Agriculture and Agri-Food Canada / Agriculture et Agroalimentaire Canada

CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS *February 22, 2019*

Market Analysis Group / Crops and Horticulture Division
Sector Development and Analysis Directorate / Market and Industry Services Branch

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This report is an update of Agriculture and Agri-Food Canada's (AAFC) January outlook report for the 2018-19 crop year and provides AAFC's preliminary look at the upcoming 2019-20 crop year. The report benefits from the release of several major United States Department of Agriculture (USDA) reports, normally published in January, which were released on February 8. The market implications of these reports were included in USDA's revised monthly World Agricultural Supply and Demand estimates (WASDE) report.

For 2018-19, AAFC's February Outlook also incorporates information from Statistics Canada's survey of 9,064 Canadian farms on Stocks of Principal Field Crops, which was released on February 5, 2019. As of December 31, 2018, total stocks of most major field crops in Canada were down from the same date in 2017. Total stocks for wheat, barley, soybeans, corn for grain, lentils, and dry peas were lower than the previous year, while stocks for canola increased. In general, the decline in total stocks was the result of lower production of almost all major field crops in 2018, combined with higher exports. In total, carry-out stocks of field crops for 2018-19 are estimated by AAFC at 14.3 million tonnes (Mt), almost 7% lower than last year. Compared to 2017-18, average prices for field crops in Canada for 2018-19 are expected to be supported by the relatively weak value of the Canadian dollar. China/US trade issues are expected to continue to create uncertainty for the grain markets.

For 2019-20, expected prices, input costs, delivery opportunities and moisture conditions 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 currently forecast by AAFC to increase marginally from last year, mostly due to lower area allocated to summerfallow. The area seeded to Grains and Oilseeds (G&O) is expected to increase by 2% while the total area seeded to Pulses and Special crops (P&SC) is forecast to decrease by 7%. Averaged over all crops, yields are forecast to increase slightly compared to 2018-19 because average yields were reduced last year by excessive moisture conditions in some areas. The production of G&O is forecast to increase by 4% to 89.1 Mt while the output of P&SC is expected to decrease by 4% to 6.4 Mt. Total field crop production is expected to increase by 3% to 95.6 Mt. 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									
2017-2018	27,149	26,337	3.26	85,794	2,504	102,577	45,226	43,611	13,740
2018-2019f	27,820	26,861	3.20	86,003	2,922	102,665	46,680	43,304	12,680
2019-2020f	28,405	27,292	3.27	89,135	1,962	103,776	46,920	42,921	13,935
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	172	8,516	5,501	1,418	1,597
2019-2020f	3,360	3,310	1.95	6,440	160	8,197	5,410	1,542	1,245
All Principal Field Crops									
2017-2018	31,076	30,233	3.08	93,213	2,716	110,950	50,589	44,950	15,411
2018-2019f	31,449	30,413	3.05	92,677	3,094	111,181	52,181	44,723	14,277
2019-2020f	31,765	30,602	3.12	95,575	2,122	111,973	52,330	44,463	15,180

f: forecast by AAFC except for area, yield and production for 2018-2019 which are STC
Source: Statistics Canada and Agriculture and Agri-Food Canada

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%. The latest exports forecast is 0.1 Mt lower than in the January report, based on weaker than expected export demand for the first six months of the crop year and expectations that the low prices will result in higher producer carry-out stocks in 2018-19 and significantly lower seeded area for 2019-20.

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 1.8 Mt from 2017-18 to 38.2 Mt, according to the International Grains Council. The largest increases in production were for Algeria, Canada and the US, with smaller increases for Morocco and Tunisia. This was partly offset by decreases for Mexico, Australia, Turkey and Syria. Supply rose by 1.2 Mt to 47.6 Mt because of lower carry-in stocks. Use is expected to increase by 0.7 Mt to 37.6 Mt due to higher food use. Carry-out stocks are forecast to increase by 0.6 Mt to 10.1 Mt. Durum production in the US increased to 2.1 Mt from 1.49 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. Prices were stable from the beginning of August but fell in mid-September, when STC increased the Canadian production estimate. There has been some price improvement starting in December.

