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Canada: Outlook for Principal Field Crops

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This report is an update of Agriculture and Agri-Food Canada's (AAFC) May outlook report for the 2017-18 crop year and AAFC's perspective on the upcoming 2018-19 crop year. For most crops in Canada, the crop year starts on August 1 and ends on July 31, although for corn and soybeans, the crop year starts on September 1 and ends on August 31.

For 2017-18, total exports of all field crops are expected to increase slightly from the previous crop year to nearly 50 million tonnes (Mt) of which about 90 percent is grains and oilseeds (G&O) and 10 percent is pulses and special crops (P&SC). In looking at the use of total domestic supply of all field crops, it is noted that exports, domestic use and carry-out stocks are expected to represent about 45, 40 and 15 percent, respectively. For G&O, carry-out stocks are forecast to increase marginally to 14.4 Mt, as significantly lower carry-out stocks of wheat and coarse grain are more than offset by the major increase in carry-out stocks of oilseeds. For P&SC, carry-out stocks are forecast to increase significantly due to the major increase in carry-out stocks of peas and lentils. In general, abundant world supplies of grain have pressured world prices, but the weak Canadian dollar has provided strong support to prices in Canada.

For 2018-19, the forecasts for areas seeded are based on Statistics Canada's April 27 report on Seeding Intentions while the areas harvested are generally based on historical trends. The areas seeded to wheat and coarse grains are expected to increase and more-than offset the decrease in the area seeded to oilseeds, peas and lentils. The total area seeded to field crops in Canada is expected to be marginally higher than 2017-18. For all crops, average or trend yields have been assumed since the growing season is just beginning and there will be a high degree of variability in temperature/moisture conditions before harvest. However, AAFC is currently forecasting a slight decrease in total production and supply in Canada. Carry-out stocks are forecast to decrease, largely due to the increase in exports. World grain prices will continue to be pressured by an abundant supply of grain at the global level. However, the impact on grain prices in Canada will continue to be partly mitigated by the low value of the Canadian dollar.

Canada: Principal Field Crops Supply and Disposition

Crop Years: 2016-2017 to 2018-2019 (forecast)

Units (Thousand Tonnes, unless otherwise specified)

Section	Crop Year	Seeded Area (thousand ha)	Harvested Area (thousand ha)	Yield (t/ha)	Production	Imports	Total Supply	Exports	Total Domestic Use	Carry-out Stocks
Grains and Oilseeds	2016-2017	26,435	24,618	3.47	85,498	1,619	99,748	42,149	43,269	14,330
	2017-2018f	27,142	26,323	3.26	85,753	2,356	102,438	44,913	43,080	14,445
	2018-2019f	27,418	26,484	3.20	84,763	1,530	100,738	45,673	42,076	12,990
Pulse and Special Crops	2016-2017	4,520	4,380	2.01	8,788	284	9,408	7,139	1,523	747
	2017-2018f	3,927	3,897	1.90	7,402	229	8,378	4,975	1,777	1,625
	2018-2019f	3,730	3,672	1.95	7,150	185	8,960	5,305	1,950	1,705
Total Principal Field Crops	**2016-2017**	**30,955**	**28,999**	**3.25**	**94,285**	**1,903**	**109,156**	**49,288**	**44,792**	**15,077**
	2017-2018f	**31,069**	**30,220**	**3.08**	**93,154**	**2,584**	**110,816**	**49,888**	**44,858**	**16,070**
	2018-2019f	**31,147**	**30,157**	**3.05**	**91,913**	**1,715**	**109,699**	**50,978**	**44,026**	**14,695**

ha: Hectares
t/ha: Tonnes per hectare

f: Forecast by AAFC except for area, yield and production for 2017-18 and area seeded for 2018-19 which are Statscan.
Source: Statistics Canada
Calculations compiled by AAFC, Grains and Oilseeds Division/Market Analysis Group

Wheat

Durum

For 2017-18, Canadian durum supply decreased by 23% from 2016-17. Exports are forecast to rise slightly to 4.6 million tonnes (Mt). The forecast for exports includes exports of 0.41 Mt which do not go through Canadian Grain Commission (CGC) licensed facilities and are not included in the CGC weekly export data, and exports of semolina of 0.04 Mt. Feed, waste and dockage is expected to fall sharply due to the lower supply and the much better average quality of the 2017-18 crop compared to the previous year. Carry-out stocks are forecast to fall by 30% to 1.30 Mt, 4% lower than the past five-year average of 1.36 Mt.

World durum production decreased by 3.2 Mt from 2016-17 to 37 Mt, while supply fell by 2.5 Mt to 46.9 Mt, according to the International Grains Council (IGC). Use is expected to decrease by 1.7 Mt to 37.8 Mt, as higher food use is more-than offset by lower feed use. Carry-out stocks are forecast at 9.2 Mt, a decrease of 0.8 Mt. Durum production in the United States (US) fell to 1.49 Mt from 2.83 Mt for 2016-17.

The average Canadian crop year producer price for durum is forecast to fall from 2016-17 as support from the lower world, Canadian and US durum supply is more-than offset by the better average quality of the Canadian durum crop and the stronger Canadian dollar. Durum prices have been trending downwards from the beginning of the crop year until leveled off in March. Prices have fallen by about $35/tonne (t) since the peak in mid-August 2017.

