CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS — *February 14, 2020*

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) January outlook report for the 2019-20 crop year and provides AAFC's preliminary look at the upcoming 2020-21 crop year. For 2019-20 the report incorporates information from recent reports by Statistics Canada (STC) and the World Agriculture Supply and Demand Estimates (WASDE) published by the United States Department of Agriculture (USDA).

For 2019-20, AAFC's February Outlook incorporates information from Statistics Canada's survey of Canadian farms on Stocks of Principal Field Crops, which was released on February 5, 2020. As of December 31, 2019, total stocks of barley, oats and dry peas increased compared to the same date in 2018, while total stocks of wheat, canola, corn, lentils and soybeans were lower. Due to poor weather conditions during harvest, a substantial amount of crops likely remained unharvested at the time of the survey. In total, carry out stocks of field crops in Canada at the end of the 2019-20 crop year are estimated by AAFC at 14.7 million tonnes (Mt), almost 2% lower than last year. Compared to 2018-19, average prices for field crops in Canada have been supported by the relatively weak value of the Canadian dollar. Trade issues and health concerns, especially in China, are expected to continue to create uncertainty for the grain markets.

For 2020-21, rotation considerations, moisture conditions, expected prices, input costs and delivery opportunities are expected to play a crucial role in determining actual seeding decisions in the spring. However, based on current market conditions and historical trends, the area seeded to field crops in Canada is forecast to increase marginally from 2019-20. The area seeded to wheat and coarse grains is expected to increase slightly while the area seeded to oilseeds decreases. In general, average yields are forecast to increase compared to 2019-20 because excessive moisture conditions in some areas reduced yields last year. The production of grains and oilseeds (G&O) and pulses and special crops (P&SC) is forecast to increase modestly so that total field crop production is expected to expand by 2% to 95.3 Mt. In general, abundant supplies of grain at the world level are expected to pressure world grain prices but grain prices in Canada will continue to be supported by the low value of the Canadian dollar.

Canada: Principal Field Crops Supply and Disposition

	Area Seeded	Area Harvested	Yield	Production	Imports	Total Supply	Exports	Total Domestic Use	Carry-out Stocks
	thousand hectares		*t/ha*	*thousand tonnes*					
Total Grains And Oilseeds									
2018-2019	27,820	26,861	3.22	86,584	4,199	105,363	46,840	44,601	13,922
2019-2020f	27,568	26,094	3.30	85,997	2,732	102,651	44,220	44,861	13,570
2020-2021f	27,751	26,479	3.32	87,949	2,302	103,821	46,040	43,516	14,265
Total Pulse And Special Crops									
2018-2019	3,652	3,576	1.88	6,714	293	8,734	6,097	1,327	1,310
2019-2020f	3,892	3,783	1.93	7,317	327	8,954	6,380	1,404	1,170
2020-2021f	3,856	3,774	1.96	7,380	278	8,828	6,076	1,447	1,305
All Principal Field Crops									
2018-2019	31,472	30,437	3.07	93,298	4,492	114,097	52,937	45,928	15,232
2019-2020f	31,460	29,877	3.12	93,314	3,059	111,604	50,600	46,264	14,740
2020-2021f	31,607	30,253	3.15	95,329	2,580	112,649	52,116	44,963	15,570

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)
f: forecast by AAFC except for area, yield and production for 2019-2020 which are STC

Durum

For 2019-20, Canadian durum production decreased by 13% from 2018-19 to 4.98 million tonnes (Mt). About 3% of the durum area remained to be harvested at the start of winter, according to provincial crop reports. The durum which will be harvested during the winter and spring is expected to be low quality and some may not be harvested.

Total supply decreased by 6%, as the lower production was partly offset by higher carry-in stocks. Exports are forecast to increase by 6% to 4.8 Mt due to stronger demand resulting from a decrease in world production. Carry-out stocks are forecast to fall by 50% from 2018-19 to 0.9 Mt, 37% lower than the past five year average of 1.43 Mt. This report incorporates data from Statistics Canada's (STC) December 31, 2019 stocks report and revisions for 2018-19.

The average quality of the durum harvested before winter in terms of grades is lower than for 2018-19, which was exceptionally good quality crop, but near the past five year average. According to the Canadian Grain Commission's sample survey analysis to January 29, 2020, 49% of the durum was graded No. 1 and 2 and another 41% graded No. 3 and 4. The protein content averaged 13.7%, lower than for 2018-19, but better than the past five-year average.

World durum production fell by 2.7 Mt from 2018-19 to 34.3 Mt, while supply decreased by 1.9 Mt to 44 Mt, according to the International Grains Council (IGC). Use is expected to rise by 0.7 Mt to 36.9 Mt. Carry out stocks are forecast to fall by 2.6 Mt to 7.1 Mt, the lowest since 2012-13. IGC reduced the world production, use and carry-out stocks estimates because of downward adjustment to the production in Kazakhstan. US durum production fell by 0.66 Mt from 2018-19 to 1.46 Mt, according to the United States Department of Agriculture (USDA).

