, due to smaller area harvested and lower yield. Total supply decreased by 5%, as lower production was partly offset by higher carry-in stocks.

Oat grain and product exports for 2018-19 are forecast to decrease marginally. For the first six months in 2018-19, oat grain exports reached 961 Kt, compared with 933 Kt for the same period in last year, according to STC. The monthly export data is indicating a slow down in the pace. About 90% of Canadian oat exports go to the US and 10% goes to Mexico, Japan and South Korea. Total domestic use is forecast to decrease slightly due to lower feed use. Carry-out stocks are forecast to decrease by 23% to 0.6 Mt and remain the lowest level in the recent six years.

The Canadian oat price is forecast to increase from last year, due to a higher US oat futures price and

continuing support from the low value of the Canadian dollar.

World oat production for 2018-19 is estimated at 22 Mt, the lowest since 2013-14, according to the IGC. World trade is forecast at 2.3 Mt, 4% lower than last year, but it's the second highest since 2010-11. World oat carry-out stocks are forecast to be 24% lower than last year and it's also the lowest since 2010-11.

For 2019-20, the area seeded to oats in Canada is forecast to increase by 13% from 2018-19 due to good prices and low carry-in stocks. Based on the 5-year average for abandonment and yield, Canadian oat production is forecast to increase by 10% to 3.8 Mt but, due to lower carry-in stocks, supply is expected to increase by 4% to 4.4 Mt.

Canadian exports of oat grain and products are expected to remain at the same level as 2018-19. Total domestic use is forecast to decrease marginally due to slightly lower feed, waste and dockage as food and industrial use remains flat. Carry-out stocks are forecast to increase by 33% from 2018-19, to 0.8 Mt, remaining 15% above the previous three-year averages and 7% above the previous five-year average.

Oat prices in Canada are expected to be strong and similar to the level in 2018-19. A bullish factor, which provides underlying support, is the forecast for the slightly higher average US corn futures price for 2019-20.

For 2019-20, the area seeded to oats in the US are expected to be similar to last year. However, due to sharply lower carry-in stocks, total supply will increase only slightly. As a result, carry-out stocks of oats in the US will remain tight, which will continue to support oat prices.

IGC projected world oat production for 2019-20 at 24 Mt, a 8% increase from 2018-19, as the world's major producers and exporters, such as the EU, Canada, Australia and Russia, are expected to increase their oat production. World trade is expected to rise by 4% to 2.4 Mt, due to the recovery in production. World oat stocks are expected to increase from 2018-19 but still close to record low.

Rye

For 2018-19, rye production decreased by 31% from 2017-18 to 236 Kt, due to smaller area harvested and lower yield. Combined with sharply lower carry-in stocks, total supply decreased by 33%.

Exports are forecast to decrease to 180 Kt from 195 Kt for last year, due to lower total supply. For the first six months in 2018-19, rye exports has reached 114 Kt, compared with 85 Kt for the same period last year, according to STC. The monthly export data indicates a decrease in the pace of exports. Canada is one of the three major rye exporters. The other two exporters are Russia and EU which are also major rye importers. The US is another major importer. More than 95% of Canadian rye exports go to the US, the remainder is shipped to Japan, then United Kingdom. Total domestic use is forecast to decrease by 37%, largely due to lower livestock feeding and industrial use. Carry-out stocks are forecast to be about 71% lower than last year and close to the historically low level.

The average price of rye in Canada is forecast to be sharply higher than last year due to the smaller North American rye crop. The average price of rye, in Saskatchewan, is expected to average \$230/t, almost 42% higher than last year.

World rye production for 2018-19 is estimated at 11 Mt, the lowest since 2010-11, according to the IGC. World trade is forecast at 0.8 Mt, the highest since 2010-11, compared with 0.3 Mt for last year. World rye carry-out stocks are forecast to be 26% lower than last year, the lowest in recent six years.

