



CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS

July 20, 2021

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This report updates Agriculture and Agri-Food Canada’s (AAFC) outlook report for the 2020-21 and 2021-22 crop years. 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. The outlook incorporates recent information from the Statistics Canada (STC) final area estimates of principal field crops, which was released on June 29, 2021, and the recent United States Department of Agriculture (USDA) World Agriculture Supply and Demand Estimates (WASDE). The economic outlook for the world and Canadian grain markets is expected to continue to be impacted by the domestic and international uncertainty caused by COVID-19.

For 2020-21 crop year, which closes for most crops at the end of July, total carry-out stocks for all principal field crops are forecast to decrease to their lowest level in eight years, on the strength of record exports for both grains, oilseeds and pulse and special crops. Grain prices in Canada for the year are expected to remain high on continued strong international demand, drought concerns in key North American growing regions and relatively tight world and domestic grain supplies.

For 2021-22, total seeded area is estimated by STC to have remained largely unchanged in 2021. Increased area planted to oilseeds and coarse grains are expected to offset a decrease in wheat, pulse and special crop planted areas. Total field crop production is forecast to decrease due to a return to trend or below trend yields, based on information available at the end of June. Hot and dry conditions continue to adversely affect Western Canada and are a cause for significant uncertainty at this time in the growing season in regards to estimates of yield and production. Recent fires around Lytton British Columbia damaged both Canadian National and Canadian Pacific rail lines to Vancouver. Both rail lines have been repaired and are operational, though at a reduced capacity. Additionally, there are new restrictions in place to reduce the risk of further fires. While grain transportation demand is at a seasonal low, there is a backlog in transportation demand from all commodities that will likely take a number of weeks to be shipped. In general, grain prices in Canada are forecast to stay relatively strong despite forecasts for increased world production, as world grain supplies are expected to become more comfortable but remain relatively tight due to robust international demand.

The next AAFC Outlook for Principal Field Crops is scheduled to be released on August 20, 2021. STC is scheduled to publish its first yield and production estimates for principal field crops in Canada on August 30, 2021.

Canada: Principal Field Crops Supply and Disposition

	Area Seeded -- thousand hectares --	Area Harvested	Yield t/ha	Production	Imports	Total Supply thousand tonnes	Exports	Total Domestic Use	Carry-out Stocks
Total Grains And Oilseeds									
2019-2020	27,569	26,242	3.32	87,125	2,643	104,292	44,827	46,163	13,302
2020-2021f	27,492	26,531	3.41	90,444	2,417	106,162	51,795	45,602	8,765
2021-2022f	27,682	26,659	3.29	87,688	2,062	98,515	45,000	44,650	8,865
Total Pulse And Special Crops									
2019-2020	3,912	3,804	1.99	7,559	328	9,425	7,219	1,311	896
2020-2021f	4,000	3,949	2.16	8,527	355	9,778	7,282	1,391	1,105
2021-2022f	3,798	3,728	2.04	7,592	318	9,015	6,752	1,398	865
All Principal Field Crops									
2019-2020	31,480	30,046	3.15	94,685	2,972	113,717	52,046	47,474	14,198
2020-2021f	31,492	30,479	3.25	98,971	2,772	115,940	59,077	46,993	9,870
2021-2022f	31,480	30,387	3.14	95,280	2,380	107,530	51,752	46,048	9,730

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

f: forecasts by AAFC except for area, yield and production for 2020-2021 and area seeded for 2021-2022 which are STC

All Wheat

Durum

For 2020-21, Canadian durum supply increased 6% year over year (y/y) to 7.33 Mt due to an increase in in seeded area (+16% y/y) accompanied by an increase in yields. Production is reported at 6.5 Mt (+32% y/y). Exports are forecast to increase by 10% to 5.8 Mt, a new record if realized, thanks to strong world import demand as a result of lower world production. Carry out stocks are forecast to fall by 12% from 2019-20 to 0.65 Mt.

According to the International Grains Council's (IGC) latest report, world durum supply is estimated at 42.5 Mt, down 2% y/y due to low carry-in stocks. Total use fell by 0.6 Mt to 34.4 Mt, despite a 0.3Mt upward revision to the trade estimate, now at 9.2 Mt. Closing stocks are estimated at 8.1 Mt, down 6% compared to the previous year.

The average Saskatchewan (SK) spot price for CWAD 1, 13% to date has averaged \$295/tonne with pricing in the \$320+ range over the last few months. The average spot price for CWAD 1, 13% for 2020-2021 is forecast at \$300/tonne.

For 2021-22, the area seeded to durum in Canada declined by 3% from 2020-21, according to Statistics Canada's (STC) seeded area survey released June 29th. The seeded area was 3% lower than in STC's seeding intentions survey from March. Production is forecast to drop 11% to 5.8 Mt, with further downward pressure possible due to unfavourable weather and drought persisting in Saskatchewan and Alberta. With low carry-in stocks, total supply is projected to drop by 11% to 6.5 Mt.

Exports are trimmed slightly compared to last month's report, to 4.7 Mt, but with a poor supply expected in the US, these could rebound. Import demand from overseas is expected to decline due to large harvests expected in Europe and Morocco. Carry out stocks were trimmed to 0.9 Mt. Total Domestic use is forecast at 0.9 Mt.

For 2021-2022, the USDA projects US durum supply to drop 16% due to poor prospects for yields

caused by severe and continuing drought across the Northern Plains. Total production is forecast at 1.0 Mt with total supply at 3.4 Mt. Domestic use is expected to remain relatively stable at 2.4 Mt and exports are projected to decline 46% to 0.4 Mt. Ending stocks are expected to tighten further to 0.54 Mt, down 29% y/y.