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

For 2020-21, the area seeded to durum in Canada is forecast to increase by 15% from 2019-20 because of relatively good prices and low carry-out stocks for 2019-20. Production is forecast to rise by 19% to 5.9 Mt as the increase in seeded area is compounded by higher trend yields. Supply is projected to be stable as the higher production is offset by lower carry-in stocks. Exports are expected to be stable. Carry-out stocks are forecast to rise by 11% to 1 Mt.

World durum production is forecast to increase by 2.2 Mt from 2019-20 to 36.5 Mt due to higher seeded area and assuming normal yields. Supply is expected to fall by 0.4 Mt to 43.6 Mt because of lower carry-in stocks. Use is expected to fall by 0.3 Mt as higher food use is more than offset by lower feed use, while carry-out stocks fall by 0.1 Mt to 7 Mt. US durum production is forecast to rise by 0.25 Mt to 1.71 Mt.

The average Canadian crop year producer price for durum is forecast to fall from 2019-20 due to higher production at the world, Canadian and US levels.

Wheat (excluding durum)

For 2019-20, Canadian wheat production rose by 3.5% from 2018-19 to 27.4 Mt. About 7% of the spring wheat area in Western Canada remained to be harvested at the start of winter, based on provincial crop reports. The spring wheat harvested during the winter and spring is expected to be low quality and a significant portion may not be harvested.

Production by class of wheat, with 2018-19 production in brackets, is estimated at: winter wheat (hard red, soft red and soft white) 1.7 Mt (2.51 Mt); Canada Western Red Spring (CWRS), premium quality hard wheat, 22.17 Mt (20.03 Mt); Canada Prairie Spring (CPS) 1.49 Mt (1.59 Mt), Canada Northern Hard Red Spring (CNHR) 0.74 Mt (1.06 Mt); soft white spring (CWSWS) 0.54 Mt (0.48 Mt), other western spring wheat 0.27 Mt (0.39 Mt), eastern spring wheat, mainly hard red spring (CERS), 0.46 Mt (0.39 Mt).

The average quality for CWRS wheat harvested before winter in terms of grades is lower than for

2018-19, but better than the past five year average. According to the Canadian Grain Commission's sample survey analysis to January 29, 2020, 72% of the CWRS wheat graded No. 1 and 2 and another 17% graded No. 3. The protein content averaged 13.3%, lower than for 2018-19 and the past five year average.

Total supply fell marginally, as lower carry-in stocks more than offset the increase in production. Exports are forecast to fall by 7% to 18.4 Mt, due to more competition from other exporters because of higher world production. Carry-out stocks are forecast to increase by 18% to 5 Mt, but only 1% higher than the past five year average of 4.96 Mt. The export forecast was reduced by 0.2 Mt from the January report based on the pace of exports for the first six months of the crop year. This report incorporates data from STC's December 31, 2019 stocks report and revisions for 2018-19.

World all wheat (including durum) production increased by 33 Mt to 764 Mt, while the supply increased by 28 Mt to 1,042 Mt, according to USDA. Total use is expected to increase by 18 Mt to 754 Mt. World all wheat carry-out stocks are forecast to rise by 10 Mt to 288 Mt or, if stocks in China are not included, stocks would increase by 2 Mt to 140 Mt. Chinese wheat stocks are seldom exported.

US all wheat production rose by 1 Mt from 2018-19 to 52.3 Mt, according to USDA. Supply is 0.4 Mt lower at 84.5 Mt. Domestic use is forecast to increase by 1.7 Mt, while exports increase by 1 Mt. Carry out stocks are forecast to decrease by 3.1 Mt to 26.3 Mt.

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

For 2020-21, Canadian area seeded to wheat is forecast to be nearly the same as for 2019-20 as a 17% increase in the winter wheat area is expected to be offset by a 1% decrease for the spring wheat area. Production is projected to rise by 2% to 28 Mt. The winter wheat production is projected to increase by 60% to 2.7 Mt due to higher seeded area and assuming a return to normal abandonment rate. Spring wheat production is expected to fall by 1% to 25.3 Mt.

Supply is forecast to increase by 4% because of higher carry-in stocks. Exports are expected to rise by 5% due to lower world production. Carry-out stocks are forecast to increase by 14% to 5.7 Mt.

World all wheat production is forecast to fall by 9 Mt from 2019-20 to 755 Mt, assuming normal yields, while the supply is stable due to higher carry-in stocks. Total use is expected to rise by 7 Mt to 761 Mt. Carry-out stocks are forecast to fall by 6 Mt to 282 Mt. Excluding China, carry-out stocks are projected to decrease by 7 Mt to 133 Mt.

US all wheat production is forecast to fall by 1.8 Mt from 2019-20 to 50.5 Mt. On January 10, USDA reported that the area seeded to winter wheat for 2020 is estimated at 30.8 million acres, 1% lower than 2019. Winter wheat normally accounts for nearly 70% of the US all wheat area. Imports are forecast to increase by 0.4 Mt. Supply of all wheat is projected to fall by 5.2 Mt to 79.3 Mt. Exports are forecast to fall by 1.5, while domestic use decreases by 0.6 Mt. Carry-out stocks are forecast to decrease by 3.1 Mt to 22.5 Mt.