For 2019-20, seeded area of rye is forecast to increase by 25% to 170 thousand hectares from 2018-19. Production is expected to rise by 17% due to the larger seeded area. Total supply is forecast to decrease by 10% to 307 Kt, as expected decline in carry-in stocks will more than offset the increase in production.

Exports are forecast to decrease due to a smaller supply. Total domestic use is forecast to decrease due to lower livestock feed use. Rye carry-out stocks are forecast to decrease to 25 Kt.

Rye prices in Canada are forecast to decrease slightly from 2018-19, due to higher rye production and lower barley prices. However, rye prices are expected to be supported by strong demand from the domestic and international beer and spirits industries.

IGC projected world rye production for 2019-20 at 13 Mt, a 15% increase from 2018-19, largely due to the higher production from EU. However it is still

the smallest on record. The production in the US, Canada's largest importer of rye, is projected to fall. Because of higher production from EU, the world major exporter and importer, world trade is projected to decrease and carry-out stocks are expected to increase.

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Oilseeds

Canola

For 2018-19, canola supplies are estimated at 22.9 million tonnes (Mt), up 1% from last year as higher carry-in stocks moderate the decline in production. Canada's canola crush estimate is unchanged from last month, at 9.25 Mt, on support from the current crush pace. Production of canola oil is estimated at 4.0 Mt for the crop year with the output of canola meal expected to reach 5.2 Mt, unchanged from 2017-18.

Canada's export estimate for canola is unchanged from last month at 9.8 Mt, vs 10.7 Mt for 2017-18 with the export pace ranging between 80,000 tonnes per week to 200,000 tonnes per week. Canola exports are running about 0.6 Mt behind last year's pace as of early April, based on shipments through licensed grain handling facilities as reported by the Canadian Grain Commission.

The carry-out stocks estimate is unchanged from last month's report, at 3.5 Mt vs 2.5 Mt for the 2017-18 crop year in reflection of stable canola supplies, a steady crush pace and a slow-down in exports between the two crop years. Canola prices are forecast at \$480/t to \$510/t for 2018-19, down from last year.

For 2019-20, seeded area in Canada is forecast to decrease to 9.0 million hectares (Mha) under pressure from the decline in prices caused by burdensome world supplies of oilseeds and the uncertainty over Chinese buying. Production is forecast to fall to 19.8 Mt in 2019-20, vs 20.3 Mt in 2018-19 and 21.3 Mt in 2017-18 due to the fall in area and lower yields.

Total supplies of canola are forecast to rise to a record 23.4 Mt as sharply higher carry-in stocks more than offsets the drop in production. Exports are forecast to rebound to 10.5 Mt assuming a slight increase in buying from price sensitive countries and a partial normalization of the Canada-China trade. Domestic crush is forecast steady at 9.25 Mt as the industry continues to operate at near full capacity despite heavy competition from burdensome world vegetable oil and protein meal supplies

Carry-out stocks are forecast at 3.3 Mt, for a stocks-to-use ratio of 17% as Canada works through its canola supplies. Canola prices are forecast down slightly to \$460-500/t, with the discounted Canadian dollar providing underlying support to prices.

Flaxseed

For 2018-19, the supply estimate is unchanged from last month at 0.63 Mt due to lower output and tighter carry-in stocks. Exports are forecast to fall to 0.40 Mt while total domestic use declines to 0.13 Mt on lower feed, waste and dockage. Carry-out stocks are forecast to decrease to 0.10 Mt. Flaxseed prices are estimated at \$475-505/t, up from 2017-18.

For 2019-20, seeded area for flaxseed in Canada is forecast to increase to 0.40 Mha, on competitive returns compared to alternate field crops. Production is forecast to rise to 0.62 Mt, assuming a steady abandonment and harvested area and 5-year trend yields. Supply is forecast to increase slightly as the rise in output more than offsets the slight drop in carry-in stocks.