For 2018-19, the area seeded to durum in Canada is expected to increase by 11% from 2017-18. Production is forecast to increase by 15% to 5.7 Mt. The production forecast is 0.2 Mt lower than in the May report because of below normal precipitation in most of the durum growing areas. This is expected to result in below trend yields, although 5% higher than for 2017-18 assuming timely rains for the rest of the growing season. Supply is expected to increase by 2%, as the higher production is mostly offset by lower carry-in stocks. Exports are forecast to increase by 2% from 2017-18 because of the higher Canadian supply and much better quality of the carry-in stocks compared to 2017-18. Carry-out stocks are forecast to rise by 15% to 1.5 Mt.

World durum production is forecast to increase by 1.6 Mt from 2017-18 to 38.6 Mt, while supply rises by only 0.9 Mt to 47.8 Mt because of lower carry-in stocks, according to IGC. Use is expected to increase by 0.7 Mt to 38.5 Mt because of higher food use and carry-out stocks are forecast to be unchanged at 9.2 Mt. Durum production in the US is forecast to increase to 2.0 Mt from 1.49 Mt.

The average Canadian crop year producer price for durum is forecast to fall from 2017-18 due to higher Canadian and world supply.

The main factors to watch are crop production quantities and quality in the Mediterranean region, where the harvest is in progress, and precipitation in the spring durum growing areas of the US northern plains and Canadian Prairies which are drier than normal and need timely rains.

Wheat (excluding durum)

For 2017-18, Canadian wheat supply rose by 5% from 2016-17. Exports are forecast to increase by 12% to 17.5 Mt, 0.2 Mt more than forecast in May. The exports forecast includes exports of 1.2 Mt which do not go through CGC licensed facilities and are not included in the CGC weekly export data, and exports of flour of 0.31 Mt. Domestic food use is forecast to increase slightly to 2.55 Mt while industrial use decreases by 11% to 0.65 Mt. Carry-out stocks are forecast to fall by 7% to 4.7 Mt, 0.2 Mt lower than in the May forecast and 18% lower than the past five-year average of 5.7 Mt.

World all wheat (including durum) production increased by 6 Mt to 758 Mt, according to the USDA. Supply grew by 20 Mt to 1,016 Mt due to the higher production and higher carry-in stocks. Total use is forecast to increase by 4 Mt to 743 Mt, as higher food use is mostly offset by lower feed use. Carry-out stocks are forecast to rise by 15 Mt to 272 Mt. However, China accounts for 127 Mt of the stocks, an increase of 15 Mt from 2016-17. Wheat stocks in China are generally not exported. Excluding China, world all wheat stocks are expected to be unchanged at 146 Mt.

All wheat production in the US decreased by 15.4 Mt to 47.4 Mt, according to the USDA. Supply fell by 8.9 Mt to 83.7 Mt. Domestic use fell by 1.9 Mt and exports decreased by 4.2 Mt. Carry-out stocks fell by 2.7 Mt to 29.4 Mt.

Canadian wheat prices are forecast to be similar to 2016-17 as pressure from the higher world and Canadian supply and the stronger Canadian dollar is offset by support from the lower US supply. However, prices of high protein wheat are forecast to be higher due to stronger demand. Prices of high protein wheat, (CWRS 13.5 and CNHR 13.5) trended downward during harvest but recovered in November. Another downward trend started in December. Prices stabilized in February until another drop occurred in late March, but recovered in early April. Prices are now about $30 per tonne lower than the peak in early August 2017. In contrast, prices of lower protein wheat classes (HRW, SRW, CPS and SWS) have increased since August.

For 2018-19, the area seeded to wheat in Canada is expected to increase by 13% from 2017-18 as an 11% decrease for winter wheat is more-than offset by a 15% increase for spring wheat. Production is projected to rise by only 1.5% to 25.4 Mt due to a return to trend yields from the above trend yields of 2017-18. Supply is forecast to increase only slightly due to lower carry-in stocks. Exports are expected to increase by 1% due to growing demand in world food markets. Carry-out stocks are forecast to fall by 2% to 4.6 Mt.

World production is forecast to decrease by 13 Mt to 745 Mt, according to USDA. Supply is projected to rise by 1 Mt 1,017 Mt. Total use is expected to increase by 8 Mt to 751 Mt because of growing use for food. Carry-out stocks are forecast to fall by 6 Mt to 266 Mt. However, excluding China, world all wheat stocks are expected to fall by 18 Mt to 128 Mt.

All wheat production in the US is forecast to rise by 2.3 Mt to 49.7 Mt, according to USDA. Supply is projected to fall by 1.9 Mt to 82.8 Mt. Domestic use is forecast to rise by 1.4 Mt and exports are forecast to increase by 1.4 Mt. Carry-out stocks are forecast to decrease by 3.7 Mt to 25.7 Mt.

The prices for high protein wheat in Canada for 2018-19 are forecast to be similar to 2017-18, as support from lower supply for the United States is offset by a return to normal protein premiums because of higher hard red spring wheat production for the US and Canada. However, the prices for lower protein wheat are forecast to increase.

The main factors to watch are: the production volume of winter wheat in the US, the EU, Russia and Ukraine, where the harvest has started, and precipitation in the spring wheat growing areas of the US northern plains and Canadian Prairies, which are drier than normal and need timely rains.

Coarse Grains

Barley

For 2017-18, total domestic use is forecast to increase 7% due to higher feed and industrial use. Total barley exports are forecast to increase by 22% to a 10-year high due to the steady total supply and lower world barley supplies. Barley carry-out stocks are forecast to decrease by 53% to 1.0 Mt (million tonnes) and remain below the previous three and five-year averages. The Lethbridge In-store feed barley price is forecast to increase due to the tight total barley supplies and the decrease in the supply of other domestic feed grain substitutes.