Globally, the IGC's world durum production forecast was trimmed 2% to 35 Mt, due the poor weather conditions affecting main durum production regions in North America and North Africa, in particular the US, Turkey and Algeria. However, total production is still expected to surpass this year's volume by 4%. World durum production is forecast at 35 Mt, while supply is forecast at 43.1 Mt.

Use is expected to increase by 2.5%, to 35.3 Mt with an increase in both food and feed use, and trade is projected to decline 6% to 8.7 Mt due to more ample domestic supplies in Morocco and Europe. Closing stocks are forecast to decline 0.3 Mt to 7.8 Mt, with major exporters' carry-over tightening 15% to 3.0 Mt.

The average 2021-22 spot price in SK for CWAD 1 13% is forecast to remain strong but lower than in 2020-21, as import demand declines. The 2021-22 SK average spot price for CWAD 1 13% is forecast at \$280/tonne on average over the short term with further downward pressure if European and Moroccan production is realized.

Wheat (excluding durum)

For 2020-21, Canadian wheat production rose by 5% from 2019-20 to 28.6 Mt and total supply also rose 5% to 33.5 Mt. Exports were trimmed slightly due to a recent slowdown in pace over the last half of June and into July exacerbated by the British Columbia wildfires, which could limit rail movement; they are now forecast at 21 Mt. Conversely, the forecast for feed use was raised 2% to 4.2 Mt due to wheat's continued attractive pricing relative to other feed grains. Carry-out stocks are forecast to drop to 4.0 Mt, the their lowest level on records.

According to the USDA, global production of all wheat (including durum) increased 2% to 775.8 Mt in 2020-21; total supply increased 3% to 1,075 Mt. Total use is expected to increase by 5% to 785 Mt. World all wheat carry-out stocks are forecast to drop to 290 Mt (-3% y/y), with over 50% of these held in China.

The average SK CWRS 1 13.5% spot price reached a new high the first week of July 2021 at \$343/tonne. The 2020-2021 producer price to date is \$264/tonne, pushed down by lower pricing in the fall of 2020. The 2020-21 forecast for SK average spot price for CWRS 1 13.5 is forecast at \$270/tonne.

For 2021-22, Canadian area seeded to wheat decreased 8% from 2020-21 based on the STC seeded area survey released in June 2021. The wheat seeded area was 2% higher than the STC's seeding intentions survey from March. Seeded area by class of wheat, with y/y change in brackets: Canada Western Red Spring (CWRS), 5,633 thousand hectares (kha) (-9%); Canada Prairie Spring (CPS) 433 kha (-6%); soft white spring (CWSWS) 115 kha (-3%); Canadian Northern Hard Red (CNHR), 254 kha (+10%); Canadian Eastern Red Spring (CERS), 76kha (-13%); other western spring, 157kha (+1%); winter wheat remaining, 546 kha (-1%).

Overall production is projected to fall 11% to 25.6 Mt, and with tight carry-in stocks, total supply is projected to fall to 29.7 Mt, down 11% y/y and 3% below the last five year average. Downward pressure on yields is possible as drought persists in most of the Prairies.

Exports were revised up this month, compared to last, with potential demand stemming from the US whose wheat supply is expected to fall to one of the lowest on record due to inclement weather straining

crop development across the Plains. Exports are forecast at 17.7 Mt, up 3% compared to last month, and relatively in line with the last five year average. Carry out stocks are forecast at 4.0 Mt, with domestic use returning to average levels, that is around 8 Mt.

According to the USDA'S most recent report, total world wheat supply is revised down to 1,083 Mt, -7% year over year, due to lower production compounded by tight carry-in stocks; world all wheat production is forecast at 792.4 Mt, 4% less than the 2020-21 volume on lower production in Australia, Canada and the USA. Although total use was also revised downward, it is forecast to grow 1% y/y to 791 Mt. Total trade is also expected to grow 1% y/y to 790.9 Mt on larger exports from Russia, the EU and Ukraine. Among major importers, the largest increases are forecast for Brazil (+8% y/y), the middle east (+7%) and Southeast Asia (+7%). Chinese demand is expected to increase 1% y/y to 10 Mt.

For the US specifically, all wheat supply is forecast to drop 7% to 74.4 Mt on low beginning stocks and reduced production of wheat overall, and in particular for durum and spring wheat. Imports are forecast to increase 45% to 3.95 Mt, with domestic use increasing 7% to 4.63 Mt, on higher feed use (3.95 Mt). Exports are forecast to fall 12% to 23.8 Mt, with carry-out stocks ending at 18.1 Mt.

The forecast for average SK spot price for CWRS 1 13.5% is revised upward to \$285/tonne, supported by strong futures for spring wheat (MGEX) in the short term. Price volatility is expected to continue and should be closely monitored.

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Coarse Grains

Barley

For 2020-21, the combined exports of raw barley grain and grain equivalent of malt are revised upwards to 4.5 million tonnes (Mt), including 3.75 Mt for grain exports and 0.75 Mt for the grain equivalent of barley malt exports. This is 47% more than the volume of the last crop year, largely due to brisk grain exports and relatively stable barley product exports. The Canadian Grain Commission's (CGC) weekly report shows barley grain exports for the August 1, 2020 – June 27, 2021 period being close to 3.7 Mt, 88% higher than the volume during the same period a year ago. The barley grain export pace is expected to slow down for the remainder of the crop year as supplies dwindle.