Exports are forecast to rise to 0.60 Mt while total domestic use falls sharply due to lower feed, waste and dockage. Carry-out stocks are forecast to tighten to 0.09 Mt. The flaxseed price forecast is unchanged, from the February forecast at \$470-510/t.

Soybeans

For 2018-19, total supplies are estimated at 8.6 Mt, down slightly from last year as lower production is partly offset by higher carry-in stocks and increased imports. Exports are forecast at a record 5.5 Mt, up from 4.9 Mt in 2017-18, on support from a wide basis and a discounted Canadian dollar. Domestic processing of soybeans is forecast to rise marginally from last year to 2.00 Mt. Carry-out stocks are projected at 0.55 Mt, down from last year. Soybean prices are forecast to fall to \$390-420/t versus \$434/t for 2017-18.

For the remainder of the crop year, the main factors to watch are: (1) US planting pace, (2) China's buying pace, (3) Brazilian soybean shipping pace, (4) the state of China-US and China-Canada trade, and

(5) exchange rate volatility among the American, Canadian and Brazilian currencies.

For 2019-20, the area seeded is forecast to decrease by 3% from last year, to 2.48 Mha, mostly due to dry growing conditions in Western Canada. Production is forecast to fall to 7.0 Mt due to lower area and lower average yields, which are based on 5-year averages.

Total supply is forecast to decrease by 7% to 8.0 Mt, resulting in a 9% drop in exports to 5.0 Mt. Exports are destined for a diverse group of countries. Domestic processing is forecast to decrease slightly to 1.9 Mt, on projected stable domestic soyoil consumption. Carry-out stocks of soybeans are forecast to tighten to 0.48 Mt from 0.55 Mt in 2018-19. Soybean prices are forecast to rally slightly to \$400-440/t on support from stronger US prices and a stable Canadian dollar-US dollar exchange rate.

The USDA is projecting a 5% decline in US planted area for soybeans, to 84.6 million acres, with soybean area in the states of North and South Dakota dropping by 850,000 acres. Planted area in Iowa is also projected to fall by 600,000 acres. There was no

indication from the USDA on what impact extensive flooding across the middle US will have on planting intentions. Compared to last year, planted acreage for soybeans is down in 26 out of the 29 estimating States.

For 2019-20, US ending stocks could reach a record 1.1 bln bu, up 0.2 bln from the current crop year. US soybean production is estimated at 4.3 bln bu based on the USDA's planted area estimate and assuming similar yields and abandonment as last year. Consequently supplies are expected to rise to 5.2 bln bu as the output is added to the 0.9 bln bu of beginning stocks.

Assuming steady to slightly higher exports, crush and other usage compared to the current crop year, most of the increase in supplies flows into ending stocks. This build up in stocks will keep a ceiling on 2019-20 soybean prices, which are not expected to rise and may decline from the March 2019 estimate of US\$8.10-9.10/bu.

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Dry Peas

For 2018-19, exports are forecast to increase to 3.1 million tonnes (Mt). China, Bangladesh and the US are the three main markets for Canadian dry peas. Carry-out stocks are forecast to decrease sharply, due to a stronger export demand and lower supply. The average price is expected to rise from 2017-18, mostly due to higher prices for green peas.

Monthly exports of dry peas have been higher than the five-year average since November, mostly due to increased exports to China. Production of the winter pulse crop in India is forecast by the Government of India at 15 Mt, down only marginally from the record crop set the previous year. If this level of production is realized, Canadian dry pea export demand to India is expected to remain limited throughout the remainder of the crop year.

During the month of March, the on-farm price of yellow peas in Saskatchewan fell \$20/t while the green pea price rose \$25/t. Green pea prices have had a \$200/t premium over yellow pea prices in the month of March. For the entire crop year, green dry peas prices are expected to maintain a \$145/t premium over yellow peas, compared to a \$40/t premium in 2017-18.