In the first half of March, the Lethbridge cash market staged a steady rally and it has traded close to par with Lethbridge feed wheat. It gained $35/tonne (t) and posted crop year highs in the $270/t range for the first time since the 2012-13 crop year. Deliveries have been slow since spring seeding finished and, with short supplies of feed barley and forages, producers have been reluctant to make delivery commitments until better information is obtained on the availability of new crop.

The average world price for feed barley has continued to hold a premium of nearly US $30/t to the price of corn. New crop supplies of the winter barley crop in the northern hemisphere will soon be available. Most forecasts are that the total supply and use will be similar to last year. World malt barley prices have also moved higher in the past month, partly due to tight supplies, especially in Australia.

For 2018-19, seeded area is forecast to increase 5% from 2017-18 and production is forecast to increase marginally to 8.0 Mt. Despite higher production, lower carry-in stocks will cause total supply to decrease by 10% to 9.1 Mt. Total domestic use is forecast to decrease by 4% due to lower feed use but only a slight increase in industrial use. Exports are expected to decrease by 19% due to lower total supplies, higher world supplies and a return to normal trade patterns. Carry-out stocks are forecast to decrease by 20% or to a new record low of 0.8 Mt. The Lethbridge cash feed barley price is forecast to increase from 2017-18.

For Canada and the US, barley seeding got off to a slow start but, by the end of May, it recovered. Rainfall in the last half of May, and warm temperatures on the Canadian Prairies, helped move the crop along. For North America, 2018 will see tighter barley stocks and positive price expectations as ending stocks of world corn and coarse grains are expected to be tight. However, lower livestock prices and profitability remain as a bearish factor. Higher US and world corn prices will provide support for domestic and international barley prices.

Corn

For 2017-18, total domestic use is forecast to increase 6% due to increases to feed use, ethanol production and other industrial use such as starch. Exports are forecast to increase by 28% due to the higher Canadian total supply, lower world corn supply and continuing good demand from the western EU region. Carry-out stocks are forecast to decrease to 2.45 Mt and remain close to record highs. The nearby Chatham corn price is forecast to increase due to higher US corn prices.

In May, the Chatham nearby price traded in a narrow channel of about $5/t to a crop year high as US traders extended their long positions and a weaker Canadian dollar provided some basis support. As the market enters the last quarter of the crop year, the focus will be the condition of the US corn crop. However, the nearby US corn futures are at risk of falling if weather conditions in the US Corn Belt are favourable.

For 2018-19, seeded area is forecast to increase by 5% from 2017-18 due to steady prices and continued good overall demand. Production is forecast to increase 5% to 14.8 Mt due to the higher area and the assumption for average yields. Imports are forecast to decrease significantly due to the higher domestic supply. Despite near record carry-in stocks and higher production, the lower imports will cause forecasted total supply to be unchanged at 18.1 Mt. Total domestic use is forecast to increase by 2% due to slight increases in ethanol production, industrial use and livestock feeding. Exports are forecast to decrease by 9% due to increased international competition. Carry-out stocks are forecast to decease by 6% but remain above the previous five-year average. The nearby Chatham corn price is forecast to increase due to a projected higher US corn futures and a near to unchanged Canadian dollar.

Canadian and US corn planting is essentially complete, closely following the pace of the previous five-year average. However, the Maritime Provinces had a difficult time due to wet and cold weather. Depending on location, Ontario producers have been able to lock in attractive fall pricing at near $200/t, similar to last crop year.

The focus of the US corn futures market will now shift to the weekly US corn condition reports and await the USDA June 30 Acreage Report. The new crop US corn futures prices are forecast to increase. However, given large supplies the top-side will be limited. For the US, on-going trade issues could reduce US beef and pork exports for 2018-19. This would create burdensome domestic meat supplies and aggravate the

profit potential.

For 2018, the world corn total supply is forecast to decrease and ending stocks are expected to decline as total use will be greater than production. Higher corn production is forecast for the other top world exporters, namely Argentina, Brazil and Ukraine. World corn trade is expected to remain strong. Large corn crops and supplies in the other exporting countries should allow them to regain some of the market from the US.

Oats

For 2017-18, total domestic use is forecast to decrease by 5% due to lower feed use and trend human consumption. Oat grain and product exports to the US are forecast to increase by a total of 1% to the highest level in three years. Carry-out stocks are forecast to increase 39% to 0.98 Mt due to the higher total supply. The Canadian oat price is forecast to increase due to a higher forecasted US oat futures price and the continuing supportive Canadian dollar.

The old crop oat market started its spring rally the last half of April before stabilizing at US$2.45/bu as the US cereal crop year ended. The US spot oat market is trading off their new crop July contract and long term seasonality would suggest a price rebound into the first half of July as end-users line up new supplies. With a smaller North American 2018 oat crop, the market should hold value until the Canadian new crop supplies start hitting the market into late August.

For 2018-19, seeded area is forecast to decrease 2% from 2017-18, due to competition from other cropping choices. A forecasted return to an average rate of abandonment and yield will cause Canadian oat production to decrease by 6% but the 39% increase in carry-in stocks will allow total supply to increase by 1%. Total domestic use is forecast to remain unchanged due to flat feed use and human consumption. Oat grain and product exports are forecast to increase 3% due to tighter US oat supplies. Carry-out stocks are forecast to decrease 3% to 0.95 Mt but remain above the previous five-year average. The Canadian oat price is forecast to increase due to a higher forecasted US oat futures price and a near to unchanged Canadian dollar.