Barley imports for 2020-21 are expected to rise sharply from last year to 0.27 Mt, as strong demand for feed grain in western Canada, especially in Alberta, has resulted in surging barley imports.

Total domestic use is anticipated to decrease from last year, mainly due to lower feed use. Carry-out stocks are projected to decline sharply from last crop year to 0.5 Mt, the lowest level on record. The stocks-to-use ratio is forecast at 4%, the historically low level.

The average feed barley price in Lethbridge for the entire crop year is expected to reach \$290/t, higher than the record level of \$279/t in 2012-13, due to tightening domestic supply and firming prices in neighboring markets.

For 2021-22, Canadian producers seeded nearly 3.36 million hectares (Mha) of barley in total, according to Statistics Canada's (STC) June seeded area survey. This is 4% lower than the March forecast, but 10% higher than last year's level and the highest since 2009. So far, barley area is 6% and 19%, respectively, higher than last year in Alberta and Saskatchewan, the top two barley producing provinces in Canada, while it declined in Manitoba, Ontario and Quebec.

Nationwide production is forecast to increase only slightly from 2020-21 to 10.9 Mt, as the 10%

increase in seeded area is expected to be largely offset by anticipated lower yields and a higher abandonment rate. This, coupled with historically low carry-in stocks, will result in a 4% reduction in supply, compared to the previous year, though it will still be the second highest level in more than a decade. Total demand, including exports and domestic use, is anticipated to drop. Carry-out stocks are expected to be close to the historical low level of the previous year.

The average price of feed barley for 2021-22 is forecast to decrease from the record high level in 2020-21, based on the projected lower demand, but supported by the higher US corn price forecast for 2021-22.

According to the USDA's June Acreage report, the 2021 barley area in the US remained flat from last year at 2,603 thousand acres (Kac). Area for harvest is forecast at 2,044 Kac, 4% lower than last year. In Montana and North Dakota, the top two barley growing states in the US, area seeded to barley increased by 3% and 9%, respectively, from last year, while it decreased by 6% in Idaho, which is the third largest producing state. Due to the higher expected abandonment rate, harvested area is forecast to increase by only 4% from last year in North Dakota, and decrease by 8% and 6%, respectively, in Idaho and Montana. Along with the drastically lowered yield forecast, total production is predicted to decline by 31% from 2020.

Globally, 2021 barley production has been revised up for Australia and Ukraine, but down for the EU, Russia and Kazakhstan, according to the United States Department of Agriculture's (USDA) July World Agricultural Supply and Demand Estimates (WASDE) report. So far, combined barley production in these countries has been reduced by 1.3 Mt (1%) from the June report, resulting in a production decrease of 2.6 Mt (2%) from 2020-21.

Corn

For 2020-21, corn imports were forecast at 1.5 Mt, decreasing by 22% from 2019-20. According to STC, Canada has imported nearly 1.25 Mt of corn

for the September 2020 – May 2021 period, of which, about 42% were destined to Eastern Canada and 58% to Western Canada. This is 7% less than the volume shipped during the same period last year, with a drop of 25% for Eastern Canada and a rise of 13% for Western Canada.

2020-21 corn exports are forecast at 1.4 Mt, increasing from 0.68 Mt last year, based on the pickup in exports to the EU from Eastern Canada. STC reports that 1.2 Mt of corn have been exported for the September 2020 – May 2021 period, of which, about 86% were from Eastern Canada and 14% from Western Canada.

Domestic use for 2020-21 is predicted to increase by 1% to 14.2 Mt on rising feed use. Carry-out stocks are forecast to fall by 22% to 2.0 Mt from the record high in the previous year.

The average price of Chatham corn for 2020-21 is expected to increase by 36% from 2019-20 to \$265/t, partly underpinned by strong US corn prices.

For the 2020-21 US corn supply and demand situation, the July WASDE report shows lowered 2020-21 corn carry-out stocks, based on estimates for greater feed and residual use, compared to the June report. The marketing-year weighted average price received by farmers is pegged at US\$4.40/bu, up from US\$4.35/bu in the June report and US\$3.56/bu for last year.

Globally, the 2020-21 corn production in Brazil was further cut by 5.5 Mt by the USDA in its July report, only partially offset by an increase of 1.4 Mt for corn production in Argentina. So far, the combined corn production in these two major corn exporting countries is estimated to drop by 11.5 Mt (8%) from the prior year.

For 2021-22, Canadian producers seeded nearly 1.41 Mha of corn in total. This is 4%, 2% and 4%, respectively, lower than the March estimates, last year's level and the previous five-year average. This is due to the reduction in corn area in 2021 in Ontario, Quebec and Manitoba, the top three corn producing provinces in Canada.

Nationwide production is forecast to increase by 5% from 2020-21 to 14.3 Mt, mainly due to the expectation for higher yields. This will compensate for lower carry-in stocks and imports, thereby stabilizing supply. Demand and carry-out stocks are expected to be close to those in the previous year.

Following the forecast for a surge in the 2021-22 US corn price, the 2021-22 corn price in the Chatham region is forecast to remain strong.

According to the USDA's June Acreage report, the 2021 corn area in the US is estimated at 92.7 million acres (Mac), up 2% from last year. Area for harvest is forecast at 84.5 Mac, up 2% from last year. In the Midwest, planted acreage in most of the US major corn producing States is down, except for Minnesota, South Dakota, North Dakota and Ohio where the planted areas are up by 6%, 21%, 85% and 1%, respectively, and harvested areas are up by 7%, 23%, 88% and 2%, respectively. In Indiana, the planted area and harvested area are unchanged from last year. Coupled with the historically high yield forecast, total production is predicted to increase by 7% from 2020.