For 2019-20, the area seeded to durum is forecast to decrease by 25% from 2018-19 due to the lowest prices since 2013-14 and lower prices than for most classes of wheat, which will encourage a shift to wheat seeding. Production is forecast to decrease by 15% to 4.9 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 4% as the lower production is mostly offset by higher carry-in stocks. Exports are forecast to increase by 10% due to stronger demand resulting from a decrease in world production. Carry-out stocks are forecast to fall by 25% to 1.5 Mt.

World durum production is forecast to fall by 1.4 Mt from 2018-19 to 36.8 Mt due to lower seeded area resulting from low prices, while supply decreases by 0.7 Mt to 46.9 Mt because of higher carry-in stocks. Use is expected to be stable at 37.6 Mt and carry out stocks are forecast to fall by 0.8 Mt to 9.3 Mt.
US durum production is forecast to fall by 0.2 Mt to 1.9 Mt due to lower seeded area.

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

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 28 Mt to 735 Mt, according to the USDA. The EU and Russia accounted for most of the decrease in production, with smaller decreases for Australia, Ukraine, China and Turkey. The largest increase in production was for the US. Supply fell by 9 Mt to 1,015 Mt. Total use is expected to increase by 3 Mt to 747 Mt as growing use for food is partly offset by lower feed consumption. Carry-out stocks are forecast to fall by 12 Mt to 268 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 21 Mt to 128 Mt.

In the US, all wheat production increased by 4 Mt to 51.3 Mt, according to the USDA. Supply rose by only 1.2 Mt to 85 Mt because of lower carry-in stocks. Domestic use is forecast to rise by 0.9 Mt and exports are expected to increase by 2.7 Mt. Carry-out stocks are forecast to fall by 2.4 Mt to 27.5 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. However, protein premiums are lower than for 2017-18 because of the larger supply of high protein wheat in North America. Producer prices for CWRS wheat fell in September, from the start of the crop year, but recovered in October. Prices of other classes of wheat also fell in September, but, in general, recovered in October or November. The recovery in prices was partly due to the weaker Canadian dollar.

For 2019-20, the area seeded to wheat in Canada is forecast to increase by 9% from 2017-18 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 and winter wheat in Western Canada. Production is projected to rise by 8% to 28.1 Mt. Supply is forecast to increase by 5% due to lower carry-in stocks. Exports are forecast to fall slightly due to higher world production. Carry-out stocks are forecast to increase by 37% to 5.5 Mt.

World all wheat (including durum) production is forecast to increase by 15 Mt to 750 Mt due to a higher seeded area. Supply is projected to increase by only 3 Mt to 1,018 Mt due to lower carry in stocks. Total use is expected to increase by 8 Mt to 755 Mt mostly because of growing use for food. Carry out stocks are forecast to fall by 5 Mt to 263 Mt. Excluding China, world all wheat stocks are expected to fall by 8 Mt to 120 Mt.

US winter wheat seeded area fell by 4% from 2018-19, according to USDA. However, spring wheat area is expected to increase and result in a slight increase in all wheat seeded area. Assuming normal abandonment and yields, all wheat production in the US is expected to rise by 1.7 Mt to 53 Mt. Supply is forecast to fall by 0.7 Mt to 84.3 Mt due to lower carry-in stocks. Domestic use and exports are each forecast to rise by 0.4 Mt. Carry out stocks are forecast to decrease by 1.5 Mt to 26 Mt.

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

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Barley

For 2018-19, total Canadian supply decreased due to sharply lower carry-in stocks. Total domestic use is forecast to increase on higher feed and industrial use. Exports are forecast to remain strong, although slightly lower than last year, due to strong international demand. Carry-out stocks are forecast to decrease by 28% to 0.9 million tonnes (Mt) that will be a record low level. The average price of feed barley at Lethbridge for the crop year is expected to be $255/t, about 12% higher than last year.

Similar to feed barley, the quality of the malting barley crop is variable. The extensive summer heat increased the protein content of the crop and lowered the weight of the crop, depending on the date of maturity and area.

The Lethbridge spot feed barley prices to-date have been about 20% higher than last year and Prairie malt prices have been 15-25% higher than last year.