Since the beginning of the calendar year, new crop oat price quotes on the Canadian Prairies have been very similar to last crop year because both the US oat futures prices and exchange rates have been near to unchanged. Due to its logistical advantage, Manitoba has had contracts offered in the $3.00/bu plus range. The price outlook for oats in Canada for 2018-19 is good due to expectations of a smaller oat supply in the US, increased US oat imports, steady exchange rate and a higher US corn futures price.

Rye

For 2017-18, total domestic use is forecast to decrease by 2% due to slightly lower rye feeding and trend industrial use. Exports are forecast to increase by 13% due to the large total rye supply and improved export demand to the US. Rye carry-out stocks are forecast to decrease by 8% to 0.15 Mt but will remain well above all short and medium term averages. Prices are forecast to increase with the general price increase to the coarse grain complex.

To-date this crop year, Canadian rye grain exports, mainly to the US, are running close to one-third higher than the previous five-year average. April movement was over 20,000 tonnes or about three times higher than an average April and more typical of the crop year exports highs that occur in the August and September period. With a decent finish to the crop year, rye exports will be at their highest level in five years. Carry-out remains burdensome, however, with the strong movement and smaller new crop supplies forecast for next crop year the market outlook for rye is looking very positive.

For 2018-19, seeded area is forecast to decrease by 13% to 125,000 hectares. Production is forecast to decrease by 15% due to the lower seeded area and a major decrease in average yields. Continuing high carry-in stocks will partially offset the decrease in production so that total supply decreases by only13% to 0.43 Mt. Total domestic use is forecast to decrease by 19% due to lower livestock feeding and flat industrial use. Exports are forecast to increase by 6% due to the good total supply and a recovery in US rye grain demand. Rye carry-out stocks are forecast to decrease by 27% to 0.11 Mt but remain well above previous averages. Canadian rye prices are forecast to increase given a forecast for a smaller North American rye crop and total supply.

To start, the spring rye crop growth had been slowed by cold, dry conditions. However, good rains in the last half of May along with warm temperatures helped move the crop along, although parts of Alberta and Saskatchewan remain dry. By mid-June most of the rye crops are in the heading stage and harvest is expected to be close to average. The new crop harvest generally starts in the first half of August. The rye market will closely watch the USDA reports at the end of June for US rye area and beginning stocks. This will provide a solid baseline for preliminary US rye grain production and import forecasts and market prices.

Oilseeds

Canola

For 2017-18, canola supplies are estimated at 22.8 million tonnes (Mt) as the record production is moderated by lower carry-in stocks. Domestic processing is forecast to decline marginally to 9.1 Mt as evidenced by the slowdown in the crush pace to-date for the crop year.

Exports are forecast to decline from 2016-17 at 10.8 Mt due to competition from record oilseed and vegetable oil supplies. Carry-out stocks are forecast at 2.7 Mt, versus 1.3 Mt for 2016-17, which is expected to dampen any weather related mid-summer price rally. Canola prices are forecast at $525-555/t for 2017-18, slightly higher than last year.

For 2018-19, seeded area in Canada is forecast to decrease to 8.7 million hectares (Mha) from 9.3 Mha last year. Canola area in Saskatchewan is expected to fall by 12% versus 4% in Alberta. In Manitoba, the area seeded is expected to remain stable.

Weather conditions improved slightly across Western Canada following several rainfalls in parts of the driest regions in Saskatchewan and Manitoba. Steady rains will be required to achieve normal yields with subsoil moisture reserves remaining depleted. Seeding was completed well ahead of the Crop Insurance cutoff deadline as farmers took advantage of the dry weather to get their crops in.

Production is forecast to fall to 19.2 Mt versus last year's record 21.3 Mt on the expected decline in harvested area, assuming 5-year average yields of 2.2 t/ha. Production in Manitoba is forecast at 2.8 Mt, Saskatchewan at 9.8 Mt while Alberta is expected to produce 6.4 Mt of canola.

Total supplies of canola are forecast to fall from last year, to 22.0 Mt, as the decline in output is moderated by a sharp rise in carry-in stocks. Exports are forecast at 11.0 Mt on steady to strong world demand for Canadian canola and ample domestic supplies. Exports will be limited by burdensome world oilseed, protein meal and vegetable oil supplies. Domestic crush is forecast to be unchanged at 9.1 Mt with the industry expected to operate at near full capacity.

Carry-out stocks are forecast at 1.7 Mt for a stocks-to-use ratio of 8%. Canola prices are forecast moderately lower, at $510-550/t, on support from stable world oilseed and vegetable oil prices.

Flaxseed

For 2017-18, supplies are estimated to decrease to 0.81 Mt due to lower output and tighter carry-in stocks. Exports are forecast to fall slightly to 0.45 Mt while total domestic use increases to 0.19 Mt on higher feed, waste and dockage. Carry-out stocks are forecast to decrease to 0.17 Mt. Flaxseed prices are estimated at $445-475/t, up marginally from 2016-17.

For 2018-19, seeded area for flaxseed in Canada is expected to decline slightly, to 0.40 Mha, based on Statistic Canada's Seeding Intentions Survey. Production is forecast to increase slightly, to 0.62 Mt, assuming normal abandonment and five-year average historic yields. Supply is forecast to decrease slightly as the rise in output is more than offset by lower carry in stocks.