For the 2021-22 US corn outlook, the July WASDE report shows larger supplies (as a result of increased production), greater feed and residual use, increased exports, and higher ending stocks, compared to the June report. The season-average farm price is set at US\$5.60/bu, a decrease from US\$5.70/bu in the June report.

Oats

For 2020-21, total exports of raw oat grain and oat products are projected at 2.9 Mt, including 1.95 Mt for grain exports and 0.95 Mt for product exports. This is 11% higher than last year and the highest level on record.

Total domestic use for 2020-21 is expected to increase by 8%, largely due to a forecasted increase in feed use. Carry-out stocks are expected to fall to a record low level, due to robust exports and solid domestic feed use. The stocks-to-use ratio is forecast to drop to 7% for 2020-21, the historically low level.

For the crop year to date, the average cash oat prices in the Prairie provinces have increased by 14%, 3% and 3%, respectively, for Alberta, Saskatchewan and Manitoba. The Chicago Board of Trade (CBOT) oat futures price for 2020-21 is expected to rise by 8% from last year to \$295/t, the highest level on record, supported by tight oat stocks in North America and gains in the prices of other grains.

For 2021-22, Canadian producers seeded nearly 1.39 Mha of oats in total. This is 5% lower than the March plan and 11% below last year's level, but 2% above the previous five-year average. This is due to reduced oat areas in 2021 in Saskatchewan, Alberta and Manitoba, the top three oat producing provinces in Canada.

Nationwide production is forecast to decrease drastically from 2020-21 to 3.8 Mt, due to lower seeded area, along with expected lower yields and higher abandonment rate. This, along with an expectation for carry-in stocks being close to a historically low level, will result in supply being 16% lower than the previous year. Total demand, including exports and domestic use, is anticipated to drop due to sharply lower supply. Carry-out stocks are expected to drop to a record low.

The average price of oats for 2021-2022 is forecast to increase due to the expectation for a historically low stocks-to-use ratio.

The 2021 oat area in the US is pegged at 2.4 Mac, down 21% from 2020. Area for harvest is forecast at 722 Kac, down 28% from 2020. Record low planted areas are estimated in Idaho, Minnesota, Oregon, Pennsylvania, Texas, and Wisconsin. Along with significantly lowered yield forecast, total production is predicted to reduce by 37% from 2020.

Rye

For 2020-21, Canadian rye exports are estimated to fall by 6% to 155 Kt, based on the current export pace. Almost all the exports are shipped to the US. STC reported that Canada has exported 123 Kt of rye for the September 2020 – April 2021 period, 11% lower than that in the same period last year.

Total domestic consumption is expected to rise significantly due to a sharp increase in industrial and feed use. Carry-out stocks are projected to rise sharply due to a plentiful supply.

Rye price is expected to rise slightly from 2019-20, due to a rebound in demand and price rallies in other crops.

For 2021-22, Canadian producers seeded 245 thousand hectares (Kha) of rye in total. This is slightly above the March forecast, but 4% and 40%, respectively, higher than last year's level and the previous five-year average, showing an upward trend since 2013.

Nationwide production is forecast to be 495 Kt, the highest since 1990, even though the sharply increased seeded area will be largely offset by anticipated lower yields and a higher abandonment rate. Supply is forecast to remain at the highest level since 2007-08, which will continue to support demand and rebuild carry-out stocks. The average price of rye for 2021-22 is forecast to decrease due to ample supply.

The 2021 rye area in the US is pegged at 2.1 Mac, up by 9% from 2020. Area for harvest is forecast at 364 Kac, up by 10% from 2020. Along with a slightly lowered yield forecast, total production is predicted to increase by 5% from 2020.

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Canola

For 2020-21, canola supplies are estimated at about 22.0 Mt, unchanged from last month but down 9% from last year on a 29% decline in carry-in stocks and a 5% drop in production. Demand for Canadian canola remains strong with the current pace supporting estimates for the second highest exports on record at 10.9 Mt. Domestic crushing remains on a record setting pace, 1% ahead of last year, supporting forecasts for a record crush of 10.2 Mt. Carry-out stocks are estimated at a very tight 0.8 Mt for 2020-21 versus 3.1 Mt for 2019-20 and the 5 year average of 2.7 Mt.

The canola price estimate was raised by \$10/t from last month, to \$725/t on concerns about new crop yields following the spread of the heat dome and record temperatures across western Canada. By comparison, the 2019-20 canola price was \$484/t and the 5 year average is \$511/t. Price volatility remains above normal on uncertainty over new crop production, strength of exporter buying, proposed renewable fuel regulations, US soybean crop conditions and tight world vegetable oil ending stocks.

For 2021-2022, seeded area in Canada increased by 8%, to 9.10 million hectares, (Mha), while harvested area rises to 9.04 Mha, as farmers expand canola area based on last year's price rally. By province, 54% of the crop is seeded in Saskatchewan, 30% in Alberta and 15% in Manitoba. The rest of the canola is seeded in eastern Canada and British Columbia. Slightly below normal yields are forecast for next year as hot and dry weather across western Canada resulted in patchy growing conditions ranging from withered fields located close to other fields showing near normal development. Final yields will be determined by weather conditions going forward with slightly below normal yields expected if temperatures and rains return to normal and sharply lower yields expected if conditions remain hot and dry. Over the past 20 years, canola yields ranged from a low of 1.25 t/ha in 2002-03 to a high of 2.37 t/ha in 2016-17.