Average Canadian producer prices for wheat for the crop year are forecast to rise from 2019-20 because of the lower US supply and carry-out stocks and lower world excluding China carry-out stocks.

Stan Skrypetz: Wheat Analyst
stan.skrypetz@canada.ca

Coarse Grains

Barley

For 2019-20, barley production in Canada increased by 24% to 10.4 million tonnes (Mt), due to higher harvested area and higher yields.

The total supply of barley increased by 17% from 2018-19 as higher production more-than offset the decrease in carry-in stocks, which is historically low. The domestic use of barley is expected to increase significantly from 2018-19, largely due to higher feed use. Exports are expected to increase by 3% but carry-out stocks are forecast to rise sharply due to higher supply.

The average price of feed barley is expected to be lower than 2018-19 due to the increased supply in Canada, the US and around the world.

In the US, the supply of barley increased due to higher production and higher imports, as forecast by the USDA. Carry-out stocks are forecast to rise due to higher supply.

World barley production and supply in 2019-20 increased to the highest level since 1994-95. Barley production increased in the major exporting countries, including the EU, Russia and Ukraine. World trade is projected to rise due to higher supply and forecasts for increased imports from Saudi Arabia, China and Morocco. Total use is anticipated to grow by 9%. Carry-out stocks are expected to increase by 18%.

For 2020-21, the area seeded to barley in Canada is forecast to decrease slightly due to the sharp increase in carry-in stocks and lower expected prices. Barley prices in 2019-20 have been strong relative to prices over the past few years, which will limit the decline in area seeded. Production is forecast to decrease by 8% using the five-year (2015-16 to 2019-20) average for area harvested and yields. Supply is forecast to be similar to 2019-20. Domestic use is anticipated to decrease slightly on a marginal decline in feed use. Exports are expected to be stable. As a result, carry-out stocks are forecast to rise slightly.

The average price of feed barley for 2020-21 is expected to be lower than 2019-20 due to increased supplies in Canada and around the world, as well as lower corn prices in the US.

The USDA projects that the area seeded to barley in the US for 2020-21 will fall by 4%. This, when combined with forecasts for lower area harvested and yield, will result in a drop of 3% in US barley production. However, supply is projected to rise by 4% due to increased carry-in stocks and higher imports. Total use is expected to increase by 6% and carry-out stocks are forecast to be unchanged. The average US barley price is projected to fall by 8%.

The International Grains Council (IGC) forecasts that the world barley supply, use and carry-out stocks will increase. This is expected to pressure world barley prices.

Corn

For 2019-20, corn production in Canada decreased by 3% from 2018-19 to13.4 Mt due to lower average yields, despite an increase in harvested area. The total supply of corn decreased by 9% as a result of lower carry-in stocks, production and imports.

Corn imports for 2019-20 into Western Canada are expected to fall sharply because of the significant increase in barley production in Western Canada where barley is the major feed grain. However, in Eastern Canada, where corn is the major feed grain, corn imports are expected to increase due to lower corn production. For 2019-20 (Aug-Dec), corn imports to Western Canada decreased by 60%, compared to the same period in 2018-19, while imports doubled in Eastern Canada.

Domestic use is expected to decrease due to reduced food and industrial use, as well as declined feed use. Exports are expected to decrease due to lower supply and slower export pace to-date. Carry-out stocks are forecast to fall largely due to smaller supplies.

The average price of corn for 2019-20 is expected to be higher than last year due to the expected increase in the US corn price and a significant decline in the domestic corn supply.

US corn production for 2019-20 decreased by 5% from 2018-19 largely due to a decline in yields. The average on-farm price for corn in the US is forecast to increase to US$3.85/bu from US$3.61/bu last year. Corn production in other major world exporters, including Brazil, Argentina, Russia and Ukraine, remains abundant, which will put pressure on corn prices.

For 2020-21, the area seeded to corn in Canada is forecast to decrease by only 2% from 2019-20 as corn prices remain relatively strong. Production is forecast to increase by 3%, largely due to higher yields, and imports are expected to decrease accordingly. Supply is projected to be slightly lower than in 2019-20 as an increase in production is anticipated to be more-than offset by lower carry-in stocks and imports. Domestic use is projected to fall slightly due to lower feed use. Exports are forecast to remain unchanged given the same trend as in 2019-20 for continuing decline in world supply and continuing increase in world total use. Carry-out stocks are forecast to drop due to lower supply.

The average price of corn in Canada is expected to drop due to forecasts for lower corn prices in the US in 2020-21.

The USDA projects that US corn acreage for 2020-21 will rise by 5%, which, combined with forecasts for higher area harvested and improved yield, will increase US corn production, supply and ending stocks significantly in 2020-21. The US corn price is projected to fall by 11%.

Area seeded to corn at the world level is forecast to increase, according to the IGC, and world production is expected to set a new record. Total use of corn around the world is expected to continue its upward trend in 2020-21 and is projected to grow to a record level, driven by China and Brazil. World carry-out stocks are anticipated to decline in 2020-21, including in China and the major exporting countries. In the EU, the total supply of corn is expected to fall due to lower carry-in stocks, in spite of higher production and imports. Total use is projected to rise. As a result of lower supplies and higher consumption, carry-out stocks of corn in the EU are expected to decrease.