Exports are forecast to rise to 0.60 Mt while total domestic use falls sharply due to a drop in feed, waste and dockage. Carry-out stocks are forecast to fall slightly to 0.16 Mt with a stocks-to-use ratio of 26%. The midpoint of the flaxseed price range is expected to remain stable at $440-480/t.

Soybeans

For 2017-18, supplies are estimated at a record 8.6 Mt, versus last year's 7.5 Mt, due to sharply higher production and increased imports. Exports are forecast at a record 4.6 Mt, up from 4.4 Mt in 2016-17 on ample domestic supplies, a wide basis and the low value of the Canadian dollar. China is the major buyer of Canadian soybeans for the crop year to-date.

Domestic processing of soybeans is forecast to rise marginally from last year to 1.85 Mt, on support from strengthening soymeal prices. Feed, waste and dockage was revised upward significantly from last month and is forecast at a record 0.88 Mt. Carry-out stocks are projected at 1.0 Mt, which, while a record high, are not considered burdensome on prices. Soybean prices are forecast to fall to $430-460/t versus $454/t for 2016-17.

For the remainder of the crop year, the main factors to watch are: (1) US crop conditions, (2) US export sales pace, (3) South American shipping pace and (4) fluctuations in exchange rates.

For 2018-19, planted area is forecast to fall by 11%, to 2.6 Mha, the sharpest decline in soybean area in Canadian history and a reversal of the long-run trend of steadily increasing area in Canada. The decline is due to: (1) attractive wheat prices, (2) dry weather across Western Canada where most of the decline occurs, and (3) burdensome world soybean supplies.

Production is forecast to fall by 7%, to 7.2 Mt, as the decline in harvested area more than offsets a slight increase in yields based on a five-year average. Total supply is forecast to decrease only slightly to 8.6 Mt as the decline in output is more than offset by the sharp rise in carry-in stocks. Exports are forecast to rise to a record 5.3 Mt, with shipments headed to a diverse group of countries. Domestic processing is forecast to rise marginally to 1.9 Mt, slightly under the record pace set in 2015-16. Carry-out stocks are forecast to fall slightly to 0.88 Mt, the second highest level on record.

Soybean prices are forecast to increase slightly to $430-470/t on support from higher US prices and the discount of the Canadian dollar against the American greenback.

Pulses and Special Crops

Dry Peas

For 2017-18, Canada's exports are expected to decrease by 32% from the 2016-17 to 2.7 million tonnes (Mt) due to weaker world demand, particularly from India and Bangladesh. For the August to April period, Canadian exports to the US are at a record level, largely due to a sharply lower US dry pea crop. Carry-out stocks in Canada are expected to rise sharply, despite increased domestic use, due to lower export demand.

The average dry pea price is expected to decrease from the price in 2016-17, largely due to sharply lower yellow pea prices.

Over the crop year, the price premium for yellow dry pea prices over green dry peas is expected to average $40/t, compared to the $6/t discount observed in 2016-17. During the month of May, the yellow pea farmgate prices rose by $5/t, however, green pea prices were unchanged, as export demand continued at a slow pace.

For 2018-19, Canadian dry pea seeded area is expected to fall by 5% from 2017-18 to 1.6 Mha due to lower returns from the previous year and lower export demand. By province, Saskatchewan is expected to account for 56% of the dry pea area, Alberta 40%, with the remainder seeded in Manitoba and British Columbia.

Production is expected to decrease by 6% to 3.9 Mt due to lower area and similar yields. However, supply is forecast to increase by 3% due to higher carry-in stocks. Exports are forecast to increase with China and the US emerging as Canada's top markets. Carry-out stocks are forecast to decline to 0.6 Mt, but well above the long term average. The average price is expected to decrease from 2017-18 due to expectations for increased world supply and lower world demand.

In the US, area seeded to dry peas is forecast by the USDA to decrease by 20% to 0.9 million acres (Mac). This is largely due to an expected fall in area in Montana and North Dakota. Assuming normal yields and abandonment, US dry pea production is forecast by AAFC to fall by 12% to below 0.7 Mt. The US has been successful in exporting small amounts of dry peas to China and the Philippines and it is expected the US will maintain its market share in 2018-19.

Lentils

For 2017-18, lentil exports are forecast to decrease sharply from 2016-17 to 1.5 Mt. The main markets are Turkey, the United Arab Emirates and Pakistan. Total domestic use is forecast to be similar to the previous year at 0.6 Mt. Carry-out stocks are forecast to increase sharply. The average price, for all types and grades, is forecast to fall sharply due to burdensome carry-out stocks and the absence of India from the lentil import market. For the crop year, large green lentil prices are expected to maintain a large premium (C$360/t) over red lentil prices. During May, Saskatchewan large green and farm gate prices rose by $20/t, while red lentil farm gate prices rose marginally.

For 2018-19, area seeded to lentils in Canada is expected to decrease by 8% to 1.6 Mha, due to the sharp decline in farmgate lentil prices in the last half of the 2017-18 crop year. Saskatchewan is expected to account for 89% of the lentil area, with the remainder in Alberta. Production is forecast by AAFC to fall sharply to 2.5 Mt. However, supply is expected to rise, to a near record level of 3.35 Mt, as a result of higher carry-in stocks. Exports are expected to be higher than in 2017-18 at 1.8 Mt. Carry-out stocks are forecast to increase to a record 0.95 Mt. The average price is forecast to fall from 2017-18 with lower prices for the top grades with the assumption of an average grade distribution.