Production is forecast at nearly 19.9 Mt, a rise of

6% from last year and the third highest on record. Total supplies are forecast down 6% from last year to 20.7 Mt, as sharply lower carry-in stocks more than offset the expected rise in output.

Exports are forecast to fall by 9% to 9.9 Mt, as Canada's ability to service strong world demand for vegetable oils and protein meals is limited by tighter domestic supplies. Domestic crush is forecast to decline to 10.0 Mt, while carry-out stocks are unchanged at 0.70 Mt for a stock-to-use ratio of 3%. Canola prices, track Vancouver, are forecast to rise to \$750/t on support from tight domestic supplies, high world vegetable oil and protein meal prices and high US soybean and soybean product prices. Price volatility is expected to remain significantly higher than normal and this forecast contains significant risk.

Flaxseed

For 2020-21, supplies increased by 17%, to 0.67 Mt, versus 0.57 Mt last year, due to increased production and marginally higher carry-in stocks. Exports are estimated up by 54%, to 0.54 Mt on strong European buying. Total domestic use is expected to fall by 54%, to 71,700 t, on sharply lower feed waste and dockage. Carry-out stocks are forecast down 14% to 0.05 Mt while flaxseed prices rally sharply to \$690/t, versus \$518/t in 2019-20 and the 5 year average of \$477/t.

For 2021-22, the area seeded to flaxseed in Canada rose 10% to a four-year high of 0.42 Mha, on support from the 2020-21 price rally. Provincially, 77% of Canada's flaxseed is seeded in Saskatchewan, 14% in Alberta and 9% in Manitoba. The shift into flaxseed is expected to be constrained by low spring soil moisture, and by competition for crop area from alternate crops. Flaxseed production is forecast at 0.59 Mt, assuming an area loss of 2% prior to harvest and slightly below normal yields of 1.44 t/ha. Total supply is forecast to decrease by 3%, to 0.65 Mt, as the decline in carry-in exceeds the rise in output.

Exports are forecast down by 15% from 2020-21, to 0.46 Mt, on reduced Chinese, European and United

States buying. Total domestic use is forecast to rise by about 60% to 0.12 Mt, on higher feed, waste and dockage. Carry-out stocks are forecast to increase by 36% to 0.08 Mt while flaxseed prices rise slightly to \$700/t for 2021-22.

Soybeans

For 2020-2021, domestic supplies of soybeans are estimated up 4% from last year to 7.4 Mt due to a 3% increase in production. Soybean imports are estimated up slightly to 0.4 Mt for the current crop year, versus the 0.24 Mt imported for 2019-20.

Canadian exports of soybeans are forecast to rise by 29% to 4.6 Mt for the current crop year on strong world demand. Domestic processing of soybeans is forecast to increase by 3% from last year to 1.8 Mt on good crush margins and strong demand for vegetable oils and protein meal. Soybean prices are estimated to increase by 44%, to \$605/t, versus the simple average of \$419/t in 2019-20.

The factors to watch for the remainder of the crop year are: (1) Canadian and US crop conditions, (2) North American weather forecasts, (3) price volatility, (4) South American export pace and (5) the strength of Chinese buying.

For 2021-2022, planted area increased by 5% to 2.2 Mha on support from high prices, with the gains limited by low sub soil moisture and attractive prices for competing crops. Assuming 5-year average yields, production is forecast at 6.15 Mt, versus 6.4 Mt in 2020-21 and the 6.1 Mt grown in 2019-2020.

Total supply is forecast to decrease to 7.0 Mt on lower production, stable imports and lower carry-in stocks. The tightening of supplies will pressure exports down

by 7%, to 4.3 Mt despite strong world demand. Domestic processing is forecast stable at 1.8 Mt while carry-out stocks fall to 0.30 Mt, versus 0.40 Mt for 2020-21 and the 5 year average of 0.55 Mt. Soybean prices are forecast to fall by \$5/t to \$600/t, in line with US prices.

For 2021-22, the outlook for US soybeans remains tight. In its July outlook for 2021-22, the USDA estimated ending stocks at 155 million bushels (mln bu), for a stocks to use ratio of 3.5% vs ending stocks of 135 mln bu (3.0%) for 2020-21 and 525 mln bu (13.3%) for 2019-20. Production is forecast at 4.4 billion bushels (bln bu) assuming a yield of 50.8 bu/ac. Supplies will tighten for the upcoming crop as the sharp drop in beginning stocks more than offsets the rise in output. Domestic crush is forecast to rise to a record 2.2 Mbu but exports are expected to fall by 9% despite strong world demand, due to tight US supplies. The farm-gate price is forecast at US\$13.70/bu versus US\$11.05/bu for the current crop year and US\$8.57/bu for 2019-20.

For 2021-22, the world outlook is for a looser soybean market but overall supplies to remain tight based on the USDA's July outlook. Ending stocks are projected to rise 3% to 94.5 Mt. World soybean production is forecast up 6%, to a record 385 Mt on increased output in the United States, Argentina and Brazil. World total domestic consumption of soybeans is forecast at 381 Mt, a rise of 3% from the last crop year with world trade expected to rise to 173 Mt from 165 Mt. World soybean meal and soybean oil production is forecast at a record 261 Mt and 62 Mt, on a record world crush of 332 Mt.

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Pulse and Special Crops

Dry Peas

For 2020-21, Canada's exports are expected to be similar to the 2019-20 level at 3.7 million tonnes (Mt). This has been largely due to record demand from China and strong demand from Bangladesh. Carry-out stocks in Canada are expected to rise sharply despite the export pace and higher domestic use. The average dry pea price is expected to be higher than 2019-20. Higher yellow and feed pea prices have been partly offset by lower green pea prices.