For 2019-20, seeded area is expected to increase marginally from the previous year to 1.5 Mha, due to higher returns relative to other crops and above average export demand. Trend yields and higher area are expected to cause production to increase marginally to 3.7 Mt. However, supply is forecast to fall marginally to 4.1, due to lower carry-in stocks. Exports are expected to be lower at 2.9 Mt, and carry-out stocks are expected to decrease. The average price is expected to remain unchanged from 2018-19 due to expectations for similar world supply.

The USDA March Prospective Planting report showed that US area seeded to dry peas for 2019-20 is forecast at nearly 0.9 million acres, up marginally from 2018-19. This is largely due to an expected increase in Montana area.

Lentils

For 2018-19, Canadian lentil exports (August to January) total about 1.0 Mt, sharply higher than this time in 2017-18. Crop year exports are forecast at 1.7 Mt with the United Arab Emirates, Turkey, Bangladesh and India currently the top export markets. Carry-out stocks are forecast to fall due to increased export demand. The overall average price is forecast to fall due to a burdensome carry-out stocks.

During the month of March, the on-farm price of large green and red lentils in Saskatchewan decreased by \$40/t. The average price for large green lentils is forecast to maintain a \$70/t premium over red lentil prices, compared to a record C\$340/t premium to red lentils in 2017-18.

For 2019-20, area seeded in Canada is expected to decrease to 1.45 Mha, due to lower expected returns for all green lentil types compared to the previous spring. With higher yields, production is forecast to rise marginally to 2.1 Mt but supply is expected to decrease marginally to 2.9 Mt due to a decrease in carry-in stocks. Exports are forecast to be higher at 1.8 Mt. Carry-out stocks are expected to decrease sharply which will be supportive for prices. The average price for all grades is forecast to rise from 2018-19.

The USDA March Prospective Planting report showed that US area seeded to lentils is expected to decrease by 29% from last year to 0.55 million acres. Area seeded is expected to fall sharply in Montana.

Dry Beans

For 2018-19, despite an increase in domestic supply, exports are expected to fall to 345 thousand tonnes (kt). The US and the EU remain the top two markets for Canadian dry beans, with smaller volumes exported to Angola, Mexico and Japan. Carry-out stocks are expected to rise. The average Canadian dry bean price is forecast to increase due to the smaller supply in North America. To-date (August-March), white pea bean prices are 15% higher, pinto bean prices are 10% higher and black bean prices are also 5% higher than in 2017-18.

For 2019-20, the area seeded is forecast to rise from 2018-19 to 145 thousand hectares (kha) because of higher potential returns compared to other crops. Production is expected to rise marginally to 345 kt due to a return to trend yields. Supply is expected to rise due to higher carry-in stocks. Exports are forecast to be slightly higher with steady demand from the US and the EU. Carry-out stocks are expected to increase sharply. The average price of dry beans is forecast to be similar to the previous year.

The USDA March Prospective Planting report indicated that the intended US area seeded to dry beans (excluding chickpeas) is forecast to increase marginally to 1.2 million acres, largely due to higher seeded area in North Dakota.

Chickpeas

For 2018-19, a fall in demand from the EU and the US has resulted in a decrease in the forecast for Canadian exports. Pakistan and the US are the main markets for Canadian chickpeas. As a result, carry-out stocks are expected to rise sharply. The average price is forecast to be significantly lower than the previous year, largely due to the large increase in North American and world supply.

For 2019-20, the area seeded is forecast to fall sharply from 2018-19 because of higher carry-in stocks and the potential for lower returns relative to other crops. As a result, production is expected to decrease to 130 Kt. Supply is forecast to decrease slightly from last year due the burdensome carry-in stocks. Exports are forecast to rise this year and carry-out stocks are expected to fall marginally relative to the previous year. The average price is forecast to be unchanged, due to expectations for ample world supply.

The area seeded to chickpeas is estimated by the USDA to fall to 0.5 million acres, down 40% from 2018-19. This is largely due to a sharp decline in area seeded in Montana, Washington and Idaho.