Oats

For 2019-20, oat production in Canada increased by 21% from 2018-19 to 4.2 Mt largely due to higher harvested area and record yields. Total supply increased by 8%, as the increase in production is partly offset by the decrease in carry-in stocks. Domestic use is expected to increase by 5% on higher supply. Exports of oats, including grain and products, are anticipated to rise due to increased supply and a solid export pace to-date. Carry-out stocks are expected to increase significantly due to higher supply, but will still remain historically low.

The average provincial price of oats in the Prairie Provinces is currently strong. The 2019-20 cumulative average price to-date in Alberta is 11% higher than its level for the same period in 2018-19, and it is 2% higher for Saskatchewan and 4% for Manitoba. The average oat futures price in the Chicago Board of Trade increased by 7%. Throughout the crop year, oat prices are forecast to increase from last year due to strong demand for quality oats.

US oat supply for 2019-20 increased by 1% from 2018-19 as higher imports offset lower production. Total use is forecast to increase by 3% as a result of higher feed use. Carry-out stocks are projected to decline by 5%.

Oat production for 2019-20 in the world major exporting countries, including the EU and Australia, increased. World total use is projected to increase by 2% while total carry-out stocks are anticipated to increase by 19%.

For 2020-21, the area seeded to oats in Canada is forecast to increase by about 9% mainly due to low stocks, good prices and strong demand. This will be the highest level since 2009. Production is forecast to increase by 5% due to higher area harvested more-than offsetting lower yields. Supply is projected to increase by 8% owing to higher carry-in stocks and production. Domestic use is expected to increase due to higher feed use. Exports are

anticipated to be stable. Carry-out stocks are forecast to rise given an ample supply.

The average price of oats for 2020-21 is expected to be lower than 2019-20 due to higher supply in Canada, the US and around the world, as well as lower US corn price forecast for 2020-21.

The USDA projects that the acreage of oats in the US for 2020-21 will grow by 3%, which, combined with forecasts of increased harvested area and improved yield, will expand oat production in the US by 24% in 2020-21. However, supply is projected to rise only by 6% owing to forecasts for lower carry-in stocks and unchanged imports. Total use is expected to increase by 4% and carry-out stocks are projected to increase by 16%. US oat price for 2020-21 is projected to fall by 15%.

The IGC forecasts that world oat supply in 2020-21 will continue to grow due to higher carry-in stocks and production. Total use will increase by 1% and carry-out stocks are projected to increase by 12%.

Rye

For 2019-20, rye production in Canada increased by 41% to 333 thousand tonnes (Kt) due to higher harvested area and improved yields.

The total supply increased by only 6% as most of the increase in production was offset by a significant decline in carry-in stocks. Domestic use is expected to fall slightly due to a drop in feed use. Exports are anticipated to rise due to improved supply and solid exporting pace. Carry-out stocks are expected to increase due to higher supply.

The current rye price in Saskatchewan and Manitoba elevators is lower than it was a year ago but it remains strong. For 2019-20, the rye price is anticipated to decrease by 11% from 2018-19 to an average of $210/t.

The US is the main importer of Canadian rye. US rye production in 2019-20 increased by 56 Kt. However, given a drop in imports, total supply increased only slightly by 7 Kt. Total consumption is projected to increase by 48 Kt, which should result in tight ending stocks of rye in the US.

For 2020-21, the area seeded to winter rye in Canada increased by 32% from 2019-20, as a result of relatively good prices and tight carry-in stocks. Production is forecast to increase by almost 30% to 429 Kt, using the previous 5-year average yield. Supply is expected to increase by about 26% to 485 Kt. Exports, domestic use and carry-out stocks are forecast to rise due to higher supplies.

The average price of rye is expected to be lower than the price for 2019-20 due to higher supply in Canada and around the world.

The IGC forecasts that the world supply of rye in 2020-21 will grow by 5% due to higher carry-in stocks, as production is projected to be unchanged. Total use is anticipated to increase by 3% and carry-out stocks are projected to increase by 21%.

Mei Yu: Coarse Grains Analyst
mei.yu@canada.ca

Canola

For 2019-20, the supply of canola decreased marginally from last year, at 22.6 million tonnes (Mt), as high carry-in stocks are more-than offset by the drop in production. An unknown volume of canola remains unharvested in the field due to poor harvesting conditions. Anecdotal reports suggest some deterioration is occurring due to rodent damage but a full assessment of crop quality has to wait until the snow melts in the spring. Domestic processing of canola is forecast at a record 9.8 Mt, versus the 9.3 Mt processed in 2018-19. The crush pace to-date, as reported by Statistics Canada, is running ahead of last year which supports AAFC's Outlook.