The prices of green dry peas are expected to maintain a \$5/t crop year premium to yellow dry peas, compared to \$115/t in 2019-20. During the month of June, Saskatchewan yellow pea farmgate prices rose \$10/t while green pea prices were unchanged. This was largely due to the average conditions across the Prairies and expectations for another large dry pea crop.

For 2021-22, dry pea seeded area in Canada decreased to 1.55 million hectares (Mha), down 10% from 2020-21, despite good returns relative to other crops and continued recognition of the benefits of dry peas as part of crop rotation plan. Saskatchewan accounts for 55% of the dry pea area, Alberta for 37%, with the remainder seeded across Canada. Production is forecast to fall to 4.0 Mt due to expectations of lower yields. However, supply is forecast to fall to 4.5 Mt despite higher carry-in stocks combined with a decrease in production. Exports are forecast to be lower at 3.4 Mt, with China, Bangladesh and the US continuing to be Canada's top markets. Carry-out stocks are forecast to fall and be lower than the five and ten year averages. The average price is expected to be unchanged from 2020-21, due primarily to expectations for similar world supply.

In the US, area seeded to dry peas for 2021-22 is forecast by the USDA to fall from 2020-21 to 0.94 million acres. This is largely due to an expected fall in area in North Dakota. Assuming normal yields and abandonment, US dry pea production is forecast by AAFC to fall by nearly 20% to below 0.8 Mt. The US has been successful in exporting small

amounts of dry peas to traditional Canadian export markets in Yemen, China and the Philippines, and it is expected the US will maintain its market share in 2021-22.

Lentils

For 2020-21, lentil exports are forecast to be similar to previous year at 2.7 Mt. Of this total, 1.8 Mt are red lentil types with the remaining 0.9 Mt consisting of the green lentil types. The main markets are India, the United Arab Emirates and Turkey. Total domestic use is forecast to be similar at 0.4 Mt. Carry-out stocks are forecast to fall sharply to 0.1 Mt. The average price for all types and grades is forecast to be higher than the previous year with sharply higher prices for large green and red types.

Large green lentil prices are expected to maintain a significant premium (\$140/t) over red lentil prices. During the month of June, Saskatchewan large green lentil farm gate prices fell \$25/t and red lentil farm gate prices have fallen \$45/t. This is largely due to weaker export demand for lentils and prospects for another large Canadian lentil crop.

For 2021-22, Canadian lentil seeded area rose marginally to just over 1.7 Mha, due to good forecasted returns compared to other crops. By province, Saskatchewan accounts for 88% of the lentil area, with the remainder seeded in Alberta and Manitoba. Production is forecast to decrease to 2.75 Mt, with supply lower due to smaller carry-in stocks. Exports are forecast to be lower at 2.5 Mt. Carry-out stocks are forecast to be unchanged at 0.1 Mt. The average price for all grades and types is forecast to rise from 2020-21, with higher prices for large green and red types. There is an expectation that import demand in the Indian subcontinent will continue to be similar to or higher in 2021-22.

In the US, the area seeded to lentils for 2021-22 is forecast by the USDA at 0.59 million acres, up 11% from 2020-21 due to higher area seeded in Montana. Assuming normal yields and abandonment, 2021-22 US lentil production is forecast by AAFC at 300 thousand tonnes (Kt), down 10% from the previous year. The main US export markets for lentils are

expected to continue to be Canada, the EU, India and Mexico.

Dry Beans

For 2020-21, dry bean exports are expected to be higher than 2019-20 with the larger Canadian supply. The US and the EU remain the main markets for Canadian dry beans, with smaller volumes exported to Japan and Angola. A larger North American supply and the stronger Canadian dollar have pressured Canadian dry bean prices for the majority of 2020-21 crop year, particularly Canadian Great Northern, pinto and white pea bean prices.

For 2021-22, the area seeded in Canada decreased 18% from 2020-21 at 151 thousand hectares (Kha). By province, Ontario accounted for 33% of the dry bean area, Manitoba 38%, Alberta 21%, with the remainder seeded in Saskatchewan, Quebec and the Maritimes. Production is forecast to fall to nearly 0.36 Mt, and supply is expected to decrease, despite large carry-in stocks. Exports are forecast to be marginally lower. Carry-out stocks are expected to fall. The average Canadian dry bean price is forecast to rise due to lower expected supply in North America.

In the US, area seeded to dry beans is forecast by the USDA to fall by 13% to 1.51 million acres, mostly due to a fall in area seeded across all dry bean producing states. Assuming normal yields and abandonment, 2021-22 US total dry bean production (excluding chickpeas) is therefore forecast by AAFC to fall to below 1.3 Mt, down 15% from 2020-21.

Chickpeas

For 2020-21, Canadian chickpea exports are expected to increase sharply to 155 Kt. This is due to a rise in import demand from Pakistan and the US. Carry-out stocks are expected to rise. The average price has risen sharply due to smaller supply in Mexico, Argentina, Pakistan and Turkey.

For 2021-22, the area seeded fell by 38% from 2020-21 despite strong returns received in the previous year. Saskatchewan is expected to account for the majority of the chickpea area, with the

remainder in Alberta. Production is forecast by AAFC at 126 Kt, down 41% from the previous year, due to lower seeded area. Supply is forecast to fall from 2020-21. Exports are forecast to fall and carry-out stocks are forecast to fall. The average price is forecast to rise due to a smaller world supply, with the expectation of an average grade distribution.