World barley stocks are historically low as nearly all of the world major producers and exporters had smaller crops and, in many cases, 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, and especially quality malt, is also pushing these prices higher. In 2018-19, because of reduced supply of quality feed barley, relatively high prices of feed barley and the large amount of maize available worldwide, consuming countries will be looking for corn as the alternative to fodder.

For 2019-20, the seeded area was increased from the January report because of low expected supply. Compared to 2018-19, it is forecast to increase by 10% due to high barley prices and low carry-in stocks. Production is forecast to increase by 12% to 9.4 Mt due to higher seeded area and yield. Despite the historically low carry-in stocks, total supply is forecast to increase by 7% to 10.3 Mt. Total domestic use is forecast to increase by 4% due to slightly higher feed use in cattle and hog production. Exports are forecast to increase slightly due to higher domestic supplies and a return to normal trade patterns. With a higher supply, barley carry-out stocks are forecast to increase by almost 40% to 1.25 Mt which is still below 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 the USDA to increase and total barley production in North America is expected to increase due to higher production, both in Canada and the US. However, due to the sharply lower carry-in stocks, total supply is forecast to increase only slightly. This implies that carry-out stocks will remain low and that prices will remain relatively strong, although lower than last year.

World barley production and supply are expected to increase slightly for 2019-20 as some of the world's major producers, such as the EU and Australia, increase their barley production. Large corn carry-over stocks will provide pressure on coarse grain prices.

Corn

For 2018-19, total supply is expected to be marginally higher than last year as higher imports more than offset the decrease in production and carry-in stocks. Imports are expected to increase significantly due to lower corn supply in Eastern Canada and tight barley supply in Western Canada. 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 quality of the crop and trend increases in ethanol production and industrial use. Exports are forecast to decrease slightly due to higher international competition. 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 $180/t, up 4% from last year, due to higher US corn prices, lower domestic supplies of quality corn and the weak Canadian dollar.

US corn production and supply were slightly lower than last year. Together with strong demand, carry-out stocks are expected to decrease by almost

20% but remain historically high at about 1.7 billion bushels (bln bu). The average US farm price is forecast by the USDA at US$3.60/bu which is equivalent to C$187/t.

For 2019-20, seeded area is forecast to increase by 6%, due to steady prices and continued good overall demand, especially for high quality corn. Production is forecast to increase 6% to 14.7 Mt on the higher area and higher average yields. Because of the expected decline in carry-in stocks and imports more than offsetting higher production, total supply is forecast to decrease marginally. Imports are expected to decrease due to higher production of corn and barley. Total domestic use is forecast to decrease slightly, as the lower feed, waste and dockage is expected to more than offset higher food and industrial use. Exports are forecast to decrease marginally due to slightly lower supply. Carry-out stocks are forecast to be the same as last year at 2.0 Mt and remain below the previous five-year average. The nearby Chatham corn price is forecast to increase slightly due to a projected slightly higher US corn futures and the weak Canadian dollar.

The USDA expects US corn area to increase in 2019-20 due to lower soybean area. The latter is attributable to the on-going China/US trade issues. Carry-in stocks of corn in the US, for 2019-20, are about 20% lower than last year. This implies that the supply of corn in the US should be notably lower than 2018-19. This would naturally support corn prices. Higher corn production in other major exporting countries, such as Brazil and Argentina, could play an offsetting role to the US situation. The overall smaller world corn crop will strengthen corn prices but a major price recovery is not expected unless a major producer(s) is impacted by a severe drought. However, US corn prices are expected to increase slightly so that the US farm price averages US$3.80/bu which is equivalent to about $190/t at Chatham.

Oats

For 2018-19, due to lower production, total supply decreased by 5% to 4.2 Mt despite higher carry-in stocks. Total domestic use is forecast to decrease by 13% due to lower feed use. Oat grain and product exports are forecast to increase by 6%. 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, in relation to the US oat futures price, is forecast to increase due to a higher US oat futures price and continuing support from the low value of the Canadian dollar.

To-date for this crop year, Canadian oat exports to the US for oat grains and products have been above the previous five-year average. If achieved, oat grain exports to the US would be close to the five-year average. Oat products are moving to the US at a record pace.