Canola exports are forecast to fall slightly to 9.1 Mt, versus the 9.14 Mt shipped in 2018-19. Exports through licensed facilities as of January 25, 2020 were 4.5 Mt versus 4.8 Mt a year ago, a drop of 6%. For the first five months of 2019-20, canola exports to western Europe are up 350% to 0.9 Mt while shipments to Asia, including China, are down 34%, to 2.3 Mt. Shipments in the western hemisphere are also down, by 28% to 0.5 Mt. Carry-out stocks are forecast to fall to 3.2 Mt, versus 3.8 Mt for 2018-19. Canola prices are estimated to range between $455-485/t down from $497/t last year.

For 2020-21, seeded area in Canada is forecast to decrease by 2% to 8.3 million hectares (Mha), as farmers shift to seeding alternative crops at the expense of oilseeds and pulses and special crops. Harvested area is forecast at 8.2 Mha while yields are projected at 2.25 tonnes per hectare (t/ha), up marginally from the 2.24 t/ha achieved in 2019-20. Production is forecast to fall slightly to 18.5 Mt versus the 18.6 Mt grown last year. Total supply is forecast to fall to 21.8 Mt on lower carry-in stocks and lower output.

Exports are forecast up by 4% to 9.5 Mt on support from the slow and steady growth in world consumption of vegetable oils and high oil content oilseeds. Domestic crush is forecast to fall slightly to 9.3 Mt, due to competition from large world soybean oil and palm oil supplies. Carry-out stocks are forecast to tighten slightly to 2.7 Mt for a stocks-to-use ratio of 14% supporting a rise in canola prices to $480-520/t.

Flaxseed

For 2019-20, supplies are estimated at 0.56 Mt versus 0.63 Mt for last year, due to lower production and decreased carry-in stocks. Exports are forecast to fall to 0.40 Mt on stable world demand, tighter domestic supplies and disciplined farmer selling. Total domestic use is forecast to fall to 0.09 Mt on lower feed, waste and dockage. Carry-out stocks are forecast to rise marginally to 0.07 Mt while flaxseed prices rise slightly to $485-515/t, versus $496/t in 2018-19.

For 2020-21, seeded area for flaxseed in Canada is forecast to rise to 0.45 Mha, on support from higher prices. Production is forecast to rise by 34% to 0.65 Mt, assuming a steady abandonment in the harvested area and using the 5-year average historical yields. Supply is forecast to increase by 30% to 0.73 Mt as the rise in output more than offsets the slight drop in carry-in stocks.

Exports are forecast to increase by 25% from 2019-20, to 0.50 Mt on steady to stronger world consumption. Total domestic use is forecast to rise to 0.11 Mt, on higher feed, waste and dockage. Carry-out stocks are forecast to increase to 0.12 Mt. Flaxseed prices are forecast up slightly, to $490-530/t for 2020-21.

Soybeans

For 2019-20, supplies are estimated at 7.1 Mt, down from last year's 9.2 Mt on sharply lower production. Imports are estimated sharply lower for 2019-20, at 0.4 Mt. As of Jan 23, the US shipped a total of 31,300 tonnes of soybeans into Canada since Sept 1st compared to 494,100 t for the same period last year. Canadian exports are forecasts to decline to 4.3Mt, versus 5.6 Mt last year, because of the tighter domestic supplies. Canadian soybean crush is expected to fall by 13%, to 1.8 Mt, as some processors switch to crushing canola while carry-out stocks fall to 0.3 Mt, versus 0.7 Mt last year. Soybean prices are forecast modestly higher at $405-435/t versus $406/t for 2018-19.

World production of soybeans is estimated at 338 Mt by the USDA, down from the 358 Mt grown in 2018-19 and the 342 Mt produced in 2017-18. World trade in soybeans is projected to remain stable with 172 Mt exported in 2019-20. The USDA projects Chinese soybean imports and crush of 85.0 Mt, similar to last year but less than the records set in 2017-18. World ending stocks are projected at 97 Mt, down from 110 Mt last year but above the 2016-17 levels of 95 Mt.

Looking forward, the factors to watch are: (1) South American soybean yields and export pace, (2) strength of Chinese import demand, (3) USDA's 2020-21 Seeding Intentions to be released at the Agricultural Outlook Forum on Feb 21st and (4) the impact of the negotiated US-China trade settlement on trade flows.

For 2020-21, planted area in Canada is forecast to fall marginally to 2.23 Mha, due to low prices and concerns over growing conditions. Assuming five-year average yields, production is forecast at 6.6 Mt, up from 6.0 Mt in 2019-20 but below the 7.4 Mt grown in 2018-19.

Total supply is forecast to increase to 7.3 Mt as the estimated drop in carry-in stocks is offset by higher production and a slight increase in imports. Exports are forecast at 4.7 Mt with shipments headed to a diverse group of countries. Domestic processing is forecast up slightly at 1.9 Mt as crushers swing back into processing more soybeans. Carry-out stocks are forecast at 0.27 Mt versus 0.30 Mt estimated for 2019-20 and the 0.70 Mt carried out in 2018-19.

Soybean prices are forecast up slightly to $410-450/t on support from stronger US prices and a stable Canadian-US dollar exchange rate.