Mustard Seed

For 2018-19, exports are expected to be similar to last year at 112 Kt. However, carry-out stocks are forecast to rise sharply due to the larger supply. The US and the EU are the main export markets for Canadian mustard seed. The average price is forecast to fall from 2017-18 due to the rise of supplies and the expected increase in carry-out stocks.

For 2019-20, the area seeded is expected to remain similar to the previous year due to good returns compared to other crops. Production is forecast to increase to 180 Kt due to higher yields. Supply is expected to be higher than the previous year, as the increase in production combines with higher carry-in stocks. Exports are expected to increase to 120 Kt, but carry-out stocks are forecast to continue to rise. The average price is forecast to fall from 2018-19 due to higher supply and rising carry-out stocks.

Canary Seed

For 2018-19, exports are expected to be lower than last year. Supply is also expected to be down from 2017-18. Due to the lower supply, carry-out stocks are expected to fall sharply. The average price is forecast to rise from the 2017-18 level.

For 2019-20, the area seeded is forecast to rise due to solid returns relative to other crops. Production is expected to increase assuming lower yields than 2018-19. Supply is forecast to decrease marginally to 127 Kt. Exports are expected to fall with the decrease in supply, and carry-out stocks are expected to remain tight. The average price is forecast to be lower than the 2018-19 level.

Sunflower Seed

For 2018-19, exports are forecast to be marginally higher than 2017-18 and carry-out stocks are forecast to be higher than the previous year. The US remains Canada's main export market for sunflower seed. The average price is forecast to decrease from 2017-18, despite higher prices for confectionery types. Confectionery sunflower seed prices have been supported by lower North American supply but oil type sunflower seed prices have been unchanged due to similar US soyoil prices. The reason being there was a higher proportion of oilseed sunflower types grown this year, compared to confectionery types.

For **2019-20**, area seeded is expected to be similar to 2018-19 due to good returns. Production is forecast to rise to 60 kt, assuming a return to average yields. Supply is expected to increase to 127 kt and, as a result, exports are expected to rise. Carry-out stocks are also expected to rise due to higher supply. The average price is forecast to increase from 2018-19, due to higher confectionary type prices in the US and Canada, despite unchanged oil type prices.

The prospective planting of sunflower seed in the US for 2019-20 is forecast by the USDA at 1.35 million acres, up 4% from 2018-19. This is largely due to an expected rise in area seeded in North Dakota. The area seeded to the oil type varieties of sunflower seed is expected to rise marginally to 1.2 million acres while the area allocated to confectionery type varieties is forecast to increase to 0.15 million acres.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