US chickpea area for 2021-22 is forecast by the USDA to rise to over 0.3 million acres, up 26% from 2020-21. This is largely due to an expected rise in area in Idaho. Assuming normal yields and abandonment, US chickpea production is forecast by AAFC at 230 Kt, 19% higher than the previous year. The US is expected to continue to export to the EU, Canada and Pakistan.

Mustard Seed

For 2020-21, Canadian mustard exports are forecast at 112 Kt, unchanged from the previous year. The US and the EU have been the main export markets for Canadian mustard seed. Carry-out stocks are forecast to fall. Prices are forecast to rise sharply in 2020-21 due to lower carry-out stocks, particularly for yellow types.

For 2021-22, the area seeded rose sharply to 124 Kha, due to higher mustard seed returns compared to the previous year. By province, Saskatchewan accounts for 77% of the mustard seed area, with 22% seeded in Alberta and the remainder seeded in Manitoba. Due to the higher area and expectations for average yields, production is forecast to increase sharply to 114 Kt. Supply, however, is expected to fall, due to smaller carry-in stocks. Exports are expected to be unchanged at 112 Kt and carry-out stocks are forecast to be very tight. The average price is forecast to be higher than in 2020-21.

Canary Seed

For 2020-21, the EU and Mexico have been the main markets, followed by countries in South America. Carry-out stocks are expected to be tight. The average price is forecast to increase from prices in the previous year.

For 2021-22, the area seeded rose by 15%, to 127 Kha, due to solid returns relative to other crops and lower carry-in stocks. Production is expected to increase by 12% to 180 Kt. Supply is forecast to increase. Exports are expected to be unchanged, while carry-out stocks are expected to remain tight, though increase sharply from last year. The average price is forecast to be higher than 2020-21.

Sunflower Seed

For 2020-21, exports of sunflower seed are forecast to rise to 50 Kt due to increased demand from the US. Despite this, carry-out stocks are expected to rise. The US and Japan have been Canada's main export markets for sunflower seed. The average Canadian price for sunflower seed is forecast to fall marginally from 2019-20, due to lower confectionery type prices, but similar oil type sunflower seed prices.

For 2021-22, the area seeded was lower at 32 Kha, due to lower returns compared to the previous year and other crops. Production is forecast to fall to

67 Kt and supply is expected to also be lower at 222 Kt, compared to 2020-21. Exports are expected to decrease and carry-out stocks are forecast to be lower. The average price is forecast to be higher than 2020-21, due to expectations for lower North American sunflower seed supply. Higher oil type prices are anticipated along with similar confectionery prices in the US and Canada.

US sunflower seed area for 2021-22 is forecast by the USDA to fall to 1.38 million acres, down 20% from 2020-21, largely due to lower area in North and South Dakota. The area seeded to oil type varieties is expected to decrease to 1.25 million acres and the area seeded to confectionery type varieties is forecast to fall to 0.13 million acres. Assuming normal yields and abandonment, 2021-22 total US sunflower seed production is forecast by AAFC to decrease by 26% to 1.0 Mt.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