For 2019-20, seeded area is forecast to increase by 5% from 2018-19 due to good US oat futures price levels. Based on the 5 year average for abandonment and yield, Canadian oat production is forecast to increase slightly to 3.54 Mt but, due to lower carry-in stocks, supply is expected to decrease marginally. Total domestic use is forecast to decrease slightly due to lower feed, waste and dockage as food and industrial use remains flat. Exports of oat grain and products are forecast to be slightly lower than in 2018-19 due to lower supplies. Carry-out stocks are forecast to remain unchanged from 2018-19, at 0.6 Mt, remaining below the previous three and five-year averages. The Canadian oat price is forecast to be unchanged from 2018-19.

The area seeded to oats and the production of oats in US are expected to increase but, due to the sharply lower beginning stocks, total supply is projected to only increase slightly. As a result, carry-out stocks of oats in the US will remain tight which will continue to support US oat prices. The situation for Canada remains positive and prices are expected to be similar to last crop year at $245/t.

Canadian exports of oat grain and products to the US are expected to decrease from the 2018-19 level which was the highest since the 2008-09 crop year. A bullish factor, which provides underlying support, is the forecast for the slightly higher average nearby US corn futures price.

Rye

For 2018-19, total supply decreased sharply due to the decrease in production and carry-in stocks. Total domestic use is forecast to decrease by 37% largely due to lower livestock feeding and industrial use.

Exports are forecast to decrease by 8% due to lower total supply. 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 given the smaller North American rye crop supply. The average price of rye, in Saskatchewan, is expected to average $230/t, almost 42% higher than last year.

For 2019-20, seeded area is forecast to increase by 25% to 170 thousand hectares from 2018-19. Production is forecast to increase by 17% due to the higher seeded area and a forecast for an average rate of abandonment and yield. Total supply is forecast to decrease by 10% to 307 thousand tonnes (kt), as expected decline in carry-in stocks will more than offset the increase in production. Total domestic use is forecast to decrease due to lower use in livestock feeding. Exports are forecast to decrease due to a smaller supply. Rye carry-out stocks are forecast to decrease to 25 kt. Canadian rye prices are forecast to decrease slightly from 2018-19 due to higher rye production and lower barley prices. Demand remains strong for rye grain from the domestic and international beer and spirits industries. The Canadian rye price is highly responsive to the annual total for North American rye grain production and a stable supply situation will provide price support.

For the US, the world's largest rye importer, there are some regions that continue to have dry soil moisture conditions and poor growth in forage and pasture. In 2019, similar to 2018, the average rate of abandonment will be influenced by the extent to which rye is cut for green feed.

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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 moderated the decline in production. Statistics Canada's Stocks Report estimated on-farm stocks at 13.4 Mt and commercial stocks of 1.2 Mt for total end-of-calendar-year stocks of 14.6 Mt. This is 5% higher than last year, reflecting the increase in supplies and a slow-down in purchases of the newly harvested crop.

Canada's export estimate for canola was scaled back by 0.2 Mt from last month, to 10.8 Mt, slightly above last year's pace reflecting higher stocks and the slower pace of exports, off 7% from last year. Canada's canola crush estimate is unchanged from last month at 9.2 Mt, down marginally from last year.

The carry-out stocks forecast was bumped up by 0.2 Mt from last month to 2.5 Mt, similar to last year, to reflect the increased domestic stocks and the lagging export pace. Canola prices are forecast at $495/t to $535/t for 2018-19, down slightly from last year.

For 2019-20, seeded area in Canada is forecast to increase to 9.4 million hectares (Mha) due to attractive expected returns compared to alternative field crops. Production is forecast to rise slightly to 20.5 Mt versus 20.3 Mt in 2018-19 and 21.3 Mt in 2017-18, as the rise in seeded area more-than-offsets expected lower yields.

Total supplies of canola are forecast to rise slightly to a record 23.1 Mt on the stable carry-in stocks and upwards bump in output. Exports are forecast at a record 11.2 Mt despite expected stiff competition from burdensome world soybean and palm oil supplies. Domestic crush is forecast down slightly to 9.1 Mt, due to competition from large US soymeal supplies although the industry is expected to continue operating at near full capacity on strong world demand for canola oil.