April 16, 2019

Grain and Crop Year (a)	Area		Yield t/ha	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g) \$/t
	Seeded thousand ha	Harvested thousand ha										
Durum												
2017-2018	2,106	2,088	2.38	4,962	8	6,798	4,387	200	543	984	1,426	265
2018-2019f	2,503	2,456	2.34	5,745	10	7,181	4,100	200	687	1,081	2,000	220-240
2019-2020f	2,000	1,960	2.60	5,100	10	7,110	4,600	200	496	910	1,600	235-265
Wheat Except Durum												
2017-2018	7,020	6,895	3.63	25,022	75	30,125	17,438	3,644	3,769	8,193	4,493	240
2018-2019f	7,570	7,425	3.50	26,024	80	30,598	18,700	3,600	3,451	7,898	4,000	240-260
2019-2020f	8,230	8,010	3.50	28,000	80	32,080	18,500	3,650	3,703	8,180	5,400	225-255
All Wheat												
2017-2018	9,126	8,983	3.34	29,984	82	36,923	21,826	3,844	4,312	9,178	5,919	
2018-2019f	10,073	9,881	3.22	31,769	90	37,779	22,800	3,800	4,138	8,979	6,000	
2019-2020f	10,230	9,970	3.32	33,100	90	39,190	23,100	3,850	4,199	9,090	7,000	
Barley												
2017-2018	2,334	2,114	3.73	7,891	59	10,072	2,823	62	5,716	6,005	1,244	227
2018-2019f	2,628	2,395	3.50	8,380	50	9,674	2,700	86	5,738	6,074	900	245-265
2019-2020f	3,000	2,699	3.59	9,697	40	10,637	2,750	86	6,126	6,437	1,450	210-240
Corn												
2017-2018	1,447	1,406	10.02	14,096	1,699	18,291	1,845	5,146	8,776	13,938	2,417	174
2018-2019f	1,468	1,431	9.70	13,885	2,200	18,502	2,000	5,000	9,486	14,502	2,000	170-190
2019-2020f	1,560	1,505	9.75	14,674	1,300	17,974	1,750	5,250	8,958	14,224	2,000	170-200
Oats												
2017-2018	1,295	1,052	3.55	3,733	14	4,450	2,365	109	1,094	1,307	778	218
2018-2019f	1,235	1,005	3.42	3,436	20	4,234	2,350	125	1,054	1,284	600	235-255
2019-2020f	1,400	1,108	3.40	3,771	20	4,391	2,350	125	1,010	1,241	800	230-260
Rye												
2017-2018	144	101	3.38	341	1	507	195	58	139	208	104	162
2018-2019f	136	79	2.99	236	2	342	180	44	74	132	30	220-240
2019-2020f	170	96	2.87	276	2	307	170	44	55	112	25	210-240
Mixed Grains												
2017-2018	123	54	2.77	149	0	149	0	0	149	149	0	
2018-2019f	144	69	2.82	195	0	195	0	0	195	195	0	
2019-2020f	110	51	2.91	148	0	148	0	0	148	148	0	
Total Coarse Grains												
2017-2018	5,342	4,727	5.55	26,210	1,773	33,469	7,227	5,375	15,874	21,607	4,544	
2018-2019f	5,610	4,979	5.25	26,132	2,272	32,947	7,230	5,255	16,546	22,187	3,530	
2019-2020f	6,240	5,459	5.23	28,566	1,362	33,457	7,020	5,505	16,297	22,162	4,275	
Canola												
2017-2018	9,313	9,273	2.30	21,328	108	22,778	10,726	9,269	216	9,552	2,499	539
2018-2019f	9,232	9,120	2.23	20,343	100	22,942	9,800	9,250	341	9,642	3,500	480-510
2019-2020f	9,000	8,931	2.21	19,750	100	23,350	10,500	9,250	249	9,550	3,300	460-500
Flaxseed												
2017-2018	421	419	1.33	555	7	802	515	0	145	160	127	463
2018-2019f	347	342	1.44	493	10	630	400	0	114	130	100	475-505
2019-2020f	400	395	1.56	615	10	725	600	0	20	40	85	470-510
Soybeans												
2017-2018	2,947	2,935	2.63	7,717	534	8,606	4,932	1,969	792	3,023	651	434
2018-2019f	2,558	2,540	2.86	7,267	650	8,568	5,500	2,000	318	2,518	550	390-420
2019-2020f	2,475	2,454	2.85	7,000	400	7,950	5,000	1,900	375	2,475	475	400-440
Total Oilseeds												
2017-2018	12,681	12,627	2.34	29,600	650	32,186	16,173	11,238	1,153	12,735	3,277	
2018-2019f	12,137	12,001	2.34	28,102	760	32,139	15,700	11,250	772	12,289	4,150	
2019-2020f	11,875	11,779	2.32	27,365	510	32,025	16,100	11,150	644	12,065	3,860	
Total Grains And Oilseeds												
2017-2018	27,149	26,337	3.26	85,794	2,504	102,577	45,226	20,457	21,339	43,520	13,740	
2018-2019f	27,820	26,861	3.20	86,003	3,122	102,865	45,730	20,305	21,455	43,454	13,680	
2019-2020f	28,345	27,209	3.27	89,031	1,962	104,672	46,220	20,505	21,140	43,317	15,135	

(a) Crop year is August-July, except corn and soybeans, for which the crop year is September-August.