July 20, 2021

Grain and Crop Year (a)	Area Seeded ----- thousand ha	Area Harvested ----- thousand ha	Yield t/ha	Production	Imports (b)	Total Supply	Exports (c) ----- thousand tonnes	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g) \$/t
Durum												
2019-2020	1,980	1,902	2.62	4,977	96	6,906	5,268	216	464	901	737	270
2020-2021f	2,302	2,295	2.86	6,571	20	7,328	5,800	215	440	878	650	300
2021-2022f	2,238	2,194	2.66	5,835	25	6,510	4,700	200	487	910	900	280
Wheat Except Durum												
2019-2020	8,145	7,754	3.53	27,371	179	31,758	19,081	3,369	3,727	7,915	4,763	225
2020-2021f	7,892	7,723	3.71	28,616	80	33,459	21,000	3,475	4,197	8,459	4,000	270
2021-2022f	7,254	7,109	3.60	25,593	100	29,693	17,700	3,200	4,016	7,993	4,000	285
All Wheat												
2019-2020	10,126	9,656	3.35	32,348	275	38,664	24,349	3,585	4,191	8,816	5,499	
2020-2021f	10,194	10,018	3.51	35,187	100	40,786	26,800	3,690	4,636	9,336	4,650	
2021-2022f	9,493	9,303	3.38	31,428	125	36,203	22,400	3,400	4,503	8,903	4,900	
Barley												
2019-2020	2,996	2,728	3.81	10,383	63	11,308	3,054	277	6,759	7,298	957	232
2020-2021f	3,060	2,809	3.82	10,741	270	11,967	4,500	268	6,409	6,967	500	290
2021-2022f	3,357	3,039	3.58	10,891	60	11,451	3,750	318	6,592	7,201	500	285
Corn												
2019-2020	1,496	1,451	9.24	13,404	1,870	17,254	677	5,303	8,698	14,017	2,560	195
2020-2021f	1,441	1,408	9.63	13,563	1,500	17,623	1,400	5,300	8,908	14,223	2,000	265
2021-2022f	1,405	1,380	10.36	14,300	1,300	17,600	1,400	5,400	8,784	14,200	2,000	265
Oats												
2019-2020	1,459	1,171	3.61	4,227	13	4,637	2,615	143	1,324	1,597	426	274
2020-2021f	1,554	1,314	3.48	4,576	20	5,021	2,900	140	1,465	1,721	400	295
2021-2022f	1,385	1,115	3.40	3,794	15	4,209	2,600	140	1,039	1,309	300	300
Rye												
2019-2020	175	103	3.25	333	3	386	165	19	140	180	40	221
2020-2021f	237	153	3.20	488	2	530	155	54	240	314	60	225
2021-2022f	245	162	3.06	495	2	557	190	44	213	276	90	215
Mixed Grains												
2019-2020	145	68	2.84	192	0	192	0	0	192	192	0	
2020-2021f	168	97	2.41	233	0	233	0	0	233	233	0	
2021-2022f	132	59	2.70	160	0	160	0	0	160	160	0	
Total Coarse Grains												
2019-2020	6,271	5,520	5.17	28,539	1,950	33,777	6,510	5,743	17,113	23,284	3,982	
2020-2021f	6,459	5,780	5.12	29,601	1,792	35,374	8,955	5,762	17,254	23,459	2,960	
2021-2022f	6,524	5,756	5.15	29,641	1,377	33,977	7,940	5,902	16,789	23,147	2,890	
Canola												
2019-2020	8,481	8,456	2.32	19,607	155	24,197	10,042	10,129	835	11,025	3,131	484
2020-2021f	8,410	8,320	2.25	18,720	100	21,950	10,900	10,200	90	10,350	700	725
2021-2022f	9,097	9,041	2.20	19,885	150	20,735	9,900	10,000	84	10,135	700	750
Flaxseed												
2019-2020	379	339	1.43	486	22	568	350	N/A	138	154	64	518
2020-2021f	377	371	1.56	578	25	667	540	N/A	52	72	55	690
2021-2022f	415	407	1.44	585	10	650	460	N/A	95	115	75	700
Soybeans												
2019-2020	2,313	2,271	2.71	6,145	242	7,087	3,577	1,742	930	2,885	626	419
2020-2021f	2,052	2,041	3.12	6,359	400	7,385	4,600	1,800	385	2,385	400	605
2021-2022f	2,153	2,153	2.86	6,150	400	6,950	4,300	1,800	350	2,350	300	600
Total Oilseeds												
2019-2020	11,172	11,066	2.37	26,239	419	31,852	13,968	11,871	1,902	14,064	3,820	
2020-2021f	10,839	10,732	2.39	25,656	525	30,002	16,040	12,000	526	12,807	1,155	
2021-2022f	11,665	11,600	2.29	26,620	560	28,335	14,660	11,800	529	12,600	1,075	
Total Grains And Oilseeds												
2019-2020	27,569	26,242	3.32	87,125	2,643	104,292	44,827	21,198	23,206	46,163	13,302	
2020-2021f	27,492	26,531	3.41	90,444	2,417	106,162	51,795	21,452	22,416	45,602	8,765	
2021-2022f	27,682	26,659	3.29	87,688	2,062	98,515	45,000	21,102	21,821	44,650	8,865	

(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 (Average Prairie FOB Farm); 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: forecasts by AAFC except for area, yield and production for 2020-2021 and area seeded for 2021-2022 which are STC

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

July 20, 2021

Grain and Crop Year (a)	Area		Yield t/ha	Production	Imports (b)	Total Supply	Exports (b)	Total		Stocks-to- Use Ratio %	Average Price (d) \$/t
	Seeded ----- thousand ha -----	Harvested						Domestic Use (c)	Carry-out Stocks		
Dry Peas											
2019-2020	1,753	1,711	2.48	4,237	82	4,631	3,709	689	233	5%	265
2020-2021f	1,722	1,685	2.73	4,594	100	4,927	3,700	777	450	10%	340
2021-2022f	1,546	1,517	2.64	4,000	90	4,540	3,400	840	300	7%	340
Lentils											
2019-2020	1,530	1,489	1.60	2,382	90	3,327	2,734	384	209	7%	485
2020-2021f	1,713	1,705	1.68	2,868	105	3,182	2,700	382	100	3%	645
2021-2022f	1,743	1,717	1.60	2,750	75	2,925	2,500	325	100	4%	660
Dry Beans											
2019-2020	160	150	2.11	317	75	442	361	56	25	6%	985
2020-2021f	185	183	2.68	490	65	580	405	55	120	26%	920
2021-2022f	151	146	2.43	355	75	550	400	55	95	21%	930
Chickpeas											
2019-2020	159	156	1.61	252	48	440	105	85	250	132%	490
2020-2021f	121	120	1.79	214	43	507	155	82	270	114%	645
2021-2022f	75	73	1.73	126	45	441	135	81	225	104%	660
Mustard Seed											
2019-2020	161	155	0.87	135	7	214	112	42	61	39%	700
2020-2021f	104	101	0.98	99	7	166	112	29	25	18%	875
2021-2022f	124	120	0.95	114	8	147	112	30	5	4%	885
Canary Seed											
2019-2020	118	115	1.52	175	0	186	161	10	15	9%	630
2020-2021f	111	110	1.46	161	0	176	160	6	10	6%	680
2021-2022f	127	124	1.45	180	0	190	160	10	20	12%	685
Sunflower Seed											
2019-2020	31	29	2.18	63	26	186	37	45	103	125%	615
2020-2021f	45	45	2.25	101	35	240	50	60	130	119%	610
2021-2022f	32	31	2.16	67	25	222	45	57	120	118%	620
Total Pulses and Special Crops (c)											
2019-2020	3,912	3,804	1.99	7,559	328	9,425	7,219	1,311	896	11	
2020-2021f	4,000	3,949	2.16	8,527	355	9,778	7,282	1,391	1,105	13	
2021-2022f	3,798	3,728	2.04	7,592	318	9,015	6,752	1,398	865	11	

(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: forecasts by AAFC except for area, yield and production for 2020-2021 and area seeded for 2021-2022 which are STC