Chris Beckman: Oilseeds Analyst
chris.beckman@canada.ca

Dry Peas

For 2019-20, exports are expected to rise to 3.5 million tonnes (Mt) as higher exports to China and Bangladesh have been offset by lower exports to the US. Canadian dry pea exports to India are forecast to be lower at 0.2 Mt. Carry-out stocks are forecast to rise with the larger supply. The average price is expected to be marginally lower than 2018-19 levels, with higher green pea prices offset by lower yellow and feed pea prices.

During the month of January, the on-farm price of yellow peas in Saskatchewan was unchanged while the green pea price rose by $15/t. This was largely due to strong export demand and despite indications that the seeded area for the winter pulse crop in India is expected to be higher than the previous year. Green dry peas prices are expected to maintain a $120/t premium over yellow dry peas, compared to the $130/t premium that yellow peas had over green peas in 2018-19.

US dry pea production is estimated by the USDA at over 1.0 Mt, up sharply from 2018-19. This was largely due to above average yields and higher area. Canadian dry pea exports to the US are moving below last year's pace, and are forecast to fall to 0.2 Mt in 2019-20.

For 2020-21, seeded area is forecast to be relatively unchanged from 2019-20 at 1.76 million hectares (Mha) because of good expected returns for yellow pea types when compared to other crops. Production is forecast to increase to 4.3 Mt and supply is expected to rise from 2019-20 due to higher carry-in stocks. Exports are expected to be only slightly lower than in 2019-20. Carry-out stocks are expected to increase. The average price is expected to be similar to 2019-20, due to similar dry pea prices and unchanged global supply.

Lentils

For 2019-20, exports are forecast to increase to 2.1 Mt due to increased import demand from Bangladesh, India and Turkey. With the marginally lower supply and an increase in exports, this is expected to lead to lower carry-out stocks, which will continue to support No.1 lentil prices throughout 2019-20.

During the month of January, the on-farm price of large green lentils in Saskatchewan was unchanged while red lentil prices rose by $50/t. Prices have been supported throughout the crop year by increased export demand and quality issues with the Canadian lentil crop. Prices for No.1 large green lentils are expected to maintain a premium of $130/t over No.1 red lentil prices, compared to an $85/t premium in 2018-19.

For 2019-20, US lentil production, mostly green types, is estimated at nearly 0.25 Mt, down sharply from 2018-19. Canada is a minor exporter to the US. Canadian lentil exports to the US are expected to be lower than 2018-19, at 60 thousand tonnes (Kt).

For 2020-21, area seeded in Canada is forecast to remain unchanged at 1.53 Mha due to higher potential returns compared to other crops. Production is forecast to increase marginally to 2.2 Mt. Supply is expected to fall to 2.6 Mt because of lower carry-in stocks. Exports are expected to be lower than in 2019-20 at 2.0 Mt. Carry-out stocks are forecast to decrease. The overall lentil price is forecast to increase from 2019-20 due to the lower carry-out stocks and expectations for an average grade distribution.

Dry Beans

For 2019-20, exports are forecast to be marginally lower than 2018-19. The EU and the US remain the top two export markets. Carry-out stocks are also forecast to increase from 2018-19 due to the higher supply. The average Canadian dry bean price is expected to increase due to smaller supply in North America. To-date, Canadian white pea bean prices are 5% higher, pinto beans are 15% higher and black beans are 10% lower than last year.

US total dry bean production (excluding chickpeas) is estimated by the USDA at over 0.9 Mt, down 17% from 2018-19. US dry bean production decreased for all bean types with the exception of light red kidney bean types, which rose marginally. This, along with a favorable exchange rate is expected to continue to

support Canadian dry bean prices throughout 2019-20.

For 2020-21, the area seeded is forecast to decrease due to lower potential returns compared to other crops, particularly soybeans. Production is forecast to rise to 0.33 Mt due to higher expected yields. Supply is expected to increase marginally, with higher carry-in stocks. Exports are expected to be marginally higher than in 2019-20 and carry-out stocks are expected to increase. The average Canadian dry bean price is forecast to decrease due to expectations for larger North American supply.

Chickpeas

For 2019-20, exports are forecast to decrease from 2018-19, largely due to decreased demand from Pakistan and India. Carry-out stocks are expected to rise. The average price is forecast to remain unchanged due to weaker world demand and higher world supply.

US chickpea production is estimated by USDA at 283 Kt, about half the output from 2018-19, due to a large reduction in area. Canadian chickpea exports to the US are forecast to be similar to last year at 23 Kt.

For 2020-21, the area seeded is forecast to decrease substantially from 2019-20, largely due to lower prices compared to other crops. As a result, production is expected to fall sharply to 200 Kt. Supply is expected to fall only marginally from last year due to higher carry-in stocks. Exports are expected to rise from last year and carry-out stocks are expected to fall. The average price is forecast to be lower than the previous year.

Mustard Seed

For 2019-20, exports are forecast to be unchanged from last year at 120 Kt but carry-out stocks are expected to decrease. The US and the EU currently account for 77% of Canada's total exports to-date for mustard seed. The average price is expected to increase, due to the tighter supply in Canada and the US.