(b) Imports exclude products.

(c) Exports include grain products but exclude oilseed products.

(d) Food and Industrial use for soybeans is based on data from the Canadian Oilseed Processors Association.

(e) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling

(g) Crop year average prices: Wheat (No.1 CWRS, 13.5% protein) and Durum (No.1 CWAD, 13% protein), both are average Saskatchewan producer spot prices. Barley (No. 1 feed, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBOT nearby futures); Rye (No. 1 CW, cash, I/S Saskatoon); Canola (No. 1 Canada, cash, Track Vancouver); Flaxseed (No. 1 CW, cash, I/S Saskatoon); Soybeans (No. 2 CE, cash, I/S Chatham)

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecast by AAFC except for area, yield and production for 2018-2019 which are STC

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

April 16, 2019

Grain and Crop Year (a)	Area Seeded ----- thousand ha -----	Area Harvested	Yield t/ha	Production	Imports (b)	Total Supply ----- thousand tonnes -----	Exports (b)	Total Domestic Use (c)	Carry-out Stocks	Stocks-to- Use Ratio %	Average Price (d) \$/t
Dry Peas											
2017-2018	1,656	1,642	2.50	4,112	12	4,424	3,083	693	648	17	265
2018-2019f	1,463	1,431	2.50	3,581	25	4,254	3,100	754	400	10	255-285
2019-2020f	1,500	1,475	2.51	3,700	15	4,115	2,900	865	350	9	255-285
Lentils											
2017-2018	1,783	1,774	1.44	2,559	35	2,908	1,537	498	873	43	475
2018-2019f	1,525	1,499	1.40	2,092	15	2,980	1,700	480	800	37	370-400
2019-2020f	1,450	1,425	1.47	2,100	20	2,920	1,800	485	635	28	390-420
Dry Beans											
2017-2018	135	131	2.45	322	86	409	351	23	35	9	760
2018-2019f	143	137	2.49	341	85	461	345	26	90	24	800-830
2019-2020f	145	143	2.41	345	80	515	350	25	140	37	800-830
Chickpeas											
2017-2018	68	68	1.49	102	48	151	116	21	13	10	950
2018-2019f	179	176	1.77	311	30	355	90	65	200	129	500-530
2019-2020f	75	74	1.76	130	18	348	100	68	180	107	500-530
Mustard Seed											
2017-2018	156	153	0.80	122	9	211	112	45	53	34	770
2018-2019f	204	197	0.88	174	5	232	112	45	75	48	670-700
2019-2020f	205	200	0.90	180	5	260	120	45	95	58	650-680
Canary Seed											
2017-2018	103	103	1.41	145	0	165	147	6	12	8	465
2018-2019f	86	85	1.39	118	0	130	125	3	2	2	490-520
2019-2020f	95	94	1.33	125	0	127	120	2	5	4	470-500
Sunflower Seed											
2017-2018	26	26	2.26	58	22	105	17	53	35	50	590
2018-2019f	29	27	2.13	57	22	114	19	50	45	65	560-590
2019-2020f	30	29	2.07	60	22	127	20	52	55	76	570-600
Total Pulses and Special Crops (c)											
2017-2018	3,927	3,897	1.90	7,419	211	8,373	5,363	1,339	1,670	25	
2018-2019f	3,629	3,552	1.88	6,674	182	8,526	5,491	1,423	1,612	23	
2019-2020f	3,500	3,440	1.93	6,640	160	8,412	5,410	1,542	1,460	21	

(a) Crop year is August-July. Grains include pulses (dry peas, lentils, dry beans, chick peas) and special crops (mustard seed, canary seed, sunflower seed).

(b) Imports and exports exclude products.

(c) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling

(d) Producer price, FOB plant, average over all types, grades and markets.

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecast by AAFC except for area, yield and production for 2018-2019 which are STC