In the US, the area seeded to lentils for 2018-19 is forecast by the USDA at 0.8 million acres, down 28% from 2017-18 due to lower area seeded in Montana and North Dakota. Assuming normal yields and abandonment, US lentil production is forecast by AAFC to decrease sharply from 2017-18 to 425 kt. The main US export markets for lentils continue to be Canada, the EU and Mexico.

Dry Beans

For 2017-18, dry bean exports are expected to be higher than the previous year. The US and the EU remain the main markets for Canadian dry beans, with smaller volumes exported to Japan and Angola. The larger North American supply is expected to continue to pressure the majority of US and Canadian dry bean prices for the remainder of 2017-18.

For 2018-19, the area seeded in Canada is forecast to decrease by 27% from 2017-18 because of lower expected returns compared to other crops. By province, Ontario is expected to account for 47% of the dry bean area, Manitoba 31%, Alberta 19%, with the remainder seeded in Quebec. Production is expected to fall sharply to 0.22 Mt. Supply is still expected to decrease but it is expected to be cushioned by large carry-in stocks. Exports are forecast to fall due to the limited supply. Carry-out stocks are expected to tighten. The average Canadian dry bean price is forecast to increase due to lower expected supply in North America, particularly for the white pea bean and pinto types.

In the US, area seeded to dry beans is forecast by the USDA to fall to 1.4 million acres due to lower area seeded in North Dakota and Nebraska. Assuming normal yields and abandonment, 2018-19 US total dry bean production (excluding chickpeas) is therefore forecast at 1.1 Mt, down 16% from 2017-18.

Chickpeas

For 2017-18, Canadian chickpea exports are expected to rise sharply to 130 kt. This is largely due to increased export demand from Pakistan, the US, the EU and Turkey. Carry-out stocks are expected to remain tight and be supportive for prices. The average price is forecast to be lower than that for the previous year due to expectations for an increase in world chickpea supply in the last half of the crop year and the first half of the 2018-19 crop year.

For 2018-19, the area seeded is expected to increase significantly from 2017-18 as a result of the large farmgate prices witnessed in the previous two years. By province, Saskatchewan is expected to account for 81% of the chickpea area, with the remainder in Alberta. Production is forecast to more than double to 255 kt. Supply is forecast to increase, but softened by lower imports and carry-in stocks. Exports are forecast to be unchanged and carry-out stocks are expected to increase. The average price is forecast to fall, due to larger world supply, with the expectation of an average grade distribution in 2018-19.

US chickpea area for 2018-19 is forecast by the USDA to increase to a record 0.67 million acres, up 7% from the previous year. This is largely due to an expected increase in area in Montana. Assuming normal yields and abandonment, 2018-19 US chickpea production is therefore forecast by AAFC at a record 0.43 Mt, up 36% from 2017-18. The US is expected to continue to expand its market share in the EU, Turkey and Pakistan.

Mustard Seed

For 2017-18, Canadian mustard exports are forecast to remain unchanged at 125 kt. The US and the EU have been the main export markets for Canadian mustard seed. Carry-out stocks are forecast to decrease. Prices are forecast to rise from 2016-17 due to decreased carry-out stocks, particularly for yellow and brown types.

For 2018-19, the area seeded is expected to increase due to higher prices from the previous year. By province, Saskatchewan is expected to account for nearly 69% of the mustard seeded area, with the remainder seeded in Alberta. Production is forecast by AAFC to increase by 40% to 170 kt due to higher expected area and average yields. Supply is expected to rise only marginally, due to lower carry-in stocks. Exports are expected to remain unchanged at 125 kt and carry-out stocks are forecast to be similar to the previous year. The average price is forecast to be higher than that recorded for the previous year.

Canary Seed

For 2017-18, exports are expected to be similar to 2016-17 as a fall in demand from Mexico has been offset by increased demand from Brazil and Indonesia. The EU and Mexico have remained the main markets, followed by South America. Carry-out stocks are expected to tighten. The average price is forecast to decrease compared to 2016-17.

For 2018-19, the area seeded is expected to decrease due to lower returns for canary seed relative to other crops. Production is forecast to fall by 12% and supply is expected to decrease sharply. Exports are expected to decrease from 2017-18 due to lower supply. Carry-out stocks are expected to remain tight. The average price is forecast to be slightly lower than the 2017-18 level.

Sunflower Seed

For 2017-18, sunflower seed exports are forecast to decrease to 15 kt due to lower demand from the US. The US and the Japan have been Canada's main export market for sunflower seed. As a result, carry-out stocks are expected to rise. Despite the rise in stocks, the average Canadian price for sunflower seed is forecast to increase from 2016-17, as higher confectionery type prices have more-than offset lower prices for oil type sunflower seed.

For 2018-19, the area seeded is expected to fall from 2017-18 due to lower potential returns compared to other crops. Production is forecast to decrease sharply to 35 kt, assuming average yields. However, supply is expected to decrease only marginally to 100 kt. Exports are expected to rise and carry-out stocks are forecast to decrease. The average price is forecast to rise from 2017-18 due to expectations for lower North American sunflower seed supply and stronger confectionery type prices in the US and Canada.

US sunflower seed area for 2018-19 is forecast by the USDA to fall below 1.4 million acres, down marginally from 2017-18 due to lower area in South Dakota. This is the largest sunflower seed growing state. The area seeded to oil type varieties is expected to rise to over 1.2 million acres and the area seeded to confectionery type varieties is forecast to decrease sharply to 0.15 million acres. Assuming normal yields and abandonment, 2018-19 US sunflower seed production is forecast by AAFC to fall by 6% to below 1.0 Mt.