For 2020-21, the area seeded is forecast to rise and production is expected to increase to 145 Kt due to higher expected yields. Supply is forecast to decrease, due to lower carry-in stocks. Exports are expected to remain unchanged but carry-out stocks are still expected to decrease. The average price is expected to fall compared to 2019-20.

Canary Seed

For 2019-20, exports are forecast to be slightly higher than last year. The EU and Mexico currently account for 53% of the total Canadian canary seed export market. Carry-out stocks are forecast to tighten. The average price is forecast to increase to an average of $635/t from $505/t in 2018-19.

For 2020-21, the area seeded is expected to increase marginally due to higher returns relative to other crops. Production is forecast to be similar to last year with an increase in seeded area offsetting lower yields. Supply is expected to fall marginally to 145 Kt. Exports are expected to fall due to lower supply and carry-out stocks are forecast to remain tight. The average price is forecast to be lower than the 2019-20 level.

Sunflower Seed

For 2019-20, exports are expected to be higher than the previous year but carry-out stocks are forecast to rise marginally. The US is Canada's main export market for sunflower seed and accounts for 95% of Canada's total exports. The average price is expected to rise from 2018-19 on higher oilseed prices, due to smaller North American sunflower seed supply.

For the US, sunflower seed production is estimated by the USDA to have decreased to below 0.9 Mt. Nearly 0.8 Mt of the US sunflower seed crop is estimated to be oilseed types, lower than last year. US confectionery type production was also lower this year at below 0.1 Mt.

The global supply of sunflower seed is estimated by the USDA at a record 59 Mt. This is largely due to increased production in Ukraine and Russia. As a result, world exports are expected to decrease by 6% while domestic use is forecast to rise to a record 53 Mt. World carry-out stocks are expected to rise to 3.1 Mt and has pressured world sunflower seed prices.

For 2020-21, the area seeded is forecast to remain unchanged from 2019-20 due to expectations for good returns relative to other crops. Production is

forecast to fall to 60 Kt. Supply is expected to increase marginally due to higher carry-in stocks. Exports are expected to be similar to the previous year but carry-out stocks are expected to rise. The average price in Canada is forecast to be lower than in 2019-20 as the prices for confectionary type varieties remain similar while prices for oil type varieties are expected to decrease slightly.

Bobby Morgan: Pulse and Special Crops Analyst
Bobby.Morgan@agr.gc.ca

CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

February 14, 2020

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g)
	------ *thousand ha* ------		*t/ha*	----------			*thousand tonnes*			----------		*$/t*
Durum												
2018-2019	2,503	2,456	2.34	5,745	24	7,245	4,526	204	532	927	1,792	235
2019-2020f	1,980	1,902	2.62	4,977	70	6,839	4,800	210	710	1,139	900	245-275
2020-2021f	2,280	2,235	2.64	5,900	40	6,840	4,800	210	611	1,040	1,000	235-265
Wheat Except Durum												
2018-2019	7,570	7,425	3.56	26,456	95	31,807	19,762	3,294	3,669	7,797	4,247	245
2019-2020f	8,145	7,754	3.53	27,371	100	31,718	18,400	3,350	4,133	8,318	5,000	210-240
2020-2021f	8,150	7,920	3.54	28,000	100	33,100	19,300	3,380	3,883	8,100	5,700	220-250
All Wheat												
2018-2019	10,073	9,881	3.26	32,201	119	39,052	24,288	3,498	4,201	8,724	6,040	
2019-2020f	10,125	9,656	3.35	32,348	170	38,558	23,200	3,560	4,843	9,458	5,900	
2020-2021f	10,430	10,155	3.34	33,900	140	39,940	24,100	3,590	4,494	9,140	6,700	
Barley												
2018-2019	2,628	2,395	3.50	8,380	43	9,667	3,068	104	5,375	5,737	863	260
2019-2020f	2,996	2,728	3.81	10,383	40	11,285	3,150	116	6,069	6,435	1,700	210-240
2020-2021f	2,900	2,580	3.69	9,520	40	11,260	3,150	116	5,963	6,310	1,800	200-230
Corn												
2018-2019	1,468	1,431	9.70	13,885	2,739	19,040	1,617	5,786	9,638	15,440	1,983	194
2019-2020f	1,496	1,451	9.24	13,404	2,000	17,387	1,300	5,300	8,971	14,287	1,800	190-220
2020-2021f	1,460	1,420	9.75	13,850	1,500	17,150	1,300	5,300	8,834	14,150	1,700	170-200
Oats												
2018-2019	1,235	1,005	3.42	3,436	10	4,225	2,475	186	1,046	1,353	397	254
2019-2020f	1,459	1,160	3.58	4,157	10	4,564	2,600	190	1,091	1,414	550	240-270
2020-2021f	1,590	1,250	3.50	4,380	10	4,940	2,600	190	1,139	1,440	900	205-235
Rye												
2018-2019	136	79	2.99	236	2	363	146	19	134	167	49	236
2019-2020f	175	103	3.25	333	2	384	170	19	119	159	55	195-225
2020-2021f	231	147	2.92	429	2	485	190	20	185	220	75	170-200
Mixed Grains												
2018-2019	144	69	2.82	195	0	195	0	0	195	195	0	
2019-2020f	145	68	2.84	192	0	192	0	0	192	192	0	
2020-2021f	140	60	2.83	170	0	170	0	0	170	170	0	
Total Coarse Grains												
2018-2019	5,610	4,979	5.25	26,132	2,794	33,490	7,305	6,095	16,387	22,892	3,292	
2019-2020f	6,270	5,509	5.17	28,469	2,052	33,812	7,220	5,625	16,442	22,487	4,105	
2020-2021f	6,321	5,457	5.19	28,349	1,552	34,006	7,240	5,626	16,292	22,291	4,475	
Canola												
2018-2019	9,232	9,120	2.23	20,343	146	22,995	9,141	9,295	666	10,023	3,831	497
2019-2020f	8,481	8,319	2.24	18,649	100	22,580	9,100	9,750	479	10,280	3,200	455-485
2020-2021f	8,300	8,215	2.25	18,500	100	21,800	9,500	9,250	299	9,600	2,700	480-520
Flaxseed												
2018-2019	347	342	1.44	492	9	628	466	0	85	102	60	496
2019-2020f	379	339	1.43	486	10	556	400	0	71	91	65	485-515
2020-2021f	450	421	1.54	650	10	725	500	0	90	110	115	490-530
Soybeans												
2018-2019	2,558	2,540	2.92	7,417	1,131	9,199	5,640	2,058	563	2,859	700	406
2019-2020f	2,313	2,271	2.66	6,045	400	7,145	4,300	1,800	495	2,545	300	405-435
2020-2021f	2,250	2,231	2.94	6,550	500	7,350	4,700	1,900	275	2,375	275	410-450
Total Oilseeds												
2018-2019	12,137	12,001	2.35	28,252	1,286	32,821	15,247	11,354	1,314	12,984	4,591	
2019-2020f	11,172	10,929	2.30	25,180	510	30,281	13,800	11,550	1,045	12,916	3,565	
2020-2021f	11,000	10,867	2.36	25,700	610	29,875	14,700	11,150	664	12,085	3,090	
Total Grains And Oilseeds												
2018-2019	27,820	26,861	3.22	86,584	4,199	105,363	46,840	20,946	21,902	44,601	13,922	
2019-2020f	27,568	26,094	3.30	85,997	2,732	102,651	44,220	20,735	22,330	44,861	13,570	
2020-2021f	27,751	26,479	3.32	87,949	2,302	103,821	46,040	20,366	21,450	43,516	14,265	