Carry-out stocks are forecast unchanged at 2.5 Mt for a stocks-to-use ratio of 12 %. Canola prices are forecast up slightly to $510/t to $550/t, in line with marginally higher world vegetable oil prices.

Flaxseed

For 2018-19, supplies are estimated 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 falls 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/t to 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 midpoint of the flaxseed price forecast is unchanged, at $470/t to $510/t.

Soybeans

For 2018-19, supply is estimated at 8.6 Mt, down slightly from last year as the drop in production was largely offset by higher carry-in stocks and a sharp jump in imports. Total December 31st stocks were estimated at marginally under 4.0 Mt compared to 4.4 Mt for December of 2017. On-farm stocks of soybeans were 2.6 Mt while commercial stocks were pegged at 1.41 Mt.

Exports are forecast at a record 5.5 Mt, versus 4.9 Mt in 2017-18, despite competition from burdensome world supplies, on support from a wide basis and the discounted Canadian dollar versus its American counterpart. Domestic processing of soybeans is forecast to fall marginally from last year to 1.90 Mt. Carry-out stocks are projected at 0.55 Mt. Soybean prices are forecast to fall to $395/t to $425/t versus $434/t for 2017-18.

For the remainder of the crop year, the main factors to watch are: (1) state of US-China trade negotiations, (2) South American soybean yields, (3) USDA Agricultural Outlook Forum planted area and production estimates, and (4) fluctuations in exchange rate values for the American dollar, Brazilian real and Canadian dollar.

For 2019-20, planted area is forecast to fall by 3%, to 2.48 Mha, mostly due to a switch out of the crop in Western Canada due to dry growing conditions. Production is forecast to fall to 7.0 Mt due to lower area and lower average yields, which are based on a 5-year average.

Total supply is forecast to decrease by about 7% to 7.9 Mt. Consequently, exports are forecast to fall by 9%, to 5.0 Mt, with shipments heading to a diverse group of countries. Domestic processing is forecast unchanged at 1.9 Mt, on projected stable domestic consumption of soyoil. Carry-out stocks of soybean are forecast to fall to 0.48 Mt from the 0.55 Mt anticipated for 2018-19.

Soybean prices are forecast to rally slightly to \$405/t to \$445/t on support from stronger US prices and a stable Canadian dollar-US dollar exchange rate.

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Dry Peas

For 2018-19, exports are expected to rise marginally to 3.1 million tonnes (Mt) as lower exports to India and the US have been more than offset by higher exports to China and Bangladesh. Canadian dry pea exports to India are forecast to fall to 0.1 Mt. Carry-out stocks are forecast to fall with the lower supply. The average price is expected to rise from 2017-18 levels, largely due to higher green 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 $20/t. This was largely due to strong export demand and early indications that the seeded area for the winter pulse crop in India is expected to be below the previous year. Green dry peas prices are expected to maintain an $85/t premium over yellow dry peas, compared to the $40/t premium that yellow peas had over green peas in 2017-18.

US dry pea production is estimated by the USDA at over 0.7 Mt, up from 2017-18. This was largely due to above average yields. Canadian dry pea exports to the US are moving below last year's pace, and are forecast to fall to 0.3 Mt in 2018-19.

For 2019-20, seeded area is forecast to be relatively unchanged from 2018-19 at 1.46 million hectares (Mha) because of good expected returns for yellow pea types when compared to other crops. Production is forecast to increase to 3.6 Mt but supply is expected to fall from 2018-19 due to lower carry-in stocks. Despite the tariff in India, exports are expected to be only slightly lower than in 2018-19. Carry-out stocks are expected to decrease. The average price is expected to be similar to 2018-19, due to lower green pea prices and increased global supply.

Lentils

For 2018-19, exports are forecast to increase to 1.7 Mt due to increased import demand from Bangladesh, Mexico and the US. With the marginally higher supply and an increase in exports, this is expected to lead to lower but still burdensome carry-out stocks which will continue to pressure prices throughout 2018-19.