Canada: Grains and Oilseeds Supply and Disposition

Crop Years: 2016-2017 to 2018-2019 (forecast)

Units (Thousand Tonnes, unless otherwise specified)

Commodity	Crop Year [a]	Seeded Area (thousand ha)	Harvested Area (thousand ha)	Yield (t/ha)	Production	Imports [b]	Total Supply	Exports [c]	Food and Industrial Use[d]	Feed, Waste, and Dockage	Total Domestic Use[e]	Carry-out Stocks	Average Price[g] ($/t)
Durum	2016-2017	2,469	2,333	3.33	7,762	11	8,873	4,534	174	2,083	2,461	1,878	275
	2017-2018f	2,106	2,088	2.38	4,962	5	6,845	4,600	175	544	945	1,300	265-275
	2018-2019f	2,338	2,293	2.49	5,700	5	7,005	4,700	180	405	805	1,500	245-275
Wheat (excluding durum)	2016-2017	7,156	6,643	3.67	24,378	99	28,555	15,621	3,262	3,914	7,906	5,028	235
	2017-2018f	7,020	6,895	3.63	25,022	70	30,120	17,500	3,200	3,899	7,920	4,700	235-245
	2018-2019f	7,938	7,744	3.28	25,400	70	30,170	17,700	3,280	3,761	7,870	4,600	225-255
All Wheat	**2016-2017**	**9,625**	**8,976**	**3.58**	**32,140**	**110**	**37,428**	**20,155**	**3,436**	**5,997**	**10,366**	**6,906**	
	2017-2018f	**9,126**	**8,983**	**3.34**	**29,984**	**75**	**36,965**	**22,100**	**3,375**	**4,443**	**8,865**	**6,000**	
	2018-2019f	**10,276**	**10,037**	**3.10**	**31,100**	**75**	**37,175**	**22,400**	**3,460**	**4,166**	**8,675**	**6,100**	
Barley	2016-2017	2,702	2,266	3.90	8,839	64	10,346	2,323	85	5,613	5,900	2,123	169
	2017-2018f	2,334	2,114	3.73	7,891	100	10,114	2,825	135	5,944	6,289	1,000	220-230
	2018-2019f	2,452	2,160	3.70	8,000	125	9,125	2,300	137	5,673	6,025	800	215-245
Corn	2016-2017	1,452	1,414	9.83	13,889	831	16,962	1,286	5,186	7,990	13,189	2,487	171
	2017-2018f	1,447	1,406	10.02	14,095	1,500	18,082	1,650	5,200	8,769	13,982	2,450	165-175
	2018-2019f	1,521	1,490	9.93	14,800	800	18,050	1,500	5,300	8,936	14,250	2,300	165-195
Oats	2016-2017	1,232	925	3.49	3,231	21	4,219	2,305	125	978	1,211	703	209
	2017-2018f	1,295	1,049	3.55	3,724	20	4,447	2,325	180	856	1,147	975	215-225
	2018-2019f	1,274	1,025	3.41	3,500	20	4,495	2,400	180	854	1,145	950	225-255
Rye	2016-2017	186	140	3.12	436	1	488	145	48	118	179	164	115
	2017-2018f	144	97	3.34	324	0	488	163	49	113	175	150	150-160
	2018-2019f	125	95	2.89	275	0	425	173	49	79	142	110	155-185
Mixed Grains	2016-2017	177	62	2.83	175	0	175	0	0	175	175	0	-
	2017-2018f	123	54	2.77	149	0	149	0	0	149	149	0	-
	2018-2019f	106	48	2.88	138	0	138	0	0	138	138	0	-
Total Coarse Grains	**2016-2017**	**5,749**	**4,805**	**5.53**	**26,570**	**916**	**32,190**	**6,058**	**5,445**	**14,873**	**20,654**	**5,477**	
	2017-2018f	**5,342**	**4,720**	**5.55**	**26,184**	**1,620**	**33,281**	**6,963**	**5,564**	**15,832**	**21,743**	**4,575**	
	2018-2019f	**5,477**	**4,818**	**5.54**	**26,713**	**945**	**32,233**	**6,373**	**5,666**	**15,680**	**21,700**	**4,160**	
Canola	2016-2017	8,411	8,263	2.37	19,599	95	21,785	11,016	9,191	162	9,420	1,348	529
	2017-2018f	9,306	9,266	2.30	21,313	100	22,761	10,800	9,100	110	9,261	2,700	525-555
	2018-2019f	8,653	8,640	2.22	19,150	100	21,950	11,000	9,100	99	9,250	1,700	510-550
Flaxseed	2016-2017	381	342	1.73	591	17	887	500	0	129	147	240	458
	2017-2018f	421	419	1.33	555	10	805	450	0	167	185	170	445-475
	2018-2019f	400	395	1.56	615	10	795	600	0	20	40	155	440-480
Soybeans	2016-2017	2,269	2,232	2.96	6,596	482	7,459	4,419	1,832	547	2,681	359	454
	2017-2018f	2,947	2,935	2.63	7,717	550	8,626	4,600	1,850	876	3,026	1,000	430-460
	2018-2019f	2,611	2,595	2.77	7,185	400	8,585	5,300	1,900	310	2,410	875	430-470
Total Oilseeds	**2016-2017**	**11,061**	**10,837**	**2.47**	**26,787**	**594**	**30,131**	**15,935**	**11,024**	**837**	**12,249**	**1,947**	
	2017-2018f	**12,674**	**12,620**	**2.34**	**29,585**	**660**	**32,192**	**15,850**	**10,950**	**1,153**	**12,472**	**3,870**	
	2018-2019f	**11,664**	**11,630**	**2.32**	**26,950**	**510**	**31,330**	**16,900**	**11,000**	**429**	**11,700**	**2,730**	
Total Grains and Oilseeds	**2016-2017**	**26,435**	**24,618**	**3.47**	**85,498**	**1,619**	**99,748**	**42,149**	**19,904**	**21,707**	**43,269**	**14,330**	
	2017-2018f	**27,142**	**26,323**	**3.26**	**85,753**	**2,356**	**102,438**	**44,913**	**19,889**	**21,429**	**43,080**	**14,445**	
	2018-2019f	**27,418**	**26,484**	**3.20**	**84,763**	**1,530**	**100,738**	**45,673**	**20,126**	**20,276**	**42,076**	**12,990**	