(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 2019-2020 which are STC

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

February 14, 2020

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (c)	Carry-out Stocks	Stocks-to-Use Ratio	Average Price (d)
	------ *thousand ha* -------		*t/ha*	---------- *thousand tonnes* ----------						*%*	*$//t*
Dry Peas											
2018-2019	1,463	1,431	2.50	3,581	62	4,291	3,268	711	312	8	270
2019-2020f	1,753	1,711	2.48	4,237	70	4,619	3,500	694	425	10	245-275
2020-2021f	1,755	1,720	2.50	4,300	60	4,785	3,300	860	625	15	245-275
Lentils											
2018-2019	1,525	1,499	1.40	2,092	51	3,016	2,032	353	631	26	390
2019-2020f	1,530	1,489	1.46	2,167	80	2,878	2,100	428	350	14	410-440
2020-2021f	1,530	1,500	1.47	2,200	50	2,600	2,000	325	275	12	440-470
Dry Beans											
2018-2019	143	137	2.49	341	98	464	348	37	80	21	815
2019-2020f	160	150	2.11	317	90	486	345	41	100	26	855-885
2020-2021f	150	145	2.28	330	85	515	350	40	125	32	770-800
Chickpeas											
2018-2019	179	176	1.77	311	51	376	147	129	100	36	480
2019-2020f	159	156	1.61	252	53	405	130	145	130	47	465-495
2020-2021f	120	117	1.71	200	50	380	135	130	115	43	455-485
Mustard Seed											
2018-2019	204	197	0.88	174	8	235	121	42	73	45	690
2019-2020f	161	155	0.87	135	9	216	120	41	55	34	700-730
2020-2021f	165	160	0.91	145	9	209	120	44	45	27	680-710
Canary Seed											
2018-2019	109	109	1.45	158	0	174	156	7	11	7	505
2019-2020f	99	94	1.56	148	0	158	158	0	0	0	620-650
2020-2021f	105	102	1.42	145	0	145	145	0	0	0	560-590
Sunflower Seed											
2018-2019	29	27	2.13	57	24	179	26	49	104	138	585
2019-2020f	31	29	2.18	63	25	191	27	54	110	135	580-610
2020-2021f	31	30	2.00	60	24	194	26	48	120	162	575-605
Total Pulses and Special Crops (c)											
2018-2019	3,652	3,576	1.88	6,714	293	8,734	6,097	1,327	1,310	18	
2019-2020f	3,892	3,783	1.93	7,317	327	8,954	6,380	1,404	1,170	15	
2020-2021f	3,856	3,774	1.96	7,380	278	8,828	6,076	1,447	1,305	17	

(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 2019-2020 which are STC