During the month of January, the on-farm price of large green lentils in Saskatchewan was unchanged while red lentil prices rose $20/t. Prices have been supported throughout the crop year by increased export demand. Prices for No.1 large green lentils are expected to maintain a premium of $100/t over No.1 red lentil prices, compared to a $340/t premium in 2017-18.

For 2018-19, US lentil production, mostly green types, is estimated at nearly 0.4 Mt, up from 2017-18. Canada is a minor exporter to the US. Canadian lentil exports to the US are expected to be higher than 2017-18, at a record 70 thousand tonnes (kt).

For 2019-20, area seeded in Canada is forecast to decrease by 11% to 1.35 Mha due to lower potential returns compared to other crops. Production is forecast to decrease marginally to 2.0 Mt. Supply is expected to fall to 2.8 Mt because of lower carry-in stocks. Exports are expected to be higher than in 2018-19 at 1.8 Mt. Carry-out stocks are forecast to decrease sharply. With the assumption of an average grade distribution and discounts, the overall lentil price is forecast to increase from 2018-19 due to the lower carry-out stocks and expectations for smaller global lentil supply.

Dry Beans

For 2018-19, exports are forecast to be marginally higher than 2017-18. The EU and the US remain the top two export markets. Carry-out stocks are also forecast to increase from 2017-18 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 15% higher, pinto beans are 10% higher and black beans are over 5% lower than last year.

US total dry bean production (excluding chickpeas) is estimated by the USDA at 1.1 Mt, down 14% from 2017-18. US dry bean production increased for all bean types with the exception of white pea, great northern which decreased and pinto types, which fell sharply. This, along with a favorable exchange rate is expected to continue to support Canadian dry bean prices throughout 2018-19.

For 2019-20, the area seeded is forecast to be unchanged from 2018-19 at 0.15 Mha due to good potential returns compared to other crops, particularly soybeans. Production is forecast to rise to 0.35 Mt due to lower expected yields. Supply is expected to increase marginally, with higher carry-in stocks. Exports are expected to be marginally lower than in 2018-19 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 2018-19, exports are forecast to decrease from 2017-18, largely due to decreased demand from the US and Turkey. Carry-out stocks are expected to rise. The average price is forecast to fall due to weaker world demand and higher world supply.

US chickpea production is estimated by USDA at record 578 kt, nearly double the output from 2017-18, due to record area. Canadian chickpea exports to the US are forecast to fall marginally to 23 kt in 2018-19.

For 2019-20, the area seeded is forecast to decrease substantially from 2018-19, largely due to lower prices compared to other crops. As a result, production is expected to fall sharply to 130 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 due to an expected decrease in world supply and carry-out stocks are expected to fall. The average price is forecast to be similar to the previous year with expectations for lower world supply.

Mustard Seed

For 2018-19, exports are forecast to be unchanged from last year at 112 kt but carry-out stocks are expected to increase. The US and the EU currently account for 80% of Canada's total exports to-date for Canadian mustard seed. The average price is expected to decrease, due to the ample supply in Canada.

For 2019-20, the area seeded is forecast to be unchanged, but production is expected to rise to 180 kt due to higher expected yields. Supply is forecast to increase, due to higher carry-in stocks. Exports are expected to rise to 120 kt but carry-out stocks are still expected to increase. The average price is expected to decrease compared to 2018-19 due to increased Canadian supply.

Canary Seed

For 2018-19, exports are forecast to be lower than last year. The EU and Mexico currently account for almost 65% 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 $495/t from $465/t in 2017-18.

For 2019-20, the area seeded is expected to increase marginally due to higher returns relative to other crops. Production is forecast to rise with an increase in seeded area, compared to last year. Supply is expected to fall marginally to 127 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 slightly lower than the 2018-19 level.

Sunflower Seed

For 2018-19, exports are expected to be higher than the previous year but carry-out stocks are forecast to rise. 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 drop from 2017-18 on lower oilseed prices, despite smaller North American sunflower seed supply.

For the US, sunflower seed production is estimated by the USDA to have decreased marginally to below 1.0 Mt. Nearly 0.9 Mt of the US sunflower seed crop is estimated to be oilseed types, similar to last year. US confectionery type production was sharply lower this year at 0.1 Mt.