Source: Statistics Canada
Calculations compiled by AAFC, Grains and Oilseeds Division/Market Analysis Group

June 22, 2018

Canada: Grains and Oilseeds Supply and Disposition

Crop Years: 2016-2017 to 2018-2019 (forecast)

Units (Thousand Tonnes, unless otherwise specified)

[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, while excluding oilseed products.
[d] Food and Industrial Use for soybeans is based on data from the Canadian Oilseed Processors Association. Total number excludes food and industrial use for flaxseed due to data confidentiality.
[e] Total Domestic Use = Food and Industrial Use + Feed Waste and 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 and are not comparable to CWB pool returns for previous years: 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).
ha: Hectares
t/ha: Tonnes per hectare

f: Forecast by AAFC except for area, yield and production for 2017-18 and area seeded for 2018-19 which are Statscan.

Source: Statistics Canada
Calculations compiled by AAFC, Grains and Oilseeds Division/Market Analysis Group

June 22, 2018

Canada: Pulses and Special Crops Supply and Disposition

Crop Years: 2016-2017 to 2018-2019 (forecast)

Units (Thousand Tonnes, unless otherwise specified)

Commodity	Crop Year [a]	Seeded Area (thousand ha)	Harvested Area (thousand ha)	Yield (t/ha)	Production	Imports [b]	Total Supply	Exports [b]	Total Domestic Use[c]	Carry-out Stocks	Stocks-to-Use Ratio %	Average Price[d] ($/t)
Dry Peas	2016-2017	1,733	1,677	2.88	4,836	32	5,041	3,944	798	300	6	300
	2017-2018f	1,656	1,642	2.50	4,112	12	4,424	2,700	1,024	700	19	260-270
	2018-2019f	1,565	1,540	2.50	3,850	15	4,565	2,800	1,165	600	15	220-250
Lentils	2016-2017	2,254	2,221	1.44	3,194	98	3,365	2,455	595	315	10	575
	2017-2018f	1,783	1,774	1.44	2,558	40	2,914	1,500	614	800	38	475-485
	2018-2019f	1,639	1,615	1.55	2,500	50	3,350	1,800	600	950	40	420-450
Dry Beans	2016-2017	133	121	2.05	249	91	355	337	16	2	1	885
	2017-2018f	135	131	2.45	322	95	419	355	24	40	11	730-740
	2018-2019f	99	97	2.27	220	80	340	310	25	5	2	765-795
Chickpeas	2016-2017	62	44	1.86	82	27	129	108	16	5	4	1000
	2017-2018f	68	68	1.35	92	55	152	130	17	5	3	950-960
	2018-2019f	140	140	1.82	255	8	268	130	63	75	39	620-650
Mustard Seed	2016-2017	206	195	1.21	236	7	248	124	44	80	48	660
	2017-2018f	156	153	0.80	122	7	209	125	44	40	24	770-800
	2018-2019f	177	172	0.99	170	2	212	125	47	40	23	790-820
Canary Seed	2016-2017	105	95	1.48	140	0	175	153	2	20	13	485
	2017-2018f	103	103	1.33	137	0	157	150	2	5	3	460-470
	2018-2019f	90	90	1.33	120	0	125	120	0	5	4	440-470
Sunflower Seed	2016-2017	28	28	1.84	51	29	95	18	52	25	36	565
	2017-2018f	26	26	2.26	58	20	103	15	52	35	52	585-595
	2018-2019f	18	18	1.94	35	30	100	20	50	30	43	585-615
Total Pulses and Special Crops	**2016-2017**	**4,520**	**4,380**	**2.01**	**8,788**	**284**	**9,408**	**7,139**	**1,523**	**747**	**9**	
	2017-2018f	**3,927**	**3,897**	**1.90**	**7,402**	**229**	**8,378**	**4,975**	**1,777**	**1,625**	**24**	
	2018-2019f	**3,730**	**3,672**	**1.95**	**7,150**	**185**	**8,960**	**5,305**	**1,950**	**1,705**	**24**	

[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] Exclude products.
[c] Total Domestic Use = Food and Industrial Use + Feed Waste and Dockage + Seed Use + Loss in Handling. Total domestic use is calculated residually.
[d] Producer price, Free-on-board (FOB) plant, average over all types, grades and markets.
ha: Hectares
t/ha: Tonnes per hectare

f: Forecast by AAFC except for area, yield and production for 2017-18 and area seeded for 2018-19 which are Statscan.

Source: Statistics Canada
Calculations compiled by AAFC, Grains and Oilseeds Division/Market Analysis Group