The global supply of sunflower seed is estimated by the USDA at a record 57 Mt. This is largely due to increased production in Ukraine and Russia. As a result, world exports are expected to decrease by 4% while domestic use is forecast to rise to a record 50 Mt. World carry-out stocks are expected to increase to a record 3.9 Mt and has pressured world sunflower seed prices.

For 2019-20, the area seeded is forecast to remain unchanged from 2018-19 due to expectations for good returns relative to other crops. Production is forecast to rise to 60 kt. Supply is expected to increase due to higher carry-in stocks. Exports and carry-out stocks are both expected to rise.

The average price in Canada is forecast to be higher than in 2018-19 as the prices for confectionary type varieties increase marginally while prices for oil type varieties are expected to remain relatively unchanged.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

February 22, 2019

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												
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	698	1,081	2,000	215-245
2019-2020f	1,880	1,845	2.66	4,900	10	6,910	4,500	200	496	910	1,500	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	235-265
2019-2020f	8,260	8,040	3.50	28,100	80	32,180	18,500	3,650	3,703	8,180	5,500	230-260
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	4,149	8,979	6,000	
2019-2020f	10,140	9,885	3.34	33,000	90	39,090	23,000	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	240-270
2019-2020f	2,900	2,609	3.59	9,376	40	10,316	2,750	86	6,005	6,316	1,250	210-240
Corn												
2017-2018	1,447	1,406	10.02	14,096	1,699	18,291	1,845	5,146	8,867	14,029	2,417	174
2018-2019f	1,468	1,431	9.70	13,885	2,000	18,302	1,800	5,000	9,486	14,502	2,000	165-195
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	2,500	125	904	1,134	600	230-260
2019-2020f	1,300	1,039	3.41	3,546	20	4,166	2,450	125	885	1,116	600	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	215-245
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	15,965	21,698	4,544	
2018-2019f	5,610	4,979	5.25	26,132	2,072	32,747	7,180	5,255	16,396	22,037	3,530	
2019-2020f	6,040	5,300	5.29	28,020	1,362	32,911	7,120	5,505	16,051	21,916	3,875	
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	10,800	9,200	391	9,642	2,500	495-535
2019-2020f	9,350	9,258	2.21	20,500	100	23,100	11,200	9,100	249	9,400	2,500	510-550
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	395-425
2019-2020f	2,475	2,454	2.85	7,000	400	7,950	5,000	1,900	375	2,475	475	405-445
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	16,700	11,200	822	12,289	3,150	
2019-2020f	12,225	12,107	2.32	28,115	510	31,775	16,800	11,000	644	11,915	3,060	
Total Grains And Oilseeds												
2017-2018	27,149	26,337	3.26	85,794	2,504	102,577	45,226	20,457	21,430	43,611	13,740	
2018-2019f	27,820	26,861	3.20	86,003	2,922	102,665	46,680	20,255	21,366	43,304	12,680	
2019-2020f	28,405	27,292	3.27	89,135	1,962	103,776	46,920	20,355	20,894	42,921	13,935	

(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)
f: forecast by AAFC except for area, yield and production for 2018-2019 which are STC
Source: Statistics Canada and Agriculture and Agri-Food Canada

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

February 22, 2019

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											
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	20	4,249	3,100	749	400	10	255-285
2019-2020f	1,460	1,435	2.51	3,600	15	4,015	2,900	865	250	7	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	380-410
2019-2020f	1,350	1,335	1.50	2,000	20	2,820	1,800	485	535	23	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	355	26	80	21	800-830
2019-2020f	145	143	2.41	345	80	505	350	25	130	35	790-820
Chickpeas											
2017-2018	68	68	1.49	102	48	151	116	21	13	10	950
2018-2019f	179	176	1.77	311	25	350	90	65	195	126	520-550
2019-2020f	75	74	1.76	130	18	343	100	68	175	104	520-550
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	480-510
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	172	8,516	5,501	1,418	1,597	23	
2019-2020f	3,360	3,310	1.95	6,440	160	8,197	5,410	1,542	1,245	18	

(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.
f: forecast by AAFC except for area, yield and production for 2018-2019 which are STC
Source: Statistics Canada and Agriculture and Agri-Food Canada